



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

BOARD OF DIRECTORS  
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

SCOTT HAGGERTY - CHAIR  
TOM BATES  
CAROL KLATT  
MICHAEL SHIMANSKY

GAYLE B. UILKEMA – VICE CHAIR  
YORIKO KISHIMOTO  
MARK ROSS  
BRAD WAGENKNECHT

**THURSDAY**  
**FEBRUARY 26, 2009**  
**9:30 a.m.**

**4<sup>TH</sup> 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 JANUARY 23, 2009**

4. **VEHICLE BUYBACK PROGRAM**

**J. Broadbent/5052**  
[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

*The Committee will receive a presentation of the 2008 Annual Report and consider recommended modifications to program guidelines to align with BAR's/ARB's programs.*

5. **UPDATE ON THE DEPARTMENT OF FINANCE (DOF) AUDIT OF CARL MOYER PROGRAM**

**J. Broadbent/5052**  
[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

*The Committee will receive an update of results of Department of Finance audit of Carl Moyer program.*

6. **UPDATE ON INCENTIVES PROGRAMS EXPENDITURES**

**J. Broadbent/5052**  
[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

*The Committee will receive an update on incentives programs expenditures.*

7. **UPDATE ON DRAYAGE TRUCK RETROFIT PROGRAM**

**J. Broadbent/5052**  
[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

*The Committee will consider recommending Board of Directors' approval to suspend the expenditure of funds as part of the California Good Moement Bond (I-Bond) for drayage truck retrofits.*

8. **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).*

9. **TIME AND PLACE OF NEXT MEETING:** Thursday, March 26, 2009 at 9:30 a.m., 939 Ellis Street, 4<sup>th</sup> Floor Conference Room.

10. **ADJOURNMENT**

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

**(415) 749-5073  
FAX: (415) 928-8560  
BAAQMD homepage:  
[www.baaqmd.gov](http://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](http://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**

**FEBRUARY 2009**

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Legislative Committee</b> <i>(Meets 4<sup>th</sup> Monday of the Month)</i>	Monday	23	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets 4<sup>th</sup> Wednesday of each month)</i>	Wednesday	25	1:30 p.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Mobile Source Committee</b> – <i>(Meets 4<sup>th</sup> Thursday of each Month)</i>	Thursday	26	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room

**MARCH 2009**

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	4	9:45 a.m.	Board Room
<b>Board of Directors Personnel Committee</b> <i>(At the Call of the Chair)</i>	Friday	6	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Advisory Council Regular Meeting</b>	Wednesday	11	9:00 a.m.	Board Room
<b>Ad Hoc Committee on Port Emissions</b> <i>(At the Call of the Chair)</i>	Thursday	12	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Climate Protection Committee</b> <i>(Meets 2nd Thursday each Month)</i> <b>RESCHEDULED TO MONDAY, MARCH 23, 2009</b>	Thursday	12	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	18	9:45 a.m.	Board Room
<b>Joint Policy Committee</b>	Friday	20	10:00 a.m.	MTC Auditorium 101 8 <sup>th</sup> Street Oakland, CA 94607
<b>Board of Directors Legislative Committee</b> <i>(Meets 4<sup>th</sup> Monday of the Month)</i>	Monday	23	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Climate Protection Committee</b> <i>(Meets 2nd Thursday each Month)</i>	Monday	23	Immediately Following Legislative Cme. Meeting	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets 4<sup>th</sup> Wednesday of each month)</i>	Wednesday	25	1:30 p.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Mobile Source Committee</b> – <i>(Meets 4<sup>th</sup> Thursday of each Month)</i>	Thursday	26	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room

## APRIL 2009

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	1	9:45 a.m.	Board Room
<b>Advisory Council Regular Meeting</b>	Wednesday	8	9:00 a.m.	Board Room
<b>Board of Directors Climate Protection Committee</b> <i>(Meets 2nd Thursday each Month)</i>	Thursday	9	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	15	9:45 a.m.	Board Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets 4<sup>th</sup> Wednesday of each month)</i>	Wednesday	22	1:30 p.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Mobile Source Committee</b> <i>– (Meets 4<sup>th</sup> Thursday of each Month)</i>	Thursday	23	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Legislative Committee</b> <i>(Meets 4<sup>th</sup> Monday of the Month)</i>	Monday	27	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room

HL – 2/20/09 (2:25 p.m.)

P/Library/Forms/Calendar/Calendar/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Haggerty and Members  
of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: February 10, 2009

Re: Mobile Source Committee Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Mobile Source Committee meeting of January 23, 2009.

DISCUSSION

Attached for your review and approval are the draft minutes of the January 23, 2009 Mobile Source Committee meeting.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

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

DRAFT MINUTES

Summary of Board of Directors  
Mobile Source Committee Meeting  
Friday, January 23, 2009

**CALL TO ORDER:** Chairperson Scott Haggerty called the meeting to order at 9:35 AM

Roll Call: Scott Haggerty, Chairperson; Gayle B. Uilkema, Vice Chairperson;  
Tom Bates, Carol Klatt, Mark Ross and Michael Shimansky

Absent: Yoriko Kishimoto and Brad Wagenknecht

**PUBLIC COMMENTS:** There were no public comments

**COMMITTEE BUSINESS:**

Approval of Minutes: Director Shimansky moved to approve November 19, 2008 minutes;  
seconded by Director Klatt; carried unanimously without objection.

**4. Carl Moyer Program (CMP) – Consider for Recommendation:**

- Board of Directors to adopt a resolution to allow Executive Officer/APCO Broadbent to accept up to \$14.5 million in funding from Air Resources Board (ARB) for Year 11 of Carl Moyer Program
- Board of Directors to authorize Executive Officer/APCO Broadbent to execute Grant Agreements for projects up to \$500,000 and to enter into agreements to start up a voucher component to the CMP

**Staff Presentation by Grants Manager Damien Breen:**

CMP Background Information:

- Voluntary program created in 1998 to reduce emissions from heavy-duty engines
- Funding to reduce surplus emissions
- Administered by California Air Resources Board (CARB) and local air districts
- Both private and public entities eligible for funding

Current Status:

- Air District applied for total CARB allocation up to \$14.5 million with 5% allocation for administrative costs
- District match (required) up to \$2.5 million will be met with MSIF projects
- Program will move forward if Executive Officer accepts this amount
- Staff requesting up to \$2.5 million in mobile source funds
- CARB will run voucher program providing up to \$2 million additional funds with operational changes
  - a. To replace multi-district funding
  - b. Collaborative effort between staff, truck vendors and scrap yards
- Applications available March 2009; funding required by June 2010, invoices paid by June 2011

Additional Information:

CARB Carl Moyer Program (CMP) guidelines and AB 1390

- Priority to projects reducing emissions in highly impacted areas
- At least 50% of funds for projects in most impacted areas
- CARB staff recommends continuing policy

Staff Recommended Operational Changes:

- Year-round, open call for projects to streamline distribution and expenditure of funds
- Projects reviewed on a first-come, first-served basis
- Grantees engaged in seasonal work to schedule projects during down times to increase program applications

Staff Recommended Executive Officer/APCO Signature Authority:

- Projects must meet CMP/MSIF guideline requirements
- EO/APCO project approval options:
  - a. APCO at an equivalent Air District can approve projects up to \$500,000
  - b. EO/APCO approval up to \$70,000 (approximately 50% of FY 08/09 projects)
  - c. EO/APCO approval up to \$100,000 (approximately 60% of FY 08/09 projects)
- Total value of approved projects not to exceed Board approved amounts
- Board to be updated quarterly on approved projects

General Comment:

- Over the past 10 years, routine projects have been successfully executed under guidelines; however, due to increases in regulatory activity and funds expected this year, staff expects that the Committee will deal with increasing size, complexity and difficulty.

To Receive Pro-rated Funds Without Extensive Reporting Requirements:

- District required to apply for funding along with other districts
- Committee to make the following recommendations to the Board of Directors
  - a. Adopt a resolution to authorize the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (CARB) relating to the Air

District's receipt of Carl Moyer Program funds for fiscal year (FY) 2008-2009 (Program Year 11)

- b. Authorize the Executive Officer/APCO to approve Grant Agreements and amendments for projects funded with Carl Moyer or Mobile Source Incentive Funds
- c. Authorize the Executive Officer/APCO to enter into agreements with vehicle scrappers and dealers to implement a voucher program in accordance with the guidelines developed by CARB

**Committee Discussion:**

- Requested quarterly updates to Committee re projects received and approved for funding
- Approved projects posted to publicly available website link
- Equity and tenure issues of first-come, first-served program implementation
- Breakdown of funds distribution to be included quarterly report, Broadbent agreed
- Staff requested to provide comprehensive funding report showing all trucks and their areas served at the next Mobile Source Committee meeting
- General dialogue among members re attainment areas versus non-attainment areas, truck traffic along I-580, lack of correlation between income levels and health, true staff costs of administering the program

**Board Action:** Director Shimansky made a motion to:

1. Adopt resolution to authorize Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (CARB) relating to the Air District's receipt of Carl Moyer Program funds for fiscal year (FY) 2008-2009 (Program Year 11)
2. Authorize Executive Officer/APCO to approve Grant Agreements and amendments of up to \$100,000 for projects funded with Carl Moyer or Mobile Source Incentive Funds
3. Authorize Executive Officer/APCO to enter into agreements with vehicle scrappers and dealers to implement a voucher program in accordance with the guidelines developed by CARB

Director Klatt seconded the motion; unanimously carried without opposition.

**5. Implementation of the California Goods Movement Bond (I-Bond) Program:  
Staff Presentation by Principal Environmental Planner Joseph Steinberger:**

Background:

- November 2006 California voters authorized the legislature to appropriate \$1 billion in bond funding to quickly reduce health risks from freight movement in California trade corridors
- February 28, 2008 the Air Resources Board (ARB) allocated \$140 million for Bay Area trade corridor (\$35 million for the next four years)

Air District submitted plan for disbursement of funding:

- May of 2008, Approved by ARB
- District conducted extensive outreach
- August 15, 2008, end call for projects
- 1,954 applications received totaling \$63,335,000
- \$5 million negotiated from Port of Oakland toward funding costs
- Transportation Fund for Clean Air (TFCA) reserved \$5 million for Port trucks



- Approved projects reviewed by category, number of applications and recommended funding amounts

Current Status:

- December 23, 2008, ARB requested Air District stop contracts and payments under I-Bond program
- Funds unavailable due to State's budget crisis and inability to float bonds
- \$2.8 million contract with APL Shipping Line only contract postponed to date
- ARB extended timelines for contract funding
- Staff continues pre-contract work with grantees

Review of Port of Oakland's Actions:

- November 19, 2008, Port Commissioners vote to suspend funding for retrofit program (no funds until after CTMP decision in September 2009)
- December 3, 2008, District Board acts to reject Port actions; approves Retrofit/Replacement using Port funds
- December 5, 2008, District Board Chair informs Oakland Mayor Dellums in writing of its decision
- December 19, 2008, Port of Oakland requests return of \$2 million previously transferred to the District
- District response currently under legal review

Intended Follow-up:

- Respond to the Port of Oakland's letter
- Continue work with grantees, dealers and recyclers re contracts
- Provide input into next round of I-Bond guidelines (scheduled for adoption in February 2009).

**Committee Action:** None requested. Presentation for information only

**6. Consideration to Reserve an Additional \$3.5 Million in Mobile Source Incentive Funds (MSIF) for the Lower Emission School Bus Program and \$1 Million in MSIF for an Agricultural Assistance Program: Staff presentations by Supervising Environmental Planner Anthony Fournier:**

Overview:

- AB 923 allowed additional \$2 in motor vehicle registration fee surcharge,
- December of 2004, Board of Directors approved surcharge
- Items to consider funding under MSIF Program
  - a. Purchase of new school buses
  - b. Projects eligible under Carl Moyer Program
  - c. The Vehicle Scrap Program
  - d. Agricultural Assistance Program

**Lower Emission School Bus Program (LESBP)**

Background:

- Provides financial incentives to replace older public school buses with new clean buses
- Retrofit diesel buses with particulate matter devices
- Program established by State in FY 2000/2001

- Air District involved since its inception
- To date, \$12 million used to replace over 100 pre-1987 school buses

**Funding Update:**

- May 2008, Proposition 1B allocated \$8.4 million to LESBP
- Funding to replace pre-1977, 1977-1986 buses, purchase and install retrofit devices
- July 2008, \$3.375 million allocated to MSIF funds
- Air District received over \$11 million in eligible project applications in the first year of the current program
- Proposition 1B funding currently on hold from CARB
- Staff proposing hold in reserve additional \$3.5 million MSIF funds for school bus replacement projects

**Agricultural Assistance Program**

**Background:**

- Projects eligible under MSIF category
- Funds projects to reduce emissions from previously unregulated agricultural sources
- Program does not require emission reductions to be surplus to regulations
- Staff proposes \$1 million in MSIF be reserved for Agricultural Assistance Program projects

**Committee Discussion/Comments:**

\$1 million may not be enough considering amount of agriculture in nine (9) Bay Area counties.

Broadbent: June program re-valuation; if higher demand, increase brought to Committee, and thereafter, to Board of Directors.

Discussed changes to school bus emissions and technology.

Colbourn: at next Mobile Source Committee meeting, staff will provide comprehensive funding report re all trucks, areas served, and school buses information the matrix.

Staff requested to give committee ideas and information re shuttles which to connect to BART, Park N Ride lots, ACE train stations, and other transit hubs, with both public and private options.

**Recommendations to Board of Directors for Consideration:**

- Reserve Additional \$3.5 Million for Lower Emission School Bus Program to replace vehicles
- Reserve \$1 Million to start Agricultural Assistance Program

**Board Action:** Director Shimansky made a motion to recommend Board of Directors:

- 1) Reserve an additional \$3.5 million in Mobile Source Incentive Funds (MSIF) to fund new school bus purchase projects under the Lower Emission School Bus Program
- 2) Reserve \$1 million in MSIF for projects under the Agricultural Assistance Program

Director Klatt seconded the motion; unanimously carried without opposition.

**OTHER BUSINESS:** None

**Next Meeting:** 9:30 AM, Thursday, February 26, 2009  
939 Ellis Street, 4<sup>th</sup> Floor Conference Room

**Adjournment:** Meeting adjourned at 10:19 AM

Lisa Harper  
Clerk of the Boards

Edited by Kathleen Wilson

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Haggerty and  
Members of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: February 19, 2009

Re: Vehicle Buy Back Program – Annual Report and Proposed Changes

RECOMMENDED ACTIONS

- 1) Receive and file the 2008 Vehicle Buy Back (VBB) Program Annual Report; and
- 2) Recommend the Board of Directors authorize a) an increase in the amount paid, to up to \$1000 per eligible vehicle, and b) an expansion in the range of eligible vehicles.

BACKGROUND

The Air District's VBB Program began in June 1996, in order to provide a financial incentive to retire older, higher-polluting vehicles. The Program currently purchases and scraps model year 1987 and older light-duty vehicles that lack modern emission control systems and, therefore, produce more air pollution than newer cars. The Program is completely voluntary and pays \$650 to qualifying vehicle owners. The Program adheres to the Voluntary Accelerated Light-Duty Vehicle Retirement (VAVR) regulation adopted by the California Air Resources Board. The VBB Program is funded by Mobile Source Incentive Funds (MSIF), Carl Moyer Program Funds, and Transportation Fund for Clean Air (TFCA).

#1 2008 VEHICLE BUY BACK PROGRAM ANNUAL REPORT

The VBB Program continues to be a popular and cost-effective program for reducing air emissions. Following is a summary of the Program from January 1, 2007 through December 31, 2008.

Emissions Reductions and Program Cost-Effectiveness: During this time period, the Program reduced 785 tons of emissions (531 tons of ROG, 251 tons of NOx and 3 tons of PM), and achieved an estimated cost-effectiveness of \$12,903 per weighted ton.

Contracts: During this report period, the Air District entered into contracts with three dismantlers in the total amount of \$7,000,000 to purchase and scrap eligible vehicles. The direct mail campaign has been operated under contract since January 2000 and, based upon surveys, is the most successful method of informing potential participants about the program.

The dismantlers conduct additional advertising; as of December 2008, the Air District no longer pays dismantlers' advertising costs.

Vehicle Scrapping Rates: The scrapping rate has declined since 2006, which averaged 458 vehicles scrapped per month. In 2007 the average rate was of 395.7 vehicles per month, and in 2008 it was 374.5.

## #2 PROPOSED CHANGES TO VEHICLE BUY BACK PROGRAM

Staff is recommending the Board authorize the following changes to the VBB Program, to increase the vehicle scrapping rate and better align the District's VBB program with programs operated by the State and other air districts:

- Offer up to \$1,000 per vehicle, and
- Expand the range of eligible vehicles.

Staff anticipates implementing these changes during 2009, in tandem with the development of an expanded buy back program by the State.

## BUDGET CONSIDERATION/FINANCIAL IMPACT

None. VBB Program costs are covered by MSIF, Carl Moyer Program, and TFCA revenues. Funding for the continuation of the VBB Program was included in the FY 2008/2009 budget.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Sylvia Wee  
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Haggerty and  
Members of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: February 18, 2009

Re: Update on the Department of Finance (DOF) Audit of Carl Moyer  
Program

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RECOMMENDED ACTION

None. Informational report, receive and file.

BACKGROUND

In June 2007, the California Air Resources Board (ARB) conducted its first ever audit of the Bay Area Air Quality Management District's (District) Carl Moyer Program (CMP). This audit identified significant deficiencies in the program related to eligibility determination, reporting, expenditure of funds and contract enforceability. In order to gauge the District's progress in achieving its remediation goals, the ARB agreed to revisit the District's program in May 2008, to conduct a follow-up audit. As part of the audit, ARB assessed the programmatic side of the District's CMP, Lower-Emission School Bus Program (LESBP), and Mobile Source Incentive Fund (MSIF) programs and the California Department of Finance (DOF) performed the fiscal review. In September 2008, staff briefed the committee on the results of the ARB programmatic audit. This document summarizes the results from the DOF audit.

DISCUSSION

Between May and December 2008, District staff assisted the DOF in its fiscal review of CMP, LESBP and MSIF program expenditures that occurred between July 1, 2006 and June 30, 2008. The DOF reviewed the District's processes for receiving, recording, and disbursing program funds; allocating administrative costs and earned interest; and meeting match funding requirements. This process has been highly cooperative and has led to a better understanding of the audit process and the fiscal state of the District's funding programs.

Upon completion of the fiscal review, the DOF commended the District on its recent program improvements regarding the refinement of implementing policies and program oversight. The final DOF report identified just one observation and made one recommendation:

- **Observation:** DOF identified funds that were expended beyond the two year deadline identified in the California Health and Safety Code. Specifically, \$257,590, \$764,677,

and \$3,933,098 of CMP Year 7 multi-district, Year 8 regular, and Year 8 multi-district funds were expended after the expiration of the grace periods, respectively.

***District response:*** The District made all of the payments identified by DOF as being after the grace period in accordance with the CMP guidelines and under advisement of the ARB.

- **Recommendation:** DOF recommends that the District institute some policies and procedures to ensure that projects are completed and funds expended within the respective grace periods.

***District response:*** The District has hired a full-time financial analyst to ensure greater accuracy, tracking, reconciliation and control over program expenditures. The District has also updated its policies & procedures for these funding programs to ensure greater oversight and tracking of expenditures.

#### BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer /APCO

Prepared by: Anthony Fournier  
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
 Memorandum

To: Chairperson Haggerty and  
 Members of the Mobile Source Committee

From: Jack P. Broadbent  
 Executive Officer/APCO

Date: February 20, 2009

Re: Update on Incentives Programs Expenditures

RECOMMENDED ACTION

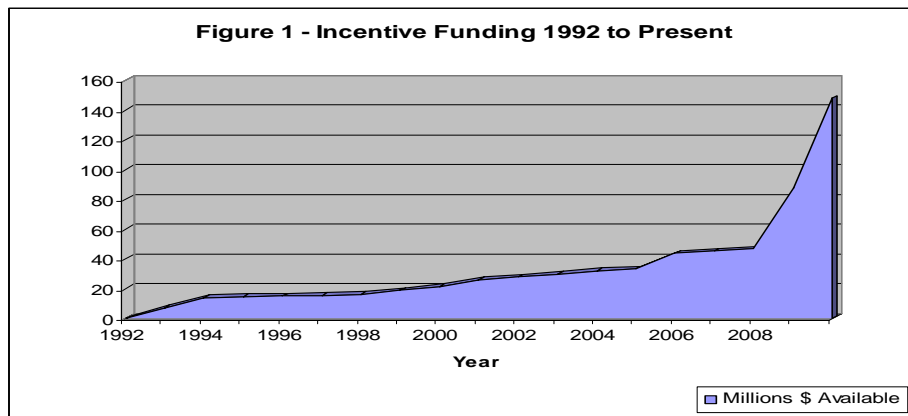
None. Informational report, receive and file.

BACKGROUND

The past two years have seen expansive growth in the District’s incentives programs. These programs approximately doubled from FY 07/08 to FY 08/09, and this trend is projected to continue in FY 09/10, where the funding is projected to again increase to \$148 million. This is due largely to an influx of money for truck replacements and greenhouse gas (GHG) mitigation measures from the Metropolitan Transportation Commission (MTC) 2035 Regional Transportation Plan (RTP) discretionary fund. In order to effectively direct this funding, the Committee has requested that staff provide an overview of how funding has been spent, especially in the area of DPM emissions reductions due to truck replacements, repowers and retrofits.

DISCUSSION

In looking at the historical data for the program, it is easy to see the growth in funding over the period 1992 to present (represented in figure 1 below). In the early years of the program (1992 to 1998), the Transportation Fund for Clean Air (TFCA) was the sole source of funding for school bus replacements, truck, light-duty vehicle, shuttle, ridesharing, bicycle, traffic calming and smart growth projects. This funding has been since augmented by the Carl Moyer program (1998), Assembly Bill 923 which allowed the District to establish its mobile source incentive fund (MSIF) in 2004 and the 2007 California Goods Movement Bond (I-Bond) fund. Funding is expected to grow a further \$45 million in 2008 based on the MTC 2035 RTP discretionary fund to replace on-road and port drayage trucks.





Due to the increase in the funding available over the last year and projected increase for next year, staff chose to present the committee with the breakdown of those projects approved for execution in fiscal year (FY) 08/09. Last year provides the only relevant historical benchmark due to the volume of funding expected in FY 09/10. Table 1 below presents the total funding slated for expenditure in FY 08/09 by program and equipment category.

As is evidenced by this pie chart (Figure 2), the bulk of FY 08/09 funding has been dedicated to emissions reductions from trucks. This is due to the fact that the District's community air risk evaluation (CARE) program has identified DPM as contributing to 80% of the health risk from toxic air contaminants Bay Area wide. Additionally, a recent health risk assessment performed by the California Air Resources Board (ARB) in West Oakland indicated that approximately 85% of a cancer risk three times the Bay area average is caused by on-road trucks.

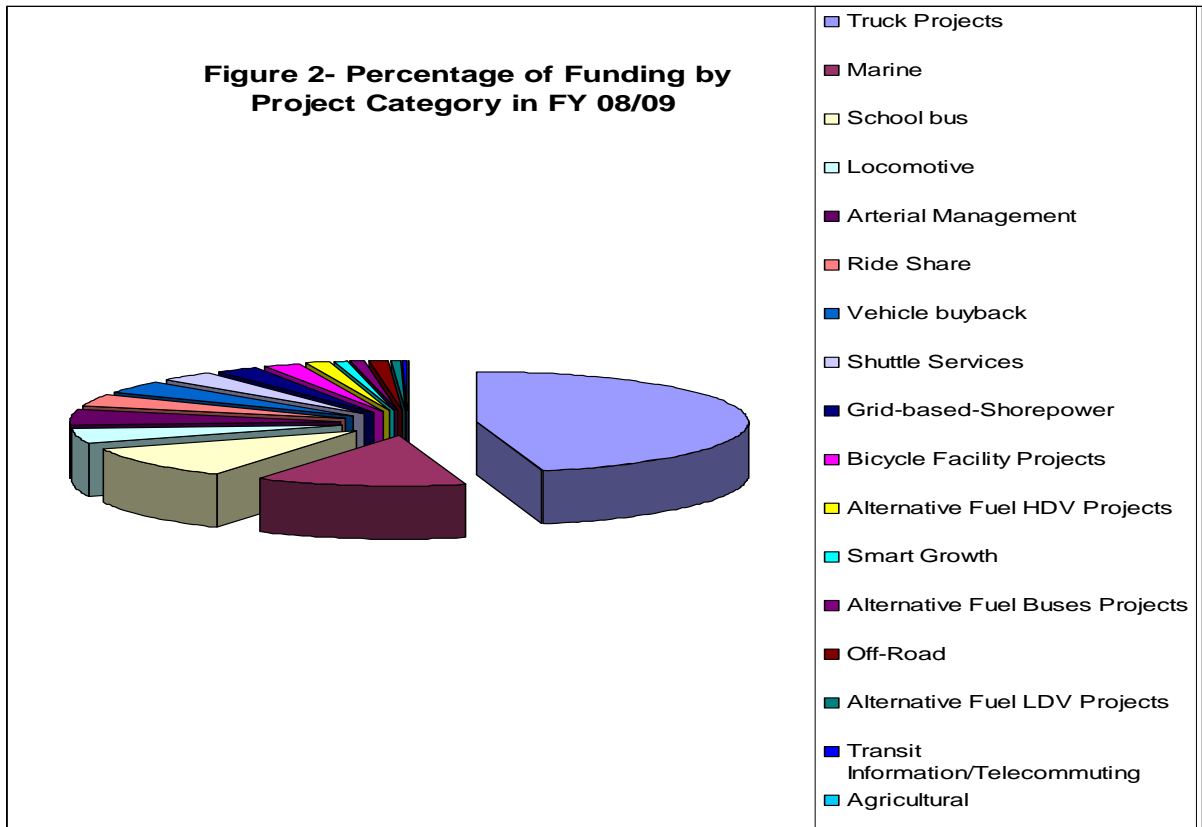
In order to address this, staff has been tasked by the District's Board of Directors to rapidly reduce emissions in 6 highly impacted communities identified by the CARE program including West Oakland. In looking at these communities, it is obvious that a major component of the DPM exposure comes from Bay Area highways. By coupling this directive with impetus provided by the upcoming On-road and drayage fleet regulations from the ARB, staff is targeting emissions reductions by replacing and retrofitting current higher polluting, less fuel efficient trucks.

**Table 1- Projected Incentives Expenditures for FY 08/09**

Project Type	Funding Source				Total Funding	Percentage of Total Funding
	TFCA Regional	TFCA County	CMP/MSIF	I-Bond		
Truck Projects	\$10,068,041*	-	\$4,423,969	\$33,266,544**	\$47,758,554	46%
Marine	-	-	\$12,548,910	\$322,000	\$12,870,910	12%
School bus	-	-	\$6,875,000	\$4,200,000	\$11,075,000	11%
Locomotive	-	-	\$2,300,948	\$2,900,000	\$5,200,948	5%
Arterial Management	\$1,544,150	\$3,240,407	-	-	\$4,784,557	5%
Ride Share	\$1,500,000	\$2,610,436	-	-	\$4,110,436	4%
Vehicle buyback	\$100,000	-	\$4,000,000	-	\$4,100,000	4%
Shuttle Services	\$2,069,000	\$1,403,814	-	-	\$3,472,814	3%
Grid-based-Shorepower	-	-	-	\$2,800,000	\$2,800,000	3%
Bicycle Facility Projects	\$600,000	\$1,525,217	-	-	\$2,125,217	2%
Alternative Fuel HDV Projects	\$1,364,332	-	-	-	\$1,364,332	1%
Smart Growth	\$600,000	\$360,000	-	-	\$960,000	1%
Alternative Fuel Buses Projects	\$911,000	\$46,884	-	-	\$957,884	1%
Off-Road	-	-	\$939,778	-	\$939,778	1%
Alternative Fuel LDV Projects	\$478,800	\$109,200	-	-	\$588,000	1%
Transit Info/Telecommuting	-	\$367,341	-	-	\$367,341	0.4%
Agricultural	-	-	\$43,296	-	\$43,296	0.04%
<b>Totals:</b>	<b>\$19,235,324</b>	<b>\$9,663,298</b>	<b>\$31,131,901</b>	<b>\$43,488,544</b>	<b>\$103,519,067</b>	<b>100%</b>

\*\$5 million reserved for I-Bond truck projects

\*\*Includes \$5 million from Port of Oakland



**ACTIONS**

In order to address the immediate health risk in highly impacted communities (especially West Oakland), staff is working towards issuing contracts under the I-Bond program using TFCA dollars to retrofit port drayage trucks at a cost of \$15,000 per piece of equipment installed. Additionally, retrofits and repower projects are also moving forward in other highly impacted communities under the TFCA Regional Fund and Carl Moyer programs. Staff hopes that State’s I-Bond funding will be available shortly to further reduce DPM by funding truck projects in these communities and throughout the Bay Area.

**BUDGET CONSIDERATION / FINANCIAL IMPACT**

None. Administrative and incentive funds for these programs come from four separate funding sources CMP, TFCA, MSIF and I-Bond. Staff and project costs are provided for by these sources at no cost to the General Fund.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Haggerty and  
Members of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: February 20, 2009

Re: Update on Drayage Truck Retrofit Program

RECOMMENDED ACTION

- Staff request that the Committee recommend that the Board of Directors (Board) suspend the expenditure of funds as part of the California Goods Movement Bond (I-Bond) for drayage truck retrofits until issues relating to the Port of Oakland have been discussed by the Board's Ad-Hoc Committee on Port Emissions.

BACKGROUND

In November 2006, California voters authorized the Legislature to appropriate \$1 billion in bond funding to the California Air Resources Board (ARB) to quickly reduce air pollution emissions and health risk from freight movement along California's priority trade corridors. On February 28, 2008, ARB approved an allocation of \$140 million for the Bay Area trade corridor (\$35 million per year over the next four years.) As part of this program the Board allocated \$5 million in TFCA and \$5 million in I-Bond funding to match \$5 million in Port of Oakland (Port) funding to retrofit approximately 1,000 (50%) of Port drayage trucks by July 1, 2009. This action was taken in order to immediately address the serious health risk posed by toxic diesel particulate matter (DPM) emissions from goods movement in West Oakland, a community with a cancer risk three times the Bay Area average.

However, on November 19, 2008, the Board of Port Commissioners (Port Commissioners) passed a resolution postponing the use of Port funds to retrofit trucks under the joint I-Bond program until after the adoption of its Comprehensive Truck Management Program (CTMP). On December 3, 2008, the District's Board informed staff that it was unwilling to accept the actions taken by the Port and passed an I-Bond program that included the Port's \$5 million to be used to retrofit drayage trucks. On December 5, 2008, this message was conveyed to the Mayor of the City of Oakland (the entity with ultimate authority over the Port) via a letter from the Board's Chair. This letter stated that it was the District's intention to proceed with the retrofit of the trucks using the Ports funds. On December 19, 2008, the Port informed the District that it was seeking to terminate the memorandum of understanding (MOU) between the two agencies and that it was seeking the return of \$2 million previously transferred to District on August 27, 2008.

## DISCUSSION

In order to address this issue, members of the Board, the Board Chair and District staff met with the Port Commissioners on February 17, 2009. As part of an extensive discussion, Board members and the Board Chair questioned the Port Commissioners as to their reasoning for withdrawing the \$5 million in matching funds. The Port Commissioners stated that the Port currently has a consultant looking at the best model to follow for a CTMP and because of the Port's current financial situation spending funding on truck retrofits may be premature. They further stated that because of the possibility of these trucks leaving Port service or that the Port's consultant may recommend truck replacements or an "employee model" for truck operations at the Port, they were unwilling to make an investment in retrofits at this time. The Port Commissioners also felt by funding a retrofit program they might be "locking" truckers into long contracts that would ultimately prevent them from participating in the Port's overall CTMP solution.

In order to address this concern, Staff updated the Port Commissioners on new proposed changes to the I-Bond guidelines such as the shortening of the retrofit contract life to two years and the ability of applicants to receive prorated funds for replacement trucks at a later date on the program. The Port Commissioners stated that they were unaware of these changes and that they needed time to evaluate them relative to their position on the retrofit program. Additionally, staff presented the Port Commissioners with other project options (shorepower, locomotive replacements, etc.) that would rapidly reduce DPM emissions using the Port's \$5 million. It was agreed, that both District and Port staff would continue to work together to come up with an acceptable proposal for use of the Port's funding.

Over the past few months, staff has continued to prepare but not execute contracts for all drayage retrofits under the program. Staff had been proceeding under the assumption that \$5 million in I-Bond and Port of Oakland funding would be available to match District TFCA monies. However, on December 23, 2008, the District was notified by the CARB that due to the State of California's current fiscal year budget crisis, funds have not been generated to cover any further expenditures under the I-Bond program. In its letter, CARB instructed the District not to enter into any new equipment projects or other contracts that would be funded using I-Bond monies and not to expend any funds on contracts previously signed.

Due to the Port's decision to suspend its funds and because CARB's I-Bond funds are not currently available, staff is recommending that all efforts on this program be put on hold pending a meeting of the Board's Ad Hoc Committee on Port Emissions to discuss options.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. The I-Bond Program distributes funds from CARB to the District and then to eligible equipment owners. Staff costs for the administration of the Program are included under Programs 321 "California Goods Movement Bond – Early Grants" and 323 "California Goods Movement Bond Grants" in the FY 2008/2009 budget.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

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