



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

TIM SMITH - CHAIR
TOM BATES
YORIKO KISHIMOTO
MARK ROSS

JAKE McGOLDRICK – VICE CHAIR
SCOTT HAGGERTY
CAROL KLATT
JOHN SILVA
GAYLE B. UILKEMA

**THURSDAY
OCTOBER 23, 2008
9:30 A.M.**

**4TH 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 SEPTEMBER 25, 2008**
4. **CONSIDERATION OF FISCAL YEAR 2008/2009 TRANSPORTATION FUND FOR CLEAN AIR (TFCA) COUNTY PROGRAM MANAGER EXPENDITURE PLAN FOR NAPA COUNTY**
J. Colbourn/5192
jcolbourn@baaqmd.gov
The Committee will consider recommending Board of Directors' approval of the expenditure plan for fiscal year (FY) 2008/2009 Transportation Fund for Clean Air (TFCA) Napa County Program Manager funds and authorize the Executive Officer/APCO to enter into all necessary contracts.
5. **CONSIDERATION OF PROPOSED REVISIONS TO TRANSPORTATION FUND FOR CLEAN AIR (TFCA) COUNTY PROGRAM MANAGER FUND POLICIES FOR FY 2009/2010**
J. Broadbent/5052
jbroadbent@baaqmd.gov
The Committee will consider recommending Board of Directors' approval of proposed revisions to TFCA County Program Manager Fund Policies to govern allocation of FY 2009/2010 TFCA funds.
6. **CONSIDERATION OF DIRECT MAIL SERVICE CONTRACTOR SELECTION FOR THE VEHICLE BUY-BACK PROGRAM**
J. Colbourn/5192
jcolbourn@baaqmd.gov
The Committee will consider recommending Board of Directors' approval of Direct Mail Center as the contractor for the Vehicle Buy-Back Program's direct mail service.

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:** Thursday, November 27, 2008 at 9:30 a.m., 939 Ellis Street, 4th Floor Conference Room.

9. **ADJOURNMENT**

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

**(415) 749-5073
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.
- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District's offices at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body. Such writing(s) may also be posted on the District's website (www.baaqmd.gov) at that time.

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

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF DISTRICT MEETINGS

OCTOBER 2008

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Special Advisory Council Regular Meeting	Tuesday	21	9:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets 4th Wednesday of each month)</i>	Wednesday	22	9:30 a.m.	4 th Floor Conf. Room
Advisory Council Technical Committee and Board of Directors Climate Protection Committee <i>(AC Technical Cme. Meets 1st Monday of every even Month and BD Climate Protection Cme. Meets 3rd Thursday every other Month)</i> - CANCELLED	Wednesday	22	1:00 p.m.	Board Room
Advisory Council Technical Committee <i>(Meets 1st Monday of every even Month)</i>	Wednesday	22	1:00 p.m.	Board Room
Board of Directors Mobile Source Committee ... <i>(Meets 4th Thursday of each Month)</i>	Thursday	23	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Legislative Committee <i>(Meets 4th Monday of the Month) - CANCELLED</i>	Monday	27	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Public Outreach Committee <i>(Meets 1st Thursday every other Month)</i>	Friday	31	9:30 a.m.	4 th Floor Conf. Room

NOVEMBER 2008

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Nominating Committee <i>(At the Call of the Chair)</i>	Wednesday	5	9:15 a.m.	Room 716
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	5	9:45 a.m.	Board Room
Board of Directors Public Outreach Committee <i>(Meets 1st Thursday every other Month)</i> - RESCHEDULED TO FRIDAY, OCTOBER 31, 2008	Thursday	6	9:30 a.m.	4 th Floor Conf. Room
Advisory Council Executive Committee Meeting <i>(Meets 2nd Wednesday Every Other Month)</i>	Wednesday	12	9:00 a.m.	Room 716
Advisory Council Regular Meeting <i>(Meets 2nd Wednesday Every Other Month)</i>	Wednesday	12	10:00 a.m.	Board Room

NOVEMBER 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>	Thursday	13	10:45 a.m.	4 th Floor Conf. Room
Joint Policy Committee	Friday	14	10:00 a.m. – 12:00 p.m.	MTC 101 - 8 th Street Oakland, CA 94607
Board of Directors Ad Hoc Cme. on Port Emissions <i>(At the Call of the Chair)</i>	Monday	17	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	19	9:45 a.m.	Board Room
Board of Directors Climate Protection Committee Meeting <i>(Meets 3rd Thursday Every Other Month)</i>	Thursday	20	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Legislative Committee <i>(Meets 4th Monday of the Month)</i>	Monday	24	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets 4th Wednesday of each month)</i>	Wednesday	26	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee – <i>(Meets 4th Thursday of each Month)</i>	Thursday	27	9:30 a.m.	4 th Floor Conf. Room

DECEMBER 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	1	9:30 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	3	9:45 a.m.	Board Room
Advisory Council Air Quality Planning Committee <i>(Meets 1st Thursday Even Month)</i>	Thursday	4	9:30 a.m.	Board Room
Advisory Council Public Health Committee – <i>(Meets 2nd Wednesday Even Month)</i>	Wednesday	10	1:30 p.m.	Board Room
Board of Directors Stationary Source Committee <i>(Meets 3rd Monday Quarterly)</i>	Monday	15	9:30 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	17	9:45 a.m.	Board Room
Board of Directors Legislative Committee <i>(Meets 4th Monday of the Month)</i>	Monday	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	24	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee – <i>(Meets 4th Thursday of each Month)</i>	Thursday	25	9:30 a.m.	4 th Floor Conf. Room

HL

10/17/08 (9:00 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: October 15, 2008

Re: Mobile Source Committee Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Mobile Source Committee meeting of September 25, 2008.

DISCUSSION

Attached for your review and approval are the draft minutes of the September 25, 2008 Mobile Source Committee meeting.

Respectfully submitted,



for

Jack P. Broadbent
Executive Officer/APCO

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 749-5000

DRAFT MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
9:30 a.m., Thursday, September 25, 2008

1. Call to Order – Roll Call: Chair Tim Smith called the meeting to order at 9:31 a.m.

Present: Tim Smith, Chair, Tom Bates, Scott Haggerty, Carol Klatt, Mark Ross

Absent: Yoriko Kishimoto, Jake McGoldrick, John Silva, Gayle B. Uilkema

Also Present: Michael Shimansky and Pamela Torliatt

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

Chair Smith requested moving Item 5 up on the agenda.

5. Status Report on California Goods Movement Bond (I-Bond) Funding Process: *The Committee received an update on the outreach performed and applications received as part of the California Goods Movement Bond (I-Bond) Program.*

Grants Manager, Damien Breen, presented an update on the California Goods Movement Bond, stating that in November California voters authorized the Legislature to appropriate \$1 billion in bond funding, which served to quickly reduce health risks from freight movement in California trade corridors. He said \$25 million was set aside in early grants and \$225 million for main grants.

Mr. Breen discussed ARB's allocation of \$140 million for the Bay Area trade corridor (\$35 million for the next four years), \$3.4 million in early grants to the Air District for an electrical grid system for APL Shipping and 75 truck retrofits with the Port of Oakland. The Air District applied for the remainder of the \$35 million for the Bay Area Goods Movement corridor in April and on May 22, 2008 the ARB approved the Air District's plan to expend funding.

Mr. Breen then described I-Bond funding by project type and funding requested, as well as outreach efforts which included:

- 6 workshops;
- 75 local trucking firms visited by Air District Inspectors;
- 15 meetings held with truck owners (Firms/Independents);
- Advertisements secured in national trade publications;
- 7 trade association speaking engagements;

- Partnering with community groups by distributing 1,000 leaflets at truck scales and a weekend outreach event for Port drayage truckers; and
- An outreach center on the Port of Oakland truck route was opened.

Mr. Breen said as a result of outreach a total of 1,954 applications were received amounting to \$63,335,000 in funding requested. He then described applications received and funding requested by each category.

Next steps will involve staff entering information into the Air District's database and removing any duplicate information. Staff will then seek supplemental information from grantees and update the Mobile Source Committee on recommended projects in November.

Director Haggerty asserted the importance of labor involvement and requested a list of the 75 trucking companies and the 15 independent truck owners contacted. He confirmed the list was geographically represented and discussed with Mr. Breen the Air District's broad outreach efforts. Director Torliatt requested the names of union representatives contacted, and Committee members thanked Mr. Breen for the informative presentation.

3. **Approval of Minutes of July 9, 2008:** Director Haggerty moved approval of the minutes; seconded by Director Ross; carried unanimously without objection.
4. **Consideration of Transportation Fund for Clean Air (TFCA) Regional Fund Projects and Mobile Source Incentive Fund (MSIF) Projects:** *The Committee considered recommending Board of Directors' approval of projects received as part of this year's TFCA Regional Fund and MSIF projects call for applications.*

Supervising Environmental Planner, David Wiley, provided a background of the Transportation Fund for Clean Air objectives, discussed eligible project types, revenue sources, noted that 60% of TFCA revenues are allocated directly by the District, a portion of which fund Air District programs. He said the balance available is awarded on a competitive basis to projects proposed by public agencies or non-public entities. Grant applications are screened for compliance and scoring criteria.

Mr. Wiley reported that 79 grant applications were received representing \$17.5 million. There were 2 ineligible applications and 24 projects not recommended. He noted that \$11.3 million is available in TFCA Regional Funds and \$500,000 in MSIF funds. A total of 53 projects are recommended for approval which Mr. Wiley outlined in Attachment 1. Attachment 2 identifies projects recommended contingent upon additional funds becoming available. He noted that 576 tons of ozone precursors and particulate matter and over 83,000 tons of CO₂ would result in combined total reductions over the life of the TFCA and MSIF projects, with an aggregate cost effectiveness of \$11,700 per ton.

Mr. Wiley discussed FY 2007/2008 projects that were not cost-effective, ineligible projects, and said 1 project was incorporated into an FY 2008/2009 project, which is being recommended.

He then presented a breakdown of project type outlined in Table 4 and said staff recommends the Committee recommend Board of Directors' approval of:

1. The allocation of \$11,790,697 in funding from a combination of Fiscal Year (FY) 2008/2009 TFCA Regional Funds and Mobile Source Incentive Fund (MSIF) funds for the forty-six projects listed in Attachment 1;

2. The allocation of \$1,744,627, pending available funding, for seven projects listed in Attachment 2, using FY 2008/2009 TFCA Regional Funds; and
3. Authorization for the Executive Officer to expend funding on eligible projects and to enter into funding agreements with recipients of grant awards for the projects listed in Attachments 1 and 2.

Committee member Haggerty clarified information regarding Project #08R16 and #08R14 on Attachment 2, discussed his desire to not delay funding for Attachment 2 projects, voiced concern with the cost and process of funding shuttle service contracted through public agencies by Bauers Intelligent Transportation and said his preference would be to instead directly fund public agencies that provide that same service.

Committee members further reviewed criteria, factors that go into calculating points and prioritization, the selection processes, shuttle service, and the number of public agencies that contract for transit services.

Public Comments:

Gary Bauers, Bauers Intelligent Transportation, discussed Bauers' historical and current statistics on their company's ability to provide transportation. He described the purchase of new CNG vehicles and their work to keep vehicles off the road and reduce emissions.

Ian McAvoy, Caltrain JPB, reported that Caltrain ridership has increased over 100%; he believed that the elimination of links would impact their mission and vision, and said if they were to cut back people would either return to single occupancy trips or find an alternative way to get to a Caltrain system.

Chair Smith said he believed that both shuttle projects (#08R14 and #08R16) run in the same corridor and they have a very high combined score. After brief discussion by Committee members and staff, Mr. Broadbent offered for staff to return to the Board with an outline or process to prioritize and fund projects in Attachment 2.

Committee Action: Chair Smith made a motion to approve 1) The allocation of \$11,790,697 in funding from a combination of Fiscal Year (FY) 2008/2009 TFCA Regional Funds and Mobile Source Incentive Fund (MSIF) funds for the forty-six projects listed in Attachment 1; 2) The allocation of \$1,744,627, pending available funding, for seven projects listed in Attachment 2; and 3) Authorization for the Executive Officer to expend funding on eligible projects and to enter into funding agreements with recipients of grant awards for the projects listed in Attachments 1 and 2, and directed staff to return to the Committee with an outline or process to fund Attachment 2 projects; seconded by Director Ross; carried unanimously without objection.

6. Status Report on the California Air Resources Board (ARB) Audit of the Carl Moyer

Program: *The Committee received the results of the Carl Moyer Program audit conducted by the ARB in May of Fiscal Year 2008/09.*

Director of Administration and Incentives, Jack Colbourn, gave an overview of the audit of the Carl Moyer Program, stating that an audit of the Carl Moyer Program was initiated in June of 2007. ARB identified deficiencies in the District's program regarding project eligibility determination, project documentation, emissions reporting, expenditure of funds, and contract enforceability. He discussed the District's action to address audit findings, said ARB assigned a new program liaison, provided

training for Air District staff, reviewed the remediation plan status reports and had scheduled a follow-up Audit in May 2008.

He further reported that the District has made great strides with significant improvement in practices, and ARB believes the Year 10 Carl Moyer program demonstrates this progress. He discussed the audit's timeline and noted the Air District must finish its remediation in compliance with the plan. He also reported that work began on FY 2005/06 School-bus Projects prior to the grantees having executed contracts and said ARB wishes to impose a 25% retrofit goal on the District's School-Bus Program with funds returned in FY 2000/01 and 2005/06.

Committee members questioned and confirmed that matching requirements vary and the District can provide 100% of retrofit and replacement costs but can only fund incremental costs through the Carl Moyer program. The Committee discussed the need to solicit available funds to school districts, and they reviewed outreach efforts and the extension of eligibility to the private sector. Mr. Breen said he believed that regulations for school buses will force many agencies to seek funding in order to meet compliance. He noted that the District requested an additional \$3.375 million to match ARB's \$4.2 million to pay for the retrofit of 100 buses and said additional retrofits will help achieve even more emission reductions.

In summary, Mr. Broadbent reported that he would be discussing with Board members the need for communication to school districts regarding the availability of Carl Moyer matching funds.

Committee Action: None; informational report only.

7. Committee Member Comments/Other Business:

Committee Member Bates asked for the ability of Director participation for those present but not on the Committee. Mr. Bungler reported that an Attorney General opinion stands which states Directors who are not on a Committee are not recognized as a member of the Committee, and cannot participate in Committee meetings.

8. Time and Place of Next Meeting: Thursday, October 23, 2008 at 9:30 a.m.

9. Adjournment: The meeting adjourned at 10:43 a.m.

Lisa Harper
Clerk of the Boards

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: October 16, 2008

Re: Consideration of Fiscal Year (FY) 2008/2009 Transportation Fund for Clean Air (TFCA) County Program Manager Expenditure Plan for Napa County

RECOMMENDED ACTION

1. Recommend Board of Directors approval of FY 08/09 TFCA Napa County Program Manager expenditure plan; and
2. Recommend Board of Directors authorization for the Executive Officer/APCO to enter into funding agreement with the Napa County Program Manager to implement Board-approved projects; and reallocate funds among Board-approved projects, consistent with Board-adopted TFCA Program Manager Policies.

BACKGROUND

Pursuant to California Health and Safety Code Sections 44241 and 44242, the Air District Board imposes a \$4 per vehicle annual surcharge on all motor vehicles registered within the boundaries of the Air District. By law, forty percent of the revenues generated by this surcharge are returned to the designated Program Manager in each county. Each Program Manager submits to the Air District for approval an annual expenditure plan of recommended projects for its share of the allocation.

DISCUSSION

In July 2008, the Air District's Board approved FY 08/09 TFCA County Program Manager expenditure plans for eight of the nine Program Managers. In September 2008, Air District staff received the FY 08/09 expenditure plan from the Napa County Program Manager that contained two projects for consideration.

Air District staff evaluated the two projects in the Napa County Program Manager's expenditure plan for conformance with the California Health and Safety Code and FY 08/09 policies adopted by the Air District Board of Directors. Air District staff determined that one of the two projects submitted in the FY 08/09 Napa County Program Manager expenditure plan met all the requirements including the cost-effective criteria. This project is recommended for approval and is summarized in Table 1.

Table 1: Recommended Project for FY 2008/2009 Napa County Program Manager

Project Number	Project Sponsor	Project Title	TFCA funds Allocated	TFCA Cost-Effectiveness
08NAP02	County of Napa	On-Road Retrofit Traps	\$64,000	\$44,394

Air District staff's analysis concluded that the other project submitted did not meet the cost-effectiveness criterion and thus is not recommended for approval. That project, sponsored by the City of Napa, requested \$150,000 toward the purchase of four heavy-duty diesel-electric hybrid vehicles. Due to low vehicle mileage, the cost-effectiveness was several times over the \$90,000 per ton limit. Projects included in the annual expenditure plans for County Program Manager funds must achieve a TFCA cost-effectiveness of equal to or less than \$90,000 per ton (TFCA dollars per weighted ton^a of emissions reduced over the life of the project.) Air District staff is working with the Napa County Program Manager to identify additional eligible projects for allocation of the remaining FY 08/09 TFCA funds (\$119,280.84.)

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Approval of the recommended project and allocation will have no impact on the Air District's budget.

Respectfully submitted,



fw Jack P. Broadbent
Executive Officer/APCO

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

^a Consistent with California Air Resources Board guidelines for the Carl Moyer Program, for the purposes of cost effectiveness, emission reductions equal the sum of reactive organic gases, oxides of nitrogen, and particulate matter (PM) eliminated, with the exhaust portion of PM weighted by a factor of 20.

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: October 16, 2008

Re: Consideration of Proposed Revisions to Transportation Fund for Clean Air (TFCA) County Program Manager Fund Policies for Fiscal Year 2009/2010

RECOMMENDED ACTION:

Consider recommending Board of Directors approve proposed revisions to TFCA County Program Manager Fund Policies to govern allocation of FY 2009/2010 TFCA funds.

BACKGROUND

Pursuant to California Health and Safety Code (HSC) Sections 44241 and 44242, the Air District Board of Directors imposes a \$4 per vehicle annual surcharge on all motor vehicles registered within the boundaries of the Air District. By law, forty percent of the revenues generated by this surcharge are returned to designated Program Managers in each county. Each Program Manager then submits to the Air District for approval an annual expenditure plan for its share of the allocation. The HSC specifies that the Air District Board of Directors shall adopt cost-effectiveness criteria that TFCA projects and programs are required to meet. These criteria shall maximize emissions reductions and public health benefits.

DISCUSSION

During the past year, Air District staff and Program Manager representatives have collaborated in an effort to streamline the administration of the program and to provide greater flexibility. Air District staff is proposing a revised process whereby the Air District Board would approve allocations of funding, versus specific projects. Program Managers, in turn, would be delegated authority to select projects eligible for approval that meet Board adopted policies. The proposed policies also contain other minor revisions to improve clarity.

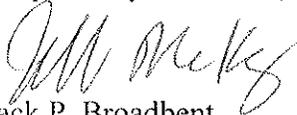
On September 25, 2008, Air District staff issued a request for comments on proposed revisions to FY 2009/2010 TFCA County Program Manager Fund policies. The deadline for interested parties to submit comments was October 8, 2008, and four sets of comments were received. A listing of comments and responses by the Air District is provided in Attachment C.

The proposed FY2009 /2010 TFCA County Program Manager Fund Policies are found in Attachment A. Attachment B shows the changes between these currently proposed policies and the policies for the FY 2008/2009 County Program Manager Fund.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Approval of the recommended policy changes will have no impact on the Air District's budget.

Respectfully submitted,



fw
Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen M. Schkolnick

Reviewed by: Jack M. Colbourn

Attachments

PROPOSED TFCA COUNTY PROGRAM MANAGER FUND POLICIES FOR FY 2009/2010

The following policies apply only to the Transportation Fund for Clean Air (TFCA) County Program Manager Fund.

BASIC ELIGIBILITY

- 1. Reduction of Emissions:** A project must result in the reduction of motor vehicle emissions within the Air District's jurisdiction to be considered eligible for TFCA funding. Projects that are subject to emission reduction regulations, contracts, or other legally binding obligations must achieve surplus emission reductions to be considered for TFCA funding. Surplus emission reductions are those that exceed the requirements of applicable State or federal regulations or other legally binding obligations at the time the Air District Board of Directors approves an expenditure plan. Planning activities (e.g., feasibility studies) that are not directly related to the implementation of a specific project are not eligible for TFCA funding.
- 2. Eligible Projects:** Eligible projects are those that conform to the provisions of the California Health and Safety Code (HSC) section 44241, Air District Board adopted policies and Air District guidance. On a case-by-case basis, Program Managers must receive approval by the Air District for projects that are authorized by the HSC Section 44241 and achieve Board adopted TFCA cost-effectiveness, but do not fully meet other Board adopted Policies.
- 3. TFCA Cost-Effectiveness:** Projects must achieve TFCA cost-effectiveness, on an individual project basis, equal to or less than \$90,000 of TFCA funds per ton of total of emissions reduced. For the purpose of this program, emissions that are calculated include a) reactive organic gases (ROG), b) oxides of nitrogen (NO_x), and c) weighted particulate matter 10 microns in diameter and smaller (PM₁₀) emissions reduced (\$/ton). Administrative costs are excluded from the calculation of TFCA cost-effectiveness.
- 4. Eligible Recipients:** TFCA grants may be awarded to public agencies and to non-public entities. Non-public entities may only apply for funding for certain clean air vehicle projects including but not limited to engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations as described in HSC Section 44241(b)7. Non-public entities may not apply for light-duty vehicle projects. No single non-public entity may be awarded more than \$500,000 in TFCA County Program Manager Funds for clean air vehicle projects in each funding cycle.

A public agency may apply for TFCA funds for clean air vehicle projects on behalf of a non-public entity. As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency must enter a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s) or reduced emission equipment.
- 5. Consistent with Existing Plans and Programs:** Only projects described in HSC Section 44241 are eligible for funding. Projects must also comply with the transportation control measures and mobile source measures included in the Air District's most recently approved strategy(ies) for State and national ozone standards and, when applicable, with other adopted State and local plans and programs.

6. **Readiness:** A project will be considered for TFCA funding only if it will commence in calendar year 2010 or sooner. For purposes of this policy, “commence” means to order or accept delivery of vehicles or other equipment being purchased as part of the project, to begin delivery of the service or product provided by the project, or to award a construction contract.
7. **Maximum Two Years Operating Costs:** TFCA grant applications that request operating funds to provide a service, such as ridesharing programs or bicycle stations, are eligible for funding for up to two years. Grant applicants who seek TFCA funds for additional years must re-apply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

8. **Failed Audit:** Project sponsors who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project will be excluded from future funding for five (5) years, or a duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the project was not implemented as set forth in the project funding agreement.

In case of a failed audit, a Program Manager may be subject to a reduction of future revenue in an amount equal to the amount which was inappropriately expended pursuant to the provisions of HSC Section 44242(C)3.

9. **Authorization to For County Program Manager to Proceed:** Only a fully executed funding agreement (i.e., signed by both the Air District and the County Program Manager) constitutes a final approval and obligation on the part of the Air District. Program Managers and Project Sponsors may only incur cost (i.e., an obligation made to pay funds that cannot be refunded) after the funding agreement with the Air District has been executed.
10. **Insurance:** Each County Program Manager and project sponsor must maintain general liability insurance, workers compensation insurance, and additional insurance as appropriate for specific projects, with estimated coverage amounts provided in Air District guidance and final amounts specified in the respective funding agreements.

INELIGIBLE PROJECTS

11. **Duplication:** Grant applications for projects that duplicate existing TFCA-funded projects and therefore do not achieve additional emission reductions will not be considered for funding. Combining TFCA County Program Manager Funds with TFCA Regional Funds to achieve greater emission reductions for a single project is not considered project duplication.
12. **Employee Subsidy:** Grant applications for projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor will not be considered for funding.

USE OF TFCA FUNDS

13. **Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds for the funding of an eligible project. For the purpose of calculating TFCA cost-effectiveness, the combined sums shall be used to calculate the TFCA cost of the project.

14. **Cost of Developing Proposals:** The costs of developing grant applications for TFCA funding are not eligible to be reimbursed with TFCA funds.
15. **Administrative Costs:** Administrative costs for TFCA County Program Manager Funds are limited to a maximum of five percent (5%) of the actual Department of Motor Vehicles (DMV) fee revenues that correspond to each county, received in a given year. Interest earned on prior DMV funds received shall not be included in the calculation of the administrative costs.

All reimbursement with TFCA funds of administrative costs (i.e., direct and indirect) must be requested and justified in writing in the project application or expenditure plan, and approved in advance and in writing by the Air District.
16. **Expend Funds within Two Years:** County Program Manager Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program Manager in the applicable fiscal year. A County Program Manager may, if it finds that significant progress has been made on a project, approve no more than two (2) one-year (1-year) schedule extensions for a project. Any subsequent schedule extensions for projects can only be given on a case-by-case basis, if the Air District finds that significant progress has been made on a project, and the funding agreement between the Program Manager and the Air District is amended to reflect the revised schedule.
17. **Unallocated Funds:** Any TFCA County Program Manager funds that are not allocated to a project within six months of the Air District Board of Directors approval of the Program Manager's Expenditure Plan may be allocated to eligible projects by the Air District. The Air District shall make reasonable effort to award these funds to eligible projects within the same county from which they originated.

CLEAN AIR VEHICLE PROJECTS

18. **Light-Duty Clean Air Vehicles:**

Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight (GVW) of 10,000 pounds or lighter. Only public agencies, including public agencies applying on behalf of non-public entities, are eligible for TFCA grants for light-duty vehicles. Light-duty chassis-certified vehicles certified by the California Air Resources Board (CARB) as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (ATPZEV), or zero emission vehicle (ZEV) standards are eligible for TFCA funding. Hybrid-electric vehicles that meet the SULEV, PZEV, AT-PZEV, or ZEV standards are also eligible for TFCA funding. Gasoline and diesel light-duty vehicles are not eligible for TFCA funding. Vehicle infrastructure is not eligible for TFCA funding unless the project is an Advanced Technology Demonstration Project (Policy 22.)

Project sponsors may be awarded TFCA funds to cover no more than the incremental cost of a clean air vehicle. Incremental cost is the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emissions standards and its new conventional vehicle counterpart that meets, but does not exceed, the emissions standards. Compliance with the TFCA cost-effectiveness requirement is not waived or altered by this policy.

19. **Heavy-Duty Clean Air Vehicles:**

Eligibility: For TFCA Purposes, heavy-duty vehicles are on-road motor vehicles with a GVW of 10,001 pounds or heavier. Vehicle infrastructure is not eligible for TFCA funding unless the project is an Advanced Technology Demonstration Project (Policy 22).

Project sponsors may be awarded TFCA funds to cover no more than the incremental cost of a new clean air vehicle. Incremental cost is the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emission standards, and its new diesel counterpart that meets, but does not exceed, the emission standards.

Scrapping Requirements: Project sponsors of heavy-duty vehicles purchased or leased with TFCA funds that have in their fleet model year 1993 or older heavy-duty diesel vehicles are required to scrap one model year 1993 or older heavy-duty diesel vehicle for each new vehicle purchased or leased with TFCA funds. Project sponsors who have in their fleet model year 1994 and newer vehicles are not required to scrap an existing operational model year 1994 or newer heavy-duty diesel vehicle within their fleet. When applicable, emission reductions associated with scrapping an existing operational diesel vehicle will be factored into the calculations of the overall cost-effectiveness for the project. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

20. **Reducing Emissions from Existing Heavy-Duty Diesel Engines:** Options available to reduce emissions from existing heavy-duty diesel engines include:

- A. Repowers – To be eligible for TFCA funding, the new engine selected to repower an existing heavy-duty vehicle must reduce emissions by at least 15% compared to the direct exhaust emission standards of the existing engine that will be replaced.
- B. Diesel Emission Control Strategies – Diesel emission control strategies compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:
 - i) All control strategies must be verified by CARB to reduce emissions from the relevant engine;
 - ii) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the emission control strategy; and
 - iii) The project sponsor must install the highest level (i.e., most effective) diesel emission control strategy that is verified by CARB for the specific engine.
- C. Clean Fuels or Additives – Clean fuels or additives compatible with existing heavy-duty engines are eligible for TFCA funding, subject to the conditions described below:
 - i) All clean fuels or additives must be approved by CARB to reduce emissions and for use with the relevant engine; and
 - ii) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.
- D. Replacement of Compressed Natural Gas (CNG) Fuel Tanks – the replacement of CNG fuel tanks will only be considered for projects that achieve surplus emissions via repowers or emission control strategies, described in Paragraphs A and B above.

21. **Bus Replacements:** Transit and school buses are defined as any vehicle used or maintained for carrying more than fifteen (15) persons, including the driver. Other buses are those used or maintained for carrying more than ten (10) persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group. A vanpool vehicle is not considered a bus.

22. **Advanced Technology Demonstration Projects:** Vehicle-based advanced technology demonstration projects (i.e., technologies, motor vehicles and/or emission control devices not authorized by CARB) are eligible for TFCA funding. Such projects are subject to the TFCA cost-

effectiveness requirement, and grant applications for such projects must include best available data that can be used to estimate the cost-effectiveness of such projects. For motor vehicles, only projects that achieve emissions performance beyond CARB's most stringent adopted regulatory requirements are eligible for funding under this category. For infrastructure projects, only applications that include vehicles and that include advanced infrastructure technology not currently being implemented in the Bay Area qualify for funding.

SHUTTLE/FEEDER BUS SERVICE PROJECTS

23. **Shuttle/Feeder Bus Service:** Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The service route must go to or from a rail station, airport, or ferry terminal, and the project must:

- A. Be submitted by a public transit agency; or
- B. Be accompanied by documentation, from the General Manager of the transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency revenue service.

All shuttle/feeder bus service to rail or ferry stations must be timed to meet the rail or ferry lines being served.

Independent (non-transit agency) shuttle/feeder bus projects that received TFCA funding prior to FY 2008/09 and obtained a letter of support from all potentially affected transit agencies for a prior project are exempt from Paragraph 23.B unless funding is requested for a new or modified shuttle/feeder bus route.

All vehicles used in any shuttle/feeder bus service must meet the applicable CARB particulate matter (PM) standards for public transit fleets. For the purposes of TFCA funding, shuttle projects must comply with these standards by using one of the following types of shuttle/feeder bus vehicles:

- i) an alternative fuel vehicle (CNG, liquefied natural gas, propane, electric);
- ii) a hybrid-electric vehicle;
- iii) a post-1994 diesel vehicle and a diesel emission control strategy verified by CARB to reduce emissions from the relevant engine; or
- iv) a post-1989 gasoline-fueled vehicle.

BICYCLE PROJECTS

24. **Bicycle Projects:** New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. This requirement may be waived if the responsible Congestion Management Agency provides a letter of intent to include the project in the next update of the CMP. Eligible projects are limited to the following types of bicycle facilities for public use: a) new Class-1 bicycle paths; b) new Class-2 bicycle lanes; c) new Class-3 bicycle routes; d) bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels; e) bicycle lockers; f) attended bicycle storage facilities; g) the purchase of bicycles, mounted equipment required for the intended service, and helmets; and g) development of a region-wide web-based bicycle trip planning system. All bicycle facility projects must, where applicable, be consistent with design standards published in Chapter 1000 of the California Highway Design Manual.

ARTERIAL MANAGEMENT PROJECTS

25. **Arterial Management:** Arterial management grant applications must specifically identify a given arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funding. Incident management projects on arterials are eligible to receive TFCA funding. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. For signal timing projects, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more.

SMART GROWTH PROJECTS

26. **Smart Growth/Traffic Calming:** Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds, subject to the following conditions: a) the development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, traffic-calming plan, or other similar plan; and b) the project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District strategy for State and national ozone standards. Pedestrian projects are eligible to receive TFCA funding. Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential and retail areas.

PROPOSED TFCA COUNTY PROGRAM MANAGER FUND POLICIES FOR FY 2009/2010

The following policies apply only to the Transportation Fund for Clean Air (TFCA) County Program Manager Fund.

BASIC ELIGIBILITY

- Reduction of Emissions:** A project must result in the reduction of motor vehicle emissions within the Air District's jurisdiction to be considered eligible for TFCA funding. Projects that are subject to emission reduction regulations, contracts, or other legally binding obligations must achieve surplus emission reductions to be considered for TFCA funding. Surplus emission reductions are those that exceed the requirements of applicable State or federal regulations or other legally binding obligations at the time the Air District Board of Directors approves an expenditure plan. Planning activities (e.g., feasibility studies) that are not directly related to the implementation of a specific project are not eligible for TFCA funding.
- Eligible Projects:** Eligible projects are those that conform to the provisions of the California Health and Safety Code (HSC) section 44241, Air District Board adopted policies and Air District guidance. On a case-by-case basis, Program Managers must receive approval by the Air District for projects that are authorized by the HSC Section 44241 and achieve Board adopted TFCA cost-effectiveness, but do not fully meet other Board adopted Policies.
- TFCA Cost-Effectiveness:** Projects must achieve TFCA cost-effectiveness, on an individual project basis, equal to or less than \$90,000 of TFCA funds per ton of total of emissions reduced. For the purpose of this program, emissions that are calculated include a) reactive organic gases (ROG), b) oxides of nitrogen (NOx), and c) weighted particulate matter 10 microns in diameter and smaller (PM₁₀) emissions reduced (\$/ton). Administrative costs are excluded from the calculation of TFCA cost-effectiveness.
- Eligible Recipients:** TFCA grants may be awarded to public agencies and to non-public entities.

Non-public entities may only apply for funding for certain clean air vehicle projects including but not limited to engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations as described in HSC Section 44241(b)7. Non-public entities may not apply for light-duty vehicle projects. No single non-public entity may be awarded more than \$500,000 in TFCA County Program Manager Funds for clean air vehicle projects in each funding cycle.

A public agency may apply for TFCA funds for clean air vehicle projects on behalf of a non-public entity. As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency must enter a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s) or reduced emission equipment.
- Consistent with Existing Plans and Programs:** Only projects described in HSC Section 44241 are eligible for funding. Projects must also comply with the transportation control measures and mobile source measures included in the Air District's most recently approved strategy(ies) for State and national ozone standards and, when applicable, with other adopted State and local plans and programs.

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6. **Readiness:** A project will be considered for TFCA funding only if it will commence in calendar year 2010 or sooner. For purposes of this policy, "commence" means to order or accept delivery of vehicles or other equipment being purchased as part of the project, to begin delivery of the service or product provided by the project, or to award a construction contract.

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7. **Maximum Two Years Operating Costs:** TFCA grant applications that request operating funds to provide a service, such as ridesharing programs or bicycle stations, are eligible for funding for up to two years. Grant applicants who seek TFCA funds for additional years must re-apply for funding in the subsequent funding cycles.

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APPLICANT IN GOOD STANDING

8. **Failed Audit:** Project sponsors who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project will be excluded from future funding for five (5) years, or a duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the project was not implemented as set forth in the project funding agreement.

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In case of a failed audit, a Program Manager may be subject to a reduction of future revenue in an amount equal to the amount which was inappropriately expended pursuant to the provisions of HSC Section 44242(C)3.

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9. **Authorization to For County Program Manager to Proceed:** Only a fully executed funding agreement (i.e., signed by both the Air District and the County Program Manager) constitutes a final approval and obligation on the part of the Air District. Program Mangers and Project Sponsors may only incur cost (i.e., an obligation made to pay funds that cannot be refunded) after the funding agreement with the Air District has been executed.

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10. **Insurance:** Each County Program Manager and project sponsor must maintain general liability insurance, workers compensation insurance, and additional insurance as appropriate for specific projects, with estimated coverage amounts provided in Air District guidance and final amounts specified in the respective funding agreements.

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INELIGIBLE PROJECTS

11. **Duplication:** Grant applications for projects that duplicate existing TFCA-funded projects and therefore do not achieve additional emission reductions will not be considered for funding. Combining TFCA County Program Manager Funds with TFCA Regional Funds to achieve greater emission reductions for a single project is not considered project duplication.

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12. **Employee Subsidy:** Grant applications for projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor will not be considered for funding.

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USE OF TFCA FUNDS

13. **Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds for the funding of an eligible project. For the purpose of calculating TFCA cost-effectiveness, the combined sums shall be used to calculate the TFCA cost of the project.

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14. **Cost of Developing Proposals:** The costs of developing grant applications for TFCA funding are not eligible to be reimbursed with TFCA funds.

15. **Administrative Costs:** Administrative costs for TFCA County Program Manager Funds are limited to a maximum of five percent (5%) of the actual Department of Motor Vehicles (DMV) fee revenues that correspond to each county, received in a given year. Interest earned on prior DMV funds received shall not be included in the calculation of the administrative costs.

All reimbursement with TFCA funds of administrative costs (i.e., direct and indirect) must be requested and justified in writing in the project application or expenditure plan, and approved in advance and in writing by the Air District.

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16. **Expend Funds within Two Years:** County Program Manager Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program Manager in the applicable fiscal year. A County Program Manager may, if it finds that significant progress has been made on a project, approve no more than two (2) one-year (1-year) schedule extensions for a project. Any subsequent schedule extensions for projects can only be given on a case-by-case basis, if the Air District finds that significant progress has been made on a project, and the funding agreement between the Program Manager and the Air District is amended to reflect the revised schedule.

17. **Unallocated Funds:** Any TFCA County Program Manager funds that are not allocated to a project within six months of the Air District Board of Directors approval of the Program Manager's Expenditure Plan may be allocated to eligible projects by the Air District. The Air District shall make reasonable effort to award these funds to eligible projects within the same county from which they originated.

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CLEAN AIR VEHICLE PROJECTS

18. **Light-Duty Clean Air Vehicles:**

Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight (GVW) of 10,000 pounds or lighter. Only public agencies, including public agencies applying on behalf of non-public entities, are eligible for TFCA grants for light-duty vehicles. Light-duty chassis-certified vehicles certified by the California Air Resources Board (CARB) as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (ATPZEV), or zero emission vehicle (ZEV) standards are eligible for TFCA funding. Hybrid-electric vehicles that meet the SULEV, PZEV, AT-PZEV, or ZEV standards are also eligible for TFCA funding. Gasoline and diesel light-duty vehicles are not eligible for TFCA funding. Vehicle infrastructure is not eligible for TFCA funding unless the project is an Advanced Technology Demonstration Project (Policy 22.)

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19. **Heavy-Duty Clean Air Vehicles:**

Eligibility: For TFCA Purposes, heavy-duty vehicles are on-road motor vehicles with a GVW of 10,001 pounds or heavier. Vehicle infrastructure is not eligible for TFCA funding unless the project is an Advanced Technology Demonstration Project (Policy 22.)

Project sponsors may be awarded TFCA funds to cover no more than the incremental cost of a new clean air vehicle. Incremental cost is the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emission standards, and its new diesel counterpart that meets, but does not exceed, the emission standards.

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20. Reducing Emissions from Existing Heavy-Duty Diesel Engines: Options available to reduce emissions from existing heavy-duty diesel engines include:

A. Repowers – To be eligible for TFCA funding, the new engine selected to repower an existing heavy-duty vehicle must reduce emissions by at least 15% compared to the direct exhaust emission standards of the existing engine that will be replaced.

B. Diesel Emission Control Strategies – Diesel emission control strategies compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:

- i) All control strategies must be verified by CARB to reduce emissions from the relevant engine;
- ii) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the emission control strategy; and
- iii) The project sponsor must install the highest level (i.e., most effective) diesel emission control strategy that is verified by CARB for the specific engine.

C. Clean Fuels or Additives – Clean fuels or additives compatible with existing heavy-duty engines are eligible for TFCA funding, subject to the conditions described below:

- i) All clean fuels or additives must be approved by CARB to reduce emissions and for use with the relevant engine; and
- ii) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.

D. Replacement of Compressed Natural Gas (CNG) Fuel Tanks – the replacement of CNG fuel tanks will only be considered for projects that achieve surplus emissions via repowers or emission control strategies, described in Paragraphs A and B above.

21. Bus Replacements: Transit and school buses are defined as any vehicle used or maintained for carrying more than fifteen (15) persons, including the driver. Other buses are those used or maintained for carrying more than ten (10) persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group. A vanpool vehicle is not considered a bus.

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SHUTTLE/FEEDER BUS SERVICE PROJECTS

23. Shuttle/Feeder Bus Service: Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The service route must go to or from a rail station, airport, or ferry terminal, and the project must:

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A. Be submitted by a public transit agency; or

B. Be accompanied by documentation, from the General Manager of the transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency revenue service.

All shuttle/feeder bus service to rail or ferry stations must be timed to meet the rail or ferry lines being served.

Independent (non-transit agency) shuttle/feeder bus projects that received TFCA funding prior to FY 2008/09 and obtained a letter of support from all potentially affected transit agencies for a prior project are exempt from Paragraph 23.B, unless funding is requested for a new or modified shuttle/feeder bus route.

All vehicles used in any shuttle/feeder bus service must meet the applicable CARB particulate matter (PM) standards for public transit fleets. For the purposes of TFCA funding, shuttle projects must comply with these standards by using one of the following types of shuttle/feeder bus vehicles:

- i) an alternative fuel vehicle (CNG, liquefied natural gas, propane, electric);
- ii) a hybrid-electric vehicle;
- iii) a post-1994 diesel vehicle and a diesel emission control strategy verified by CARB to reduce emissions from the relevant engine; or,
- iv) a post-1989 gasoline-fueled vehicle.

BICYCLE PROJECTS

24. Bicycle Projects: New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. This requirement may be waived if the responsible Congestion Management Agency provides a letter of intent to include the project in the next update of the CMP. Eligible projects are limited to the following types of bicycle facilities for public use: a) new Class-1 bicycle paths; b) new Class-2 bicycle lanes; c) new Class-3 bicycle routes; d) bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels; e) bicycle lockers; f) attended bicycle storage facilities; g) the purchase of bicycles, mounted equipment required for the intended service, and helmets; and g) development of a region-wide web-based bicycle trip planning system. All bicycle facility projects must, where applicable, be consistent with design standards published in Chapter 1000 of the California Highway Design Manual.

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ARTERIAL MANAGEMENT PROJECTS

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25. **Arterial Management:** Arterial management grant applications must specifically identify a given arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funding. Incident management projects on arterials are eligible to receive TFCA funding. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. For signal timing projects, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more.

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SMART GROWTH PROJECTS

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26. **Smart Growth/Traffic Calming:** Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds, subject to the following conditions: a) the development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, traffic-calming plan, or other similar plan; and b) the project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District strategy for State and national ozone standards. Pedestrian projects are eligible to receive TFCA funding. Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential and retail areas.

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Page 1

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Signer and Agency	Comment	Staff Response
<p>Matt Todd, Alameda Co. Congestion Management Agency (ACCMA)</p>	<p>Policies 4 and 6: Consistent with Existing Plans and Programs. Section 6 is a duplicate of Section 4.</p>	<p>The duplication has been eliminated.</p>
<p>ACCMA</p>	<p>Policy 8: Failed Audit. The ACCMA requests that the language from the FY 2008/2009 Policies be retained. As proposed, the language would implicate and penalize all jurisdictions in a county due to one jurisdiction's actions or errors.</p>	<p>This policy has been amended with language from the FY 08/09 Policies and applicable language from the Health and Safety Code (HSC).</p>
<p>ACCMA</p>	<p>Policy 15: Administrative Costs. This section as proposed does not allow for the inclusion of interest earned when calculating the 5% administrative cost. In prior years, interest earned could be included with the DMV fees prior to calculating the 5% administrative cost. The ACCMA requests that the later scenario be allowed.</p>	<p>The policy did not change from the FY 2008/2009 Policies. Staff will evaluate this request for consideration in future revisions to policy.</p>
<p>ACCMA</p>	<p>Policy 18: Unallocated Funds. The ACCMA requests that this section be revised to read that the funds: may be reallocated to eligible projects on a case by case basis and that projects that are selected for reallocation will be allocated to eligible projects within the county.</p>	<p>This policy has been updated in accordance with the recommendation from the Alameda County CMA.</p>
<p>ACCMA</p>	<p>Other Eligible Projects. The ACCMA requests that an additional section for "Other Eligible Projects" be added to the FY 2009/2010 Policies. This category would be for other new project types compatible with the TFCA Program that may be considered eligible by the Air District on a case by case basis. Such projects would be subject to the TFCA cost-effectiveness requirement and grant applications for such projects should include the best available data that can be used to estimate the cost-effectiveness of such projects.</p>	<p>The Policies have been revised in accordance with the recommendation from Alameda and Marin counties (Policy 2 Eligible Projects.)</p>

Signer and Agency	Comment	Staff Response
David Chan, Transportation Authority of Marin (TAM)	Policy 8: Failed Audit. Is this intended for the Program Managers or the project sponsors? Five years seems excessive. Is there a period to any deficiencies to avoid the penalty? If this is intended for the Program Managers, what would happen to the funds during the five-year period?	This policy was intended to apply to Project Sponsors. This policy has been amended with language from the FY 08/09 Policies and applicable language from the HSC.
TAM	Policy 16: Expend Funds within Two Years. It would be helpful if the date of the first payment is listed on our Funding Agreement so that we know what that date is years after the fact.	Staff will ensure that this information is easily accessible and at a minimum, be posted on the district's website.
TAM	Policy 25: Bicycle Projects: Allow a catch-all item for innovative bicycle projects that are not explicitly listed in the current list of projects. Such projects should be determined on a case-by-case basis instead of automatic exclusion.	The Policies have been revised in accordance with the recommendation from Alameda and Marin counties (Policy 2 Eligible Projects.)
Bill Hough Santa Clara Valley Transportation Authority	VTA continues to get questions pertaining to Item # 24 of the guidelines, which does not specifically state that the operation of a bike share/loan program is eligible under bicycle storage facility and we'd like to get confirmation that such a project could be eligible.	Staff will evaluate projects that are not included in the eligible project list on a case by case basis.
Amber Crabbe, San Francisco County Transportation Authority (SFCTA)	Policy 4: Eligible Recipients: We are confused by the language in this policy about for what types (non-public entities are able to be awarded funds directly. E.g. if non-public agencies are only allowed to apply for heavy duty vehicle projects, we suggest replacing "non-public entities may only be awarded TFCA grants to implement certain clean air vehicle projects" with "... to implement heavy-duty vehicle projects." It may also be less confusing to delete the last sentence, or modify to read 'public agencies may apply on behalf of non-public agencies for light-duty vehicle grants.'	Policy 3 Eligible Recipients as been updated to clarify intent per recommendation from SFCTA.
SFCTA	Policy 6: Consistent with Existing Plans and Programs: This policy repeats Policy 4.	The duplication has been eliminated.

Signer and Agency	Comment	Staff Response
SFCTA	<p>Policy 8: Failed Audit: This policy states that "Program Managers who have failed either the fiscal audit or the performance audit for a prior TFCA -funded project will be excluded from future funding for five (5) years... A failed performance audit means that the project was not implemented as set forth in the project funding agreements and/or Air District Board adopted Policies." We agree with the intent of holding project sponsors responsible for implementing projects consistent with the funding agreement, but suggest clarifying that the project sponsors, not that Program Manager will be held accountable for performance audits.</p>	<p>This policy has been amended with language from the FY 08/09 Policies and applicable language from the Health and Safety Code (HSC).</p>
SFCTA	<p>Policy 10: Insurance: This policy references both the "estimated coverage amounts provided in Air District guidance" and the "final amount specified in the respective funding agreements." In the future, what flexibility will Program Managers have to negotiate modified coverage amounts with the Air District appropriate for types of projects?</p>	<p>Staff will evaluate this request for consideration in future revisions to policy and guidance.</p>
SFCTA	<p>Policy 16 Expand Funds within Two Years: The proposed policy specifies that "County Program Managers must expend funds within two years of the date that the Program Manager receives the first payment of funds from the Air District, unless a longer period is formally (i.e. in writing) approved in advance by the County Program Manager..." we suggest adding language to clarify that formal approval should be granted in advance of the fund expiration date, not in advance of the original approval date, as the language currently implies.</p>	<p>This policy has been revised for clarity.</p>
SFCTA	<p>Policy 18 Unallocated Funds; The proposed policy begins with "Any TFCA County Program Manager funds that are not allocated within six months..." and the e-mail accompanying the draft policies includes the following responsibility for Program Managers: "Program Managers must allocate TFCA funds (i.e., obtain CMA board approval and or enter into contracts with Project Sponsors) within six months." Please confirm that "allocation" in the draft policy document refers to be Program Manager Board approval of the program of projects (or preference), or specify what action "allocation" entails.</p>	<p>"Allocation" is demonstrated by approval of projects by the Program Manager Board and/or Air District Board or through an executed contract with Project Sponsors.</p>

Signer and Agency	Comment	Staff Response
SFCTA	<p>Cost Effectiveness Evaluation and Monitoring: What will the Air District expect from the Program Managers to document a project's projected and actual cost effectiveness? Currently we evaluate projected emissions reductions with cost effectiveness worksheets, and then demonstrate achieved emissions reductions with the submission of a Project Monitoring Form upon project completion. Will the Air District consider this level of evaluation and reporting sufficient in future funding cycles?</p>	<p>No change is proposed. Program Managers would continue to evaluate projected emissions reductions with cost effectiveness worksheets, and then demonstrate achieved emissions reductions with the submission of a Project Monitoring Form upon project completion.</p>
SFCTA	<p>Approval of Amendments to that Funding Agreement: It is our understanding that in the future, amendments to funding agreements between the Program Manager and project sponsor will be at the discretion of the Program Manager, as long as progress has been made on the project in the proposed amendment will still result in a cost-effective project. Is this understanding correct?</p>	<p>Yes. The proposed policies would allow Program Managers delegated authority to amend agreements with Project Sponsors for a term not to exceed four years if they determine that significant progress has been made.</p>
SFCTA	<p>Treatment of Prior-Year Projects: How does the Air District proposed to treat projects funded by prior-year TFCA Program Manager cycles? We would be interested in exploring a blanket amendment to allow us delegated responsibility to monitor the progress and evaluate amendment request for our open prior-year TFCA projects as well.</p>	<p>FY 08/09 Policy Maximum Two Years Operating Costs has been reinstated to provide Program Managers the flexibility to provide a two year term to on-going service projects, such as shuttle and bicycle stations.</p>

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: October 16, 2008

Re: Consideration of direct mail service contractor selection for the Vehicle Buy Back Program

RECOMMENDED ACTIONS

Consider recommending Board of Directors' approval of:

- 1) Direct Mail Center as the contractor for the Vehicle Buy Back (VBB) Program direct mail service; and
- 2) Authorization for the Executive Officer to execute a contract for up to \$112,250 with Direct Mail Center to provide direct mail services for the VBB Program, with the option to renew the contract for an additional year at the Air District's discretion.

BACKGROUND

The Air District's VBB Program purchases and scraps 1987 and older light-duty vehicles that lack modern emission control systems and produce more air pollution than newer cars. The Air District pays \$650 to vehicle owners for vehicles that qualify for the VBB Program. Since January 2000, the Air District has used a direct mail campaign to inform potentially eligible vehicle owners about the VBB Program. Based on the VBB Program surveys, the direct mail letters are the most effective means of generating participation in the program.

The VBB Program direct mail effort uses the California Department of Motor Vehicle's (DMV) database to contact, by mail, the owners of 1987 and older light-duty vehicles that may be eligible for the program. The average bi-monthly list will have approximately 19,000 names. The direct mail contractor prints and merges the text of the VBB Program letter with the names and addresses of vehicle owners on the bi-monthly list, and mails the letters via the United States Postal Service.

DISCUSSION

On September 8, 2008, the Air District issued a Request for Proposals (RFP) seeking a direct mail service provider for the VBB Program. The RFP was posted on the Air District's website. Responses to the RFP were due by September 22, 2008. The procedures used in the issuance of this RFP comply with the Air District's Administrative Code and with Division 2 of the California Public Contract Code.

The Air District received four (4) proposals in response to the RFP. The proposals were evaluated against criteria set forth in the RFP including: ability to perform/complete work, past experience, responsiveness of the proposal, local/green business and cost. The evaluation of cost included review of quotes for data management, letter and envelope production costs, and standard mail bulk rate postage and delivery costs.

Summary of Request for Proposals for Direct Mail Service Contractor

Company Name	City	Cost	Total Points
Direct Mail Center	San Francisco, CA	\$ 112,250	91
International Security Products	Paso Robles, CA	\$ 84,159	76
National Data Service	Sacramento, CA	\$ 130,119	73
Spectrum	Irvine, CA	\$ 168,300	53

Based on the RFP evaluation criteria listed above, Direct Mail's proposal scored the highest. If approved by the Board of Directors, the term of the contract with the proposed new direct mail contractor would be December 1, 2008, through November 30, 2009, with the option to renew the contract for an additional year at the Air District's discretion.

BUDGET CONSIDERATION / FINANCIAL IMPACT

Funding for the continuation of the direct mail campaign is included in the approved FY 2008/2009 Air District budget, under Program 312.

Respectfully submitted,



fr Jack P. Broadbent
Executive Officer/APCO

Prepared by: Michael Neward
Reviewed by: Jack M. Colbourn