



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

**AGENDA: 4**

# **Consideration of Proposition 4 (2024)**

**Policy, Grants, and Technology Committee Meeting  
September 18, 2024**

**Alan Abbs**

**Legislative Officer**

**[aabbs@baaqmd.gov](mailto:aabbs@baaqmd.gov)**



# Action Requested

The Policy, Grants, and Technology Committee (Committee) will consider recommending the Board of Directors take a position on California Proposition 4, the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024, appearing on the November 5, 2024, Statewide General Election Ballot.

# Proposition 4 (2024)

- Authorizes \$10 billion in state general obligation bonds for various projects to reduce climate risks and impacts: \$3.8 billion for safe drinking water and water resilience; \$1.95 billion for wildfire prevention and extreme heat mitigation; \$1.9 billion for protection of natural lands, parks, and wildlife; \$1.2 billion for protection of coastal lands, bays, and oceans; \$850 million for clean energy; and \$300 million for agriculture
- Prioritizes projects benefitting disadvantaged communities
- Requires annual audits
- Appropriates money from General Fund to repay bonds

# Key Goals of Proposition 4 Bond Funds

- **Drought, Flood, and Water Supply (\$3.8 Billion):** Increase the amount and quality of water available for people to use and reduce the risk of flooding
- **Forest Health and Wildfire Prevention (\$1.5 Billion):** Improve the health of forests and protect communities from wildfires
- **Sea-Level Rise and Coastal Areas (\$1.2 Billion):** Reduce the risks from sea-level rise, restore coastal areas, and protect fish
- **Land Conservation and Habitat Restoration (\$1.2 Billion):** Protect and restore natural areas
- **Energy Infrastructure (\$850 Million):** Support the state's shift to more renewable sources of energy, such as offshore wind
- **Parks (\$700 Million):** Expand, renovate, and repair local and state parks.
- **Extreme Heat (\$450 Million):** Reduce the effects of extreme heat on communities
- **Farms and Agriculture (\$300 Million):** Help farms respond to the effects of climate change and become more sustainable

# Fiscal Effects

- Increased State Costs of About \$400 Million Annually for 40 Years to Repay the Bond
- Likely Reduced Local Costs for Natural Resources and Climate Activities
- Potential State and Local Savings if Funding Prevents Disasters

# Recap: Action Requested

The Policy, Grants, and Technology Committee (Committee) will consider recommending the Board of Directors take a position on California Proposition 4, the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024, appearing on the November 5, 2024, Statewide General Election Ballot.

# Questions / Discussion



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**AGENDA: 5**

**Authorization to Execute Grant  
Agreements for Recommended  
Projects with Proposed Grant Awards  
Over \$500,000**

**Policy, Grants, and Technology Committee Meeting  
September 18, 2024**

**Chengfeng Wang  
Manager**

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# Action Items

## Action item for the Committee to consider recommending to the Board of Directors:

1. Approve one recommended project with a proposed grant award over \$500,000 as shown in Attachment 1; and
2. Authorize the Executive Officer/Air Pollution Control Officer to enter into all necessary agreements with applicants for the recommended project

# Outline

- Primary Funding Sources and Background
- Proposed Projects with Grants Over \$500,000
- Status of Incentive Funding in Fiscal Year Ending (FYE) 2025
- Recommendations

# Primary Grant Funding Sources for FYE 2025

**Total Available : \$130.3 Million**



## California Air Resources Board (CARB)

- **Carl Moyer** Memorial Air Quality Standards Attainment Program
- **Community Air Protection** (CAP Incentives)
- Funding Agricultural Replacement Measures for Emission Reductions (**FARMER**)

## State of California Department of Motor Vehicles (DMV) Surcharge



- Transportation Fund for Clean Air (**TFCA**) 60% Regional Fund
- Mobile Source Incentive Fund (**MSIF**)

# Mobile Source Incentive Programs: Solicitations\*

- **Recent**

- ✓ **November 2023 – April 2024: Heavy-Duty Vehicle and Equipment (HDV&E) Replacement Program**
- ✓ **Summer 2024: Competitive Electric Charging Infrastructure**

- **Open Now**

- **Vehicle Buy Back Program**

- **Upcoming**

- **Opening Fall 2024: HDV&E Replacement Program**

\*Grant programs funded by sources discussed in this report

# Cost Effectiveness (CE) of Mobile Source Projects

## Max. CE of Conventional Fuel Equipment Replacement Projects



Up to \$34,000



## Max CE of Zero-emission (ZE) Replacement Projects



Up to \$522,000



CE of Proposed  
ZE Project,  
\$350,000



Cost-Effectiveness = \$ awarded per tons of emissions reduced

\$0 / ton reduced

\$600k / ton reduced

Calculation considers factors such as, baseline emission rate, project life, usage, and project cost

# Mobile Source Incentive Programs: Proposed Project

**Recommend the award of \$696,600 to one off-road project that will:**

- Replace a diesel loader and a diesel sweeper with zero-emission electric units, and install two dual-port charging stations
- Operate in Richmond
- Reduce more than 0.5 ton of criteria pollutants per year, with an estimated CE of approximately \$350,000



# Mobile Source Incentive Programs:

## Funding Status Summary (7/1/24 - 8/19/24)

- **Total awarded, allocated, & recommended = \$16.7 Million (M)**
  - ~ \$13.95M reserved for Air District-sponsored Programs
  - **Awarded & recommended projects estimated to reduce 6.5 tons/year of pollutants**, including nitrogen oxide (NO<sub>x</sub>), reactive organic gases (ROG), and particulate matter (PM)
- **\$113.6M remaining available for award in FYE 2025 with goal of at least 80% of funding to clean air projects that benefit priority communities**

# Recommendations

## Action item for the Committee to consider recommending to the Board of Directors:

1. Approve one recommended project with a proposed grant award over \$500,000 as shown in Attachment 1; and
2. Authorize the Executive Officer/Air Pollution Control Officer to enter into all necessary agreements with applicants for the recommended project





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# **State Legislative Update**

**Policy, Grants, and Technology Committee Meeting  
September 18, 2024**

**Alan Abbs**

**Legislative Officer**

**[aabbs@baaqmd.gov](mailto:aabbs@baaqmd.gov)**

# Action Requested

None; the Committee will discuss this item, but no action is requested at this time.

# Presentation Summary

## Updates will be provided for the following:

- Air District Sponsored and Co-Sponsored Bills
- Board-Approved Position Bills
- Other Bills of Interest

## Dates of importance:

- August 31, 2024 – The last day for each house to pass bills
- September 30, 2024 – The last day for the Governor to sign or veto bills passed by the Legislature before September 1, 2024

**Abbreviations:** Assembly Bill (AB) | Senate Bill (SB)

# **Air District Sponsored and Co-Sponsored Bills**

# AB 1465 (Wicks)

## Nonvehicular air pollution: civil penalties.

- This bill allows specified civil penalties to be multiplied by a factor of not more than 3 for Title V sources that violate air pollution control rules, regulations, and permit conditions if the emission contains or includes one or more air contaminants
- Status: Ordered to engrossing and enrolling
- Position: Sponsor

# AB 2298 (Hart, et. al.)

## Coastal resources: Protecting Blue Whales and Blue Skies Program.

- This bill will require the State to coordinate with important stakeholders, such as federal and local agencies, nonprofits, and the marine industry, to expand the current Protecting Blue Whales and Blue Skies voluntary vessel speed reduction program into a statewide voluntary vessel speed reduction program
- Status: Dead
- Position: Co-Sponsor

# SB 382 (Becker)

## Single-family residential property: disclosures.

- This bill would, on or after January 1, 2026, require a seller of a single-family residential property to deliver a specified disclosure statement to the prospective buyer regarding the electrical systems of the property, except as specified, and to disclose, in writing, the existence of any state or local requirements relating to the future replacement of existing gas-powered appliances that are being transferred with the property, as specified
- Status: Governor's Desk
- Position: Sponsor

# **Board-Approved Position Bills**



# AB 2522 (W. Carrillo)

## **Air districts: governing boards: compensation.**

- This bill will increase outdated compensation limits for board members of local air districts and would authorize an annual increase going forward
- Status: Ordered to engrossing and enrolling
- Position: Support

# AB 2851 (Bonta)

## **Metal shredding facilities: fence-line air quality monitoring.**

- This bill requires, on or before January 1, 2027, an air district the jurisdiction of which includes metal shredding facilities to develop requirements for facility wide fence-line air quality monitoring at metal shredding facilities, as provided. This bill requires the Department of Toxic Substances Control (DTSC) to require metal shredding facilities to monitor and report to the department hazardous waste constituents requested by the department
- Status: Ordered to engrossing and enrolling
- Position: Support

# AB 2958 (Calderon)

## State Air Resources Board: board members: compensation.

- This bill would require the six part-time members of the California Air Resources Board that represent air districts to receive an annual salary equal to other board members
- Status: Dead
- Position: Support

# SB 674 (Gonzalez)

**Air pollution: covered facilities: community air monitoring systems: fence-line monitoring systems.**

- This bill makes several changes to the fence-line monitoring program for communities and petroleum refineries, including expanding the program to include monitoring for biofuel refineries and additional pollutants, applying to contiguous or adjacent refinery-related facilities, increasing the standards for data quality, and providing enhanced processes for notifying affected communities
- Status: Vetoed by the Governor
- Position: Support

# **SB 1158 (Archuleta)**

## **Carl Moyer Memorial Air Quality Standards Attainment Program.**

- This bill would extend the time air districts have to disburse Carl Moyer Program funds from four to six years
- Status: Governor's Desk
- Position: Support

# SB 1193 (Menjivar)

## Airports: leaded aviation gasoline.

- This bill would prohibit an airport operator or aviation retail establishment, as defined, from selling, distributing, or otherwise making available leaded aviation gasoline to consumers on or after January 1, 2031, as provided. Because these provisions would be a part of the State Aeronautics Act, the bill would impose a state-mandated local program
- Status: Ordered to engrossing and enrolling
- Position: Support

# SB 1298 (Cortese)

## Certification of thermal powerplants: data centers.

- This bill would increase the size of backup power plants that the California Energy Commission can grant a “small power plant exemption” (SPPE) from environmental review from 100 megawatts to 150 megawatts
- Status: Dead
- Position: Oppose Unless Amended/Interim Neutral\*

*\*The Committee voted to recommend to the full Board removing the Air District’s Board-Approved position of “Oppose Unless Amended” and move to a “Neutral” position. This item was on the agenda for the Board’s consideration at the September 4, 2024, Board meeting. However, the bill had been re-referred to the Assembly Rules Committee and never made it back to the Assembly Floor for a vote. The bill was dead by the time the Board would have considered a change in position; therefore, no action was taken by the Board.*

# Other Bills of Interest



# SB 1234 (Allen)

## **Hazardous materials: metal shredding facilities.**

- This bill would establish a new statutory framework to ensure comprehensive and safe regulation of metal shredding facilities in California. The new framework would be administered and enforced by the Department of Toxic Substances Control and mirrors the Department's existing regimes
- Status: Dead
- Position: None

# AB 98 (J. Carrillo)

**Planning and zoning: logistics use: truck routes.**

- This bill establishes warehouse standards, requires local agencies to update their circulation elements to include truck routes, and requires the South Coast Air Quality Management District to collect air pollution data near operational logistic use developments in the Counties of San Bernardino and Riverside
- Status: Ordered to engrossing and enrolling
- Position: None

# AB 180 (Gabriel)

## Budget Act of 2024. (Budget Bill Junior)

- This bill appropriates \$9.9 million from the Oil, Gas, and Geothermal Administrative Fund (OGGAF) to the Department of Conservation, to implement SB 1137 (Gonzalez, Chapter 365, Statutes of 2022), which established health protection zones that are 3,200 feet from sensitive receptors and established additional monitoring and leak detection plans for oil and gas operations and appropriates \$2.32 million OGGAF to the California Air Resources Board for purposes of implementing SB 1137
- Status: Governor's Desk
- Position: None

# AB 218 (Committee on Budget)

## Oil and gas: trailer bill.

- This bill provides funding to implement SB 1137 (Gonzalez, Chapter 365, Statutes of 2022) and delays various implementation deadlines, including the deadline for air districts to develop memoranda of understanding by 24 months from June 1, 2023, to June 1, 2025
- Status: Ordered to engrossing and enrolling
- Position: None

# AB 1122 (Bains)

## Commercial harbor craft: equipment.

- This bill requires any diesel particulate filter installed on a commercial harbor craft to be equipped with an emergency bypass system. This bill also delays the compliance dates for towing vessel commercial harbor crafts to replace or retrofit their engines until their next regularly scheduled inspection by the Coast Guard or an authorized classification society
- Status: Ordered to engrossing and enrolling
- Position: None

# AB 1296 (Grayson)

## Bar pilots: regulation of vessels.

- This bill prohibits a state regulations requiring or compelling the San Francisco Bar Pilots (SFBP) to replace specified pilot station boats unless the state regulation authorizes the SFBP to replace a pilot station boat upon the pilot boat reaching the end of its useful service life, as specified
- Status: Ordered to engrossing and enrolling
- Position: None

# AB 2401 (Ting)

## Clean Cars 4 All Program.

- This bill would make several changes to the Clean Cars 4 All (CC4A) Program, including but not limited to codifying a statewide CC4A program, potentially reallocating funds between statewide and air district-run CC4A programs, expanding reporting requirements established pursuant to SB 1382 (Gonzalez, Chapter 375, Statutes of 2022), and prioritizing certain CC4A recipients who drive older vehicles greater amounts in more pollution-burdened areas
- Status: Ordered to engrossing and enrolling
- Position: None

# AB 2561 (McKinnor)

## Local public employees: vacant positions.

- This bill requires certain actions by local public agencies and provides certain entitlements to recognized employee organizations relating to employment vacancies, recruitment, and retention efforts, among other provisions
- Status: Ordered to engrossing and enrolling
- Position: None



# SB 310 (Dodd)

## Prescribed fire: civil liability: cultural burns.

- This bill authorizes the Secretary of the Natural Resources Agency and local air districts to enter into written agreements with federally recognized California Native American Tribes to waive certain state requirements for cultural burns in ancestral territories, as specified, and expands the definition of burn boss for purposes of the qualified immunity provided prescribed fire and cultural burns in California, among other things
- Status: Governor's Desk
- Position: None

# SB 950 (Skinner)

**Energy: transportation fuels: inventories: turnaround and maintenance.**

- This bill was the Governor's proposal to require minimum oil and gas reserves. Includes provisions related to the timing of turnaround and maintenance
- Status: Dead
- Position: None

## **Special Session Bill(s)**

*On August 31, 2024, Governor Newsom called for a special session of the Legislature to address California's gasoline supply and gas price spikes.*

# ABX2 1 (Hart and Aguiar-Curry)

**Energy: transportation fuels: inventories: turnaround and maintenance.**

- Introduced on September 3, 2024
- This bill will address and prevent gasoline price spikes at the pump
- Status: Pending the Assembly and Senate convening for the special session
- Position: None

# Questions / Discussion



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**AGENDA: 7**

# **California Air Resources Board Activities Update**

**Policy, Grants, and Technology Committee Meeting  
September 18, 2024**

**Viet Tran  
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# Action Requested

None; the Committee will discuss this item, but no action is requested at this time.

# Presentation Outcome

- Staff will provide the Policy, Grants, and Technology Committee with an overview of recent California Air Resources Board (CARB) activities and how those activities may impact the Air District



# Presentation Summary

## Rulemaking

- 2023 Amendments to Area Designations for State Ambient Air Quality Standards
- Zero-Emission Forklift Regulation
- Low Carbon Fuel Standard

## Additional Updates

- Cap-and-Trade Program
- Community Air Protection Program
- Zero-Emission (ZE) School Bus and Infrastructure
- Statewide Mobile Monitoring Initiative
- Electrify America's VW Investment Plan
- Zero-Emission Vehicles (ZEVs)

# Rulemaking – Amendments to Area Designations

## 2023 Amendments to Area Designations for State Ambient Air Quality Standards

- In January 2024, CARB approved proposed 2023 Amendments to Area Designations for State Ambient Air Quality Standards. Among other amendments, the Ozone Area Designation for the San Francisco Bay Area Air Basin was amended from Nonattainment to Nonattainment-Transitional
  - **Nonattainment** – pollutant concentrations violate the State standard
  - **Nonattainment-Transitional** – pollutant concentrations violate the State standard, but air quality is nearing attainment
- This change will provide the option of suspending some reporting requirements
- Amendments are effective October 1, 2024

Source: [2023 State Area Designations Regulation | CARB](#)

# Rulemaking – Zero-Emission Forklift Regulation

## Zero-Emission Forklift Regulation

- Approved by CARB Board on June 27, 2024
  - The final rulemaking package was submitted to the Office of Administrative Law (OAL) on August 2, 2024. OAL has until September 16, 2024, to make a final determination
- Regulation phases out the operation of large spark-ignited (LSI) forklifts in California and will spur the use of ZE alternatives. LSI forklifts are a source of criteria pollutants and greenhouse gases, particularly in parts of the state that continue to exceed federal ozone standards
- Will yield \$7.5 billion in health benefits and save fleets over \$2.7 billion in operating costs

Source: [CARB Press Release Number 24-14 | June 27, 2024](#)

# Rulemaking – Zero-Emission Forklift Regulation (cont.)

## Zero-Emission Forklift Regulation

- Cumulatively, from 2026 through 2038, the Regulation is expected to reduce statewide emissions from forklifts by approximately 18,700 tons of oxides of nitrogen (NOx), 2,100 tons of particulate matter less than or equal to 2.5 micrometers (PM2.5), 5,000 tons of reactive organic gases (ROG), and 9.4 million metric tons (MMT) of carbon dioxide (CO2) due to the transition away from propane- and gasoline-fueled forklifts to, in most cases, battery-electric and fuel-cell electric forklifts

Sources: [Zero-Emission Forklift Regulation | CARB Final Statement of Reasons for Rulemaking](#)

# Rulemaking – Low Carbon Fuel Standard

## Low Carbon Fuel Standard Regulation (LCFS)

- CARB approved the LCFS regulation in 2009 and began implementation on January 1, 2011
- With a goal of reducing the carbon intensity of the transportation fuel pool by at least 20% by 2030, the LCFS is designed to encourage the use of cleaner low-carbon transportation fuels in California and encourage the production of those fuels
- Since the regulation went into effect, low carbon fuel use has increased. Fuel producers are also taking action to decrease the carbon intensity of their fuels

Sources: [Low Carbon Fuel Standard | CARB](#), [LCFS Basics | CARB](#)

# Update – Cap-and-Trade Program

- The Cap-and-Trade Program charges polluters for the carbon emissions they create in the state. The dollars collected then go to the California Climate Investments (CCI) program, which delivers the funds to communities across the state
- The program has funded \$28 billion in climate investments in the last 10 years, already delivering \$11 billion to more than half a million projects that fight climate change and cut pollution. The remaining \$17 billion will fund more projects in the coming years
- About 76% of project funds have been spent in underserved and low-income communities that face the greatest environmental burdens from pollution

Source: [CARB Press Release Number 24-09 | May 8, 2024](#)

# Update – Cap-and-Trade Program (cont.)

Cumulative Investments in the Bay Area - *As of November 30, 2023*

- **\$2,744 million** total implemented funds
- **25%** of statewide California Climate Investments funding
- **159,083** projects
- **\$1,997 million** benefiting [priority populations](#)
- **73%** of funds benefiting priority populations
- **21,814,974** metric tons of carbon dioxide equivalent estimated greenhouse gas emissions reductions
- **19,821** tons estimated criteria air pollutant reductions

Source: [California Climate Investments | Region: Bay Area](#)

# Update – Community Air Protection Program

- In May 2024, CARB announced the expansion of projects that are eligible for funding for its Community Air Protection Program, making it possible for more communities to apply for and receive assistance for proven solutions that reduce emissions and exposure to harmful pollutants
- The expanded eligible projects include Community Greening and Vegetative Barriers, Paving, Sidewalk, and Bike Path Projects, Local Agency Partnerships, Sensitive Receptors, and Alternatives to Agricultural Burning

Sources: [CARB Press Release Number 24-07 | May 3, 2024](#)  
[Community Air Protection Program | CARB](#)



# Update – Zero-Emission School Bus and Infrastructure

- California is launching a new statewide funding program – the [Zero-Emissions School Bus and Infrastructure \(ZESBI\)](#) – that will put 1,000 new, zero-emission school buses on the road, furthering the state’s lead in having the most clean buses in the nation. The ZESBI incentive project pairs zero-emission school bus vehicle incentives through the CARB with charging infrastructure incentives through the California Energy Commission (CEC)
- \$500 million to school districts and other educational entities to replace aging school buses with ZEVs and purchase needed infrastructure
- Funding applications accepted through September 30, 2024

Source: [CARB Press Release Number 24-17 | August 27, 2024](#)

# Update – Statewide Mobile Monitoring Initiative

- CARB is launching a new program Statewide Mobile Monitoring Initiative (SMMI) to enhance air quality monitoring across the state, with a heavy focus on communities where residents live near multiple sources of pollution
- SMMI is designed to collect data on criteria pollutants, toxic air contaminants, and greenhouse gases in communities through mobile monitoring
- Specific monitoring locations for the SMMI will be chosen through a collaborative community engagement process that kicks off with its first virtual public meeting on September 17, 2024

Sources: [CARB Press Release Number 24-18 | September 5, 2024](#)  
[Statewide Mobile Monitoring Initiative | CARB](#)

# Update – Electrify America (VW Investment)

Background: In 2016 and 2017, CARB, the California Attorney General's Office, the United States Department of Justice, and U.S. EPA entered into a series of settlements with Volkswagen (VW) to resolve federal and California claims for VW's use of illegal defeat devices on its diesel vehicles. Among other remedies in the settlements, VW is required to invest \$800 million in California over 10 years in four consecutive, 30-month cycles, subject to approval by CARB. Electrify America is a VW subsidiary

Source: [CARB Board Meeting Agenda \(Item 24-1-2 Staff Plan Analysis\) - January 25, 2024](#)

# Update – Electrify America (VW Investment) (cont.)

- In January 2024, CARB approved the Cycle 4 Plan, covering the period of July 1, 2024, through December 31, 2026. Cycle 4 identifies investments in charging infrastructure, and public education, awareness, outreach, and marketing activities. In aggregate, these investments are designed both to demonstrate the utility of ZEVs and to increase their use in the state
- Directs at least 35 percent of investments be in low-income or disadvantaged communities
- Increased use of ZEVs will help the state meet its air quality and climate change goals
- [Volkswagen ZEV Investment Commitment | CARB](#)

# Update – Zero-Emission Vehicles

- The sales of new ZE medium- and heavy-duty trucks in California in 2023 have doubled from the prior year, now representing 1 out of every 6 new vehicles sold for services that include last-mile delivery, freight transportation, and school buses, according to a [report](#) released by the state
- With 18,473 medium- and heavy-duty ZEVs sold in California in 2023, the state has exceeded its Advanced Clean Trucks (ACT) goal two years ahead of schedule and selling five times the required amount. Since 2021, a total of 26,921 medium- and heavy-duty ZEVs have been sold in California

Source: [CARB Press Release Number 24-11 | June 6, 2024](#)

# Questions / Discussion