

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

APPROVED MINUTES

Summary of Board of Directors
Meeting of the Ad Hoc Committee on Port Emissions
9:30 a.m., Monday, October 26, 2009

- Call to Order – Roll Call:** Vice Chairperson Brad Wagenknecht called the meeting to order at 9:30 a.m., on behalf of Chairperson Nate Miley.
- Present:** Chairperson Nate Miley; Committee Members Tom Bates, Scott Haggerty, Mark Ross, Gayle B. Uilkema and Brad Wagenknecht
- Absent:** Vice Chairperson Dan Dunnigan, and Committee Members John Gioia and Yoriko Kishimoto
- Others Present:** None
- Public Comment Period:** None

Update on Emission Reduction Strategy for the Port of Oakland

Deputy APCO, Jean Roggenkamp provided an update on the emission reduction strategy for the Port of Oakland. On June 2, 2009, the Board of Directors directed staff to work with Port staff on an agreement for near term actions to reduce emissions at the Port of Oakland. Two meetings were held; the first on July 16, 2009 where staff previously provided an update.

Three primary types of near term actions in the joint work program include: 1) compliance assistance; 2) specific emission reduction projects; and 3) tracking progress. To ensure reductions occur, the District's enforcement staff will enforce rules at the Port to address the health risk from diesel particulate matter and nitrogen oxides.

Ms. Roggenkamp discussed the following outreach activities: Distribution of pamphlets to truckers, posting of posters at key spots in English/Spanish, availability of facilities for workshops and meetings, and support activity from Port staff on reporting non-compliance. Most recently, the Port Board of Commissioners adopted a truck ban that will restrict non-retrofit trucks from entering the Port property.

Ms. Roggenkamp outlined the emission reduction projects underway and under construction which include: shorepower, vessel speed reduction, marine highway (short sea shipping), drayage truck retrofit and replacement, switcher engines, and technology advancement. In tracking progress, the Port of Oakland is updating its 2005 emission inventory to 2009 data. The District has a permanent monitoring station in West Oakland and there is a commitment to continually review and update the work program.

Ms. Roggenkamp said next steps include the program being presented to the Port Maritime Committee on November 4, 2009 and to the Port Board of Commissioners on November 17, 2009. The District's Executive Officer and the Port's Executive Director will then exchange and sign a letter of commitment, with submittal of progress reports thereafter.

Director Discussion/Comments:

Director Bates said he was encouraged to see progress being made at the Port of Oakland and noted the District's interest in shorepower.

Public Comment: Richard Sinkoff, Director of Environmental Programs and Planning, Port of Oakland, recognized and commended Air District staff in the development of the Joint Work Program. All activities move the MAQUIP forward, link back to initiatives identified in the framework document, many items are currently underway, and he spoke of the cooperative working relationship.

Ms. Roggenkamp recognized Grants Manager, Damien Green; Air Quality Program Manager, Barbara Coler; and Advanced Projects Advisor, Michael Murphy for their efforts.

Committee Action: None; Information only.

Approval of Minutes of July 16, 2009: Director Haggerty moved approval of the minutes of July 16, 2009; seconded by Board Vice Chairperson Wagenknecht; carried unanimously without objection.

Update on Drayage Truck Retrofit Program at the Port of Oakland

Grants Manager, Damien Breen, provided an update on the Drayage Truck Retrofit Program, stating that in May 2009 the District began operation of the Port Truck Retrofit Program, which is subject to four sets of administrative guidelines, and which has experienced a number of starts and stops due to delays in funding. Mr. Breen presented a timeline of actions involving applications and funding activities, and discussed the following program successes:

- 812 retrofit contracts issued to truckers;
- Over 350 retrofits will be installed by the end of October;
- Over 3,000 truckers have been assisted in OT 411;
- \$13 million in TFCA, Port, USEPA and I-Bond encumbered; and
- \$9 million in I-Bond to be encumbered for 191 replacement trucks by mid-November

Mr. Breen noted that the program goal was to retrofit 1,500 trucks by January 1, 2010 and to date, 812 retrofit contracts have been issued, the industry has replaced/retrofitted 500 trucks, with 191 replacement contracts scheduled to be retrofitted by mid-November. He reported on current issues involving delays in the manufacturing of ECS hybrid retrofit devices, drivers having missed installation dates and now seeking contract amendments, ARB funding has been slow in coming, 800 retrofit applicants were notified they were unsuccessful in getting funding but are looking for alternative methods of compliance, and the District is explaining regulation requirements and assisted in the search of banking institutions to provide loans. He noted that the program is on target to deliver the 1,000 District-funded vehicles to comply with ARB regulations, and the Committee will be kept up to date on progress.

Director Discussion/Comments:

Director Uilkema questioned and confirmed that the biggest problem of truckers when faced with denial of funding is the lateness with which they have applied. Mr. Breen explained that \$22 million has been funded which is significant, and even if additional funding were received, applicants not already in the program would not qualify. He said truckers could switch locations, not visit the Port of Oakland, and receive another year of compliance under on-road regulations. Also, if they were to receive a loan, they could replace their trucks.

Director Haggerty confirmed with Ms. Roggenkamp that the age cut-off for truck retrofit is 1994. In terms of effectiveness of 1994 and newer trucks, retrofit devices equally reduce emissions of up to 85%.

Chairperson Miley voiced concern with the fact that most truckers are minorities and small business owners who hardly speak English. He cited the goal as trying to help them retrofit their trucks while continuing to be employed. If put out of business, extended problems are created which he did not believe was fair.

Mr. Broadbent acknowledged the frustration and spoke of the unprecedented amount of public funding provided under the retrofit program. He said the District has taken unusual steps in paying for most, if not all, of the costs of the retrofits for truckers. In 2014, the regulation for a 2007 or new truck will also be required. He said the deadline has been out for some time and believed the situation of providing public monies was already significant. In addition, the Mobile Source Committee also took another step of increasing the cost-effectiveness up to \$500,000 per ton, which has been allowed for the last set of applications.

Chairperson Miley applauded the program, and reiterated the need for additional assistance. Director Ross agreed with the need, cited the focus of the program and assistance provided to date and questioned the reasonableness of additional assistance. Vice Chairperson Wagenknecht confirmed with Mr. Broadbent that the issue truly involves the exhaustion of funds, the retrofit deadline and Mr. Broadbent briefly discussed the situation in southern California.

Director Bates said the District's goal was to fund 1,500 trucks which has been met, and he supported the Chairperson's position of further providing assistance, if possible. He questioned the requirements for 2014 in where a lower emissions standard must be met and confirmed that a 2006 truck would not be compliant at the Port of Oakland in 2014, regardless of installation of a retrofit.

Mr. Broadbent noted on-going discussion regarding independent truckers versus corporate trucking firms, and this decision might also help meet that deadline. He suggested continuing to exploring alternative fuels for trucks, given the level of NOx and CO2 reductions, and suggested continuing discussions with the federal government.

Directors further discussed the on-road and drayage rules, the natural lifecycle of a truck, confirmed that between 1,300 and 1,800 is the number required to service the Port of Oakland, and concern of truckers' livelihoods after regulation becomes effective. Mr. Broadbent noted the OT 411 Center will remain open and he confirmed the desire for facilitation of a meeting by Chairperson Miley.

Public Comment: Mr. Sinkoff added that the Port of Oakland has worked with the Air District on low cost financing for trucks and a local Oakland bank has been staffing OT

411 and working with the Small Business Administration (SBA) to assist truckers who would not otherwise be eligible for funding. Currently, the lending institution is concerned due to the minimal amount of interest.

He supported continued funding for replacing trucks, reported on private trucking company activity and calls received from Southern California inquiring about registry at the Port of Oakland, said he believes there will be sufficient service given the combination of the retrofit program and private funding. Mr. Sinkoff also thanked the District for supporting the truck ban.

Director Haggerty voiced concern over competition; cited costs associated with operating trucks, and believed the larger discussion should focus on how independent truckers can survive.

Director Ross believed the way to equalize things may be through fees and he suggested considering what other Ports do. Mr. Sinkoff said most critical will be the November/December timeframe. He discussed full staffing at the OT 411 center and work to determine the needs of truckers, adding that the lending institutions also provide an array of financial literacy programs, and agreed to contact the local Oakland bank.

Committee Action: None; Information only.

Report on the Compliance Plan for Enforcement of Mobile Source Regulations

Air Quality Program Manager, Barbara Coler, provided an overview of the completed Mobile Source Compliance Plan, stating their strategy is based on emissions and health risk with a goal to reduce emissions in CARE areas with special focus on West Oakland and the Port of Oakland.

Ms. Coler presented a breakdown of Bay Area DPM emissions from mobile sources, noting that on-road mobile sources contribute to 31% and construction equipment contributes 29%, as well as ships and commercial boats, industrial and commercial equipment, transportation refrigeration units, farm equipment, trains and others contributing a lesser degree.

Ms. Coler presented West Oakland DPM emissions which have been adjusted by the CARE group based on the District's recent truck traffic survey findings. Trucks represent 61% of emissions, boats and ships represent 28% collectively, and to a lesser degree, equipment and locomotives.

Ms. Coler discussed the plan's implementation schedule for truck, ships, boat, and equipment regulations and locomotives, stating inspectors conducted inspections of all Port trucks receiving grant funds. The Air District's plan is for a strong enforcement presence at the Port of Oakland on January 1, 2010 and they have been partnering with the Port of Oakland to conduct extensive outreach on the rule which included distribution of pamphlets in English and Spanish and posting those at areas where truckers frequent.

Ms. Coler reviewed partnerships leading to the development of the plan and highlighted that the Air District is the first in the State to enter into a comprehensive mobile source enforcement partnership MOU with CARB, which should soon be completed. Staff is also working closely with the Port of Oakland to implement their newly adopted truck ban.

Mr. Broadbent announced that CARB has signed the MOU as of this morning, and he recognized and thanked Assistant Counsel, Bill Guy for his work on document. The MOU is the

first of its kind basically implementing CARB regulations in the Bay Area and is a huge step in reducing emissions.

Director Haggerty confirmed with Mr. Broadbent that a summary of the Mobile Source Compliance Plan would be presented at an upcoming Mobile Source Committee meeting.

Committee Action: None; Information only.

Overview of Shorepower at the Port of Oakland

Grants Manager, Damien Breen, provided an overview of shorepower at the Port of Oakland, stating that in December 2007, the ARB adopted a regulation that requires ships operating on auxiliary diesel engines while in California ports to either plug in or decrease their emissions. Ships run their auxiliary engines to keep on-board operations going while in the ports and by plugging in, the auxiliary operations would not be needed.

Regulatory requirements state that any fleet that calls for more than 25 times at a California port needs to comply with the regulations. Therefore, all terminals and fleets at the Port of Oakland are subject to the regulation. By July 2009, operators were required to report to the ARB as to which compliance option they would choose from: 1) grid based shorepower, the regulation of which kicks in 2014 and requires 50% of ships be plugged in by that date, or; 2) alternative compliance option in 2010 that would allow them to use distributed generation or onboard generators. He said after the Air District's review of plans, it was determined the fleets and operators have chosen the grid based shorepower option, and their portion of the regulation will start in 2014.

Mr. Breen said associated costs with shorepower is staggering, at \$90 million, to electrify all berths, excluding the APL Terminal and the Ports America Terminal. APL has chosen to receive power from PG&E and the District is assisting them with \$4.8 million in grant funding; \$2.8 million from I-Bond funding and \$2 million to retrofit three ships to be able to plug into it. Ports American signed a concession agreement with the Port of Oakland for an environmental plan that requires them to supply the actual power portion of the project themselves.

To date, the Air District has not seen a unified plan for shorepower between the Port and PG&E, and another complicating factor is trenching and ordering of equipment which can take 2-4 years. Mr. Breen reviewed costs to electrify all berths, infrastructure and funding and said the Port has applied for \$26 million in U.S. Department of Transportation (DOT) grants and will utilize \$50 million of their general fund for installation, which leaves a gap of \$40 million.

The District has made available Carl Moyer funds and the timeline for a Port to apply for funding is closing quickly. The District has held workshops, forwarded correspondence, met with terminal operators to avail themselves of funding. He noted that the project would also be eligible for I-Bond funding; however, this has not been stable. Therefore, there is a \$40 million gap that either needs to be funded by the federal government or a combination of Air District grants.

Mr. Broadbent noted that an update on shorepower will be presented to the Mobile Source Committee, as well.

Director Discussion/Comments:

Director Uilkema cited the significance of the problem, acknowledged poor infrastructure and complications, and suggested the Air District guard against unintended consequences. She asked for additional education in going through the process.

Director Haggerty confirmed that shore power qualifies for Carl Moyer Funds and the District receives between \$9 and \$11 million. He believes this is one of the most important to address and he asked to recommend funding and consider charging a fee. Ms. Roggenkamp that noted terminal operators are not applying for funding.

Director Ross suggested the Port of Oakland consider working with the private sector to provide infrastructure on a leased basis.

Director Bates questioned and confirmed with Mr. Broadbent that on-board generators were being dismissed is because the industry is situated in such a way where one ship will come one time a year, so it is an expensive approach. Director Bates also confirmed that the Port of Oakland holds leases with different operators. They all submitted compliance plans and selected grid power rather than alternative technologies, except for berths 82 and 84 which are no longer in maritime service.

Public comment: Richard Sinkoff said the Port is very aware of the fact that they are four years away in meeting the deadline and have selected an engineering firm to complete the preliminary design work, which has been approved by the Board of Commissioners. They are working on environmental clearance for the shorepower program and have developed a revised cost estimate. He noted the previous cost of \$200 million has been reduced to \$90 million by utilizing the existing PG&E and Port electrical infrastructure. What is lacking is more funding; they have scaled down all of the Port's capital programs except environmental programs and critical maintenance and have programmed \$51 million over the next four years. He believed that focus should be placed on identifying additional funding.

Mr. Broadbent reiterated the cost effectiveness of using Carl Moyer funding in comparison to other funded projects.

Director Haggerty suggested discussion occur with the Joint Policy Committee and recommended sending a message to the Board of Directors that shore power is a priority.

Committee Action: None; Information only.

Committee Member Comments/Other Business: There were none.

Time and Place of Next Meeting: At the Call of the Chair.

Adjournment: The meeting adjourned at 11:06 a.m.

Lisa Harper
Clerk of the Boards