BAY AREA AIR QUALITY MANAGEMENT DISTRICT

BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

SCOTT HAGGERTY - CHAIR
TOM BATES
CAROL KLATT
NATE MILEY
GAYLE B. UILKEMA

CAROLE GROOM – VICE CHAIR
JENNIFER HOSTERMAN
ERIC MAR
MARK ROSS

THURSDAY
JANUARY 28, 2010
9:30 A.M.

4TH FLOOR CONFERENCE ROOM
939 ELLIS STREET
SAN FRANCISCO, CA 94109

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 DECEMBER 7, 2009**

4. **CONSIDERATION OF CARL MOYER AND TRANSPORTATION FUND FOR CLEAN AIR (TFCA) REGIONAL FUND PROJECTS WITH PROPOSED GRANT AWARDS OVER $100,000**
D. Breen/5041
dbreen@baaqmd.gov

The Committee will consider recommending Board of Directors' approval of Carl Moyer and TFCA Regional Fund projects requesting grant funding in excess of $100,000 and approval of authorization for the Executive Officer/APCO to execute Grant Agreements for the recommended projects.

5. **CONSIDERATION OF TRANSPORTATION FUND FOR CLEAN AIR (TFCA) COUNTY PROGRAM MANAGER POLICIES AND EXPENDITURE PLAN GUIDANCE FOR FISCAL YEAR 2010/11**
K.Schkolnick/5070
kschkolnick@baaqmd.gov

The Committee will consider recommending Board of Directors' approval of TFCA County Program Manager policies and expenditure plan guidance for the upcoming fiscal year.

6. **CONSIDERATION OF ACCEPTING APPROXIMATELY $8 MILLION FROM YEAR 2 OF THE CALIFORNIA GOODS MOVEMENT BOND (I-BOND) PROGRAM FOR PORT DRAYAGE TRUCKS**
D. Breen/5041
dbreen@baaqmd.gov

The Committee will consider recommending Board of Directors' approval to authorize the Executive Director/APCO to execute Grant Agreements with the California Air Resources Board for approximately $8 million from Year 2 of the I-Bond Program to retrofit and replace additional trucks at the Port of Oakland, and to authorize the Executive Officer/APCO to enter into all necessary contracts to expend this funding .

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:** 9:30 a.m., Thursday, February 25, 2010, 939 Ellis Street, San Francisco, CA 94109

9. **ADJOURNMENT**

CONTACT EXECUTIVE OFFICE - 939 ELLIS STREET **(415) 749-5130**
SAN FRANCISCO, CA 94109 **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

JANUARY 2010

TYPE OF MEETING	DAY	DATE	TIME	ROOM
Board of Directors Mobile Source Committee *(Meets 4th Thursday each Month)*	Thursday	28	9:30 a.m.	4th Floor Conf. Room

FEBRUARY 2010

TYPE OF MEETING	DAY	DATE	TIME	ROOM
Board of Directors Regular Meeting and Retreat *(Meets 1st & 3rd Wednesday of each Month)*	Wednesday	3	9:45 a.m.	Sheraton/Sonoma County 745 Baywood Drive Petaluma, CA 94956
Advisory Council Regular Meeting and Symposium – Air District Climate Protection Initiatives	Wednesday	10	9:00 a.m. – 12:00 p.m.	Board Room
Board of Directors Budget & Finance Committee *(At the Call of the Chair)*	Wednesday	10	1:00 p.m.	4th Floor Conf. Room
Board of Directors Regular Meeting *(Meets 1st & 3rd Wednesday of each Month)*	Wednesday	17	9:45 a.m.	Board Room
Board of Directors Executive Committee *(At the Call of the Chair)*	Monday	22	9:30 a.m.	4th Floor Conf. Room
Board of Directors Mobile Source Committee *(Meets 4th Thursday each Month)*	Thursday	25	9:30 a.m.	4th Floor Conf. Room

MARCH 2010

TYPE OF MEETING	DAY	DATE	TIME	ROOM
Board of Directors Regular Meeting *(Meets 1st & 3rd Wednesday of each Month)*	Wednesday	3	9:45 a.m.	Board Room
Advisory Council Regular Meeting and Symposium – CA 2050 GHG Emission Reduction Target – Industrial Sector	Wednesday	10	9:00 a.m. – 12:00 p.m.	Board Room

March 2010 Calendar Continued on Next Page

MARCH 2010

TYPE OF MEETING	DAY	DATE	TIME	ROOM
Board of Directors Stationary Source Committee *(Meets 3rd Monday Quarterly)*	**Monday**	**15**	**9:30 a.m.**	**Board Room**
Board of Directors Regular Meeting *(Meets 1st & 3rd Wednesday of each Month)*	**Wednesday**	**17**	**9:45 a.m.**	**Board Room**
Board of Directors Mobile Source Committee *(Meets 4th Thursday each Month)*	**Thursday**	**25**	**9:30 a.m.**	**4th Floor Conf. Room**

HL – 1/21/10 (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: January 21, 2010

Re: Mobile Source Committee Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Mobile Source Committee meeting of December 7, 2009.

DISCUSSION

Attached for your review and approval are the draft minutes of the December 7, 2009 Mobile Source Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared By: Lisa Harper
Reviewed by: Jennifer Chicconi

AGENDA: 3

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
Monday, December 7, 2009
9:30 a.m.

CALL TO ORDER: Chairperson Scott Haggerty called the meeting to order at 9:30 a.m.

Roll Call**:** Scott Haggerty, Chairperson; Vice Chairperson Gayle B. Uilkema; Directors Carole Groom, Jennifer Hosterman, and Mark Ross

Absent: Directors Tom Bates, Yoriko Kishimoto, Carol Klatt and Eric Mar

Public Comments: There were no public comments

Approval of Minutes: Mobile Source Committee Meeting of November 5, 2009

Director Groom requested amendment to the minutes to reflect her presence at the November 5, 2009 meeting.

Committee Action: Director Hosterman made a motion to approve the November 5, 2009 Mobile Source Committee minutes, as amended; seconded by Director Uilkema; carried unanimously without objection.

Report on the Compliance Plan for Enforcement of CARB Mobile Source Regulations

Air Quality Program Manager, Barbara Coler, gave the staff report and overview of the Compliance Plan for Enforcement of CARB Mobile Source Regulations, stating the strategy is based on an emissions/health risk, with the goal of reducing emissions in CARE areas. She discussed regulations under the plan and partnerships with CARB and the Port of Oakland, presented information on emissions percentages, West Oakland Diesel PM emissions, implementation and compliance dates of outreach and enforcement of truck regulations for drayage trucks, commercial trucks/buses, and terminal idling limits at the Port of Oakland, ships and boat regulations, equipment regulations, and locomotives.

Ms. Coler further discussed the Air District’s partnership, MOU and joint compliance assistance with CARB, mobile source training and security clearances for inspection staff, development of a partnership with the Port of Oakland, stakeholder communication, and coordination with enforcement efforts.

Committee Comments/Questions:
Directors clarified how enforcement of timed idling is performed at the Port of Oakland by inspection staff, received explanation of trucker outreach and idling queues and restrictions, efficiency and monitoring of the appointment system.

Directors requested that staff forward a request to the Port of Oakland for a tour to be scheduled to better understand enforcement and inspection processes.

Public Comment: John Berge, Pacific Merchant Shipping Association, was amenable to coordinate with the Port to schedule a tour of terminal operations and discussed development of a Radio Frequency Identification Device (RFID) tracking system with trucks which he said should provide better efficiency of truck movement at the terminals.

Committee Action: None; information only.

Update on Shorepower at the Port of Oakland

Grants Program Manager, Damian Breen, gave an overview of shorepower at the Port of Oakland, discussed the emissions reduction options of grid-based shorepower, LNG generator or “Bonnet” control device, the cost of $90 million to electrify berths, and grant funding.

Mr. Breen discussed infrastructure issues involving the Port of Oakland and PG&E, Port system design specifications which are anticipated in March/April and equipment installation expected to take 2 to 4 years. He reported on funding and stated that the Port applied for $26 million in USDOT funds and the District’s Carl Moyer Program/Mobile Source Incentive Funds which are available until December 2010, as well as future I-Bond funding, which is uncertain.

Based upon the Port Ad Hoc Committee’s input, the District is applying for $6 million in DERA funding for two projects: 1) $3 million in Ports America infrastructure and LNG generator; and 2) $3 million in Port of Oakland infrastructure and grid upgrades. He said either of the two projects provides surplus emissions reductions from one ship berth. The application due date is December 8, 2009, with an award expected in February/March 2010.

Committee Discussion/Comments:
Directors discussed consideration for the Port to pursue Department of Energy (DOE) grants for future alternative fuels projects, PG&E’s involvement, the potential for California Public Utilities Commission (CPUC) funding, and acknowledged that more information would be received once the engineering study is completed in March/April.

Public Comments: Ann Whittington, Port of Oakland, discussed the Port of Oakland’s review of alternative fuels and negotiations with PG&E. She and stated that shorepower is the Maritime Committee’s highest priority and the Ports America Concession Agreement has been signed and is final.

Director Ross questioned whether the “Whitmar”, a portable LNG generator could serve as a transitional solution for electrification. He also suggested its potential use in providing power during disasters in the Bay Area. Mr. Broadbent discussed the equipment’s technology to power berths, its redesign to further reduce NOx emissions, and emphasized the Air District’s contribution of $250,000 toward development of the technology.

Committee Action: None; informational only.

Consideration of Proposed Revisions to Transportation Fund for Clean Air Regional Fund (TFCA) Project Approval Process

Acting Director of Strategic Incentives, Karen Schkolnick, gave the staff presentation and background on the TFCA Grant Program, stating that staff is proposing to further streamline the process to provide additional opportunities and flexibility for grantees, help leverage other funding opportunities, increase the volume of eligible applications, increase surplus emissions reductions, and reduce the costs and burdens of early compliance.

The programmatic changes would allow the Executive Officer to approve grants up to $100,000, for the Air District to apply for additional match funding from the CEC and ARB, to provide more access for cities and counties to grant funds, enable a quicker turnaround of grant applications, and allow the Executive Officer to execute no-cost amendments.

Ms. Schkolnick stated projects must still meet TFCA Regional Fund guidance and Board-adopted policies and evaluation criteria and no-cost amendments would need to meet all current Board adopted policies.

<u>Committee Discussion/Comments:</u>
Directors confirmed with Ms. Schkolnick that the recommendation would further expedite processes for Regional Fund projects and does not apply to the Program Managers Fund.

Committee Action: Director Uilkema moved to recommend Board of Directors approval to authorize the Executive Officer/APCO to execute Grant Agreements for projects funded by the Transportation Fund for Clean Air (TFCA) Regional Fund, with individual grant awards up to $100,000; and to execute no-cost amendments for TFCA Regional Fund projects, provided each project continues to meet all applicable Board-approved policies; seconded by Director Groom; unanimously approved without objection.

Committee Member Comments: Director Haggerty referred to speaker comments at the Board of Directors meeting regarding Lehigh Southwest Cement plant and suggested the Mobile Source Committee review emission impacts along freeways for all socio-economic communities and not just those identified in the CARE communities, which was supported by all Committee Members. Director Groom voiced a desire to discuss the matter prior to February.

Director Uilkema questioned progress by the Port of Oakland, given it is the worst hot spot in the Bay Area, and Ms. Roggenkamp noted the idling rule has been in place for quite some time, and she briefly discussed new compliance rules and targets mandated by the ARB involving shorepower and drayage trucks.

Next Meeting: 9:30 a.m., Thursday, January 8, 2010
939 Ellis Street, 4th Floor Conference Room

Adjournment: Meeting adjourned at 10:34 a.m.

Lisa Harper
Clerk of the Boards

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: January 21, 2010

Re: Consideration of approval for Carl Moyer Program Year 11 and Transportation Fund for Clean Air FY 2009/2010 projects with proposed grant awards over $100,000

RECOMMENDATIONS

Request the Committee recommend the Air District Board of Directors:

1. Approve Carl Moyer Program Year 11 projects with proposed grant awards over $100,000 listed on Attachment 1.
2. Approve Transportation Fund for Clean Air fiscal year (FY) 2009/2010 projects with proposed grant awards over $100,000 listed on Attachment 3.
3. Authorize the Executive Officer/APCO to enter into agreements for the recommended Carl Moyer Program Year 11 and TFCA FY 2009/2010 projects.

BACKGROUND

The Bay Area Air Quality Management District (Air District) has participated in the Carl Moyer Program (CMP), in cooperation with the California Air Resources Board (ARB), since the program began in fiscal year 1998/1999. The CMP provides grants to public and private entities to reduce emissions of oxides of nitrogen (NOx), reactive organic gases (ROG) and particulate matter (PM) from existing heavy-duty engines by either replacing or retrofitting them. Eligible heavy-duty diesel engine applications include on-road trucks and buses, off-road equipment, marine vessels, locomotives, stationary agricultural pump engines, and forklifts.

Assembly Bill 923 (AB 923 - Firebaugh), enacted in 2004 (codified as Health and Safety Code Section 44225), authorized local air districts to increase their motor vehicle registration surcharge up to an additional $2 per vehicle. The revenues from the additional $2 surcharge are deposited in the Air District's Mobile Source Incentive Fund (MSIF). AB 923 stipulates that air districts may use the revenues generated by the additional $2 surcharge for projects eligible for grants under the CMP.

Since 1991 the Transportation Fund for Clean Air (TFCA) program has funded projects that achieve surplus emission reductions from on-road motor vehicles. Sixty percent (60%) of TFCA funds are awarded directly by the Air District through a grant program known as the Regional Fund that is allocated on a competitive basis to eligible projects proposed by project sponsors. Funding for this program is provided by a $4 surcharge on motor vehicles registered within the

San Francisco Bay Area as authorized by the California State Legislature. The statutory authority for the TFCA and requirements of the program are set forth in California Health and Safety Code Sections 44241 and 44242.

On February 4, 2009, the Air District Board of Directors authorized Air District participation in Year 11 of the CMP, and authorized the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with CMP funds or MSIF revenues, with individual grant award amounts up to $100,000. Later, on November 18, 2009, the Air District Board of Directors authorized the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with TFCA funds, with individual grant award amounts up to $100,000.

CMP and TFCA projects with grant award amounts over $100,000 are brought to the Committee for consideration at least on a quarterly basis. Staff reviews and evaluates the grant applications based upon the respective governing policies and guidelines established by the ARB and/or the Air District's Board of Directors.

DISCUSSION

Carl Moyer:

As of January 12, 2010, the Air District had received 142 CMP grant applications requesting more than $20 million in incentive funds for potential emission reduction projects. Of the applications that have been evaluated between October 27, 2009, and January 12, 2010, six eligible projects have individual grant awards over $100,000. Attachment 1 lists the six projects that staff recommends be awarded grants for an aggregate of $1,097,183 in funding, using a combination of CMP funds and MSIF revenues. Table 1 summarizes the CMP Year 11 project allocations to date.

Table 1: Board Approval of CMP Projects Greater than $100,000

Board date	Projects approved	Total allocation
June 3, 2009	13	$5,789,626
July 1, 2009	14	$6,844,216
October 7, 2009	9	$2,344,567
November 18, 2009	8	$2,962,895

More than 75% of the funds allocated to eligible projects have been awarded to projects that reduce emissions in highly impacted Bay Area communities. Attachment 2 lists all of the eligible projects that have been received by the Air District as of January 12, 2010, and summarizes the allocation of funding by equipment category (Figure 1), and county (Figure 2).

TFCA:

For FY 09/10 the Air District's Board of Directors allocated $5 million for Alternative Fuel Vehicle and Infrastructure Projects on May 5, 2009. The Air District opened the call for Alternative Fuel Vehicle and Infrastructure Projects on October 28, 2009, and as of January 15, 2010, had received 24 grant applications requesting more than $3.1 million for alternative fuel related projects. Of the applications that have been evaluated by January 15, 2010, five eligible projects have individual grant awards over $100,000. Attachment 3 lists the five projects that staff recommends be awarded grants for an aggregate of $1,627,608 in TFCA funding. Attachment 3 also summarizes the allocation of funding by equipment category (Figure 1), and county (Figure 2). Attachment 4 lists the eligible 15 projects requesting up to $100,000 that have been received by the Air District as of January 15, 2010.

More than 52% of the TFCA funds allocated to eligible projects have been awarded to projects that reduce surplus emissions in highly impacted Bay Area communities.

<u>BUDGET CONSIDERATION / FINANCIAL IMPACT</u>

None. Through the CMP and TFCA, the Air District distributes “pass-through” funds to public agencies and private entities on a reimbursement basis. Administrative costs for both programs are provided by each funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Director/APCO

Prepared by: Anthony Fournier and Karen Schkolnick
Reviewed by: Damian Breen

Attachment 1: CMP Projects with individual grant awards greater than $100,000
Attachment 2: Summary of all eligible CMP projects as of January 12, 2010
Attachment 3: TFCA Projects with individual grant awards greater than $100,000
Attachment 4: Summary of all eligible TFCA projects as of January 15, 2010

Attachment 1: BAAQMD Year 11 Carl Moyer Program/ MSIF projects with grant awards greater than $100k (Evaluated between 10/26/09 and 1/12/10)

1 Project #: 11MOY117 Applicant Name: Antioch Building Materials 3 engines

Unit #	Equipment category	Project type	Cost-effectiveness	Proposed award	NOx (TPY)	ROG (TPY)	PM (TPY)	AB1390 Designation
3	Off-Road	Replacement	$15,998.98	$89,199.00	0.871	0.107	0.028	Not AB1390
4	Off-Road	Replacement	$13,750.01	$111,599.00	1.215	0.144	0.044	Not AB1390
2	Off-Road	Replacement	$15,998.80	$87,510.00	0.819	0.097	0.029	Not AB1390
			Project Totals	$288,308.00	2.905	0.348	0.101	

2 Project #: 11MOY119 Applicant Name: James Robertson 2 engines

Unit #	Equipment category	Project type	Cost-effectiveness	Proposed award	NOx (TPY)	ROG (TPY)	PM (TPY)	AB1390 Designation
Outer Limits-main-1	Marine	Repower	$14,565.75	$65,277.00	0.505	-0.011	0.018	AB1390
Outer Limits-main-2	Marine	Repower	$14,565.75	$65,277.00	0.505	-0.011	0.018	AB1390
			Project Totals	$130,554.00	1.009	-0.023	0.036	

3 Project #: 11MOY129 Applicant Name: Daniel W. Silacci 2 engines

Unit #	Equipment category	Project type	Cost-effectiveness	Proposed award	NOx (TPY)	ROG (TPY)	PM (TPY)	AB1390 Designation
2	Off-Road	Replacement	$15,998.76	$127,610.00	1.010	0.120	0.033	Not AB1390
1	Off-Road	Replacement	$13,335.22	$157,848.00	1.348	0.164	0.058	Not AB1390
			Project Totals	$285,458.00	2.358	0.284	0.091	

4 Project #: 11MOY132 Applicant Name: Kilik General Engineering, Inc. 1 engine

Unit #	Equipment category	Project type	Cost-effectiveness	Proposed award	NOx (TPY)	ROG (TPY)	PM (TPY)	AB1390 Designation
973	Off-Road	Replacement	$15,998.71	$133,675.00	1.127	0.131	0.052	AB1390

				Project Totals	$133,675.00	1.127	0.131	0.052	

5 **Project #: 11MOY137** **Applicant Name:** Mazzetta Dairy — 1 engine

Unit #	Equipment category	Project type	Cost-effectiveness	Proposed award	NOx (TPY)	ROG (TPY)	PM (TPY)	AB1390 Designation
544HB	Off-Road	Replacement	$13,525.25	$124,801.00	0.852	0.146	0.054	Not AB1390
			Project Totals	$124,801.00	0.852	0.146	0.054	

6 **Project #: 11MOY139** **Applicant Name:** Mulas Dairy Company — 1 engine

Unit #	Equipment category	Project type	Cost-effectiveness	Proposed award	NOx (TPY)	ROG (TPY)	PM (TPY)	AB1390 Designation
950	Off-Road	Replacement	$14,124.47	$134,387.00	1.001	0.137	0.050	Not AB1390
			Project Totals	$134,387.00	1.001	0.137	0.050	

Summary:

Projects	Engines	Proposed award	NOx (TPY)	ROG (TPY)	PM (TPY)
6	10	$1,097,183.00	9.252	1.023	0.384

Attachment 2

Summary of all CMP Yr 11/ MSIF approved/ eligible projects (4/15/09 to1/12/10)

Project #	Equipment category	# of engines	Proposed contract award	Applicant name	NOx (TPY)	ROG (TPY)	PM (TPY)	Board approval date	County
11MOY1	Marine	2	$ 274,156.00	Robert S. Tuckey	3.435	0.065	0.101	6/3/2009	San Mateo
11MOY2	Marine	2	$ 149,356.00	Blue and Gold Fleet LP	5.368	0.148	0.178	6/3/2009	San Francisco
11MOY3	Agriculture	6	$ 159,834.00	Gallo Family Vineyards	1.550	0.186	0.052	7/1/2009	Sonoma, Napa
11MOY5	Marine	2	$ 155,330.00	Kelli Dickinson	3.306	0.042	0.114	6/3/2009	Solano
11MOY6	Marine	2	$ 152,088.00	Jacqueline G. Douglas	1.296	-0.014	0.045	6/3/2009	San Francisco
11MOY7	Marine	1	$ 72,300.00	Frank A. Rescino	1.638	0.010	0.058	APCO	San Francisco
11MOY8	Marine	2	$ 137,500.00	Chuck Louie	1.572	0.016	0.054	6/3/2009	San Francisco
11MOY9	Marine	1	$ 103,830.00	Erik Anfinson	0.562	-0.004	0.019	6/3/2009	Marin
11MOY10	Marine	2	$ 90,996.00	Golden Gate Bridge Highway and Transportation Dist	0.828	0.003	0.022	APCO	San Francisco
11MOY11	Marine	2	$ 181,894.00	New Salmon Queen Sportfishing, LLC	2.538	0.000	0.086	11/18/2009	Alameda
11MOY12	Agriculture	1	$ 23,193.00	Ricioli Brothers	0.486	0.059	0.016	APCO	Sonoma
11MOY13	Marine	3	$ 227,461.00	Fly Rose Marine, Inc.	2.918	0.085	0.098	7/1/2009	Santa Clara
11MOY14	Off-road	4	$ 215,318.00	Fremont Paving	1.294	0.204	0.101	6/3/2009	Alameda
11MOY17	Marine	2	$ 182,160.00	David Underwood	1.557	0.055	0.059	7/1/2009	Solano
11MOY19	Marine	2	$ 217,544.00	City of Alameda	15.069	-0.083	0.447	6/3/2009	Alameda
11MOY20	Marine	8	$ 3,791,855.00	City of Vallejo	92.783	1.475	2.756	6/3/2009	Solano
11MOY21	Off-Road	1	$ 12,974.00	Thomas D. Eychner Co., Inc.	0.059	0.017	0.005	APCO	Contra Costa
11MOY22	Marine	1	$ 41,488.00	Bay Marine Services, Inc.	0.975	0.028	0.032	APCO	Marin
11MOY23	Marine	1	$ 65,240.00	Andy Guiliano	0.455	0.000	0.015	APCO	Contra Costa
11MOY24	Locomotive	1	$ 101,400.00	Richmond Pacific Railroad	1.052	0.020	0.007	6/3/2009	Contra Costa
11MOY26	Marine	2	$ 165,898.00	State of California, State Parks Department	1.156	0.026	0.038	7/1/2009	Marin
11MOY27	Marine	2	$ 178,962.00	City and County of San Francisco, San Francisco Police Department	2.253	-0.034	0.079	7/1/2009	San Francisco
11MOY30	Off-road	5	$ 112,368.00	J. Flores Construction Company	0.364	0.067	0.066	6/3/2009	San Francisco
11MOY33	Marine	2	$ 144,504.00	Brian Guiles	1.329	-0.007	0.046	7/1/2009	Marin
11MOY34	Marine	2	$ 209,056.00	Bodega Bay Sportfishers, Inc.	2.644	0.040	0.084	7/1/2009	Sonoma
11MOY35	Marine	2	$ 49,830.00	Matt Butler	1.148	0.030	0.042	APCO	Marin
11MOY36	Marine	2	$ 106,394.00	Geoff and David Bettencourt	2.670	0.116	0.094	7/1/2009	San Mateo
11MOY39	Marine	2	$ 61,616.00	Harry Vogal	0.448	0.008	0.016	APCO	San Francisco
11MOY40	Marine	1	$ 102,984.00	James Gregory Smith	1.685	-0.001	0.057	7/1/2009	Contra Costa
11MOY41	Marine	2	$ 199,466.00	Bay Marine Services, Inc.	7.122	0.196	0.230	7/1/2009	Marin
11MOY44	Locomotive	5	$ 2,609,010.00	California Department of Transportation	49.088	1.158	0.394	7/1/2009	Sacramento
11MOY46	Marine	3	$ 2,068,071.00	APL Maritime Services, Ltd.	22.710	0.810	12.420	7/1/2009	Alameda
11MOY48	Off-Road	1	$ 80,950.00	Contra Costa Topsoil, Inc	0.536	0.072	0.027	APCO	Contra Costa
11MOY51	Off-Road	4	$ 191,709.00	Stroer & Graff, Inc.	5.007	0.650	0.181	7/1/2009	Contra Costa
11MOY52	Off-Road	4	$ 275,481.00	Salt River Construction Corporation	3.568	0.461	0.142	7/1/2009	Marin
11MOY54	Off-Road	2	$ 27,117.00	St. Francis Electric	0.264	0.052	0.014	APCO	Alameda
11MOY55	Agriculture	2	$ 42,180.00	Huneeus Vintners, LLC	0.450	0.058	0.014	APCO	Napa
11MOY57	Marine	2	$ 526,302.00	Harley Marine Services, Inc.	41.738	0.672	1.240	10/7/2009	Alameda
11MOY64	Off-Road	7	$ 154,249.00	Stroer & Graff, Inc.	1.966	0.240	0.064	10/7/2009	Contra Costa
11MOY65	Marine	2	$ 179,896.00	C-Gull II Sportfishing Inc.	2.131	0.000	0.072	10/7/2009	Alameda
11MOY66	Agriculture	1	$ 39,940.00	Arthur Kunde and Sons, Inc.	0.211	0.026	0.009	APCO	Sonoma
11MOY72	Off-Road	2	$ 34,335.00	TMT Enterprises, Inc.	0.000	0.000	0.024	APCO	Santa Clara

Attachment 2 - Continued

Summary of all CMP Yr 11/ MSIF approved/ eligible projects (4/15/09 to1/12/10)

Project #	Equipment category	# of engines	Proposed contract award	Applicant name	NOx (TPY)	ROG (TPY)	PM (TPY)	Board approval date	County
11MOY73	Marine	2	$ 203,232.00	Edward Gallia	2.983	0.000	0.101	10/7/2009	Contra Costa
11MOY74	Marine	2	$ 75,666.00	Marin County Sheriff's Office	0.666	-0.004	0.022	APCO	Marin
11MOY76	Marine	2	$ 166,182.00	Blue Runner, Inc.	1.076	0.022	0.036	10/7/2009	Marin
11MOY79	Off-Road	1	$ 81,195.00	Kingsborough Atlas Tree Surgery, Inc.	0.654	0.087	0.020	APCO	Sonoma
11MOY82	Off-Road	2	$ 153,350.00	West Coast Aggregates, Inc.	1.614	0.203	0.081	10/7/2009	San Mateo
11MOY84	Off-Road	2	$ 75,075.00	Trucrew, Inc.	0.873	0.129	0.034	APCO	Contra Costa
11MOY85	Off-Road	1	$ 209,292.00	Mission Trail Waste Systems	1.157	0.226	0.103	10/7/2009	Santa Clara
11MOY91	Off-Road	2	$ 195,987.00	American Metal and Iron, Inc.	2.141	0.274	0.099	10/7/2009	Santa Clara
11MOY93	Off-Road	1	$ 54,288.00	American Soil Products, Inc	0.280	0.053	0.022	APCO	Contra Costa
11MOY97	Off-Road	1	$ 47,790.00	Terry Barnard	0.274	0.055	0.017	APCO	Santa Clara
11MOY99	Off-Road	1	$ 18,682.00	Galante Brothers General Engineering, Inc	0.092	0.019	0.008	APCO	Santa Clara
11MOY100	Off-Road	2	$ 83,490.00	G & G Heavy Equipment LLC	0.773	0.144	0.048	APCO	Sonoma
11MOY102	Off-Road	1	$ 132,853.00	DeBernardi Dairy, Inc.	0.907	0.152	0.056	11/18/2009	Sonoma
11MOY107	Locomotive	1	$ 879,450.00	California Northern Railroad	3.900	0.379	0.124	11/18/2009	Napa
11MOY109	Off-Road	1	$ 52,613.00	McCall Dairy	0.422	0.053	0.013	APCO	Sonoma
11MOY111	Marine	2	$ 159,348.00	Westar Marine Services	0.898	0.000	0.030	11/18/2009	San Francisco
11MOY112	Off-Road	2	$ 220,199.00	Evergreen Supply	1.603	0.215	0.076	11/18/2009	Santa Clara
11MOY113	Marine	1	$ 89,565.00	S&J Fisheries	0.961	0.027	0.028	APCO	San Mateo
11MOY114	Off-Road	1	$ 26,205.00	Mononi Ranches	0.191	0.032	0.011	APCO	Sonoma
11MOY115	Off-Road	1	$ 54,142.00	George Grossi & Son Dairy	0.360	0.065	0.017	APCO	Marin
11MOY116	On-Road	29	$ 716,300.00	Livermore Sanitation, Inc.	5.510	0.000	0.000	11/18/2009	Alameda
11MOY117	Off-Road	3	$ 288,308.00	Antioch Building Materials	2.905	0.348	0.101	2/3/2010	Contra Costa
11MOY118	Off-Road	3	$ 368,925.00	Marin Sanitary Service	4.019	0.590	0.188	11/18/2009	Marin
11MOY119	Marine	2	$ 130,554.00	James Robertson	1.009	-0.023	0.036	2/3/2010	Marin
11MOY120	Agriculture	14	$ 303,422.00	Sonoma-Cutrer Vineyards	4.009	0.515	0.128	11/18/2009	Sonoma
11MOY122	Off-Road	1	$ 30,200.00	James Groverman/Petaluma Pumpkin Patch	0.182	0.031	0.011	APCO	Sonoma
11MOY124	Off-Road	1	$ 24,225.00	Thomas W. Crane	0.148	0.025	0.008	APCO	Sonoma
11MOY126	Off-Road	1	$ 27,460.00	Ricioli Brothers	0.165	0.029	0.010	APCO	Sonoma
11MOY127	Off-Road	1	$ 56,832.00	Simoni & Massoni Farms	0.492	0.085	0.023	APCO	Contra Costa
11MOY129	Off-Road	2	$ 285,458.00	Daniel W. Silacci	2.358	0.284	0.091	2/3/2010	Sonoma
11MOY131	Off-Road	2	$ 78,688.00	George Bianchi, Inc.	0.662	0.100	0.025	APCO	Sonoma
11MOY132	Off-Road	1	$ 133,675.00	Kilik General Engineering, Inc.	1.127	0.131	0.052	2/3/2010	Santa Clara
11MOY135	Off-Road	2	$ 69,462.00	MCE, Inc. dba Amos Bros Dairy	0.575	0.103	0.027	APCO	Sonoma
11MOY136	Off-Road	1	$ 35,714.00	Delmar Friedrichsen	0.214	0.037	0.013	APCO	Sonoma
11MOY137	Off-Road	1	$ 124,801.00	Mazzetta Dairy	0.852	0.146	0.054	2/3/2010	Sonoma
11MOY139	Off-Road	1	$ 134,387.00	Mulas Dairy Company	1.001	0.137	0.050	2/3/2010	Sonoma
11MOY140	Off-Road	1	$ 97,738.00	Sonoma Compost	0.971	0.133	0.029	APCO	Sonoma
79	**Projects**	**198**	**$ 19,800,988.00**		**335.252**	**11.753**	**21.412**		

Year 11 Funding - Carl Moyer and Mobile Source Incentive Funds

Figure 1: CMP/ MSIF Funding Distribution by Equipment Category as of 1/12/10

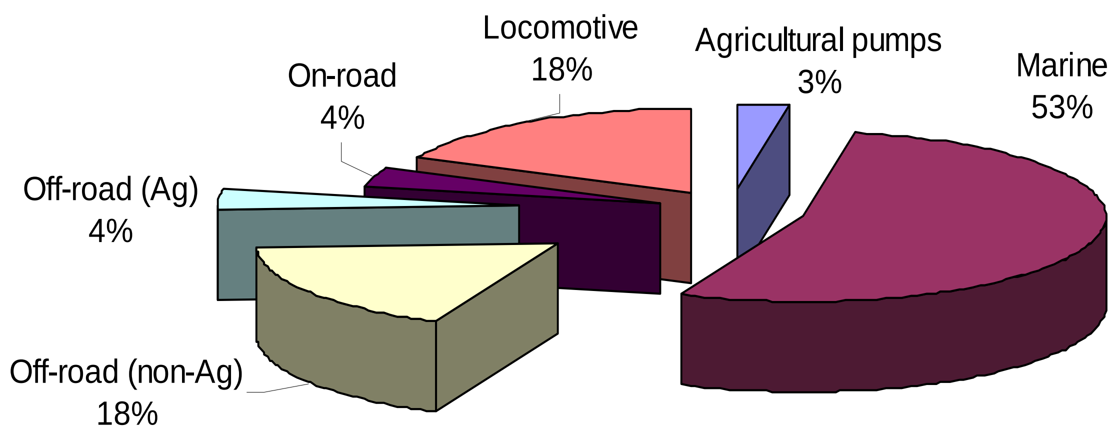
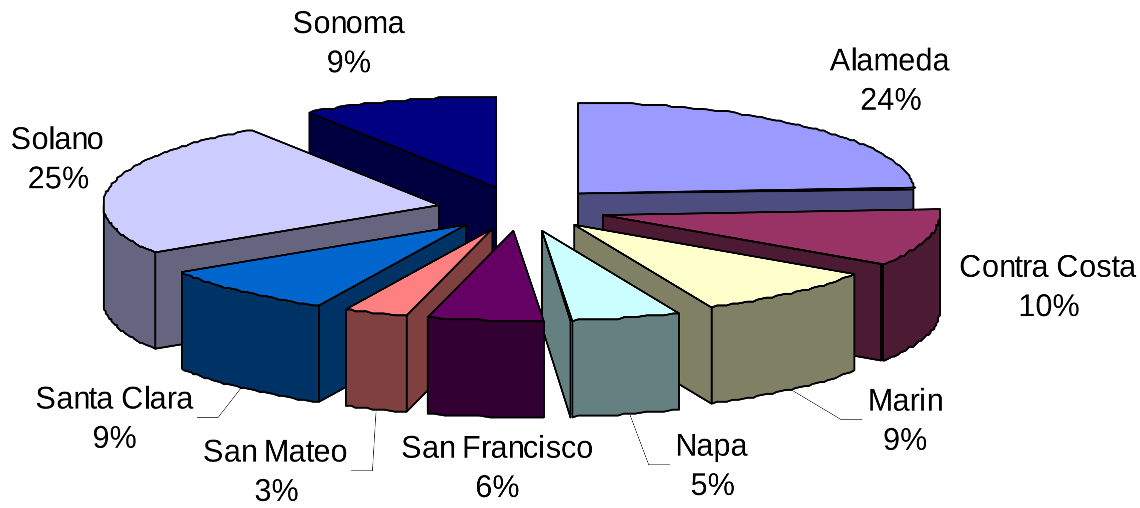


Figure 2: CMP/ MSIF Funding Distribution by County as of 1/12/10



Attachment 3:
09/10 TFCA Alternative Fuel Projects with grant awards greater than $100k
(Evaluated between 12/21/09 and 1/15/10)

Project #	Project Sponsor	Project Title	TFCA $ Awarded	CO2 (TPY)	NOX (TPY)	ROG (TPY)	PM (TPY)	C/E	Score	AB 130 Designation	County
09R25	WM of Alameda County, Inc.	(31) Compressed Natural Gas Refuse Trucks	$ 500,000	725.83	8.13	-	-	$33,836	87%	**AB 1390**	Alameda
09R15	Clean Energy	(1) Liquefied Natural Gas Station	$ 200,000	113.61	1.27	-	-	$52,318	83%	**AB 1390**	Alameda
09R21	Oakland Port Services Corp., dba AB Trucking	(6) Natural Gas Port Trucks	$ 297,000	97.95	1.10	-	-	$83,291	72%	**AB 1390**	Alameda
09R20	Mission Trail Waste Systems	(23) Compressed Natural Gas Refuse Trucks	$ 426,503	171.05	1.92	-	-	$48,710	75%	**Not AB 1390**	Santa Clara
09R16	County of Santa Clara	(1) Compressed Natural Gas Station & (3) CNG Sedans	$ 204,105	30.06	0.30	0.03	0.00	$83,021	67%	**AB 1390**	Santa Clara
		5 Projects	**$1,627,608**	**1,138.49**	**12.72**	**0.03**	**0.00**				

Fiscal Year 09/10 TFCA Funding – Alternative Fuel Vehicle and Infrastructure Projects

Figure 1: TFCA Funding Distribution by Category (as of 1/15/10)

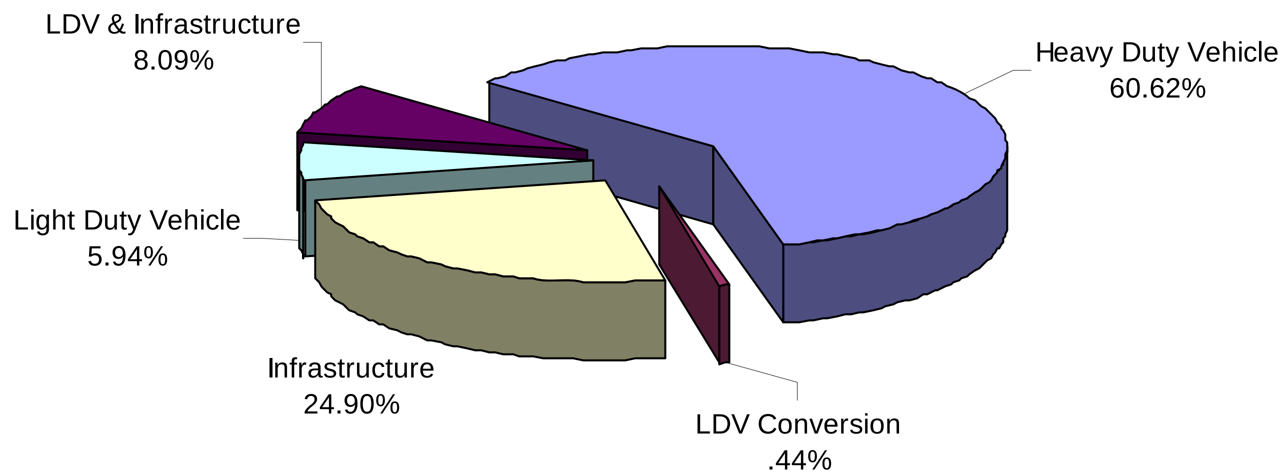
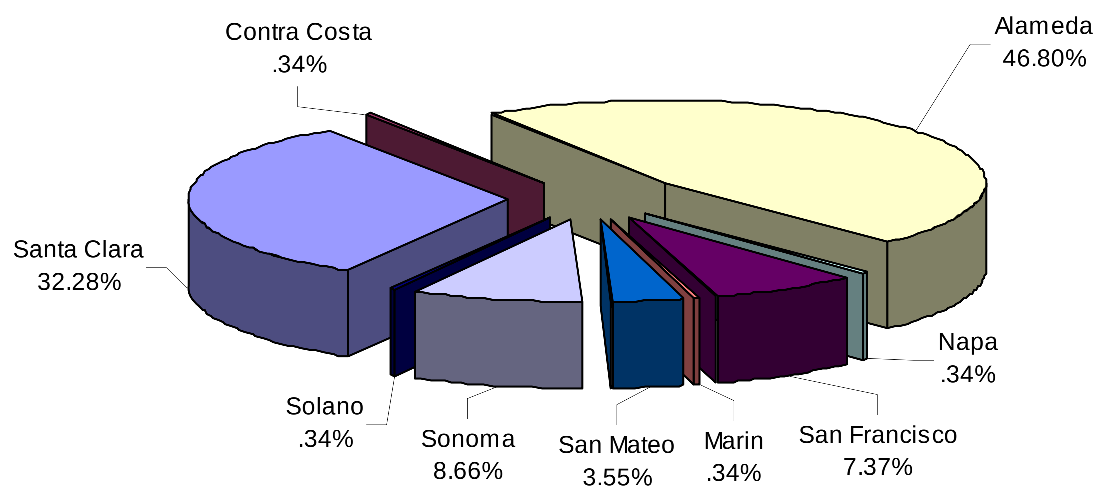


Figure 2: TFCA Funding Distribution by County (as of 1/15/10)



Agenda Item 4 - Attachment 3

Attachment 4: Summary of all TFCA 09/10 approved/ eligible projects (12/21/09 to 1/15/10)

Project #	Project Sponsor	Project Title	TFCA $ Awarded	CO2 (TPY)	NOX (TPY)	ROG (TPY)	PM (TPY)	C/E	Score	Board Approval Date	County
09R32	City & County of San Francisco	(60) Electric Vehicle Public Garage Charge Points	$100,000	202.62	0.03	0.04	0.01	$79,175	84%	APCO	San Francisco
09R30	Better Place	(30) Electric Vehicle Charge Points	$30,000	101.31	0.02	0.02	0.00	$49,799	77%	APCO	Santa Clara
09R35	County of Santa Clara	(40) Electric Vehicle Charge Points	$ 85,720	135.08	0.02	0.03	0.00	$89,906	75%	APCO	Santa Clara
09R26	Yellow Cab/Clean Energy Finance	(25) Compressed Natural Gas Taxis	$ 75,000	-	0.11	0.19	-	$63,552	74%	APCO	San Francisco
09R28	East Bay Clean Cities Coalition	Clean Air Vehicle Outreach	$ 25,000	9.72	0.01	0.02	-	$60,109	72%	APCO	9 County
09R27	Breathe California for Silicon Valley Clean Cities	Clean Air Vehicle Outreach	$ 25,000	9.72	0.01	0.02	-	$60,109	72%	APCO	9 County
09R29	SF Environment	Clean Air Vehicle Outreach	$ 25,000	18.93	0.12	0.02	-	$52,267	72%	APCO	9 County
09R39	County of Alameda	(40) Electric Vehicle Charge Points	$ 84,760	135.07	0.02	0.03	0.00	$89,355	72%	APCO	Alameda
09R18	County of Santa Clara	(1) Compressed Natural Gas Security Transfer Bus	$ 36,000	20.69	0.06	-	-	$88,383	71%	APCO	Santa Clara
09R33	City of Santa Rosa	(20) Electric Vehicle Charge Points & (14) Plug-in Hybrid Electric Vehicle conversions	$ 45,811	75.74	0.01	0.02	0.00	$85,743	71%	APCO	Sonoma
09R31	City of Palo Alto	(6) Electric Vehicle Charge Points	$ 12,000	20.26	0.00	0.00	0.00	$86,597	68%	APCO	Santa Clara
09R36	County of Sonoma	(30) Electric Vehicle Charge Points & Plug-in Hybrid Electric Vehicle Conversions	$ 81,173	144.17	0.02	0.03	0.00	$78,563	68%	APCO	Sonoma
09R22	Sonoma County Transit	(2) Compressed Natural Gas Transit Buses	$ 80,000	53.18	0.41	-	-	$64,684	67%	APCO	Sonoma
09R19	Livermore Sanitation	(3) Compressed Natural Gas Refuse Trucks	$ 73,497	20.50	0.23	-	-	$64,785	66%	APCO	Alameda
09R23	South SF Scavenger., INC	(4) Compressed Natural Gas Refuse Trucks	$ 80,000	24.87	0.28	-	-	$73,493	62%	APCO	San Mateo
		15 Projects	**$ 858,961**	**971.85**	**1.36**	**0.41**	**0.02**				

AGENDA: 5

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: January 20, 2010

Re: Consideration of Proposed Revisions to Transportation Fund for Clean Air (TFCA) County Program Manager Fund Policies for Fiscal Year (FY) 10/11

RECOMMENDED ACTION:

Consider recommending Board of Directors approve proposed revisions to County Program Manager Fund Policies (Policies) to govern allocation of FY 10/11 TFCA County Program Manager funds.

BACKGROUND

Pursuant to California Health and Safety Code Sections 44241 and 44242, a $4 per vehicle annual surcharge is imposed on all motor vehicles registered within the boundaries of the Air District. By law, 40% of these revenues are distributed to designated Program Managers in each of the nine counties within the Air District's jurisdiction. Each year the Air District's Board is required to adopt policies that maximize cost-effective emissions reductions and public health benefits.

DISCUSSION

On November 25, 2009, Air District staff issued a request for comments on proposed revisions to FY 2010/2011 TFCA Program Manager Policies. By December 28, 2009, seven sets of comments were received. Air District staff met with Program Manager representatives on December 8, 2009, and January 7, 2010, to review and discuss proposed revisions and to address concerns. A listing of comments and responses by the Air District is provided in Attachment C. Attachment A contains the proposed FY 10/11 Policies and Attachment B shows the changes between the proposed policies and the previous year's policies.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. The recommended policy changes have no impact on the Air District's budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen M. Schkolnick
Reviewed by: Damian Breen
Attachments

BOARD-ADOPTED TFCA COUNTY PROGRAM MANAGER FUND POLICIES FOR FY 2010/2011

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. For the purpose of TFCA, "fleet averaging" may not be considered when evaluating surplus emissions.
2. **TFCA Cost-Effectiveness:** Projects must achieve TFCA cost-effectiveness, on an individual project basis, equal to or less than $90,000 of TFCA funds per ton of total of emissions reduced, unless a different value is specified in the policy for that project type. For the purpose of this program, emissions that are calculated include a) reactive organic gases (ROG), b) oxides of nitrogen (NOx), and c) weighted particulate matter 10 microns in diameter and smaller (PM_{10}) emissions reduced ($/ton). Program Manager administrative costs are excluded from the calculation of TFCA cost-effectiveness.
3. **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.
4. **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.
5. **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, vehicle and infrastructure projects, as described in HSC Section 44241(b)7. 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.
6. **Readiness:** A project will be considered for TFCA funding only if it will commence in calendar year 2011or 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 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 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 may only incur costs (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. **Cost of Developing Proposals:** The costs of developing grant applications for TFCA funding are not eligible to be reimbursed with TFCA funds.

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

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.
18. **Reserved.**
19. **Reserved.**
20. **Reserved.**

ELIGIBLE PROJECT CATEGOIRES

21. **Alternative Fuel Light-Duty Vehicles:**

Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight rating (GVWR) of 8,500 lbs. or lighter. Light-duty vehicle types and equipment eligible for funding includes:

A. New hybrid-electric, electric, fuel cell, and CNG/LNG vehicles certified by the CARB as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards.
B. New electric neighborhood vehicles (NEV).
C. CARB emissions compliant vehicle system retrofits that result in reduced petroleum use (e.g., plug-in hybrid systems).

Gasoline and diesel (non-hybrid) vehicles are not eligible for TFCA funding.

Funds are not available for non-fuel system upgrades such as transmission and exhaust systems and should not be included in the incremental cost of the project.

TFCA funds awarded may not exceed incremental cost after all other applicable manufacturer and local/state/federal rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle and/or retrofit and its new conventional vehicle counterpart that meets, but does not exceed, 2010 emissions standards.

22. **Alternative Fuel Medium and Heavy-Duty Service Vehicles (Low-mileage utility trucks in idling service):**

    Eligibility: For TFCA purposes, medium and heavy-duty service vehicles are on-road motor vehicles with a Gross Vehicle Weigh Rating (GVWR) of 14,001 pounds or heavier. This category includes only vehicles in which engine idling is required to perform the primary function (for example, crane or aerial bucket trucks). In order to qualify for this incentive, each new vehicle must be placed into a service route that has a minimum idling time of 520 hours/year, and a minimum mileage of 500 miles/year.

    TFCA funds awarded may not exceed 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 (incremental cost).

    Scrapping Requirements: Project sponsors of heavy-duty clean air vehicles purchased or leased with TFCA funds that have model year 1997 or older heavy-duty diesel vehicles in their fleet are required to scrap one model year 1997 or older heavy-duty diesel vehicle for each new clean air vehicle purchased or leased with TFCA funds. Project sponsors with model year 1998 and newer heavy-duty diesel vehicles in their fleet may, but are not required to, meet this scrapping requirements. Applications that include scrapping components may receive additional credit towards the calculation of the overall cost effectiveness of the project. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

23. **Alternative Fuel Heavy-Duty Vehicles (high mileage):**

    Eligibility: For TFCA purposes, Alternative Fuel Heavy-Duty Vehicles are defined as follows: Light-heavy-duty vehicles (LHDV) are those with a GVWR between 8,501 lbs. and 14,000 lbs, medium-duty vehicles (MDV) are those with a GVWR between 14,001 lbs. and 33,000 lbs., and heavy-duty vehicles (HDV) are those with a GVWR equal to or greater than 33,001 lbs. LHDV, MDV and HDV types and equipment eligible for funding include the following:

    A. New hybrid-electric, electric, and CNG/LNG vehicles certified by the CARB.

    B. CARB emissions compliant vehicle system retrofits that result in reduced petroleum use.

    TFCA funding may not be used to pay for non-fuel system upgrades such as transmission and exhaust systems.

    TFCA funds awarded may not exceed incremental cost after all other applicable manufacturer and local/state rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the vehicle and/or retrofit and its new conventional vehicle counterpart that meets, but does not exceed, 2010 emissions standards.

    Scrapping Requirements: Project sponsors of heavy-duty clean air vehicles purchased or leased with TFCA funds that have model year 1997 or older heavy-duty diesel vehicles in their fleet are required to scrap one model year 1997 or older heavy-duty diesel vehicle for each new vehicle purchased or leased with TFCA funds. Project sponsors with model year 1998 and newer heavy-duty diesel vehicles in their fleet may, but are not required to, meet this scrapping requirement. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

24. **Alternative Fuel Buses:**

Buses are subject to the same Eligibility and Scrapping requirements listed in Policy #21.

For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than fifteen (15) persons, including the driver. A vehicle designed, 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, is also a bus. A vanpool vehicle is not considered a bus.

25. **Alternative Fuel Infrastructure:**

Eligible refueling infrastructure projects include new dispensing facilities, or additional equipment or upgrades and improvements that expand access to existing alternative fuel refueling sites. This includes upgrading or modifying private fueling stations to allow public and/or shared fleet access. Funding may be used to cover the cost of equipment and installation.

TFCA funded refueling infrastructure projects must be available to and accessible by the public. Refueling equipment and infrastructure must be designed, installed and maintained as required by the existing recognized codes and standards and approved by the local/state authority.

Applicants must provide data supporting the demand for the infrastructure (e.g., letters of support from potential users) and plans for maintaining the equipment in the future.

TFCA funding is limited to 50% of the total project cost and may not exceed a maximum award amount of $200,000 per project sponsor.

TFCA funding may not be used to pay for fuel, operation, and maintenance costs.

26. **Reserved.**

27. **Shuttle/Feeder Bus Service:**

Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route to or from a rail station, airport, or ferry terminal. To be eligible, shuttle/feeder bus service schedules must be coordinated with connecting rail or ferry schedules.

Shuttle/feeder bus service applicants must either: a) be a public transit agency or, b) submit 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 service.

All vehicles used in shuttle/feeder bus service must meet the applicable CARB standards for public transit fleets use one of the following types of shuttle/feeder bus vehicles:

A. an alternative fuel vehicle (CNG, liquefied natural gas, propane, electric);

B. a hybrid-electric vehicle;

C. a post-1996 diesel vehicle with a CARB Verified Diesel Emission Control Strategy (e.g., retrofit); or

D. a post-1989 gasoline-fueled vehicle.

Pilot shuttle/feeder bus service projects are required to meet a cost-effectiveness of $125,000/ton during the first two years of operation (see Policy # 3). A pilot project is a defined route that is at least 70% unique and has not previously been funded through TFCA. Applicants must provide data supporting the demand for the service, letters of support from potential users and providers, and plans for financing the service in the future.

28. **Ridesharing Projects:**

    Applications for projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor are not eligible.

29. **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. 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.

30. **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.

31. **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. Only projects with a completed and approved environmental plan may be awarded TFCA funds.

BOARD-ADOPTED TFCA COUNTY PROGRAM MANAGER FUND POLICIES FOR FY 2010/2011

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. For the purpose of TFCA, "fleet averaging" may not be considered when evaluating surplus emissions.

2. **TFCA Cost-Effectiveness:** Projects must achieve TFCA cost-effectiveness, on an individual project basis, equal to or less than $90,000 of TFCA funds per ton of total of emissions reduced, unless a different value is specified in the policy for that project type. For the purpose of this program, emissions that are calculated include a) reactive organic gases (ROG), b) oxides of nitrogen (NOx), and c) weighted particulate matter 10 microns in diameter and smaller (PM_{10}) emissions reduced ($/ton). Program Manager administrative costs are excluded from the calculation of TFCA cost-effectiveness.

3. **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.

4. **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.

5. **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, vehicle and infrastructure projects, as described in HSC Section 44241(b)7. 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.

6. **Readiness:** A project will be considered for TFCA funding only if it will commence in calendar year 2011 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.

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

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

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

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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.

18. **Reserved.**

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20. **Reserved.**

ELIGIBLE PROJECT CATEGOIRES

21. **Alternative Fuel Light-Duty Vehicles:**

Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight rating (GVWR) of 8,500 lbs. or lighter. Light-duty vehicle types and equipment eligible for funding includes:

A. New hybrid-electric, electric, fuel cell, and CNG/LNG vehicles certified by the CARB as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards.

B. New electric neighborhood vehicles (NEV).

C. CARB emissions compliant vehicle system retrofits that result in reduced petroleum use (e.g., plug-in hybrid systems).

Gasoline and diesel (non-hybrid) vehicles are not eligible for TFCA funding.

Funds are not available for non-fuel system upgrades such as transmission and exhaust systems and should not be included in the incremental cost of the project.

TFCA funds awarded may not exceed incremental cost after all other applicable manufacturer and local/state/federal rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle and/or retrofit and its new conventional vehicle counterpart that meets, but does not exceed, 2010 emissions standards.

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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 em ... [1]

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22. Alternative Fuel Medium and Heavy-Duty Service Vehicles (Low-mileage utility trucks in idling service):

Eligibility: For TFCA purposes, medium and heavy-duty service vehicles are on-road motor vehicles with a Gross Vehicle Weigh Rating (GVWR) of 14,001 pounds or heavier. This category includes only vehicles in which engine idling is required to perform the primary function (for example, crane or aerial bucket trucks). In order to qualify for this incentive, each new vehicle must be placed into a service route that has a minimum idling time of 520 hours/year, and a minimum mileage of 500 miles/year.

TFCA funds awarded may not exceed 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 (incremental cost).

Scrapping Requirements: Project sponsors of heavy-duty clean air vehicles purchased or leased with TFCA funds that have model year 1997 or older heavy-duty diesel vehicles in their fleet are required to scrap one model year 1997 or older heavy-duty diesel vehicle for each new clean air vehicle purchased or leased with TFCA funds. Project sponsors with model year 1998 and newer heavy-duty diesel vehicles in their fleet may, but are not required to, meet this scrapping requirements. Applications that include scrapping components may receive additional credit towards the calculation of the overall cost effectiveness of the project. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

23. Alternative Fuel Heavy-Duty Vehicles (high mileage):

Eligibility: For TFCA purposes, Alternative Fuel Heavy-Duty Vehicles are defined as follows: Light-heavy-duty vehicles (LHDV) are those with a GVWR between 8,501 lbs. and 14,000 lbs, medium-duty vehicles (MDV) are those with a GVWR between 14,001 lbs. and 33,000 lbs., and heavy-duty vehicles (HDV) are those with a GVWR equal to or greater than 33,001 lbs. LHDV, MDV and HDV types and equipment eligible for funding include the following:

A. New hybrid-electric, electric, and CNG/LNG vehicles certified by the CARB.

B. CARB emissions compliant vehicle system retrofits that result in reduced petroleum use.

TFCA funding may not be used to pay for non-fuel system upgrades such as transmission and exhaust systems.

TFCA funds awarded may not exceed incremental cost after all other applicable manufacturer and local/state rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the vehicle and/or retrofit and its new conventional vehicle counterpart that meets, but does not exceed, 2010 emissions standards.

Scrapping Requirements: Project sponsors of heavy-duty clean air vehicles purchased or leased with TFCA funds that have model year 1997 or older heavy-duty diesel vehicles in their fleet are required to scrap one model year 1997 or older heavy-duty diesel vehicle for each new vehicle purchased or leased with TFCA funds. Project sponsors with model year 1998 and newer heavy-duty diesel vehicles in their fleet may, but are not required to, meet this scrapping requirement. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

24. **Alternative Fuel Buses:**

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Buses are subject to the same Eligibility and Scrapping requirements listed in Policy #21.

For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than fifteen (15) persons, including the driver. A vehicle designed, 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, is also a bus. A vanpool vehicle is not considered a bus.

25. **Alternative Fuel Infrastructure:**

Eligible refueling infrastructure projects include new dispensing facilities, or additional equipment or upgrades and improvements that expand access to existing alternative fuel refueling sites. This includes upgrading or modifying private fueling stations to allow public and/or shared fleet access. Funding may be used to cover the cost of equipment and installation.

TFCA funded refueling infrastructure projects must be available to and accessible by the public. Refueling equipment and infrastructure must be designed, installed and maintained as required by the existing recognized codes and standards and approved by the local/state authority.

Applicants must provide data supporting the demand for the infrastructure (e.g., letters of support from potential users) and plans for maintaining the equipment in the future.

TFCA funding is limited to 50% of the total project cost and may not exceed a maximum award amount of $200,000 per project sponsor.

TFCA funding may not be used to pay for fuel, operation, and maintenance costs.

26. **Reserved.**

27. **Shuttle/Feeder Bus Service:**

Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route to or from a rail station, airport, or ferry terminal. To be eligible, shuttle/feeder bus service schedules must be coordinated with connecting rail or ferry schedules.

Shuttle/feeder bus service applicants must either: a) be a public transit agency or, b) submit 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 service.

All vehicles used in shuttle/feeder bus service must meet the applicable CARB standards for public transit fleets use one of the following types of shuttle/feeder bus vehicles:

A. an alternative fuel vehicle (CNG, liquefied natural gas, propane, electric);

B. a hybrid-electric vehicle;

C. a post-1996 diesel vehicle with a CARB Verified Diesel Emission Control Strategy (e.g., retrofit); or

D. a post-1989 gasoline-fueled vehicle.

Pilot shuttle/feeder bus service projects are required to meet a cost-effectiveness of $125,000/ton during the first two years of operation (see Policy #3). A pilot project is a defined route that is at

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least 70% unique and has not previously been funded through TFCA. Applicants must provide data supporting the demand for the service, letters of support from potential users and providers, and plans for financing the service in the future.

28. **Ridesharing Projects:**

Applications for projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor are not eligible.

29. **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. 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.

30. **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.

31. **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. Only projects with a completed and approved environmental plan may be awarded TFCA funds.

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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.

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.

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

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.

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:

All control strategies must be verified by CARB to reduce emissions from the relevant engine;

TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the emission control strategy; and

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. 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:

All clean fuels or additives must be approved by CARB to reduce emissions and for use with the relevant engine; and

TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.

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.

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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With the exception of NEV, vehicles must be placed into a service route that has a minimum mileage of 10,000 miles per year.

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	Annual Mileage	
Vehicle Type	**10,000 - 50,000 miles**	**Greater than 50,000 miles**
NEV (exempt from mileage minimum)	$500	
SULEV, PZEV, AT-PZEV	$2000	$3000
ZEV and *retrofits **(*Device to reduce petroleum use)**	$4000	$5000

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Maximum Award Amount (per vehicle):

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Maximum funding is set forth below:

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	Idling Time	
GVWR, lbs	Average 2 - 4 hours/day	Average ≥ 4 hours/day
10,001-33,000	$16,000	$20,000
Greater than 33,000	$25,000	$30,000
Additional funds for scrapping pre-1998 vehicles	+ $4000	+ $4000

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and/or that are listed by the IRS as eligible for a federal tax credit pursuant to the Energy Policy Act of 2005

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Vehicles must be placed into a service route that has a minimum mileage of 15,000 miles per year.

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		15,000 - 40,000 Miles	40,001 - 80,000 Miles
CNG/LNG	MDV	$3,500	$8,000
	HDV	$8,000	$20,000
Hybrid-EV and Retrofits (>15,000 Miles)	LHDV	$10,000	
	MDV	$25,000	
	HDV	$30,000	
Fuel Cell and EV (>15,000 Miles)	LHDV	$20,000	
	MDV	$40,000	
	HDV	$60,000	

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BAAQMD Transportation Fund for Clean Air

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BAAQMD Transportation Fund for Clean Air

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For TFCA Regional Fund eligibility, ridesharing projects must be comprised of riders from at least three Bay Area counties.

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1. Cost-effectiveness for Advanced Technology Demonstration = $500,000/ton; Shuttle/Feeder Bus Service - Pilot = $125,000/ton.

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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.

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Addendum, May 6, 2009; Additional FY2009/2010 Policies (#27 - #31) approved by Air District Board of Directors on May 6, 2009.

SUPPLEMENTAL PROJECT TYPES

Alternative Fuel Light-Duty Vehicles:

Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight rating (GVWR) of 8,500 lbs. or lighter. Light-duty vehicle types and equipment eligible for funding includes:

New hybrid-electric, electric, fuel cell, and CNG/LNG vehicles certified by the CARB as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards.

New electric neighborhood vehicles (NEV).

CARB emissions compliant vehicle system retrofits that result in reduced petroleum use (e.g., plug-in hybrid systems).

With the exception of NEV, vehicles must be placed into a service route that has a minimum mileage of 10,000 miles per year.

Gasoline and diesel (non-hybrid) vehicles are not eligible for TFCA funding.

Funds are not available for non-fuel system upgrades such as transmission and exhaust systems and should not be included in the incremental cost of the project.

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BAAQMD Transportation Fund for Clean Air

Comments Received and Staff Responses to Proposed FY 2010/2011 TFCA Program Manager Policies and Guidance

Commenter and Agency	Comment	Staff Response
Matt Todd, Alameda Co. Congestion Management Agency (ACCMA)	**Policy re. Administrative Costs. "**It is the understanding of the ACCMA that the Air District will be providing additional clarification regarding administrative costs. The ACCMA requests clarification of whether a Program Manager can continue to use the estimated 5% administrative limit as stated in the TFCA Expenditure Plan Application, or adjust the 5% limit for the year after the actual DMV revenues have been received."	Per the TFCA legislation, admin costs are limited to 5% of TFCA funds *received*. The Air District will ensure this requirement is clarified in all materials.
Peter Engel, Contra Costa Transportation Authority (CCTA)	**Policy re: Administrative Costs. "**Please ensure the guidance is clear on the basis for the 5% limit on administrative costs."	Per the TFCA legislation, admin costs are limited to 5% of TFCA funds *received*. The Air District will ensure this requirement is clarified in all materials.
CCTA	**Policy re: Administrative Costs.** "The term "given year" needs to be defined. Is it calendar year? Fiscal year? Is it the two checks we receive from the Air District after the adoption of the years expenditure plan? What constitutes the "given year"?"	Per the TFCA legislation, admin costs are limited to 5% of TFCA funds *received*. The Air District will ensure this requirement is clarified in all materials.
Lynne March, Sonoma County Transportation Authority (SCTA)	**Policy re: Administrative Costs.** Please make clear that the 5% calculation can be applied to the revenue estimate we just received (to be used on the Summary Sheet) –versus a future adjusted amount. Please clarify the changed wording on page 12 from "TFCA funds distributed by" to "TFCA funds received from."	Per the TFCA legislation, admin costs are limited to 5% of TFCA funds *received*. The Air District will ensure this requirement is clarified in all materials.
Amber Crabbe, San Francisco County Transportation Authority (SFCTA)	**Policy re: Alternative Fuel Heavy-Duty Service Vehicles (high mileage). "**The definition of heavy-duty vehicles seem to be defined differently in Policy 22 (GVWR of 10,001 lbs or heavier) and Policy 23 (GVWR of 33,001 lbs or heavier). If the different definitions are due to the difference between the idling and high-mileage vehicle categories, it may be useful to clarify this in the policies or otherwise reconcile the definitions."	Air District staff has revised this policy to clarify and reconcile the definitions.
SFCTA	**Policy re: Alternative Fuel Heavy-Duty Service Vehicles (Low-mileage utility trucks in idling service)/.** "The definition of heavy-duty vehicles seem to be defined differently in Policy 22 (GVWR of 10,001 lbs or heavier) and Policy 23 (GVWR of 33,001 lbs or heavier). If the different definitions are due to the difference between the idling and high-mileage vehicle categories, it may be useful to clarify this in the policies or otherwise reconcile the definitions."	Air District staff has revised this policy to clarify and reconcile the definitions.
CCTA	**Policy re: Alternative Fuel Light-Duty Vehicles. "**Does the term "new" in Section B refer to a specific vehicle model year?"	"New" refers to current engine standard year (e.g. Vehicles purchased in 2010 would have an engine that meets or exceeds 2010 diesel engine standards)

Comments Received and Staff Responses to Proposed FY 2010/2011 TFCA Program Manager Policies and Guidance

Commenter and Agency	Comment	Staff Response
SFCTA	**Policy re: Arterial Management. "**We thank Air District staff for removing its proposed language to restrict the amount of TFCA funds that can be used to fund arterial management projects."	Air District staff has revised this policy to incorporate this suggestion.
Bill Hough, Santa Clara Valley Transportation Authority (SCVTA)	**Policy re: Arterial Management.** Santa Clara VTA staff strongly objects to this new provision [limiting TFCA funding to 25% of total project cost, not to exceed $1 million]. If an arterial signal timing project meets the cost-effectiveness criteria at 100% of project cost, then it should be fundable at 100%. The cost-effectiveness criteria ensure that the grant money is effective in improving air quality/reducing emissions.	Air District staff has revised this policy to incorporate this suggestion.
ACCMA	**Policy re: Authorization for County Program Manager to Proceed.** The ACCMA requests that the Air District remove the language that requires the funding agreement between the Program Manager and the project sponsor be fully executed prior to the sponsor being able to incur project costs.	Air District staff has revised this policy to incorporate this suggestion.
CCTA	**Policy re: Authorization for County Program Manager to Proceed.** "Remove the new requirement that the Program Manager – Project Sponsor Agreement needs to be fully executed prior to the project sponsor incurring costs."	Air District staff has revised this policy to incorporate this suggestion.
ACCMA	**Policy re: Bicycle Projects.** The ACCMA is concerned about change to remove provisions allowing letter indicating that a project will be included in either the CMP or Countywide Bicycle Plan	This policy was revised in order to be consistent with the Health and Safety Code requirement.
CCTA	**Policy re: Bicycle Projects.** "While the regulatory language specifically states the bicycle project must be in the CMP, we believe the letter from the CMA committing to include the project in the next CMP update meets the requirement in spirit. Delaying the project until the CMP is updated will increase the cost on the project."	This policy was revised in order to be consistent with the Health and Safety Code requirement.
Paul Price, Napa County Transportation & Planning Agency (NCTPA)	**Policy re: Bicycle Projects.** NCTPA believes that a letter indicating that the project will be included in either the CMP or the Countywide Bicycle Plan at the next update should suffice. If Policy 29 is not changed it will prevent some very feasible projects from being funded through the TFCA program.	This policy was revised in order to be consistent with the Health and Safety Code requirement.
SCTA	**Policy re: Bicycle Projects.** Concerned about change to remove provisions allowing letter indicating that a project will be included in either the CMP or Countywide Bicycle Plan.	This policy was revised in order to be consistent with the Health and Safety Code requirement.

Comments Received and Staff Responses to Proposed FY 2010/2011 TFCA Program Manager Policies and Guidance

Commenter and Agency	Comment	Staff Response
SFCTA	**Policy re: Bicycle Projects. "**We do not support the removal of the language allowing CMAs to waive the requirement that bicycle projects be included in the CMP if the CMA intends to include the project in the next update. This level of commitment by the CMAs should, as in the past, be considered sufficient, and its inclusion may delay cost-effective projects that are otherwise ready to implement."	This policy was revised in order to be consistent with the Health and Safety Code requirement.
SCVTA	**Policy re: Bicycle Projects-Bicycle Loops. "**This policy says nothing about bicycle loop detectors, but in the chart listing project type codes, code 7h=Other type of bicycle project (e.g., bicycle loop detectors). What is your intention related to bicycle loop detectors?"	Bicycle loop detector projects are eligible.
SCTA	**Policy re: Combined Funds. "**What is the reasoning for excluding clean air vehicle projects from the option of combining funding with the Regional TFCA source?"	Vehicle projects are generally cost-effective at relatively low dollar amounts. In order to minimize administrative costs, these should be funded by either program but not both.
SFCTA	**Policy re: Eligible Recipients.** "We do not support removing the ability of a public entity to apply on behalf of a non-public entity for light-duty vehicle projects."	The policy was revised to reflect that non-public entities are eligible to apply for TFCA funding. The proposed policies include a mechanism for Program Managers to propose cost-effective projects that that do not meet all other Board-adopted policies.
SFCTA	**Policy re: Heavy-Duty Clean Air Vehicles. "**We do not support removing heavy-duty engine repowers from the list of eligible projects, if they can be shown to be cost effective. If the Air District does eliminate this project type's eligibility, we request that Air District staff provide us with information we can give to previous sponsors of these types of projects outlining other available grant opportunities."	Repowers are no longer a viable option because the new engines are oversized and generally do not fit into old vehicle bodies. However, the proposed policies allow program managers to submit projects that meet cost-effectiveness criteria but are otherwise inconsistent with the policies for approval on a case by case basis.
ACCMA	**Policy re: Minimum Grant Amount.** "The ACCMA requests the minimum amount of $10,000 for grant awards be removed from the Policies and request that it be left to the discretion of each county program manager of whether to set a minimum grant amount for their county's program."	Air District staff has revised this policy to incorporate this suggestion.
CCTA	**Policy re: Minimum Grant Amount.** CCTA does not support a minimum grant amount and would like this to be at the discretion of the Program Managers.	Air District staff has revised this policy to incorporate this suggestion.

Comments Received and Staff Responses to Proposed FY 2010/2011 TFCA Program Manager Policies and Guidance

Commenter and Agency	Comment	Staff Response
NCTPA	**Policy re: Minimum Grant Amount. "**NCTPA believes that there should not be a minimum requirement, and that funding amounts should be left to the Program Manager's discretion."	Air District staff has revised this policy to incorporate this suggestion.
SFCTA	**Policy re: Minimum Grant Amount.** "We do not support a prescribed minimum grant award, and request that this be left to the discretion of county program managers for the county program."	Air District staff has revised this policy to incorporate this suggestion.
SCTA	**Policy re: Minimum Grant Amount.** Concerned about policy to require a minimum grant award amount.	Air District staff has revised this policy to incorporate this suggestion.
ACCMA	**Policy re: Smart Growth/Traffic Calming.** The ACCMA requests clarification of "Approved Environmental Plan". We are concerned that this could be interpreted narrowly, effectively disqualifying the majority of this category of project.	This policy was revised to ensure that these projects are completed within 2 years of award of funding as required by the legislation. The proposed policies allow Program Managers to propose, on a case-by-case basis, cost-effective projects that that do not meet all other Board-adopted policies.
SFCTA	**Policy re: Smart Growth/Traffic Calming."** We strongly object to the addition of the policy requiring that smart growth and traffic calming projects have a completed and approved environmental plan to apply for funds and request elimination of this new requirement. Requiring this level of clearance prior to even applying for construction funds would likely prevent us from funding these types of projects altogether."	This policy was revised to ensure that these projects are completed within 2 years of award of funding as required by the legislation. The proposed policies allow Program Managers to propose, on a case-by-case basis, cost-effective projects that that do not meet all other Board-adopted policies.
CCTA	**Policy re: TFCA Cost-Effectiveness.** Should administrative costs be considered in the cost effectiveness of a project?	Project sponsor admin costs are also limited to 5% of the funds awarded and should be included in the evaluation of cost-effectiveness of funds awarded. This policy has been updated to clarify that the cost-effectiveness requirement does not apply to Program Manager admin costs.

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: January 20, 2010

Re: Consideration of accepting approximately $8 million from Year 2 of the California Goods Movement Bond (I-Bond) program for Port Drayage Trucks

RECOMMENDED ACTION

- Staff requests that the Committee recommend that the Board of Directors (Board) accept up to $8 million in funding from Year 2 of the I-Bond to retrofit and replace additional trucks at the Port of Oakland (Port) and authorization for the Executive Officer/APCO to enter into all necessary contracts to expend this funding.

BACKGROUND

Since May of 2009, the Bay Area Air Quality Management District (District) has operated a drayage truck retrofit and replacement program for vehicles visiting the Port of Oakland (Port). This program was funded by a combination of monies: $5 million provided by the Port, $15 million in District funding from the TFCA and Goods Movement Bond (I-Bond) programs, and $2 million from the United States Environmental Protection Agency (USEPA) via the American Resource and Recovery Act (ARRA) Diesel Emissions Reduction Program (DERA).

While the program has been extremely successful in retrofitting and replacing approximately 1,000 trucks at the Port of Oakland, a significant population of vehicles (approximately 1,300) were not addressed by the original $22 million assembled by the Air District. These vehicles are still eligible to operate on Bay Area highways for at least one more year and still represent a significant source of diesel particulate matter (DPM). However, funding has been recently made available as part of the I-Bond program to retrofit and replace a number of these vehicles. As part of this report, staff will update the Committee on the original program, explain the circumstances of the funding that has recently become available and make a recommendation to the Committee.

DISCUSSION

As of December 31, 2009, the original Port truck drayage program had contracted with over 800 truckers to retrofit their vehicles and over 600 of those devices are currently installed and operational. Additionally, staff has contracted for 187 replacement vehicles with port truckers, many of which were scheduled for delivery in December 2009. Currently, invoices for these vehicles are being tallied by staff and more accurate estimates of the current number of vehicles in service will be available at the end of January 2010. This is due to a lag between vehicle retrofit or replacement and invoicing of the Air District. However, what is evident from these figures is that not all of the vehicles for which the Air District has contracts were delivered or retrofitted by the January 1, 2010, deadline imposed by the California Air Resources Board's (ARB) for its drayage truck rule.

In recognition of the fact that there have been significant delays in the production of retrofits, the availability of replacement trucks and the availability of I-Bond funding, ARB has allowed an extension until April 30, 2010 for:

- Individuals with retrofit or replacement truck grant contracts with the Air District
- Individuals who have purchase orders funded privately for retrofits or replacement trucks that have been delayed but can be delivered by April 30, 2010.

In both of these circumstances, truckers meeting these criteria have received extensions to work at California ports until the April 30th, deadline. At present, all of the projects under Air District contracts are proceeding to meet this timeline and it is expected that the majority of retrofits will be completed by February 2010, with replacements being completed by the end of March.

Supplemental Funding

From the outset, the original Port truck retrofit and replacement program did not seek to address every vehicle operating at the Port of Oakland. The number of vehicles targeted by the original program was based on the funding received. This number happened to coincide with estimates given by the Port of Oakland for the number of trucks required to sustain operations at its terminals (approximately 1,600 trucks, 600 of which were to be funded by private industry). This objective has more than been achieved in that the Port has indicated that there are as many as 2,000 compliant vehicles utilizing the "active tag" system required by its terminal operators to allow trucks to access their facilities.

However, at the end of the original program, the Air District issued over 1,300 notifications to applicants due to the fact that the all funding sources had been depleted. In recognition of the fact that many of these vehicles would continue to operate in the Bay Area as in many cases they are compliant with ARB’s on-road regulation for many years to come; members of the Board of Directors Mobile Source and Ad-Hoc Port Emissions Committees requested that staff look into providing additional funding to reduce emissions from these trucks. In order to accommodate this request, staff approached the ARB to seek to transfer $3 million in locomotive funding from Year 1 of the I-Bond program to provide additional funding for these drayage trucks (the locomotive application in question can be funded with Carl Moyer and the applicant has agreed to seek that funding source).

On December 31, 2009, in response to that request, the ARB indicated that it would allow this transfer and offered to provide up to an additional $8 million in funding from Year 2 of the I-Bond program (see Attachment 1) to address all of the approximately 1,300 applicants who had initially applied for the program. If accepted by the Board, this funding could provide up to $5,000 per retrofit device and $50,000 per replacement device for successful applicants under a supplemental program.

Due to the late noticing of this additional funding and a request by the Mayor of Oakland, the Port temporarily suspended its noncompliant drayage truck ban for two weeks (between January 1 and January 18, 2010) to allow applicants interested in receiving this additional funding to contact the Air District. Between January 4 and January 8, 2010, a total of 912 applicants notified in the Air District of their interest in receiving these supplemental funds. Following review of the information submitted Air District staff has identified approximately 786 trucks that can comply with a very narrow set of initial qualification guidelines defined by the ARB for the available funding.

With Board approval of the additional $8 million, staff will follow an expedited timeline to get this funding to these truckers. The timeline to accomplish this will include a number of milestones that will allow truckers to retrofit or replace their equipment by the April 30, 2010, deadline imposed on this program by the ARB. Proposed milestones include:

- Truckers providing documentation showing that they can finance the balance of the retrofit or replacement truck by February 5, 2010.
- Pre-inspection of all vehicles by Air District staff by February 19, 2010.
- Execution of contracts with eligible grantees by February 26, 2010.
- Installation of retrofits filter or acquisition of replacement truck by April 30, 2010.

BUDGET CONSIDERATION / FINANCIAL IMPACT

The supplemental Port Truck Retrofit Program will receive administrative funding from the I-Bond. Staff costs for the administration of the Program will be recommended for inclusion in the FY 2009/2010 budget at an upcoming Budget and Finance Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Damian Breen
Reviewed by: Jean Roggenkamp

Attachment 1: ARB Letter on Supplemental I-Bond Funding

Linda S. Adams
Secretary for Environmental Protection

Air Resources Board

Mary D. Nichols, Chairman
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov

Arnold Schwarzenegger
Governor

January 6, 2010

Mr. Jack P. Broadbent
Executive Officer/Air Pollution Control Officer
Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109

Dear Mr. Broadbent:

The Air Resources Board (ARB or Board) recognizes and appreciates the extraordinary efforts of the Bay Area Air Quality Management District (District) to secure and administer additional grant funding for trucks serving the Port of Oakland to protect nearby communities.

As stated in our December 31, 2009 joint press release, ARB has committed $22 million in Proposition 1B monies for these grants. As allowed by statute, this includes five percent of the project funds for the District's administrative costs. The subset of $11 million in new monies comes from the $3 million that the District requested be transferred from the existing locomotive grant, plus up to $8 million in supplemental funding. ARB is allocating this supplemental funding from bond cash on hand, with payouts to the District based on the level of participation in the new grants.

The $11 million is intended to provide $5,000 towards a particulate filter for the 1,218 trucks owned by truckers who applied and qualified on time under the District's 2008 and 2009 port truck solicitations, but were denied grants when the money ran out. These funds will also provide $50,000 towards the replacement of the 103 trucks owned by truckers who applied and qualified for replacement funding under the District's 2008 solicitation, but did not receive grants. These funds are limited to the universe of the trucks described above.

By January 13, 2010, ARB will provide amended grant agreements to the District for signature to implement the additional funding for port trucks. To date, ARB has made two payments totaling $6 million to the District for this project, and will deliver the next payment of $4 million in January from existing bond proceeds.

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: http://www.arb.ca.gov.

California Environmental Protection Agency

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We will work with the District over the next two weeks to identify the expected level of demand for the $11 million in additional funds based on the number of trucks qualifying for grants and expedite payment to support the District's ability to sign contracts. The remainder of the initial funding for the District to administer these new grants will be available over the next month as well.

We thank the District for its extensive work to help owner-operators and small fleets retrofit or replace their diesel port trucks with cleaner technology, including administration of the grants funded under the Prop. 1B program.

If you have any questions, please contact Ms. Cynthia Marvin, Assistant Division Chief, Planning and Technical Support Division, at (916) 322-7236.

Sincerely,

Original signed by

James N. Goldstene
Executive Officer

cc: Mr. Damian Breen
Director, Strategic Incentives Division
Bay Area Air Quality Management District
939 Ellis Street
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Ms. Cynthia Marvin
Assistant Division Chief
Planning and Technical Support Division