Projects and Contracts with Proposed Awards over $100,000

Mobile Source and Climate Impacts Committee Meeting
March 24, 2022

Alona Davis, Air Program Manager
Strategic Incentives Division
adavis@baaqmd.gov
• Provide status update on grant funds awarded since July 1, 2021, and information about new recommended awards greater than $100,000.

• Obtain Board of Directors approval to take the actions necessary to administer these grants.
Presentation Outline

• Background

• Proposed projects with awards over $100,000

• Status of incentive funding
  o Revenue sources
  o Community benefits & project locations

• Recommendations
Requested Actions

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.
## CMP/MSIF, CAPP, and FARMER

<table>
<thead>
<tr>
<th>Carl Moyer Program (CMP)</th>
<th>Funding Agricultural Replacement Measures for Emission Reductions (FARMER)</th>
<th>Community Air Protection Program (CAPP)</th>
<th>Mobile Source Incentive Fund (MSIF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Air Resources Board</td>
<td>$34 million</td>
<td>Mobile Source Incentive Fund (MSIF)</td>
<td>DMV Fees $12 million</td>
</tr>
</tbody>
</table>

- Carl Moyer Program (CMP)
- Funding Agricultural Replacement Measures for Emission Reductions (FARMER)
- Community Air Protection Program (CAPP)
- Mobile Source Incentive Fund (MSIF)
- DMV Fees $12 million

California Air Resources Board $34 million

Mobile Source and Climate Impacts Committee
March 24, 2022
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
• Recommend $591,700 in awards for three projects to replace:
  ✓ Twelve diesel agricultural tractors

Emissions Reductions
  ❖ Over 1.4 tons per year of criteria pollutants
Incentive Funding Awarded & Recommended Since July 2021 by Revenue Source (in $millions)

- **Previously Awarded**: $13.1
- **Recommended**: $21.8
- **Previously Awarded and Recommended**: $24.4
- **Available**: $29.4

By Revenue Source:
- TFCA: $16.3
- CMP / MSIF / CAPP / FARMER: $46.3

Mobile Source and Climate Impacts Committee
March 24, 2022
Bay Area Air Quality Management District
<table>
<thead>
<tr>
<th>Project Category</th>
<th>Awarded Amount (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light-duty Infrastructure</td>
<td>$7.4</td>
</tr>
<tr>
<td>and Cars</td>
<td></td>
</tr>
<tr>
<td>Trucks &amp; Buses</td>
<td>$0.1</td>
</tr>
<tr>
<td>School Buses</td>
<td>$17.4</td>
</tr>
<tr>
<td>Off-road Equipment</td>
<td>$4.4</td>
</tr>
<tr>
<td>Marine &amp; Rail</td>
<td>$5.7</td>
</tr>
<tr>
<td>Trip Reduction</td>
<td>$2.5</td>
</tr>
</tbody>
</table>

**Total = $37.5M**

List of projects is shown in Attachments 2 & 3
$37.5M total awarded*

* includes ~$2M in regional grants not attributed to counties

> 82% to CARE areas, disadvantaged and low-income communities, and low-income residents

Legend
- Disadvantaged and/or Low-Income Community
- CARE Area
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 Allocation Fiscal Year Ending 2023

Mobile Source and Climate Impacts Committee
March 24, 2022

Minda Berbeco, PhD
Manager, Strategic Incentives
mberbeco@baaqmd.gov
Approval of proposed allocation of new revenue and proposed cost-effectiveness requirements for Air District-sponsored programs in the Transportation Fund for Clean Air (TFCA) for fiscal year ending (FYE) 2023.
Presentation Outline

• Background on TFCA

• Proposed for FYE 2023
  • Allocation of new and remaining revenues for Regional Fund and Air District-sponsored programs and projects
  • Cost-effectiveness limits for Air District-sponsored programs

• Feedback Requested/Prompt
Presentation Requested Action

Recommend Board of Directors:

1. Approve the proposed allocation of the estimated new TFCA monies to the programs and projects listed in Table 1; and

2. Authorize the proposed cost-effectiveness limits for the Air District-sponsored programs and projects listed in Table 2.
TFCA Background

• $4 motor vehicle registration fee surcharge since 1991
• Funds eligible projects that reduce on-road motor vehicle emissions
• Air District Board of Directors approves policies and cost-effectiveness (C/E) criteria annually
Strategies for Reducing Emissions

Clean Air Vehicles
- Zero emissions vehicles
- Fueling & charging infrastructure
- Vehicle Buy-Back
- Enhanced Mobile Source Inspections

Trip Reduction
- Biking & Walking
- Last-mile connection services
- Rideshare
- Outreach and Education:
  - Spare the Air
  - Commuter Benefits Program
## Proposed FYE 2023 TFCA Funding Allocation

<table>
<thead>
<tr>
<th>Program Categories</th>
<th>New $ (millions)</th>
<th>Carryover (millions)</th>
<th>Total $ Available (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean Air Vehicles</td>
<td>$6.00</td>
<td>$14.00</td>
<td>$20.00</td>
</tr>
<tr>
<td>Trip Reduction</td>
<td>$4.28</td>
<td>$2.00</td>
<td>$6.28</td>
</tr>
<tr>
<td>Air District Sponsored Programs</td>
<td>$2.64</td>
<td>$0.00</td>
<td>$2.64</td>
</tr>
<tr>
<td><strong>Subtotal for programs &amp; projects</strong></td>
<td><strong>$12.92</strong></td>
<td><strong>$16.00</strong></td>
<td><strong>$28.92</strong></td>
</tr>
<tr>
<td>Admin &amp; Audit</td>
<td>$1.68</td>
<td>$0.00</td>
<td>$1.68</td>
</tr>
<tr>
<td><strong>Total funding estimated for FYE 23</strong></td>
<td><strong>$14.60</strong></td>
<td><strong>$16.00</strong></td>
<td><strong>$30.60</strong></td>
</tr>
</tbody>
</table>
Proposed FYE 2023 TFCA Funding Allocation Cont’d

Clean Air Vehicles $20M
- Zero-Emission Vehicles and Infrastructure
- Clean Cars for All

Trip Reduction $6.3M
- Bicycle Facilities (bikeways and parking)
- Infrastructure Improvements to expand access to mass transit
- Last-Mile Commuter Connections
Proposed FYE 2023 TFCA Funding Allocation Cont’d

Air District-Sponsored Programs $2.64M

Outreach and Education:
- ✓ Spare the Air
- ✓ Commuter Benefits Program

Enhanced Mobile Source Inspections

Vehicle Buy Back (direct mail costs only)
## Proposed Cost Effectiveness

### Air District-Sponsored Programs

<table>
<thead>
<tr>
<th>Program Categories</th>
<th>Max. C/E (per ton of emissions reduced)</th>
<th>Project Operational Period (in Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spare the Air and Commuter Benefits</td>
<td>$500,000</td>
<td>1</td>
</tr>
<tr>
<td>Enhanced Mobile Source Inspections</td>
<td>$500,000</td>
<td>1</td>
</tr>
<tr>
<td>Clean Cars for All</td>
<td>$500,000</td>
<td>3</td>
</tr>
<tr>
<td>Vehicle Buy Back</td>
<td>$500,000/ N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Recommend Board of Directors:

1. Approve the proposed allocation of the estimated new TFCA monies to the programs and projects listed in Table 1; and

2. Authorize the proposed cost-effectiveness limits for Air District-sponsored programs and projects listed in Table 2.
2021 Report of the Air District's Voluntary Emissions Reduction Grant Programs

Mobile Source & Climate Impacts Committee Meeting
March 24, 2022

Chengfeng Wang
Air Quality Program Manager
cwang@baaqmd.gov

Karen Messina Schkolnick
Director, Strategic Incentives Division
kschkolnick@baaqmd.gov
Presentation Outcome

• Receive a report of the Air District's voluntary emissions reduction grant programs, including the results of projects awarded in calendar year 2021, grant program revenue and priorities for calendar year 2022, and challenges and opportunities.

• Obtain Board of Directors’ authorization to increase the Executive Officer/APCO’s signature authority up to $500,000 for the execution of individual grant agreements and amendments for voluntary emissions reduction projects that are funded by state revenues and local vehicle registration fees.
Presentation Outline

• Results of funds awarded in 2021
• Historical trends (awards and revenue)
• Projected revenues and priorities for 2022
• Opportunities, challenges and risks
• Request to increase signature authority
• Recommendation
Requested Action

Recommend the Board of Directors to authorize an increase in the Executive Officer/APCO’s signature authority up to $500,000 for the execution of individual grant agreements and amendments for voluntary emissions reduction projects that are funded by state revenues and local vehicle registration fees.
$76.3 million (M) awarded

>86% benefits AB 617 communities
  • Community Air Risk Evaluation (CARE) areas
  • Disadvantaged Communities (DAC)
  • Low-income areas (LIA)

Diesel free by 33’
  • $21M awarded to >850 pieces of zero-emission equipment & publicly accessible infrastructure

Emissions reduced in tons per year (TPY)
  • >359 TPY of criteria pollutants and >11,800 TPY of CO₂
2021 Results by County (in Millions)

- Alameda: $20
- Contra Costa: $15
- Marin: $5
- Napa: $10
- San Francisco: $10
- San Mateo: $5
- Santa Clara: $20
- Solano: $5
- Sonoma: $15

Legend:
- DAC & LIC
- Disadvantaged Community (DAC)
- Low-Income Community (LIC)
- CARE Area
2021 Results (in Millions)

Project Categories

- Trip Reduction: $5.0
- Pass-Through: $10.2
- Off-Road: $23.7
- On-Road: $37.4

Funding Programs

- Moyer: $37.5
- Transportation Fund for Clean Air: $32.8
- Other: $6.0
2021 Results*
Estimated Emissions Reduced Tons/Year (TPY)

>359 TPY of Criteria Pollutants

Climate Protection
- >11,800 TPY of carbon dioxide (CO₂)
- Other GHG emission reductions, e.g., black carbon, CH₄, are not evaluated

PM10, 68.0
ROG, 74.5
NOX, 216.6

*not all programs evaluate criteria pollutant or CO₂ reductions
$21M awarded for >850 zero-emissions pieces of equipment

- On-Road (heavy-duty): 64
- On-Road (light-duty): 221/563
- Off-Road (large): 0
- Off-Road (small): 3

Zero-emission vehicles, equipment, & infrastructure
Historical Trend
Grant Funds Awarded 2011-2021

Trendline
Average
~$71M

$100
$75
$50
$25
$0

2011 2013 2015 2017 2019 2021
Projected Funds Available 2022
>$182 Million

*Carl Moyer includes CMP, State Reserve and FARMER funds
2022 Grant Program Priorities

• Impacted and AB 617 communities
  • Communities near ports, roadways, and other activities that drive increased health risk
  • Equity Programs, e.g., Vehicle Incentive Program, Clean Cars for All

• Zero emission technologies & projects
  • Diesel Free by ‘33
  • Trip reduction to reduce single-occupancy vehicle miles traveled (VMT)
Opportunities, Challenges, and Risks

**Opportunity:**
- Increased funding = more projects, emissions reductions, and staffing
  - **5 FTE** approved for FYE 22 (on-hold) and **1 FTE** proposed for FYE 23

**Challenges:**
- Lead time for new staff to be proficient in all program requirements
- Aggressive contractual deadlines
- Delays from shelter-in-place (grantees, manufactures & vendors)

**Risks:**
- Timely completion of projects and pay-out within deadlines
- Possible audit risks
Request to Increase Signature Authority

- Streamline approval process and minimize delays
- Increase speed of contracting for applicants
- Reduce staff administrative burden for staff
- Reduce risk of missing contractual deadlines

2018 – 2021: ~$216 million awarded
- 42% of projects were >$100,000 representing 92% funds awarded
- 12% of projects were >$500,000 representing 71% funds awarded
Amount of Funds Awarded (2018-2021)

In millions

- Greater than $500K
  - 2018: 71%
  - 2019: 71%

- $400K - $500K
  - 2018: 71%
  - 2019: 71%

- $300K - $400K
  - 2018: 71%
  - 2019: 71%

- $200K - $300K
  - 2018: 71%
  - 2019: 71%

- $100K - $200K
  - 2018: 71%
  - 2019: 71%

- <=$100K
  - 2018: 71%
  - 2019: 71%

Bay Area Air Quality Management District

Mobile Source and Climate Impacts Committee
March 24, 2022
Number of Projects Awarded (2018-2021)

- 12% Greater than $500K
- 30% $400K - $500K
- 30% $300K - $400K
- 58% $200K - $300K
- 30% $100K - $200K
- 7% <= $100K

By Year:
- 2018
- 2019
- 2020
- 2021
Recommend the Board of Directors to authorize an increase in the Executive Officer/APCO’s signature authority up to $500,000 for the execution of individual grant agreements and amendments for voluntary emissions reduction projects that are funded by state revenues and local vehicle registration fees.
Proposed CEQA Thresholds for Evaluating the Significance of Climate Impacts From Land Use Projects and Plans

Mobile Source & Climate Impacts Committee
March 24, 2022

Henry Hilken
Director, Planning & Climate Protection
hhilken@baaqmd.gov
The Mobile Source and Climate Impacts Committee (Committee) will consider staff request to recommend Board of Directors adoption of the proposed CEQA Thresholds for Evaluating the Significance of Climate Impacts From Land Use Projects and Plans and associated Justification Report.
Presentation Outline

• Background and context for the thresholds update
• Proposal for updated thresholds of significance
• Stakeholder feedback
• Requested action
The Committee will consider staff request to recommend the Board of Directors adopt the proposed CEQA Thresholds for Evaluating the Significance of Climate Impacts From Land Use Projects and Plans and associated Justification Report
Background and Context

The Air District’s Role in CEQA:

- **Lead agency** when it has the primary authority to implement or approve a project
- **Responsible agency** when it has limited discretionary authority over a portion of a project
- **Commenting agency** when it has concerns about the air quality or greenhouse gas impacts of a proposed project.
Background and Context (cont.)

The Air District supports lead agencies with CEQA by:

- Establishing recommended **thresholds** of significance for air quality and greenhouse gases
- Providing **guidance** on methodology and best practices
- Developing **tools** to assist practitioners with the analysis
The Air District encourages local jurisdictions to:

- Build mixed-use, infill, transit-oriented development
- Provide adequate levels of housing and minimize automobile use
- Meet Plan Bay Area goals for housing and transportation
- Align with aggressive statewide goals for reducing GHG emissions
What is driving this CEQA thresholds update?

- New State GHG Targets
  - Assembly Bill (AB) 32’s 2020 targets replaced by Senate Bill (SB) 32 target for 2030
  - 2017 Scoping Plan sets 2030 targets
- Executive Order B-55-18: Carbon neutrality as soon as possible; no later than 2045
- Local governments are asking us to update our GHG thresholds to support their planning
- Evolving case law
Proposed Thresholds: Land Use Developments

Buildings & Transportation
Proposed Thresholds: Land Use Developments (cont.)

Must include A or B:

A. Projects must include, at a minimum, the following project design elements:
   1) Buildings
      a) The project will not include natural gas appliances or natural gas plumbing (in both residential and nonresidential development).
      b) The project will not result in any wasteful, inefficient, or unnecessary energy usage as determined by the analysis required under CEQA Section 21100(b)(3) and Section 15126.2(b) of the State CEQA Guidelines.

B. Projects must be consistent with a local GHG Reduction Strategy that meets the criteria under the CEQA Guidelines section 15183.5(b) C.
Must include A or B (continued):

A. Projects must include, at a minimum, the following project design elements

2) Transportation
   a) Achieve compliance with electric vehicle requirements in the most recently adopted version of CALGreen Tier 2
   b) Achieve a reduction in project-generated vehicle miles traveled (VMT) below the regional average consistent with the current California Climate Change Scoping Plan (currently 15 percent) or meet a locally adopted SB 743 VMT target, reflecting recommendations in the Governor’s Office of Planning and Research’s *Technical Advisory on Evaluating Transportation Impacts in CEQA*:
      i. Residential projects: 15 percent below the existing VMT per capita
      ii. Office projects: 15 percent below the existing VMT per employee
      iii. Retail projects: no net increase in existing VMT

B. Be consistent with a local GHG Reduction Strategy that meets the criteria under the CEQA Guidelines section 15183.5(b)
Must include A or B:

A. Meets State’s goals to reduce emissions to 40% below 1990 levels by 2030 and carbon neutrality by 2045.

B. Is consistent with a local GHG reduction strategy that meets the criteria under State CEQA Guidelines Section 15183.5(b).
Provides rationale and evidence to support the use of the CEQA thresholds by the Air District and other Lead Agencies

In order to have a less than significant climate impact:
  - Land use projects must be built so they can be carbon neutral by 2045
  - Community-wide plans guide community to being carbon neutral by 2045

Land use projects
  - Determining a project’s “Fair Share” in achieving State’s climate goals
  - How the design elements connect to the State’s 2030 and 2045 climate goals

Community-wide plans
  - Reinforce need for local climate action plans aligned with State goals
Stakeholder Engagement

- Nine Focus Groups (August – November, 2021)
  - Local government planning staff
  - CEQA practitioners
  - Environmental Justice and Equity groups

- Two Public Workshops (December 2021 and March 2022)
  - Public comment period on draft justification report – February 16 to March 18, 2022

- Board presentations
  - Mobile Source and Climate Impacts Committee – September 23, 2021
  - Mobile Source and Climate Impacts Committee – March 24, 2022
Stakeholder Input (to date)

- Overall support for the approach
  - General support for the qualitative approach and the design elements
  - Appreciate the alignment with state policy, codes and standards
  - Many good suggestions were made about different strategies and measures that could be included in the Guidance

- Some concerns expressed
  - Projects that include special uses with limited alternatives to natural gas
  - Recently adopted CAPs may not take carbon neutrality into account
  - Rural communities can have difficulty meeting State SB743 VMT reductions
Feedback Requested/Prompt

Staff requests the Committee recommend Board of Directors' adoption of the proposed CEQA Thresholds for Evaluating the Significance of Climate Impacts From Land Use Projects and Plans and associated Justification Report.
Introduction to the Mobile Source and Climate Impacts Committee and 2022 Work Plan

Mobile Source and Climate Impacts Committee
March 24, 2022

Damian Breen
Sr. Deputy Executive Officer of Operations
dbreen@baaqmd.gov
• Staff will share a proposed work plan for the meetings of the Mobile Source and Climate Impacts Committee in 2022.
• Work plan outlined from months March 2022 – December 2022.
• None – informational presentation
2022 Mobile Source and Climate Impacts Committee Work Plan

• March
  • Projects and Contracts with Proposed Grant Awards Over $100,000
  • Fiscal Year Ending (FYE) Transportation Fund for Clean Air (TFCA) Funding Allocation
  • Air District Grant Programs Overview

• April
  • Projects and Contracts with Proposed Grant Awards Over $100,000
  • FYE 2022 TFCA County Program Manager Expenditure Plans
2022 MSCI Work Plan Cont’d

• May
  • Projects and Contracts with Proposed Grant Awards Over $100,000
  • Updates to the TFCA Regional Fund Policies and Evaluation Criteria for FYE 2023
  • TIO – Charge! recommendations
  • TIO – Electric Vehicle (EV) contractor recommendations

• June
  • Projects and Contracts with Proposed Grant Awards Over $100,000
2022 MSCI Work Plan Cont’d

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

• August
  • No Meeting

• September
  • Projects and Contracts with Proposed Grant Awards Over $100,000
  • Diesel Free by ‘33 Update
2022 MSCI Work Plan Cont’d

• October
  • Projects and Contracts with Proposed Grant Awards Over $100,000
  • Proposed Updates to the TFCA County Program Manager Fund Policies for FYE 2024

• November
  • No Meeting

• December
  • Projects and Contracts with Proposed Grant Awards Over $100,000
  • Report on TFCA Projects Expenditures and Effectiveness for FYE 2023
  • TFCA Program Regional Fund Projects – Audit #22 Results