



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

## BOARD OF DIRECTORS' REGULAR MEETING

APRIL 2, 2008

A meeting of the Bay Area Air Quality Management District Board of Directors will be held at 9:45 a.m. in the 7<sup>th</sup> floor Board Room at the Air District headquarters, 939 Ellis Street, San Francisco, California.

### Questions About an Agenda Item

The name, telephone number and e-mail of the appropriate staff person to contact for additional information or to resolve concerns is listed for each agenda item.

### Meeting Procedures

The public meeting of the Air District Board of Directors begins at 9:45 a.m. The Board of Directors generally will consider items in the order listed on the agenda. However, any item may be considered in any order.

After action on any agenda item not requiring a public hearing, the Board may reconsider or amend the item at any time during the meeting.

# BOARD OF DIRECTORS' REGULAR MEETING A G E N D A

WEDNESDAY  
APRIL 2, 2008

BOARD ROOM  
7TH FLOOR

9:45 A.M.

**REVISED**

## CALL TO ORDER

Opening Comments  
Roll Call  
Pledge of Allegiance  
Proclamations/Commendations

Chairperson, Jerry Hill  
Clerk of the Board

## PUBLIC COMMENT PERIOD

**Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3**  
*Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Board's subject matter jurisdiction. Speakers will be limited to three (3) minutes each.*

## CONSENT CALENDAR (ITEMS 1 – 4)

Staff/Phone (415) 749-

1. Minutes of March 19, 2008

V. Johnson/4941

[vjohnson@baaqmd.gov](mailto:vjohnson@baaqmd.gov)

2. Communications

J. Broadbent/5052

[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

*Information only.*

3. District Personnel on Out-of-State Business Travel

J. Broadbent/5052

[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

*In accordance with Section 5.4 (b) of the District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified that there was no Air District personnel on out-of-state business travel for the month of March 2008.*

4. Set Public Hearing for April 16, 2008 to Consider Testimony on Proposed Amendments to District Regulation 3: Fees, and set a Final Public Hearing for June 4, 2008 to Consider Adoption of these Amendments and Approval of a Notice of Exemption from CEQA

J. Broadbent/5052

[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

*Proposed amendments to District Regulation 3: Fees, will help the Air District recover a greater share of the costs incurred to implement and enforce regulatory programs for stationary sources. Under California Health and Safety Code 41512.5, certain fee schedules require an initial public hearing to be held at least 30 days prior to the date at which adoption or revision of the fee schedules will be considered by the district board. The first public hearing to receive testimony on proposed amendments to the District's fee regulation will be held on April 16, 2008. A second public hearing to consider adoption of the amendments will be held on June 4, 2008.*

## **COMMITTEE REPORTS AND RECOMMENDATIONS**

5. Report of the **Budget and Finance Committee** Meeting of March 26, 2008

**CHAIR: C. DALY**

**J. Broadbent/5052**

[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

*Action(s): The Committee may recommend Board of Directors approval of a resolution authorizing the Executive Officer/APCO to accept up to \$35 million from the California Air Resources Board as part of the first year of funding from the California Goods Movement Bond.*

6. Report of the **Mobile Source Committee** Meeting of March 27, 2008

**CHAIR: T. SMITH**

**J. Broadbent/5052**

[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

*Action(s): The Committee may recommend Board of Directors approval of the following:*

- A) Proposed Revisions to Transportation Fund for Clean Air (TFCA) Policies and Evaluation Criteria to govern allocation of FY 2008/2009 TFCA funds, including the allocation of \$1,000,000 in TFCA Regional Funds to the Clean-Air Vehicle Advanced Technology Demonstration projects that meet the Fiscal Year 2008/2009 TFCA Regional Fund Policies, with any portion that remains unallocated following that funding cycle reverting back to the TFCA Regional Fund for general use; and*
- B) Bicycle Facility Program (BFP) Guidelines to govern allocation of FY 2008/2009 funds, including the allocation of \$600,000 in Transportation Fund for Clean Air Regional Funds to the BFP and authorize the Executive Officer/APCO to enter into BFP funding agreements with project sponsors in accordance with the Board-approved Bicycle Facility Program Guidelines.*

## **PRESENTATION**

7. Overview of Air District's Integrated Priority Communities Strategy for Grant Funding Programs

**J. Broadbent/5052**

[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

*The Board of Directors will receive an overview of how the Air District's grant funding programs are being used as part of an overall strategy to reduce emissions to impacted communities.*

## **OTHER BUSINESS**

- 8. Report of the Executive Officer/APCO
- 9. Chairperson's Report
- 10. Board Members' Comments

*Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)*

11. Time and Place of Next Meeting - 9:45 a.m., Wednesday, April 16, 2008- 939 Ellis Street, San Francisco, CA 94109
12. Adjournment

**CONTACT EXECUTIVE OFFICE - 939 ELLIS STREET SF, CA 94109**

**(415) 749-5127**  
**FAX: (415) 928-8560**  
**BAAQMD homepage:**  
[www.baaqmd.gov](http://www.baaqmd.gov)

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities. Notification to the Executive Office should be given at least 3 working days prior to the date of the meeting so that arrangements can be made accordingly.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
**939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109**  
**(415) 771-6000**

**EXECUTIVE OFFICE:**  
**MONTHLY CALENDAR OF DISTRICT MEETINGS**

**MARCH 2008**

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets 4<sup>th</sup> Wednesday of each month)</i>	Wednesday	26	9:45 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Mobile Source Committee</b> – <i>(Meets 4<sup>th</sup> Thursday of each Month)</i>	Thursday	27	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room

**APRIL 2008**

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	2	9:45 a.m.	Board Room
<b>Advisory Council Air Quality Planning Committee</b> <i>(Meets 1<sup>st</sup> Thursday of each even Month) – RESCHEDULED TO THURSDAY, APRIL 10, 2008</i>	Thursday	3	9:00 a.m.	Room 716
<b>Board of Directors Executive Committee</b> <i>(At the Call of the Chair) - CANCELLED</i>	Thursday	3	9:30 a.m.	4th Floor Conf. Room
<b>Board of Directors Personnel Committee</b> <i>(At the Call of the Chair)</i>	Friday	4	10:00 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Advisory Council Technical Committee</b> – <i>(Meets 1<sup>st</sup> Monday of each even Month)</i>	Monday	7	9:30 a.m.	Board Room
<b>Advisory Council Public Health Committee</b> <i>(Meets 2<sup>nd</sup> Wednesday of each even Month)</i>	Wednesday	9	1:30 p.m.	Board Room
<b>Advisory Council Air Quality Planning Committee</b> <i>(Meets 1<sup>st</sup> Thursday of each even Month)</i>	Thursday	10	9:00 a.m.	Room 716
<b>Board of Directors Executive Committee</b> <i>(At the Call of the Chair)</i>	Thursday	10	9:30 a.m.	4th Floor Conf. Room
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	16	9:45 a.m.	Board Room

## APRIL 2008

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Joint Policy Committee</b>	Friday	18	10:00 a.m. – 12:00 p.m.	BCDC 50 California St., 26 Fl. San Francisco, CA
<b>Board of Directors Legislative Committee</b> <i>(Meets 4<sup>th</sup> Monday of every Month)</i>	Monday	21	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets 4<sup>th</sup> Wednesday of each month)</i>	Wednesday	23	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets 4<sup>th</sup> Thursday of each Month)</i>	Thursday	24	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Legislative Committee</b> <i>(Meets 4<sup>th</sup> Monday of every Month) – RESCHEDULED TO MONDAY, APRIL 21, 2008</i>	Monday	28	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room

## MAY 2008

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Public Outreach Committee</b> <i>(Meets 1<sup>st</sup> Thursday every other Month)</i> - CANCELLED	Thursday	1	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	7	9:45 a.m.	Board Room
<b>Advisory Council Executive Committee</b> <i>(Meets 2<sup>nd</sup> Wednesday of every odd Month)</i>	Wednesday	14	9:00 a.m.	Room 716
<b>Advisory Council Regular Meeting</b> <i>(Meets 2<sup>nd</sup> Wednesday of every odd Month) – RESCHEDULED TO THURSDAY, MAY 15, 2008</i>	Wednesday	14	10:00 a.m.	Board Room
<b>Advisory Council Regular Meeting</b> <i>(Meets 2<sup>nd</sup> Wednesday of every odd Month)</i>	Thursday	15	9:00 a.m.	Board Room
<b>Board of Directors Climate Protection Committee</b> <i>(Meets 3<sup>rd</sup> Thursday every other Month)</i>	Thursday	15	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Joint Policy Committee</b>	Friday	16	10:00 a.m. – 12:00 p.m.	MTC 101 - 8 <sup>th</sup> Street Oakland, CA 94607
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	21	9:45 a.m.	Board Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets 4<sup>th</sup> Thursday of each Month)</i>	Thursday	22	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets 4<sup>th</sup> Wednesday of each month)</i>	Wednesday	28	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room

hl

3/24/08 (3:20 p.m.)

P/Library/Forms/Calendar/Calendar/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Jerry Hill and Members  
of the Board of Directors

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 21, 2008

Re: Board of Directors' Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Board of Directors meeting of March 19, 2008.

DISCUSSION

Attached for your review and approval are the draft minutes of the March 19, 2008 Board of Directors' meeting.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

## BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Draft Minutes: Board of Directors' Regular Meeting– March 19, 2008

### **Call To Order**

Opening Comments: Chairperson Jerry Hill called the meeting to order at 9:45 a.m.

Roll Call: Present: Jerry Hill, Chair, Tom Bates (10:05 a.m.), Chris Daly (9:50 a.m.), Scott Haggerty, Yoriko Kishimoto, Carol Klatt, Liz Kniss (9:55 a.m.), Janet Lockhart, Jake McGoldrick (9:55 a.m.), Mark Ross, Michael Shimansky, John Silva, Tim Smith, Pam Torliatt, Gayle B. Uilkema, Brad Wagenknecht, Ken Yeager.

Absent: Dan Dunnigan, Erin Garner, John Gioia, Nate Miley.

Pledge of Allegiance: The Board of Directors recited the Pledge of Allegiance.

Director Daly arrived after the Pledge of Allegiance.

**Public Comment Period:** – The Chair called for public comment and there was none.

Directors McGoldrick and Director Kniss arrived at 9:55 a.m. Director Bates arrived at 10:05 a.m.

### **Consent Calendar (Items 1 – 5)**

1. Minutes of March 5, 2008

2. Communications

*Information only.*

3. District Personnel on Out-of-State Business Travel

*In accordance with Section 5.4 (b) of the District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified that the attached memoranda lists District personnel who traveled on out-of-state business.*

4. Referral of Draft Proposed Budget for Fiscal Year Ending 2009 to the Budget and Finance Committee

*Pursuant to Administrative Code Division II, Section 3.2 Fiscal Policies and Procedures, and in compliance with Section 29064 of the Government Code, the Board shall refer the proposed budget for Fiscal Year Ending 2009 to the Budget and Finance Committee for review and consideration.*



5. Consideration of Recommendation for Salary Range Increase for the Classification of Clerk of the Board

*The Board of Directors considered approval of recommendation for a salary range increase for the Clerk of the Board classification from Range 132 to 136.*

**Board Action:** Director Shimansky moved approval of Consent Calendar; seconded by Director Smith; carried unanimously without opposition.

## **COMMITTEE REPORTS AND RECOMMENDATIONS**

6. Report of the Climate Protection Committee Meeting of March 13, 2008

Director Torliatt presented the report and stated that the Climate Protection Committee met on Thursday, March 13, 2008.

The Committee received a report from staff on the proposed Greenhouse Gas fee schedule to address costs incurred by the Air district to implement Climate Protection activities for stationary sources. Three members of the public commented on the item; expressing concern with Air District authority; and with duplication of efforts at the state and regional levels.

The Committee provided direction to staff to move forward with the fee schedule with the exclusion of biogenic CO<sub>2</sub> emissions.

The Committee received an update from staff on Air District activities to support local government with climate protection efforts; that included: the Air District's Climate Protection grant program; inventory assistance, workshops, regional and state partnerships; planning assistance and CEQA guidance and support. Staff also presented a brief overview of the California Air Pollution Control Officer Association's "CEQA and Climate Change" white paper. The paper presents threshold options, tools for impact quantification and a list of mitigation measures.

The Committee deferred agenda item #6 Greenhouse Gas Emission Reductions from Bay Area Stationary Sources, Phase II Report to the next meeting of the Committee.

The next meeting is at the call of the Chair.

**Board Action:** Director Torliatt moved that the Board of Directors approve the report of the Climate Protection Committee; seconded by Director Kishimoto carried unanimously without opposition.

7. Report of the Stationary Source Committee Meeting of March 17, 2008

Director Haggerty presented the report and stated that the Stationary Source Committee met on Monday, March 17, 2008.

The Committee received reports on the following three informational items:

- 1) Status Report of Proposed Regulation 6; Rule 3: Wood Burning Devices. The report included background information on Wood Smoke and Winter PM<sub>2.5</sub>; a breakdown of wood smoke distribution; Bay Area wood smoke inventory; a summary of comments received at public workshops; proposed changes to the draft rule; next steps in the rule process; and information on outreach meetings to be held in April. The Committee discussed that the proposed rule does not allow any indoor or outdoor residential burning when the Air District forecasts an exceedance of the National Ambient Air Quality Standard for fine particulate matter, including EPA-certified wood burning devices and pellet stoves, in order to provide a clear air quality message to the public and obtain the maximum emission reduction possible.

Five members of the public commented in support of the proposed rule and 1 member of the public was neutral.

- 2) Proposed Amendments to Regulation 9; Rule 7: NO<sub>x</sub> and CO from Industrial, Institutional and Commercial Boilers, Steam Generators and Process Heaters. The report included background information on Regulation 9; Rule 7: which was last amended in 1993; proposed amendments to the rule to reduce NO<sub>x</sub> limits to reflect current control technology and extend NO<sub>x</sub> limits to devices below 10 million BTU/hr; proposed energy efficiency requirements; and next steps in the rule process. A second public workshop is scheduled for early April and a public hearing is expected the third quarter.
- 3) Proposed Amendments to Regulation 8; Rule 20: Graphics Arts Printing and Coating Operation. The report included an overview of printing technologies; currently regulated printing operations in the Bay Area; VOC emissions from permitted printing sources; proposed amendments to the draft rule including anticipated emission reductions; and next steps in the rule process. A workshop on the proposed amendments is expected in the spring and a public hearing to consider proposed amendments to the rule is expected the third quarter 2008.

The Committee provided direction to staff on items discussed during each presentation.

The next meeting of the Committee will be at the call of the chair.

**Board Action:** Director Haggerty moved that the Board of Directors approve the report of the Stationary Source Committee; seconded by Director Shimansky; carried unanimously without opposition.

### **Other Business**

8. Report of the Executive Officer/APCO

Mr. Broadbent provided the Board of Directors with two presentations. The first was the Revised 8-Hour National Ozone Standard.

Mr. Broadbent highlighted the following:

- EPA revised 8-hour national ozone standard March 12, 2008;
- Standard reduced from 84 ppb to 75 ppb;
- Exceeded twice as many days per year in Bay Area;
- EPA has not published revised standard in *Federal Register*;
- Attainment designations by March 2010;
- Plans for non-attainment areas due by 2013; and
- Implementation requirements (attain dates) in separate rule

EPA's conclusion is that the current standard is not sufficiently health protective.

Last year there was 1 exceedance of the 8-hour standard. If the standard had been 75 ppb, there would have been 2 exceedances. In the summer of 2006 there were a series of days in which there were very hot temperatures and 12 days exceeded the national standard. The new standard would have been exceeded 17 times.

Director Torliatt asked if other U.S. states have the same 8-hour state standard as California. Mr. Broadbent responded that staff will go back to see which other states may have stricter standards, but stated that most states rely strictly on the federal ambient air quality standards.

In addition, Director Torliatt asked about the status of the ozone attainment plan. Mr. Broadbent indicated that the California Clean Air Act requires that the Air District update its plan every 3 years. Staff believes it may make sense to pull all the pollutants under one plan; ozone and PM, because NO<sub>x</sub> and other pollutants contribute to both problems. Therefore, it may be best to have a comprehensive strategy update for 2009. Staff will brief the Executive Committee on this issue.

Mr. Broadbent also stated that this would not be a federal plan, as the update will be strictly to show progress towards meeting the state standards. U.S. EPA will have a different set of requirements for the Air District to meet for the new ozone standard. Brian Bunker, Legal Counsel stated that the Air District is currently under no federal planning obligation.

Mr. Broadbent continued with his report with an overview on the West Oakland Health Risk Assessment. Mr. Broadbent stated that CARB has been working with the Air District on a set of health risk assessments. The focus is on the West Oakland community, the relative concentrations and impacts of diesel PM.

Mr. Broadbent discussed the following:

- Assessment focuses on diesel PM
- Based on emissions in 2005
  - Trucks, ships, harbor craft, locomotives, cargo handling equipment, and other diesel sources

- 3 complementary parts
  - Part I: Maritime Port of Oakland
  - Part II: Union Pacific Rail Yard
  - Part III: Sources in and adjacent to West Oakland
- Estimates the potential lifetime cancer risk and other health impacts based on modeled concentrations of diesel PM
- Preliminary results to be presented at the March 19, 2008 community meeting in West Oakland

Mr. Broadbent noted that the report is being released by CARB, as most of the resources were spent by the state. The Air District has worked closely with CARB.

Mr. Broadbent indicated that the most important finding is an elevated risk in and around the West Oakland community: the cancer risk is about 3-4 times higher in that community than in other areas of the Bay Area. The Air District's Community Air Risk Evaluation (CARE) program has identified the same type of issue. Elevated levels of diesel particulate occur in about six communities in and around the Bay Area. This information has been released to the public through the CARE program and through the call for projects for the Carl Moyer Program. The Air District is working diligently to put traps on trucks, traps on harbor craft and traps on railroad locomotives in and around those communities.

Those 6 communities include:

- Concord;
- Richmond;
- West Oakland;
- East Oakland, San Leandro;
- Eastern San Francisco; and
- San Jose

These areas are believed to have elevated levels of diesel particulate and therefore elevated risks. The Air District will continue to target grant funds, and continue to work with the communities. Mr. Broadbent continued his discussion and stated that 80+ percent of the risk is due to diesel particulate, and what is being conveyed to the community groups is that we should redouble and focus our efforts to clean up the diesel particulate.

The majority of these risks are due to truck traffic. It is not necessarily in and around the port, although the port clearly does contribute in ship, truck and train traffic. Chairperson Hill stated that this summer CARB will adopt an on-road diesel rule, similar to last years rule which was the off-road diesel rule which is quite stringent and will have major effects on every diesel truck in the state. It should result in a 40% reduction of the diesel particulate by 2015, and by 2020 there should be a 75% reduction.

The Air District strategies include:

- Extensive Participation in Health Risk Assessment
  - Emissions inventory development
  - Assist with and review modeling
  - Participate in community outreach
- Co-chair and Participant in Port of Oakland Maritime Air Quality Improvement Plan (MAQIP)
- Tracking Reductions of Diesel Emissions and Risk in West Oakland
- Community Air Risk Evaluation (CARE) Program Mitigation Action Plan
  - Grant funds targeted
  - Outreach efforts increased
  - Liaison with local health departments
  - Land use guidance
  - Green Ports Initiative

Mr. Broadbent also commented that the Air and Waste Management Association will conduct their Annual Conference in Portland, Oregon from June 24 – June 26 and requested that Board members that are interested in attending respond by April 1, 2008. Mr. Broadbent concluded his report.

9. Chairperson's Report – There was none.
10. Board Members' Comments – Director Shimansky stated that Town of Danville is looking at an ordinance to waive permits for installing gas lines, and that this may interest other cities and counties.
11. **Time and Place of Next Meeting** – 9:45 a.m., Wednesday, April 2, 2008 – 939 Ellis Street, San Francisco, CA 94109
12. **Adjournment** – The meeting adjourned at 10:45 a.m.

Vanessa Johnson  
Acting Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Jerry Hill and Members  
of the Board of Directors

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 20, 2008

Re: Board Communications Received from March 19, 2008 through April 1, 2008

RECOMMENDED ACTION:

Receive and file.

DISCUSSION

A list of Communications received by the Air District from March 19, 2008 through April 1, 2008, if any, will be at each Board member's place at the April 1, 2008, Regular Board meeting.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

**BAY AREA AIR QUALITY MANGEMENT DISTRICT**

Memorandum

To: Chairperson Jerry Hill and Members  
of the Board of Directors

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 25, 2008

Re: District Personnel on Out-of-State Business Travel

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

In accordance with Section 5.4 (b) of the District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified that the following District personnel have traveled on out-of-state business.

There was no out-of-state business travel for the period from March 1, 2008 – March 25, 2008. Out-of-state travel is reported in the month following travel completion.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Linda J. Serdahl  
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
 Memorandum

To: Chairperson Jerry Hill and Members  
 of the Board of Directors

From: Jack P. Broadbent  
 Executive Officer/APCO

Date: March 21, 2008

Re: Set Public Hearing for April 16, 2008 to Consider Testimony on Proposed  
 Amendments to District Regulation 3: Fees, and set a Final Public Hearing  
 for June 4, 2008 to Consider Adoption of these Amendments and Approval  
 of a Notice of Exemption from CEQA

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RECOMMENDED ACTION:

Set a Public Hearing for April 16, 2008 to consider testimony on proposed amendments to District Regulation 3: Fees; and set a second Public Hearing for June 4, 2008 to consider adoption of these amendments and approval of filing of a Notice of Exemption from the California Environmental Quality Act.

DISCUSSION

The proposed amendments to the District's fee regulation would be effective on July 1, 2008, and would increase fee revenue in order to help the District recover a greater share of the costs incurred to implement and enforce regulatory programs for stationary sources of air pollution. The proposed amendments would increase fees in the various fee schedules by 3%, 6%, 9%, or 15%. Schedules C: Organic Liquid Storage Containers, and Schedules G-3, G-4, and G-5: Miscellaneous Sources, are not proposed to be increased. Fees for filing permit applications for new and modified sources, duplicate permits, emission banking filing and withdrawal, alternate compliance plans, and permit renewal processing would increase 6%.

A new Greenhouse Gas (GHG) Fee Schedule is proposed in order to recover District costs associated with Climate Protection Program activities related to stationary sources. These activities include GHG emissions inventory preparation and updating (and associated information technology development), completion of studies and research on Bay Area sources of GHGs, evaluation and development of control strategies and regulatory measures to reduce GHG emissions, and CEQA activities related to stationary sources of GHGs. The fee would be assessed to each permitted facility at the time of annual permit renewal in proportion to the facility's GHG emissions.

Two new equipment registration fees are also proposed. One would apply to non-halogenated dry cleaning machines that are subject to District Regulation 8, Rule 17. The other would apply to diesel engines that are exempt from District permit requirements, but that need to be registered with the District under CARB rules.



It has been determined that these amendments to Regulation 3 are exempt from provisions of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.) pursuant to State CEQA Guidelines, Sections 15061, subd. (b)(3) and 15273. The amendments increase District fees that are used to meet District operating expenses. The amendments are administrative in nature, do not affect air emissions from any sources, and can be seen with certainty to have no possibility of causing significant environmental effects. With Board approval, staff intends to file a Notice of Exemption pursuant to State CEQA Guidelines, Section 15062.

A public hearing notice, and the proposed amendments to Regulation 3 are available for review by request and have been posted on the District's website at [http://www.baaqmd.gov/pln/ruledev/regulatory\\_public\\_hearings.htm](http://www.baaqmd.gov/pln/ruledev/regulatory_public_hearings.htm).

#### BUDGET CONSIDERATION/FINANCIAL IMPACTS

The proposed amendments to the District's fee regulation would not impact the current fiscal year's budget but, if adopted, would increase fee revenue in the upcoming FYE 2009 by approximately \$3.4 million.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Brian Bateman  
Reviewed by: Jeffrey Mckay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Jerry Hill and Members  
of the Board of Directors

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 21, 2008

Re: Report of the Budget & Finance Committee Meeting of March 26, 2008

RECOMMENDED ACTION

The Committee may recommend Board of Directors' approval of a resolution authorizing the Executive Officer/APCO to accept up to \$35 million dollars from the California Air Resources Board as part of the first year of funding from the California Goods Movement I-Bond.

BACKGROUND

The Budget & Finance Committee will meet on Wednesday, March 26, 2008. The Committee will receive the following reports and recommendations:

- A) Review of Air District's Reserve Funds;
- B) Presentation of Draft Budget for Fiscal Year 2008/2009; and
- C) Consideration of Recommendation to Authorize the Executive Officer/APCO to Accept up to \$35 Million from the California Air Resources Board from the Goods Movement I-Bond funding.

Attached are the staff reports presented in the Budget and Finance Committee packet.

Chairperson Chris Daly will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The Goods Movement Program distributes funds from ARB to the Air District and then to eligible equipment owners. Staff costs for the administration of the Program are included under Programs 321 "California Goods Movement Bond - Early Grants" and 323 "California Goods Movement Bond Grants" in the upcoming FY 2008/2009 budget.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Mary Ann Goodley

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

Memorandum

To: Chairperson Daly and Members  
of the Budget and Finance Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 17, 2008

Re: Review of Air District Reserve Funds

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION:

Staff will present a review of the past and current status of Air District Reserve Funds.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

No impact on Fiscal Year 2007/2008 budget.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Linda J. Serdahl, CPA, CFE

Reviewed by: Jeffrey M. McKay

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

Memorandum

To: Chairperson Daly and Members  
of the Budget and Finance Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 17, 2008

Re: Draft Budget for Fiscal Year 2008/2009

**RECOMMENDED ACTION:**

The Executive Officer/APCO requests that the Budget and Finance Committee review the Budget for FY 2008/2009 and make any recommendations for further discussions to be held during the April 23, 2008 Budget and Finance Committee meeting. This will allow staff the necessary time to make the changes for the second review by the Committee and the first public hearing date set for May 21, 2008.

**BACKGROUND:**

At the March 19, 2008 Board of Directors' meeting, the Fiscal Year 2008/2009 Preliminary Budget document will be formally referred to the Budget and Finance Committee for review at the Committee's March 26, 2008 meeting. Additional copies will be available at the Committee meeting.

**DISCUSSION:**

Staff will present the proposed budget for Fiscal Year 2008/2009. The proposed budget is balanced. General Fund Revenues, Transfers-In from Designated Reserves for PERS Funding, along with TFCA Indirect Cost Recovery and Revenues, and Mobile Source Incentive Indirect Cost Recovery and Revenues are \$74.45 million. Proposed consolidated expenditures are \$74.45 million. Proposed capital requests are \$3,537,617. The proposed budget does not include an FTE increase.

Staff will publish, prior to April 21, 2008, a notice to the general public that the first of two public hearings on the budget will be conducted on May 21, 2008 and the second hearing will be conducted on June 4, 2008. Staff requests that the Budget and Finance Committee complete its review and take action on the proposed budget at the April 23, 2008 Budget and Finance Committee meeting. This will allow staff the necessary time required to amend, if necessary, the budget for the first public hearing to be held on May 21, 2008.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The proposed consolidated budget for FY 2008/2009 is \$74,450,667 and is a balanced budget without drawing from undesignated reserves.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Linda J. Serdahl, CPA, CFE  
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Daly and Members  
of the Budget and Finance Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 20, 2008

Re: Consideration of Recommending the Board of Directors Authorize the  
Executive Officer/APCO to Accept up to \$35 Million in California Goods  
Movement Bond Funding

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RECOMMENDED ACTION:

Recommend that the Board of Directors' authorize the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (ARB) relating to the Air District's receipt of up to \$35 million in Goods Movement Emission Reduction Program funds for fiscal year (FY) 2008-2009.

BACKGROUND

Diesel pollution from current goods movement operations greatly impacts the health of community residents near ports, rail yards, distribution centers, and roads with high truck traffic. Proposition 1B, approved by voters in November 2006, authorized the Legislature to appropriate \$1 billion in bond funding to ARB to quickly reduce air pollution emissions and health risk from freight movement along California's priority trade corridors. The State Fiscal Year (FY) 2007-08 budget includes the first installment of \$250 million, plus implementing legislation via Senate Bill 88 (Chapter 181, Statutes of 2007) that created the Goods Movement Emission Reduction Program (Program).

Under this Program, the Air District will provide financial incentives to owners of equipment used in freight movement, including trucks, locomotives, ships, harbor craft, and cargo-handling equipment, to upgrade to cleaner technologies. Pollutants targeted by this Program include diesel particulate matter, a toxic air contaminant, and nitrogen oxides, which contribute to the formation of particulate matter and are also an ozone precursor. A co-benefit is the reduction of greenhouse gas emissions and black carbon emissions that contribute to climate change.

DISCUSSION

On February 28, 2008, ARB allocated \$140 million to the Bay Area trade corridor (\$35 million per year over the next four years). This funding share represents 14% of the funding that will be distributed statewide. However, unlike other air quality emissions

reductions grants which are administered solely by the District, any qualifying local agency can apply for these monies.

The Air District must also submit an application to ARB by April 4, 2008, with requested funding levels for each eligible equipment type. The application must include a copy of the Air District's resolution that authorizes Executive Officer/APCO to enter into a grant agreement with ARB.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

The Program distributes funds from ARB to the Air District and then to eligible equipment owners. Staff costs for the administration of the Program are included under Programs 321 "California Goods Movement Bond - Early Grants" and 323 "California Goods Movement Bond Grants" in the upcoming FY 2008/2009 budget.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Joseph Steinberger  
Reviewed by: Jack M. Colbourn

Attachment

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**RESOLUTION No. 2008 -**

**A Resolution Accepting Goods Movement Emission Reduction Program Funds  
From the California Air Resources Board**

WHEREAS, Government Code, Section 8879.23, subdivision (c), paragraph (2) appropriates funds to the State Board for allocation on a competitive basis for projects that are shown to achieve the greatest emission reductions from activities related to the movement of freight along California's trade corridors; and

WHEREAS, California Health and Safety Code, Section 39625 et seq. empowers the California Air Resources Board (CARB) to allocate Goods Movement Emission Reduction Program funds to local public entities, such as the Bay Area Air Quality Management District (District), to provide financial incentives to reduce emissions associated with the movement of freight along California's trade corridors;

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby authorizes the District to enter into an agreement with CARB, accept funds, and provide matching funds under the fiduciary control of the District that are identified in a District project funding demonstration.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is the District representative authorized to sign and submit the local agency project application.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is the District representative authorized to sign/execute the District's project grant agreement between CARB and the District.

BE IT FURTHER RESOLVED, the District's Board of Directors is authorized to approve of a competitively ranked equipment project list indicating the equipment projects selected for funding and a backup list of eligible equipment projects.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is the District representative authorized to sign/execute an equipment project contract between the District and equipment owner.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, on the \_\_\_\_ day of \_\_\_\_\_, 2008 by the following vote of the Board:



AYES:

NOES:

ABSENT:

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Jerry Hill  
Chairperson of the Board of Directors

ATTEST:

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Brad Wagenknecht  
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Jerry Hill and Members  
of the Board of Directors

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 21, 2008

Re: Report of the Mobile Source Committee Meeting of March 27, 2008

RECOMMENDED ACTIONS

The Committee may recommend Board of Directors' approval of the following items:

- A) *Proposed Revisions to Transportation Fund for Clean Air (TFCA) Policies and Evaluation Criteria to govern allocation of FY 2008/2009 TFCA funds, including the allocation of \$1,000,000 in TFCA Regional Funds to the Clean-Air Vehicle Advanced Technology Demonstration projects that meet the Fiscal Year 2008/2009 TFCA Regional Fund Policies, with any portion that remains unallocated following that funding cycle reverting back to the TFCA Regional Fund for general use; and*
- B) *Bicycle Facility Program (BFP) Guidelines to govern allocation of FY 2008/2009 funds, including the allocation of \$600,000 in Transportation Fund for Clean Air Regional Funds to the BFP and authorize the Executive Officer/APCO to enter into BFP funding agreements with project sponsors in accordance with Board of Director approved Bicycle Facility Program guidelines.*

DISCUSSION

The Mobile Source Committee will meet on Thursday, March 27, 2008. The Committee will consider and receive the following reports and recommendations;

- A) Overview of the Air District's Integrated Priority Communities Strategy for Grant Funding programs;
- B) Update on State-Wide Goods Movement Emission Reduction Program.
- C) Proposed Revisions to Transportation Fund for Clean Air (TFCA) Policies and Evaluation Criteria for FY 2008/2009, including the allocation of \$1,000,000 in TFCA Regional Funds to the Clean Air Vehicle Advanced Technology Demonstration program; and
- D) Consideration of FY 2007/2008 Bicycle Facility Program Annual Report; Proposed Revisions to Guidelines and Adoption of Program for FY 2008/2009.

Attached are the staff reports presented in the Mobile Source Committee packet.

Chairperson, Tim Smith will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Item C relative to TFCA Policies and Evaluation Criteria: None. Approval of the recommended policy and guideline changes will have no material impact on the Air District's budget. TFCA revenues come from a dedicated external funding source. TFCA allocations do not impact the Air District's general fund or operating budget.

Item D Relative to the Bicycle Facility Program: None. Approval of the recommended guidelines and allocation will have no material impact on the Air District's budget. TFCA allocations do not impact the Air District's general fund or operating budget.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Mary Ann Goodley

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Smith and Members  
of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 20, 2008

Re: Overview of the Air District's Integrated Priority Communities  
Strategy for Grant Funding Programs

RECOMMENDED ACTION:

Informational report; receive and file.

BACKGROUND

In 2004, the Bay Area Air Quality Management District (the Air District) initiated a Community Air Risk Evaluation (CARE) program to estimate health risks associated with exposure to outdoor toxic air contaminants (TACs). As part of this program, information was gathered through a variety of technical studies from which the Air District developed a preliminary emissions inventory of TAC and compiled demographic and health statistics data to identify communities significantly impacted by TACs.

The data analyzed revealed that in the Bay Area, consistent with ARB studies, diesel PM accounts for about 80% of the cancer risk from airborne toxics. Major sources of diesel PM include on-road and off-road heavy duty diesel trucks and construction equipment. Additionally, data analysis revealed that the following six communities (see Attachment 1) have the highest estimated emissions and exposure to diesel particulate matter for youth and senior populations:

- Concord
- Eastern San Francisco
- East Oakland/San Leandro
- Richmond
- San Jose
- West Oakland

In addition, these areas have a high percentage of low-income residents (more than 40 percent of the population under 185% of the federal poverty level).

## DISCUSSION

In order to address the need to reduce diesel particulate emissions in these communities, the Air District has devised an integrated priority communities strategy for its grant funding programs. This strategy ensures that staff will give preference for grant funding expenditures to neighborhoods identified as highly impacted through the CARE program.

This approach expands on current practices employed by the Grant Programs Section (GPS). These practices target 50% of Carl Moyer Program (CMP) monies received and weight applications received as part of the Transportation Fund for Clean Air (TFCA) program towards impacted communities.

As a demonstration of its commitment to reducing air pollution in these areas, the Air District has already spent \$23 million in TFCA funds (from a possible \$71 million over the past eight years) and \$16 million of CMP funding (from a possible \$27 million over the past four years).

### **New Strategy**

The objective of the Air District's new strategy is twofold. First, the strategy is aimed at providing emissions reductions in highly impacted communities so that health benefits are realized as immediately as possible. Secondly, it provides a platform to ensure that grant funding has a more central role in the suite of emissions reductions tools (such as permitting, rulemaking, enforcement, etc.) used by the Air District to achieve its air pollution reduction goals.

As part of the new strategy, the Air District will initially use its CMP to provide funding in the six most impacted communities identified by the CARE program. This differs from the pre-existing strategy in that the most impacted communities will be given priority for funding. The object of this prioritization is to spend at least 25% of the approximately \$11 million received as part of the CMP in these communities. However, staff is committed to expending as much of these funds as is possible in these areas.

The initial effort of the CMP, will be reinforced by all of the Air District's grant programs. As much funding as possible from the following programs will be systematically prioritized to provide as emissions reductions in the six most affected communities:

- Carl Moyer Program (\$11 million)
- TFCA Regional Program (approximately \$12 million)
- Mobile Source Incentive Fund (MSIF) (approximately \$11 million)
- California Goods Movement Bond Program (I-Bond) (approximately \$35 million)

In order to ensure the success of this strategy, staff will significantly step up its outreach efforts and will, via program guidelines, weight emissions reduction projects in the most affected communities to ensure their success in securing funding.

An outline on these efforts is as follows:

- Targeted outreach in affected communities:
  - Contact community groups to reach target industries.
  - In-person application assistance for target industries.
  - Partnerships with service industries and industry trade groups to target eligible grant recipients.
  - Foreign language translations of grant application materials.
  
- Weighting of applications from affected communities:
  - Higher scores will be given to emission reductions projects in the most affected communities.
  - Projects in targeted communities will be assessed first and staff will work with applicants where possible to ensure project cost-effectiveness.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

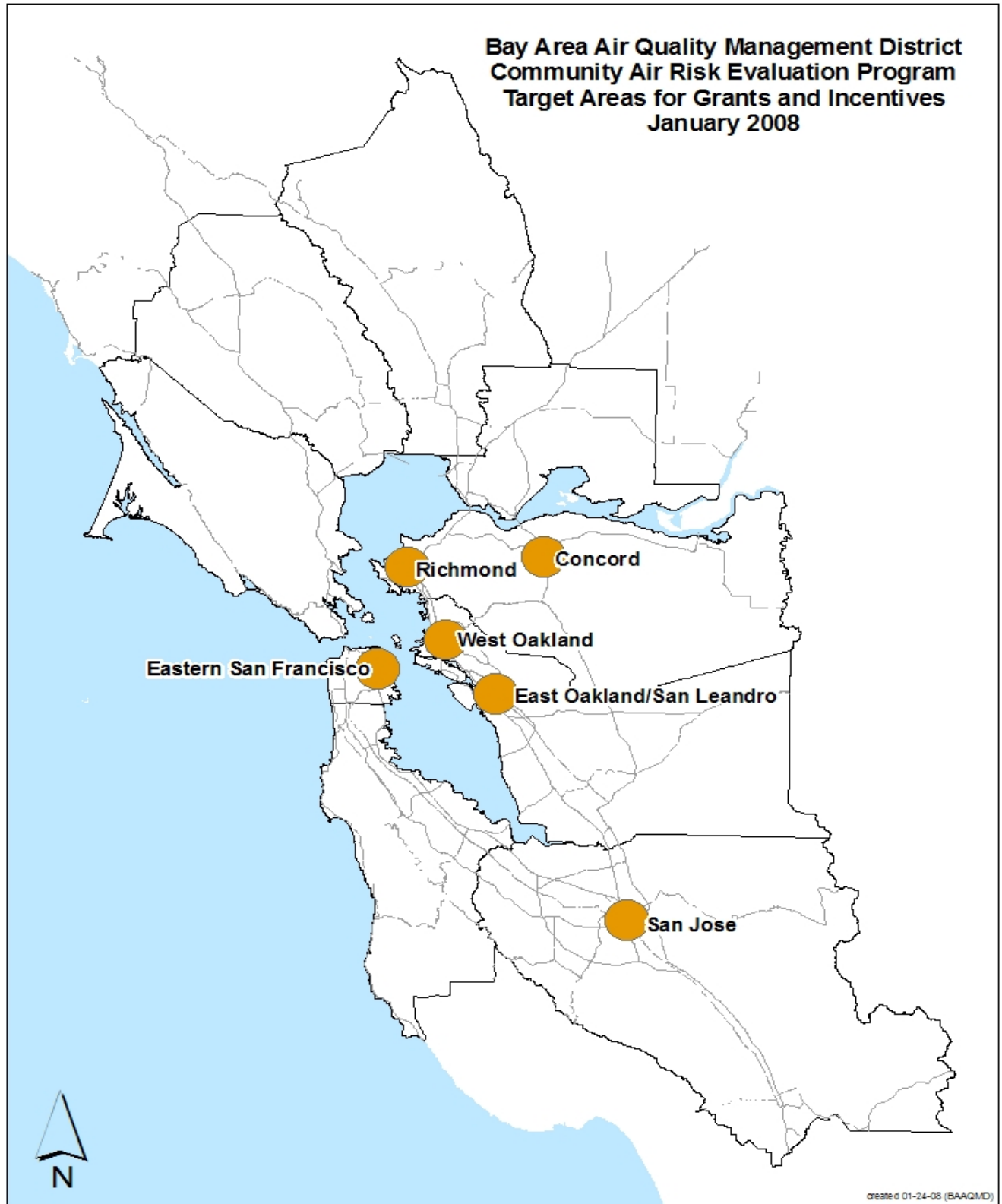
None.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Damian Breen  
Reviewed by: Jack M. Colbourn

### Attachment 1



BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Smith and Members  
of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 20, 2008

Re: Update on California Goods Movement Bond Program

RECOMMENDED ACTION:

None. For informational purposes only.

BACKGROUND

In November 2006, California voters authorized the Legislature to appropriate \$1 billion in bond funding to the California Air Resources Board (ARB) to quickly reduce air pollution emissions and health risk from freight movement along California's priority trade corridors. State Fiscal Year (FY) 2007-08 budget includes the first installment of this money (\$250 million) to be distributed statewide.

On February 28, 2008, ARB approved an allocation of \$140 million for the Bay Area trade corridor (\$35 million per year over the next four years.) This funding share represents 14% of the total funding that will be distributed statewide. Additionally, the ARB approved \$3.4 million as part of its early grant under the Goods Movement Bond to clean up emissions at the Port of Oakland (Port). This funding will be administered by the Bay Area Air Quality Management District (District) and will be used for two projects, which are as follows:

- The APL shipping line will install a grid-based electrical system at two of its berths at the Port of Oakland that will enable its cargo vessels to shut down their diesel engines while unloading goods.
- The Port in conjunction with the District will retrofit diesel trucks with state-of-the-art particulate emissions reduction devices. Also, \$400,000 in matching funds for this project will be provided by the Port

However, unlike this early grant which will be administered solely by the Air District, any qualifying local agency can apply to administer the remainder of the \$35 million to be distributed as part of the main grant. Additionally, the Air District will be required to submit an application to the ARB specifying the project types for which it is requesting



funding (drayage trucks, goods movement trucks, harbor craft, ship berth electrification, trains, etc.) in order to receive monies under the main grant.

## DISCUSSION

In order to apply for funding under the California Goods Movement Bond Program (Program), the ARB application process required the following steps:

*Registration:* To receive Program funds from CARB, the District will be required to register as a local entity with legal authority to implement the Program. This registration will be submitted to ARB in advance of the March 21, 2008, deadline established by the programs guidelines.

*Public outreach:* CARB required the Air District to conduct at least one meeting to seek public input on what they would like to see included as part of the Air District's application for Program funds. In order to comply with this requirement, staff held a public meeting in Richmond on March 12, 2008, and will hold public meetings in West Oakland on March 25, 2008, and San Leandro on March 27, 2008. The main thrust of the Air District's outreach efforts will be targeted on the West Oakland meeting due to its geographically central location. Advertisements for this meeting will appear in three local newspapers and will be publicized via the Air District website, a flyer campaign and E-mail lists of interested parties.

*Application:* Following public input, the Air District is required to submit an application to ARB by April 4, 2008, with requested funding levels for each eligible project type. This application itself is a highly complex document that requires the Air District to justify why it will be able to administer the funds requested, describe any matching funds to be used, describe its outreach plan, describe its project application and ranking system, and describe its enforcement and monitoring mechanisms.

Also, the application will be a joint effort with the Port of Oakland (the Port) who, via a memorandum of understanding, will assist the Air District with outreach to port truckers, ports rail and shipping operators. The Port may also provide match funding for bond monies or be the sole source of funding for Port truck retrofits or replacements. The Port's financial participation is depended on the approval of both a truck and container fee by its commission in summer of 2008.

At present, staff intends, dependent on public input, to apply for the funding and project types in the following table:

**Table 1 - Project Funding Requests as Part of Goods Movement Bond Application**

<b>Project Type</b>	<b>Funding requested</b>
Port drayage trucks*	<b>\$10 million</b>
Goods movement trucks*	<b>\$10 million</b>
Locomotives	<b>\$6.5 million</b>
Ship berth electrification/cargo handling equipment	<b>\$5 million</b>
Marine harbor craft	<b>\$3.5 million</b>
<b>Total</b>	<b>\$35 million</b>

\*retrofits, repowers and replacements

The Air District will provide up to \$20 million in matching funds by allocating local monies such as Mobile Source Incentive Funds (MSIF) and potentially Transportation Fund for Clean Air (TFCA) funds to eligible emission reduction projects that qualify.

Next Steps

Once the Air District has submitted its application for funding, it will be reviewed by the ARB. The ARB will then determine which local agency applications will receive funding for the first year of the goods movement bond. Provided the Air District's application is accepted, the ARB will seek approval from their Board of Directors on May 22, 2008, to enter into grant agreements with local agencies. Grant agreements between local agencies and the ARB will be signed in June, 2008, and program implementation will begin thereafter.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

The Program distributes funds from ARB to the Air District and then to eligible equipment owners. Staff costs for the administration of the Program are included under Programs 321 "California Goods Movement Bond - Early Grants" and 323 "California Goods Movement Bond Grants" in the upcoming FY 2008/2009 budget.

The Air District may use motor vehicle surcharge revenues to match a portion of the eligible projects recommended for funding that qualify. As such, any matching funds allocated will have no impact on the Air District's budget.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Joseph Steinberger  
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Smith and Members  
of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 20, 2008

Re: Proposed Transportation Fund for Clean Air Regional Fund Policies  
and Evaluation Criteria for Fiscal Year 2008/2009 and Proposed  
Allocation for Advanced Technology Demonstration Projects

RECOMMENDED ACTIONS:

Consider recommending Board of Directors' approval of the following:

- 1) The proposed Fiscal Year 2008/2009 TFCA Regional Fund Policies and Evaluation Criteria presented in Attachment A; and
- 2) The allocation of \$1,000,000 in TFCA Regional Funds to clean-air vehicle advanced technology demonstration projects that meet the Fiscal Year 2008/2009 TFCA Regional Fund Policies, with any portion that remains unallocated following that funding cycle reverting back to the TFCA Regional Fund for general use.

BACKGROUND

Each year, the Air District's Board of Directors adopts policies and evaluation criteria that govern the allocation of TFCA funds to cost-effective projects. Also, prior to each annual funding cycle, the Air District considers revisions to the TFCA policies and evaluation criteria before finalizing these documents.

On February 14, 2008, Air District staff issued a request for comments on proposed TFCA Regional Fund policies and evaluation criteria for FY 2008/2009. The deadline for interested parties to submit comments was March 5, 2008. Six interested parties submitted comments by letter or e-mail in response to the Air District's request for comments. A table summarizing the comments received and Air District staff responses is provided in Attachment B.

## DISCUSSION

### ***TFCA Regional Fund Policies and Evaluation Criteria for FY 2008/2009***

The following summarizes the proposed major changes to the TFCA Regional Fund Policies and Evaluation Criteria for FY 2008/2009:

- Policy #19, *Insurance*, would be added to formalize the current Air District practice of requiring insurance on all grant projects, to protect the Air District against potential losses.
- As part of Evaluation Criterion #5, *Sensitive and PM Impacted Communities*, applications would receive *first priority* if they not only met a threshold for operations in designated Sensitive and PM Impacted Communities, but also would reduce emissions in one of the following six designated Highly Impacted Communities:
  - Eastern San Francisco
  - West Oakland
  - East Oakland/San Leandro
  - Richmond
  - San Jose and
  - Concord.

The granting of priority ranking to projects based on Criterion #5 is a proposed addition to the points awarded based on the Air District's Community Air Risk Evaluation (CARE) Program. This program has identified a number of areas with both high particulate matter emissions and sensitive populations. The six Highly Impacted Communities have been identified by the Air District as having the most severe health risk with a population in which more than 40% of the residents are under 185% of the federal poverty level. The six are listed in no particular order. Air District staff plans to first identify and award points to projects that have substantial operations (e.g., 30%) in one of the several areas identified by the CARE program. Next, staff plans to give top priority to those projects that also would operate in one or more of the six Highly Impacted Communities.

- A new Criterion #6, *Priority Development Areas*, would also be added. Project sponsors could earn up to five points for projects that reduce emissions in regionally approved Priority Development Areas (PDAs).

The proposed Criterion #6 is intended to reduce emissions by encouraging the concentration of future growth near transit and in existing Bay Area communities. Up to five points will be awarded to projects operating in regionally approved Priority Development Areas. These areas are established by the FOCUS program, a voluntary, incentive-based program sponsored by the Joint Policy Committee, a regional planning consortium of four Bay Area agencies—the Association of Bay Area Governments, the Bay Conservation and Development Commission, the Metropolitan Transportation Commission, and the Air District.

The proposed TFCA Regional Fund Policies and Evaluation Criteria for FY 2008/2009 are provided in Attachment A.

***Allocation of TFCA Regional Funds to Clean-Air Vehicle Advanced Technology Demonstration Projects***

The proposed allocation of \$1,000,000 in TFCA Regional Funds to clean air-vehicle advanced technology demonstration projects responds to an interest on the part of members of the Board of Directors and Air District staff in encouraging such projects. The proposed allocation would match the allocation made in FY 2007/2008, which was awarded to two projects—a fuel-cell bus project and a hydrogen/methane blend fuel technology project. The recommendation would set aside these funds during the competitive cycle, for projects that meet proposed TFCA Regional Fund Policy 29, *Advanced Technology Demonstration Projects*, as well as the other applicable TFCA Regional Fund policies. Such projects would still have to meet the cost-effectiveness criterion, among other requirements, but would compete only with other eligible demonstration projects. Any portion of this allocation not awarded during the FY 2008/2009 competitive cycle would revert back to the TFCA Regional Fund for general use.

**BUDGET CONSIDERATION/FINANCIAL IMPACT:**

None. Approval of the recommended policy and guideline changes will have no material impact on the Air District's budget. TFCA revenues come from a dedicated external funding source. TFCA allocations do not impact the Air District's general fund or operating budget.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: David Wiley  
Reviewed by: Jack M. Colbourn

Attachments

Errata Sheet for Agenda Item 6 - Transportation Fund for Clean Air (TFCA)  
Regional Policies

The following text is to correct an omission in both the staff report for Mobile Source Committee Agenda Item 6 and pages 9 and 11 of the "*Proposed TFCA Regional Fund Policies and evaluation criteria for Fiscal Year 2008/2009.*" Neither of these documents contain a definition of "first priority" or "top priority" as referenced in the text. By way of clarification, staff offers the following:

For page 9, the following was removed:

*... will receive first priority...*

In favor of:

*...will receive Top priority.*

For page 9, the following was removed:

*Beginning first with projects in Highly Impacted Communities,*

In favor of:

*Available TFCA Regional Funds will be allocated to projects beginning with the highest ranking project and proceeding in sequence to lower ranking projects, to fund as many eligible projects as available funds can fully cover. If the TFCA Regional Fund is oversubscribed, the point where the next-ranked eligible project cannot be fully funded defines the cut-off point for the funding cycle, i.e., all projects above this point will be funded. The Air District may maintain a list of eligible projects that may be funded if funds become available. If the Regional Fund is undersubscribed, any remaining funds are generally allocated to projects in the subsequent funding cycle. No partial grant awards will be made; however, grant awards may be reduced from the original application request by mutual consent of the project sponsor and the Air District.*

***FY 2008/2009 TFCA Regional Fund Scoring Criteria***

<i>Criteria</i>	<i>Maximum Points</i>
<i>1. TFCA Funding Effectiveness*</i>	<i>60</i>
<i>2. Greenhouse Gas Emission Reductions*</i>	<i>10</i>
<i>3. Other Project Attributes*</i>	<i>5</i>
<i>4. Clean Air Policies and Programs**</i>	<i>10</i>
<i>5. Sensitive and PM Impacted Communities*</i>	<i>---</i>
<i>A. General</i>	<i>10</i>
<i>B. Highly-Impacted Communities</i>	<i>Top priority***</i>
<i>6. Priority Development Areas*</i>	<i>5</i>
<b><i>Total</i></b>	<b><i>100</i></b>

\* Public agencies and non-public entities eligible to receive points

\*\* Only public agencies eligible to receive points

\*\*\*Top priority is defined per Criterion 5 below

For Criterion 5 the following text was added:

*Top priority will be given to projects in these communities by providing them with the maximum score of 10 points in this Criterion and an additional 5 points under Criterion 3 "Other Project Attributes" provided that they operate at least 30% in highly impacted communities. This contrasts with previous years where a sliding 10 point scale was used similar to the general category above.*

The complete text reads as follows:

- ***Criterion 5: Sensitive and Particulate Matter (PM) Impacted Communities (maximum 10 points)***

*Under Criterion 5, grant applications are eligible for credit under two sub-criteria.*

*A. General*

*Under this sub-criterion, a maximum of 10 points (on a sliding scale, 0-10 points) will be awarded for projects that directly reduce emissions in communities with both high PM<sub>2.5</sub> emissions and sensitive populations (i.e., children, seniors, those with low-incomes or elevated asthma rates).*

*B. Highly Impacted Communities*

*New for FY 2008/2009, applications that meet thresholds for emission reductions in six highly impacted communities will receive priority over those applications that do not.*

*Top priority will be given to projects in these communities by providing them with the maximum score of 10 points in this Criterion and an additional 5 points under Criterion 3 "Other Project Attributes" provided that they operate at least 30% in highly impacted communities. This contrasts with previous years where a sliding 10 point scale was used similar to the general category above. The six highly impacted communities are:*

- *Eastern San Francisco*
- *West Oakland*
- *East Oakland/San Leandro*
- *Richmond*
- *San Jose*
- *Concord.*

*These six communities have been identified by the Air District as having the most severe health risk with a population in which more than 40% of the residents are under 185% of the federal poverty level.*



*Both sub-criteria 5A and 5B are based on data from the Air District's Community Air Risk Evaluation (CARE) Program; maps that identify these communities will be made available on the Air District's website. To qualify for points, a project must directly benefit one or more of these communities. The grant applicant must: 1) clearly indicate the community that would benefit from the project; 2) specify the percentage of project resources or services that would be delivered to the identified community; and 3) provide a clear explanation as to how the project would directly benefit residents in that community. The credit awarded will be determined by Air District staff, and will be based upon the percentage of project resources or services that would directly benefit the community, and the extent to which the project sponsor demonstrates this benefit.*

## ATTACHMENT A

# PROPOSED TFCA REGIONAL FUND POLICIES AND EVALUATION CRITERIA FOR FY 2008/09

The following policies apply only to the Transportation Fund for Clean Air (TFCA) Regional Fund.

### BASIC ELIGIBILITY

- 1. Reduction of Emissions:** A project must result in the reduction of motor vehicle emissions within the Air District's jurisdiction to be considered eligible for TFCA funding. Projects that are subject to emission reduction regulations, contracts, or other legally binding obligations must achieve surplus emission reductions to be considered for TFCA funding. Surplus emission reductions are those that exceed the requirements of applicable regulations or other legally binding obligations at the time the Air District Board of Directors approves a grant award. Planning activities (e.g., feasibility studies) that are not directly related to the implementation of a specific project are not eligible for TFCA funding.
- 2. TFCA Cost-Effectiveness and Minimum Score:** The Air District Board of Directors will not approve any grant application for TFCA Regional Funds for a project that has: a) a TFCA cost-effectiveness (i.e., funding-effectiveness) level greater than \$90,000 of TFCA funds per ton (\$/ton) of total reactive organic gases (ROG), oxides of nitrogen (NO<sub>x</sub>), and weighted particulate matter 10 microns in diameter and smaller (PM<sub>10</sub>) emissions reduced; or b) a score of less than 40 points (out of a possible 100 points) for public agencies and less than 36 points (out of a possible 90 points) for non-public entities, based upon the project evaluation and scoring criteria listed in the 2008 TFCA Regional Fund Application Guidance document.
- 3. Consistent with Existing Plans and Programs:** All projects must conform to the types of projects listed in the California Health and Safety Code Section 44241 and the transportation control measures and mobile source measures included in the Air District's most recently approved strategy(ies) for State and national ozone standards and, when applicable, with other adopted State, regional, and local plans and programs.
- 4. Viable Project:** Each grant application should clearly identify sufficient resources to complete the respective project. Grant applications that are speculative in nature, or contingent on the availability of unknown resources or funds, will not be considered for funding.
- 5. Eligible Recipients:** Public agencies and non-public entities are eligible for TFCA grants. Grant recipients must be responsible for the implementation of the project and must have the authority and capability to complete the project. Non-public entities are only eligible for TFCA grants to implement certain Clean Air Vehicle projects to reduce mobile source emissions within the Air District's jurisdiction for the duration of the useful life of the vehicles or reduced emission equipment. Only

public agencies, including public agencies applying on behalf of non-public entities, are eligible for TFCA grants for light-duty vehicles.

- 6. Public Agencies Applying on Behalf of Non-Public Entities:** A public agency may apply for TFCA Regional Fund grants for clean air vehicles on behalf of a non-public entity. As a condition of receiving TFCA Regional Funds on behalf of a non-public entity, the public agency shall enter into a funding agreement with the Air District and provide a written, binding agreement to operate the reduced emission equipment within the Air District's jurisdiction for the duration of the project life of the equipment as stated in the funding agreement between the Air District and the grant recipient.
- 7. Matching Funds:** The project sponsor shall not enter into a TFCA Regional Fund funding agreement until all non-Air District funding has been approved and secured. For grant applications requesting greater than \$150,000 in TFCA Regional Funds, project sponsors must provide matching funds from non-Air District sources, which equal or exceed 10% of the total project cost. TFCA County Program Manager Funds do not count toward fulfilling the non-Air District matching funds requirement. Grant applications for TFCA Regional Funds of \$150,000 or less may request 100% TFCA funding.
- 8. Documentation of Commitment to Implement Project:** TFCA Regional Fund grant applications must include either: a) a signed letter of commitment from an individual with authority to enter into a funding agreement and carry out the project (e.g., Chief Executive or Financial Officer, Executive Director, City Manager, etc.), or b) a signed resolution from the governing body (e.g., City Council, Board of Supervisors, Board of Directors, etc.) authorizing the submittal of the application and identifying the individual authorized to submit and carry out the project. If such documentation is not received within thirty (30) calendar days after the grant application submittal deadline, a grant application may be returned to the project sponsor and may not be scored.
- 9. Minimum Grant Amount:** Only projects requesting \$10,000 or more in TFCA Regional Funds will be considered for funding.
- 10. Maximum Grant Amount:** No single public agency project may receive more than \$1,500,000 in TFCA Regional Funds in any given funding cycle. No single non-public entity may be awarded more than \$500,000 in TFCA Regional Funds, for any number of projects, in any given fiscal year.
- 11. Readiness:** A project will be considered for TFCA funding only if the project would commence in calendar year 2009 or sooner. For purposes of this policy, "commence" means to order or accept delivery of vehicles or other equipment being purchased as part of the project, to begin delivery of the service or product provided by the project, or to award a construction contract.
- 12. Maximum Two Years Operating Costs:** TFCA grant applications that request operating funds to provide a service, such as ridesharing programs and shuttle and feeder bus projects, are eligible for TFCA funding for up to two (2) years. Grant applicants who seek TFCA funding for additional years must re-apply in the subsequent funding cycles.

- 13. Project Revisions:** If revisions become necessary for a project that has been approved for TFCA funding by the Air District Board of Directors, the revised project must be within the same eligible project category and receive a point score higher than the funding cut-off point, based upon the scoring criteria, for the funding cycle in which the project originally received a grant award. Project revisions initiated by the project sponsor which significantly change the project before the allocation of funds by the Air District Board of Directors may not be accepted.

#### **APPLICANT IN GOOD STANDING**

- 14. Monitoring and Reporting:** Project sponsors who have failed to fulfill monitoring and reporting requirements for any previously funded TFCA Regional Fund project will not be considered for new funding for the current funding cycle, and until such time as the unfulfilled obligations are met.
- 15. Failed Audit:** Project sponsors who have failed either the TFCA fiscal audit or the performance audit for a prior TFCA-funded project will be excluded from future funding for five (5) years, or a different period of time determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means an uncorrected TFCA audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that a project was not implemented as set forth in the project funding agreement.
- 16. Signed Funding Agreement:** Only a fully executed funding agreement (i.e., signed by both the project sponsor and the Air District) constitutes a final approval and obligation on the part of the Air District to fund a project. While the Air District Board of Directors approval of grant awards is necessary for the funding of a project, such approval does not constitute a final obligation on the part of the Air District to fund a project. Project sponsors must sign a funding agreement within two (2) months from the date it has been transmitted to them in order to remain eligible for the awarded TFCA grant. The Air District may authorize extensions for just cause. Grant applications will not be considered from project sponsors who were awarded TFCA grants in a previous funding cycle and have not signed a funding agreement with the Air District by the current TFCA Regional Fund grant application deadline.
- 17. Implementation:** Project sponsors that have a signed funding agreement for a prior TFCA-funded project, but have not yet implemented that project by the current TFCA Regional Fund grant application deadline will not be considered for TFCA funding for any new project. The phrase "implemented that project" means that the project has moved beyond initial planning stages and the project is being implemented consistent with the implementation schedule specified in the project funding agreement. In addition, project sponsors that are not in compliance with the terms of an existing TFCA funding agreement (e.g., operating the equipment and services for the full term of the agreement, and notifying the Air District of any change in operational status of equipment or service) may not be considered for TFCA funding for any new project.

18. **Payments:** No payment requests associated with the implementation of a project will be processed if: a) the funding agreement for the project has not been fully and properly executed, b) the costs in the payment request were incurred (i.e., an obligation was made to pay funds that cannot be refunded) before the date that the funding agreement was executed, or c) the project is no longer eligible for TFCA funding (e.g., due to additional information becoming available after grant award approval by the Air District Board of Directors).
19. **Insurance:** Each project sponsor must maintain general liability insurance and additional insurance as appropriate for specific projects, with coverage amounts specified in the respective funding agreements.

#### **INELIGIBLE PROJECTS**

20. **Duplication:** Grant applications for projects that duplicate existing TFCA-funded projects and therefore do not achieve additional emission reductions will not be considered for funding. Combining TFCA County Program Manager Funds with TFCA Regional Funds to achieve greater emission reductions for a single project is not considered project duplication.

#### **USE OF TFCA FUNDS**

21. **Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds for the funding of an eligible project. For the purpose of calculating the TFCA cost-effectiveness (Regional Fund Evaluation Criterion #1), the combined sum of TFCA County Program Manager Funds and TFCA Regional Funds shall be used to calculate the TFCA cost of the project.
22. **Cost of Developing Proposals:** The costs of developing proposals or grant applications for TFCA funding are not eligible to be reimbursed with TFCA funds.
23. **Administrative Costs:** Administrative costs (i.e., the costs associated with administering a TFCA grant) are limited to a maximum of five percent (5%) of total TFCA funds expended on a project. To be eligible for reimbursement, administrative costs must be clearly identified in the TFCA Regional Fund grant application project budget and in the funding agreement between the Air District and the project sponsor.
24. **Expend Funds within Two Years:** Any public agency or non-public entity awarded a TFCA Regional Fund grant must expend the awarded funds within two (2) years of the effective date of the funding agreement, unless a longer period is formally (i.e., in writing) approved in advance by the Air District.

#### **CLEAN AIR VEHICLE PROJECTS**

##### **25. Light-Duty Clean Air Vehicles**

**Eligibility:** For TFCA purposes, light-duty vehicles are those with a gross vehicle weight (GVW) of 10,000 pounds or lighter. Only public agencies, including public agencies applying on behalf of non-public entities, are eligible for TFCA grants for light-duty vehicles. New light-duty chassis vehicles certified by the California Air Resources Board (CARB) as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero

emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards are eligible for TFCA funding. Hybrid-electric vehicles that meet the SULEV, PZEV, AT-PZEV, or ZEV standards are eligible for TFCA funding. Gasoline and diesel vehicles are not eligible for TFCA funding. Vehicle infrastructure is not eligible for TFCA funding except under policy #29.

**Funding participation:** Project sponsors may be awarded TFCA funds to cover no more than the incremental cost of a clean air vehicle. Incremental cost is the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emissions standards and its new conventional vehicle counterpart that meets, but does not exceed, the emissions standards.

## 26. New Heavy-Duty Clean Air Vehicles

**Eligibility:** For TFCA purposes, heavy-duty vehicles are on-road motor vehicles with a GVW of 10,001 pounds or heavier. Vehicle infrastructure is not eligible for TFCA funding except under policy #29.

**Funding Participation:** Project sponsors may be awarded TFCA funds to cover no more than the incremental cost of the new clean air vehicle. This provision includes public transit agencies that have elected to pursue the alternative fuel path under CARB's urban transit bus regulation. Incremental cost is the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emissions standards and its new diesel counterpart that meets, but does not exceed, the emissions standards.

**Scrapping Requirements:** Project sponsors of heavy-duty clean air vehicles purchased or leased with TFCA funds that have model year 1993 or older heavy-duty diesel vehicles in their fleet are required to scrap one model year 1993 or older heavy-duty diesel vehicle for each new clean air vehicle purchased or leased with TFCA funds. Project sponsors with model year 1994 and newer heavy-duty diesel vehicles in their fleet may, but are not required to, scrap an existing operational model year 1994 or newer heavy-duty diesel vehicle within their fleet. Emission reductions associated with scrapping an existing operational heavy-duty diesel vehicle will be factored into the calculations of the overall cost effectiveness of the project. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

## 27. Reducing Emissions from Existing Heavy-Duty Engines:

Options available to reduce emissions from existing heavy-duty engines include:

- a) Repowers – To be eligible for TFCA funding, the new engine selected to repower an existing heavy-duty vehicle must reduce emissions by at least 15 percent compared to the direct exhaust emission standards of the existing engine that will be replaced.
- b) Diesel Emission Control Strategies – Diesel emission control strategies (e.g., retrofit devices) compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:
  - 1) All control strategies must be verified by CARB to reduce emissions from the relevant engine;

- 2) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the emission control strategy; and
  - 3) The project sponsor must install the highest level (i.e., most effective) diesel emission control strategy that is verified by CARB for the specific engine.
- c) Clean Fuels or Additives – Clean fuels or additives compatible with existing heavy-duty engines are eligible for TFCA funding, subject to the conditions described below:
- 1) All clean fuels or additives must be approved by CARB to reduce emissions and for use with the relevant engine; and
  - 2) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.
- d) Replacement of Compressed Natural Gas (CNG) Fuel Tanks – The replacement of CNG fuel tanks will only be considered for projects that achieve surplus emissions via repowers or emission control strategies, described in a) and b) above.
- 28. Bus Replacements:** For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than fifteen (15) persons, including the driver. A vehicle designed, used, or maintained for carrying more than ten (10) persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool vehicle is not considered a bus.
- 29. Advanced Technology Demonstration Projects:** Vehicle-based advanced technology demonstration projects (i.e., technologies, motor vehicles and/or emission control devices not certified by CARB) are eligible for TFCA funding. Grant applications for such projects must include best available data that can be used to estimate the cost-effectiveness of such projects. For motor vehicles, only projects that achieve emissions performance beyond CARB's most stringent adopted regulatory requirements are eligible for funding under this category. For infrastructure projects, only applications that include vehicles and that include advanced technologies not currently being implemented in the Bay Area qualify for funding.

#### **SHUTTLE/FEEDER BUS SERVICE PROJECTS**

- 30. Shuttle/Feeder Bus Service:** Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The service route must go to or from a rail station, airport, or ferry terminal, and the project must:
- a) Be submitted by a public transit agency; or
  - b) Be accompanied by documentation from the General Manager of the transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency revenue service.

All shuttle/feeder bus service to rail or ferry stations must be timed to meet the rail or ferry lines being served.

Independent (non-transit agency) shuttle/feeder bus projects that received TFCA funding prior to FY 2007/08 and obtained a letter of support from all

potentially affected transit agencies need not comply with b) above unless funding is requested for a new or modified shuttle/feeder bus route.

All vehicles used in any shuttle/feeder bus service must meet the applicable CARB particulate matter (PM) standards for public transit fleets. For the purposes of TFCA funding, shuttle projects comply with these standards by using one of the following types of shuttle/feeder bus vehicles:

- a) an alternative fuel vehicle (CNG, liquefied natural gas, propane, electric);
- b) a hybrid-electric vehicle;
- c) a post-1994 diesel vehicle and a diesel emission control strategy verified by CARB to reduce emissions from the relevant engine; or
- d) a post-1989 gasoline-fueled vehicle.

No other types of vehicles, except for those listed in a) through d) immediately above, are eligible for funding as shuttle/feeder bus service projects.

Grant applications for projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor will not be considered for funding. For projects that provide such subsidies, the direct or indirect financial transit or rideshare subsidy must be available, in addition to the employees of the project sponsor, to employees other than those of the project sponsor.

#### **ARTERIAL MANAGEMENT PROJECTS**

- 31. Arterial Management:** Arterial management grant applications must specifically identify a given arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funding. Incident management projects on arterials are eligible to receive TFCA funding. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. For signal timing projects, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more.

#### **SMART GROWTH PROJECTS**

- 32. Smart Growth/Traffic Calming:** Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds subject to the following conditions: a) the development project and the physical improvements must be identified in an approved Priority Development Area, area-specific plan, redevelopment plan, general plan, bicycle plan, traffic-calming plan, or other similar plan; and b) the project must implement one or more of the transportation control measures (TCMs) in the most recently adopted Air District strategy for State and national ozone standards. Pedestrian projects are eligible to receive TFCA funding. Traffic calming projects are limited to physical improvements that reduce vehicular speed



by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential and retail areas.

**BICYCLE PROJECTS (SEE SEPARATE BICYCLE FACILITY PROGRAM GUIDELINES.)**

## REGIONAL FUND EVALUATION CRITERIA

Grant applications must comply with the TFCA Regional Fund Policies, and also are evaluated based on six criteria. New for FY2008/2009, grant applications that meet a threshold for emission reductions in six highly impacted communities listed under Criterion 5, Sensitive and PM Impacted Communities, *will receive first priority*.

Both public agencies and non-public entities are eligible to receive points under Criteria 1, 2, 3, 5, and 6. Only public agencies are eligible to receive points under Criterion 4. The maximum possible score for a public agency is 100 points and the maximum possible score for a non-public entity is 90 points. A public agency must achieve a minimum score of 40 points to be considered for funding while a non-public entity must achieve a minimum of 36 points to be considered for funding.

Projects will be ranked by 1) calculating the percentage of total eligible points scored (100 for public agencies and 90 for non-public entities) in descending order, and 2) providing first priority for projects operating in six highly impacted communities. In the event that two or more projects achieve an equal score, the project with the best TFCA funding effectiveness (Criterion 1) will receive a higher ranking.

Beginning first with projects in Highly Impacted Communities, available TFCA Regional Funds will be allocated to projects beginning with the highest ranking project and proceeding in sequence to lower ranking projects, to fund as many eligible projects as available funds can fully cover. If the TFCA Regional Fund is oversubscribed, the point where the next-ranked eligible project cannot be fully funded defines the cut-off point for the funding cycle, i.e., all projects above this point will be funded. The Air District may maintain a list of eligible projects that may be funded if funds become available. If the Regional Fund is undersubscribed, any remaining funds are generally allocated to projects in the subsequent funding cycle. No partial grant awards will be made; however, grant awards may be reduced from the original application request by mutual consent of the project sponsor and the Air District.

### FY 2008/2009 TFCA Regional Fund Scoring Criteria

Criteria	Maximum Points
1. TFCA Funding Effectiveness*	<b>60</b>
2. Greenhouse Gas Emission Reductions*	<b>10</b>
3. Other Project Attributes*	<b>5</b>
4. Clean Air Policies and Programs**	<b>10</b>
5. Sensitive and PM Impacted Communities*	---
A. General	<b>10</b>
B. Highly-Impacted Communities	<i><b>Top priority</b></i>
6. Priority Development Areas*	<b>5</b>
<b>Total</b>	<b>100</b>

\* Public agencies and non-public entities eligible to receive points

\*\* Only public agencies eligible to receive points

**DISCUSSION**

• **Criterion 1: TFCA Funding Effectiveness (maximum 60 points)**

This criterion is designed to measure the cost-effectiveness of a project in reducing air pollutant emissions and to encourage projects that contribute funding from other, non-TFCA sources in excess of required matching funds. TFCA funds budgeted for the project (TFCA Regional Funds and TFCA County Program Manager Funds combined) will be divided by the estimated lifetime emission reductions for the project. The estimated lifetime emission reductions is the sum of reactive organic gases, oxides of nitrogen, and weighted particulate matter (PM)<sup>1</sup> that will be reduced over the life of the project. Air District staff will determine the estimated emission reductions and TFCA funding effectiveness for the project.

The point scale for awarding points for this criterion is presented below.

**Point Scale for Criterion 1**

TFCA \$/Ton		Points	TFCA \$/Ton		Points
\$0	- \$19,999	60	\$56,000	- \$57,999	41
\$20,000	- \$21,999	59	\$58,000	- \$59,999	40
\$22,000	- \$23,999	58	\$60,000	- \$61,999	39
\$24,000	- \$25,999	57	\$62,000	- \$63,999	38
\$26,000	- \$27,999	56	\$64,000	- \$65,999	37
\$28,000	- \$29,999	55	\$66,000	- \$67,999	36
\$30,000	- \$31,999	54	\$68,000	- \$69,999	35
\$32,000	- \$33,999	53	\$70,000	- \$71,999	34
\$34,000	- \$35,999	52	\$72,000	- \$73,999	33
\$36,000	- \$37,999	51	\$74,000	- \$75,999	32
\$38,000	- \$39,999	50	\$76,000	- \$77,999	31
\$40,000	- \$41,999	49	\$78,000	- \$79,999	30
\$42,000	- \$43,999	48	\$80,000	- \$81,999	29
\$44,000	- \$45,999	47	\$82,000	- \$83,999	28
\$46,000	- \$47,999	46	\$84,000	- \$85,999	27
\$48,000	- \$49,999	45	\$86,000	- \$87,999	26
\$50,000	- \$51,999	44	\$88,000	- \$89,999	25
\$52,000	- \$53,999	43	\$90,000	- and above	0
\$54,000	- \$55,999	42			

• **Criterion 2: Greenhouse Gas Emission Reductions (maximum 10 points)**

This criterion is designed to reward projects that will reduce greenhouse gas emissions. It will award a maximum of 10 points (on a sliding scale, 0 - 10 points) for projects that reduce emissions of greenhouse gases, predominately carbon dioxide. Inherently, projects that promote alternative modes of transportation and

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<sup>1</sup> PM emissions include tailpipe PM, as well as brake particles, tire particles and re-entrained road dust. Consistent with California Air Resources Board methodology to calculate PM emission reductions for the Carl Moyer Program, weighted PM emissions will be calculated by adding the tailpipe PM multiplied by a factor of 20, plus the sum of tire, brake, and road dust PM.

reduce single occupant vehicle trips (e.g., transit, ridesharing, bicycling and walking), as well as projects that improve motor vehicle fuel economy, will reduce greenhouse gas emissions. TFCA funds budgeted for the project will be divided by the estimated lifetime emission reductions of greenhouse gases for the project. Air District staff will determine the estimated emission reductions, TFCA funding effectiveness for greenhouse gases, and the scale for awarding points.

- **Criterion 3: Other Project Attributes (maximum 5 points)**

The purpose of this criterion is to provide a mechanism in the evaluation and scoring process to identify and assess desirable project attributes that are not captured in the analysis of TFCA funding effectiveness. Projects may score points under this criterion based upon other project attributes identified for each project type. The specific project attributes for each project type will be identified after grant applications have been received and reviewed.

- **Criterion 4: Clean Air Policies and Programs (maximum 10 points)**

The purpose of this criterion is to recognize and encourage the efforts of public agencies to implement policies and programs that promote the region's air quality objectives, especially land use and transportation policies that help to reduce air pollution from motor vehicles.

To receive points for this criterion, the sponsoring agency must describe its policies and actions to implement the transportation control measures (TCMs) in the most recently adopted strategy(ies) for State and national ozone standards throughout the agency's jurisdiction. Points will be awarded based upon the performance of the project sponsor in implementing those elements of each TCM, which are within the purview of the sponsor agency. Non-public entities are not eligible for points under this criterion.

- **Criterion 5: Sensitive and Particulate Matter (PM) Impacted Communities (maximum 10 points)**

Under Criterion 5, grant applications are eligible for credit under two sub-criteria.

A. General

This sub-criterion will award a maximum of 10 points (on a sliding scale, 0-10 points) for projects that directly reduce emissions in communities with both high PM<sub>2.5</sub> emissions and sensitive populations (i.e., children, seniors, those with low-incomes or elevated asthma rates).

B. Highly Impacted Communities

New for FY 2008/2009, applications that meet thresholds for emission reductions in six highly impacted communities will receive priority over those applications that do not. The six highly impacted communities are:

- Eastern San Francisco
- West Oakland
- East Oakland/San Leandro

- Richmond
- San Jose
- Concord.

These six communities have been identified by the Air District as having the most severe health risk with a population in which more than 40% of the residents are under 185% of the federal poverty level.

Both sub-criteria 5A and 5B are based on data from the Air District's Community Air Risk Evaluation (CARE) Program; maps that identify these communities will be made available on the Air District's website. To qualify for points, a project must directly benefit one or more of these communities. The grant applicant must: 1) clearly indicate the community that would benefit from the project; 2) specify the percentage of project resources or services that would be delivered to the identified community; and 3) provide a clear explanation as to how the project would directly benefit residents in that community. The credit awarded will be determined by Air District staff, and will be based upon the percentage of project resources or services that would directly benefit the community, and the extent to which the project sponsor demonstrates this benefit.

- **Criterion 6: Priority Development Areas (maximum 5 points)**

The purpose of this criterion is to reduce emissions by encouraging the concentration of future growth near transit and in existing Bay Area communities. Funding projects operating in regionally approved Priority Development Areas (PDAs) will lead to reduced emissions in the region generally, and in PDAs in particular. Both public agencies and non-public entities are eligible for points under this criterion.

As with Criterion 5, to receive points for this criterion, the project must directly benefit one or more approved PDA. The grant applicant must: 1) clearly indicate the PDA that would benefit from the project; 2) specify the percentage of project resources or services that would be delivered in the PDAs. The credit awarded will be determined by Air District staff, and will be based upon the percentage of project resources or services that would directly benefit the PDA, and the extent to which the project sponsor demonstrates this benefit.

## ATTACHMENT B

### COMMENTS RECEIVED AND STAFF RESPONSES: DRAFT FY 2008/2009 TFCA REGIONAL FUND POLICIES AND EVALUATION CRITERIA

Number Name and Title Agency or Entity	Comment	Staff Response
<p>#1</p> <p>Robert Z. Guerrero, Senior Planner</p> <p>Solano Transportation Authority</p>	<p>1) Under Basic Eligibility, page 1 #3, add a link or reference to where an applicant can easily access the California Health and Safety Code Section 44241 and the District's most recently approved strategies for State and national ozone standards. The District should consider including that information as part of the application package.</p> <p>2) Clarify that Regional TFCA Funds are for capital related projects and not planning or educational type projects. The latter isn't specified in the policies whether they are eligible or not.</p> <p>3) Under Criterion 4, page 11 paragraph 2, add a link or reference to where an applicant can easily access State Transportation Control Measures (TCMs) and national ozone standards.</p>	<p>Air District staff agrees with these comments. Staff plans to include links and references in the Application Guidance, and emphasize which types of projects are and are not eligible, in order to ensure that the document is easy to use.</p>
<p>#2</p> <p>Michael G. Rea, Executive Director</p> <p>West County Transportation Agency</p>	<p>School districts in the nine bay area counties are reaching a crisis. They have received school bus replacements from the BAAQMD through the TFCA and Lower Emission School Bus Replacement Program since the early 1990s. Many of those buses are fueled by compressed natural gas. CNG bus fuel tanks, by federal law, must be replaced every 15 years. School districts do not have the funding to replace these tanks, the cost of which is estimated to be \$15,000 per bus. In this year of the State's funding crisis, the need is even more critical.</p> <p>TFCA's current policies support CNG fuel tank replacements, but only if we repower and retrofit to attain surplus emissions reductions. That is an impossible requirement for school districts. . . . School buses in California are often operated more than thirty years. Most school buses</p>	<p>Air District staff is not recommending changes to Policy #1, which requires emission reductions in each project, or Policy #27, which describes eligible projects for existing heavy-duty vehicles. Staff note the following reasons:</p> <ul style="list-style-type: none"> <li>• Staff believes that it is of fundamental importance for TFCA funds to achieve emission reductions. Since a bus has the same emissions before and after a CNG tank replacement, there are no emission reductions for that bus.</li> <li>• Staff acknowledges that, if school districts either use existing diesel buses instead of CNG vehicles, or curtail bus service (leading to more automobile trips), there may be a net increase in emissions. However, Air District staff believes it would be very</li> </ul>

Number Name and Title Agency or Entity	Comment	Staff Response
	<p>travel less than 15,000 miles per year. Although it might be reasonable to replace an engine at this mileage, currently there are no CARB certified CNG engines that can be used in school buses. . . . Cummins-Westport is in the process of trying to certify an engine. Even if we wanted to, there are not engines certified to replace our current, and I am not sure that there are any certified retrofit devices for exhaust systems that would exceed what we already have.</p> <p>Even if school districts were able to qualify for repowers and retrofits, they are not in a position to fund any supplemental costs, as the State's budget is forcing them to eliminate all non-educational expenses. Furthermore, school districts are reducing school transportation service, forcing more parents to drive their children singly in cars, rather than benefiting from the congestion relief and emissions reductions that school buses can accomplish.</p>	<p>difficult to assess a claim that a school district would actually take CNG buses off the road rather than budgeting funds to replace the CNG tanks.</p> <p>Staff <i>are</i> proposing to further clarify Policy #27 so that, should verified CNG engines become available, there will be no question that CNG vehicles are eligible for repowers (engine replacements). Depending on a project's cost-effectiveness, TFCA can pay up to the full cost of a repower.</p>
<p>#3</p> <p>Ted Droettboom</p> <p>Regional Planning Program Director</p> <p>Joint Policy Committee (a regional planning consortium of four Bay Area agencies: the Association of Bay Area Governments, the Bay Area Air Quality Management District, the Bay Conservation and Development Commission, and the Metropolitan Transportation Commission)</p>	<p>I have drafted some suggestions as to where the regional agencies' program to pursue focused growth through Priority Development Areas (PDAs) might be referenced in the TFCA application guidelines... My suggestions are as follows (amendments underlined):</p> <p>Page 1, Policy 3: Amend to read: Consistent with Existing Plans and Programs: All projects must conform to the types of projects listed in the California Health and Safety Code Section 44241 and the transportation control measures and mobile source measures included in the Air District's most recently approved strategy(ies) for State and national ozone standards, and when applicable, with adopted State, <u>regional</u>, and local plans and programs.</p> <p>Page 6, Policy 30: Amend to read: Shuttle/Feeder Bus Service:</p>	<p>In recognition of the importance to air quality in the Bay Area of concentrating anticipated development in keeping with regional planning efforts, Air District staff is proposing a new evaluation criterion. Criterion 6 would award up to five points to applications that yield emission reductions in regionally adopted Priority Development Areas.</p> <p>Air District staff is proposing the adoption of the suggested change.</p> <p>Air District staff is not proposing to incorporate this suggestion. While</p>

Number Name and Title Agency or Entity	Comment	Staff Response
	<p>Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route, <u>including routes designed to augment accessibility to or within regionally adopted Priority Development Areas...</u></p> <p>Page 7, Policy 31: Amend to add this sentence to the end of the paragraph: <u>Projects which improve accessibility to or within regionally adopted Priority Development Areas are encouraged.</u></p> <p>Page 8, Policy 32: Amend to read: Smart Growth/Traffic Calming: Physical improvements that support development projects and/or calm traffic, <u>including improvements that support implementation of regionally adopted Priority Development Areas</u>, resulting in motor vehicle reductions...</p> <p>Page 11, Criterion 4: Add this sentence at the end of the first paragraph: <u>An example is the implementation of compact, transit-oriented development as contemplated for the regionally adopted Priority Development Areas.</u></p>	<p>the statement is valid, staff believes that TFCA Policies should remain limited to the key parameters needed to govern the program. Staff will consider adding more information regarding Priority Development Areas to the Application Guidance.</p> <p>Please see comment immediately above.</p> <p>Air District staff is not proposing to incorporate this suggestion. Please see comment above.</p> <p>Air District staff is proposing to incorporate PDAs via credit of up to five points, via a new Criterion 6. With this change, staff believes the suggested language would not be necessary.</p>
<p>#4</p> <p>Mark Helmbrecht, Transportation Program Manager</p> <p>The Presidio Trust</p>	<p>It's unclear how [the insurance requirement in Policy #19] would work for agencies that are self-insured. Is there a way to handle this through indemnification and/or release of liability?</p>	<p>Air District staff plans to continue considering documentation of self-insurance as a means to comply with the insurance requirement.</p>
<p>#5</p> <p>Matt Todd, Manager of Programming</p> <p>Alameda County Congestion Management Agency</p>	<p>Policy #19, Insurance The CMA requests the BAAQMD to include insurance requirement information similar to 'Appendix D' included in the County Program Manager Fund Expenditure Guidance for FY 2008/2009.</p>	<p>Air District staff will include in the Application Guidance the information referenced by the commenter, including types and levels of coverage required.</p>



Number Name and Title Agency or Entity	Comment	Staff Response
<p>#6</p> <p>Bill Hough, Transportation Planner</p> <p>Santa Clara Valley Transportation Authority</p>	<p>Policy #26, Heavy-Duty Clean Air Vehicles: Please consider Serendipity's [(Serendipity Land Yachts, Inc.)] arguments [from a March 5, 2008 letter regarding a TFCA Program Manager Fund application for funding for compressed natural gas vehicles] during your review of proposed TFCA Regional Fund Policy #26.</p>	<p>Serendipity raised issues related to the TFCA Program Manager policy on projects that provide funds for new heavy-duty vehicles. The corresponding Regional Fund policy is Policy #26. Although Air District staff is not aware of previous issues with the interpretation of this policy, staff is proposing to amend the policy to emphasize that it applies only to new vehicles. In addition, staff will add information to the Application Guidance, so that applicants, including those new to the TFCA process, can easily understand the requirements for funding.</p>
<p>#7</p> <p>Matt Todd, Manager of Programming</p> <p>Alameda County Congestion Management Agency</p>	<p>Policy #29, Advanced Technology Demonstration Projects: The CMA requests the BAAQMD reinstate the Clean Air Infrastructure as an allowable project category. BAAQMD staff has indicated that the Clean Air Infrastructure projects are not precluded, but would have to meet the requirements of advanced technology demonstration projects to qualify for TFCA funds. The ACCMA has funded many successful Alternative Fuel Infrastructure projects in Alameda with TFCA funds. The Health and Safety Code allows for these types of projects as detailed in section 44242 (b) which includes the "Implementation of vehicle-based projects to reduce mobile source emissions, including, but not limited to, . . .alternative fuels . . .".</p> <p>The proposed language has been revised to read: "For infrastructure projects, only applications that include vehicles and that include advanced technologies not currently being implemented in the Bay Area qualify for funding." We believe this language limits the flexibility of the BAAQMD to use this project category and request the BAAQMD to allow multiple test sites in the Bay Area to qualify for any given advanced technology. This will allow for a more thorough and timely review of a new advanced technology demonstration project.</p>	<p>Air District staff is not proposing to reinstate the Clean Air Infrastructure as an eligible project type. Rather, staff supports vehicle infrastructure only for advanced technology demonstrations and when the project involves vehicles. Amendments to the TFCA legislation in 2005 required that each project meet cost-effectiveness criteria, and staff, while acknowledging the need for alternative-fuel infrastructure, notes the difficulty in calculating cost-effectiveness from such projects.</p> <p>Air District staff does not propose to expand Policy #29, and believes that TFCA funds for advanced technology demonstrations should be limited to technology applications that are new to the Bay Area. Staff also notes that a multi-site demonstration of a technology could in fact qualify if the technology had not been implemented in the Bay Area before.</p>

Number Name and Title Agency or Entity	Comment	Staff Response
<p>#8</p> <p>Robert Z. Guerrero, Senior Planner</p> <p>Solano Transportation Authority</p>	<p>Under Criterion 5, page 11 paragraph 1, reference to automatically awarding points to the six highly impacted communities is confusing. Consider revising the section to read as follows:</p> <p>"This criterion will award a maximum of 10 points (on a sliding scale, 0-10 points) for projects that directly reduce emissions in the following communities:</p> <ul style="list-style-type: none"> <li>· Eastern San Francisco</li> <li>· West Oakland</li> <li>· East Oakland/San Leandro</li> <li>· Richmond</li> <li>· San Jose</li> <li>· Concord</li> </ul> <p>These communities have both high PM2.5 emissions, based on data from the Air District's Community Air Risk Evaluation (CARE) Program, and sensitive populations (i.e., children, seniors, those with low incomes or elevated asthma rates)." A link or reference should be added that provides additional information regarding CARE and how the Air District determined that these cities have sensitive populations and therefore have a funding advantage over other cities. It should also be referenced when the Air District made this a policy.</p>	<p>Air District staff is proposing two ways to credit projects in Sensitive and Particulate Matter (PM) Impacted Communities. Under Sub-criterion 5A, as in years past, up to 10 points would be awarded to a projects operating in areas with high PM emissions and sensitive populations. Under a new sub-criterion 5B, proposed projects that meet a threshold for reduction of emissions in the six specified highly impacted communities would receive top priority for TFCA Regional Funds in FY 2008/2009.</p> <p>The proposed changes also document the rationale for the selection of these six communities. The same approach to preferential funding for the highly-impacted communities was adopted earlier this year for the Carl Moyer Program, and reflects the Air District's commitment to its goals related to environmental justice.</p>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Smith and Members  
of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 20, 2008

Re: Bicycle Facility Program: Fiscal Year 2007/2008 Annual Report, and  
proposed Guidelines and Allocation of Funds for Fiscal Year  
2008/2009

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RECOMMENDED ACTIONS:

Consider recommending Board of Directors:

- 1) Receive and file the Annual Report for the Bicycle Facility Program for Fiscal Year 2007/2008,
- 2) Approve the proposed Bicycle Facility Program Guidelines, presented in Attachment B, for use in Fiscal Year 2008/2009 and in subsequent years;
- 3) Approve the allocation of \$600,000 in TFCA Regional Funds to the Bicycle Facility Program for Fiscal Year 2008/2009, and the authorization for the Executive Officer/APCO to execute funding agreements in accordance with the Board-approved Bicycle Facility Program Guidelines.

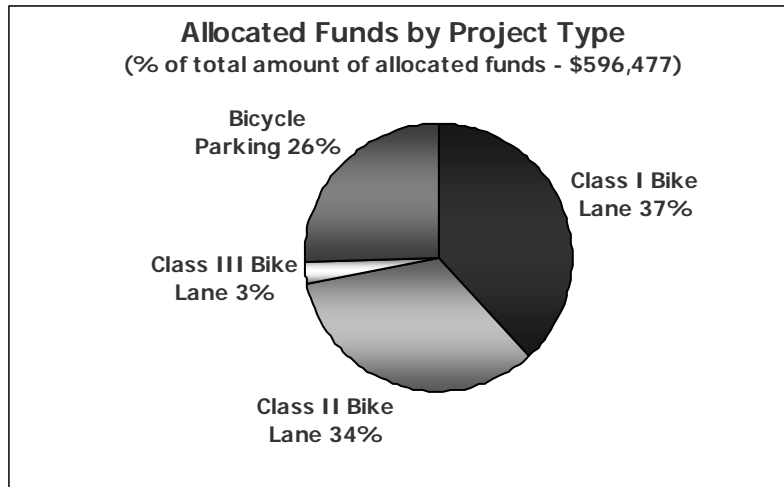
BACKGROUND

On March 22, 2007, the Board of Directors approved BFP Guidelines for Fiscal Year 2007/2008 and allocated a total of \$600,000 to the BFP. These funds came from the Transportation Fund for Clean Air (TFCA) Regional Fund.

*Annual Report*

This report summarizes the Air District's Bicycle Facility Program (BFP) from March 2007 through February 2008. The BFP was created with the goal of providing a streamlined grant program for bicycle projects in the Bay Area. By providing funding caps and default values for various project types, the BFP is administratively efficient while still funding cost-effective projects.

Air District staff made awards to 14 projects and the BFP was undersubscribed by only \$3,523 in its first year. (For a list of funded projects see Attachment A). Below is a breakdown of the fund allocations by project type.



The BFP was successful in its first year, with no significant administrative, allocation or execution problems. Air District staff plans to monitor this program carefully and will reevaluate the grant amounts as necessary to make sure they continue to align with cost-effectiveness criteria and emerging performance data.

## DISCUSSION

### ***Proposed Revisions to BFP Guidelines For Fiscal Year 2008/2009***

On February 14, 2008, Air District staff issued a request for comments on proposed BFP Guidelines for FY 2008/2009. The deadline for interested parties to submit comments was March 5, 2008. Four interested parties submitted comments by letter or e-mail. A table summarizing the comments received and Air District staff responses is provided in Attachment C. However, most of the Guidelines are proposed to remain unchanged.

The following is a summary of the proposed major changes to the BFP Guidelines:

- Guideline #9, *Insurance*, would be added to formalize the current Air District practice of requiring insurance on all grant projects, to protect the Air District against potential losses.
- Guideline #15, *Eligible Bicycle Facility Projects*, would be revised to allow the retrofit of mechanical lockers to electronic lockers as an eligible project type. Evidence shows that electronic bike lockers have the capacity to reduce more trips than mechanical bike lockers because they allow for multiple users per day, as opposed to just one.

In addition, Air District staff solicited information on connector paths and on bikeways in urban areas in order to consider additional project types and grant amounts more

appropriate for such functions and locations in the future. (The proposed BFP Guidelines for FY 2008/2009 are provided in Attachment B.)

***Allocation of Funds for FY 2008/2009, and Authorization to Execute Funding Agreements***

Air District staff proposes an allocation of \$600,000 from the TFCA Regional Fund for FY 2008/2009. The \$600,000 allocated to the program in 2007/2008 was essentially completely awarded to projects, and staff expects strong interest this year due to an increased awareness of the program after its first year of operation.

**BUDGET CONSIDERATION/FINANCIAL IMPACT:**

None. Approval of the recommended guidelines and allocation will have no material impact on the Air District's budget. TFCA revenues come from a dedicated external funding source. TFCA allocations do not impact the Air District's general fund or operating budget.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Avra Goldman  
Reviewed by: Jack M. Colbourn

Attachments

ATTACHMENT A

FY 2007/08 BICYCLE FACILITY PROGRAM AWARDED PROJECTS

Proj#	County	Sponsor	Project Title	Grant Award
07BFP02*	ALA	Alameda County	East Lewelling Boulevard Class II Bikeway Improvement Project	\$ 59,500
07BFP05	ALA	City of Alameda	City of Alameda Electronic Bicycle Lockers and Bike Racks	\$ 43,720
07BFP11	SF	Presidio Trust	Presidio Promenade & Park Boulevard Trail	\$150,397
07BFP12*	SM	City of Redwood City	Middlefield Road Bike Lane Striping Project	\$ 12,000
07BFP14	SM	City of Daly City	Callan Boulevard and Southgate Avenue Bicycle Route Improvements	\$ 15,000
07BFP15	SON	City of Santa Rosa	Mendocino Avenue Bicycle Lanes - Gap Closure Project	\$ 33,000
07BFP16	SM	City of Half Moon Bay	Highway 1 Trail Project Phase 3	\$ 36,800
07BFP17	SON	Town of Windsor	Windsor River Road Class II Bicycle Lane	\$ 31,200
07BFP18	ALA	City of Union City	Alvarado-Niles Road - Union City Blvd. Gap Closure Connector	\$ 23,550
07BFP20	SF	University of California San Francisco	UCSF Laurel Heights Bike Locker Area	\$ 46,765
07BFP21	SON	Sonoma County Junior College District	Secured Bicycle Facilities Program Phase I	\$ 50,000
07BFP22*	SF	San Francisco State University	Bicycle U - Bike Parking at SF State	\$ 12,000
07BFP24	SF	San Francisco Recreation and Parks Dept.	Marina Pedestrian and Bicycle Improvement Project	\$ 40,045
07BFP25	MAR	Marin County Public Works Department	Alameda Del Prado Class II Project	\$ 42,500

**TOTAL: \$596,477**

\* Funding agreements for these projects are yet to be signed by project sponsors.

## ATTACHMENT B

### PROPOSED BICYCLE FACILITY PROGRAM GUIDELINES FOR FISCAL YEAR 2008/2009

The following guidelines apply only to the **Bicycle Facility Program** (BFP). Each guideline applies to the project type(s) listed immediately following that guideline. “Bikeways” refers to Class-1 bicycle paths, Class-2 bicycle lanes, and Class-3 bicycle routes; “Racks/Lockers” refers to bicycle racks (including those on vehicles and vessels), bicycle lockers, and secure bicycle parking.

#### GENERAL

1. **Purpose:** The purpose of the BFP is to reduce emissions from mobile sources by contributing Air District funding for the implementation of bicycle facilities in the Bay Area, via streamlined processes that are cost-effective in both air-quality and administrative terms. (Bikeways; Racks/Lockers)

#### BASIC ELIGIBILITY

2. **Reduction of Emissions:** A project must result in the cost-effective reduction of motor vehicle emissions within the Air District's jurisdiction to be considered eligible for BFP funding. Projects that are subject to emission reduction regulations or other legally binding obligations must achieve surplus emission reductions to be considered for funding by the BFP. Surplus emission reductions are those that exceed the requirements of applicable regulations or other legally binding obligations at the time the Air District approves a grant award.

Planning activities (e.g., feasibility studies) that are not directly related to the implementation of a specific project are not eligible for BFP funding (Bikeways; Racks/Lockers)

3. **Eligible Recipients:** Only public agencies located within the jurisdiction of the Air District are eligible for BFP grants. Eligible grant recipients must be responsible for the implementation of the project and have the authority and capability to complete the project. (Bikeways; Racks/Lockers)
4. **Minimum and Maximum Funding Amounts:** Only projects requesting \$10,000 or more in BFP funds will be considered for funding. No single project may receive more than 35 percent (35%) of the funds available for the BFP in any given funding cycle. (Bikeways; Racks/Lockers)
5. **Readiness:** A project will be considered for BFP funding only if the project would commence in calendar year 2009 or sooner. For purposes of this policy, “commence” means to begin delivery of the service or product provided by the project, or to award a construction contract. (Bikeways; Racks/Lockers)

#### APPLICANT IN GOOD STANDING

6. **Monitoring and Reporting:** Project sponsors who have failed to fulfill monitoring and reporting requirements for any previously funded Transportation Fund for Clean Air (TFCA) Regional Fund, TFCA County Program Manager Fund, or BFP project will not

be considered for new funding for the current funding cycle, and until such time as the unfulfilled obligations are met. (Bikeways; Racks/Lockers)

7. **Failed Audit:** Project sponsors who have failed either the fiscal audit or the performance audit for a prior TFCA-funded or BFP-funded project will be excluded from future funding for five (5) years, or for a different period of time determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA and BFP funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means an uncorrected audit finding that confirms an ineligible expenditure of TFCA or BFP funds. A failed performance audit means that a project was not implemented as set forth in the project funding agreement. (Bikeways; Racks/Lockers)
8. **Signed Funding Agreement:** All grant recipients shall enter into a funding agreement with the Air District as a written, binding agreement to implement the approved project. Only a fully executed funding agreement (i.e., signed by both the Air District and the project sponsor) constitutes a final approval and obligation on the part of the Air District to fund a project. Project sponsors must sign a funding agreement within two months from the date it has been transmitted to them in order to remain eligible for the awarded BFP grant; the Air District may authorize extensions for just cause. Project applications will not be considered from project sponsors who were awarded TFCA or BFP grants in a previous year and have not signed a funding agreement with the Air District by the current application deadline. (Bikeways)
9. **Insurance:** Each project sponsor must maintain general liability insurance, and additional insurance as appropriate for specific projects, with coverage amounts specified in the respective funding agreements.
10. **Payments:** No payment requests associated with the implementation of a BFP project will be processed if: a) the funding agreement or voucher for the project has not been fully and properly executed, b) the costs in the payment request were incurred before the date that the funding agreement or voucher was executed, or c) the project is no longer eligible for BFP funding (e.g., due to additional information becoming available after initial Air District approval of the grant award). (Bikeways; Racks/Lockers)
11. **Implementation:** Project sponsors that have a signed funding agreement for a prior-year TFCA-funded or BFP-funded project, but have not yet implemented that project by the current application deadline will not be considered for funding for any new BFP project. The phrase "implemented that project" means that the project has moved beyond initial planning stages and the project is being implemented consistent with the implementation schedule specified in the project funding agreement. (Bikeways)

#### INELIGIBLE PROJECTS

12. **Duplication:** Grant applications for projects that duplicate existing Air District-funded projects and, therefore, do not achieve additional emission reductions will not be considered for funding. (Bikeways; Racks/Lockers)

#### USE OF BFP FUNDS

13. **Ineligible Costs:** Costs for maintenance, repairs, upgrades, rehabilitation, operations (e.g., for a bikestation), and developing grant applications for BFP funding are not



eligible to be reimbursed with BFP funds. Administrative costs are not eligible for reimbursement with BFP funds. Administrative costs include costs associated with entering into a funding agreement, accounting for BFP funds, and fulfilling reporting and record-keeping requirements specified in a BFP funding agreement or voucher.

(Bikeways; Racks/Lockers)

- 14. Deadline to Expend Funds:** Any project sponsor awarded a BFP grant for the implementation of a bikeway project must expend the funds awarded within two (2) years of the effective date of the funding agreement, unless a longer period is formally (i.e., in writing) requested by the project sponsor and approved in advance by the Air District. (Bikeways)

Any project sponsor awarded a BFP grant for the implementation of a bicycle rack/locker project must expend the funds awarded according to the implementation schedule specified in the BFP grant documentation. (Racks/Lockers)

#### **PROJECT-SPECIFIC REQUIREMENTS AND GUIDELINES**

- 15. Eligible Bicycle Facility Projects:**

New bicycle facility projects that are included in an adopted countywide bicycle plan, Congestion Management Program (CMP), or the Metropolitan Transportation Commission's Regional Bicycle Plan are eligible to receive BFP funds. For purposes of this policy, a written statement of intent from the responsible Congestion Management Agency to include the project in the next update of the CMP may substitute for inclusion in the county's CMP. Eligible projects are limited to the following types of bicycle facilities for public use: a) new Class-1 bicycle paths; b) new Class-2 bicycle lanes; c) new Class-3 bicycle routes; d) bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels; e) secure bicycle parking; and e) bicycle lockers. All bicycle facility projects must, where applicable, be consistent with design standards published in Chapter 1000 of the California Highway Design Manual. Costs for design, engineering, installation, and preparation for required environmental review documents that directly support implementation of a project are eligible for BFP funding. (Bikeways; Racks/Lockers)

Bikeway projects must reduce vehicle trips made for utilitarian purposes, such as work/school commuting. Bikeways must be within one-half mile of at least three major activity centers (e.g., transit stations, office complexes, schools), or provide a gap closure in a system that already services major activity centers. Infrastructure and gap closure projects (e.g., bridges over roadways) may apply for TFCA funding under the Smart Growth project type, as well as for BFP funding under Guideline #15. (Bikeways)

Each bicycle rack and locker project must serve an activity center (e.g., transit station, office building, and school). (Racks/Lockers)

- 16. Grant Amounts:** The Air District has determined that the project types and funding levels set forth below meet the TFCA cost-effectiveness (i.e., funding effectiveness) of \$90,000 of BFP funds per ton (\$/ton) of total reactive organic gases (ROG), oxides of nitrogen (NO<sub>x</sub>), and weighted particulate matter less than 10 microns in diameter (PM<sub>10</sub>) emissions reduced. The maximum grant amounts set forth below are not necessarily intended to pay the full cost of project implementation. (Bikeways; Racks/Lockers)

<b>Project Type</b>	<b>Grant Amount</b>
Class-1 Bicycle Path	\$115,000 per mile of path
Class-2 Bicycle Lane – Continuous Construction	\$85,000 per mile of roadway
Class-2 Bicycle Lane – Standard	\$30,000 per mile of roadway
Class-3 Bicycle Route	\$15,000 per mile of route
Bicycle Locker(s) – Electronic	\$2,500 per locker
Bicycle Locker(s) – retrofit mechanical to electronic	\$650 per retrofit kit
Mechanical	\$900 per locker
Bicycle Rack(s)	\$60 per bicycle accommodated
Bicycle Rack(s) on Vehicles	\$750 per rack
Secure Bicycle Parking	\$130 per bicycle accommodated

Class-2 Bicycle Lane grant amounts are for two lanes on a roadway; a single bike lane would qualify for only one-half the stated amount. A Class-2 Bicycle Lane – Continuous Construction project must entail physical improvements (e.g., non-maintenance paving or the widening of a roadway shoulder) continuously over the length of the segment. Class-2 Bicycle Lane – Standard projects include projects other than Continuous Construction, such as striping, marking and loop detectors. Grant amounts for Continuous Construction and Standard Class-2 Bicycle Lanes cannot be combined for the same segment. Secure bicycle parking includes bicycle cages and the capital costs of bicycle parking at bike stations. (Bikeways; Racks/Lockers)

**ATTACHMENT C**

**COMMENTS RECEIVED AND STAFF RESPONSES:  
DRAFT FY 2008/2009 BICYCLE FACILITY PROGRAM GUIDELINES**

Number Name and Title Agency or Entity	Comments	Staff Response
<p><b>#1</b> <b>Joel Slavitt</b> AICP Manager Capital Programs and Grants  San Mateo County Transit District</p>	<p>We have concerns with the draft guidelines in that mechanical lockers will no longer be eligible and the transition to only fund their retrofit to electronic lockers. Due to servicing and maintenance issues, we are not convinced that e-lockers can be scaled up to the point of readiness for all projects at this time. We recommend keeping mechanical lockers as an option and revisiting the transition to e-lockers in the next grant cycle, after more data is obtained and evaluated on the success of large scale e-locker use.</p>	<p>Air District staff agrees with these comments and proposes to continue to fund mechanical lockers at this time.</p>
<p><b>#2</b> <b>Marcella M. Rensi</b> Manager, Programming &amp; Grants  Santa Clara Valley Transportation Authority</p>	<p>VTA heartily supports the change to fund the retrofit of mechanical lockers to electronic lockers as an eligible project type. However, the district should reconsider its proposed policy change to discontinue mechanical bicycle lockers as a project type. Although transit stations are not one of them, VTA believes there are some situations where mechanical lockers still have value...</p>	
<p><b>#3</b> <b>Robert Z. Guerrero</b> Senior Planner  Solano Transportation Authority</p>	<p>Under the Bicycle Facility Program Guidelines, page 3 #15 paragraph 1, add a link or reference to where an applicant can easily access Chapter 1000 of the California Highway Design Manual since this is a requirement.</p>	<p>Air District staff agrees with this comment. A link to access the document in question will be added in the BFP Application Package.</p>

Number Name and Title Agency or Entity	Comments	Staff Response
<p><b>#4</b> <b>Matt Todd</b> Manager of Programming</p> <p>Alameda County Congestion Management Agency</p>	<p>1) The CMA requests the BAAQMD to allow a greater percentage of funding to bike locker projects. This could be achieved by increasing the trip generation assumptions for electronic bike lockers from 2 to 2.5 or 3 trips per locker based on each locker unit having 2-5 users per locker per day.</p> <p>2) The CMA supports the BAAQMD expanding the BFP for Connector Paths.</p> <p>3) The CMA supports the BAAQMD amending the BFP to account for the different grant levels based on the area the project would be implemented in.</p> <p>4) The CMA requests the BAAQMD to amend the BFP guidelines to allow funding for ongoing 'operations' of bicycle parking stations. The CMA believes these are valuable projects that promote bicycle use for trips to transit stations.</p>	<p>1) Air District staff will consider increasing the trip generation assumptions for bike lockers with viable data showing such activity. The assumption of 2-5 users per locker per day comes from the manufacturer, which is not an impartial source of data. After completed projects produce data on the number of users per day, staff will re-visit this assumption.</p> <p>2) Air District staff does not have sufficient data at this time to propose different funding levels for connector paths. Any information on the subject is welcome in the future.</p> <p>3) Air District staff does not have sufficient data at this time to propose different funding levels for projects based on, e.g., population density.</p> <p>4) Air District staff is not proposing to include operations costs of bicycle parking systems in the BFP. The BFP was designed to be a streamlined program only for capital costs of bicycle facilities. Projects that include operational costs or the purchase of bicycles themselves are eligible under the TFCA Program Manager Fund.</p>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Jerry Hill and Members  
of the Board of Directors

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 24, 2008

Re: Overview of the Air District's Integrated Priority Communities  
Strategy for Grant Funding Programs

RECOMMENDED ACTION:

Informational report; receive and file.

BACKGROUND

In 2004, the Bay Area Air Quality Management District (the Air District) initiated a Community Air Risk Evaluation (CARE) program to estimate health risks associated with exposure to outdoor toxic air contaminants (TACs). As part of this program, information was gathered through a variety of technical studies from which the Air District developed a preliminary emissions inventory of TAC and compiled demographic and health statistics data to identify communities significantly impacted by TACs.

The data analyzed revealed that in the Bay Area, consistent with ARB studies, diesel PM accounts for about 80% of the cancer risk from airborne toxics. Major sources of diesel PM include on-road and off-road heavy duty diesel trucks and construction equipment. Additionally, data analysis revealed that the following six communities (see Attachment 1) have the highest estimated emissions and exposure to diesel particulate matter for youth and senior populations:

- Concord
- Eastern San Francisco
- East Oakland/San Leandro
- Richmond
- San Jose
- West Oakland

In addition, these areas have a high percentage of low-income residents (more than 40 percent of the population under 185% of the federal poverty level).

## DISCUSSION

In order to address the need to reduce diesel particulate emissions in these communities, the Air District has devised an integrated priority communities strategy for its grant funding programs. This strategy ensures that staff will give preference for grant funding expenditures to neighborhoods identified as highly impacted through the CARE program.

This approach expands on current practices employed by the Grant Programs Section (GPS). These practices target 50% of Carl Moyer Program (CMP) monies received and weight applications received as part of the Transportation Fund for Clean Air (TFCA) program towards impacted communities.

As a demonstration of its commitment to reducing air pollution in these areas, the Air District has already spent \$23 million in TFCA funds (from a possible \$71 million over the past eight years) and \$16 million of CMP funding (from a possible \$27 million over the past four years).

### **New Strategy**

The objective of the Air District's new strategy is twofold. First, the strategy is aimed at providing emissions reductions in highly impacted communities so that health benefits are realized as immediately as possible. Secondly, it provides a platform to ensure that grant funding has a more central role in the suite of emissions reductions tools (such as permitting, rulemaking, enforcement, etc.) used by the Air District to achieve its air pollution reduction goals.

As part of the new strategy, the Air District will initially use its CMP to provide funding in the six most impacted communities identified by the CARE program. This differs from the pre-existing strategy in that the most impacted communities will be given priority for funding. The object of this prioritization is to spend at least 25% of the approximately \$11 million received as part of the CMP in these communities. However, staff is committed to expending as much of these funds as is possible in these areas.

The initial effort of the CMP, will be reinforced by all of the Air District's grant programs. As much funding as possible from the following programs will be systematically prioritized to provide emissions reductions in the six most affected communities:

- Carl Moyer Program (\$11 million)
- TFCA Regional Program (approximately \$12 million)
- Mobile Source Incentive Fund (MSIF) (approximately \$11 million)
- California Goods Movement Bond Program (I-Bond) (approximately \$35 million)

In order to ensure the success of this strategy, staff will significantly step up its outreach efforts and will, via program guidelines, weight emissions reduction projects in the most affected communities to ensure their success in securing funding.

An outline on these efforts is as follows:

- Targeted outreach in affected communities:
  - Contact community groups to reach target industries.
  - In-person application assistance for target industries.
  - Partnerships with service industries and industry trade groups to target eligible grant recipients.
  - Foreign language translations of grant application materials.
  
- Weighting of applications from affected communities:
  - Higher scores will be given to emission reductions projects in the most affected communities.
  - Projects in targeted communities will be assessed first and staff will work with applicants where possible to ensure project cost-effectiveness.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Damian Breen  
Reviewed by: Jack M. Colbourn

### Attachment 1

