

Bay Area Air Quality Management District
939 Ellis Street
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(415) 749-5000

APPROVED MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
Thursday, March 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 Tom Bates, Carol Klatt, Nate Miley and Mark Ross

Absent: Jennifer Hosterman, Eric Mar, and Gayle B. Uilkema

Public Comments: There were no public comments

Approval of Minutes: Mobile Source Committee Meeting of February 25, 2010

Committee Action: Director Miley made a motion to approve the February 25, 2010 Mobile Source Committee minutes; seconded by Director Klatt; carried unanimously without objection.

Consideration of Accepting the 3rd and 4th Installments of Goods Movement Bond Funding for the Lower Emission School Bus Program

Environmental Planner, Geraldina Grunbaum, presented the staff report and provided a background on the Lower Emission School Bus Program, noting that it provides financial incentives to replace older public school buses with clean buses and installation of retrofit devices on diesel school buses. The District has expended \$15 million in non-I-Bond state funding for more than 100 replacements and 300 retrofits.

She stated that in May of 2008, the District approved \$8.4 million in I-Bond funds; however, due to the unavailability of funds from bond sales being weak, installments were put into place by the State, and she reviewed the following installment schedule:

- 1st installment: no funds to the Air District
- 2nd installment: (10/09): \$1.3 million, Build America Bonds (BAB) with no administrative costs
- 3rd installment: (2/10): \$2.5 million, Build America Bonds (BAB) with no administrative costs
- 4th installment: (2/10): \$25,200 for administrative costs

Ms. Grunbaum stated that \$25,200 is insufficient for administrative costs to implement the program, and staff salaries in the FY 09/10 budget are based upon receipt of I-Bond funds. However, she reported good news that ARB has approved a 5th installment which will fund administrative costs. Therefore, staff recommends the Committee recommend that the Board of Directors accept the third (3rd) and fourth (4th) installments of LESBP Bond funding, \$2,462,351 and \$25,200 respectively, from ARB.

Committee Comments/Questions:

Chairperson Haggerty questioned and confirmed that the cost of a school bus is approximately \$140,000, and that the District, in almost all cases, was funding the cost of the entire bus through replacements and retrofits. It was noted that additional funds also provide additional filters and maintenance at facilities, which provides enhanced support to school districts.

Director Bates confirmed that all pre-1977 school buses have been either replaced or retrofitted. The next round of funding will address those between 1977 and 1986 and the program is gauged through demand and funding is only provided for those buses engaged in fleet contracts with public agencies.

Public Comments: None

Committee Action: Director Bates made a motion to recommend that the Board of Directors accept the third (3rd) and fourth (4th) installments of Goods Movement Bond Funding for the Lower Emission School Bus Program (LESBP) of \$2,462,351 and \$25,200 respectively, from the California Air Resources Board (ARB); seconded by Director Groom; carried unanimously without objection.

Consideration of Extension of Contracts and Request for Additional Allocation of Mobile Source Incentive Funds for Vehicle Buy Back Program

Director of Strategic Incentives Division, Damian Breen introduced the staff report, stating earlier in the year the Committee talked about the State program which has been delayed, and staff will discuss its plan to cover that delay until the State program becomes available.

Supervising Environmental Planner, David Wiley, provided a background on the Vehicle Buy Back Program (VBB) which is a voluntary program that “early-retires” older and more polluting light-duty vehicles. Eligible model years are 1989 and older vehicles, and the program pays \$1,000 for qualifying vehicles. In November 2009, the Board of Directors approved funding and contract extensions to operate until April 2010 when an overlapping State Bureau of Automotive Repair (BAR) program was to launch. However, staff learned that the program launch date was pushed to July 2010 at the earliest, and proposes to continue the VBB program until December 31, 2010 or when the BAR program launches. He presented a graph showing retirement trends, and noted that the VBB program continues to be very successful with a cost effectiveness of \$9,900/weighted ton, a 116% increase in rate since July 1, 2009 and strong demand.

Mr. Wiley said continuing the District program will achieve substantial emissions reductions, avoid confusion among vehicle owners, and support the current Air District Smoking Vehicle Assistance Program campaign. Three contract extensions are needed; 2 dismantlers up to \$6.65 million and 1 direct mail company up to \$150,000. There are funds up to \$1.2 million for the rest of FY 2009/10 and up to \$5.6 million will be in the FY 2010/11 budget. Staff will continue to work with BAR and return to the Committee with an update on the VBB program.

Staff recommends that the Committee recommend that the Board of Directors:

1. Authorize the Executive Officer/APCO to execute contract extensions for vehicle scrapping services with Environmental Engineering Studies, Inc. and Pick-N-Pull to distribute up to \$6.65 million in Mobile Source Incentive Funds for services through December 31, 2010; and

2. Authorize the Executive Officer/APCO to execute a contract extension for \$150,000 with Direct Mail Center, Inc. for program advertising via mail outs through December 31, 2010, and
3. Allocate an additional \$1.2 million in Mobile Source Incentive Funds (MSIF) to fund the Vehicle Buy Back Program during fiscal year 2009/2010, and increase the Air District's Vehicle Buy Back Program FY 2009/10 budget accordingly.

Committee Discussion/Comments:

Director Miley reviewed how the \$1,000 limit was set for qualifying vehicles and suggested it be reviewed for increase in the future. He confirmed that the scrapper does not provide reimbursement to the District for retiring vehicles, and scrapping bids are kept competitive through an RFP process.

Director Ross confirmed that the scrap's worth ranges anywhere from \$50 to \$1,000 per vehicle, much of it goes overseas and is reused, and that approximately 6,000 vehicles were scrapped over the last calendar year, at approximately 2,000 per month given funding. He further discussed the incentive to get polluting cars off the road, as they cause 60%-70% of pollution and having the public understand that a small proportion of vehicles are causing the majority of pollution.

Vice Chair Groom confirmed the balance in the VBB is \$40 million, but this has been encumbered by the Board and available funds are enough to cover the expenditure. Ms. Roggenkamp confirmed that due to the State's financial situation, the District will not enter into any contracts until the funding is in hand.

Director Miley confirmed with Mr. Wiley that the 6,000 qualifying vehicles are evenly distributed amongst the nine Bay Area counties, with scrap yards located throughout the region, as well.

Chairperson Haggerty referred to differences between vehicle years and vehicle types and relative pollution, suggesting that a tiered approach or increase in vehicle age be reviewed in future years. Ms. Roggenkamp said the District has increased model years over time and tend to increase it in the next year where the model year has incurred the next emission control. The state has identified different model years and models which that are more gross emitters, but for simplification, staff has kept it to model years. She also discussed instances where individuals sell their cars for not much more over the \$1,000 buy back amount, and she agreed that staff can review models and model years for future planning purposes.

Public Comments: None

Committee Action: Director Groom made a motion to recommend Board of Directors' authorization of the Executive Officer/APCO to execute contract extensions for vehicle scrapping services with Environmental Engineering Studies, Inc. and Pick-N-Pull to distribute up to \$6.65 million in Mobile Source Incentive Funds for services through December 31, 2010; authorize the Executive Officer/APCO to execute a contract extension for \$150,000 with Direct Mail Center, Inc. for program advertising via mail outs through December 31, 2010, and Allocate an additional \$1.2 million in Mobile Source Incentive Funds (MSIF) to fund the Vehicle Buy Back Program during fiscal year 2009/2010, and increase the Air District's Vehicle Buy Back Program FY 2009/10 budget accordingly; Director Ross seconded the motion; carried unanimously without objection.

Update on Incentives Expenditures and Emissions Reductions for Calendar Year 2009 and Planning for Calendar Year 2010

Director of Strategic Incentives Division, Damian Breen, gave an update on incentives expenditures and emissions reductions for calendar year 2009 and Planning for 2009, stating that the Air District dispenses approximately \$60 million in incentives funding annually to private and public entities to reduce emissions. In order to assess program effectiveness, staff conducted analysis of 2009 calendar year expenditures. He stated staff reviewed a mix of methodologies such as funding spent over the year to get projects on the ground and encumbrances by the Board. He said because encumbrances and payouts are constantly moving, the methodology slightly under-reports projects and funding expended, it prevents re-reporting based on a fiscal year basis, and he presented a pie chart showing grants by equipment type. The chart shows that Port trucks comprise the majority of the \$60 million expended, at 39%. This is followed by Marine at 21%, Vehicle Buy Back at 11%, and thereafter, almost equal shares for on-road, bicycles, school buses, off-road, agriculture pumps, ride-share/shuttles and alternate fuel vehicles.

He stated the pie chart represents 7500 pieces of equipment retired, retrofitted or purchased, emission reductions of 160 tons of PM, 1800 tons of NO_x, 530 tons of reactive organic gases, and 99,000 tons of CO₂. What staff saw was a high demand in equipment categories with regulatory deadlines.

In reviewing impacts, staff is still unfortunately in the fractions of a percent in terms of overall reductions. Inventory is affected by passenger vehicles, but the program still has a good effect and is addressing substantial reductions. Last year, 1,000 Port trucks were retrofitted, representing 1% in emissions reductions. However, in only looking at Port trucks, the emissions reductions is 60%. Similarly, with harbor craft, 1,200 vessels are harbored in the Bay Area, 15% of vessel engines were replaced, which netted 20% in emissions reductions. He said there are not huge impacts overall, but as funding increases and regulatory requirements tightened, more impacts and improvements will be realized.

Regarding upcoming challenges, three deadlines will have impacts on grants funding:

- On-Road Truck and Bus Regulation - 2014 deadline: The ARB is looking that this regulation may be rolled back two years. This will make the Carl Moyer Program and Mobile Source Incentive Funds (MSIF) available to on-road trucks and staff expects to see significant investment by the State through I-Bond funding this year. Based on this fact, staff believes this to be an important area where incentive dollars will flow.
- Shore Power Regulation - 2014 deadline: The systems are complicated and involve generators, underground cabling and transformers that must be ordered and which take a lead time of two years. Staff expects substantial increases in funding this year.
- Agricultural Pumps Regulation - Another regulation affects agricultural pumps, which requires owners to upgrade pre-1977 that are 100-700 horsepower. Equipment includes water pumps, frost pumps used to keep crops alive during winter and spring, and staff expects this will cause an increase on demand, as funded through MSIF.
- Electric Vehicles (EV) and Infrastructure - This winter and early spring of next year the major manufactures of automobiles will bring out their new electric fleets. In terms of the future, it will be important for the District's programs to make an investment into electric vehicles. Thinking about passenger vehicles overwhelmingly polluting, he believes it will be important to get behind EV and infrastructure.

- Shuttles and Ridesharing - The District sees these as primary results for reducing GHGs and criteria pollutants.

Committee Discussion/Comments:

Chairperson Haggerty confirmed that the report's purpose was to identify last year's incentives expenditures and emissions reduction, identify the potential for shifting of funding structures, and for planning information and discussion purposes.

Mr. Breen discussed the on-road regulation's impact and future I-Bond funding for trucks in CARE areas, which also have impacts throughout the region.

Director Ross referred to shuttles and ridesharing and questioned whether there was a formula used to remove one day of a vehicle's operation on the roads.

Mr. Breen noted the matter is reviewed in the context of the funding stream and resultant impacts for increased shuttles, public transit and ridesharing behaviors. He stated at the next meeting, staff will bring back policies for the next round of ride sharing and shuttle projects, and Ms. Roggenkamp noted that the District provides funding for the 511.org regional ride share program.

Director Ross confirmed that tracking of GHG reduction goals is currently tracked and calculated through reduction of trips and emissions, use of transit, and ridesharing.

Ms. Roggenkamp added that the ARB has not set targets, and will be included in the Communities Strategy.

Director Groom noted the County's experimentation with a hydrogen shuttle for one route, and questioned alternative fuels funding.

Mr. Breen noted that alternative fuels are funded at about 4%, not all funding has been expended, and \$2 million in infrastructure and advanced technology programming comes from the TFCA program. In terms of hydrogen use, the California Energy Commission distributes \$100 million in funding through AB 118 and he believes there is a current solicitation for hydrogen projects.

Director Groom noted she would follow-up with the County's Congestion Management Association.

Director Bates cited walking, biking, and pedestrian access projects as also being very important and in need of funding. Mr. Breen reported that the District funds projects like Safe Routes to School and Safe Routes to Transit and provides \$10 million to partner CMA agencies, which have smart growth components.

Director Miley added that their County also looks at connection to trails and biking and walking, which addresses health impacts relating to obesity and asthma, and he agreed such projects provide multiple benefits.

Public Comment: None

Committee Action: None; Informational only.

Committee Member Comments: None

Next Meeting: 9:30 a.m., Thursday, April 29, 2010
939 Ellis Street, 4th Floor Conference Room

Adjournment: Meeting adjourned at 10:26 a.m.

/s/ Lisa Harper
Lisa Harper
Clerk of the Boards