Projects and Contracts with Proposed Grant Awards Over $100,000

Mobile Source Committee Meeting
December 18, 2019

Daniel Langmaid
Staff Specialist
Strategic Incentives Division
Overview

- Background
- Proposed projects with awards over $100,000
- Overview of Fiscal Year Ending (FYE) 2020 funds
  - Status of funding
  - Awards by project type and county
- Recommended Actions
Carl Moyer Program and Mobile Source Incentive Fund

**Carl Moyer Program (CMP)**
- Created in 1998 to reduce emissions from heavy-duty engines
- Voluntary program that funds surplus emission reductions

**Mobile Source Incentive Fund (MSIF)**
- Assembly Bill (AB) 923 allowed for additional $2 motor vehicle registration fee surcharge (12/04)
- CMP and Lower Emission School Bus Program (LESBP) projects eligible for MSIF funding
Community Health Protection Grant Program (CHP)

- Created by AB 134 (2017) appropriation of $50 million (M) from the Greenhouse Gas Reduction Fund (GGRF) to reduce mobile source emissions, including criteria pollutants, toxic air contaminants, and greenhouse gases in Bay Area AB 617 communities.

- Senate Bill (SB) 856 (2018) continued support for these projects, awarding $40M for emission reduction projects under the CMP, Proposition 1B Goods Movement Emission Reduction Program, and select stationary sources.
On February 6, 2019, Air District Board of Directors

- Approved participation in CMP Year 21
- Authorized Executive Officer/APCO to execute contracts and amendments with grant awards up to $100,000

On April 3, 2019, Air District Board of Directors

- Approved acceptance of SB 856 grant funding for the Community Health Protection Grant Program (CHP)
$118,940 for one (1) project to replace two (2) pieces of off-road agricultural equipment

Emission reductions
- Over 0.84 tons per year (TPY) of criteria pollutants
Transportation Fund for Clean Air (TFCA)

- Statutory authority set forth in California Health and Safety Code Sections 44241 and 44242
- Funding provided by a $4 surcharge on motor vehicles
On April 3, 2019, Air District Board of Directors:

- Allocated $32.3M of TFCA funds for FYE 2020 projects
- Authorized Executive Officer/APCO to execute contracts and amendments with grant awards up to $100,000

On June 5, 2019, Air District Board of Directors:

- Adopted policies and evaluation criteria for the FYE 2020 TFCA Regional Fund program
TFCA Project Recommendations Over $100,000

- $1,004,900 in total awards for five (5) projects:
  - 18 single-port and 54 dual-port Level 2 charging stations
  - One (1) rideshare project
  - 1.84 miles of class IV protected bikeways
  - 44 electronic bicycle lockers

- **Emission reductions**
  - Over 1.17 TPY of criteria pollutants
Status of Incentive Funding Awarded Since July 2019, by Funding Source

- **CMP/MSIF/CHP/FARMER ($52M)**: $19.55M
- **TFC FYE 2020 ($32.3M)**: $9.77M
- **RFG ($1.2M)**: $0.77M

*Includes awards from FYE 2019*
### Funds Recommended & Awarded by Project Category Since July 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light-duty Cars &amp; Infrastructure</td>
<td>$5.7 M</td>
</tr>
<tr>
<td>On-road Trucks &amp; Buses</td>
<td>$1.0 M</td>
</tr>
<tr>
<td>School Buses</td>
<td>$4.3 M</td>
</tr>
<tr>
<td>Off-road Ag</td>
<td>$2.9 M</td>
</tr>
<tr>
<td>Non-Ag</td>
<td>$3.3 M</td>
</tr>
<tr>
<td>Off-road Marine &amp; Locomotive</td>
<td>$8.4 M</td>
</tr>
<tr>
<td>Trip Reduction</td>
<td>$5.5 M</td>
</tr>
</tbody>
</table>

Total = ~$31 M*  

List of projects is shown in Attachments 2 and 3.

*Includes awards from CMP/MSIF/CHP/FARMER, TFCA Regional Fund, and Reformulated Gasoline Fund.
Funds Recommended & Awarded by County Since July 2019

Total = $~31* M

San Francisco
$2.4M, 7.7%

Alameda
$10.3M, 33.4%

Contra Costa
$9.3M, 30.2%

Marin
$575k, 1.9%

Sonoma
$2.0M, 6.4%

Solano
$698k, 2.3%

San Mateo
$1.2M, 3.9%

Santa Clara
$3.6M, 11.6%

Sonoma
$837k, 2.7%

List of projects is shown in Attachments 2 and 3

* Includes awards from CMP/MSIF/CHP/FARMER, TECA Regional Fund, and Reformulated Gasoline Fund.
<table>
<thead>
<tr>
<th>Program Name, Description, and Website</th>
<th>Status</th>
<th>Source</th>
</tr>
</thead>
</table>
| Carl Moyer  
Funding to replace heavy-duty on- & off-road vehicles and equipment, marine engines, and locomotives  
www.baaqmd.gov/moyer                                                                                 | Open   | CMP, MSIF, CHP, FARMER  |
| Vehicle Buy Back  
Funding to scrap 1996 or older light-duty cars  
www.baaqmd.gov/vbb                                                                                  | Open   | MSIF                    |
| Clean Cars for All  
Funding for low-income owners to retire and replace their vehicles with a cleaner option  
www.baaqmd.gov/cleancarsforall                                                                        | Open   | California Climate Investments |
| Vehicle Trip Reduction  
Funding for projects to reduce single-occupancy vehicle trips  
www.baaqmd.gov/tripreduction                                                                        | Open   | TFCA                    |
| West Oakland Zero-Emission  
Funding to accelerate the adoption of zero-emission vehicles and equipment operated in West Oakland  
www.baaqmd.gov/WestOaklandZEV                                                                        | Open   | RFG                     |

Additional grant programs for other project categories scheduled to open early next year
Recommended Actions

Recommending the Board of Directors:

1. Approve recommended projects with proposed grant awards over $100,000 as shown in Attachment 1; and

2. Authorize the Executive Officer/APCO to enter into all necessary agreements with applicants for the recommended projects.
Transportation Fund for Clean Air (TFCA) Program Audit #20 Results

Mobile Source Committee Meeting
December 18, 2019

Betty Kwan
Staff Specialist
Strategic Incentives Division
Overview

- Background

- Audit #20
  - Scope
  - Results

- Next Steps
Transportation Fund for Clean Air (TFCA)

- Authorized by California Health and Safety Code (HSC) Sections 44241 & 44242
- Funding provided by $4 surcharge on motor vehicles
- HSC Section 44242 requires fiscal audit of all TFCA-funded projects & programs at least once every two years

Board approved contract to Simpson & Simpson, LLP for independent audit services on October 4, 2017
Audit #20 Scope

- TFC A Regional Fund projects and Air District-sponsored programs completed prior to June 30, 2019:
  - **Financial audits** performed in accordance with generally accepted auditing standards in the U.S. & applicable standards contained in Government Auditing Standards
  - **Compliance audits** performed in accordance with the requirements outlined in the Health & Safety Code, funding agreements, and Government Auditing Standards

- Air District’s administrative expense of TFCA funds incurred between July 1, 2017 and June 30, 2018
Forty-three (43) TFCA Regional Fund projects, including Air District-sponsored programs, were audited.

Audit field work was conducted March 2019 through November 2019.

No findings were identified.

Additionally, compliance with other aspects of the funding agreement was reviewed through Agreed-Upon Procedures.
Review results from Agreed-Upon Procedures for opportunities to:

- Further refine contractual requirements; and
- Continue to improve Air District’s communications regarding contractual requirements and audit process
Transportation Fund for Clean Air Expenditures and Effectiveness for Fiscal Year Ending 2019

Mobile Source Committee Meeting
December 18, 2019

Sean Newlin
Staff Specialist
Strategic Incentives Division
Overview

- Background

- Fiscal Year Ending (FYE) 2019 Expenditures and Cost-Effectiveness
  - Expenditures
  - Emissions Reductions
  - Cost-Effectiveness

- Next Steps
Statutory authority: California Health and Safety Code (HSC)

Funding: $4 surcharge on motor vehicles

HSC Section 44241.5: Air District’s Board of Directors (Board) to annually review the expenditure of revenues received to determine their effectiveness in improving air quality
Report covers 44 TFCA Regional Fund projects and three (3) Air District-sponsored programs that concluded by FYE 2019.

- **Expenditures:** $6.01 million (M)
  - $2.72 M – Regional Fund projects
  - $2.23 M – Air District programs
  - $1.06 M - FYE 2019 admin/audit
• Lifetime criteria pollutants reduced: **85.86 tons**

- ROG: 22.64 tons
- NOx: 19.89 tons
- PM10: 43.34 tons

- Equivalent of taking more than **45,000 commuter vehicles** off the road for a year at a cost of **$130 per vehicle**
Cost-Effectiveness and other key report findings

- TFCA funds were allocated to eligible projects and programs

- Overall cost-effectiveness: $51,397/ton criteria pollutant emissions reduced:
  - One (1) project exceeded cost-effectiveness threshold for the year it was awarded
Cost-Effectiveness and other key report findings (cont’d)

Achieved public health benefits:

- Conserve energy and help to reduce greenhouse gases
- Reduce traffic congestion
- Expand first and last-mile connection services to rail, ferry, and mass transit
- Improve physical fitness & public safety by facilitating pedestrian and other car-free modes of travel
- Accelerate adoption of zero-emissions vehicles
Next Steps

- Continue to pursue opportunities to fund the most cost-effective projects and programs, and focus funds in Community Air Risk Evaluation (CARE) and Assembly Bill (AB) 617 areas.

- Partner with transit and congestion management agencies on identifying new cost-effective trip reduction solutions.

- Collect and evaluate data reported by project sponsors to refine estimated emissions reductions.
Policy to Prohibit Use of Air District Funds on Vehicles Manufactured by Companies that Oppose California’s Regulations of Light-duty Vehicle Emissions
Overview

❖ Background

❖ Proposed Policy

❖ Potential Impacts
  • Air District Fleet
  • Air District Grant Programs

❖ Recommended Action
California Executive Order N-19-19 (September 20, 2019)

New Purchasing Policies for State Agencies’ Fleet

- Effective November 15, 2019, prohibits purchase of internal combustion engine light-duty vehicles
- Effective January 1, 2020, restricts purchase of new vehicles from only automakers that support California’s regulatory authority
Proposed Policy

Prohibit Air District funding for the purchase of light-duty vehicles from the following manufacturers*:

*List is current as of November 15, 2019
Potential Impacts on Air District Fleet

- **Hybrid:** 77%
- **CNG:** 4%
- **Battery Electric:** 1%
- **Gas:** 16%
- **Hydrogen:** 2%

140 Vehicles as of December 13, 2019
Potential Impacts on Grant Programs

Air District Grant Programs

- Clean Fleets Program
  - Limited clean air vehicle options (examples as of December 2019)
  
- Clean Cars for All - exempt
- County Program Manager Fund Program - exempt
Next Steps

- Pause all fleet vehicle purchases
- Finalize policy
- Enforce immediately after Board of Directors Approval
  - Inform staff from
    - Business Office, Enforcement, Meteorology & Measurements for fleet
    - Technology Implementation Office, Strategic Incentives for grant programs
  - Update grant program policies
- Begin discussion with counties about expanding this policy for the TFCA County Program Manager Fund Program
Recommended Action

Recommend the Board of Directors:

Direct Air District staff to develop a procurement policy that would prohibit Air District incentive and general funds from being used for the purchase of light-duty vehicles, manufactured by companies that oppose California’s regulations of light-duty vehicle emissions.
EV Market Research Study

- Understand majority adopters to move market beyond early adopters: apartment residents, low-income households, fleet managers, ride-hailing drivers, property owners, and dealership sales personnel.

- Understand priorities and barriers of key market actors that affect EV market and infrastructure.
Contract with Center for Sustainable Energy (CSE)

- Initial Board of Directors (Board) approval on May 1, 2019, executed contract amount of $113,677

- Need for a larger survey size to provide sufficient granularity (county level)

- Expanding the sample size from 500 to 1,000 respondents will require an additional cost not to exceed $5,000
Recommend the Board of Directors:

Authorize the Executive Officer/APCO to increase an existing contract with the CSE by an amount not to exceed $5,000 for services performed in Fiscal Year Ending (FYE) 2019 and FYE 2020 for EV market research services.
Thank you