

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

APPROVED MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
Thursday, February 26, 2009

CALL TO ORDER: Acting Chairperson Tom Bates called the meeting to order at 9:30 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

Also Present: Chairperson Pamela Torliatt

PUBLIC COMMENTS: There were no public comments

COMMITTEE BUSINESS:

Approval of Minutes: Director Shimansky moved to approve the January 23, 2009 minutes;
seconded by Director Klatt; carried unanimously without objection.

4. Vehicle Buyback Program – Recommended Actions:

- Receive and file the 2008 Vehicle Buy Back (VBB) Program Annual Report; and
- 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.

Staff Presentation by Supervising Environmental Planner David Wiley:

Background Information-VBB Program:

- Voluntary program began in June 1996 to provide financial incentive to retire older, higher-polluting vehicles;
- Retires older, more polluting vehicles and scraps model year 1987 and older light-duty vehicles;
- Pays \$650 to qualifying vehicle owners
- Complies with California Air Resources Board regulations
- Funded by MSIF, Carl Moyer Program Funds, and Transportation for Clean Air (TFCA)
- Scrapping contractors:
 - Qualify participants, file DMV paperwork, dismantle vehicles for emission reductions, reimburse vehicle owners, and advertise

Staff Recommended Changes to VBB Program:

- Board authorization of the following changes to increase vehicle scrapping rate by:
 - a. Offering up to \$1,000 per vehicle, and
 - b. Expanding range of eligible vehicles.

Justification:

- To increase participation rate
- To align with other state and local programs

Committee Discussion:

- Ross: Clarified District program cannot fund vehicles that do not pass smog inspection.
- Bates: Suggested matter be referred to the Legislative Committee.
- Haggerty: Clarified the Bureau of Automotive Repair (BAR) can buy cars that do not pass smog.
- Torliatt: Clarified with staff that the BAR offers money for repairing or retiring vehicles that fail smog; District and BAR are working together on funding; \$13 million statewide is available from AB 118 for the first year; BAR notices go to vehicles that are close to failing or fail smog check. The District's program focuses on all other vehicles and both programs coordinated; A certain percentage of individuals will purchase new vehicles resulting in offset in emissions gains; budget is \$7 million with a \$4-5 million participation rate.
- Haggerty: Suggested also working with auto dealerships to partner with the District.
- Shimansky: Clarified differences of Bay Area versus Los Angeles emissions and scrapping levels.
- Uilkema: Cost effectiveness in changing to \$1,000 per vehicle. Mr. Wiley said given additional level, cost effectiveness may rise and should be limited to \$16,000 to meet TFCA and other fund criteria.
- Torliatt & Haggerty: Discussed changing the model year from 1987 to 1989/1990 to promote more funding opportunities, stimulate economy and improve air quality.
- Ross: Clarified program applies to light duty passenger vehicles and some trucks.
- Haggerty: Asked that staff partner in the VBB Program with auto dealerships and for staff to further review expansion of vehicle model years while staying within funding thresholds of the program to ensure cost effectiveness.

Committee Action: Chair Torliatt made a motion to recommend that the Board of Directors discuss findings of staff regarding the effects of further expanding vehicle model years while staying within funding thresholds of the program prior to taking staff recommended action to 1) receive and file the 2008 Vehicle Buy Back (VBB) Program Annual Report; and 2) Consider recommended modifications to program guidelines to align with BAR's/ARB's programs, to include an increase in the amount paid up to \$1,000 per eligible vehicle and an expansion in the range of eligible vehicles; Director Ross seconded the motion; which carried unanimously without objection.

5. Update on the Department of Finance (DOF) Audit of Carl Moyer Program – Recommended Actions:

- None; Receive and file the DOF Audit of Carl Moyer Program

Staff Presentation by Supervising Environmental Planner Anthony Fournier:

Background Information:

- June 2007-ARB conducted first audit of the Air District's Carl Moyer Program (CMP) and Lower Emission School Bus Program (LESBP)
- Audit identified deficiencies in program operation
- DOF identified a number of improvements that were needed
- Follow-up audit conducted in May-December 2008 to gauge District's progress
- September 2008-staff briefed Committee on results of audit

DOF Audit:

Focus on expenditures between July 1, 2006 and June 30, 2008

- District staff assisted DOF in fiscal review of CMP, LESBP and MSIF program expenditures
- DOF reviewed District processes, which led to a better understanding of audit process and fiscal state of District's funding programs.

Audit Results:

- DOF commended District on process and oversight improvements; report identified one observation and made one recommendation:
 - Observation: Funds were expended beyond the 2-year deadline: \$257,590; \$764,677; \$3,933,098 of CMP Year 7 multi-district, Year 8 regular and Year 8 multi-district.
 - District Response: District made all payments identified by DOF in accordance with CMP guidelines and under advisement of the ARB.
 - Recommendation: DOF recommends the District institute policies and procedures to ensure projects are completed and funds expended within respective grace periods.
 - District Response: District hired a full-time financial analyst to ensure greater accuracy, tracking, reconciliation and control over program expenditures. District updated policies and procedures to ensure greater oversight/ tracking of expenditures.

Committee Discussion:

Shimansky: Confirmed the District is in complete compliance; no fines or penalties.

Committee Action: Director Uilkema moved to accept the Department of Finance (DOF) Audit update; Director Ross seconded the motion; carried unanimously without objection.

6. Update on Incentive Programs Expenditures – Recommended Action:

- None; Receive and file informational report.

Staff Presentation by Grants Manager Damian Breen:

Background Information:

- Expansive, doubling growth in District's incentives programs during past two years which is expected to continue in FY 09/10
- Projected to increase to \$148 million due to influx of MTC 2035 RTP discretionary funds

Funding in FY 08/09:

Trucks - 46%	Arterial Management – 5%
Marine – 12%	Rideshare – 4%
Schoolbus – 11%	Vehicle Buyback – 4%
Locomotive – 5%	Shuttle Services – 3%

Truck Funding

- Projected \$47 million in FY 08/09
- 80% of Bay Area health risk from Toxic air contaminants comes from DPM
- 85% of health risk in West Oakland community comes from trucks
- CARE has identified transportation corridors as major contributors to health risk from DPM
- CARE identified “Highly Impacted” communities all located adjacent to transportation corridors

Opportunities:

- RTP 2035 may provide up to \$45 million to assist in truck replacements/retrofits
- District to seek additional DERA funding from USEPA (\$30 million available in Region 9)
- TFCA funding could be focused on non-truck project categories such as:
 - Trip Reduction/Shuttles
 - Alternative Fuel Light-Duty vehicles
 - Advanced Demonstration Projects (use with AB 118 funds)

Committee/Staff Discussion:

- Bates: Confirmed total of \$22 million in TFCA program; 40% share of total goes to counties. Funds can be used for smart growth projects; VBB, bicycle/pedestrian projects, and staff will return and provide a presentation on shuttles.
- Torliatt: Asked staff to identify any remaining fund balances and to identify how all focused monies will be targeted at the next meeting.
- Uilkema: Confirmed Port of Oakland can apply for DERA funds, as well as other funds that address ports and airports.
- Torliatt: Requested an outline from staff of District investments and matching funds, and how they are leveraged.
- Bates: Specifically interested in the RTP and how expenditures coincide with what is being considered by the RTP.
- Haggerty: Reiterated the need for trip reduction and shuttles--connectivity is the key to mass transit.
- Broadbent: Confirmed staff was holding discussions with MTC.

Committee Action: None requested. Presentation for information only.

7. Update on Drayage Truck Retrofit Program - Recommended Action:

- Consider recommending Board of Directors’ approval to suspend the expenditure of funds as part of the California Goods Movement Bond (I-Bond) for drayage truck retrofits

Staff Presentation by Executive Officer/APCO Jack Broadbent: Updated the Committee on Port meeting held on February 17, 2009 with Chair Torliatt, Directors Bates and Miley.

Port Meeting Summary:

- Port Commissioners discuss postponement of funds
- Air District staff updated Commissioners on proposed I-Bond guideline changes
- Port Commissioners to reconsider position on the retrofit program based on new information
- Air District staff presented alternative emissions reductions projects: shore power, marine highway, locomotive replacement
- Port and District staff to continue to work together to seek suitable project

Program Funding:

- December 23, 2008 – ARB requests District stop contracts and payments under I-Bond Program
- Funding unavailable due to State budget crisis and inability to float bonds
- Port funding also on hold
- Staff continued to do pre-contract work with retrofit eligible grantees using Administrative funds from I-Bond

Committee Comments:

Ross: Confirmed Beacon Study would be available in April and for Port Commission's decision in September.

Haggerty: Suggested use of South Coast's model.

Bates: Suggested receiving assurance that retrofitted trucks are used in the Bay Area.

Bates: Questioned and confirmed that retrofitted trucks after four years can operate in the Bay Area but not at the Port.

Haggerty: Questioned capability and authority for the District to implement mobile vehicle inspections of trucks.

Shimansky, Bates, & Ross: Cited cancer rates/health impacts of impacted communities and supported moving forward with retrofits.

Staff Comments (Broadbent):

- Discussed spending \$2 million on shore side power, marine power projects, and locomotive replacement projects, as well as retrofitting barges; awaiting response from Port; 400 applications for retrofits in hand
- The recommendation by staff is to suspend temporarily where we are, seek DERA money which is potentially available through the Stimulus Package and return at the next meeting.
- State law requires January 1st emissions standard for all Port Drayage Trucks; District plans to enforce Rule but develop a plan to carry it out.

Public Comments:

Brad Edgar, President of CLEAIRE, retrofit manufacturers; promote installations, jobs and environmental benefits.

Doug Bloch, Change to Win, Director of Coalition for Clean and Safe Ports, gave update of the Port of Los Angeles' incentive program which resulted in 3,207 EPA compliant trucks.

Diane Bailey, Natural Resources Defense Council (NRDC), urged the Air District to move forward with the retrofit program, cited CARB regulations and the need to address emissions.

Committee Discussion:

Haggerty: Supported retrofit program moving forward; prefers using South Coast model.

Bates: Discussed numbers of applications, life of truck and confirmed 85% in emissions reductions over 2-3 years.

All Members: Primary concern - health impacts.

Ross/Haggerty: Suggested preparing correspondence/resolution to CARB regarding enforcement of January 1st deadline; asked for item to be considered at next Legislative Committee.

Staff Comments:

Bunger: Confirmed South Coast program is run by Port of Los Angeles through Port grant funding.

Staff Recommendation:

Executive Officer/APCO Broadbent:

- Suggested recommendation to move forward but first have staff complete survey of trucking companies;
- Staff review DERA funding and present results at the March 12, 2009 Ad Hoc Committee on Port Emissions;
- Formal request for funding to execute retrofits under the drayage truck retrofit program using TFCA dollars to be brought back to the March 18 Board meeting.

COMMITTEE MEMBER COMMENTS: None

Next Meeting: 9:30 AM, Thursday, March 26, 2009
939 Ellis Street, 4th Floor Conference Room

Adjournment: Meeting adjourned at 11:11 AM

Lisa Harper
Clerk of the Boards