

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

APPROVED MINUTES

Board of Directors
Mobile Source Committee Meeting
9:30 a.m. Monday, May 2, 2011

1) Call to Order/Roll Call: Chairperson Scott Haggerty called the meeting to order at 9:30 a.m.

Present: Directors Carol Klatt, David Hudson, Nate Miley, Mark Ross and Brad Wagenknecht. Director Jennifer Hosterman arrived after the roll had been called.

Absent: Vice Chairperson Carole Groom and Director Johanna Partin.

2) Public Comment Period: Chair Haggerty opened the public comment period. An exchange student, Christian Oestergaard, from Denmark attending San Francisco State University, appeared before the Committee and inquired about diesel emissions and particulate matter in San Francisco. Chair Haggerty referred the speaker to Deputy Air Pollution Control Officer Jean Roggenkamp for follow-up.

3) Approval of Minutes of March 24, 2011

Director Wagenknecht made a motion to approve the minutes of the March 24, 2011 meeting of the Mobile Source Committee. Director Hudson seconded the motion and it was carried unanimously without objection.

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

Director of Strategic Incentives, Damian Breen, introduced Administrative Analyst, Ms. Stacy Shull, who presented the staff report.

This is the 12th year of the Carl Moyer Program (CMP), which was created in 1998 to reduce emissions from heavy-duty engines, and to fund surplus emission reductions. This voluntary program is jointly administered by the California Air Resources Board (CARB) and the Air District. The Mobile Source Incentive Fund (MSIF) is an additional funding source, which is the result of AB 923 that allowed for an additional \$2 motor vehicle registration fee surcharge. CMP projects are eligible for MSIF funding.

On 3/17/10 the Board of Directors approved participation in the 12th year of the CMP, and authorized the Executive Officer/APCO to execute contracts and amendments up to \$100,000 in grant funds.

This round of allocations consists of 18 projects which will replace 41 pieces of off-road equipment and 11 marine engines. The total amount of the allocations is \$3,138,251. These projects will result in an emissions reduction of approximately 32 tons per year of criteria pollutants.

Ms. Shull presented a slide that showed the breakdown of the distribution of CMP funds by county for Year 12. The Committee was informed that there was additional detail about the distribution of funds included in their agenda packet.

Staff requested that the Committee approve the following recommendations to the Board of Directors: 1) Approve Carl Moyer Program projects with proposed grant awards over \$100,000, and; 2) Authorize the Executive Officer/APCO to enter into agreements for the recommended Carl Moyer Program projects.

Public Comments: None

Committee Member Comments:

Director Hudson noted that there was a large reduction in NOx and particulate matter.

Director Wagenknecht moved to recommend to the Board the approval of the Carl Moyer Program projects with proposed grant awards over \$100,000, and authorize the Executive Officer/APCO to enter into agreements for the recommended Carl Moyer Program projects. The motion was seconded by Director Hudson and was carried unanimously without objection.

5) Consideration of Approximately \$20 Million in California Goods Movement Bond (I-Bond) Funding for Bay Area Ports

Grants Manager, Mr. Anthony Fournier, presented the staff report. CARB shore power regulation requirements become effective January 1, 2014. The costs for electrification of the Port of Oakland are approximately \$90 million (excluding APL and Ports America). The Air District accepted \$20 million dollars of I-Bond funds on December 16, 2010.

Applications for projects were accepted from February 2, 2011 through March 15, 2011. Staff notified all Bay Area ports, terminals, and vessel operators. An applicant workshop was also held on February 18, 2011.

Projects submitted to the Air District included 7 berths submitted by the Port of Oakland and 1 berth submitted by Ports America. Totalling \$19,417,476 in allocations, the projects will reduce 47 tons of PM and 2,829 tons of NOx. These projects are to be completed by December 31, 2013. There are 2 additional berths submitted by the Port of Oakland that are ready for shore power when additional funds become available.

Mr. Fournier showed a map of the port locations and a table of berths showing emission reductions and cost effectiveness.

The I-Bond funding requires 10% more plug-ins than the shore power regulations. Grant recipients must demonstrate their financial ability to match grant funding. Each grant agreement will have project milestones with specific completion dates and require quarterly reporting. I-Bond funding can be withdrawn if a grantee fails to meet the milestones.

If grantees fall behind, they can prepare a recovery plan that allows grantees to make up for missing milestone dates and to get back on schedule and not lose their funding. CARB and the Air District will determine whether the recovery plan is acceptable. I-Bond funds may be forfeited for projects not fully operational by December 31, 2013. Non-performance penalties up to 10% may be imposed. The Air District will offer grant funding to on-road trucks in the case of reallocation.

Staff requests that the Committee recommend Board of Directors approval of the proposed and alternate I-Bond shore power projects, and authorize the Executive Officer/APCO to enter into agreements for the proposed projects.

Public Comments: None

Committee Member Comments:

Director Miley anticipates approval of the shore power projects and asked how this funding award will be publicized.

Executive Officer/APCO, Jack Broadbent, said staff would develop a press release if the Board of Directors approves the recommendation at their next meeting. Mr. Broadbent also informed the Committee that Senior Maritime Projects Administrator, Ms. Delphine Prévost, of the Port of Oakland, was present at the meeting.

Director of Strategic Incentives, Damien Breen, said there is a press conference scheduled for May 26, at the Port of Oakland at which the funding of the shore power projects will be presented.

Director Miley asked that the Air District extend the invitation to elected officials, as this is very significant. Director Miley also asked how long it takes to complete the shore power project from start to finish and if the Air District is allowing enough time for completion. If a project is not done by 2013, are there extensions?

Mr. Fournier stated that it will take 2 to 4 years for projects to be completed.

Mr. Breen stated the Air District doesn't have much flexibility as the time requirements are set by the State. There is the possibility of extensions and there may be monetary fines up to 10%.

Director Miley expressed discomfort with the time constraints, and prefers that extensions be granted without penalties. In regards to the contracts for the work, Director Miley inquired whether the contracts are subject to the Port of Oakland rules and local business hiring policies.

Senior Maritime Projects Administrator, Ms. Delphine Prévost, said to the extent that Federal money is going toward the projects, the Port's local policies would not apply. For berths where there is Prop 1B money and State funding, the Port policies would apply. Disadvantaged Business Enterprise

(DBE) programs are typically required with Federal funding and those programs provide outreach to small and local businesses. Ms. Prévost said the Port plans to do outreach within the community.

Mr. Breen stated that I-Bond guidelines request that notice be given to small and local contractors. The contract would be given to the most qualified contractor.

Director Miley would like local residents and local businesses to get some of the jobs at the Port.

Chair Haggerty would like the press release for the shore power funding to be a separate event.

Director Hosterman noted that 47 tons is impressive. Can you compare the amount of pollutants we are reducing with the amount of money we are spending?

Mr. Breen replied that ocean going vessels create 61 tons of PM annually. This project creates a 50% emissions reduction at the Port by 2013. The primary risk was drayage trucks, and those have been cleaned up with an 85% reduction in emissions last year. These two projects combined will reduce the risk in the Port area significantly.

Director Hudson thought that the non-performance penalties would cost jobs. If the jobs are coming in and the work is being produced, perhaps can we research latitude in giving extensions?

Mr. Breen stated that the Air District is subject to the guidelines and regulations of CARB in this instance. Staff will monitor the progress and as it gets closer to the deadline, extensions can be considered.

Chair Haggerty requested that staff provide updates every few months.

Ms. Prévost stated that the cost is approximately \$6.5 million per berth. She is expecting that there will be 2 to 3 contracts with multiple berths, totaling approximately \$2.5 million per berth.

Mr. Breen acknowledged to the Committee that this is a reimbursement program and projects must be completed, before receiving funds. There may be some flexibility to pay as each berth is completed.

Ms. Roggenkamp noted that the regulation requires shore power by January 2014. This funding is given to get the shore power done early. These are the constraints of the funding.

Director Ross inquired whether ships were equipped to plug in. What about non-compliance?

Mr. Breen responded that the fine is levied against the ship; the vessels get ticketed. If it is a problem, we can discuss why they are not meeting the requirements and work collaboratively.

Director Miley stated he would like the Air District to get credit for the project.

Director Wagenknecht said he appreciates staff getting this together. When does this begin and does the Air District have separate contracts for each berth?

Mr. Breen stated that the Air District will have two contracts, one with the Port of Oakland and one with the Ports of America. The Port enters into construction contracts.

Chair Haggerty asked if the Port had determined who would pay for the electricity used for the shore power. Ms. Prévost stated that the billing goes to the shipping line.

Committee Action:

Director Miley moved to recommend to the Board of Directors the approval of the proposed and alternate I-Bond shore power projects and authorize the Executive Officer/APCO to enter into agreements for the proposed projects. Director Hudson seconded the motion and it carried unanimously without objection.

6) Consideration of Air District Participation in Lawn and Garden Equipment Replacement Project and Allocation of \$182,025 in Matching Funds

Supervising Environmental Planner, David Wiley, presented the staff report.

The Lawn and Garden Equipment Replacement (LGER) Project is part of the Air Quality Improvement Program under AB 118. The Air District was allocated \$182,025 from CARB. Matching funds are required with a 1:1 match. Inclusion of LGER projects in the Carl Moyer Program Guidelines, will allow Mobile Source Incentive Funds to be used as a match. If the Air District accepts the CARB award, the LGER project would replace approximately 2,000 lawn mowers by providing a discount of \$145 to residents for a cordless electric lawn mower with the trade-in of a gasoline mower. Contractors would be selected by a Request for Proposals (RFP) process to accept and recycle used mowers, provide the discount, and sell and service the new replacement cordless electric mowers. There would be extensive public outreach and residents would be able to participate at several locations on a first-come, first-served basis.

Staff is requesting that the Committee recommend the Board of Directors adopt a resolution authorizing the Executive Officer/APCO to accept a \$182,025 grant from CARB and commit the Air District to comply with the LGER Project requirements, and allocate up to \$182,025 in Mobile Source Incentive Funding as matching funds; and authorize the Executive Officer/APCO to execute all necessary agreements with the CARB relating to the Air District's receipt of LGER Project funds for FYE 2011.

Public Comments: None

Committee Member Comments:

Committee members asked Mr. Breen to elaborate on the program. Mr. Breen said that the Air District will create the RFP and vendors will bid. It will be operated similar to the vehicle buyback program and the contractor will provide services. A scrap certificate and report would be provided to the Air District.

Director Wagenknecht asked staff who they expected to submit proposals for this project.

Mr. Wiley responded that it would likely be a manufacturer. Several brand name manufacturers are interested.

Director Hosterman asked how much the program will cost the Air District. Mr. Breen answered that administrative costs were 5%.

Director Wagenknecht moved that the Committee recommend the Board of Directors adopt a resolution authorizing the Executive Officer/APCO to accept a \$182,025 grant from CARB and commit the Air District to comply with the LGER Project requirements, and allocate up to \$182,025 in Mobile Source Incentive Funding as matching funds; and authorize the Executive Officer/APCO to execute all necessary agreements with the CARB relating to the Air District's receipt of LGER Project funds for FYE 2011. The motion was seconded by Director Ross and carried unanimously without objection.

7) Consideration of Transportation Fund for Clean Air (TFCA) County Program Manager Expenditure Plans for FYE 2012, and Allocation of FYE 2008 TFCA Funds to the Napa County Program Manager

Supervising Environmental Planner, David Wiley, presented the staff report.

The source for TFCA funds is a \$4 motor vehicle registration surcharge, of which 40% is designated for the Program Manager in each County. On December 1, 2010, the Board of Directors approved revisions to TFCA Program Manager Policies for FYE 2012. Each year, the Board of Directors approve Program Manager Expenditure Plans. Mr. Wiley showed the table of funds by County to the Committee.

County Program Manager	Est. New FYE 2012 TFCA Funds	Total Funds to be Programmed in FYE 2012
Alameda	\$1,754,911	\$1,927,591.72
Contra Costa	\$1,278,554	\$1,310,904.34
Marin	\$335,635	\$398,527.09
Napa	\$180,357	\$238,907.42
San Francisco	\$686,946	\$1,080,142.45
San Mateo	\$976,283	\$987,566.04
Santa Clara	\$2,148,196	\$2,302,585.80
Solano	\$291,092	\$294,747.25
Sonoma	\$551,523	\$558,598.93

Napa County was not able to allocate all its funds from FYE 2008. Projects have now been identified for Napa, and the funds can be allocated.

Director Ross moved to recommend that the Board of Directors approve the allocation of FYE 2012 TFCA County Program Manager Funds listed on Table 1; authorize the Executive Officer/APCO to enter into funding agreements with the County Program Managers for the total funds to be programmed in FYE 2012, listed on Table 1, consistent with the Board-adopted TFCA Program Manager Fund Policies; and approve the allocation of \$68,020.50 in remaining FYE 2008 funds to the Napa County Transportation and Planning Agency, and authorize the Executive Officer/APCO to amend the funding agreement with the agency to include the additional allocation. The motion was seconded by Director Wagenknecht and carried unanimously without objection.

8) Committee Member Comments / Other Business

Director Hudson asked about the bike sharing program and when it would come before the Committee again.

Director Hosterman requested that the time of the Committee meeting be moved to later in the morning.

9) Time and Place of Next Meeting

9:30 a.m., Thursday, May 26, 2011, location to be determined. *(The meeting was later scheduled for 9:30 a.m., Thursday, June 2, 2011 at 939 Ellis Street, San Francisco, 94109)*

10) Adjournment

Chair Haggerty adjourned the meeting at 10:24 a.m.

ISI Kris Perez Krow

Kris Perez Krow
Clerk of the Boards