

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
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APPROVED MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
9:30 a.m., Thursday, June 28, 2012

1. Call to Order – Roll Call

Chairperson Scott Haggerty called the meeting to order at 9:40 a.m.

Present: Chairperson Scott Haggerty; Vice Chairperson Nate Miley; and Directors John Avalos, Carole Groom and Mary Piepho.

Absent: Directors Tom Bates, Carol Klatt, Edwin M. Lee and Brad Wagenknecht.

Also Present: None.

2. Public Comment Period: None.

3. Approval of Minutes of May 24, 2012

Committee Action: Director Groom made a motion to approve the Minutes of May 24, 2012; Director Piepho seconded; carried unanimously without objection.

4. Projects with Proposed Grant Awards Over \$100,000

Damian Breen, Director of Strategic Incentives, introduced Judy Williams, Administrative Analyst of Strategic Incentives, who gave the staff presentation Carl Moyer Program (CMP) Projects with Proposed Grant Awards over \$100,000, including a brief review of the program to date and a detail of the proposed projects for CMP Year 13.

Committee Comments:

Director Piepho asked, regarding slide 5, Total Year 13 CMP/MSIF for VIP Funds Awarded as of 6/13/12, for data reflecting the same allocations in regards to requests received. Mr. Breen responded that the requests received match the funds awarded for this year.

Public Comments: None.

Committee Action:

Director Piepho made a motion, seconded by Director Avalos and carried unanimously without objection to recommend the Board of Directors:

1. Approve CMP projects with proposed grant awards over \$100,000; and
2. Authorize the Executive Officer/Air Pollution Control Officer (APCO) to enter into agreements for the recommended CMP projects.

5. Lawn Mower Replacement Contractor Selection

Mr. Breen introduced Joseph Steinberger, Principal Environmental Planner of Strategic Incentives, who gave the staff presentation Lawn Mower Replacement Contractor Selection, including background, the Air Quality Improvement Program (AQIP) Grant, request for proposals (RFP) process, evaluation criteria and results, and recommendations.

Mr. Steinberger added, regarding slide 7, RFP Results, that RW Direct-WORX operated a similar program with the South Coast Air Quality Management District (SCAQMD), as well as lawn mower exchange programs in nine other states and are currently entered into a contract with Yolo-Solano County for the same. Mr. Steinberger said there will be four models available, priced in a range from approximately \$300 to \$500, and there are service centers throughout the Bay Area.

Committee Comments:

Chairperson Haggerty suggested this is not how lawn mower exchanges worked in the past and asked if the purchase of a specific mower is required under this program. Mr. Breen responded that it will be similar to the past with hosted events at service centers or dealership centers with public notice by the Air District. Chairperson Haggerty asked if a participant can take the \$145 voucher and purchase a make and model of their choice. Mr. Breen responded no. Chairperson Haggerty confirmed that participants will have to buy the contractor's mowers. Mr. Breen responded that the CMP funds being used for the program have such strict reporting requirements that it was deemed appropriate to select one contractor. Chairperson Haggerty asked where the events will be held. Mr. Breen responded that the locations listed are service centers and staff will work with the contractor on the location of events. Chairperson Haggerty asked that he and Director Piepho be updated on the location and scheduling of events.

Director Piepho confirmed the program promotion will be primarily the responsibility of the contractor with some assistance from the Air District and asked if the Air District will have input on the contractor's promotional efforts. Mr. Breen responded that coordination is anticipated, contract language can be inserted to that effect, and contractor advertisements on the radio and in local newspapers are expected in addition to the Air District utilizing those resources used for past projects.

Director Piepho asked about the quality of the equipment being offered. Mr. Breen responded staff is fairly certain they are robust equipment, that staff can investigate the equipment further in the course of contracting, and noted the contractor has worked with SCAQMD in the past so staff can also contact their staff. Director Piepho said the Air District is creating a great deal of business for the contractor and suggested it is important that the Air District be confident it can stand behind the product being offered. Mr. Breen said a five-year warranty is required under the contract. Director Piepho said the warranty may not provide adequate protection and requested additional information.

Director Piepho asked if the total contract fees and discount voucher incentive is \$364,050 and Mr. Breen responded yes and the contractor does not receive any additional funding to run the program. Chairperson Haggerty said these are pretty expensive lawn mowers and contract negotiations should involve convincing the contractor to invest more in the form of a decreased sales price. Mr. Breen said staff will ask and report back. Chairperson Haggerty requested the matter be brought back before the Committee as an informational item regarding locations of events, warranties and pricing.

Public Comments: None.

Committee Action:

Director Piepho made a motion, seconded by Director Groom and carried unanimously without objection to recommend the Board of Directors:

1. Approve the selection of RW Direct-WORX, a contractor to assist the Air District in the implementation of a lawn mower replacement program under a grant from the California Air Resources Board (ARB); and
2. Authorize the Executive Officer/APCO to enter into all necessary agreements with RW Direct-WORX to implement the program funded by the ARB not to exceed \$364,050.

6. Engine Model Year (MY) 2005/2006 Port Truck Replacement Program

Mr. Breen introduced Anthony Fournier, Grants Manager of Strategic Incentives, who gave the staff presentation Engine MY 2005/2006 Port Truck Replacement Program, including background, RFP results, and recommendations.

Chairperson Haggerty noted, regarding slide 8, Cost Analysis, that interests rates of 11% – 15% are high. Mr. Breen responded that they represent the worst case scenario. Chairperson Haggerty asked if staff talked with banks about offering better. Mr. Breen responded that ARB was supposed to provide a loan guarantee for this program and they require contractor financing, the offer is comparable to others, and since this company is a non-profit staff are hopeful the number will be closer to the lower end of the range. Chairperson Haggerty asked if staff has information on the credit ratings of truck drivers. Mr. Breen said staff would have to go back to get figures

but there is a high percentage of truck drivers with less than desirable credit ratings. Chairperson Haggerty highlighted footnote 3 and expressed his dissatisfaction with the notion of exporting a problem elsewhere. Mr. Breen responded that any other program for dealing with our local trucks with an emission reduction of this scale would be cost prohibitive. Chairperson Haggerty asked the total cost for a complete trade-in. Mr. Breen said it would be 330 trucks at \$25,000 per truck. Chairperson Haggerty asked the total for the Air District if every participant received \$15,000. Mr. Breen responded approximately \$15 million, with 900 eligible trucks at \$15,000 each. Chairperson Haggerty noted that the Air District does a similar buyout for school buses. Mr. Breen agreed but noted this program only has \$3.4 million, which would limit the Air District to a couple hundred trucks but it is unlikely drivers will accept a parity exchange. Jean Roggenkamp, Deputy APCO, said the Air District may not be exporting a problem, but instead helping, in light of the low-quality trucks currently in use outside of California. Mr. Breen said the trucks still have significant life remaining such that they could still be used in California for some time were it not for programs of this kind.

Director Piepho agreed with Chairperson Haggerty's concerns, asked if the Air District has some way of verifying the trucks will not operate west of the Rockies or in those areas contiguous to California, and questioned if potentially shifting the problem further away is a good policy. Mr. Breen responded that Ms. Roggenkamp made a good point in that California has a higher standard than the rest of the country, so anything sold elsewhere is virtually guaranteed to result in an improvement. Mr. Breen added that the "Contractor admin fee" of \$500, shown on slide 8, Cost Analysis, is intended to serve as compensation for annual reporting requirements which will include information on the location of the truck. Director Piepho said that the Air District will not ultimately know where the trucks are actually operated. Mr. Breen said that instillation of global positioning systems is being considered.

Director Groom said the Air District's need for \$15,000 multiplied by an unknown variable that represents the eligible trucks in order to fully fund the program is information that would have been helpful for the Committee at the front end of the presentation, summarized the conditions of the proposal presented by staff, suggested that staff believe there are adequate protections in place and some of the Committee members may still be unsure of the adequacy of those protections.

Committee Comments:

Director Miley stated his focus is West Oakland and noted an email from a representative of the Western State Alliance (WSA) with an alternate proposal. Mr. Breen responded that staff have not seen a formal proposal but have heard it provides inadequate funds; the maximum from the State of California under the retrofit program is \$30,000 per truck with an extra \$5,000 if the truck is in good condition; staff feel, based on the cap set by the Board of Directors, that the WSA proposal will not maximize the trade-in possibilities; staff are trying to work with WSA on their claims that the funding is inadequate; there is a shortage of 2007 trucks on the market and staff hope the shortage will begin to taper off around November and a price drop will result. Director Miley asked staff to sit down with Chairperson Haggerty and Director Miley to help them achieve a better understanding of the proposals because the Directors are receiving criticism and it seems troublesome restrictions on Port-use trucks only come not from the District or County.

Director Groom asked if traded-in equipment has been sold to eastern markets before. Mr. Breen responded this is the first time for the Air District but the Sacramento Air Quality Management District has done so and was met with success.

Chairperson Haggerty asked if restrictions can be imposed on sales, such as requiring an emissions improvement and fleet size will not increase. Mr. Breen responded that staff can inquire but a restriction on fleet size may be difficult for the contractor on the other side. Chairperson Haggerty said the District should ask for evidence that an emissions improvement will result. Mr. Breen agreed to ask. Director Groom said we can impose instead of ask. Mr. Breen cautioned that it was difficult to retain a contractor for this program. Chairperson Haggerty suggested staff has reported the sold trucks will result in an emission reduction and the current suggestion only asks that proof be provided that it is the case. Mr. Breen agreed.

Public Comments: None.

Committee Action:

Director Groom made a motion, seconded by Director Piepho and carried unanimously without objection to recommend the Board of Directors:

1. Approve the selection of Cascade Sierra Solutions, as a contractor to assist the District in the implementation of an engine MY 2005/2006 drayage truck replacement program, with an amendment to require a record reflecting that truck sales result in an emission reduction; and
2. Authorize the Executive Officer/APCO to enter into all necessary agreements with Cascade Sierra Solutions to implement the program.

7. Approval of Transportation Fund for Clean Air (TFCA) Allocations for Three Projects

Mr. Breen gave the staff presentation Approval of TFCA Allocations for Three Projects, including the Bicycle Rack Voucher Project (BRVP) RFP process and results, Marine Highway Project concept and estimated emissions reductions, Enhanced Mobile Sources Inspections Project related to smoking vehicles and port trucks, and recommendations.

Mr. Breen added, regarding slide 8, Emissions Reductions, that the slight increase in Reactive Organic Gases has been shown through a thorough review to be a result of the size and types of engines used in ships and the requested funding of \$750,000 is from money previously received from the Department of Motor Vehicles.

Mr. Breen noted, regarding slide 10, Enhanced Mobile Sources Inspections Project, that the ARB has received criticism about its ability to enforce these regulations and as their agent in the Bay Area, enhanced enforcement will allow for aggressive work to achieve the emissions reductions targets and the resulting health benefits.

Mr. Breen added, regarding slide 11, Recommendations, that the \$1 million in TFCA funding for the enhanced inspections program is fall out from previous fiscal years, a total that runs as high as \$7 million.

Committee Comments:

Chairperson Haggerty asked why the Air District does not use the \$5 million in TFCA funding fall out from previous years to fund the scrapping of port trucks. Mr. Breen responded that staff can look at that and report back.

Chairperson Haggerty asked what precisely the requested \$750,000 for the Marine Highway project will be used for and when the project will be implemented. Mr. Breen responded that it will be implemented by a contract between the Air District and Port of Oakland this summer and the money will go toward the purchase of barges and clean tow service. Chairperson Haggerty asked why the Air District is spending money to send the cargo, and the jobs that result from its movement, to Stockton instead of putting the overweight containers to rail in Oakland. Mr. Breen invited representatives from the ports to address this issue and responded that the Port of Oakland is not equipped with the onsite warehousing necessary to do this, the transcontinental railheads needed for this cargo are in Reno and Stockton, the Port of Oakland recently received a \$15 million grant from the Department of Transportation but construction has not begun, and predictions show cargo volume increase on a level that justifies work towards utilizing all means of increasing processing capabilities. Chairperson Haggerty said rail improvements were at one time in the works but the fate of those plans are unknown to him, reiterated his discomfort with spending money to create jobs elsewhere and noted the absence of a broad plan. Mr. Breen responded that staff's focus is on emission reductions, not jobs creation. Chairperson Haggerty said emissions are not the exclusive focus for Committee members.

Director Miley asked if the Marine Highway and Enhanced Mobile Sources Inspections are intended to be temporary or sustained. Mr. Breen responded that the Marine Highway will be controlled by a 5-year contract and the Enhanced Mobile Sources Inspections is a 1-year pilot with staff review and Board of Directors consideration at its conclusion. Mr. Breen noted that the Air District will likely find itself considering whether to engage with ARB for enforcement of their on-road regulation at the conclusion of the 1-year pilot. Director Miley said that the Air District has been discussing the Marine Highway since 2008 and asked if the \$750,000 is an annual expenditure. Mr. Breen responded that it is a one-time expenditure for five years' time that will serve to assist in securing a \$30 million grant for the region. Director Miley asked if there is a difference in time when shipping by barge. Mr. Breen responded that it takes about eight-and-a-half to nine hours by barge and that it is done more quickly by truck but with all the delays and consequences attendant to on-road shipping, the marine highway will result in an emissions reduction. Director Miley asked if there are plans to develop additional warehousing at the Port of Oakland to accommodate these needs five years from now. Mr. Breen asked staff from the Port of Oakland to address this when provided an opportunity to speak.

Director Piepho commended the project in concept; noted the various benefits in the form of emissions reductions from other traffic contending with truck congestion, potential significant traffic relief, enhancing or embracing the rail system throughout the region and beyond, and the

large number of commuters who live beyond Alameda and Contra Costa counties that will enjoy a better quality of life with decreased traffic; expressed her desire to get the matter before the East Bay Economic Development Alliance; and suggested that although there may be a potential job loss, the potential gains in various forms will far outweigh it. Director Piepho noted the fund balance is paying for these projects and suggested the Air District does not have to spend the money merely because they have it but might instead be able to give it back. Director Piepho asked if the return of the funds can be explored and if the emission numbers provided are as to the 744 trucks only or include ancillary motor vehicles that will be affected. Mr. Breen responded that the estimates are conservative for the trucks only and there will likely be additional emissions reductions. Mr. Breen said that the idea behind TFCA program is that the Air District is providing a benefit to all of the residents of the Bay Area so the money is returned to the source by implementing programs such as this and the Air District does not have the authority to return the money to individuals.

Chairperson Haggerty expressed his support for the proposal and explained his questions are an effort to voice that which has gone unsaid and to highlight the lack of a coordinated plan for Northern California.

Director Piepho suggested the need to remain competitive at all three Northern California ports and the establishment of a coordinated plan is an important part of doing so.

Director Avalos asked if the Marine Highway program is contingent upon the \$750,000 as it seems very inadequate for the project needs. Mr. Breen responded that it is a key component in securing a \$30 million grant and he will allow Port of Oakland staff to speak to its necessity. Director Avalos asked how long this contribution has been contemplated. Mr. Breen responded since 2008 with funding initially to come from the general fund.

Public Comments:

Anne Whittington, Supervisor of the Maritime Environmental Group, Port of Oakland, addressed the Committee in support of the Marine Highway project regarding the measurable emissions reductions leading to a reduction in health risk attributable to diesel fuel in West Oakland, in keeping with various plans of the Port of Oakland, Air District and others. Ms. Whittington said the Port of Oakland and City of Oakland own property at the Oakland Army Base which has rail and warehousing plans associated with it.

John Hummer, Director, U.S. Department of Transportation, Maritime Administration, addressed the Committee in support of the Marine Highway project regarding the parties' initial vision of this project as primarily and import initiative having evolved to include and sustain an export market of grain crops.

Keith Lesnick, Associate Administrator for Intermodal Systems Development, U.S. Department of Transportation, Maritime Administration, addressed the Committee in support of the Marine Highway project regarding the project as a component of a total transportation system project as envisioned in a meeting in Oakland between U.S. Transportation Secretary Ray LaHood and the port directors from Northern California and is an important part of including water as a medium for transportation.

Chairperson Haggerty clarified that public comments lead him to believe that there is a sense he is opposition to the project and that is not the case but urged someone to establish a collaborative between the three ports whereby a comprehensive plan is put together or, if one already exists, that it be shared; expressed his support for current efforts and a desire to learn more about future plans; suggested the delta is in poor shape and expressed his concern about the long-term impacts of a program of this kind; and commended staff for getting to a point in the project where funds are being expended on capital. Mr. Lesnick responded that the money is all going towards infrastructure, not an operating subsidy, and it has always part of the agenda to include waterborne transportation in the overall plan.

Richard Sinkoff, Director of Environmental Programs and Planning, Port of Oakland, addressed the Committee in support of the Marine Highway project by echoing the support expressed by Ms. Whittington; relayed data from a Port of Oakland economic impacts analysis that reflected approximately 74,000 jobs in the Northern California region are related to goods movement and this information lends credence to the need to consider jobs creation as a key factor and this project is understood under an overall goods movement system. Mr. Sinkoff stated that the emissions reductions program under which this project is undertaken involved a stakeholder process and the Port of Oakland has an obligation to integrate this project with the maritime air quality improvement plan; and the Port of Oakland is ready to take the next step in strengthening coordination with the Ports of Stockton and Sacramento.

Jeff Wingfield, Environmental and Regulatory Affairs Manager, Port of Stockton, addressed the Committee in support of the Marine Highway project to echo the statements by others and express the Port's gratitude to the Air District.

Committee Action:

Director Piepho made a motion, seconded by Director Miley and carried unanimously without objection to recommend the Board of Directors:

1. Authorize the Executive Officer/APCO to enter into and execute all necessary contracts with:
 - Dero Bike Rack Co., Sportsworld Northwest Inc. and Creative Pipe Inc., not to exceed a total of \$600,000 for a BRVP.
 - Port of Oakland for a performance-based contract not to exceed \$750,000 for a Marine Highway project.
2. Authorize the Executive Officer/APCO to expend up to \$1 million in TFCA funding to execute an Enhanced Mobile Sources Inspections project.

8. Committee Member Comments/Other Business: None.

9. **Time and Place of Next Meeting:** Thursday, July 26, 2012, at Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, CA 94109 at 9:30 a.m.
10. **Adjournment:** The meeting adjourned at 11:10 a.m.

/S/ Sean Gallagher

Sean Gallagher
Clerk of the Boards