

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

**APPROVED MINUTES**

Summary of Board of Directors  
Mobile Source Committee Meeting  
Thursday, February 25, 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 Carol Klatt, Eric Mar, Nate Miley and Mark Ross
- Absent: Directors Tom Bates, Jennifer Hosterman, and Gayle B. Uilkema

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

**Approval of Minutes:** Mobile Source Committee Meeting of January 28, 2010

**Committee Action:** Director Ross made a motion to approve the January 28, 2010 Mobile Source Committee minutes; seconded by Director Klatt; carried unanimously without objection.

**Consideration of Projects with Proposed Grant Awards over \$100,000**

Supervising Environmental Planner, Anthony Fournier, provided the staff report and background of the Carl Moyer Program (CMP) Year 11 projects with proposed grant awards over \$100,000 and the Transportation Fund for Clean Air (TFCA) projects. He said since the last Committee meeting, there have been no projects evaluated and deemed eligible under the TFCA that have grant awards over \$100,000, and the focus of the presentation would be on CMP projects.

He reviewed Year 11 of the CMP, stating that on February 4, 2010 the Board approved participation in Year 11, authorized the Executive Officer/APCO to execute contracts and amendments with grant awards up to \$100,000, and to date the District Board of Directors has allocated approximately \$19 million, to 50 projects with grant awards over \$100,000.

For the Committee's consideration, there are 7 projects with grant awards over \$100,000, for a total of 23 engines, \$1,809,803 in total awards, and over 136 tons of lifetime emission reductions. He presented a pie chart of Year 11 CMP/MSIF funding distribution as of February 10, 2010 which included all projects greater than, and less than, \$100,000.

Mr. Fournier indicated that staff was requested by the Committee at its last meeting to provide information on agricultural sector outreach, and he reviewed Year 11 agricultural outreach which resulted in 36 projects which replaced 77 agricultural engines, as follows:

- 9 presentations given to Farm Bureaus and agricultural associations on funding
- Over 300 notifications were sent out
- CMP articles were placed in the Napa, and Santa Clara Farm Bureau newsletters
- Agricultural funding information was available at equipment vendor locations and events
- Agricultural funding information was posted on agricultural organizations' websites

Committee Comments/Questions:

Director Groom questioned and confirmed there has been great interest and enthusiasm with farm bureaus, and she noted that San Mateo County Farm Bureau was included in outreach.

Director Ross questioned and confirmed with staff that tugs listed in Attachment 2 operate mostly in Alameda area and areas around the Port of Richmond.

Public Comments: None

**Committee Action:** Director Ross 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 2; 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 Mar; carried unanimously without objection.

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

Supervising Environmental Planner Anthony Fournier provided the staff report of the Carl Moyer Program (CMP) Year 12 and discussed funding for the Year 12 cycle, as follows:

- Total CARB allocation of up to \$16 million
  - \$14.5 million requested for CMP Year 12
  - \$1.5 million requested for CMP multi-district funds
  - 5% allocation for administrative costs
- Proposed MSIF allocation
  - \$1.5 million for Agricultural Assistance Program
  - \$2.8 million required District match
  - \$3.7 million for additional CMP projects

Mr. Fournier noted that staff will monitor interest in applications received in the agricultural sector and return to the Committee if there is a need for more funding. He then presented an overview of administrative processes for the Year 12 cycle, stating that staff will be evaluating projects according to the 2008 CARB CMP guidelines, will be prioritizing projects that reduce emissions in impacted communities, projects over \$100,000 will be brought to the Board for approval, multi-District funds will be used for the on-road Voucher Incentive Program (VIP), and staff expects to start accepting applications in early April 2010 and awarding funds until fully allocated.

Mr. Fournier requested the Committee recommend Board of Directors' approval to adopt a resolution to authorize the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (CARB) relating to the Air District's receipt of CMP 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 CMP.

Committee Discussion/Comments:

Director Mar confirmed that at least 50% of the funds will be dedicated and asked that Mr. Fournier explain the Year 11 process. Mr. Fournier said a map developed by the CARE program identifies six disproportionately impacted communities, and within those six communities, if projects reduce emissions in any of those areas, they are prioritized by setting aside half of the funding. In year's past, there has been well over 50% in funding awarded.

Director Haggerty questioned if CARE criteria will be implementing the economically constrained communities and Mr. Breen said two different groups exist; impacted and highly impacted and staff is looking at areas north of Berkeley and north of Richmond, as well as areas near Livermore, East Palo Alto, Walnut Creek (as clarified by Director Ross), and Fair Oaks may be included.

Mr. Breen added that in terms of the marine projects, because of where they operate, impacted areas include Richmond, San Francisco and Oakland.

Public Comments: None

**Committee Action:** Director Mar made a motion to recommend Board of Directors' approval to adopt a resolution to authorize the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (CARB) relating to the Air District's receipt of CMP 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 CMP; seconded by Director Ross; carried unanimously without objection.

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

Air Quality Program Manager, Karen Schkolnick, presented the Transportation Fund for Clean Air (TFCA) County Program Manager Audit Report, stating that each year, the Health and Safety code requires a fiscal audit of TFCA project or programs at least every two years. The District contracted with Maze and Associates to conduct the audit, which covered all projects completed as of June 30, 2008. After field work was completed, Maze and Associates issued nine individual audit reports for review by the individual County Program Managers and the Air District, which is included in the staff report packet.

Ms. Schkolnick reported positive results of the audit, given a few exceptions:

2008-1 Maximum Allowable Administrative Costs: Napa County Transportation and Planning Agency (NCTPA) exceeded the amount of administrative funds allowed under the agreement, which is limited to 5% each year, or \$913.44. NCTPA returned funds back into the TFCA account and has undertaken internal controls. She said the District also updated its agreements and forms to reinforce program requirements and will be conducting site visits regarding use of proper methodology for calculating administrative costs.

2008-2: Reporting of Administrative Costs: Napa County Transportation and Planning Agency (NCTPA) overstated the approved administrative costs in their Annual Report to the Air District,

submitted in November last year. To correct this, NCTPA has undertaken a new accounting tracking and monitoring system and has undertaken additional internal controls to ensure program costs are correctly tracked and reported. The measures of the Air District as mentioned above will also ensure that Program Managers consistently utilize the proper methodology for accounting and reporting administrative costs.

Ms. Schkolnick stated that staff is recommending that the Committee recommend that the Board of Directors receive and file the results of the TFCA Audit Report #11, an audit of the TFCA County Program Manager Fund, including the auditor's findings and recommendations to improve the administration and fiscal management of the TFCA program.

Committee Discussion/Comments:

Chair Haggerty confirmed with Ms. Schkolnick that NCTPA recently had administrative changes in their agency and the structure of the CMA during this time, which has since been corrected and now has a full understanding of program requirements.

Public Comment: None

**Committee Action:** Director Klatt made a motion to recommend that the Board of Directors receive and file the results of the TFCA Audit Report #11, an audit of the TFCA County Program Manager Fund, including the auditor's findings and recommendations to improve the administration and fiscal management of the TFCA program; Director Groom seconded the motion; unanimously approved without objection.

**Consideration of Accepting up to \$17.5 million from Year 1 of the California Goods Movement Bond Program for On-Road Trucks**

Director of Strategic Incentives, Damian Breen, gave an overview and background of the California Goods Movement Bond Program for on-road trucks, stating that in February 2008, the program was established to reduce health risk from freight movement in California trade corridors. \$140 million was dedicated to cleaning up emissions from goods movement over a four year period, which equates to \$35 million a year for four years dependent on bond sales. The funding was not exclusively available to the District and other local agencies involved in goods movement could apply for funding. The District is expecting to receive monies as part of Year 1 of the program.

Mr. Breen presented a breakdown of funding allocations, and noted that \$1.4 million in administrative funding to cover District costs has been removed and \$2.8 million in an early grant has been removed, leaving the following dollars available for projects:

Trucks at Ports and Intermodal Rail Yards:	\$6.3 million
Other Goods Movement Trucks:	\$17.4 million
Locomotives:	\$3.1 million
Marine Harbor Craft:	\$31.1 million

Mr. Breen said the program provided opportunity for the Air District to remove emissions; however, multiple delays in State bond sales have affected funding up until now, two years after the program was launched. Additionally, available funding comes from a special bond type; Build America Bonds, which do not allow the District to recover administrative costs for the program.

On February 9, 2010, the CARB notified the Air District that \$17.5 million was available for on-road trucks from Year 1 of the program. Those grant dollars available total \$16.5 million and have no administrative costs associated with them. However, the CARB has proposed to provide the District with up to \$1 million in administrative costs for this program based on the different sale of a different state bond in the spring. The amount offered is therefore slightly reduced, and both agencies are working through issues surrounding the allocation, but because the Board previously authorized acceptance of administrative funding, the request to accept up to \$17.5 million should cover whatever final allocation amount both agencies settle on.

Mr. Breen discussed the toxic health risk from diesel particulate emissions from heavy duty trucks, noted that there are over 30,000 heavy duty vehicles registered in the Bay Area that need to be cleaned up to comply with a new CARB regulation, and funding discussed will provide the most flexible and largest source of dedicated funds available to truckers in order to comply with the regulation. By accepting the funding, the District could reduce emissions by over 1% in the region, or .03 tons per day, which is substantial in terms of air quality and health benefits. However, there is no guarantee for administrative funding for monies. In order to successfully administer the funding, staff recommends the transfer of up to \$200,000 from Reserves to support the effort, pending the Budget and Finance Committee for final determination and referral to the Board. If funding was declined due to tight timelines, grantees on the program need to have contracts signed by June 30, 2010 and the most likely outcome is that funding would revert to the State legislature or be given to another local air district or local agency for distribution.

Should the Committee choose to recommend acceptance of the funding, staff will continue to put pressure on the CARB to deliver the administrative funding promised for the program and requested that the Committee recommend to the Board of Directors approval of 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 funding pending endorsement by the Board Budget and Finance Committee.

Director Ross made a motion to support staff's recommendation, which was seconded by Director Groom.

#### Committee Discussion/Comments:

Director Miley said he appreciates this and questioned the worst case scenario for the District. Mr. Breen said the District has a conservative estimate of the budget imbalance being at approximately \$2.2 million. This program would increase that by about \$200,000.

Director Miley supported the recommendation, noting that it is an 11% match, there will be trucks retrofitted, replaced, improvement in air quality and health benefits. He confirmed that most would go to address truck traffic along Bay Area highways. Director Miley acknowledged the good work of the District, noting that the District and its public officials often do not get recognized for their work.

Chair Haggerty questioned sure how the District could address the interstate truck traffic, such as a Yellow, Swift, ABF, or Conway. He agreed that companies typically turn over their fleet more often, but he believed the District was not getting at the root problem. Mr. Breen explained that for this program, applications went into the system in 2008 when the funds were supposed to arrive, inspectors and outreach staff contacted all major, registered haulers, funds available are to

address trucks that operate in California only, and currently the District has 350 trucks awaiting replacement and approximately 700 trucks awaiting retrofit.

Mr. Broadbent noted that these are on-road trucks which operate in the Bay Area and not necessary drayage trucks which access the Port of Oakland.

Director Haggerty said the major companies are most likely registered in another state, but possibly staff could reach out to regional managers for those operating in California to talk to them and find that the majority of fleets are relatively new. The trucks that truly need funding are cement and gravel trucks which are working inside communities. Mr. Breen noted that staff targeted funding to the Bay Area, noted gravel and cement haulers are not eligible for goods movement which was determined by CARB. However, through the Vehicle Incentive Program (VIP), the District pushed the CARB to offer near equivalent funding as the TFCA program. The VIP under the Carl Moyer Program provides \$50,000 to replace a truck and this can apply to those types of haulers. In addition, because of the way the funding structure and guidelines are set up, staff cannot target these trucks, but staff believes there will be changes with the legislation which will allow staff to apply more of the available funding for these trucks.

Mr. Broadbent suggested returning at a future committee meeting with an outreach plan that shows how the District will address these categories of trucks. He noted that CARB is likely going to amend the on-road rule to provide more time and therefore, the District may be in a position to address the matter.

Director Groom asked for an explanation of why the staff report lists locomotives at \$3.1 million and the handout identifies locomotives as transferred to the Port Truck Program. Mr. Breen noted the table identifies the total funding request for the first year of the program, and it was part of the Committee's decision to transfer those funds to address the problem with the Oakland truck population.

Mr. Broadbent added that it is a growing concern that the District is started having to dip into its own general revenue money to make this work. Given the Board's discussion at the last Board meeting regarding reserves, staff will go to the Budget and Finance Committee and recommend taking \$200,000 out of the reserves just to administer this money. He noted other air districts are also concerned and CARB is in the same situation the District is, as they rely on administrative funds from the I-Bonds as well, and they are not receiving it either due to the lack of bond sales.

Director Haggerty questioned whether there was a legislative remedy, and Mr. Broadbent was not sure but everybody is trying to push the State to get the District the money as soon as possible for at least this portion of it. Director Haggerty suggested discussing the need for funding to include administrative funding with legislators.

Director Miley confirmed the District had approximately \$13.8 million, and while he supported staff's recommendation, he is somewhat rigid when dipping into reserves. However, it is a good expenditure and he hoped it did not become a precedent.

**Committee Action:** Director Ross made a motion to recommend 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 extend funding, pending endorsement by the Board of Directors Budget and Finance Committee's recommendation to designate funding from reserves

to the FY 2009/10 budget for program administration; seconded by Director Groom; carried unanimously without objection.

**Committee Member Comments:** None

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

**Adjournment:** Meeting adjourned at 10:08 a.m.

*/s/ Lisa Harper*  
Lisa Harper  
Clerk of the Boards