



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  
FEBRUARY 25, 2010  
9:30 A.M.**

**4<sup>TH</sup> 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 JANUARY 28, 2010**

4. **CONSIDERATION OF PROJECTS WITH PROPOSED GRANT AWARDS OVER \$100,000**

**D. Breen/5041**

[dbreen@baaqmd.gov](mailto:dbreen@baaqmd.gov)

*The Committee will consider recommending Board of Directors' approval of Carl Moyer Year 11 projects and TFCA Regional Fund projects requesting grant funding in excess of \$100,000 and authorization for the Executive Officer/APCO to execute Grant Agreements for the recommended projects.*

5. **CONSIDERATION OF AIR DISTRICT PARTICIPATION IN YEAR 12 OF THE CARL MOYER PROGRAM**

**D. Breen/5041**

[dbreen@baaqmd.gov](mailto:dbreen@baaqmd.gov)

*The Committee will consider recommending Board of Directors' approval to authorize the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (CARB) relating to the Air District's receipt of Carl Moyer Program funds for fiscal year 2009-2010 (Program Year 12); allocate \$1.5 million in Mobile Source Incentive Funding to the Agricultural Assistance Program for the upcoming funding cycle; and allocate \$6.5 million in Mobile Source Incentive Funding for projects eligible for funding under the Carl Moyer Program.*

6. **TRANSPORTATION FUND FOR CLEAN AIR (TFCA) COUNTY PROGRAM MANAGER  
AUDIT REPORT**

**D. Breen/5041**  
[dbreen@baaqmd.gov](mailto:dbreen@baaqmd.gov)

*Staff will present the results of TFCA Audit Report #11, an audit of the TFCA County Program Manager Program, including the auditor's findings and recommendations to improve the administration and fiscal management of the TFCA Program.*

7. **CONSIDERATION OF ACCEPTING UP TO \$17.5 MILLION FROM YEAR 1 OF THE  
CALIFORNIA GOODS MOVEMENT BOND PROGRAM FOR ON-ROAD  
TRUCKS**

**D. Breen/5041**  
[dbreen@baaqmd.gov](mailto:dbreen@baaqmd.gov)

*The Committee will consider recommending Board of Directors acceptance of up to \$17.5 million in funding from Year 1 of the California Goods Movement Bond program for the retrofit and replacement of on-road trucks; and authorize the Executive Officer/APCO to execute all contracts and contingencies to expend funding, pending endorsement by the Board of Directors Budget & Finance Committee's recommendation to designate funding from reserves to the FY 2009/10 budget for program administration.*

8. **COMMITTEE MEMBER COMMENTS/OTHER BUSINESS**

*Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2).*

9. **TIME AND PLACE OF NEXT MEETING:**

10. **ADJOURNMENT**

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

**(415) 749-5130  
FAX: (415) 928-8560  
BAAQMD homepage:  
[www.baaqmd.gov](http://www.baaqmd.gov)**

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities notification to the Executive Office should be given at least three working days prior to the date of the meeting so that arrangements can be made accordingly.
- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District's offices at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body. Such writing(s) may also be posted on the District's website ([www.baaqmd.gov](http://www.baaqmd.gov)) at that time.

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

**EXECUTIVE OFFICE:**  
**MONTHLY CALENDAR OF DISTRICT MEETINGS**

**FEBRUARY 2010**

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Executive Committee</b> <i>(At the Call of the Chair)</i>	Monday	22	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets 4<sup>th</sup> Thursday each Month)</i>	Thursday	25	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room

**MARCH 2010**

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i> <b>CANCELLED</b>	Wednesday	3	9:45 a.m.	Board Room
<b>Board of Directors Climate Protection Committee</b> <i>(At the Call of the Chair)</i>	Wednesday	3	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Stationary Source Committee</b> <i>(At the Call of the Chair)</i>	Friday	5	9:30 a.m.	Board Room
<b>Board of Directors Personnel Committee</b> <i>(At the Call of the Chair)</i>	Monday	8	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Advisory Council Regular Meeting and Symposium – CA 2050 GHG Emission Reduction Target – Industrial Sector</b>	Wednesday	10	9:00 a.m. – 12:00 p.m.	Board Room
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	17	9:45 a.m.	Board Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(At the Call of the Chair)</i>	Wednesday	24	1:00 p.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets 4<sup>th</sup> Thursday each Month)</i>	Thursday	25	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Legislative Committee</b> <i>– (At the Call of the Chair)</i>	Monday	29	10:00 a.m.	4 <sup>th</sup> Floor Conf. Room

## APRIL 2010

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	7	9:45 a.m.	Board Room
<b>Board of Directors Stationary Source Committee</b> <i>(At the Call of the Chair)</i>	Monday	12	9:30 a.m.	Board Room
<b>Advisory Council Regular Meeting</b>	Wednesday	14	9:00 a.m. – 11:00 a.m.	Board Room
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	21	9:45 a.m.	Board Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets 4<sup>th</sup> Thursday each Month)</i>	Thursday	22	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(At the Call of the Chair)</i>	Wednesday	28	1:00 p.m.	4 <sup>th</sup> Floor Conf. Room

LH – 2/19/10 (12:00 Noon)

P/Library/Forms/Calendar/Calendar/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Haggerty and Members  
of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: February 19, 2010

Re: Mobile Source Committee Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Mobile Source Committee meeting of January 28, 2010.

DISCUSSION

Attached for your review and approval are the draft minutes of the January 28, 2010 Mobile Source Committee meeting.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared By: Lisa Harper  
Reviewed by: Jennifer Chicconi

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  
Thursday, January 28, 2010  
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 Carole Groom; Directors Tom Bates, Jennifer Hosterman, Carol Klatt, Eric Mar, Nate Miley, and Gayle B. Uilkema

Absent: Director Mark Ross

Also present: Director David Hudson

**Public Comments:** There were no public comments

**Approval of Minutes:** Mobile Source Committee Meeting of December 7, 2009

**Committee Action:** Director Bates made a motion to approve the December 7, 2009 Mobile Source Committee minutes; seconded by Director Miley; carried unanimously without objection.

**Consideration of Carl Moyer and Transportation Fund for Clean Air (TFCA) Regional Fund Projects with Proposed Grant Awards Over \$100,000**

Supervising Environmental Planner Anthony Fournier provided the staff report and a background of the Carl Moyer Program (CMP), Transportation Fund for Clean Air (TFCA) and Mobile Source Incentive Fund (MSIF).

To date, the Board of Directors has allocated approximately \$18 million to 44 projects with grant awards over \$100,000. Staff recommends 6 projects for a total of 10 engines, \$1,097,183 in total awards, which will achieve over 10 tons of lifetime emission reductions. Mr. Fournier presented CMP and TFCA Allocations over \$100,000 by County and percentages.

The Board of Directors allocated \$5 million for Alternative Fuel Vehicle and Infrastructure projects. A call for projects was issued on October 28, 2009 and the Board authorized execution of contracts and amendments for a total proposed award of \$1,627,608 for five projects with individual grant awards over \$100,000, which will achieve approximately 48 tons of criteria pollutants and over 4,244 tons of CO<sub>2</sub>. Mr. Fournier then presented total FY 2009/2010 TFCA alternative fuel funding distribution by county and percentage.

Staff requests the Committee recommend the 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 FY 2009/2010 projects with proposed grant awards over \$100,000 listed on Attachment 3; and 3) Authorize the Executive Officer/APCO to enter into agreements for the recommended Carl Moyer Program Year 11, and TFCA FY 2009/2010 projects.

Director Hosterman made a motion to approve the staff recommendation; Director Klatt seconded the motion.

Committee Comments/Questions:

Chairperson Haggerty referred to the number of funding for sport fishing vessels and questioned the need for outreach and funding of agriculture projects. He confirmed that agriculture projects have increased and are split between agriculture pumps (3%) and agriculture equipment (4%), and that staff expects to see an increase in the Spring.

Director Bates referred to project numbers 11MOY119 and 11MOY129 listed in Attachment 1, questioned the type of business and requested staff provide additional information in the future. Mr. Fournier noted Project Number 11MOY119 is a commercial fishing vessel and Project 11MOY129 is an off-road equipment replacement project. Chairperson Haggerty requested additional outreach also be provided.

Public Comments: None

**Committee Action:** Director Hosterman made a motion to recommend the Board of Directors to approve Carl Moyer Program Year 11 projects with proposed grant awards over \$100,000 listed on Attachment 1; Approve Transportation Fund for Clean Air FY 2009/2010 projects with proposed grant awards over \$100,000 listed on Attachment 3; and Authorize the Executive Officer/APCO to enter into agreements for the recommended Carl Moyer Program Year 11, and TFCA FY 2009/2010 projects; seconded by Director Klatt; carried unanimously without objection.

**Consideration of Transportation Fund for Clean Air (TFCA) County Program Manager Policies and Expenditure Plan Guidance for Fiscal Year 2010/11**

Grants Program Manager, Karen Schkolnick, gave an overview of the Transportation Fund for Clean Air (TFCA) County Program Manager policies and a background on the process used to develop recommended policies. She described a summary of changes, as recommended by staff:

1. Incorporated language in policies to be consistent with Health and Safety Code definitions;
2. Aligned vehicle policies with November 2009 Regional Fund Program updates;
3. Streamlined vehicle and infrastructure policies to provide Program Managers with additional flexibility; and
4. Clarified and incorporated text changes to respond to Program Managers requests for clarification on specific policies.

Staff recommends the Committee recommend the Board of Directors approve proposed revisions to County Program Manager Fund Policies to govern allocation of FY 2010/2011 TFCA County Program Manager funds.

Committee Discussion/Comments:

Chairperson Haggerty requested an explanation of the County Program Manager Fund policy for bicycle projects. Ms. Schkolnick indicated that the District received a lot of input on bicycle facility policies and staff is moving to try to reduce the project useful life for projects, which may

cause the cost effectiveness to appear worse, but in fact, means the District is shepherding the project for a shortened period. She stated that Program Managers have requested keeping it at 20 years and 15 years, which was maintained, as well as language having to do with a requirement that requires all awarded projects for bicycle facilities be included in the County Bicycle Plans or other local plans.

Ms. Schkolnick said originally, the Air District included a provision in the policies to allow there to be some leeway so that County Program Managers could submit a written letter indicating it was their intent to include those when they create the bike plans, which are now all adopted. Staff removed the provision to allow for a letter to substitute actual inclusion of the project in bicycle plans and included the recommendation as outlined in the report.

Chairperson Haggerty voiced interest in providing more funding to actual bicycle lanes/pathways. Ms. Schkolnick explained that the District had \$600,000 available in funding; \$200,000 remains in the Bicycle Facilities Fund. Of the 8 projects selected through the Regional Fund, 2 projects are for bike racks and lockers and the rest are for bikeways. Therefore, the majority of the money is still being dedicated to bikeways.

Director Hosterman noted that the City of Pleasanton recently completed its Bicycle Pedestrian Master Plan and supported funding for bicycle lanes/pathways.

Director Bates cited the need for and confirmed there is available funding for bicycle storage, lockers and racks around BART and other transportation facilities.

Public Comments: None

**Committee Action:** Director Klatt made a motion to recommend Board of Directors' approval of TFCA County Program Manager policies and expenditure plan guidance for the upcoming fiscal year; seconded by Director Hosterman; carried unanimously without objection.

### **Consideration of Accepting Approximately \$8 million from Year 2 of the California Goods Movement Bond (I-Bond) Program for Port Drayage Trucks**

Director of Strategic Incentives, Damian Breen, gave the staff presentation and background on the California Goods Movement Bond (I-Bond) Program for Port Drayage Trucks. He discussed the recent media coverage, described the original program's results, and the status of retrofit and replacement projects to date. He noted that the total number of projects is 992 versus the 1,004 reported to the Board in October of last year, which is due to the fallout of certain projects, and staff is looking at reprogramming eligible dollars for additional projects. Based upon the figures from the Port, 600 vehicles have been retrofitted or replaced by private industry, as well.

He said not all projects were completed January 1, 2010, and he discussed factors such as delays in retrofit device manufacturing and installations and delays in new truck delivery. In recognition of this, the California Air Resources Board (CARB) offered a compliance extension to all grantee trucks until April 30, 2010. CARB also offered the extension to private trucking companies who installed their own devices or replaced trucks prior to January 1<sup>st</sup> but had not received equipment due to scarcities as described.

Mr. Breen said the District is in constant contact with retrofit manufacturers and vendors and is confident that remaining vehicles will meet the April 30<sup>th</sup> deadline. However, a significant subset remains of drayage trucks that were not able to avail themselves of funding, and he discussed the District's response by issuing 1300 letters and informing applicants.

In recognition that vehicles would remain in service in the Bay Area and emissions would equal the amount those reduced in the original program, the Board of Directors and the Ad Hoc Port Committee instructed staff to seek additional funding to reduce emissions from vehicles. In response to this request, staff identified \$3 million in I-Bond funding which had been set aside as part of the first year's program for locomotive projects. Staff recognized these projects could be funded under the Carl Moyer Program. Staff therefore petitioned CARB to re-task this funding to make it available to drayage truck retrofits and replacements. BN&SF Railroad agreed to resubmit their locomotive projects through the Carl Moyer Program.

CARB notified the Air District that it was willing to allow the \$3 million transfer and to make an additional \$8 million in funding available from Year 2 of the I-Bond program. Because the announcement did not come until the eve of the regulatory deadline, a two-week implementation period was allowed until January 18, 2010 for Port truckers to declare their interest in receiving this funding. As part of this implementation, all trucks were able to access the Port during that time. Truckers were also able to complete interest forms up until January 8, 2010 for the new program and at present, there are over 786 truckers that have been determined to be eligible for the new program based upon guidance provided by the CARB.

Mr. Breen said, should the Committee choose to accept the additional \$8 million in funding, staff will proceed which will allow for installation of filters and/or replacement of trucks by the ARB deadline; April 30, 2010. To meet deadlines, truckers must provide proof they can finance the initial cost of the retrofit or replacement truck by February 5, 2010. Following this, the Air District will conduct inspections by February 18<sup>th</sup> that will allow them to remain in compliance and staff will sign contracts with successful applicants by February 28<sup>th</sup>.

Because of air quality benefits, staff is recommending the Committee recommend that the Board accept up to \$8 million in Year 2 California Goods Movement Bond Funding for Port drayage trucks and authorize the Executive Officer/APCO to execute all contracts and agreements necessary to expend this funding.

Committee Discussion/Comments:

Director Miley confirmed with Mr. Breen that the additional funding was being recommended as a result of the meeting he convened at the Port, as well as direction from the Ad Hoc Committee. Mr. Breen concurred and added that District staff has been available at the Port since January 4, 2010 to assist truckers. Staff has also met regularly with the Northern California Trucking Association and West State Trucking to discuss compliance and grant funding.

Director Uilkema requested an explanation of delays in manufacturing and delivery of retrofit devices and installations. Mr. Breen stated that the program has taxed manufacturers and installers; retrofits are manufactured outside of the country which has caused delays; staff is working with manufacturers to resolve problems and the lead time has been reduced. Ms. Roggenkamp reiterated that staff has been in constant contact with manufacturers and installers and the compliance extension by ARB is in response to these delays.

Public Comment:

Cynthia Marvin, California Air Resources Board (CARB), voiced CARB's appreciation for the Board's leadership and willingness to provide resources to help truckers and the community. She commended District staff for their phenomenal job in working with truckers, discussed policies associated with availability of funding, and the use of CARB staff's enforcement discretion to provide incentives during the four month period.

Director Bates confirmed with Ms. Roggenkamp that District staff is ready to finalize all paperwork to provide funding to truckers contingent upon the Board's approval. He also confirmed that the next deadline is 2014 which will impose requirements for a 2007 equivalent or better truck. In moving forward, those trucks that were retrofitted will be looked at being replaced because they will have served their useful life.

Director Bates suggested the District poise itself to implement a buy-local/buy America preference and consider exploring workforce training and/or manufacturing of retrofits and engine replacements.

Chairperson Haggerty questioned if there were projects that will risk losing funding because of the action to fund diesel retrofits. Ms. Roggenkamp replied that there were some eligible projects for second year funding such as shorepower, locomotive projects, other on-road trucks, and marine repowers, which is roughly \$25 million, and staff will still apply to CARB for the balance of Year 2 funding that can go to shorepower.

Mr. Breen pointed out that the Board decided to spend Year 1 funding on drayage trucks, on-road trucks, locomotives and some marine repowers. He said an application would be required to be submitted for Year 2 of the program. At that time staff can return to the Committee with what should be applied for, and he agreed shorepower could be a large part of that.

Director Uilkema noted that the pipelines providing crude oil to refineries in the Bay Area is drying up and refineries are relying more on private ports to deliver crude in larger ships. She questioned if the Air District requires these ports to adhere to the same regulations as is currently in place for the Port of Oakland. Chairperson Haggerty suggested the matter be referred to the Ad Hoc Committee on Port Emissions for discussion.

Director Miley noted that the Port is moving ahead with shorepower as a mechanism and (they) understand the District's eagerness to move quickly. He supported the creation of local jobs for retrofit manufacturing and referred to the NUMMI plant as a potential location for such a manufacturing facility.

Chairperson Haggerty questioned what guarantees were in place to require retrofitted trucks service the Port. Mr. Breen discussed a contract requirement that subjects them to make 150 trips to the Port of Oakland annually. Each truck has an RFID (Radio Frequency Identification) tag controlled by the Port and they must meet certain trip requirements.

Chairperson Haggerty recognized and commended Director Miley for his efforts in meeting with Mayor Dellums, Port of Oakland officials and District staff. He confirmed there was direction to staff to return to the Committee with an analysis regarding development of workforce training and production of retrofit devices and drayage trucks based upon meeting the 2014 deadline; and to refer discussion regarding additional ship movement in refinery-based ports to the Ad Hoc Committee on Port Emissions.

**Committee Action:** Director Uilkema moved to recommend Board of Directors' approval to authorize the Executive Officer/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; Director Hosterman seconded the motion; carried unanimously without objection.

**Committee Member Comments:**

Board Chairperson Wagenknecht recognized the work of Board Committees.

Director Miley acknowledged District staff for attending a meeting held at Alameda County with CARB, the Port and industry representatives on biodiesel and shorepower.

**Next Meeting:** 9:30 a.m., Thursday, February 25, 2010  
939 Ellis Street, 4<sup>th</sup> Floor Conference Room

**Adjournment:** Meeting adjourned at 10:39 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: February 18, 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

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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. Authorize the Executive Officer/APCO to enter into agreements for the recommended Carl Moyer Program Year 11 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 February 10, 2010, the Air District had received 170 CMP grant applications requesting more than \$20 million in incentive funds for potential emission reduction projects. Of the applications that have been evaluated between January 12, 2010, and February 10, 2010, seven eligible projects have individual grant awards over \$100,000. Attachment 1 lists the seven projects that staff recommends be awarded grants for an aggregate of \$1,809,083 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 Yr 11 Projects Greater than \$100,000

<b>Board approval date</b>	<b>Projects approved</b>	<b>Total allocation</b>
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
February 3, 2010	6	\$1,097,183

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 February 10, 2010, and summarizes the allocation of funding by equipment category (Figure 1), and county (Figure 2).

### ***Outreach***

Staff began executing the outreach campaign for the CMP Year 11 project solicitation in November 2008. One of the goals of this effort was to increase awareness of the available funding opportunities with the agricultural community. Staff utilized a variety of outreach tactics to effectively reach the agricultural community including workshops, placing articles, posting information on websites, building relationships with associations and vendors, e-mail blasts to targeted agricultural groups and flyer distribution. A summary of CMP Year 11

agricultural outreach activities conducted by staff between November 2008, and January 2010 are as follows:

- 9 workshops/ presentations to Farm Bureaus, and agricultural associations on funding
- Over 300 notifications sent out to potential applicants, and agricultural organizations
- CMP articles in the Napa, and Santa Clara Farm Bureau newsletters
- Information about agricultural funding placed at equipment vendor locations and distributed at vendor events
- Posting of agricultural funding information on agricultural organizations' websites

The focus on agricultural outreach during CMP Year 11 resulted in an increase in the number of agricultural projects funded. In comparison to the 10 subsequent CMP funding cycles, Year 11 marks the most successful year for agricultural funded projects with 79 engines being replaced. Staff plans to continue this agricultural focus in the next CMP funding cycle and is currently scheduling of speaking engagements at farm bureaus, as well as cattlemen and dairy associations.

**TFCA:**

No TFCA applications requesting individual grant awards over \$100,000 received between January 12, 2010 and February 10, 2010 are being forwarded for approval at this time.

**BUDGET CONSIDERATION / FINANCIAL IMPACT**

None. Through the CMP, MSIF 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 February 10, 2010

## *Attachment 1: BAAQMD Year 11 Carl Moyer Program/ MSIF projects with grant awards greater than \$100k (Evaluated between 1/12/10 and 2/10/10)*

<b>1</b>	<b>Project #:</b> 11MOY36	<b>Applicant Name:</b> Geoff and David Bettencourt	2 engines
<b>Description:</b> Charter fishing vessel engine repower project			

<i>Unit #</i>	<i>Equipment category</i>	<i>Project type</i>	<i>Cost-effectiveness</i>	<i>Proposed award</i>	<i>NOx (TPY)</i>	<i>ROG (TPY)</i>	<i>PM (TPY)</i>	<i>AB1390 Designation</i>
Mariah Lee-main-1	Marine	Repower	\$7,868.86	\$87,458.00	2.379	0.080	0.077	AB1390
Mariah Lee-aux-1	Marine	Repower	\$13,229.95	\$33,736.00	0.224	0.037	0.016	AB1390
<b>Project Totals</b>				\$121,194.00	2.603	0.117	0.093	

<b>2</b>	<b>Project #:</b> 11MOY47	<b>Applicant Name:</b> Harley Marine Services, Inc.	4 engines
<b>Description:</b> Replacement of 2 engines, in 2 tug boats			

<i>Unit #</i>	<i>Equipment category</i>	<i>Project type</i>	<i>Cost-effectiveness</i>	<i>Proposed award</i>	<i>NOx (TPY)</i>	<i>ROG (TPY)</i>	<i>PM (TPY)</i>	<i>AB1390 Designation</i>
Ernest Campbell-main-1	Marine	Repower only	\$15,073.71	\$221,732.00	4.767	-0.005	0.166	AB1390
Ernest Campbell-main-2	Marine	Repower only	\$15,073.71	\$221,732.00	4.767	-0.005	0.166	AB1390
Pacific Falcon-main-1	Marine	Repower only	\$12,295.02	\$225,482.00	7.781	-0.005	0.271	AB1390
Pacific Falcon-main-2	Marine	Repower only	\$12,295.02	\$225,482.00	7.781	-0.005	0.271	AB1390
<b>Project Totals</b>				\$894,428.00	25.096	-0.020	0.874	

<b>3</b>	<b>Project #:</b> 11MOY143	<b>Applicant Name:</b> Trefethen Family Vineyards	12 engines
<b>Description:</b> Replacement of 11 frost protection engines, and the electrification of 1 engine			

<i>Unit #</i>	<i>Equipment category</i>	<i>Project type</i>	<i>Cost-effectiveness</i>	<i>Proposed award</i>	<i>NOx (TPY)</i>	<i>ROG (TPY)</i>	<i>PM (TPY)</i>	<i>AB1390 Designation</i>
142	Agriculture	Repower only	\$14,940.45	\$9,386.00	0.056	0.007	0.002	Not AB1390

135	Agriculture	Repower only	\$14,940.45	\$9,386.00	0.056	0.007	0.002	Not AB1390
132	Agriculture	Repower only	\$14,940.45	\$0.00	0.056	0.007	0.002	Not AB1390
140	Agriculture	Repower only	\$14,940.45	\$9,386.00	0.056	0.007	0.002	Not AB1390
138	Agriculture	Repower only	\$14,940.45	\$9,386.00	0.056	0.007	0.002	Not AB1390
133	Agriculture	Repower only	\$7,611.72	\$43,011.00	1.119	0.120	0.040	Not AB1390
144	Agriculture	Repower only	\$14,940.45	\$9,386.00	0.056	0.007	0.002	Not AB1390
136	Agriculture	Repower only	\$14,940.45	\$9,386.00	0.056	0.007	0.002	Not AB1390
134	Agriculture	Repower only	\$14,940.45	\$9,386.00	0.056	0.007	0.002	Not AB1390
139	Agriculture	Repower only	\$14,940.45	\$9,386.00	0.056	0.007	0.002	Not AB1390
143	Agriculture	Repower only	\$14,940.45	\$0.00	0.056	0.007	0.002	Not AB1390
137	Agriculture	Repower only	\$14,940.45	\$9,386.00	0.056	0.007	0.002	Not AB1390

**Project Totals**      \$127,485.00      1.735      0.197      0.062

**4 Project #: 11MOY149      Applicant Name: Spaletta Ranch      1 engine**  
**Description: Agricultural wheel loader replacement project**

<i>Unit #</i>	<i>Equipment category</i>	<i>Project type</i>	<i>Cost-effectiveness</i>	<i>Proposed award</i>	<i>NOx (TPY)</i>	<i>ROG (TPY)</i>	<i>PM (TPY)</i>	<i>AB1390 Designation</i>
1	Off-Road	Replacement	\$15,998.85	\$106,058.00	0.683	0.117	0.035	Not AB1390
<b>Project Totals</b>				\$106,058.00	0.683	0.117	0.035	

**5 Project #: 11MOY150      Applicant Name: LaFranchi Ranch      1 engine**  
**Description: Agricultural wheel loader replacement project**

<i>Unit #</i>	<i>Equipment category</i>	<i>Project type</i>	<i>Cost-effectiveness</i>	<i>Proposed award</i>	<i>NOx (TPY)</i>	<i>ROG (TPY)</i>	<i>PM (TPY)</i>	<i>AB1390 Designation</i>
1	Off-Road	Replacement	\$15,786.81	\$138,665.00	0.823	0.138	0.051	Not AB1390
<b>Project Totals</b>				\$138,665.00	0.823	0.138	0.051	

6 **Project #: 11MOY151** **Applicant Name:** Austin Creek Aggregates 1 engine

**Description:** Wheel loader replacement project

<i>Unit #</i>	<i>Equipment category</i>	<i>Project type</i>	<i>Cost-effectiveness</i>	<i>Proposed award</i>	<i>NOx (TPY)</i>	<i>ROG (TPY)</i>	<i>PM (TPY)</i>	<i>AB1390 Designation</i>
1	Off-Road	Replacement	\$15,998.93	\$264,978.00	2.175	0.261	0.106	Not AB1390
<b>Project Totals</b>				\$264,978.00	2.175	0.261	0.106	

7 **Project #: 11MOY163** **Applicant Name:** Neal Carstensen dba Custom Tractor Service 2 engines

**Description:** Replacement of 2 agricultural tractors with 1 new tractor

<i>Unit #</i>	<i>Equipment category</i>	<i>Project type</i>	<i>Cost-effectiveness</i>	<i>Proposed award</i>	<i>NOx (TPY)</i>	<i>ROG (TPY)</i>	<i>PM (TPY)</i>	<i>AB1390 Designation</i>
2	Off-Road	Replacement		\$0.00	0.000	0.000	0.000	Not AB1390
1	Off-Road	Replacement	\$15,746.01	\$156,275.00	1.154	0.132	0.047	Not AB1390
<b>Project Totals</b>				\$156,275.00	1.154	0.132	0.047	

<b>Summary:</b>	<i>Projects</i>	<i>Engines</i>	<i>Proposed award</i>	<i>NOx (TPY)</i>	<i>ROG (TPY)</i>	<i>PM (TPY)</i>
	7	23	\$1,809,083.00	34.269	0.942	1.268

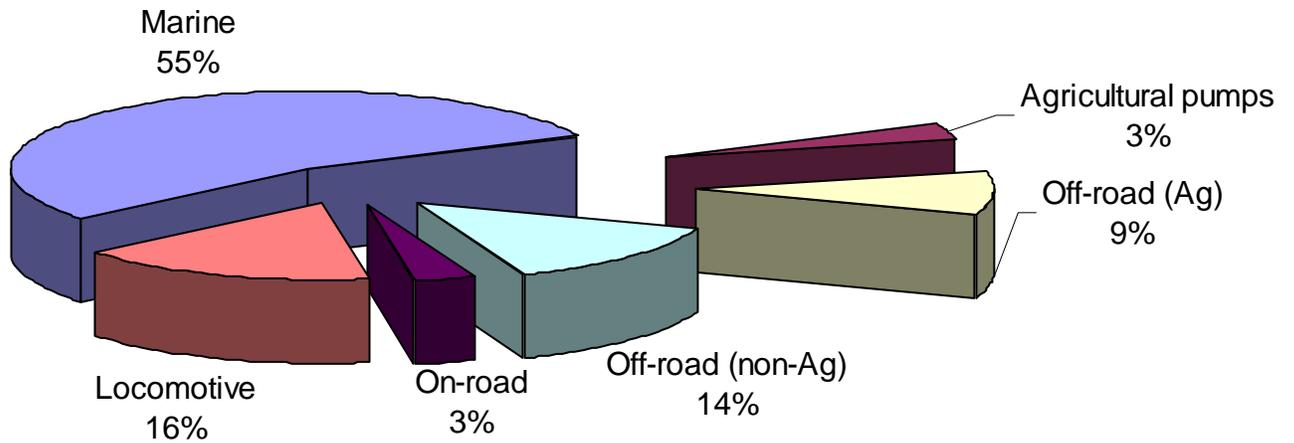
## Attachment 2

### Summary of all CMP Yr 11/ MSIF approved projects (4/15/09 to 2/10/10)

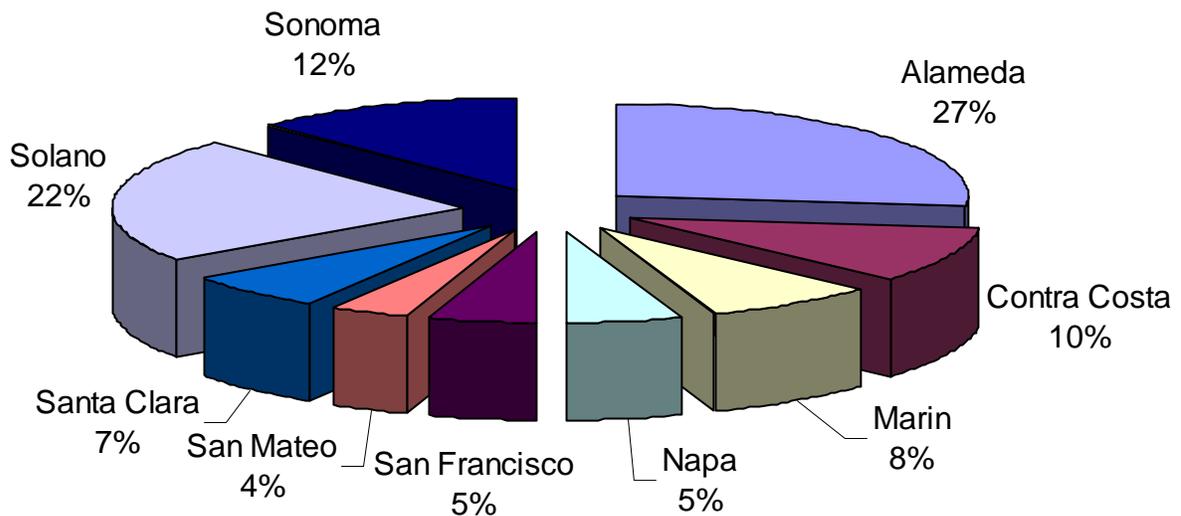
Project #	Equipment category	# of engines	Proposed contract award	Applicant name	NOx (TPY)	ROG (TPY)	PM (TPY)	Board approval date	County
11MOY1	Marine	2	\$274,156.00	Robert S. Tuckey	3.435	0.065	0.101	03-Jun-09	San Mateo
11MOY2	Marine	2	\$149,356.00	Blue and Gold Fleet LP	5.368	0.148	0.178	03-Jun-09	San Francisco
11MOY3	Agriculture	6	\$159,834.00	Gallo Family Vineyards	1.550	0.186	0.052	01-Jul-09	Sonoma, Napa
11MOY5	Marine	2	\$155,330.00	Kelli Dickinson	3.306	0.042	0.114	03-Jun-09	Solano
11MOY6	Marine	2	\$152,088.00	Jacqueline G. Douglas	1.296	-0.014	0.045	03-Jun-09	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	1.454	0.016	0.050	03-Jun-09	San Francisco
11MOY9	Marine	1	\$103,830.00	Erik Anfinson	0.562	-0.004	0.019	03-Jun-09	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	\$227,317.00	Fly Rose Marine, Inc.	2.563	0.101	0.084	01-Jul-09	Santa Clara
11MOY14	Off-road	4	\$215,318.00	Fremont Paving	1.294	0.204	0.101	03-Jun-09	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	03-Jun-09	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	\$74,820.00	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	03-Jun-09	Contra Costa
11MOY26	Marine	2	\$165,898.00	State of California, State Parks Department	1.156	0.026	0.038	01-Jul-09	Marin
11MOY27	Marine	2	\$178,962.00	City and County of San Francisco, San Francisco Police Department	2.253	-0.034	0.079	01-Jul-09	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	01-Jul-09	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	\$121,194.00	Geoff and David Bettencourt	2.603	0.117	0.093	03-Mar-10	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	01-Jul-09	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	01-Jul-09	Sacramento
11MOY46	Marine	3	\$2,068,071.00	APL Maritime Services, Ltd.	22.710	0.810	12.420	01-Jul-09	Alameda
11MOY47	Marine	4	\$894,428.00	Harley Marine Services, Inc.	25.096	-0.020	0.874	3/3/2010	Alameda
11MOY48	Off-Road	1	\$80,767.00	Contra Costa Topsoil, Inc	0.533	0.072	0.027	APCO	Contra Costa
11MOY51	Off-Road	4	\$191,709.00	Stroer & Graff, Inc.	5.007	0.650	0.181	1-Jul-09	Contra Costa
11MOY52	Off-Road	4	\$244,897.00	Salt River Construction Corporation	3.614	0.464	0.126	1-Jul-09	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	Huneus 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	7-Oct-09	Alameda
11MOY64	Off-Road	7	\$154,249.00	Stroer & Graff, Inc.	1.978	0.241	0.064	7-Oct-09	Contra Costa
11MOY65	Marine	2	\$179,896.00	C-Gull II Sportfishing Inc.	2.131	0.000	0.072	7-Oct-09	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
11MOY73	Marine	2	\$203,232.00	Edward Gallia	2.983	0.000	0.101	7-Oct-09	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	7-Oct-09	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	7-Oct-09	San Mateo
11MOY85	Off-Road	1	\$181,207.00	Mission Trail Waste Systems	1.153	0.226	0.078	7-Oct-09	Santa Clara

Project #	Equipment category	# of engines	Proposed contract award	Applicant name	NOx (TPY)	ROG (TPY)	PM (TPY)	Board approval date	County
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
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	18-Nov-09	Sonoma
11MOY107	Locomotive	1	\$879,450.00	California Northern Railroad	3.900	0.379	0.124	18-Nov-09	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	18-Nov-09	San Francisco
11MOY112	Off-Road	2	\$197,994.00	Evergreen Supply	1.582	0.213	0.062	18-Nov-09	Santa Clara
11MOY113	Marine	1	\$89,565.00	S&J Fisheries	0.763	0.021	0.022	APCO	San Mateo
11MOY114	Off-Road	1	\$22,939.00	Mononi Ranches	0.162	0.027	0.009	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	18-Nov-09	Alameda
11MOY117	Off-Road	3	\$288,308.00	Antioch Building Materials	2.905	0.348	0.101	3-Feb-10	Contra Costa
11MOY118	Off-Road	2	\$154,800.00	Marin Sanitary Service	1.794	0.283	0.074	18-Nov-09	Marin
11MOY119	Marine	2	\$130,554.00	James Robertson	1.009	-0.023	0.036	3-Feb-10	Marin
11MOY120	Agriculture	14	\$303,422.00	Sonoma-Cutrer Vineyards	4.009	0.515	0.128	11/18/2009	Sonoma
11MOY121	Marine	1	\$22,064.00	Steve Fitz	0.238	0.003	0.013	APCO	San Mateo
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	Riccoli 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	3-Feb-10	Sonoma
11MOY131	Off-Road	2	\$90,406.00	George Bianchi, Inc.	0.683	0.101	0.034	APCO	Sonoma
11MOY132	Off-Road	1	\$133,675.00	Kilik General Engineering, Inc.	1.127	0.131	0.052	3-Feb-10	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	3-Feb-10	Sonoma
11MOY138	Off-Road	1	\$29,581.00	Albert Mello	0.198	0.036	0.009	APCO	Sonoma
11MOY139	Off-Road	1	\$134,387.00	Mulas Dairy Company	1.001	0.137	0.050	3-Feb-10	Sonoma
11MOY140	Off-Road	1	\$97,738.00	Sonoma Compost	0.971	0.133	0.029	APCO	Sonoma
11MOY141	Marine	1	\$94,895.00	Ted Varena	4.840	0.490	0.120	APCO	Contra Costa
11MOY143	Agriculture	12	\$127,485.00	Trefethen Family Vineyards	1.735	0.197	0.062	3-Mar-10	Napa
11MOY144	Marine	1	\$30,479.00	Mike Holm	0.147	0.004	0.005	APCO	Solano
11MOY145	Off-Road	1	\$34,529.00	Mazzetta Dairy	0.414	0.091	0.026	APCO	Sonoma
11MOY146	Off-Road	1	\$96,225.00	F.A. Maggiore & Sons, LLC	0.772	0.097	0.024	APCO	Contra Costa
11MOY147	Off-Road	2	\$32,667.00	F. Korbel & Bros, Inc	0.201	0.039	0.010	APCO	Sonoma
11MOY148	Off-Road	1	\$78,858.00	Ronald & Robert McClure, Inc.	0.601	0.070	0.022	APCO	Marin
11MOY149	Off-Road	1	\$106,058.00	Spaletta Ranch	0.683	0.117	0.035	3-Mar-10	Sonoma
11MOY150	Off-Road	1	\$138,665.00	LaFranchi Ranch	0.823	0.138	0.051	3-Mar-10	Marin
11MOY151	Off-Road	1	\$264,978.00	Austin Creek Aggregates	2.175	0.261	0.106	3-Mar-10	Sonoma
11MOY152	Off-Road	2	\$62,268.00	Jacobsen Ranches, Inc.	0.475	0.064	0.016	APCO	Sonoma
11MOY153	Agriculture	1	\$18,693.00	Steve MacRostie	-0.013	0.051	0.010	APCO	Sonoma
11MOY155	Off-Road	1	\$35,790.00	Dotti Brothers, LLC	0.216	0.037	0.013	APCO	Sonoma
11MOY157	Marine	2	\$178,720.00	C&W Diving Services	3.130	-0.066	0.112	APCO	Alameda
11MOY160	Off-Road	1	\$29,196.00	Richard Olufs	0.166	0.036	0.010	APCO	Sonoma
11MOY161	Off-Road	2	\$46,374.00	Robert Marsh	0.464	0.110	0.027	APCO	San Mateo
11MOY162	Off-Road	2	\$90,393.00	R. Rossi Co.	0.546	0.096	0.031	APCO	San Mateo
11MOY163	Off-Road	2	\$156,275.00	Neal Carstensen dba Custom Tractor Service	1.154	0.132	0.047	3-Mar-10	Sonoma
11MOY164	Off-Road	1	\$26,020.00	Bianchini, Inc	0.217	0.038	0.013	APCO	Marin
11MOY166	Off-Road	3	\$58,535.00	Kirwan Enterprises dba Geo Dynamics	0.516	0.083	0.020	APCO	Sonoma
11MOY167	Off-Road	1	\$48,800.00	Imhof Tractor Services	0.523	0.104	0.033	APCO	Alameda
11MOY169	Off-Road	1	\$22,065.00	Renati Dairy	0.133	0.023	0.008	APCO	Sonoma
<b>101</b>	<b>Projects</b>	<b>239</b>	<b>\$ 21,972,791.00</b>		<b>374.656</b>	<b>13.263</b>	<b>22.781</b>		

**Figure 1: CMP/ MSIF Funding Distribution by Equipment Category as of 2/10/10**



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



BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Haggerty and  
Members of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: February 18, 2010

Re: Consideration of Air District Participation in Year 12 of the Carl Moyer  
Program

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RECOMMENDED ACTION

Request that the Committee recommend the Board of Directors:

1. Authorize the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (CARB) relating to the Air District's receipt of Carl Moyer Program funds for fiscal year 2009-2010 (Program Year 12).
2. Allocate \$1.5 million in Mobile Source Incentive Funding to the Agricultural Assistance Program for the upcoming funding cycle.
3. Allocate \$6.5 million in Mobile Source Incentive Funding for projects eligible for funding under the Carl Moyer Program.

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.

## DISCUSSION

### **Carl Moyer Program Year 12**

The Air District has submitted an application to ARB requesting \$14.5 million in funding for the implementation of the Year 12 (FY 2009/ 2010) CMP funding cycle. The Air District has also submitted an application to ARB for \$1.5 million in CMP Multi-District funding. Up to 5% of the total funds awarded to the Air District will be used to pay for administrative expenses related to the implementation of the CMP. As part of the application to ARB, the Air District has proposed the commitment of \$2.8 million in matching funds for the Year 12 Carl Moyer Program cycle, and \$1.5 million in match funding for the Multi-District funds. The Air District will provide the required matching funds by allocating local Mobile Source Incentive Funds (MSIF) to eligible emission reduction projects.

The CMP Multi-District funds requested by the Air District must be used for the on-road Voucher Incentive Program (VIP). The VIP funds the replacement of on-road vehicles for fleets that have 1-3 vehicles. The program was first implemented by the Air District during the CMP Year 11 funding cycle, and will continue into the Year 12 cycle.

### **Project Solicitation**

Staff plans to begin accepting CMP Year 12 applications in early April 2010. Project applications will be accepted and evaluated on a first-come, first-served basis until all funds have been allocated. In accordance with the authorization granted to the Executive Officer/APCO on February 4, 2009, projects with individual grant awards up to \$100,000 will be executed by the Executive Officer/ APCO, and reported to the Mobile Source Committee (MSC) on a regular basis. Eligible projects with individual grant awards over \$100,000 will be brought to the MSC for consideration at least quarterly.

ARB requires districts to use the 2008 CMP Guidelines to allocate Year 12 CMP funds. The guidelines require all projects to achieve a cost-effectiveness of \$16,000 or less per ton of reduced emissions (NO<sub>x</sub>, ROG, and weighted PM combined) in order to be eligible to receive funding. Year 12 funding must be obligated to eligible projects by June 30, 2011, and expended by June 30, 2012.

The process used in CMP Year 12 for identifying and prioritizing projects with the most significant exposure (“impacted communities”) will be similar to the process used for CMP Year 11 (FY 2008/ 2009) funding cycle as priority will be given to projects that reduce emissions in the six highest impacted communities: (1) Eastern San Francisco, (2) West Oakland, (3) East Oakland/San Leandro (4) Richmond, (5) San Jose and (6) Concord.

### **Mobile Source Incentive Funds**

Staff requests \$1.5 million in MSIF funds be allocated to Agricultural Assistance projects that will be used to replace stationary agricultural irrigation pump engines. Staff will monitor the interest in this program, and if the demand exceeds the proposed allocation, staff will request additional MSIF funding for these projects. Staff also requests \$6.5

million in MSIF funds be allocated to eligible projects evaluated during the CMP Year 12 funding cycle. These funds will be used to cover the Air District match requirement for the CMP state funds, and will be used to fund additional CMP eligible projects.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. Through the CMP and MSIF 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 Officer/APCO

Prepared by: Anthony Fournier  
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Haggerty and  
Members of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: February 15, 2010

Re: Transportation Fund for Clean Air (TFCA) County Program Manager Audit Report

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RECOMMENDED ACTION

Receive and file the results of TFCA Audit Report #11, an audit of the County Program Managers, including the auditor's findings and recommendations for actions to address financial and administrative issues.

BACKGROUND

California Health and Safety Code Section 44242 requires fiscal auditing of each project or program funded by TFCA. The fiscal audits are to be conducted by an independent auditor selected by the Bay Area Air Quality Management District (Air District).

DISCUSSION

The Air District retained the services of Maze & Associate to conduct the fiscal audits of closed (completed) TFCA County Program Manager Fund projects that were completed as of June 30, 2008. The audits were conducted November 2008 through April 2009. Maze & Associates completed and issued nine audit reports (one for each agency audited) to the Air District and appropriate County Program Manager for review and comment.

The auditor's Summary Report, a compilation of the nine audit reports, is attached and a list of the audited projects is provided in Appendix B of the Audit Summary Report. Each Program Manager was provided an opportunity to respond in writing to the findings; responses are included in the auditor's report. The report contains two exceptions regarding the handling and reporting of administrative funds by one Program Manager, which have been addressed.

The audit provided recommendations for improving the administration and fiscal management of the TFCA Program. These recommendations centered on the two exceptions identified in the report. In response to these exceptions and the auditor's recommendations the District has taken steps to ensure that Program Managers use the proper methodology for determining the maximum allowable administrative costs and has updated guidance, policies and forms. A summary of the Air District's response to the findings, the auditor's recommendations, and the Air District's remediation effort are contained in the report.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. TFCA funds are distributed by the Air District as “pass-through” funds to County Program Managers.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Karen Schkolnick  
Reviewed by: Damian Breen

Attachment 1: Bay Area Air Quality Management District Audit Summary Report

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air (TFCA)  
Program Manager Fund**

For Specified Projects Conducted for the Period from  
July 1, 2006 through June 30, 2008

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**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**  
For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

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# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## AUDIT SUMMARY REPORT

### Transportation Fund for Clean Air Program Manager Fund

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

#### INTRODUCTION

The Bay Area Air Quality Management District (Air District), created by the California Legislature in 1955, is the state's first regional agency dealing with air pollution. The Air District regulates stationary sources of air pollution within the nine San Francisco Bay Area counties in California. The Air District's jurisdiction includes Alameda County, Contra Costa County, Marin County, Napa County, City/County of San Francisco, San Mateo County, Santa Clara County, southern Sonoma County, and south-western Solano County. The primary mission of the Air District is to achieve ambient air quality standards designed to protect the public's health and the environment. The Air District is governed by a 22-member Board of Directors who has the authority to develop and enforce regulations for the control of air pollution within its jurisdiction.

Health and Safety Code Sections 44241 and 44242 authorize a surcharge on the motor vehicle registration fee (surcharge) to be used by the Air District and local governments to fund projects that implement transportation control measures in accordance with the 1988 California Clean Air Act and the Bay Area 2005 Ozone Strategy. These measures are designed specifically to reduce air pollution from motor vehicle usage. The Department of Motor Vehicles collects the surcharge and subvenes the amount to the Air District.

The Air District administers these funds through the Transportation Fund for Clean Air (TFCA) Program. Under the TFCA Program, money is allocated to two funds: (1) 60% of the total TFCA funds is placed in a Regional Fund for distribution by the Air District and (2) 40% is placed in the Program Manager Fund and allocated to designated agencies (known as program managers). Program managers are responsible for allocating funds to eligible project sponsors within a specific geographic area. Allowable projects under Health and Safety Code Section 44241 include the following:

- Ridesharing programs
- Purchase or lease of clean fuel buses for school and transit operators
- Feeder or shuttle bus service to rail and ferry stations and airports
- Arterial traffic management
- Demonstrations in congestion pricing of highways, bridges and public transit
- Rail-bus integration and regional transit information systems
- Low-emission vehicle based projects
- Bicycle facility improvement projects
- Physical improvements that support "Smart Growth" projects

State law requires that any agency receiving TFCA funding be subject, at least once every two years, to an audit of each funded project. California Health and Safety Code Section 44242 provides legal compliance guidelines for the Air District to follow if revenues were not spent appropriately or if funded projects did not result in emission reductions.

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## AUDIT SUMMARY REPORT

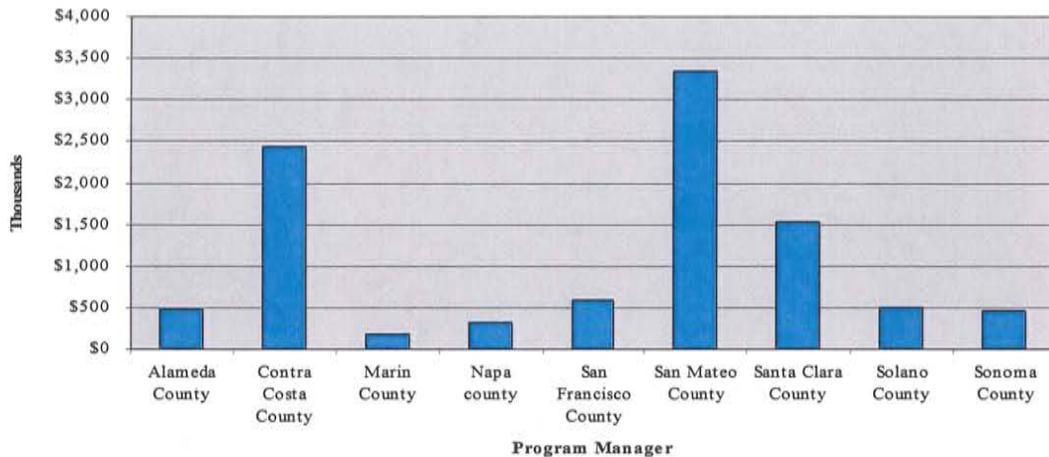
### Transportation Fund for Clean Air Program Manager Fund

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

#### INTRODUCTION (Continued)

The Air District retained the firm of Maze and Associates, Certified Public Accountants, to conduct financial and compliance audits of specified projects using the Program Manager Fund (40% fund) conducted for the period from July 1, 2006 through June 30, 2008. The graph below reports the amount of TFCA Funds allocated to each of the individual Program Managers for projects that closed during the period from July 1, 2006 through June 30, 2008. These audits were performed during the period of November 2008 through April 2009. A list of audited projects is provided in Attachment B.

**Total Funds Allocated by Program Manager for Specified Projects  
Conducted for the period from July 1, 2006 through June 30, 2008**



#### AUDIT PROCESS

The audits were designed to address numerous financial and compliance objectives. However, the principal objective of the audits was to determine whether TFCA revenues provided by the Air District were used to implement projects to reduce air pollution as stipulated in the funding agreements between the Air District and the Congestion Management Agency. The auditors developed audit procedures specifically designed for TFCA financial and compliance requirements. The approach is briefly described below:

##### *Auditing Standards and Scope*

The audits were performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. The expenditures under audit were TFCA expenditures, incurred by the Program Managers in the Air District's jurisdiction, related to projects with funding allocated during the period July 1, 2006 to June 30, 2008, and had been reported closed as of June 30, 2008. A list of the audited projects is provided in Attachment B.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

**AUDIT PROCESS (Continued)**

*Compliance Auditing Procedures*

The compliance audits were performed in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The principal focus of the compliance audits was to ensure that TFCA revenues were used in accordance with the requirements outlined in the Health and Safety Code and individual funding agreements. In the individual Program Manager Fund audits, a report entitled "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of a Financial Schedule Performed in Accordance with *Government Auditing Standards* and Requirements of Section 44241 of the California Health and Safety Code" was issued for each Program Manager to provide specific assurance that the Program Manager did or did not comply with the Health and Safety Code. Each of the nine program managers audited received an unqualified opinion.

**CURRENT PERIOD AUDIT RESULTS BY PROGRAM MANAGER**

A summary of audit exceptions is provided below. For additional details, please contact the Air District's auditor: Katherine Yuen, Maze & Associates at 925-930-0902.

**NAPA COUNTY**

**2008-1:**

*Criteria:*

In Attachment A Funding Agreement, (06-NAP) between the Bay Area Air Quality Management District and the Agency states that the maximum allowed administration costs covered under this Agreement is \$5,000. The Agency should not charge more than the allotted amount to the TFCA program funded by this Agreement.

*Condition:*

According to the Agency's general ledger, the amount of \$5,913.44 of administration costs charged to Funding Agreement (06-NAP) for the TFCA program; exceeded the amount allowed by the agreement by \$913.44.

*Effect:*

The Agency is out of compliance with this requirement stated in the Funding Agreement (06-NAP).

*Cause:*

We were informed that the Agency staff records on their time sheet each week actual time spent administering the TFCA Program. The total accumulated amount spent each month is then drawn down from the TFCA account.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

**CURRENT PERIOD AUDIT RESULTS BY PROGRAM MANAGER (Continued)**

**NAPA COUNTY (Continued)**

***Recommendation:***

Before expenses are charged to the TFCA programs, the Agency should review all the Funding Agreements in detail to ensure that actual charges do not exceed allowable amounts.

***Napa County Program Manager Management Response:***

The Agency was made aware of this situation during the time of this audit that it had inadvertently over drawn \$913.44 in excess for Project 06NAP00. The Agency will be taking the measures necessary to correct this matter. Action was delayed at the time (March 2009) primarily because the Agency was undergoing its external audit and its end-of-year closing for FY 2007-2008 with the Agency Board accepting final audited report at its Board meeting in April 2009. The Agency has initiated the actions necessary to restore these funds back into the TFCA account and will include a copy of that transaction in the project folder. In addition, the Agency will be taking the necessary internal controls to ensure that the Agency caps the charges to the funding limits set forth in the Funding Agreement including any associated Amendments to that Funding Agreement.

**2008-2:**

***Criteria:***

Annually, the Agency submits a report for each Funding Agreement to the Air District itemizing (a) the expenditures of the funds, (b) progress to date in the implementation of each funded project or projects, and (c) the results of the monitoring of the performance of the project or projects....”

***Condition:***

In review of the Annual Report related to the Funding Agreement (07NAP) for fiscal year 2007-08, the Agency reported the approved maximum amount of \$9,679 for project 07NAP00, Program Administration. According to the Amendment No. 1 to the Funding Agreement (07NAP), the amended amount should be \$5,979.50.

***Effect:***

The amended amount for Project #07NAP00 was overstated on the Annual Report.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

**CURRENT PERIOD AUDIT RESULTS BY PROGRAM MANAGER (Continued)**

***Cause:***

The amount stated in the original fully executed Funding Agreement 07NAP approved the amount for administration at \$9,679.00 and left \$115,321.00 unallocated. Amendment No. 1 to 07NAP reprogrammed the available funds and it was at that time that the administration for FY 2007-2008 was adjusted to correct an error in the calculation since it originally took into account all available funds rather than the DMV revenues to be spent on FY 2007-2008. This adjustment was not specifically called out in the transmittal of the fully executed Amendment No. 1 to the Agency.

***Recommendation:***

Prior to submittal of the Annual Report, the Agency should compare data with the Funding Agreements for accuracy.

***Napa County Program Manager Management Response:***

The Agency was made aware of this fact during the time of this audit. Fortunately, as a result of becoming an independent agency on July 1, 2008, the Agency is now directly managing its own finances. To date the Agency has only drawn down \$1,542.90 for Project 07NAP00 and was waiting for the completion of their external audit and the end-of-year closing in March 2009 before processing the remainder of \$4,436.60. The Agency is in the process of developing a tracking and monitoring system to ensure that the Agency is in compliance as we continue to administer this program.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

**RECOMMENDATION TO THE AIR DISTRICT**

**2008-1**

According to Section 44233 of the Health and Safety Code, “not more than 5 percent of the fees distributed to any district.....or distributed by a district to any other public agency pursuant to this chapter, shall be used by the district or other public agency for administrative costs.” In addition, Section II Item (7) of the Funding Agreements under this audit requires the Program Managers, “To limit administrative costs in the handling of these funds to no more than five (5) percent of the funds received.”

Also included on each of the Funding Agreements under this audit was Attachment A which shows summary information of the program. Item (6) of Attachment A shows an amount of “Total TFCA funds budgeted for administration.” This amount was calculated, by the District, by taking five percent of “Total new TFCA funds”, which was a combination of current year estimated TFCA revenue and an adjustment between prior year estimated and actual revenues.

During our audit of the nine Program Managers, we noticed that different Program Managers have different interpretations on the above requirement. Some adhered to the language stated on Section II Item (7) of the Funding Agreements; while others adhered to the amounts stated on Attachment A.

In order to provide consistency and ensure that the Funding Managers are in compliances with the applicable regulations, we recommend the District communicate to the Funding Managers in writing the proper methodology for applying the 5 percent administrative cost limitation.

***District’s Response:***

The Air District has taken steps to ensure that Program Managers use the proper methodology for determining maximum allowable administrative costs.

The proper methodology limits administrative costs to five percent of funds received on a per-year basis. On the other hand, the administrative cost line item on Attachment A of the funding agreement is only an *estimate* of the maximum administrative costs, not a limitation on those costs.

The Air District has revised the forms used for estimating expenditures to clarify this point, and is ensuring that all guidance, funding agreements and attachments, and communications are consistent regarding the proper methodology for limiting administrative costs.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

**ATTACHMENTS**

**ATTACHMENT A**

*California Health and Safety Code Section 44241*

**44241.**

(a) Fee revenues generated under this chapter in the bay district shall be subvended to the bay district by the Department of Motor Vehicles after deducting its administrative costs pursuant to Section 44229.

(b) Fee revenues generated under this chapter shall be allocated by the bay district to implement the following mobile source and transportation control projects and programs that are included in the plan adopted pursuant to Sections 40233, 40717, and 40919: (1) The implementation of ridesharing programs. (2) The purchase or lease of clean fuel buses for school districts and transit operators. (3) The provision of local feeder bus or shuttle service to rail and ferry stations and to airports. (4) Implementation and maintenance of local arterial traffic management, including, but not limited to, signal timing, transit signal preemption, bus stop relocation and "smart streets." (5) Implementation of rail-bus integration and regional transit information systems. (6) Implementation of demonstration projects in telecommuting and in congestion pricing of highways, bridges, and public transit. No funds expended pursuant to this paragraph for telecommuting projects shall be used for the purchase of personal computing equipment for an individual's home use. (7) Implementation of vehicle-based projects to reduce mobile source emissions, including, but not limited to, engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations. (8) Implementation of a smoking vehicles program. (9) Implementation of an automobile buy-back scrappage program operated by a governmental agency. (10) Implementation of bicycle facility improvement projects that are included in an adopted countywide bicycle plan or congestion management program. (11) The design and construction by local public agencies of physical improvements that support development projects that achieve motor vehicle emission reductions. The projects and the physical improvements shall be identified in an approved area-specific plan, redevelopment plan, general plan, or other similar plan.

(c) (1) Fee revenue generated under this chapter shall be allocated by the bay district for projects and programs specified in subdivision (b) to cities, counties, the Metropolitan Transportation Commission, transit districts, or any other public agency responsible for implementing one or more of the specified projects or programs. Fee revenue generated under this chapter may also be allocated by the bay district for projects and programs specified in paragraph (7) of subdivision (b) to entities that include, but are not limited to, public agencies, consistent with applicable policies adopted by the governing board of the bay district. Those policies shall include, but are not limited to, requirements for cost-sharing for projects subject to the policies. Fee revenues shall not be used for any planning activities that are not directly related to the implementation of a specific project or program. (2) The bay district shall adopt cost-effectiveness criteria for fee revenue generated under this chapter that projects and programs are required to meet. The cost-effectiveness criteria shall maximize emissions reductions and public health benefits.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

**ATTACHMENT A (Continued)**

(d) Not less than 40 percent of fee revenues shall be allocated to the entity or entities designated pursuant to subdivision (e) for projects and programs in each county within the bay district based upon the county's proportionate share of fee-paid vehicle registration.

(e) In each county, one or more entities may be designated as the overall program manager for the county by resolutions adopted by the county board of supervisors and the city councils of a majority of the cities representing a majority of the population in the incorporated area of the county. The resolution shall specify the terms and conditions for the expenditure of funds. The entities so designated shall be allocated the funds pursuant to subdivision (d) in accordance with the terms and conditions of the resolution.

(f) Any county, or entity designated pursuant to subdivision (e), that receives funds pursuant to this section, at least once a year, shall hold one or more public meetings for the purpose of adopting criteria for expenditure of the funds and to review the expenditure of revenues received pursuant to this section by any designated entity. If any county or entity designated pursuant to subdivision (e) that receives funds pursuant to this section has not allocated all of those funds within six months of the date of the formal approval of its expenditure plan by the bay district, the bay district shall allocate the unallocated funds in accordance with subdivision (c).

**44241.5.**

The bay district board shall hold an annual public hearing to review the expenditure of revenues received by the bay district pursuant to Section **44241** to determine their effectiveness in improving air quality.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

**ATTACHMENT B**

*List of Audited Projects*

**Alameda Project List 2008**

<b>Sponsor Project Description</b>	<b>Project Number</b>	<b>TFCA Allocation (Final)</b>
<b>City of Berkeley</b>		
Citywide Bicycle Parking Program	05ALA02	\$25,000
<b>Alameda County CMA</b>		
Program Administration Cost	05ALA00	33,840
Program Administration Cost	06ALA00	7,500
Program Administration Cost	07ALA00	53,307
<b>City of Livermore</b>		
Arroyo Mocho Multiuse Trail Extension	05ALA03	86,803
<b>City of Union City</b>		
Compressed Natural Gas Facility Improvements	05ALA05	120,000
<b>County of Alameda</b>		
Guaranteed Ride Home Program	06ALA01	<u>150,000</u>
<b>Total</b>		<u><u>\$476,450</u></u>

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## AUDIT SUMMARY REPORT

### Transportation Fund for Clean Air Program Manager Fund

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

#### ATTACHMENT B (Continued)

#### Contra Costa Project List 2008

<b>Sponsor</b>	<b>Project</b>	<b>Allocation</b>
<b>Project Description</b>	<b>Number</b>	<b>(Final)</b>
<b>Central Contra Costa Transit Authority</b>		
Program Administration Cost	05CC00	\$66,243
Program Administration Cost	06CC00	67,812
Program Administration Cost	07CC00	68,029
<b>City of San Ramon/Southwest Area Transportation</b>		
South County Employer Network	05CC04	30,000
South County Carpool to School Program	05CC05	36,450
Countywide Vanpool Incentive Program	05CC06	70,000
<b>City of Lafayette</b>		
Lamorinda School Bus Program - 17 school busses	05CC02	50,000
Lamorinda School Bus Program	06CC12	50,000
<b>ECCTA dba Tri Delta Transit</b>		
PuriNOx Alternative Fuel	05CC03	53,798
<b>TRANSPAC/City of Pleasant Hill</b>		
Bicycle Rack Project - Central/East Contra Costa	05CC08	24,881
Countywide Carpool Incentive Program	05CC09	174,994
Central/East County Employer Outreach Program	05CC10	119,972
SchoolPool Program	05CC11	203,993
Countywide Transit Incentive Program	05CC12	188,497
Central/East County Employer Outreach Program	06CC05	207,500
Countywide Carpool Incentive Program	06CC06	195,500
Countywide Transit Incentive Program	06CC07	466,113
<b>WCCTAC</b>		
Bay Trail Gap Closure - Richmond Parkway	05CC13	38,693
Employer Based Trip Reduction Program	05CC14	89,000
Countywide Guaranteed Ride Home Program	05CC15	150,000
i-80 Corridor Transit Incentive Program	05CC16	66,000
Class 1 Bike Lane - Montalvin Manor/Tara Hills	05CC17	20,000
<b>Total</b>		<u>\$2,437,475</u>

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

**ATTACHMENT B (Continued)**

**Marin Project List 2008**

<b>Sponsor</b>	<b>Project</b>	<b>Project</b>
<b>Project Description</b>	<b>Number</b>	<b>Allocation</b>
		<b>(Final)</b>
<b>Transportation Authority of Marin</b>		
Program Administration	05MAR00	\$18,108
Program Administration	06MAR00	17,912
Program Administration	07MAR00	18,152
<b>Golden Gate Bridge, Highway, &amp; Trans. District</b>		
Bike Racks on Golden Gate Transit	05MAR02	60,000
<b>Marin County</b>		
Video Conferencing Network	05MAR03	67,243
<b>Total</b>		<u><u>\$181,415</u></u>

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

**ATTACHMENT B (Continued)**

**Napa Project List 2008**

<b>Sponsor</b>	<b>Project</b>	<b>Project</b>
<b>Project Description</b>	<b>Number</b>	<b>Allocation</b>
		<b>(Final)</b>
<b>City of Napa</b>		
Seminary Bike Boulevard	05NAP02	\$12,000
<b>County of Napa</b>		
Conn Creek Class II Bicycle Lane	05NAP01	165,000
Bike Lockers	06NAP06	4,491
<b>Napa County Transportation Planning Agency</b>		
Program Administration Cost	05NAP00	4,370
Program Administration Cost	06NAP00	5,000
Transit Bus Particulate Filters	06NAP04	38,000
Program Administration Cost	07NAP00	5,971
<b>City of American Canyon</b>		
Wetlands Edge Bikeway Extension	06NAP01	<u>86,000</u>
<b>Total:</b>		<u><u>\$320,832</u></u>

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

**ATTACHMENT B (Continued)**

**San Francisco Project List 2008**

<b>Sponsor</b>	<b>Project</b>	<b>TFCA</b>
<b>Project Description</b>	<b>Number</b>	<b>Allocation</b>
		<b>(Final)</b>
<b>Bart</b>		
Embarcadero Bikestation O&M	05SF01	\$37,000
UCSF Mission Bay Transit Shuttle	05SF12	71,000
UCSF Mission Bay Bicycle Parking	05SF13	42,496
<b>County of San Francisco</b>		
Bicycles for Gardeners	05SF02	14,745
Commuter Benefits Program	05SF04	125,293
Clean Air Vehicle Replacement	05SF05	105,000
Telecommuting Program	05SF06	50,000
CCSF Fleet Bicycle Program	06SF02	18,140
<b>Presidio Trust</b>		
Lockers	05SF11	19,829
<b>San Francisco County Transportation Agency</b>		
Program Administration	05SF00	36,555
Program Administration	06SF00	26,936
Program Administration	07SF00	<u>36,588</u>
<b>Total</b>		<u><u>\$583,582</u></u>

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

**ATTACHMENT B (Continued)**

**San Mateo Project List 2008**

<b>Sponsor Project Description</b>	<b>Project Number</b>	<b>TFCA Allocation (Final)</b>
<b>C/CAG</b>		
Program Administration	05SM00	\$16,317
TFCA FY 2006-2007 Program Management	06SM00	31,661
TFCA FY 2006-2007 Program Management	07SM00	49,099
<b>City of Menlo Park</b>		
Menlo Park Mid-day & Shoppers' Shuttle	05SM01	40,000
Menlo Park Mid-day & Shoppers' Shuttle	06SM01	45,000
<b>Peninsula Congestion Relief Alliance</b>		
TDM/TSM Program	05SM02	143,333
TDM/TSM Program	05SM02	286,667
TDM/TSM Program	06SM02	75,000
TDM/TSM Program	06SM02	375,000
TDM/TSM Program	07SM02	453,000
<b>SamTrans Shuttle Bus Program</b>		
SamTrans Shuttle Bus Service	05SM03	605,000
SamTrans Shuttle Bus Service	06SM03	638,000
SamTrans Shuttle Bus Service	07SM03	576,000
<b>Total</b>		<u><u>\$3,334,077</u></u>

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**

For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

**ATTACHMENT B (Continued)**

**Santa Clara Project List 2008**

<b>Sponsor</b>	<b>Project</b>	<b>Project</b>
<b>Project Description</b>	<b>Number</b>	<b>Allocation</b>
		<b>(Final)</b>
<b>City of Los Altos</b>		
Citywide Bicycle Racks Installation	06SC04	\$17,250
<b>City of San Jose</b>		
On-Street Bicycle Racks	06SC08	40,000
<b>City of Sunnyvale</b>		
Mathilda Avenue Adaptive Traffic Signal Project	06SC03	175,905
Multimodel Station Bike Parking	06SC02	11,000
<b>County of Santa Clara</b>		
Lawrence Expressway Weekend Signal Timing	06SC06	45,000
San Tomas Expressway Traffic Signal Controller Assembles	06SC07	90,000
<b>Santa Clara Valley Transportation Authority</b>		
Program Administration Cost	05SC00	40,020
VTA Light Rail Shuttle program	05SC03	485,000
Program Administration Cost	06SC00	81,956
VTA Light Rail Shuttle program	06SC01	485,000
Program Administration Cost	07SC00	<u>51,979</u>
<b>Total</b>		<u><u>\$1,523,110</u></u>

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**  
For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

**ATTACHMENT B (Continued)**

**Solano Project List 2008**

<b>Sponsor Project Description</b>	<b>Project Number</b>	<b>TFCA Allocation (Final)</b>
<b>Solano/Napa Commuter Information</b>		
Ridesharing/Trip Reduction Program	05SOL01	\$195,000
Transit and Bicycle Service and Outreach	06SOL03	210,000
<b>City of Benicia</b>		
Diesel Retrofit Devices for Benicia Busses	07SOL01	10,000
Shuttle Service: Benicia Industrial Park to Vallejo Ferry Terminal	06SOL02	29,325
<b>City of Fairfield</b>		
Fairfield/Suisun Transit Bicycle Racks	07SOL02	13,120
<b>Solano Transportation Authority</b>		
Solano Transportation Authority	05SOL00	15,861
Solano Transportation Authority	06SOL00	15,986
Solano Transportation Authority	07SOL00	<u>16,272</u>
<b>Total</b>		<u><u>505,564</u></u>

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**AUDIT SUMMARY REPORT**

**Transportation Fund for Clean Air Program Manager Fund**  
For Specified Projects Conducted from the Period of July 1, 2006 through June 30, 2008

**ATTACHMENT B (Continued)**

**Sonoma Project List 2008**

<b>Sponsor</b>	<b>Project</b>	<b>TFCA</b>
<b>Project Description</b>	<b>Number</b>	<b>Allocation</b>
		<b>Final</b>
<b>Sonoma County Transit</b>		
Cotati Intermodal Facility/Park & Ride	05SON03	\$9,695
Transit Marketing Program	05SON04	90,398
<b>Sonoma County Transportation Authority</b>		
Program Administration Cost	05SON00	27,127
Program Administration Cost	06SON00	29,449
Program Administration Cost	07SON00	27,174
<b>City of Sebastopol</b>		
Railroad Forest Bike Path	05SON05	55,451
One Hybrid Light Duty Vehicle	06SON09	2,000
<b>City of Santa Rosa</b>		
FY 2005-06 Voluntary Trip Reduction Program	05SON06	140,000
FY 2005-06 Student Bus Pass Subsidy	05SON08	<u>86,181</u>
<b>Total</b>		<u><u>\$467,475</u></u>

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BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Haggerty and  
Members of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: February 17, 2010

Re: Consideration of accepting up to \$17.5 million from Year 1 of the  
California Goods Movement Bond program for on-road trucks

RECOMMENDED ACTION

Staff is requesting that the Committee recommend to the Board of Directors:

- Approval of accepting up to \$17.5 million in California Goods Movement Bond funding and authorization for the Executive Officer/APCO to execute all contracts and contingencies to expend this funding pending endorsement by the Board of Directors (Board) Budget and Finance Committee.

BACKGROUND

In November 2006, California voters authorized the Legislature to appropriate \$1 billion in bond funding to the California Air Resources Board (ARB) to quickly reduce air pollution emissions and health risk from freight movement along California’s priority trade corridors. On February 28, 2008, ARB approved an allocation of \$140 million from projected bond sales to the Bay Area trade corridor (\$35 million per year over the next four years.)

Under the guidelines for the program, the Bay Area Air Quality Management District (District) submitted an application to ARB on April 4, 2008, for the first year of program funding (\$31.1 million - less an early grant amount (\$3.4 million) and administrative costs). ARB staff accepted the District’s application and funding was approved by the ARB Board of Directors on May 22, 2008.

**Table 1 -Summary of Projects and Funding Requested as Part of I-Bond Application**

Project Type	Funding requested
Trucks at Ports and Intermodal railyards*	\$6.3 million
Other Goods movement trucks*	\$17.4 million
Locomotives	\$3.1 million
Marine harbor craft	\$4.3 million
*retrofits and replacements	
<b>Total</b>	<b>\$31.1 million</b>

Since that time, the ARB and the State of California have experienced significant difficulties in providing the Air District with the funding promised under the California

Goods Movement Bond (I-Bond) Program. As part of this report, staff will discuss current budget issues with the I-Bond program and why this current round funding should be accepted by the District.

### DISCUSSION

As indicated above, Program Year 1 of the I-Bond was intended to distribute \$35 million in funding to the Air District for goods movement projects in Fiscal Year (FY) 2008/2009. However, due to weak California bonds sales, the ARB stopped and started the distribution of these monies on a number of occasions.

On February 9, 2010, ARB notified the Air District that the remaining funds requested for on-road trucks as part of the Year 1 I-Bond application were available for distribution (\$16,550,000 in grant funding plus over \$700,000 promised to cover Air District administrative costs (see budgetary discussion below)). ARB also indicated that this funding needed to be encumbered in contracts with grantees by June 30, 2010, in order to meet the requirements of state statute and that no administrative fees are currently available to the Air District administer this funding (see budget section below).

Currently, the Air District has over \$19 million in active applications from on-road truck owners for this funding from a grant solicitation in August 2008. It is estimated that based on impending changes to the California Air Resources Board on-road truck regulation that retrofits and replacement of these vehicles would provide emissions in excess of the 0.03 tons per day in diesel particulate matter (DPM) provided by the current drayage truck program. This amounts to more than a 1% reduction in the total diesel particulate matter emitted from heavy duty trucks on Bay Area highways.

It is important to note that 85% of the total health risk from toxic air contaminants in the Bay Area comes from diesel particulates emitted from on-road trucks. Additionally, the health risk assessment performed in the West Oakland community and studies performed as part of the District's Community Air Risk Evaluation (CARE) program also indicate that the majority of the health risk in highly impacted communities comes from on the road diesel truck emissions. It should also be noted, that at present this funding would be the largest and most flexible source of monies available to the Air District to address on-road truck emissions. Other funding sources, such as the Carl Moyer Program, have surplus requirements that make it very difficult to fund any of the retrofits or replacements required by the up to 30,000 on-road heavy duty trucks registered in the Bay Area. Therefore, in order to address these emissions in an expeditious fashion, staff is recommending that this additional funding be accepted from the ARB.

Should the Board choose not to accept this funding, it would either be given to another local agency for distribution, given to another Air District for distribution or the funding would revert to the state legislature.

### BUDGET CONSIDERATION / FINANCIAL IMPACT

By accepting this funding, the I-Bond Program would continue to require support from the Air District's general fund. ARB has indicated that it will seek to provide an additional \$700,000 to cover the Air District's administrative costs for this program

based on the spring sales of California State bonds. Staff will continue to convey to ARB the importance of receiving funds to cover our administrative costs. However, the timing and actual receipt of this funding is by no means certain. Budget projections for the current I-Bond program indicate that based on salary expenditure rates, the program could require as much as \$1.6 million from the general fund. Acceptance of this on-road truck funding would increase that number by up to \$200,000 and these funds would need to be transferred from reserves. Staff recommends that the transfer of these funds be referred to the Board's Budget and Finance Committee.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Damian Breen  
Reviewed by: Jean Roggenkamp