

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

APPROVED MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
Thursday, 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 CO₂. 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 1st 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 30th 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 18th that will allow them to remain in compliance and staff will sign contracts with successful applicants by February 28th.

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, 4th Floor Conference Room

Adjournment: Meeting adjourned at 10:39 a.m.

/s/ Lisa Harper
Lisa Harper
Clerk of the Boards