



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

## BOARD OF DIRECTORS' REGULAR MEETING

February 16, 2005

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  
FEBRUARY 16, 2005

BOARD ROOM  
7TH FLOOR

9:45 A.M.

## CALL TO ORDER

Opening Comments  
Roll Call  
Pledge of Allegiance  
Commendation/Proclamation  
Swearing in of New Board Member

Marland Townsend, Chairperson  
Clerk of the Boards

## 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 – 7 )

Staff/Phone (415) 749-

1. Minutes of January 19, 2005  
M. Romaidis/4965  
[mromaidis@baaqmd.gov](mailto:mromaidis@baaqmd.gov)
2. Communications  
J. Broadbent/5052  
[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)  
*Information only*
3. Report of the Advisory Council  
B. Zamora/4962  
[Bzamora@co.sanmateo.ca.us](mailto:Bzamora@co.sanmateo.ca.us)
4. Monthly Activity Report  
J. Broadbent/5052  
[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)  
*Report of Division Activities for the month of January 2005*
5. Quarterly Report of the Clerk of the Boards  
J. Broadbent/5052  
[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)
6. Quarterly Report of Air Resources Board Representative  
J. Broadbent/5052  
[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)
7. Consider Authorizing the Executive Officer/APCO to Accept Congestion Mitigation and Air Quality (CMAQ) Improvement Program Funds  
G. Kendall/4932  
[gkendall@baaqmd.gov](mailto:gkendall@baaqmd.gov)

*The Board of Directors will consider the attached resolution authorizing the Executive Officer/APCO to accept CMAQ Improvement Program funds for the District's Solid Waste Collection Vehicle Incentive Program.*

## COMMITTEE REPORTS AND RECOMMENDATIONS

8. Report of the **Stationary Source Committee** Meeting of January 24, 2005

**CHAIR: M DeSAULNIER**

**J. Broadbent/5052**  
[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

9. Report of the **Budget and Finance Committee** Meeting of January 26, 2005

**CHAIR: J. MILLER**

**J. Broadbent/5052**  
[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

Action(s): *Action(s): The Committee recommends Board of Director approval of the following:*

- A) *Contract with Commercial Sound & Video in the amount of \$28,653 for the implementation of Phase 1 video-conferencing equipment in the 4<sup>th</sup> floor conference room;*
- B) *Funding in the amount of \$100,000 for the 2005 Lawn Mower Buy-Back Program; and*
- C) *Transfer of \$137,053 from the Reserve for Contingency, and Increase the FY 2004/2005 Capital Budget \$28,653, the ISS Budget \$8,400, and Public Information Program 303 - Professional Services and Contracts Budget \$100,000*

10. Report of the **Executive Committee** Meeting of February 4, 2005

**CHAIR: M. TOWNSEND**

**J. Broadbent/5052**  
[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

11. Report of the **Mobile Source Committee** Meeting of February 10, 2005

**CHAIR: S. HAGGERTY**

**J. Broadbent/5052**  
[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

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

- A) *Proposed Revisions to the Transportation Fund for Clean Air (TFCA) Policies and Evaluation Criteria to govern allocation of FY 2005/2006 TFCA funds;*
- B) *Reallocation of Lower-Emission School Bus Program funds;*
- C) *Continued Participation in Implementing the California Air Resources Board FY 2004/2005 Carl Moyer Program in the Bay Area; and*
- D) *Amendment to the TFCA Alameda County Program Manager Expenditure Program for FY 2004/2005.*

## OTHER BUSINESS

12. Report of the Executive Officer/APCO
13. Chairperson's Report

## **CLOSED SESSION**

14. Conference with District's Labor Negotiators  
(Government Code § 54957.6(a))

*Agency Negotiators: Jack P. Broadbent, Executive Officer/APCO  
Michael Rich, Human Resources Officer*

*Employee Organization: Bay Area Air Quality Management District Employees'  
Association, Inc.*

## **OPEN SESSION**

15. 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)*

16. Time and Place of Next Meeting - 9:45 a.m., Wednesday, March 2, 2005 -939 Ellis Street, San Francisco, CA 94109

17. Adjournment

**CONTACT CLERK OF THE BOARD - 939 ELLIS STREET SF, CA 94109**

**(415) 749-4965**  
**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 Clerk's 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

Memorandum

To: Chairperson Townsend and Members  
of the Board of Directors

From: Jack P. Broadbent  
Executive Officer/APCO

Date: February 4, 2005

Re: Board of Directors' Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Board of Directors meeting of January 19, 2005.

DISCUSSION

Attached for your review and approval are the draft minutes of the January 19, 2005 Board of Directors' meetings.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
939 ELLIS STREET – SAN FRANCISCO, CA 94109

Draft Minutes: Board of Directors' Regular Meeting – January 19, 2005

**Call To Order**

Opening Comments: Chairperson Scott Haggerty called the meeting to order at 9:48 a.m.

Roll Call: Present: Scott Haggerty, Chair, Harold Brown, Roberta Cooper, Chris Daly, Mark DeSaulnier, Dan Dunnigan, Erin Garner (9:58 a.m.), Erling Horn, Liz Kniss (9:56 a.m.), Patrick Kwok, Nate Miley, Mark Ross (10:29 a.m.), Tim Smith, Pam Torliatt, Marland Townsend, Gayle B. Uilkema, Brad Wagenknecht.

Absent: Jerry Hill, Jake McGoldrick, Julia Miller, John Silva, Shelia Young.

Pledge of Allegiance: Mary Romaidis, Clerk of the Boards, led the Board in the Pledge of Allegiance.

**Public Comment Period:** There were none.

**Commendation/Proclamations:** The Board of Directors presented a plaque to Director Erling Horn in recognition of his service on the Air District's Board of Directors.

**Consent Calendar (Items 1 – 5)**

1. Minutes of December 15, 2004 and December 21, 2004
2. Communications. Correspondence addressed to the Board of Directors
3. Report of the Advisory Council. There was no report.
4. Monthly Activity Report

*Report of Division Activities for the month of December 2004.*

5. Consider Authorizing the Executive Officer/APCO to Conduct An Internal Systems Audit

*The Board of Directors considered authorizing the Executive Officer/APCO to solicit bids and execute an agreement to perform an internal systems audit and transfer \$200,000 from the General Reserve for this purpose and adjust the Districts' approved FY 2004-05 budget accordingly.*

**Board Action:** Director Brown moved approval of the Consent Calendar; seconded by Director Wagenknecht; carried unanimously without objection.

## **Committee Reports and Recommendations**

### 6. Report of the Budget and Finance Committee Meeting of December 20, 2004

Director Daly presented the report and stated that the Committee met on Monday, December 20, 2004. Staff presented the first quarter financial report for fiscal year 2004/2005.

Staff also presented a report on the possibility of installing teleconferencing equipment in the 7<sup>th</sup> floor Board room and in the 4<sup>th</sup> floor conference rooms. There was discussion on several issues, including the cost of the equipment, where the remote locations would be, Brown Act issues, doing an analysis of when it would be appropriate to use teleconferencing, when it is used, and the number of car trips that would be saved. Finally, the Committee discussed additional costs that would be involved, reception and sound quality. The Committee provided direction to staff and the item was continued to the next meeting.

The next meeting of the Committee is scheduled for 9:45 a.m., Wednesday, January 26, 2005.

**Board Action:** Director Daly moved that the Board approve the report of the Budget and Finance Committee; seconded by Director Wagenknecht; carried unanimously without objection.

### 7. Report of the Legislative Committee Meeting of December 21, 2004

*Action(s): The Committee recommended Board of Director approval of the attached proposed legislative agenda for 2005*

Director Wagenknecht presented the report and stated that the Committee met on Tuesday, December 21, 2004.

Staff presented potential legislative measures for consideration by the Committee to form the District's legislative agenda for 2005. Staff discussed three primary issues for consideration: 1) a statutory change to the Transportation Fund for Clean Air (TFCA) program that would make private fleets eligible for funding; 2) the California Air Pollution Control Officers Association (CAPCOA) will sponsor additional legislation to augment existing funding for incentive-based air quality programs such as the Carl Moyer and Low Emission School Bus programs and the District should be involved in these efforts of cleaning up diesel engines; and 3) the District co-sponsor, with the South Coast AQMD, a joint resolution from the California Legislature to Congress on the issue of rail emissions controls. The Committee discussed several other areas for consideration and provided direction to staff for follow-up.

The Committee recommends Board approval of the proposed legislative agenda for 2005 that has been included in the packet.

The Committee discussed and considered whether to recommend criteria for District endorsement of future local transportation sales tax measures. The consensus of the Committee was not to pursue quantitative evaluation criteria for future transportation ballot measures.

The next Committee meeting will be at the Call of the Chair.

**Board Action:** Director Wagenknecht moved that the Board approve the recommendation of the Legislative Committee; seconded by Director Uilkema; carried unanimously without objection.

8. Report of the Public Outreach Committee Meeting of January 10, 2005

*Action(s): The Committee recommended Board of Director approval of staff recommendations to extend contracts for a one year period to the Air District's media relations, advertising, youth outreach, employer, research and measurement and community outreach programs.*

Director Uilkema presented the report and stated that The Public Outreach Committee met on Monday, January 10, 2005.

Director Kniss arrived at 9:56 a.m.

Staff updated the Committee on plans for the District's 50<sup>th</sup> anniversary; there was discussion on the following events: 1) a symposium; 2) preparation of a document that will highlight the District's accomplishments; 3) a District video; and 4) an employee event. The Committee provided direction to staff.

Staff updated the Committee on the Wintertime outreach program and noted the media coverage to date has been good. The City of Fairfield has adopted a woodsmoke ordinance and Solano County, being in two air districts, is working on combining ordinances from both districts.

Staff provided a status report on the Lawn Mower Buyback Program and discussed funding to possibly continue the program in 2005. The Committee supported an allocation of up to \$100,000 for this year and referred the matter to the Budget and Finance Committee.

Staff reviewed the six contracts that were awarded in March 2004 for media, advertising, youth, measurement, community outreach, and employer program. The Committee recommends Board approval to extend the following contracts for a one-year period to March 2006:

1. Youth Outreach – Communications West
2. Advertising – O'Rorke Advertising
3. Media Relations – Allison & Partners
4. Research and Measurement – True North Research
5. Community Outreach – Community Focus
6. Employer Program – RIDES Inc.

Staff updated the Committee on the referral from the previous meeting. The next meeting of the Committee will be at the Call of the Chair.



**Board Action:** Director Uilkema moved that the Board approve the recommendation of the Public Outreach Committee; seconded by Director Torliatt; carried unanimously without objection.

Jack Broadbent, Executive Officer/APCO, clarified that changes had been made regarding events focusing on the Air District's 50<sup>th</sup> Anniversary and that is why the report in the Committee packet is different from the oral report.

Director Garner arrived at 9:58 a.m.

### **Other Business**

10. Recognition of Board Officer: Outgoing Chairperson, Scott Haggerty

Chairperson Haggerty was recognized for his leadership and for the achievements the District has made under his leadership. Director Townsend presented Chairperson Haggerty with a gift of a clock in appreciation for his service on the Board of Directors and, in particular, as its Chair for the last two years.

11. Report of the Executive Officer/APCO – Mr. Broadbent highlighted several accomplishments the District has made during Chairperson Haggerty's term of office and presented him with a photo of the District staff.

### **Presentation**

9. Overview of the California Fuel Cell Partnership

*Catherine Dunwoody, Executive Officer of the California Fuel Cell Partnership, presented an overview of the history, structure and purpose of the Partnership.*

Mr. Broadbent stated that the Executive Committee requested staff provide additional information on the California Fuel Cell Partnership before considering allocation of funding for the membership dues.

Catherine Dunwoody presented the report and reviewed the California Fuel Cell Partnership (CaFCP) Mission Statement. Ms. Dunwoody discussed fuel cells and hydrogen fuel and why they are important for California. Ms. Dunwoody reviewed the history and membership of the CaFCP. The goals of the CaFCP include: 1) facilitating member placement of Fuel Cell Vehicles (FCVs) and fuel stations; 2) promoting fuel station/vehicle "common-fit" protocols; 3) training community response personnel; 4) publishing resource materials; 5) sharing information and experience with FCV programs world wide; and 6) conducting stakeholder and public outreach.

Director Ross arrived at 10:29 a.m.

Ms. Dunwoody reviewed the membership criteria and explained the difference between full and associate membership, and reviewed the organization of the Steering Committee. Ms. Dunwoody stated that there are 21 members on the Steering Committee.

There was discussion on the following: 1) the cost of the partnership and how much of a commitment from the Air District is expected; 2) the cost of the vehicles ; 3) this is an idea for the future; 4) efficiency of the vehicles and the availability of fueling stations; 5) the possibility of the CaFCP also advocating for alternative vehicles such as the battery electric; and 6) the District should be at the table because the climate is changing and this is something that is being done for future generations.

**Board Action:** Director Townsend moved that the Board refer the item to the Board Executive Committee for consideration; seconded by Director Torliatt; carried unanimously without objection.

13. Board Members' Comments – There were none.
14. Time and Place of Next Meeting – 9:45 a.m., Wednesday, February 2, 2005.
15. Adjournment – The meeting adjourned at 11:16 a.m.

Mary Romaidis  
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Townsend and Members  
of the Board of Directors

From: Jack P. Broadbent  
Executive Officer/APCO

Date: February 16, 2005

Re: Report of Division Activities for the month of January 2005

**ADMINISTRATIVE SERVICES DIVISION – W. TANAKA, DIRECTOR**

Work on the annual independent financial audit was conducted during the month with 90% of the work completed. Staff prepared and collected information for the auditors as needed. The results of the audit will be presented to the Budget and Finance Committee at a future meeting.

Budget preparations continued with no specific guiding information from the State other than what was released by the Governor in January. Tom Addison gave a brief report on the Governor’s proposed budget at the January 26, 2005 Budget & Finance Committee meeting. With nothing specific, staff began budget preparations after receiving prep packages.

Also presented at the Committee meeting were requests to fund the spring 2005 Lawnmower Buyback Program and a Phase I teleconferencing project to equip the 4<sup>th</sup> floor conference room. Both items will be presented to the full Board for consideration at the February 16, 2005 meeting.

**COMPLIANCE & ENFORCEMENT DIVISION – K. WEE, DIRECTOR**

**Enforcement Program**

Staff responded to the Tesoro #5 Boiler failure on January 12th that resulted in visible emission, permit condition, and public nuisance violations for approximately 19 days. Coke particulate was observed falling out in areas west of the refinery as east and southeast winds carried the particulates in the direction of Martinez. The District received 9 complaints of fallout. Tesoro received numerous complaints and sent insurance claims adjusters out to interview the complaints. District staff responded to the incident and took ambient canister, coke, and numerous fallout samples.

A special task force consisting of San Francisco Public Health Department, the SF District Attorney’s Office, Cal-OSHA, DTSC, EPA, County Solid Waste, and the District was developed to look into whether asbestos containing material (ACM) from San Francisco

demolitions is being illegally hauled to transfer stations. The task force met on January 6th to discuss strategies, jurisdiction, investigations, and enforcement concerning these operations.

Staff conducted an outreach meeting with the West Oakland Environmental Indicators Project at the Pacific Institute's offices in West Oakland on February 2, 2005. The purpose of the meeting was to discuss the group's concerns regarding the District's idling truck inspection program at the Port of Oakland. The District staff discussed opportunities for diesel particulate matter reduction in West Oakland and agreed to follow-up with a suggested process to continue to explore more opportunities.

The Gasoline Dispensing Facility staff met with the Legal Division on January 18th to discuss the vapor recovery inspection program and legal issues/concerns regarding Regulation 8, Rule 7 and pending Enhanced Vapor Recovery (EVR) deadlines.

### **Compliance Assurance Program**

Staff conducted a site review with the Department of Toxic Substances Control (DTSC) on January 6<sup>th</sup> in an effort to reduce any visible emissions from soil treatment processes at the site. Additionally, the staff reviewed the District's complaint procedures and public nuisance standards with the DTSC and the contractor doing the soil treatment.

Staff attended the CAPCOA Vapor Recovery meeting in Sacramento on January 19-21. Presentations were made by 3 manufacturers of vapor recovery equipment; OPW, Healy and Veeder-Root. There was discussion on Phase I and Phase II Enhanced Vapor Recovery timelines, certification status, and enforcement issues.

On January 31<sup>st</sup>, the Sacramento Metro AQMD enforcement and engineering manager and inspection supervisors visited the Division to review various inspection tracking and management oversight systems utilized by the District.

### **Compliance Assistance Program**

Staff has reviewed New United Motors Manufacturing Inc. (NUMMI) permit and submitted suggestions to the Engineering Division to clarify and improve conditions in NUMMI's permit. This review is part of the Environmental Excellence Program for NUMMI and should result in both an improvement in compliance and in the enforceability of their permit conditions. Additional work will need to be coordinated between Compliance and Enforcement staff and Engineering staff before meeting with NUMMI to initiate the Environmental Excellence Program.

A Compliance Advisory for the operators of Continuous Emission Monitors (CEM) at regulated facilities was released. The advisory provided guidance to facilities operating CEMs regarding the lack of commercial availability of certain span gases as currently required by the District's Manual of Procedures (MOP). Staff provided comments to a United States Coast Guard advisory marine vessel cleaning. The District advisory on this issue is currently under legal review. A draft "Compliance Tips for Printers" fact sheet was distributed to the ABAG Green Business Coordinators group for review and suggestions.

Translations of “Compliance Tips” for operators were completed in the following languages and posted to the web: Spanish and Chinese for Asbestos (Reg. 11-2), Autobody Coating (Reg. 8-45), Cleaning for Automotive Parts (Reg. 8-16), Dry Cleaning (Reg 11-16) and Stubble Burning (Reg. 5).

Staff made a presentation to the Santa Clara Occupational Center’s autobody training class on January 11. Staff presented Regulation 8-45 and the Air Districts requirements and how they affect the auto body industry.

### **Training**

Three in-service training sessions were held in January and covered Reportable Compliance Activities, PM 2.5 background and monitoring, Natural Gas and Crude Oil Production Facilities (Reg. 8-37), Green Business Procedures, Document Imaging/NEKO System Review, and Respirator Fit Testing. A new format for in-service training is being tested. The first session is for Supervising and Senior Inspectors for the purpose of previewing and reviewing the training materials to ensure its applicability to inspection level staff, obtaining input on benefits of training materials and how to improve course curricula and providing upper-level staff with more in-depth training so that they can mentor other inspection staff in course material.

A strategic plan for 2005 training is being prepared. The plan will cover the proposed schedule, the framework that will help guide selection of topics for future in-service training, and a procedure to preview the CARB training classes prior to booking the course.

### **Operations**

This past Stubble Burn season was the first time District Meteorological staff used meteorological criteria to forecast stubble burn periods based on meteorological conditions. Once the program was developed, Compliance and Enforcement Division staff met with affected burners ahead of the season and provided compliance assistance materials and a “Compliance Tips” fact sheet (posted on web). Out of 122 days during the season, there were a total of 29 forecasted no-burn days for stubble burns for the southern Sonoma County area. On the 93 days forecasted with a permissive burn status, there were 14 stubble burns recorded for Sonoma County and 2 for Marin County. Staff recorded the actual acreage burned during the season, as reported voluntarily by the burners following the burn. This more accurate figure will be reported to CARB as part of states reporting requirements.

A CARB Air Toxic Control Measures (ATCMs) for “Diesel-Fueled Commercial Motor Vehicle Idling” went into effect this month. The rule applies to any diesel truck idling for more than five minutes and any bus idling for more than 10 minutes when either are not engaged in work activities. CARB has primary jurisdiction and has prepared compliance assistance material and has conducted outreach to both truckers and the public. CARB staff has directed districts to refer complainants to their web page.

Telephone calls requesting translations for Spanish and Mandarin were received during the month of December.

Staff has retained the services of a consultant to help prepare a request for proposal (RFP) for the upcoming two-way radio replacement capital project. Staff has also completed testing of an additional radio repeater site for the Concord corridor area and has recommended adding the site to the current network for improved radio coverage.

(See Attachment for Activities by County)

## **ENGINEERING DIVISION – B. BATEMAN, DIRECTOR**

### **Toxics Program**

The Toxic Evaluation Section completed a total of 34 risk screens during January. The majority of these risk screens were for diesel engine emergency generators and gas stations. Work continued on preparing the next emissions inventory submittal to CARB including emissions review and conversion to the required format. Work continued on preparation of the Annual Toxics Report, the CARE program, and revision of the proposed Toxic New Source Review Rule (Regulation 2, Rule 5).

### **Title V Program**

The refinery Title V permits for Conoco-Phillips, Chevron, and Tesoro were reopened; the Valero and Shell refinery permits did not require reopening. The permits were reopened to add monitoring requirements for thermal oxidizers and to designate certain throughput limits as “federally enforceable.” These changes were made at the request of EPA. A number of other Title V permit actions occurred in January including issuance of the initial Title V permit for Commercial Pattern (Hayward), and proposal of the renewal permit for US Pipe and Foundry (Union City).

### **Permit Evaluation Program**

Staff participated in a conference call that was a follow-up to an Environmental Justice workshop held in San Francisco late last year. Ideas from the conference are being considered for inclusion in District permitting, planning, and enforcement programs. Staff also participated in the quarterly CAPCOA Engineering Managers meeting in San Diego, and a meeting with the CEC and other air districts to discuss the availability of current and historical emission data for petroleum infrastructure facilities (i.e., refineries, marine terminals, and pipelines).

## **INFORMATION SYSTEMS DIVISION – J. McKAY, DIRECTOR**

### **Toolsets for Permits/Enforcement/Legal**

The Air District has hosted multiple Vendor Presentations. Recent Toolsets under review include document management products such as OpenText. In addition the District has received independent recommendations from SAIC and other firms regarding platform and vendor selection. An update of the extensive requirement documentation that was previously developed continues. This update is supported by work with SAIC and other vendors. The design methodology for replacement of IRIS and Databank has started with identification of the large-scale functional components of the Air District Production Processes. This will enable a tool selection process focused on high-level tool sets. While this may not allow the District to accomplish all of its objectives with a single vendor offering, it will allow the

opportunity to substitute purchased modules for custom code. Peter Hess directed inquiries to Air Districts around the United States and received substantial input on their current systems and future plans.

### **Infrastructure**

The first step of the Infrastructure upgrade occurred with the replacement of the server used for remote access. Individual user migration is underway. This work will span the last quarter of this calendar year and continue into the first quarter of next year. The upgrade is motivated by security needs and equipment obsolescence.

### **Web Site Development**

The roadmap for the next phase of the new site is under development. Development for web based Complaint query capability is complete and under review by Legal Counsel

## **LEGAL DIVISION – B. BUNGER, DISTRICT COUNSEL**

The District Counsel's Office received 170 Violations reflected in Notices of Violation ("NOVs") for processing.

Mutual Settlement Program staff initiated settlement discussions regarding civil penalties for 84 Violations reflected in NOVs. In addition, Mutual Settlement Program staff sent 3 Final 30 Day Letters regarding civil penalties for 7 Violations reflected in NOVs. Finally, settlement negotiations by Mutual Settlement Program staff resulted in collection of \$35,370 in civil penalties for 47 Violations reflected in NOVs.

Counsel in the District Counsel's Office initiated settlement discussions regarding civil penalties for 102 Violations reflected in NOVs. Settlement negotiations by counsel in the District Counsel's Office resulted in collection of \$75,000 in civil penalties for 14 Violations.

(See Attachment for Penalties by County)

## **PLANNING DIVISION – G. KENDALL ACTING DIRECTOR**

### **Grant Programs**

Staff prepared funding agreements for three Transportation Fund for Clean Air (TFCA) Regional Fund projects recently approved by the Board. Staff also assisted six local public school districts with the purchase of twelve new school buses under the Lower-Emission School Bus Program. Staff continued to coordinate actions to obtain the \$2 million Congestion Mitigation and Air Quality Improvement (CMAQ) funds for the Solid Waste Collection Vehicles Incentive Program. On January 25, staff met with representatives from the Electric Auto Association/San Francisco Chapter to discuss grant opportunities for electric vehicles. On January 28, staff met with the Directors of the Bay Area Congestion Management Agencies to discuss the proposed revisions to the TFCA fiscal year 2005-2006 policies, which will be presented for approval at the next Mobile Source Committee meeting. The recruitment process for a vacant Principal Environmental Planner position was completed with the selection of an internal candidate. A total of 549 eligible light-duty vehicles were purchased and scrapped by the three Vehicle Buy Back (VBB) Program contractors.

### **Air Quality Planning Program**

Staff briefed the Northern California Air Quality Coordinating Group on Bay Area smart growth programs on January 28, 2005. Staff continues to develop the Bay Area Ozone Strategy for the State and national 1-hour ozone standards and consult with ARB and other air districts regarding planning and modeling for the national 8-hour ozone standard. Staff wrote three comment letters regarding air quality impacts of development projects and plans in the Bay Area: MTC's Transportation 2030 (RTP), the WTA South San Francisco Ferry Terminal Project, and the Alameda County Waste Management Authority Organic Processing Development Program.

### **Rule Development Program**

On January 10, 2005, staff participated in a conference call with WSPA and managers from Bay Area refineries regarding development of a rule to control emissions from refinery flares. On January 11, staff hosted a flare control technical working group meeting at the District office. On January 12, staff met with a representative from SeaRiver Maritime, Inc. to discuss controls for marine loading operations. On January 20, staff participated in the CARE program working group. On January 24, staff presented an update to the Stationary Source Committee on progress in the development of a flare control rule. The Rule Development section added a Senior Air Quality Engineer and a Senior Air Quality Specialist to staff and is currently recruiting for an Air Quality Engineer and an Air Quality Specialist.

### **Research and Modeling**

Staff participated in the Central California Ozone Study (CCOS) Technical Committee meeting in Sacramento. The Technical Committee consists of representatives from ARB, districts, U.S. EPA and industry. The main focus of this meeting was to discuss future CCOS data analysis and modeling projects. CCOS has about \$2.4 million available funds to analyze the CCOS data and improve model performance. Staff also participated in the Northern California Agencies SIP/Transport Work Group meeting in Sacramento. Representatives from ARB and 14 northern California districts participated in this meeting. ARB plans to assist districts in preparing 8-hour ozone SIPs or maintenance plans. Staff organized a Bay Area Modeling Advisory Committee conference call and provided information on District's modeling activities.

## **PUBLIC INFORMATION & OUTREACH – T. GALVIN LEE, DIRECTOR**

The District's wintertime outreach program continued its efforts to educate the public and reduce pollution from wood smoke. Both the wintertime advertising campaign and the Santa Clara Woodsmoke Rebate Program continued into January with advertising placement in local media outlets. Several cities displayed the rebate program information on their websites and distributed brochures. A bill insert about the program was mailed to City of San Jose residents, and residents of the City of Palo Alto. To date no *Spare the Air Tonight* advisories have been issued.

During the month, filming and revisions for the District video were completed. A final edited version is expected to be available within another month or two. Planning for the Air District's 50<sup>th</sup> anniversary began. Activities will include incorporation of the anniversary theme into the existing logo, a symposium on Air Quality with a keynote speaker, an annual report, and appropriate marketing collateral. Planning also began for the 2005 Clean Air Champions contest, with the call for nominations to begin in March. District employees



staffed the Santa Clara Home show and the Bay Area Environmental Educators fair. There were 1,069 calls to the Smoking Vehicle complaint line.

## TECHNICAL DIVISION – G. KENDALL, DIRECTOR

### **Air Monitoring**

Particulate monitors for PM<sub>2.5</sub> continued their enhanced wintertime sampling schedules at all designated stations. Ozone monitors at eight stations are shut down during the low ozone winter period as authorized under a waiver granted by the EPA.

### **Meteorology**

Two days in January reached the Unhealthful for Sensitive Groups (USG) air quality level for PM<sub>2.5</sub> (101 – 150 AQI). The first 11 days in January had periods of rainy, unsettled weather, keeping air quality levels in the Good to Moderate categories. An 11-day period of high pressure followed, resulting in high Moderate air quality levels.

Two more days of the high-pressure pattern resulted in a 114 AQI at San Jose on January 24<sup>th</sup>, and 108 AQI at Redwood City on January 25<sup>th</sup>. Rain began on the evening of January 25<sup>th</sup> and persisted for the next three days, cleansing the atmosphere.

### **Quality Assurance**

The Quality Assurance group conducted performance audits on 24 monitors at 7 of the District's air monitoring stations. Staff also audited H<sub>2</sub>S and SO<sub>2</sub> monitors at two of ConocoPhillips Refinery Ground Level Monitoring stations.

### **Air Quality**

Quality assurance of the October 2004 air quality was completed and the data were entered into the EPA Air Quality System (AQS) database. Forecasting continued for the wintertime Spare the Air Tonight Program, which ended on January 31<sup>st</sup>. Although no Spare the Air Tonight advisories were issued this season, there was one exceedance of the national 24-hr standard on December 25<sup>th</sup> at Concord with a 156 AQI. Staff completed calibrations of the District meteorological network.

### **Laboratory**

In addition to the ongoing, routine analyses, eight ambient air samples taken in various locations around the Tesoro Refinery during the January 12<sup>th</sup> coker incident were analyzed for total non-methane organic compounds. In addition, analyses of the reduced sulfur compounds and toxic organic compounds were performed six and four of the samples, respectively. Five fallout samples taken at various locations near Tesoro Refinery on January 18<sup>th</sup> during the ongoing coker incident were microscopically examined and analyzed for nickel and vanadium to estimate the quantity of petroleum coke particles in the fallout.

### **Source Test**

Ongoing Source Test activities included Continuous Emissions Monitoring (CEM) Field Accuracy Tests, source tests, gasoline cargo tank testing, and evaluations of tests conducted by outside contractors. The ConocoPhillips Refinery's open path monitor monthly report for the month of December was reviewed. The Source Test Section provided ongoing participation in the District's Further Studies Measures for refineries.

**These facilities have received one or more Notices of Violations  
Report period: January 1, 2005 – January 31, 2005**

Status	Regulation			
Date	Site #	Site Name	City	Title
1/26/2005	B5174	Continental Auto Body & Paint	Albany	Motor Vehicle & Mobile Equip Coating Operations
1/7/2005	Q4816	Auto 4 Less	Fremont	Motor Vehicle & Mobile Equip Coating Operations
1/11/2005	C9849	Foothill Chevron	Hayward	Gasoline Dispensing Facilities
1/12/2005	C0845	Food Depot #3	Hayward	Gasoline Dispensing Facilities
1/12/2005	C9920	Parthian Chevron	Livermore	Gasoline Dispensing Facilities
1/19/2005	Q2185	Hernan Gonzalez	Newark	Asbestos Demolition, Renovation & Mfg.
1/12/2005	C6875	Rino Pacific	Oakland	Gasoline Dispensing Facilities
1/4/2005	Q4000	SSA Marine Terminal	Oakland	Truck Idling
1/12/2005	C0584	Rhino Gas	Oakland	Gasoline Dispensing Facilities
			San Leandro	Gasoline Dispensing Facilities
1/13/2005	C0096	Crazy Charlie's Cardlock	Leandro	
1/13/2005	C8505	Velero Station	Union City	Gasoline Dispensing Facilities

### Contra Costa County

Received	Regulation			
Date	Site #	Site Name	City	Title
1/11/2005	Q1224	Aerial Control	Brentwood	Open Burning
1/25/2005	Q5080	Gulf Transportation	Concord	Gasoline Dispensing Facilities
1/4/2005	A0581	Shore Terminals - Selby	Crockett	Major Facility Review (Title V); Storage of Organic Liquids; Failure to Meet Permit Conditions; 0
1/4/2005	C9380	Valero Refining Co SS#7208	Danville	Gasoline Dispensing Facilities
1/21/2005	Q5015	Bay Area Diablo	Martinez	Gasoline Bulk Terminals & Gasoline Delivery Vehicles
1/4/2005	B2870	Shell Chemical LP	Martinez	Parametric Monitoring & Recordkeeping Procedures; Failure to Meet Permit Conditions
1/27/2005	A0011	Shell Martinez Refinery	Martinez	Process Vessel Depressurization; Storage of Organic Liquids; Equipment Leaks; Sulfur Dioxide
1/21/2005	B2758	Tesoro Refining and Marketing Company	Martinez	Failure to Meet Permit Conditions; Major Facility Review (Title V); Equipment Leaks; NOx & CO from Boilers, Steam Generators & Process Heaters in Refineries
1/4/2005	A0010	Chevron Products Company	Richmond	Surface Coating of Misc Metal Parts & Products; Failure to Meet Permit Conditions
		ConocoPhillips - San Francisco		Hydrogen Sulfide
1/21/2005	A0016	Refinery	Rodeo	
			Walnut Creek	Gasoline Dispensing Facilities
1/25/2005	C8913	Main & Geary Chevron	Creek	

### Marin County

Received	Regulation			
Date	Site #	Site Name	City	Title
1/4/2005	C1824	Chevron Station #94390	Mill Valley	Wood Products Coatings

### Napa County

Received	Regulation			
Date	Site #	Site Name	City	Title
1/6/2005	P9272	Villa Amarosa	Calistoga	Open Burning
1/6/2005	B3683	Dey L P	Napa	Authority to Construct; Permit to Operate
1/12/2005				Failure to Meet Permit Conditions
5	D0471	Salvador Exxon	Napa	
1/7/2005	J8811	Yount Mill Vineyards	Oakville	Open Burning

1/6/2005 J0673 Peju Winery Rutherford Open Burning

**San Francisco County****Received**

<b>Date</b>	<b>Site #</b>	<b>Site Name</b>	<b>City</b>	<b>Regulation Title</b>
1/7/2005	A1147	Bell Cleaners	San Francisco	Perc & Synthetic Solvent Dry Cleaning Operations
1/25/2005	B0578	Botta's Auto Body	San Francisco	Motor Vehicle & Mobile Equip Coating Operations
1/7/2005	A4199	Esrik Cleaners	San Francisco	Failure to Meet Permit Conditions; Authority to Construct
1/7/2005	D0191	Sunset Shell-Shell Oil Products	San Francisco	Failure to Meet Permit Conditions
1/11/2005	A2075	Veteran's DeLuxe Cleaners	San Francisco	Perc & Synthetic Solvent Dry Cleaning Operations

**San Mateo County****Received**

<b>Date</b>	<b>Site #</b>	<b>Site Name</b>	<b>City</b>	<b>Regulation Title</b>
1/7/2005	A4235	Hilltop Cleaners	Daly City	Perc & Synthetic Solvent Dry Cleaning Operations
1/27/2005	Q1003	Chris Yee & Nicole Arguello	Pacifica	Asbestos Demolition, Renovation & Mfg.
1/7/2005	C0806	Blue Line Transfer Inc	South San Francisco	Gasoline Dispensing Facilities
1/7/2005	A8658	Boni's Auto Body Shop	South San Francisco	Motor Vehicle & Mobile Equip Coating Operations
1/7/2005	B6678	Harbor Auto Body	South San Francisco	Motor Vehicle & Mobile Equip Coating Operations; Permit to Operate

**Santa Clara County****Received**

<b>Date</b>	<b>Site #</b>	<b>Site Name</b>	<b>City</b>	<b>Regulation Title</b>
1/4/2005	C7031	ARCO Facility #06111 - HABIB H KHAYYAT	Cupertino	Gasoline Dispensing Facilities
1/18/2005	B1719	De Luna Furniture Refinishing	Gilroy	Wood Products Coatings
1/4/2005	C3568	ARCO Facility #02121- GOLDEN CROWN FINANG International Disposal Corporation of Calif	Milpitas	Gasoline Dispensing Facilities
1/18/2005	A9013	Corporation of Calif	Milpitas	Solid Waste Disposal Sites
1/7/2005	Q4815	J & L Seven Distributors	Milpitas	Motor Vehicle & Mobile Equip Coating Operations
1/26/2005	B0505	M2 Automotive, Inc	Milpitas	Motor Vehicle & Mobile Equip Coating Operations
1/25/2005	D1355	Palo Alto Hills Golf & CC	Palo Alto	Authority to Construct; Permit to Operate
1/26/2005	B6666	Almaden Welding	San Jose	Surface Coating of Misc Metal Parts & Products
1/25/2005	C7053	ARCO Facility #02074-JM & SONS INC	San Jose	Gasoline Dispensing Facilities
1/4/2005	C0548	Bernal Shell Carwash-Shell Oil Products	San Jose	Gasoline Dispensing Facilities
1/6/2005	B0734	Camaro Cleaners	San Jose	Perc & Synthetic Solvent Dry Cleaning Operations
1/26/2005	B3289	Los Esteros Critical Energy Facility	San Jose	Failure to Meet Permit Conditions
1/18/2005	Q4964	Robert F. Barlow	San Jose	Open Burning
1/18/2005	A4020	SFPP, LP	San Jose	Open Burning; Major Facility Review (Title V)
1/26/2005	D0385	Valero Refining Co SS#7112	San Jose	Gasoline Dispensing Facilities
1/4/2005	C8469	Valley Fair Unocal 76	San Jose	Gasoline Dispensing Facilities
1/26/2005	A8693	Honeywell International	Santa	General Solvent & Surface Coating Operations

			Clara	
1/7/2005	A0843	Nelson's Cleaners	Santa Clara	Permit to Operate
1/26/2005	B6772	Silveira Cabinets	Santa Clara	Permit to Operate; Authority to Construct
1/18/2005	B2589	SMTEK International, Inc	Santa Clara	Permit to Operate; Authority to Construct
1/11/2005	P1947	Tuff Shed	Santa Clara	Permit to Operate; Authority to Construct
1/11/2005	B0060	Cleaners Connection	Saratoga	Perc & Synthetic Solvent Dry Cleaning Operations
1/18/2005	A1994	Raisch Products	Sunnyvale	Failure to Meet Permit Conditions

**Solano County**

Received Date	Site #	Site Name	City	Regulation Title
1/4/2005	A0901	Valero Benicia Asphalt Plant	Benicia	Storage of Organic Liquids
1/11/2005	B2626	Valero Refining Company – Ca	Benicia	Equipment Leaks
1/4/2005	B2626	Valero Refining Company - Ca	Benicia	Flare Monitoring at Petroleum Refineries; Storage of Organic Liquids; Area Monitoring; Major Facility Review (Title V)
1/12/2005	C9062	E-Z Stop Market	Fairfield	Gasoline Dispensing Facilities
1/26/2005	A4508	J P's Auto Body	Fairfield	Motor Vehicle & Mobile Equip Coating Operations
1/13/2005	A1665	Rexam Beverage Can Company	Fairfield	Failure to Meet Permit Conditions
1/13/2005	Q3626	Tree Slough Farms	Vacaville	Open Burning
1/4/2005	C9572	Britton's Mini Mart	Vallejo	Gasoline Dispensing Facilities
1/25/2005	C8862	Jarks Enterprise LLC	Vallejo	Gasoline Dispensing Facilities
1/26/2005	A5510	Manuel's Auto Body	Vallejo	Motor Vehicle & Mobile Equip Coating Operations
1/4/2005	C4735	Road Runner Gas	Vallejo	Gasoline Dispensing Facilities

**Sonoma County**

Received Date	Site #	Site Name	City	Regulation Title
1/4/2005	Q4767	MikeFlowers	Healdsburg	Open Burning
1/4/2005	Q4771	Stan Denner	Santa Rosa	Open Burning
1/11/2005	Q4492	The Finishing Touch	Santa Rosa	Permit to Operate; Authority to Construct
1/4/2005	Q4766	Daniel Dovel	Sebastopol	Open Burning

**Outside Bay Area**

Received Date	Site #	Site Name	City	Regulation Title
1/25/2005	Q5082	Toro Petroleum Corporation Williams Tank Lines/Mike	Salinas	Authority to Construct; Permit to Operate
1/11/2005	F4406	Stewart	Stockton	Motor Vehicle & Mobile Equip Coating Operations

**January 2005 Closed NOV's with Penalties by County**

**Alameda**

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
EEE Construction	N5375	Albany	\$2,500	4
Hernan Gonzalez	Q2186	Newark	\$2,400	4
The Earthgrains Company	A0532	Oakland	\$5,000	1
Dublin San Ramon Services District - Wastewater TP	A1371	Pleasanton	\$1,000	1
Sunrise Coffee Company	B1578	San Leandro	\$2,500	1

**Total Violations Closed: 11**

**Contra Costa**

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
Chevron Products Company	A0010	Richmond	\$75,000	14
F. David Townsend	N9966	Crockett	\$3,000	3
Pacific Hard Chrome	A3696	Richmond	\$1,000	1
Central Ave Shell	C1573	Richmond	\$500	1
Petro Plus	C1671	San Pablo	\$650	1
Crow Canyon Cleaners	A7642	San Ramon	\$626	2
Vonnies One Hour Cleaners	A9075	San Ramon	\$250	1

**Total Violations Closed: 23**

**Marin**

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
Big 4 Rents	C8659	Novato	\$600	1

**Total Violations Closed: 1**

**Napa**

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
Linda-Marie Loeb	Q4224	Calistoga	\$500	1

**Total Violations Closed: 1**

**Santa Clara**

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
Eric Reich & Associates	Q3956	Campbell	\$400	1
GN Renn Inc.	A4020	Gilroy	\$500	1
Unocal #6397	D0457	Milpitas	\$350	1
Holiday Cleaners	A8488	Mountain View	\$750	2
Foxworthy Gas	D0493	San Jose	\$1,000	2
Tosco Northwest Company	C9312	San Jose	\$300	1
KT Valero Gas	D0520	Santa Clara	\$250	1

**Total Violations Closed: 9**

**San Francisco**

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
Hoeck Iron Works	A2585	San Francisco	\$500	1
International Color Service	N0259	San Francisco	\$750	1
Chevron Station # 91623	C2323	San Francisco	\$500	1

**Total Violations Closed: 3**

**San Mateo**

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
Skyline Auto Service	C8298	Daly City	\$2,345	1
East Palo Alto Shell	C9055	East Palo Alto	\$500	1
Mills Park Cleaners	A3589	San Bruno	\$300	1
Carl's Fine Dry Cleaning	A0324	San Mateo	\$300	1
Crocker Vineyards	Q4223	South San Francisco	\$1,000	1
Blue Line Transfer Inc	C0806	South San Francisco	\$500	1

**Total Violations Closed: 6**

**Solano**

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
AR Ready Mix	Q0969	Vacaville	\$750	1

**Total Violations Closed: 1**

**Sonoma**

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
Wade Johnson	Q3982	Santa Rosa	\$500	1
Pete Mufich	Q4220	Santa Rosa	\$250	1
Chapel of the Chimes	A7658	Santa Rosa	\$850	1
Michael Penn	Q4261	Sebastopol	\$500	1
California Food And Fuel #2	C8795	Sonoma	\$1,000	1

**Total Violations Closed: 5**



**District Wide**

<b>Site Name</b>	<b>Site Occurrence</b>	<b>City</b>	<b>Penalty</b>	<b># of Violations Closed</b>
Envirocon	Q3355	Sacramento	\$750	1

**Total Violations Closed: 1**

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT'S LIST OF  
ACRONYMS AND TERMINOLOGY**

ABAG	Association of Bay Area Governments
AC	Authority to Construct issued to build a facility (permit)
AMBIENT AIR	The surrounding local air
AQI	Air Quality Index
ARB	[California] Air Resources Board
ATCM	Airborne Toxic Control Measure
BAAQMD	Bay Area Air Quality Management District
BACT	Best Available Control Technology
BANKING	Applications to deposit or withdraw emission reduction credits
BAR	[California] Bureau of Automotive Repair
BARCT	Best Available Retrofit Control Technology
BIODIESEL	A fuel or additive for diesel engines that is made from soybean oil or recycled vegetable oils and tallow. B100=100% biodiesel; B20=20% biodiesel blended with 80% conventional diesel
BTU	British Thermal Units (measure of heat output)
CAA	[Federal] Clean Air Act
CAL EPA	California Air Resources Board
CCAA	California Clean Air Act [of 1988]
CCCTA	Contra Costa County Transportation Authority
CEQA	California Environmental Quality Act
CFCs	Chlorofluorocarbons
CMA	Congestion Management Agency
CMAQ	Congestion Management Air Quality [Improvement Program]
CMP	Congestion Management Program
CNG	Compressed Natural Gas
CO	Carbon monoxide
EBTR	Employer-based trip reduction
EJ	Environmental Justice
EIR	Environmental Impact Report
EPA	[United States] Environmental Protection Agency
EV	Electric Vehicle
HC	Hydrocarbons
HOV	High-occupancy vehicle lanes (carpool lanes)
hp	Horsepower
I&M	[Motor Vehicle] Inspection & Maintenance ("Smog Check" program)
ILEV	Inherently Low Emission Vehicle
JPB	[Peninsula Corridor] Joint Powers Board
LAVTA	Livermore-Amador Valley Transit Authority ("Wheels")
LEV	Low Emission Vehicle
LNG	Liquefied Natural Gas
MPG	Miles per gallon

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MTC	Metropolitan Transportation Commission
NAAQS	National Ambient Air Quality Standards (federal standards)
NO <sub>x</sub>	Nitrogen oxides, or oxides of nitrogen
NPOC	Non-Precursor Organic Compounds
NSR	New Source Review
O <sub>3</sub>	Ozone
PM <sub>2.5</sub>	Particulate matter less than 2.5 microns
PM <sub>10</sub>	Particulate matter (dust) less than 10 microns
PM>10	Particulate matter (dust) over 10 microns
POC	Precursor Organic Compounds
pphm	Parts per hundred million
ppm	Parts per million
PUC	Public Utilities Commission
RFG	Reformulated gasoline
ROG	Reactive organic gases (photochemically reactive organic compounds)
RIDES	RIDES for Bay Area Commuters
RTP	Regional Transportation Plan
RVP	Reid vapor pressure (measure of gasoline volatility)
SCAQMD	South Coast [Los Angeles area] Air Quality Management District
SIP	State Implementation Plan (prepared for <i>national</i> air quality standards)
SO <sub>2</sub>	Sulfur Dioxide
TAC	Toxic Air Contaminant
TCM	Transportation Control Measure
TFCA	Transportation Fund for Clean Air [BAAQMD]
TIP	Transportation Improvement Program
TMA	Transportation Management Association
TOS	Traffic Operations System
tpd	tons per day
Ug/m <sup>3</sup>	micrograms per cubic meter
ULEV	Ultra low emission vehicle
ULSD	Ultra low sulfur diesel
USC	United States Code
UV	Ultraviolet
VMT	Vehicle miles traveled (usually per <i>day</i> , in a defined area)
VTA	Santa Clara Valley Transportation Authority
ZEV	Zero Emission Vehicle

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

TO: Chairperson Townsend and Members of the Board of Directors  
 FROM: Mary Romaidis, Clerk of the Boards  
 DATE: February 1, 2005  
 RE: Quarterly Report of the Clerk of the Boards: October 1 – December 31, 2004

RECOMMENDED ACTION

This report is provided for information only.

DISCUSSION

Listed below is the status of minutes for the Board of Directors and Advisory Council and activities of the Hearing Board for the fourth quarter of 2004:

**Board of Directors**

<b><u>Meeting Type</u></b>	<b><u>Meeting Date</u></b>	<b><u>Status of Minutes</u></b>
Regular Meeting	October 20	Approved
Regular Meeting / Board Retreat	December 1	Approved
Regular Meeting	December 15	Approved
Regular Meeting	December 21	Approved
Budget & Finance Committee	December 20	Approved
Executive Committee	November 29	Minutes Completed/Pending Approval
Legislative Committee	October 13	Approved
Legislative Committee	December 21	Minutes Completed/Pending Approval
Public Outreach Committee	November 8	Approved
Mobile Source Committee	October 14	Approved
Mobile Source Committee	December 6	Minutes Completed/Pending Approval
Stationary Source Committee	November 22	Approved

**Advisory Council**

<b><u>Meeting Type</u></b>	<b><u>Meeting Date</u></b>	<b><u>Status of Minutes</u></b>
Regular Meeting	November 10	Approved
Joint Air Quality Planning and Technical Committees	October 12	Approved
Joint Air Quality Planning and Technical Committees	December 16	Minutes Completed/Pending Approval
Executive Committee	November 10	Minutes Completed/Pending Approval
Public Health Committee	October 25	Minutes Completed/Pending Approval

**Hearing Board**

1. During the Period October – December 2004, the Clerk’s Office processed and filed three Applications for Variance and one Emergency Variance.
2. The Clerk of the Boards staff attended and took minutes at a total of two hearings and other discussions at the District facility.
3. A total of \$ 2,163.65 was collected in excess emission fees.
4. On October 17-20, 2004, Dr. Tom Dailey, Chair, and one Deputy Clerk attended the 2004 National Association of Hearing Officials Conference in Fort Worth, Texas.
5. On November 29, 2004, the Hearing Board presented its Quarterly Report (July –September 2004) to the Board Executive Committee.

Respectfully submitted,

Mary Romaidis  
Clerk of the Boards

FORWARDED \_\_\_\_\_

MR:hl  
12/3/04  
G/Board/Quarter.doc

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

Inter-Office Memorandum

To: Chairperson Townsend and Members  
of the Board of Directors

From: Gary Kendall  
Acting Director of Planning and Research

Date: February 9, 2005

Re: Authorize the Executive Officer/APCO to Accept Congestion Mitigation and  
Air Quality (CMAQ) Improvement Program Funds for the District's Solid  
Waste Collective Vehicle (SWCV) Incentive Program

RECOMMENDED ACTION:

Approve the attached resolution authorizing the Executive Officer/APCO to execute all necessary agreements with the California Department of Transportation (Caltrans) relating to the Air District's receipt of Congestion Mitigation and Air Quality (CMAQ) Improvement Program funds for the District's Solid Waste Collection Vehicle (SWCV) Incentive Program.

BACKGROUND

On October 20, 2004, the Air District Board of Directors approved the allocation of \$1.5 million in Transportation Fund for Clean Air (TFCA) Regional Funds to provide incentives to reduce emissions of nitrogen oxides (NOx) from heavy-duty solid waste collection vehicles. In addition, the Metropolitan Transportation Commission (MTC) agreed to allocate \$2 million in federal CMAQ funds to the Air District for the SWCV Incentive Program. The CMAQ funds for the SWCV program were included by MTC in Transportation Improvement Program (TIP) Amendment 2005-02. This TIP Amendment was approved by Caltrans on January 18, 2005, and by the Federal Transit Administration/Federal Highway Administration on February 4, 2005. The Air District will receive the CMAQ funding through the Caltrans Local Assistance branch, which is responsible for disbursing funds from the federal Department of Transportation.

DISCUSSION

The Air District has an existing Master Agreement with Caltrans that was executed to receive CMAQ funds for the Spare the Air Program. As a condition of receiving the CMAQ funds for the SWCV Program, Caltrans requires the Air District to adopt a resolution authorizing the Executive Officer/APCO to execute all agreements regarding the CMAQ funding for this program. The attached resolution will fulfill this requirement.

BUDGET CONSIDERATION/FINANCIAL IMPACT

CMAQ funds require a local match of 11.5%. The TFCA funds approved by the Board on October 20, 2004 for the SWCV Incentive Program will provide the local funds required to match the CMAQ funds.

Respectfully submitted,

Gary Kendall  
Acting Director of Planning and Research

FORWARDED: \_\_\_\_\_

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

**RESOLUTION NO.**

**Resolution of the Bay Area Air Quality Management District Board of Directors  
Authorizing District Participation in the Congestion Mitigation and Air Quality  
("CMAQ") Improvement program for the San Francisco Bay Area**

WHEREAS, the Bay Area Air Quality Management District has authority under Health & Safety Code Sections 40701 and 40717 to participate in the Congestion Mitigation and Air Quality ("CMAQ") Improvement Program for the San Francisco Bay Area as a part of its overall regional responsibility for air quality planning and control;

WHEREAS, eligible project sponsors wishing to receive CMAQ grants for a project shall submit an application first with the appropriate administering government agency;

WHEREAS, the Bay Area Air Quality Management District is an eligible project sponsor and has been offered funding for its Solid Waste Collection Vehicle ("SWCV") emission reduction incentive program under the CMAQ program administered by the Californian Department of Transportation ("Caltrans") as project number MTC050016 (Repower or Catalytic Device Retrofit Grants) in MTC TIP Amendment 2005-02 approved by Caltrans on January 18, 2005 and by the Federal Transit Administration/Federal Highway Administration (FTA/FHWA) on February 4, 2005;

WHEREAS, the CMAQ program administered by Caltrans has remitted the Master Agreement for Administering Agency-State Agreement No. 046297, and will issue a new Program Supplemental Agreement to the District regarding funding for the District's SWCV emission reduction incentive program; and

WHEREAS, the State of California, through Caltrans, requires official governing body authorization from the receiving government agency (in this case, the District) before entering into these CMAQ funding agreements.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Bay Area Air Quality Management District hereby authorizes the Executive Officer/Air Pollution Control Officer, or his designee, to execute a new Program Supplemental Agreement for the District's SWCV emission reduction incentive program under Administering Agency-State Agreement No. 046297.

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 \_\_\_\_\_, 2005 by the following vote of the Board:



AYES:

NOES:

ABSENT:

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Marland Townsend  
Chairperson of the Board of Directors

ATTEST:

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Mark Ross  
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Haggerty and Members  
of the Board of Directors

From: Jack P. Broadbent  
Executive Officer/APCO

Date: February 3, 2005

Re: Report of the Stationary Source Committee Meeting of January 24, 2005

RECOMMENDED ACTION

Receive and file.

BACKGROUND

The Stationary Source Committee met January 24, 2005. Staff reported on the following three items: Chairperson DeSaulnier will give an oral report of the meeting.

- A) Status Report on the District's Flare Control Rule Development;
- B) Status Report on the District's Air Toxics New Source Review (NSR) Program Rule;  
and
- C) Status Report on the District's Community Air Risk Evaluation (CARE) Program;

Attached are the staff reports presented to the Committee for your review.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Mary Ann Goodley

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Inter-Office Memorandum

To: Chairperson DeSaulnier and Members  
of the Stationary Source Committee

From: Gary Kendall,  
Acting Director of Planning & Research

Date: January 18, 2005

Re: Status Report on the Development of the Refinery Flare Control Rule

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

On November 24, 2004, staff reported to the Stationary Source Committee on the implementation of Regulation 12, Rule 11: Flare Monitoring at Petroleum Refineries. The report summarized the implementation of Regulation 12, Rule 11, provided information about flare reports on the District web site, gave a report on flare emissions and emissions trends, and reported the progress on flare control rule development efforts.

DISCUSSION

Staff will present an update on the refinery flare control rule development efforts, including:

- Workgroup meetings,
- Regulatory approach and concepts,
- Annual Summary of Flare Monitoring Data,
- Elements of the proposed rule,
- Continuing public process, and
- Schedule

Respectfully submitted,

Gary Kendall  
Acting Director of Planning & Research

FORWARDED BY: \_\_\_\_\_

Prepared by: Alex Ezersky and Dan Belik  
Reviewed by: Jean Roggenkamp

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Inter-Office Memorandum

To: Chairperson DeSaulnier and Members  
of the Stationary Source Committee

From: Brian Bateman,  
Director of Engineering

Date: January 14, 2005

Re: Status Report on the District's Air Toxics New Source Review Program  
Rule Development Project.

RECOMMENDED ACTION

Receive and file staff summary of the Air Toxics New Source Review (NSR) program rule development project, and provide input to Staff as deemed appropriate.

BACKGROUND

1. Air Toxics Program

The District has had, since 1987, a program to describe, control, and where possible eliminate public exposure to toxic air contaminants (TACs). TACs are air pollutants which may cause or contribute to an increase in mortality or in serious illness, or which may pose a potential hazard to human health. The air toxics program was established as a separate and complementary program to the traditional criteria pollutant programs, which focus on attaining and maintaining ambient air quality standards (e.g., ozone).

The air toxics program includes three individual regulatory programs directed at stationary sources of TACs located at industrial and commercial facilities. Two of these programs apply to sources at existing facilities, and the third is the Air Toxics NSR program, which focuses on proposed projects involving new and modified sources. This report describes the existing Air Toxics NSR program, and changes to the program that District staff intend to make through a rule development process.

2. Existing Air Toxics NSR Program

The goal of the District's Air Toxics NSR program is to prevent significant increases in health risks resulting from new and modified sources of TACs based on preconstruction permit review. The program is also intended to reduce existing health risks by imposing updated control requirements when older, more highly polluting, sources are modified or replaced.

The Air Toxics NSR program was established in 1987 at the direction of the District's Board, and has been implemented based on policies and procedures established by the Air Pollution Control Officer (APCO) after holding workshops and considering public input. The Air Toxics NSR program is a local program; there are no specific State or federal mandates requiring such a program. In California, most of the 35 air districts currently

have an Air Toxics NSR program – these programs are all based on the same general framework, although specific program requirements may vary between districts.

The Air Toxics NSR program is a health risk-based program, meaning that the program requirements are based on the results of a health risk assessment (HRA). An HRA is a scientific analysis of the measure of health risk for individuals in the affected population that may be exposed to emissions of one or more toxic substances. The Air Toxics NSR program uses an HRA methodology that was specifically developed for air pollution control programs in California by agencies including Cal/EPA's Office of Environmental Health Hazard Assessment (OEHHA). This methodology is documented in State HRA guideline documents, which have been updated several times since their original publication in 1987.

The District's Risk Evaluation Procedure (REP) identifies the procedures that staff follow to assess the significance of TAC emissions from new and modified sources. The REP specifies that all permit applications for new and modified sources must be screened for emissions of TACs. If any TAC is emitted in amounts that exceed specified de minimus levels, a site-specific HRA is completed by District staff using computer-modeled estimates of atmospheric dispersion. Estimates of public exposure, and cancer and non-cancer health risk, are made for the maximally exposed residential and off-site worker receptor locations.

The District's Risk Management Policy (RMP) specifies criteria that the APCO has established for the approval of permits for new and modified sources of TACs based on the results of an HRA. Under the RMP, sources must use the Best Available Control Technology for Toxics (TBACT) to minimize emissions if the project would increase an individual's lifetime cancer risk by more than 1 in a million. If TBACT is used, permits may be issued if the maximum cancer risk from the project is 10 in a million or less. The RMP also limits TAC emissions based on non-cancer health risks by specifying that a project may not increase an individual's non-cancer risk by more than a Hazard Index of 1.0. [A Hazard Index is calculated by dividing the estimated exposure of a TAC with the TAC's Reference Exposure Level (REL). The REL is the exposure level below which no adverse non-cancer effects are expected even in sensitive subpopulations.]

The APCO has also established alternative RMPs for two specific source categories based on risk management considerations: (1) diesel-fueled engines, and (2) perchloroethylene (Perc) dry cleaners. The criteria for diesel-fueled engines are essentially the same as those previously described except that, for emergency standby engines, health risks are calculated for all engine operations except for emergency use. This provision was established so that the District would not need to limit standby engine operation in the case of an emergency.

The APCO has established a specific RMP for dry cleaners that allows permits to be issued above 10 in a million cancer risk (but within the range established in State and federal risk management guidelines). The dry cleaner RMP was established after OEHHA increased their cancer potency value for Perc by a factor of ten in 1991. Following this action, the District determined that: (1) the use of this revised toxicity value would result in maximum cancer risks for most new and modified Perc dry cleaners that would exceed the project risk levels established in the RMP (i.e., greater than 10 in a million); (2) non-Perc

alternative dry cleaning technologies were either not adequately advanced for the District to require instead of Perc, or were slated to be phased-out as stratospheric ozone depleting compounds (e.g., CFCs); and (3) although a number of reasonable risk reduction measures were available to reduce the risk from Perc dry cleaners, in many cases they would not be sufficient to reduce the risk below the 10 in a million criterion. In consideration of these factors, the District established an RMP for Perc dry cleaners that would allow permits to be issued for maximum cancer risks up to 100 in a million if TBACT and all reasonable risk reduction measures are used.

Prior to the year 2000, the District completed HRAs for an average of about 175 permit applications per year. This number increased to 255 in 2000, and to over 400 in each of the years 2001 through 2004 (the peak year was 2002, in which 602 HRAs were completed). The large increase in the number of HRAs completed since the year 2000 is due primarily to the elimination of permit exemptions for certain sources, particularly engines that are used to supply backup power in the event of an emergency.

The District has made significant improvements in recent years with respect to the speed and level of refinement with which HRAs can be completed. Most of these improvements have to do with the use of more advanced computer tools and digital data and maps that are used to complete the air dispersion modeling and land-use analysis portions of the analysis. These tools include digital topographic maps, aerial photos, terrain elevations, parcel maps, and real estate property databases.

A wide variety of different types of sources have TAC emissions and may be subject to HRA requirements. Diesel engines are currently the most common type of source evaluated in the Air Toxics NSR program, accounting for over 60 percent of the HRAs completed. Other source categories for which significant numbers of HRAs are completed are, in order of decreasing numbers, gasoline dispensing facilities, various gas-fired combustion sources, soil-vapor extraction systems, and dry cleaners. Other common, but less numerous, sources evaluated include surface coating operations, organic liquid storage tanks, coffee roasters, crematories, and furniture strippers.

District staff work with permit applicants to help them meet the criteria for permit approval specified in the RMP. If, after exhausting all reasonably available levels of refinement, the results of an HRA indicate that the project will not meet the requirements of the RMP as proposed, District staff will identify options under which compliance can be achieved. The applicant may then consider these options, and is given the opportunity to amend their application, or submit a new permit application, with changes in the project necessary to reduce health risks to levels specified in the RMP. In relatively rare instances, the APCO will deny a permit for a proposed project because it has not met the health risk requirements of the RMP. In the vast majority of cases, however, viable permitting options can be identified where the use of emissions control technology and/or other risk reduction measures will be successful in reducing the health risks to acceptable levels.

### 3. Air Toxics NSR Rule Development Project

In 2003, the District proposed to codify the policies and procedures that make up the Air Toxics NSR program by adopting a new District rule (Regulation 2, Rule 5: New Source Review of Toxic Air Contaminants), and a new part to its Manual of Procedures. Amendments to several other District rules were also proposed in order to maintain

consistency with Regulation 2, Rule 5. The goals of this rule development project are to: (1) update and enhance program requirements primarily to increase conformity with State risk assessment and risk management guidelines; (2) improve the legal defensibility of the District's permitting decisions; and (3) increase the clarity and public visibility of program requirements.

The most significant changes in the Air Toxics NSR program included in the proposed rulemaking are: (1) add the consideration of acute health risks in HRAs; (2) add a TBACT requirement for non-cancer health risks at a Hazard Index of 0.2; (3) use updated toxicity values and exposure assessment procedures; (4) remove existing exemptions from project risk limits for dry cleaners due to advances in non-Perc technologies; and (5) clarify and expand requirements for discretionary risk management actions. Due to increases in the quantity and complexity of HRAs that will result from these changes, the District has also proposed to increase permit fees for applications that require an HRA by \$250 in order to fund the additional anticipated staff resources.

The District held a series of workshops in 2003 to discuss the Air Toxics NSR rule proposal with interested parties. Workshops were held at the District Office, and at community locations in Richmond, Oakland, San Francisco, and East Palo Alto. The most extensive comments submitted were from the Golden Gate University School of Law Environmental Law and Justice Clinic (ELJC) on behalf of the Environmental Justice Air Quality Coalition, Bayview Hunters Point Community Advocates, and Our Children's Earth Foundation. District staff subsequently met on several occasions with ELJC and their clients, as well as with industry representatives that had commented on the proposal, in order to clarify and resolve issues.

One of the primary concerns expressed by ELJC is that the Air Toxics NSR program is based on an incremental approach that does not address cumulative air pollution exposure. ELJC contends that the incremental risks from additional TAC sources may create unacceptable health burdens in affected communities when added to existing health risks from air pollution in an area.

The District's proposal does not include cumulative risk considerations for two reasons: (1) the needed policies, tools, and databases are currently not available for that purpose; and (2) at this time, there is no evidence that emissions from new and modified sources that meet the proposed project risk limits would cause, or contribute significantly to, adverse cumulative health effects. In order to better address the issue of cumulative health risks, the District has recently established the Community Air Risk Evaluation (CARE) program. The CARE program plan includes a pilot cumulative risk assessment project that will be used to better evaluate the need for, and the resources required to, incorporate cumulative risk considerations into the Air Toxics NSR program at a future date. The CARE program will also lead to the development of measures to reduce TAC emissions from sources that are identified to have significant contributions to cumulative health risks in the most heavily impacted areas.

Another concern raised by ELJC is that the risk limits used in the Air Toxics NSR program are not stringent enough. Based on these comments, the District is considering options to the discretionary risk management provisions in the proposed rule that allow the APCO to

make case-by-case exemptions from project risk limits (e.g., allowing cancer risks up to 100 in a million) based on risk management considerations.

The District believes that more stringent general risk limits (e.g., limiting project cancer risk to 1 in a million, as ELJC has recommended) would place unreasonable burdens on permitted sources. The District's risk limits were chosen to provide a balanced consideration of technological feasibility, economic reasonableness of risk reduction methods, uncertainties and variability in health risk assessments, and protection of public health. Based on the District's experience, it would be virtually impossible for a wide variety of sources that the District routinely permits to meet the risk levels that ELJC has suggested, despite the use of TBACT and all other reasonable risk reduction measures. This includes almost all retail gasoline dispensing facilities, Perc dry cleaners, diesel back-up generators, crematories, furniture refinishing operations, and many natural gas-fired combustion sources. It should be noted that this problem would not be limited to sources in residential areas, as the maximum risk for these sources typically results from exposures to nearby off-site workers. The problem would become even more pronounced when the exposure assessment assumptions in the recently updated OEHHA risk assessment guidelines are used (conformity with these guidelines is part of the District's rule proposal), as calculated cancer risks for off-site workers using the updated guidelines will increase by 39 percent from the assumptions currently used.

#### 4. Looking Ahead

District staff are currently finalizing a revised rule proposal that addresses the public comments received to date. A decision has also been made to prepare a full Environmental Impact Report (EIR) for the rule development project, rather than a Negative Declaration. The preparation of the EIR will require that the rule development schedule be extended. Staff expects that the rule package will be ready for consideration for adoption by the Board late in the second quarter of this year.

#### RECOMMENDATION

No Committee action is needed at this time. Staff will be providing the Committee with a summary of the final regulatory proposal most likely at the Committee meeting in May.

Respectfully submitted,

Brian Bateman, Director  
Engineering Division

FORWARDED: \_\_\_\_\_

Prepared by: Brian Bateman

Reviewed by: Peter Hess



**BAY AREA AIR QUALITY MANGEMENT DISTRICT**

Inter Office Memorandum

To: Chairperson DeSaulnier and Members  
of the Stationary Source Committee

From: Brian Bateman,  
Director of Engineering Division

Date: January 18, 2005

Re: Report on District's Community Air Risk Evaluation (CARE) Program

RECOMMENDED ACTION:

Informational report. Receive and file.

BACKGROUND:

The District has initiated a Community Air Risk Evaluation (CARE) program to evaluate and reduce health risks associated with toxic air pollutants in the Bay Area. Staff will provide the committee with an update on developments in this program.

DISCUSSION:

The CARE program will address a variety of toxic air pollutants with an emphasis on diesel particulate matter (PM), which is thought to be the major source of airborne cancer risk in California. The District has made the following progress on CARE program objectives:

- (1) CARE Advisory Committee – Invitations to participate on the Advisory Committee have been sent. Together, the prospective Committee members represent a diverse and highly qualified group. Included on the proposed list are community representatives with experience working on air quality and/or health issues, representatives of various sectors of the regulated community, representatives of academic institutions in fields relevant to the CARE program, as well as public health experts. The list of invitees will be presented to the Stationary Source Committee at the meeting on January 24, 2005.
- (2) Emission Density Maps - Staff is in the process of developing emission inventories that will be mapped on a 2 km x 2 km grid of the Bay Area using geographic information system (GIS) software. The area source inventory has been completed. Work is set to start soon on the on-road motor vehicle emission inventory. These two emission inventories, plus the District's point source inventory, will all be entered as data into the GIS software. The software was purchased and installed for two staff members this month. These staff also attended GIS training.
- (3) Monitoring Support for Emission Inventory – District laboratory staff have been using the new Thermal Optical Carbon Analyzer since September to determine the ratio of organic carbon to elemental carbon on the particulate matter filters from the District's monitors.

Filters collected from 1999 through most of 2004 were previously analyzed, and the results provided to the District by the Desert Research Institute.

- (4) Analysis and Modeling Support for Emission Inventory – The District statistician is performing an initial analysis of the carbon data and emissions data. The preliminary Report is expected by the end of January. There is an ongoing process to hire a modeler who will also work on the CARE program.
- (5) Risk Evaluation for a Pilot Project Area – The pilot area will be selected after staff create and evaluate the gridded emission maps and underlying data. In order to eventually conduct the risk assessment, staff will audit the accuracy of District records in the pilot project neighborhood, and obtain additional data using global positioning system (GPS) technology. The GPS verified data will include street location, physical parameters of key buildings (including any building with the potential to impact downwash), facility boundary lines, source release parameters (e.g. stack heights) as well as the location of significant receptors including schools, child and elder care facilities, and high density residential blocks. The GPS equipment was purchased this month. Two temporary staff will be hired to take the measurements and input the data. The hiring process is underway.

The remaining program objectives, Evaluate Risk Reduction Opportunities and Implement a Risk Reduction Plan, await the completion of the technical study and evaluation.

Respectfully submitted,

Brian Bateman  
Director of Engineering

Forwarded: \_\_\_\_\_

Prepared by: Janet Stromberg  
Reviewed by: Peter Hess

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Townsend and Members  
of the Board of Directors

From: Jack P. Broadbent  
Executive Officer/APCO

Date: January 31, 2005

Re: Budget & Finance Committee Meeting of January 26, 2005

RECOMMENDATION

The Committee recommends that the Board of Directors consider approval of the following:

- A) Contract in the amount of \$28,653 with Commercial Sound & Video for Phase I implementation of video-conferencing equipment installation;
- B) Funding in the amount of \$100,000 for the 2005 Lawnmower Buyback Program from the Reserve for Contingency
- C) Approve transfer of \$137,053 from the Reserve for Contingency and increase the FY 2004/2005 budgets in Capital Outlay \$28,653; \$8,400 in the ISS Program 706 Rents and Lease Budget; and \$100,000 in Public Information & Outreach, Program 303 Professional Services and Contracts.

BACKGROUND

The Budget & Finance Committee met on January 26, 2005. The Chairperson of the Committee will give an oral report of the meeting.

DISCUSSION

Staff presented information on the Governor's proposed budget for Fiscal Year 2005/2006. It was reported that Proposition 1A addressed the takeaway of additional property taxes from local government. The final budget will no doubt bear very little resemblance to the initial proposal.

Staff presented additional information on video-conferencing from the Board Room and 4<sup>th</sup> Floor Conference room. This item was continued from the December 20, 2004 Budget and Finance Committee meeting. At that meeting the Committee requested staff to report back with an estimate of how many times a year the system would be used and the number of car trips that would be saved as a result of its use. Staff presented the requested information at the January 26<sup>th</sup> meeting. The Committee supported staff's recommendation to phase in video-conferencing with Phase I to be limited to the 4<sup>th</sup> floor conference room.

The final item was a request to transfer \$100,000 from the Reserve for Contingency to fund the Spring 2005 Lawnmower Buyback Program.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The budget will be increased:

- \$28,653 in Capital Outlay;
- \$8,400 in ISS, Program 706 – Rents and Leases; and
- \$100,000 in Public Information and Outreach, Program 303 – Professional Services and Contracts

The funding will come from a transfer of \$137,053 from the Reserve for Contingency.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Wayne Tanaka

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

Office Memorandum

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

From: Jack P. Broadbent  
Executive Officer/APCO

Date: January 19, 2005

Re: Analysis of the Governor's Proposed 2005-06 State Budget

RECOMMENDED ACTION:

Receive and file.

DISCUSSION:

On Monday, January 10<sup>th</sup>, Governor Schwarzenegger released his initial budget proposal for California's 2005-06 fiscal year. Staff have reviewed the \$112 billion proposal, and highlight the aspects most relevant to the District below. Staff note, however, that this is merely the first proposal from the Governor; his second proposal (the "May Revise") will likely be issued four months from now. The final budget is due to be adopted by June 15, 2005 (although in practice the actual adoption date is typically weeks or months later). This ultimate budget is the result of negotiations between the Legislature and the Governor.

Local air districts historically receive state funding to carry out our mission. These funds, called our state subvention, come from the Motor Vehicle Account of the State Transportation Fund. The Governor's proposal would continue our state subvention at the same level of the last three years. While this is a reduction by a third of what the subvention was four years ago, the fact that there is no initial proposal to cut subvention is good news for the District.

In the 2004-05 budget debate, the property tax revenues the District receives were in jeopardy of being taken by the State. Ultimately, our final property tax cut was 10%, after attempts to take up to 25% were unsuccessful. Per the Governor's agreement with local government organizations, reinforced by the changes to the State constitution made in Proposition 1A of last November, the 10% cut is proposed to be continued (but not expanded) in the next fiscal year. This was expected by District staff.

The Air Resources Board (ARB) fares better than most State agencies in the Governor's proposal. Both total funding and staff are slated to be increased, in part to handle a number of new programs. The most significant program expansion is a result of AB 923 (Firebaugh) of 2004, which provides significant new incentive funding for Moyer-like incentive-based programs to cut emissions. While local districts will administer the grants, ARB has an oversight role.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

No impact on current (2004-05 budget). Potential impacts on next year discussed above.

Respectfully submitted

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Tom Addison  
Reviewed by: Brian Bunger

**BAY AREA AIR QUALITY MANGEMENT DISTRICT**

Interoffice Memorandum

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

From: Wayne Tanaka  
Director of Administrative Services

Date: January 18, 2005

Re: Consider Phase One Implementation of Video-Conferencing Equipment and  
Installation in the 4<sup>th</sup> Floor Conference Room

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RECOMMENDED ACTION:

Staff recommends that the Committee recommend Board of Director approval of phase one implementation of video-conferencing in the 4<sup>th</sup> floor conference room. Approval of a purchase order not to exceed \$28,653 to Commercial Video to include the transfer of \$37,053 from the Reserve for Contingency is requested. An amendment to the FY 2004/2005 Capital Budget - \$28,653 and ISS Budget - \$8,400 is also requested.

BACKGROUND

At its June 14, 2004, meeting, the Public Outreach Committee of the District's Board of Directors directed staff to investigate and report to the Executive Committee on the possibility of holding Board and Board Committee meetings by teleconference on Spare-the-Air days in order to reduce emissions from vehicles used to travel to such meetings at the District's offices. Staff presented a report at the November 29, 2004 Executive Committee meeting and recommended that the Board consider holding all Regular and Committee meetings with teleconferencing available.

At the December 20, 2004 meeting of the Budget & Finance Committee the members discussed 1) a cost benefit analysis being conducted; 2) where the remote locations would be and staffing of the remote locations; 3) video conferencing versus teleconferencing; 4) how many times the system would be used; 5) the issue of poor reception or poor sound quality; 6) one remote location instead of two; and 7) Brown Act issues. The Committee requested staff to report back with an estimate of how many times a year the system would be used and the number of car trips that would be saved as a result of its use.

DISCUSSION

At the November 29, 2004, meeting of the Board of Director's Executive Committee, staff was directed to continue gathering information through the RFP process and present the information to the Budget & Finance Committee.

Staff has reviewed Brown Act requirements for video-conference of meetings in addition to those requirements that are applicable to ordinary meetings. The District will need to obtain video-conferencing equipment for the Boardroom and the commonly used Committee meeting rooms. The equipment will allow participants the best possible experience with both sound and visual

communication. Also included in the proposals are costs for an assisted listening system to aid the hearing impaired.

The video-conferencing capabilities will allow Board members and members of the public to participate when direct attendance is not possible. The video-conferencing capabilities will allow staff to participate in offsite meetings and conferences from the District building. This will save money in travel costs and reduce vehicle miles.

Through the Request for Proposal process, three bids for this project were submitted.

<u>Commercial Video</u>	<u>SPL Systems</u>	<u>Integrated Media Systems</u>
<b><u>\$81,910 Total</u></b>	<b><u>\$135,881 Total</u></b>	<b><u>\$184,859 Total</u></b>
\$53,257 Board Room	\$ 63,342 Board Room	\$ 81,731 Board Room
\$26,940 4 <sup>th</sup> Floor Conf	\$ 71,114 4 <sup>th</sup> Floor	\$102,196 4 <sup>th</sup> Floor Conf
\$ 1,713 Assisted Listening	\$ 1,425 Assisted Listening	\$ 932 Assisted Listening
<hr/>		
<b><u>Audio Conferencing</u></b>		
<b>.27/minute per call</b>		
\$2,000 4th Floor Conf		
\$ 350 Board Room		
<b>Information provided by in-house IT staff.</b>		

During site visits by the bidders, the lighting and acoustic properties of both rooms were mentioned. Upgrades may be required to get the best video and audio possible. To enhance the lighting and add sound deadening acoustic materials will cost an estimated \$12,000 for the Board Room and \$8,000 for the 4<sup>th</sup> Floor Conference Room. These costs are additional and not part of the bids.

Additionally, a dedicated T1 line, a digital transmission link to other locations, will be required. The cost of the line is estimated to be \$700 per month - \$8,400 annually. The monthly fee will apply whether the line is used or not as it will be a dedicated line. Other costs, such as those associated with the operating of equipment at the receiving end are unknown at this time.

In response to a request from the Budget & Finance Committee at the December 20, 2004 Meeting, staff estimated the number of times a year a video-conferencing system would be used and the potential reduction in the number of car trips that could occur as a result of its use. Separate estimates were made for members of the Board of Directors and District staff. In addition to the number of car trips that could be reduced, staff also estimated the potential time and cost savings and the corresponding criteria pollutant and greenhouse gas emission reductions. Table 1 shows the estimates for members of the Board of Directors; Table 2 shows the estimates for District staff. In each case the assumptions are shown in footnotes below the Table.



**Potential Trip Reductions, Time and Cost Savings, and Emission Reductions  
by Board Members and District Staff Use of Video-Conferencing**

Table 1-Board Members

	No. of meetings per year <sup>1</sup>	No. using video-conferencing per meeting <sup>2</sup>	Trips avoided per year	Time saved per year <sup>3</sup>	Miles per year <sup>4</sup>	Cost saving per year <sup>5</sup>	Criteria emission reduction tons/year <sup>6</sup>	GHG emission reduction tons/year <sup>7</sup>
Board Meetings	16	7	112	140	6,272	\$2,540	0.013	2.5
Committee Meetings	37	3	111	139	6,216	\$2,517	0.013	2.4
<b>Total</b>	<b>53</b>	<b>10</b>	<b>223</b>	<b>279</b>	<b>12,488</b>	<b>\$5,057</b>	<b>0.026</b>	<b>4.9</b>

Assumptions:

1. Number of meetings in 2004
2. 1/3 of 22 Members for Board Meetings & 1/3 of 9 Members at Committee Meetings use videoconferencing
3. 1.25 hour round trip
4. 56 mile round trip
5. Board member travel reimbursed @40.5 cents/mile for 2005
6. Criteria pollutants: ROG+NO<sub>x</sub>+PM<sub>10</sub>+SO<sub>2</sub>+CO/7 (as recommended by ARB)
7. Greenhouse gases - CO<sub>2</sub> Emissions

Table 2-District Staff

	No. of meetings per year <sup>1</sup>	Trips avoided per year <sup>2</sup>	Time saved per year <sup>3</sup>	Cost saving (staff time) <sup>4</sup>	Miles per year <sup>5</sup>	Cost saving (vehicle use) <sup>6</sup>	Total cost saving per year <sup>7</sup>	Criteria emission reduction tons/year <sup>8</sup>	GHG emission reduction tons/year <sup>9</sup>
Sacramento	57	28	112	\$6,137	5,600	\$3147	\$9,564	0.011	2.2
Fresno	10	5	40	\$2,192	2,000	\$1,124	\$3,366	0.004	0.8
<b>Total</b>	<b>67</b>	<b>33</b>	<b>152</b>	<b>\$8,329</b>	<b>7,600</b>	<b>\$4,271</b>	<b>\$12,930</b>	<b>0.015</b>	<b>3.0</b>

Assumptions:

1. Number of District vehicle trips in 2004 to attend meetings in Sacramento and Fresno
2. Half of the trips would be avoided
3. 4-hour round trip to Sacramento and 8-hour to Fresno and other areas
4. Professional Staff @ \$54.8/hour including benefits
5. 200 mile round trip to Sacramento and 400 mile round trip to Fresno
6. AAA rate of 56.2 cents/mile
7. Includes \$10 parking fees per trip
8. Criteria Pollutants: ROG+NO<sub>x</sub>+PM<sub>10</sub>+SO<sub>2</sub>+CO/7 (as recommended by ARB)
9. Greenhouse gases - CO<sub>2</sub> Emissions

Should the Committee and Board desire to proceed with this project, staff recommends that Commercial Video be selected as the vendor based on competitive pricing and known reputation.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The FY 2004/2005 Capital Budget will be increased by \$28,653 and the ISS Budget will increase by \$8,400 with a transfer from the Reserve for Contingency.

Respectfully submitted,

Wayne Tanaka  
Director of Administrative Services

FORWARDED \_\_\_\_\_

Prepared by: Wayne Tanaka and Gary Kendall

**BAY AREA AIR QUALITY MANGEMENT DISTRICT**

Interoffice Memorandum

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

From: Teresa Galvin Lee  
Director of Public Information and Outreach

Date: January 19, 2005

Re: Consider Funding and a Transfer of Funds for the 2005 Lawn  
Mower Buy-Back Program

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BACKGROUND

The Budget and Finance Committee will consider recommending that the Board of Directors approve the transfer of not more than \$100,000 from the Reserve for Contingencies to fund the Spring 2005 Lawn Mower Buyback Programs. The item was referred from the Public Outreach Committee with the recommendation that the funding be approved.

DISCUSSION

Since 2000, the Air District has co-sponsored lawn mower buy-back programs in the Bay Area. A \$100 rebate has been available to local residents who wish to exchange their old gas-powered mower for a new cleaner electric model. The programs have been co-sponsored with local waste management agencies, Home Depot and Black and Decker. Last year, \$135,000 in District funding was dedicated to lawn mower buy-backs. Public response to the programs has been very positive.

Because of budget cuts, all funding for lawn mower buy-back programs in 2005 was eliminated from the District budget. Two small programs of \$10,000 each will be held in Rodeo and East Palo Alto as a result of Supplemental Environmental Program (SEP) settlements. If the District wishes to continue the lawn mower buy-back programs in other communities in 2005, funding would have to be transferred from the Reserves for Contingencies. The Public Outreach Committee has recommended that no more than \$100,000 be transferred for a 2005 program.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT

Authorization of \$100,000 from the Reserve for Contingencies would reduce the reserves by a corresponding amount.

Respectfully submitted,

Teresa Galvin Lee  
Director of Public Information and Outreach

FORWARDED \_\_\_\_\_

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Townsend and Members  
of the Board of Directors

From: Jack P. Broadbent  
Executive Officer/APCO

Date: February 7, 2005

Re: Report of the Executive Committee Meeting of February 4, 2005

RECOMMENDED ACTION

Receive and file.

BACKGROUND

The Executive Committee met Friday, February 4, 2005. The Committee received a report from the Advisory Council Chairperson, Brian Zamora, and a Quarterly Report of the Hearing Board.

Staff presented an update on the Bay Area Ozone Strategy. A report was given on the Northern California Air Quality Coordinating Group meeting held January 28<sup>th</sup> at District headquarters. Regional Planning Program Director, Ted Droettboom of ABAG gave the Committee an overview of the Joint Policy Committee. Staff presented a report on the District's Community Air Risk Evaluation (CARE) Program and a status report from the Information Systems Division regarding work on future production system that will replace IRIS.

The Committee then went into closed session conference with the District's Labor Negotiators. Attached are the staff reports presented to the Committee for your review.

Chairperson Townsend will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Mary Ann Goodley

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
 Memorandum

**TO:** Chairperson Marland Townsend and Members of the Executive Committee  
**FROM:** Chairperson Thomas M. Dailey, M.D., and Members of the Hearing Board  
**DATE:** January 14, 2005  
**RE:** Hearing Board Quarterly Report – OCTOBER 2004 – DECEMBER 2004

**RECOMMENDED ACTION:**

This report is provided for information only.

**DISCUSSION:**

<u>COUNTY/CITY</u>	<u>PARTY/PROCEEDING</u>	<u>REGULATION(S)</u>	<u>STATUS</u>	<u>PERIOD OF VARIANCE</u>	<u>ESTIMATED EXCESS EMISSIONS</u>
Alameda/Pleasanton	DUBLIN SAN RAMON SERVICES DISTRICT (Variance – Docket No. 3479) – Variance from regulation requiring compliance with permit conditions (APCO not opposed.)	2-1-307	Granted	11/12/04 to 2/2/05	1,660 # (CO)
Contra Costa/Martinez	TESORO REFINING & MARKETING (Variance - Docket No. 3480) – Variance from regulation requiring compliance with permit conditions; and from regulation limiting emissions of organic compounds from storage tanks (APCO opposed.)	2-1-307; 8-5-305.5, 320, 321 & 322	Withdrawn	===	(VOC) (TACs) (Benzene and other TACs)
Contra Costa/Richmond	CHEVRON USA, RICHMOND REFINERY (Emergency Variance – Docket No. 3478) – Emergency Variance from regulation limiting emissions of organic compounds from storage tanks (APCO not opposed.)	8-5-305.5	Granted	11/2/04 to 11/9/04	(VOC)
Santa Clara/Santa Clara	SILICON VALLEY POWER-PICO POWER PLANT CITY OF SANTA CLARA, CA. (Variance – Docket No. 3481) – Variance from regulation requiring compliance with permit conditions; and from regulation to provide for the review of new and modified sources and provide mechanisms, including the use of BACT, TBACT and emissions offsets, by which authorities to construct such sources may be granted (APCO not opposed.) – Interim Variance Hearing	2-1-307 2-2-419	Granted (Full Variance hearing scheduled for 1/27/05)	12/1/04 to 2/28/05	(NOx)

**NOTE: During the fourth quarter of 2004, the Hearing Board dealt with 2 Dockets on 2 hearing days.  
A total of \$2,163.65 was collected as excess emission fees during this quarter.**

Respectfully submitted,

Thomas M. Dailey, M.D.  
Chair, Hearing Board

Prepared by: Neel Advani, Deputy Clerk of the Boards

FORWARDED: \_\_\_\_\_  
NA:na (1/14/05) (HBEXQURT)

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
Memorandum

To: Chairperson Townsend and Members of the Executive Committee  
From: Brian Zamora, Chairperson, Advisory Council  
Date: January 21, 2005  
Re: Report of the Advisory Council: November 18, 2004 – January 12, 2005

RECOMMENDED ACTIONS:

Receive and file.

DISCUSSION:

Presented below are summaries of the key issues discussed at meetings of the Advisory Council and its Standing Committees during the above reporting period.

- a) Joint Air Quality Planning & Technical Committee Meeting – December 16, 2004. The two Committees jointly discussed issues related to alternative fuel and alternative fuel vehicles, and identified specific subjects for separate and joint Committee review in 2005. (*Draft minutes included in the February 4, 2005 Board of Directors Executive Committee Meeting Agenda packet.*)
- b) Advisory Council Regular Meeting & Retreat – January 12, 2005. The Council discussed with District staff the key issues facing the District and adopted its work plan for 2005. (*Draft minutes included in the February 4, 2005 Board of Directors Executive Committee Meeting Agenda packet.*)

Respectfully submitted,

Brian Zamora  
Advisory Council Chairperson

Prepared by: James Corazza

FORWARDED BY: \_\_\_\_\_

**AGENDA NO. 5a**

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

**DRAFT MINUTES**

Advisory Council Regular Meeting  
Joint Meeting of the Technical and Air Quality Planning Committees  
9:30 a.m., Thursday, December 16, 2004

- 1. Call to Order – Roll Call.** Chairperson Brazil called the meeting to order at 9:40 a.m. Air Quality Planning Committee Members present: Harold Brazil, Joint Committee Chairperson; Irvin Dawid, Emily Drennen, Fred Glueck, John Holtzclaw, Ph.D., Kraig Kurucz, Kevin Shanahan. Technical Committee Members present: Joint Committee Chairperson, Louise Bedsworth, Ph.D., William Hanna, John Holtzclaw, Ph.D., Norman A. Lopera, Jr. Technical Committee Members absent: Sam Altshuler, P.E., Stan Hayes, Robert Bornstein, Ph.D.
- 2. Public Comment Period.** There were no public comments.
- 3. Approval of Minutes of October 12, 2004.** Dr. Bedsworth requested that “CO” be changed to “CO2” on line three of paragraph two on page two; “NOx emission in-use” to “in-use NOx emissions” in line one of paragraph two on page three; and “as is” to “as are” on line three of paragraph three on page two. Mr. Hanna requested that he be listed as “Present” instead of “Absent” on page one under “Call to Order/Roll Call.” Mr. Lopera requested changing “in of” to “of” on line two of paragraph four on page two. Mr. Dawid requested changing “easily” to “most easily” and “forms” to “sources” in line one of paragraph one on page two. Mr. Dawid moved approval of the minutes as amended; seconded by Dr. Holtzclaw, carried unanimously.
- 3. Discussion of Vehicles and Fuels**

Dr. Bedsworth stated the Joint Committee indicated it would review the presentations given at the last meeting, entitled “The Role of Advanced Technology Vehicles in Improving Air Quality and Reducing Greenhouse Gases” by *John Boesel, President and Chief Executive Officer for WestStart-CALSTART*, and “Alternative Fuels Now... and in the future” by *Mike Jackson, Director, TIAX LLC*.

She distributed her memorandum entitled “Issues for Committee consideration with respect to vehicles and alternative fuels,” dated December 15, 2004, which summarized the key points raised by the presenters at the October meeting, as follows:

1. The feasibility of the district collecting and distributing funds for alternative fuel research and development projects, as is done in the South Coast;
2. The feasibility and implications of including greenhouse gas emissions (GHG) as an additional criteria in the evaluation of Carl Moyer projects;
3. Explore and recommend GHG emission reduction measures from mobile sources, beyond the light-duty vehicle sector;
4. Should we evaluate alternative fuels for use only by mobile sources or by mobile and stationary sources?



5. Potential incentives and programs to encourage the use of clean technology options that are available today, e.g. PZEVs, AT-PZEVs, CNG, etc.;
6. Relationship of district activities on alternative fuels and the evolution of and information gathered in the CARE program;
7. Role of district outreach and education programs in encouraging the use of alternative fuels;
8. The role of an integrated, multi-pollutant approach to evaluating incentive project funding (both for alternative fuels as well as new technologies).

She observed that one of the speakers recommended the Council advise the District to collect and distribute funds from vehicle registration fees for sponsoring alternative fuel research and development projects, and also to recommend the inclusion of greenhouse gases as a evaluation criterion for Carl Moyer projects. Another suggestion concerned developing ways to reduce greenhouse gases from stationary and other non-mobile sources.

In discussion of how vehicle surcharge fees might support alternative fuel research projects, Michael Murphy, Advanced Projects Advisor, observed that the District funds from the \$4.00 fee currently imposed by the District can be used to support projects that advance innovative technology, within the context of the adopted cost-effectiveness criteria, on a case-by-case basis. On December 21, the District's Board will vote on whether to increase this surcharge fee by \$2.00. Recently adopted state legislation gave local air districts authority to pursue additional vehicle projects, and funding may be allocated to diesel re-powering, alternative fuels, and devices that concern engine idling. There is some coordination between the Bay Area and South Coast air districts on vehicle projects, which helps to avoid duplication in research and development projects. There is also some overlap among vendors for certain projects, and the Bay Area often pursues projects in this region that may not be ideally pursued in the South Coast. The Bay Area is presently limited to funding public agencies for specific projects, and while planning and research is excluded, the District's Board can authorize demonstration projects. However, the District would need additional legislative authorization to sponsor the kind of technology advancement projects that the South Coast AQMD supports from a separate fund of vehicle registration fees.

When the District has funded projects that contain aspects of research and development, these emphasize engine technology, in concert with the Executive Order issued by the California Air Resources Board (CARB) that allows a demonstration project for an uncertified engine that holds promise to meet engine emission requirements. Typically, the manufacturers will come to a fleet user and a granting agency and petition for endorsement of a project that will include field-testing.

Mr. Lapera opined that the Joint Committee should first ascertain if enough being done in the field of research and development. Mr. Shanahan noted that considerable alternative fuels research is being conducted by CARB, the South Coast AQMD and elsewhere, driven by the Clean Air Act attainment goals. The expertise developed to date is well suited to address future opportunities in research and development. Market and commercial considerations, as well as the advent of increasingly stringent vehicle emission standards, provide opportunities for researching, developing and deploying new, and in some cases, alternative, technologies. Mr. Lapera noted that the successful commercialization of hybrid vehicles to the point at which there is a waiting list among consumers for them is indicative of the need to improve the connection between research and development, on the one hand, and market availability, on the other.

Mr. Shanahan replied that, given the vast difference between the Moyer program a few years ago and today, the question is whether or not the available funds are being spent most effectively in light of technological, public health and transit mode categories, and given the additional fact that the Moyer program now addresses particulate matter (PM) emissions. The issue may be more of “fine tuning” the funding allocations by the District. Ms. Drennen observed that it is difficult to do so without knowing the budget.

In discussion of distributing the topics identified in Dr. Bedworth’s memorandum between the two Committees, the Joint Committee reached consensus that the AQPC should focus primarily on the funding aspects and the Technical Committee on research and development, and inventory issues:

No. 1 – Funding issues are appropriate to the AQPC and the research aspects on alternative fuels from the perspective of the Bay Area is appropriate to the Technical Committee.

Nos. 2 & 8 – These are interrelated. The inclusion of greenhouse gases as an evaluation criterion for the Carl Moyer program is topical in light of discussion at the recent Board of Directors Retreat regarding this district taking on the issue of global warming. One issue concerns how the inclusion of this criterion might affect current Moyer projects and the impact on cost-effectiveness analysis, and another concerns the extent to which alternative fuels involve various trade-offs in emissions. The Technical Committee could examine the pros and cons and then present the results to the AQPC for policy analysis. This item needs to be early on the Committees’ agendas next year.

No. 3 – Since the district does not have control over mobile sources, this is largely philosophical.

No. 4 – Air districts, such as the San Joaquin Valley APCD, that have had some experience with alternative fuels should be consulted. The extent to which alternative fuels can be utilized by stationary sources is also very relevant and fits very precisely with the District’s statutory mission. European experience should be brought into the picture as well, particularly as regards bio-diesel, its negative impacts on NOx emissions and the role of fuel additives in mitigating them. The Technical Committee should take the lead in evaluating biodiesel.

The Joint Committee agreed that the utility of alternative fuels should be assessed both for mobile and stationary sources. The first task is to review the emission inventory for stationary sources, current fuel sources and the viability of bringing alternative fuels to that market. Renewable sources of energy must also be included in the assessment. Biodiesel ranks highly as a renewable energy source but has negative impacts as regards NOx emissions. Mr. Murphy clarified that for stationary sources, alternative fuels are evaluated through “Best Available Control Technology” (BACT) and primarily in terms of meeting engine emission requirements.

The Joint Committee agreed it must also complete its review of the list of all the alternative fuels it earlier identified for review and provide the pros and cons. The Center of Energy Efficiency and Renewable Technology (CEERT) in Sacramento is a good source of information.

Mr. Shanahan noted that the degree to which biodiesel can be merged with engine aftertreatment is deserving of technical analysis and a review of where such efforts are being conducted elsewhere. Whether it is preferable to have ultra low sulfur diesel now or await the development of Fischer Tropes diesel, is important to consider, as are the pros and cons of each approach. Mr. Glueck opined that the efficacy of the fuel must be considered along with the totality of effort it takes to produce it. The extent to which a fuel lessens dependence on foreign oil is also important.

Mr. Shanahan suggested the AQPC look into the matter of emission reduction credits for stationary sources, and to assess whether it makes sense to allow a corporation that owns a stationary source to retrofit vehicles and receive credits that allow the source to continue to pollute at a certain level. Mr. Brazil noted that in the transportation community there are also reciprocal considerations of how to get credits from the non-transportation sector. Mr. Hanna suggested that credit ought to be given to a manufacturer that gets half of its workforce to take public transit to and from work.

Nos. 5 & 7 – The Joint Committee agreed that these were linked and should be taken up by the AQPC. The addition of the District's Community Relations Manager is important in this respect.

No. 6 – This topic contains technical issues that lead to public health considerations. This may be a longer-term issue in the Joint Committees' review of alternative fuels.

5. **Committee Member Comments/Other Business.** Mr. Dawid requested that the meetings of the Regional Agency Coordinating Committee be listed on the Monthly Calendar of District Meetings that is issued by the Air District's Office of the Clerk of the Boards.
6. **Time and Place of Next Meeting.** To be determined at the Advisory Council Regular Meeting and Retreat scheduled for January 12, 2005.
7. **Adjournment.** 11:45 a.m.

James N. Corazza  
Deputy Clerk of the Boards

:jc

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

939 ELLIS STREET - SAN FRANCISCO, CALIFORNIA 94109

Draft Minutes: Advisory Council Regular Meeting and Retreat– January 12, 2005

**CALL TO ORDER**

Opening Comments: Chairperson Zamora called the meeting to order at 10:00 a.m.

Roll Call: Present: Brian Zamora, Chair, Cassandra Adams, Sam Altshuler, P.E., Diane Bailey, Elinor Blake, Bob Bornstein, Ph.D., Jeffrey Bramlett, Harold M. Brazil, Irvin Dawid, Emily Drennen, Fred Glueck, William Hanna, Stan Hayes, John Holtzclaw, Ph.D., Kraig Kurucz, Ph.D., Norman Lapera, Kevin Shanahan, Jr., Victor Torreano, Linda Weiner.

Absent: Louise Bedsworth, Ph.D.

**PUBLIC COMMENT PERIOD:** There were no public comments.

**CONSENT CALENDAR:**

1. **Approval of Minutes of November 10, 2004.** Mr. Glueck requested that “If implemented” be inserted prior to “the program” on paragraph two on page six. Mr. Torreano moved approval of the minutes as corrected; seconded by Mr. Glueck; carried unanimously.

**RETREAT FORMAT:**

2. **Mission of the Advisory Council**

**A. Role of the Advisory Council.** Chairperson Zamora:

- reviewed California Health & Safety Code Section 40260, the District’s Administrative Code Division I - Operating Policies and Procedures, and “The Advisory Council and Public Agency Working Together” – a paper jointly authored in 1990 by District Deputy APCO Peter Hess and former Advisory Council member John Lagarias. He noted these provide a statutory and administrative base for the Council, along with a fine historical overview of the Council. Last year the Council adopted a process for tracking its recommendations, and this year the process will be made more routine and possibly part of each Regular meeting agenda packet.
- stated the Council Executive Committee will build infrastructure on the role of the Council, update the Council’s By-Laws, develop a fresh mission statement for the Council as well as a Code of Conduct for Advisory Council members which takes into account that the Council speaks as a single body in proffering advice to the staff and/or Board. The Deputy Clerk will research whether other air district have comparable codes for their Advisory Council.
- Chairperson Zamora welcomed new Advisory Council member Cassandra Adams who was recently appointed by the Board of Directors to the Architect category on the Council.

**B. Expectations for the Advisory Council.** Jack Broadbent, Executive Officer/APCO, stated that the governing Board values the Council’s role in providing input and advice, and the District staff perceives the Council as a body of experts that researches issues and provides input to staff. There are key issues related to ozone attainment, the new standards for particulate matter (PM), toxic air contaminants and the Community Air Risk Evaluation (CARE) program that will assess localized exposures and guide the allocation of Carl Moyer funds. Climate change and indoor air quality issues are also on the near horizon for Council analysis. Staff sees the Council as advising on broad issues and not the District’s day-to-day operations. With regard to the role of the Council, the relationship of individual Council members to staff and the Board, and a possible Code of Conduct for the Council, staff is available to work with the Council members in these areas.

**C. Brown Act Refresher.** Brian Bunker, District Counsel, stated that the Brown Act requires that the meetings of the Advisory Council, governing Board and Hearing Board be open to the public. In order to conduct business, agendas must be posted so that the public can view them; and decision making must occur in an open forum. Agenda packet materials and copies of presentations must be available at the meetings. Sign-in sheets may be provided to the public, but signing them is not mandatory. While the Council does not have the ability to meet in Closed Session, the governing Board does so that it may discuss litigation, personnel issues national security matters.

The Brown Act also prohibits conducting serial meetings in which members individually reach agreement in turn outside a formal meeting context. While a member of the public that is on the agenda as a guest speaker may participate fully in the discussion of the presentation, members of the public who address a specific agenda item are limited to filling out a speaker card and address the Council for a limited period of time. Thereafter their participation in discussion should be limited either to answering clarifying questions or providing brief comments.

The Brown Act also requires that agendas be posted a minimum of 72 hours prior to a meeting. The District posts agendas on the front door of the building, in the first and seventh floor lobbies, and on the Internet. Issues not on the agenda may not be discussed, except to provide direction to staff, agendize an item for a future meeting, or direct specific research. There are narrow exceptions for “emergency items” —such as a work stoppage, a crippling disaster, or other public health events—but these require a determination that an emergency exists. A majority of the Council must decide an emergency exists and two-thirds of the Council must vote to put it on the agenda. If two-thirds of the Council is not present, then the vote must be unanimous among those present. The emergency issue must also have come to the District’s attention after the agenda was posted.

The Council’s standing committees are subject to the Brown Act. Ad hoc committees formed for special purposes—such as the Applicant Selection Working Group—are exempted from it. Advisory Council members may share information by e-mail or regular mail so long as it is not part of a decision-making process or amounts to an exchange of issues on an agenda item.

### **3. Round Table Discussion with District’s Management on Key Issues Facing the District and Assignments Proposed by District Staff**

Mr. Broadbent presented his January 11, 2005 memorandum entitled “Potential Candidate Assignments from the Executive Officer/APCO” which set forth five areas of study for the Advisory Council as recommended by District staff, as follows:

- A) **Indoor Air Pollution** - While the Air District does not have direct authority, 50% of indoor air pollution originates outdoors, and from an exposure perspective, people are indoors 80-90% of the time. The Executive Officer/APCO is requesting the Advisory Council to explore the possible roles for the District regarding indoor air pollution. – Suggested Committee lead: Public Health.
- B) **Climate Change and Green House Gases** – With the action last year by the California Air Resources Board, the issue of what the Air District can be doing in regard to Global Warming is appropriate for the Advisory Council to review. The Executive Officer/APCO is requesting that the Advisory Council review how the Air District could position itself, under existing authority, to address Greenhouse Gases and Global Warming Issues. - Suggested Committee leads: Technical and/or Air Quality Planning.
- C) **Continued Clean-Up of Existing Diesel Sources** – There is expanded funding for Carl Moyer and other grant programs, this coupled with diminishing emission returns from replacement of conventional technologies with alternative technologies because new conventional technologies (vehicles, engines, etc.) are becoming much cleaner and are changing the cost effectiveness of existing grant programs. The Executive Officer/APCO is requesting that the Advisory Council review the incentive based clean-up programs and recommend areas where the program could be expanded and/or focused on more cost effective options. – Suggested Committee leads, Technical and/or Air Quality Planning.
- D) **Hydrogen Highway Blueprint** – The State has unveiled the Hydrogen Highway Blueprint as a road map to the future. The Executive Officer/APCO requests that the Advisory Council explore the Hydrogen Highway Blue Print and advise how the District can partner with the State in the endeavor. – Suggested Committee lead: Air Quality Planning.
- E) **Community Air Risk Evaluation (CARE) Program** – The District has embarked upon a multi-year Community Air Risk Evaluation program. The Executive Officer/APCO requests that the Advisory Council track the progress of the program and provide input as appropriate. – Suggested Committee leads: Public Health and Technical.

Noting that District programs and future challenges have been reviewed by staff and were discussed at a Board retreat last year and at an All-Hands meeting with staff this year, Mr. Broadbent stated:

- a) The District will continue to closely monitor the state budget situation for future fiscal years.
- b) The continuing transition of the District's computer system from the older Databank program to newer systems is the major expenditure apart from personnel costs, and will focus on integrating the production processes in the Enforcement and Engineering Divisions.
- c) The Cost Recovery Study is underway will address the District's fee structure and Carl Moyer program funding. The Governor signed key legislative initiatives last year that will fund the Moyer program well into the future and transmit \$20 million annually to the District for allocation to various emission reduction programs, most of which will deal with heavy-duty diesel. Curiously, the larger air districts that do not meet attainment receive more funds than those air districts that do, thereby penalizing the latter. The District is working with other air districts and will introduce legislation to correct this disparate treatment in funding allocation.
- d) The District is creating an advisory committee for the CARE program that will have broad representation from diverse groups.

- e) The District has been asked to participate in a state initiative on the use of hydrogen as a fuel for mobile sources. Staff requests the Council's input on the kind and extent of participation in such an effort.
- f) Over 40 public meetings have been held on the 2005 Ozone Strategy, which contains 38 control measures. The document is under public comment and represents a blueprint for future rule-making. An important element concerns pollutant transport to downwind districts. The District is in the process of developing control measures for fine particulate matter.
- g) Last year the Council began its investigation into the field indoor air quality management, and this should be continued this year as part of a continuing policy dialogue at the District. The Council last year recommended the District hire an indoor air quality intern. What is the District's role in this field, and how can District programs be integrated with indoor air quality? What would a District indoor air quality program look like? Mr. Broadbent opined that counties are in a better position than the District to promulgate standards for indoor air quality. Nevertheless, the public does not perceive a distinction between air quality management outside or inside the home. There are growing concerns over Bay Area asthma rates and particularly in the Bayview Hunters Point area. This represents a challenge for the District.
- h) There are some areas of investigation underway at the District into further rule-making concerning refinery operations, including a flare control rule.
- i) There are continuing efforts at the state level to clean up diesel engines, especially in construction equipment and off-road applications. There is an ongoing debate in California to require operators of diesel equipment to buy or purchase the cleanest vehicle available. Fleet rules have been adopted in the South Coast AQMD. Can this be expanded to other air districts? Some concern has also been raised in the meetings of the Board Mobile Source Committee about how to further encourage, or require, school bus operators to clean up school bus fleets.
- j) Given the adoption of the Pavley bill establishing carbon dioxide (CO<sub>2</sub>) emission standards, the District needs to play a role in the issue of climate change. Increasing global temperatures are also linked with ozone exceedances. As temperatures rise the potential increases to erode progress in reducing ozone excesses. Staff requests that the Council study and offer advice on how the District should move forward in this area.

In response to Council member questions, Mr. Broadbent stated:

- Urban heat island mitigation strategies can play a part in the effort to reduce temperatures in urban settings, thereby helping to reduce the rate of ozone exceedances as well. Energy conservation will not only reduce global warming but also emissions of nitrogen oxide (NO<sub>x</sub>).
- The list of proposed candidate assignments for the Council does not contain the 2005 Ozone Strategy as the Council offered advice on that last year. Staff will nevertheless provide updates as necessary as the document goes through public and environmental review.
- Regarding a schedule for topic review, comments on the CARE program and diesel clean-up are on-going, while climate change issues would be desirable in the first-half of the year.
- The EPA may replace the 1-hour ozone standard with an eight-hour standard. Staff will keep the Council informed as to the disposition of the former.
- The District is not a "first responder" in episodic release events, and does not perform plume modeling in real-time.

4. **Convene to Working Lunch for Meetings and Discussion Sessions of the Public Health Committee, Air Quality Planning Committee and Technical Committee.** The Council convened into Standing Committee format at 11:55 a.m.
5. **Reconvene to Full Council Format for Follow-up on Committee Discussion Sessions.** The full Advisory Council reconvened at 1:04 p.m. The Standing Committees reported out as follows.

Air Quality Planning Committee. Dr. Holtzclaw stated that climate change, diesel clean-up and the hydrogen highway blueprint would constitute the Committee's work plan. The state is expected to issue a draft plan on the hydrogen highway blueprint this month. The Committee could schedule a guest speaker from the state to provide a presentation on it. The AQPC will coordinate with the Technical Committee on the other two candidate assignments. AQPC meetings will convene in the mornings of February 9, April 13, June 8, August 10, October 12 and December 12.

Technical Committee. Mr. Hayes stated that the CARE program will be the first priority, climate change the second, followed by diesel clean-up, the transition to the eight-hour ozone standard and the problem of inter-basin ozone transport. The Committee will also examine if there is a technical nexus between ozone concentrations and greenhouse gas emissions, both in stationary source emissions and fuel choices. The Committee will initially want to receive a staff presentation on the current status of the CARE program. It will also discuss climate change and where it can weigh in on the issue and identify practical and attainable goals by the first part of the year. Subsequently, the Committee will invite a guest speaker to talk about key aspects of greenhouse gas and climate change problems. Speakers may be invited from the California Climate Action Network—which is a voluntary registry for greenhouse gases—as well as Stanford University, which sponsors a major greenhouse gas climate change program. The Committee also believes that diesel clean-up and the CARE program are inter-related in several respects. The Committee's first meeting will be held in early February.

Public Health Committee. Mr. Torreano stated the Committee will meet at 1:30 p.m. every third Monday of the even numbered months, except for February, as follows: February 15, April 18, June 20, August 15, October 17 and December 19. The Committee will address indoor air quality and assess the scope of the issue and different agency jurisdictions at the municipal, county, state and federal level. It may also sponsor a stakeholders' forum for the discussion of indoor air quality issues. The Committee will review the dynamics of community outreach associated with indoor air quality, and will also address the CARE program and review any policies coming out of that program.

#### **COMMENDATION/PROCLMATION:**

6. **Recognition of Outgoing Chairperson Elinor Blake.** Chairperson Zamora stated that Ms. Blake set a robust agenda for the Council last year and accomplished everything on it. Toward the end of her term as Chair, she also asked the Council members to evaluate the accomplishments for the year.

#### **OTHER BUSINESS:**

7. **Council Member Comments/Other Business.** Mr. Dawid commended staff for including the Joint Policy Committee on the Monthly Calendar of District Meetings. Mr. Broadbent noted that the Governor has expressed interest in seeing former District Board member Sunne Wright McPeak participate on the Joint Policy Committee. Messrs. Shanahan and Zamora thanked the management and Clerk's Office staff for their professionalism and support of the Council over the years.



**8. Time and Place of Next Meeting.** 10:00 a.m., Wednesday, March 9, 2005, 939 Ellis Street, San Francisco, CA 94109.

**9. Adjournment.** The meeting was adjourned at 1:30 p.m.

James N. Corazza  
Deputy Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Inter-Office Memorandum

To: Chairperson Townsend and  
Members of the Executive Committee

From: Gary Kendall,  
Acting Director of Planning & Research

Date: January 27, 2005

Re: Update on the Bay Area Ozone Strategy

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

The District is preparing the Bay Area 2005 Ozone Strategy. The Ozone Strategy will address State and national air quality planning requirements. On November 29, 2004 staff provided the Executive Committee a status report on the Ozone Strategy. The report summarized activities related to the development of draft control measures, including public involvement processes, consultations with neighboring air districts, control measure evaluations, and draft control measure descriptions.

DISCUSSION

Staff will present an update on the 2005 Ozone Strategy, including:

- Public involvement processes, including comments on draft control measures and staff responses
- All feasible measures requirements under the California Clean Air Act and transport mitigation regulations
- Environmental review under the California Environmental Quality Act
- EPA's finding of attainment for the national 1-hour ozone standard
- Revocation of the national 1-hour ozone standard
- Next steps

Respectfully submitted,

Gary Kendall  
Acting Director of Planning & Research

FORWARDED BY: \_\_\_\_\_

Prepared by: Henry Hilken  
Reviewed by: Jean Roggenkamp

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

**AGENDA NO. 7**

To: Chairperson Townsend and Members of the Executive Committee  
From: Jack P. Broadbent, Executive Officer/APCO  
Date: January 26, 2005  
Re: Report of the Northern California Air Quality Coordinating Group Meeting

RECOMMENDED ACTION:

Receive and file.

DISCUSSION:

The Northern California Air Quality Coordinating Group will meet on Friday, January 28, 2005. An oral report will be presented to the Committee.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Inter-Office Memorandum

**AGENDA NO. 8**

To: Chairperson Townsend and Members of the Executive Committee  
From: Jean Roggenkamp, Deputy Air Pollution Control Officer  
Date: January 26, 2005  
Re: Joint Policy Committee Overview

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

Senate Bill No. 849 established the Joint Policy Committee consisting of representatives of the Bay Area Air Quality Management District, the Metropolitan Transportation Commission, and the Association of Bay Area Governments to coordinate regional planning in the San Francisco Bay Area.

DISCUSSION

Ted Droettboom, Regional Planning Program Director, who is staff to the Joint Policy Committee, will provide an overview of the Joint Policy Committee at the February 4, 2005 Executive Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jean Roggenkamp  
Deputy Air Pollution Control Officer

FORWARDED: \_\_\_\_\_

**BAY AREA AIR QUALITY MANGEMENT DISTRICT**  
Inter Office Memorandum

To: Chairperson Townsend and Members  
of the Executive Committee

From: Brian Bateman,  
Director of Engineering Division

Date: January 26, 2005

Re: Report on District's Community Air Risk Evaluation (CARE) Program

**RECOMMENDED ACTION:**

Informational report. Receive and file.

**BACKGROUND:**

The District has initiated a Community Air Risk Evaluation (CARE) program to evaluate and reduce health risks associated with toxic air pollutants in the Bay Area. Staff will provide the committee with an update on developments in this program.

**DISCUSSION:**

The CARE program will address a variety of toxic air pollutants with an emphasis on diesel particulate matter (PM), which is thought to be the major source of airborne cancer risk in California. The District has made the following progress on CARE program objectives:

- (1) CARE Advisory Committee – Invitations to participate on the Advisory Committee have been sent. Together, the prospective Committee members represent a diverse and highly qualified group. Included on the proposed list are community representatives with experience working on air quality and/or health issues, representatives of various sectors of the regulated community, representatives of academic institutions in fields relevant to the CARE program, as well as public health experts. The list of invitees will be presented to the Stationary Source Committee at the meeting on January 24, 2005.
- (2) Emission Density Maps - Staff is in the process of developing emission inventories that will be mapped on a 2 km x 2 km grid of the Bay Area using geographic information system (GIS) software. The area source inventory has been completed. Work is set to start soon on the on-road motor vehicle emission inventory. These two emission inventories, plus the District's point source inventory, will all be entered as data into the GIS software. The software was purchased and installed for two staff members this month. These staff also attended GIS training.
- (3) Monitoring Support for Emission Inventory – District laboratory staff have been using the new Thermal Optical Carbon Analyzer since September to determine the ratio of organic carbon to elemental carbon on the particulate matter filters from the District's monitors.

Filters collected from 1999 through most of 2004 were previously analyzed, and the results provided to the District by the Desert Research Institute.

- (4) Analysis and Modeling Support for Emission Inventory – The District statistician is performing an initial analysis of the carbon data and emissions data. The preliminary Report is expected by the end of January. There is an ongoing process to hire a modeler who will also work on the CARE program.
- (5) Risk Evaluation for a Pilot Project Area – The pilot area will be selected after staff create and evaluate the gridded emission maps and underlying data. In order to eventually conduct the risk assessment, staff will audit the accuracy of District records in the pilot project neighborhood, and obtain additional data using global positioning system (GPS) technology. The GPS verified data will include street location, physical parameters of key buildings (including any building with the potential to impact downwash), facility boundary lines, source release parameters (e.g. stack heights) as well as the location of significant receptors including schools, child and elder care facilities, and high density residential blocks. The GPS equipment was purchased this month. Two temporary staff will be hired to take the measurements and input the data. The hiring process is underway.

The remaining program objectives, Evaluate Risk Reduction Opportunities and Implement a Risk Reduction Plan, await the completion of the technical study and evaluation.

Respectfully submitted,

Brian Bateman  
Director of Engineering

Forwarded: \_\_\_\_\_

Prepared by: Janet Stromberg  
Reviewed by: Peter Hess

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Inter-Office Memorandum

**AGENDA NO. 10**

To: Chairperson Townsend and Members of the Executive Committee  
From: Jeff McKay, Director of Information Services  
Date: January 26, 2005  
Re: Replacement of DataBank and IRIS

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

Unique software applications, DataBank and IRIS, are used to carry out District business processes. Examples of these processes include Planning, Permitting, Inspection and Emission Inventory.

The Air District first implemented the DataBank application in 1977. This application pre-dates database technology, and stores information in flat files. In 2001 the District implemented the IRIS application, partially relieving Databank of some function. The migration to modern technology must continue for the District to fulfill its mission.

DISCUSSION

The early design process includes review of common business tools such as Document Management Systems. The migration will make maximum use of such common existing business applications. These applications will be integrated with any custom elements required to enable the District's unique business needs. Build and Development will begin only after substantial verification of Design. Identification of Design will enable final targets for resource requirements. Although these targets are still to be determined, the migration should be substantially complete in calendar year 2007.

This presentation will focus on ongoing survey work that provides information on current best practices and on Implementation resources. The Executive Committee will receive regular updates on this process.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Initial funds for this work are included in the approved 04/05 budget.

Respectfully submitted,

Jeff McKay, Director  
Information Services Division

FORWARDED: \_\_\_\_\_

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

To: Chairperson Townsend and Members  
of the Board of Directors

From: Jack P. Broadbent  
Executive Officer/APCO

Date: February 7, 2005

Re: Report of the Mobile Source Committee Meeting of February 10, 2005

RECOMMENDED ACTIONS

The Committee may recommend approval of the following:

- A) Proposed revisions to Transportation Fund for Clean Air (TFCA) policies and evaluation criteria for fiscal year 2005/2006;
- B) Reallocation of 2004 Lower-Emission School Bus Program funds;
- C) Implementation of the fiscal year 2004/2005 (Year 7) Carl Moyer Program in the San Francisco Bay Area; and
- D) Amendment to the fiscal year 2004/2005 TFCA Alameda County Program Manager expenditure program.

DISCUSSION

The Mobile Source Committee will meet Thursday, February 10, 2005. Chairperson Scott Haggerty will give a summary of the meeting. The attached staff reports will be presented to the Committee.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

None.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Juan Ortellado



BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Inter-Office Memorandum

To: Chairperson Haggerty and  
Members of the Mobile Source Committee

From: Gary Kendall  
Acting Director of Planning and Research

Date: February 3, 2005

Re: Proposed Revisions to Transportation Fund for Clean Air (TFCA)  
Policies and Evaluation Criteria for Fiscal Year 2005/06

RECOMMENDED ACTION:

Recommend Board approval of the proposed Fiscal Year (FY) 2005/06 TFCA Policies and Evaluation Criteria.

BACKGROUND

The Air District's Board of Directors (Board) has adopted policies and evaluation criteria that govern the allocation of TFCA funds to cost-effective projects. Prior to each annual funding cycle, the Air District considers revisions to the TFCA policies and evaluation criteria. On November 29, 2004, Air District staff issued a request for comments on proposed revisions to the TFCA policies and evaluation criteria for the FY2005/06 funding cycle. The deadline for interested parties to submit comments was December 14, 2004. Nine 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 staff responses is provided in Attachment A. Where appropriate, staff revised the proposed policies to address the comments received and made some additional changes that were not in the original proposed revisions.

DISCUSSION

On the whole, the existing TFCA policies and evaluation criteria are working well. Staff does not propose any changes to the TFCA Regional Fund evaluation criteria for the FY 2005/06 cycle.

Proposed revisions to the TFCA policies are presented in ~~strikeout~~ / underline format in Attachment B. Brief explanations for the changes appear in the text of Attachment B in *italic* font.

Most of the proposed changes to TFCA policies are minor administrative improvements or editorial and formatting changes to improve the organization and clarity of existing policies. A brief discussion of the more substantive proposed policy revisions is provided below. Substantive proposed changes include revisions to Policies #2, #7, #11 (now #10), #23 (now #22), #33 (now #32), and #38 (now #37).

**Proposed Policy # 2:** The Mobile Source Committee (Committee) has expressed concern that individual projects with a very high cost per ton of emissions reduced have been funded through the County Program Manager funds under the aggregate cost-effectiveness calculation allowed for the Program Manager expenditure plans. Staff met with the directors of the Congestion Management Agencies (Program Managers) to discuss this issue. The County Program Managers understand the issue and expressed a desire to continue discussions with staff on this issue prior to the Committee's action. After the meeting with the County Program Managers, the San Mateo County Congestion Management Agency sent a letter, included as Attachment C, suggesting the retention of the \$90,000/ton of emissions reduction aggregate cost effectiveness with the condition that no single project exceed 150% of that threshold. Based on the Committee's concern and the need to adopt policies governing the FY 2005/06 funding cycle, staff recommends that the cost-effectiveness threshold for the County Program Manager funds be conformed to what currently governs the Regional Fund: an individual project threshold of \$90,000/ton of emissions reduction.

**Proposed Policy # 7:** The current policy stipulates that applications that request more than \$100,000 in TFCA funds must provide matching funds that equal or exceed 20% of the total project cost. Staff recommends that these figures be revised to \$150,000 and 10%, respectively to provide additional flexibility to project sponsors.

**Proposed Policy # 11:** Staff recommends that the maximum of TFCA Regional Funds that can be awarded to a single project in a fiscal year be expanded from \$1 million to \$1.5 million to provide additional flexibility to project sponsors.

**Proposed Policy # 22:** The California Health and Safety Code limits administrative costs to a maximum of 5% of the total TFCA funds received annually. Interest earned on the unexpended TFCA County Program Manager funds from prior years should be excluded from this calculation. This change would prevent interest income from being included in the total TFCA funds budgeted for administrative costs.

Staff also considered recommendations provided by an independent firm that completed an audit of TFCA County Program Manager projects recently. One of the auditor's recommendations was that the District reconsider allowing reimbursement of indirect costs through the TFCA program. This recommendation was based on the difficulty in evaluating, monitoring and auditing this cost component. Staff recommends that indirect costs continue to be allowed as a TFCA cost item provided that: a) the indirect costs are requested and justified in writing along with the grant application (Regional Fund) or expenditure plan (Program Manager Fund) and are approved by the Air District, and b) the combination of all administrative costs, including direct and indirect costs, does not exceed the maximum allowed cap of 5% of the total TFCA funds received.

**Proposed Policy # 32:** The current policy specifies that the sum of all heavy-duty diesel projects in a fiscal year shall not exceed 20% of the Regional Funds available for that fiscal year. Experience during the past two TFCA funding cycles indicates that cap is not needed. In the two funding cycles that heavy-duty diesel engine emissions reduction projects have been eligible for funding, experience indicates that heavy-duty diesel projects have not had a negative impact on funding for cost-effective natural gas vehicle

projects. Additional comments received on the changes proposed by staff for this policy were addressed by a modification of the proposed language.

**Proposed Policy # 37:** The Committee has expressed concerns about the cost-effectiveness of pedestrian projects and the difficulty in quantifying the emissions reduction benefits of such projects. At the direction of the Committee, staff recommends that pedestrian projects not be eligible for TFCA funding. A letter to the Committee's Chairperson, sent by the Directors of the Congestion Management Agencies, to express support for the continuation of TFCA funding of pedestrian projects is included as Attachment D.

BUDGET CONSIDERATION/FINANCIAL IMPACT

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

Respectfully submitted,

Gary Kendall  
Acting Director of Planning and Research

FORWARDED: \_\_\_\_\_

Prepared by: Juan Ortellado  
Reviewed by: Gary Kendall

Attachments

**ATTACHMENT A**  
**DRAFT TFCA FY 2005/06 POLICIES AND CRITERIA –**  
**COMMENTS RECEIVED AND STAFF RESPONSES**

Name and Title of Signer  Agency or Entity	Comments	Staff Response
Shanna O'Hare Senior Transportation Planner, Public Works Agency, City of Oakland	"Open the door" for other demonstration or innovative projects that don't fit within existing TFCA categories but which clearly demonstrate motor vehicle emissions reductions (e.g., central cashiering system proposed by the City of Oakland, which would improve idle vehicle emissions in the City's parking garage)	This would require legislative changes rather than changes in the TFCA policies, and more analysis in that context.
Sam Altshuler, PE Senior Program Manager, Clean Air Transportation Group, PG&E	<p><b>Policy #33, Reducing Emissions from Existing Heavy-Duty Diesel Engines:</b></p> <p>b) 4) Reference is made to the CARB standard of a 20% limit NO<sub>2</sub> slip limit for diesel DPFs. We expect CARB to continue to perfect and evolve a limit for NO<sub>2</sub> emissions. It is possible that CARB may impose a standard based on g/bhp-hr rather than percent slip of NO<sub>2</sub>. Accordingly, we recommend that your language be broadened to include any language that the ARB comes up with and not be confined to the 20% slip concept. E.g. <b><u>"Diesel emission control strategies must meet future limits imposed by CARB for NO<sub>2</sub> emissions currently under review and development by CARB."</u></b></p> <p>c) 3) You have proposed eliminating the 20% cap for heavy-duty diesel projects. As you are aware, considerable effort and discussion occurred on this subject in the past two years because of the concerns of the cities and counties that have used TFCA funds to expand their use of natural gas in vehicles and the infrastructure needed to fuel these vehicles. These concerns still exist. We believe that a 50% cap limit for diesel projects would be appropriate to adopt. Such a limit would be a fair compromise and would also provide an equal incentive and</p>	<p>District staff will address this comment by revising the proposed policy language as follows:  <i>Diesel emissions control strategies must meet the applicable CARB standard for NO<sub>2</sub> emissions when the standard is put into effect and strategies are available that meet the standard.</i></p> <p>Staff does not believe that a cap on the percentage of funds that can be awarded to diesel projects is necessary. In the two years (TFCA funding cycles) heavy-duty diesel engine emissions reduction projects have been eligible for funding, experience indicates that this has not had a negative impact on funding for cost-effective natural gas vehicle projects.</p> <p>CARB has determined that combustion (tailpipe) PM</p>

disincentive to both the diesel and natural gas stakeholders.

Mention is also made of aligning the TFCA program with the Carl Moyer program. As you are aware, CARB is currently revising the criteria for the Carl Moyer program to include a cost benefit analysis for PM. We imagine that this will be folded into the TFCA program as well. Beyond that, we believe that all criteria pollutants should be included in the emissions cost benefit analysis. This would include the addition of NO<sub>2</sub> and SO<sub>2</sub> with appropriate weighting factors. These factors could include mathematical plus and minus signs depending on whether or not a project caused decreases or increases in various emissions. For example, DPFs, while reducing PM emissions (yielding a cost benefit for PM), also cause NO<sub>2</sub> emissions to be increased (a cost disbenefit). The cost effectiveness calculation should account for this.

Current TFCA guidelines allow for the funding of clean fuels subject to approval and verification/certification by CARB. Essentially, this seems to allow the funding for PURINOX, FTD, natural gas, and perhaps propane. With respect to natural gas, further guidance is needed to define what incremental costs could be covered. Generally, uncompressed natural gas is cheaper than diesel fuel though the cost of compression and the less efficient natural gas engine could result in a higher fuel cost than the equivalent diesel engine. CNG provided by third party providers can have added costs that could be covered by the TFCA program similar to other alternative fuels. The TFCA program should include full incremental increased operating fuel cost for CNG or LNG. This would be above and beyond covering the incremental cost of the natural gas engine and

emissions shall be weighted by a factor of 10 in calculating cost-effectiveness for Year 7 Moyer projects (see Carl Moyer Program Advisory 05-001, Revised Cost-Effectiveness Calculation, issued December 20, 2004). Air District staff is considering revising the TFCA worksheets used to calculate emission reductions and cost-effectiveness for TFCA projects to incorporate this change, consistent with CARB's approach. The Air District follows CARB guidance in terms of emission factors and methodologies to calculate mobile source emission reductions. If CARB provides direction to include NO<sub>2</sub> and SO<sub>2</sub> in the calculation of emission reductions, the Air District will consider making this change.

The TFCA program policies have required grants to cover the higher incremental cost associated with the purchase of natural gas engines. The intent of Policy 33(c) is to achieve emission reductions by funding a different project type; i.e., by funding the incremental cost of clean fuels or additives that are verified for use in existing heavy-duty diesel engines. This policy is not intended to provide TFCA funding for incremental increased costs for natural gas fuel, since TFCA already provides funding to cover the incremental cost of the natural gas engine at the time of purchase.

	not overlap with program funds used to build CNG stations.	
<p>Jane Shinn Management Analyst, Highway Project Development and Administration, Valley Transportation Authority</p>	<p><b>Proposed Policy #13: Project Cost Effectiveness</b> BAAQMD Proposed Language: <i>“For Program Manager Funds, project revisions must be reviewed and approved by the Air District. The revised project must maintain an aggregate cost effectiveness of less than \$90,000 per ton. Project revisions that result in higher aggregate cost effectiveness for the year in which the project was originally approved will not be accepted.”</i></p> <p>VTA Comment: As currently proposed, Policy #13 limits project revisions to those that either (a) decrease or do not affect the aggregate cost per ton of reduced emission. As stated in the policy, the maximum aggregate cost per ton for a county’s annual TFCA Program Manager program is \$90,000. BAAQMD should accept any project revision that does not cause the aggregate cost per ton to exceed \$90,000, regardless of whether it causes an increase or a decrease.</p> <p><b>Proposed Policy #23: Indirect Costs (NOW DELETED)</b> BAAQMD Proposed Language: <i>Indirect costs are not eligible for reimbursement with TFCA funds.</i></p> <p>VTA Comment: Provide clear direction on what constitutes “Indirect Expenses”.</p>	<p>For the Program Manager Fund expenditure plans, District staff recommends that, in order to be approved, individual projects (with specific exceptions, such as infrastructure projects) shall comply with the same cost-effectiveness threshold of \$90,000/ton of emissions reduction currently required for individual Regional Fund projects. If this staff recommendation is approved, the aggregate cost-effectiveness requirement for Program Manager expenditure plans will be eliminated.</p> <p>Indirect costs are the reasonable overhead costs incurred to provide a physical place of work and to perform general support services and oversight related to the TFCA-funded project. Examples include rent, utilities, office supplies, computer, payroll, reproduction, mailroom support staff, and management oversight. Although the Health and Safety Code is silent on the issue of indirect costs, Air District staff recommends that</p>

	<p><b>Proposed Policy #24: Expend Funds within Two Years (NOW POLICY #23)</b> BAAQMD Proposed Language: <i>Program Managers may approve no more than two (2) one (1) year schedule extensions for a project. A third schedule extension for a project can only be given if written approval is received by the Program Manager from the Air District.</i></p> <p>VTA Comment: The proposed limitation on extensions is contrary to the language of Health and Safety Code Section 44242 (d) which states that: “Any agency which receives funds pursuant to Section 44241 shall encumber and expend the funds within two years of receiving the funds unless an application for funds pursuant to this chapter states that the project will take a longer period of time to implement and is approved by the district or the agency designated pursuant to subdivision (e) of Section 44241. In any other case, the district or agency may extend the time beyond two years, if the recipient of the funds applies for that extension and the district or agency, as the case may be, finds that significant progress has been made on the project for which the funds were granted.”</p> <p>While VTA recognizes BAAQMD’s concern with timely project delivery, any policy that limits Section 44242(d) needs to be developed in consultation with the Program Managers. VTA requests that this policy proposal be</p>	<p>indirect costs be considered eligible for reimbursement with TFCA funds provided the project sponsor or Program Manager requests and justifies the reimbursement in the grant application (Regional Fund) or expenditure program (Program Manager Fund), and all administrative costs combined, including direct and indirect costs, do not exceed the 5% cap established by the Health and Safety Code.</p> <p>The key issue is “approved by the District”. When project sponsors properly notify the Air District of delays, usually there are no major problems. Problems arise when the Air District is not notified immediately of a delay or of changes in projects. Staff recognizes that delays do occur that are beyond sponsors’ control. As long as Air District’s staff is notified in a timely manner and the issues are fully discussed, proposed Policy #24 will not result in disapprovals of reasonable requests for project extensions.</p>
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	<p>removed from consideration until such time as BAAQMD staff have consulted and come to agreement with the Program Managers.</p> <p><b>Policy #37: Arterial Management (NOW POLICY #36)</b>  BAAQMD Policy: Incident management projects are not eligible to receive TFCA funding.</p> <p>VTA Comment: Given that 46 % of congestion annually and resulting emissions are due to roadway incidents, barring incident management projects from receiving TFCA funding seems counter to intended purpose of these funds. VTA would request reconsideration of the policy.</p> <p><b>Policy #1: Ineligibility of planning activities for TFCA funding</b>  If a project has construction funding (identified by of the nature of the project), but has not yet had a feasibility study, will the project qualify?</p> <p>For example:  There's a big project (such as a bike/ped bridge) that's on our Bike Expenditure Program (BEP) list, and has \$5 million allocated to it to be developed and constructed. At this point, it's just a concept, and it would need a preliminary study as a first step. Some of the TFCA 40% funds are set-aside for the BEP, and we would want to program those TFCA 40% for preliminary studies subject to the cost-effectiveness thresholds). Would we be able to get funding under the proposed policy change?</p>	<p>In the FY 04/05 cycle, the Air District Board of Directors approved TFCA guidelines that made incident management projects ineligible for funding because these incidents are difficult to predict and their related emissions are difficult to quantify. Staff still agrees with that decision.</p> <p>The Health and Safety Code specifies that TFCA funds “shall be solely used to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement and technical activities necessary for the implementation of the California Clean Air Act.” The uncertainty inherent in feasibility studies excludes them from an activity that can be funded by TFCA.</p>
<p>Cory LaVigne  Manager of  Planning and  Operations,  Livermore  Amador Valley</p>	<p><b>Clean Air Vehicle (CAV) Projects Policy #26, Clean Air Vehicle Infrastructure (NOW POLICY #25)</b>  The proposed changes favor language favoring support of infrastructure for fuel cell and natural gas vehicles exclusively. LAVTA</p>	<p>The intent of this policy is to allow the funding of infrastructure needed to support alternative fuel</p>



<p>Transit Authority</p>	<p>respectfully requests a language correction, which will enable operators of electric/hybrid (diesel, CNG or gasoline) technology vehicles to qualify for infrastructure funding enhancements as well.</p> <p><b>Policy #30, New Heavy-Duty CAV Eligibility (NOW POLICY #29)</b></p> <p>This section details the new requirement for the purchase of heavy-duty engines. LAVTA has concerns regarding the statement “to qualify for TFCA funding, the project must provide emission reductions beyond the requirements of the applicable CARB standard or regulation.” CARB standards, as has been demonstrated recently, have been pushing the technology development of engine manufacturers faster than the market has allowed. This has placed transit operators in the difficult position of being the testing ground for new emission reduction technologies which are not yet field proven which has led to rampant vehicle and service issues, ultimately affecting ridership and threatening continued patronage.</p> <p>The newly proposed requirement for use of TFCA funds only if the emissions reductions can be beyond applicable CARB standards further forces agencies to potentially sacrifice the provision of quality service by continuing to be a testing ground for new technologies. LAVTA requests that the standard should be consistent with established CARB standards or regulations only.</p> <p><b>Policy #33, Reducing Emissions from Existing Heavy-Duty Diesel Engines (NOW POLICY #32)</b></p> <p>“The project sponsor must install the highest level (most effective) diesel emission control strategy that is verified by CARB for the specific engine and which can be used without jeopardizing the original engine warranty in effect at the time of the application.” This language removes</p>	<p>vehicles. Hybrid vehicles can be fueled using existing gasoline or diesel infrastructure, which is widely available. Therefore, staff does not believe that it would be prudent to change the proposed language as requested.</p> <p>The purpose of the TFCA program is to provide funding to generate additional emission reductions: i.e., emission reductions beyond the requirements of baseline standards. The language that District staff has proposed to add will merely codify long-standing practice. If an engine will achieve the baseline CARB standard only, then there are no additional emission reductions that would justify TFCA funding for that project.</p> <p>The intent of this TFCA policy is not to remove the decision-making capability of fleet operators, but rather to maximize the emission reductions that can be achieved by requiring the installation of the most effective DECS that is</p>
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	<p>decision-making capability from agencies regarding vehicle equipment. If a DECS is approved and certified by CARB for a particular engine level, then an operator should be allowed to choose which equipment to use and not forced to use the reportedly “most effective” unit per class.</p> <p>Operators equip vehicles based on long-range equipment uses, parts types and other ongoing maintenance-related purposes. The imposition of an additional requirement for the purchase of a particular piece of equipment (based potentially on very minor emissions reduction over a similar product by a different vendor) will, in the long run, prove deleterious to the fleet maintenance of transit agencies. The standard should continue to be CARB certified and verified products.</p>	<p>compatible with the engine. Existing TFCA policy already contains a caveat stating that the DECS “can be used without jeopardizing the original engine warranty...” Operators retain decision-making capability in terms of their equipment purchases, since the decision to apply for TFCA funds is at the discretion of the applicant.</p>
<p>Roger Hooson Clean Air Vehicle Coordinator, San Francisco International Airport, Landside</p>	<p>SFO endorses the comments that you received from Sam Altshuler [see above]. Also, we applaud the added flexibility in the "Discussion" paragraph on Page 13 of the draft policies. We further endorse the provision in <b>[Policy] #32 [NOW POLICY #31]</b> that allows an operator to scrap a registered and operational diesel vehicle from another fleet in the Bay Area. Other clarifications are helpful and should reduce the ambiguity that was sometimes a problem this year.</p>	<p>See response to comments from Sam Altshuler above.</p>
<p>Suany Chough Capital Planning and External Affairs, San Francisco Municipal Railway (MUNI)</p>	<p>We would urge BAAQMD to change <b>Policy #26 (Clean Air Vehicle Infrastructure)</b> [NOW POLICY #25] to allow funding of batteries and chargers for heavy-duty vehicles. We believe this allows more flexibility in implementing projects that reduce emissions.</p> <p>For that reason, we specifically support the changes to <b>Policy #30 (New Heavy-Duty CAV Eligibility)</b> [NOW POLICY #29] because it makes a wider range of projects eligible, while still meeting CARB standards and BAAQMD’s goals. It is appropriate that the policy be oriented to emissions, rather than the power source.</p>	<p>District staff will address this comment by revising the proposed policy to allow County Program Manager funding of infrastructure to support electric vehicle recharging for transit agencies.</p>
<p>Matt Todd Senior</p>	<p><b>Policy #13</b> The CMA proposes to revise the policy to</p>	<p>For the Program Manager Fund</p>

<p>Transportation Engineer, Alameda County Congestion Management Agency</p>	<p>clarify that revisions to the program manager projects can raise the aggregate cost effectiveness as long as an overall aggregate cost effectiveness of less than \$90,000 per ton is maintained.</p> <p>For Program Manager Funds, project revisions must be reviewed and approved by the Air District. The revised project must maintain an aggregate cost-effectiveness of less than \$90,000 per ton. Project revisions that result in an aggregate cost-effectiveness of more than \$90,000 per ton for the year in which the project was originally approved will not be accepted. <b>(Program Manager Funds)</b></p> <p><b>Policy #22</b></p> <p>The CMA existing administrative costs exceed the 5% of the DMV fee revenues and interest earned on the prior DMV funds. The revision of this policy to include only the new DMV fee revenues to calculate the 5% administrative fee will further exacerbate the differences between the actual and incurred administrative costs of the TFCA program. The CMA requests the interest earned on the prior DVM funds continue to be included in the 5% administrative fee calculation. The Appendix TFCA Administrative Costs document referenced in this item was not included in the material and therefore we may have additional comments on this issue.</p> <p><b>Policy #23 (NOW DELETED)</b></p> <p>Indirect costs are incurred in the implementation of the TFCA program. The calculation of an agency indirect cost is performed using an industry established method detailed in Federal OMB Circular A-87, <i>Cost Principles for State, Local and Indian Tribal Governments</i>. The CMA</p>	<p>expenditure plans, District staff recommends that, in order to be approved, individual projects (with specific exceptions, such as infrastructure projects) shall comply with the same cost-effectiveness threshold of \$90,000/ton of emissions reduction currently required for individual Regional Fund projects. If this staff recommendation is approved, the aggregate cost-effectiveness requirement for Program Manager expenditure plans will be eliminated.</p> <p>Administrative costs are limited by law to a maximum of 5% of the total TFCA funds received annually. Proposed Policy #22 limits the expenditure of TFCA funds for administrative costs consistent with State law. Interest earned on DMV fees from prior years should be excluded from this calculation.</p> <p>There are numerous methods available for developing indirect costs rates. An audit of the TFCA program revealed that the indirect costs calculations used by the Alameda County CMA was difficult to audit due to the</p>
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already annually submits our agency indirect cost calculation to the Bay Area Air Quality Management District (BAAQMD) for approval. Other agencies that fund transportation projects, such as the California Department of Transportation (Caltrans), also use this method to account for indirect costs. The BAAQMD should allow agencies to submit an indirect cost calculation for approval and that the approved indirect cost rate should be eligible for reimbursement. The process detailed in OMB Circular A-87 provides consistency with other transportation funding programs and accounting methods used to track costs. The CMA will continue to devote the necessary resources to effectively administer the TFCA program, including costs that have historically exceeded the 5% administration fee cap, but an accurate and consistent accounting of actual costs incurred will be maintained with the continued use of the indirect cost system in place.

**Policy #37 (NOW POLICY #36)**

According to the Federal Highway Administration (FHWA), between 40% to 60% of congestion nationwide is due incidents. There is direct correlation that projects that reduce congestion through the implementation of incident management systems will mitigate air quality. Based on this, the CMA requests that incident management projects should be eligible for funding in the TFCA program.

**Additional Consideration for Matching Funds**

An issue at the Alameda County Technical Advisory Committee of the CMA was that agencies that are fortunate to receive large federal earmarks are required to have a 50% match. The projects that receive a federal earmark that are also eligible for TFCA should be encouraged to apply for the TFCA Regional program and allow the leveraging of the two fund sources. The City of Oakland

methodology employed and the way indirect costs were claimed by the Alameda County CMA. Although the Health and Safety Code is silent on the issue of indirect costs, Air District staff recommends that indirect costs be considered eligible for reimbursement with TFCA funds provided the project sponsor or Program Manager requests and justifies the reimbursement in the grant application (Regional Fund) or the expenditure program (Program Manager Fund), and all administrative costs combined, including direct and indirect costs, do not exceed the 5% cap established by the Health and Safety Code.

See response to comments from Jane Shinn above.

Staff does not support this suggestion, as it would indirectly penalize agencies/projects that don't have large matching funds.

	<p>has proposed the following language to support this concept:  “Priority shall be given to eligible projects which have 50 percent or more in matching funds from other grant funds. The purpose of this policy is to encourage applicants to provide a significant match for their projects and to leverage TFCA funds whenever possible. For example, a project that is 50 percent funded from a federal Intelligent Transportation System (ITS) grant shall receive extra points on the following scale:  50% match provided = +5 points  55% match provided = +6 points  60% match provided = +7 points  65% match provided = +8 points  70% match provided = +9 points  &gt;70% match provided = +10 points</p>	
<p>Susan Heinrich  Metropolitan  Transportation  Commission</p>	<p><b>1. Page 1, Item 1: Basic Eligibility</b>  Please provide further clarification for what constitutes a planning activity. MTC believes that the Regional Rideshare Program's (RRP) planning activities (e.g., strategic planning with the RRP Technical Advisory Committee (RRP TAC)) directly result in improvements to project implementation, but wants to confirm that these efforts will still be eligible.</p> <p><b>2. Page 1, Item 2: Cost Effectiveness</b>  The Regional Rideshare Program continues to evolve and change. With the creation of the RRP TAC, we are now operating the program in coordination with the county TDM programs. We now view ourselves (county programs and the MTC Regional Rideshare Program) as a single regional program. Counties no longer contribute toward the funding of the Regional Rideshare Program with their TFCA County Program Manager funds. MTC's regional program is now funded with CMAQ and TFCA Regional funds. The counties' contribution is the CMAQ funds. The counties then also fund additional TDM services to complement and add to what is provided by MTC's regional program. Some counties will also begin providing employer outreach services in their</p>	<p>TFCA funds can only be used to cover planning activities directly related to the implementation of a funded project. Strategic planning, by nature, refers to planning for the future; TFCA funds cannot be used to cover costs associated with planning for a future project.</p>

	<p>counties (along with the other services they provide) instead of the MTC Regional Rideshare contractor. MTC will be passing CMAQ funds to the counties who elect to provide this service on behalf of the region.</p> <p>Given these changes, MTC is in the process of working on a revised strategy for evaluating cost effectiveness criterion (and the measures that make up the cost effectiveness) for all of our individual programs that make up the regional program. We plan to come to the Air District with a preliminary proposal in January. Since we have not come to any agreement with the Air District on how to evaluate the program at this time, we would appreciate knowing that the Air District is open to working on this with us, even though a solution would come after the closing date for comments on these policies.</p> <p><b>3. Page 6, Item 23: Indirect Costs</b> We have historically included indirect costs as part of our request and feel that it is important for this cost element to continue to be eligible.</p> <p><b>4. Page 6, Item 24: Expend Funds within Two Years / Annual Application Process</b> Since funds must be spent within two years of the effective date of the Funding Agreement, MTC requests that the Air District consider allowing MTC to apply for two years of funding for the Regional Rideshare Program Contract every two years. This would reduce our administrative burden of submitting an annual application.</p>	<p>The Air District will work with MTC to resolve this issue.</p> <p>See notes above on indirect costs.</p> <p>Current Board-approved Policy #13, Maximum One Year Operating Costs, limits TFCA funds for ridesharing programs to one year.</p>
<p>Maria Lombardo Chief Deputy Director for Programming and Legislation, San Francisco County Transportation Authority</p>	<p><b>Policies #7 and #10 – Maximum Amount</b> We support the proposed changes to matching fund requirements and the maximum grant amount. The changes provide added flexibility to project sponsors in terms of developing high quality, competitive projects for TFCA funds.</p> <p><b>Policy #22 – Administrative Costs</b></p>	

	<p>The proposed revision in the second paragraph would remove earned interest from the calculation of the maximum revenues available for administrative costs for County Program Manager Funds. Since inception of the TFCA program, earned interest has been considered a form of new revenues and has been added onto the following year's TFCA DMV revenues and included in the calculation of the maximum administrative costs. We oppose the proposed change and urge the BAAQMD to leave this section of the policy unchanged.</p> <p><b>Policy #30 – New Heavy-Duty CAV Eligibility (NOW POLICY #29)</b></p> <p>The last sentence of the proposed new language, which states that “to qualify for TFCA funding, the project must provide emission reductions beyond the requirements of the applicable CARB standard or regulation,” is confusing since Policy 30 calls for the heavy duty vehicles to be in compliance with <i>or</i> to improve upon the CARB standard. We propose removing or rewording the last sentence of the added language to avoid confusion.</p>	<p>See notes above on administrative costs.</p> <p>The intent of the new language proposed by District staff is to clarify that TFCA will only fund projects that achieve additional emissions reduction; i.e., emissions reduction beyond the requirements of baseline CARB standards. (See response to LAVTA comments above.) It should be noted that the 1.8 g/bhp-hr NOx standard, which is cited in this Policy, is more stringent than the baseline CARB standard of 2.4 g/bhp-hr. Thus, District staff believes that the language of this policy is internally consistent.</p>
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# ATTACHMENT B

## PROPOSED TFCA POLICIES AND EVALUATION CRITERIA FOR FY 2005/06

Policies may apply to one or more of the following funds/programs: Program Manager Funds, Regional Funds, and Vehicle Incentive Program (VIP). The funds/programs that each policy applies to are indicated in parentheses following the policy. **New or revised policy language (as adopted by the Air District Board of Directors in January 2005) is italicized. Please note that many policies have been renumbered since last year (FY 2004/05).**

*The highlighted portion above will apply once the Air District Board of Directors approves the TFCA Policies for FY 2005/06.*

### BASIC ELIGIBILITY

- 1. Reduce Emissions:** A project must result in the reduction of motor vehicle emissions within the Air District's jurisdiction to be considered eligible for TFCA funds. Planning activities (e.g., feasibility studies) that are not directly related to the implementation of a specific project are not eligible for TFCA funds. **(Regional Funds; Program Manager Funds; VIP)**

*This is Policy No.2 for FY 2004/05, renumbered to No.1 for FY 2005/06 to emphasize the goal of the TFCA program. Additional language was added to clarify ineligibility for TFCA funding of planning activities.*

- 2. TFCA Cost-Effectiveness and Minimum Score:** The Air District Board will not approve any grant application for TFCA Regional Funds for a project that has: a) a TFCA cost- (i.e, funding) effectiveness level equal to or greater than \$90,000 of TFCA funds per ton of total ROG, NO<sub>x</sub>, and weighted PM<sub>10</sub> emissions reduced (\$/ton), b) a score of less than 40 points (out of a possible 100 points) based upon the project evaluation and scoring criteria listed in Section II of the Regional Fund Guidance document. **(Regional Funds)**

The Air District will only approve projects included in County Program Manager expenditure plans that achieve a TFCA cost-effectiveness, on an individual project basis, equal to or greater than \$90,000 of TFCA funds per ton of total ROG, NO<sub>x</sub> and weighted PM<sub>10</sub> emissions reduced (\$/ton). The following are excluded from the calculation of TFCA cost-effectiveness: TFCA Program Manager administrative costs, alternative fuel infrastructure projects, light-duty clean air vehicles with a gross vehicle weight (GVW) of 10,000 pounds or less, and TFCA Program Manager funds allocated for the Regional Rideshare Program. **(Regional Funds; Program Manager Funds)**



*The first paragraph is a merge of Policies No.1 and No. 9 for FY 2004/05. The elimination of the aggregate cost-effectiveness threshold for County Program Managers is recommended in order to address directions received from the Air District's Mobile Source Committee about the allocation of TFCA funds to cost-effective projects.*

3. **Viable Project:** Each project application should identify sufficient resources to accomplish the project. Applications that are speculative in nature, or are contingent on the availability of unknown resources or funds, will not be considered for funding. **(Regional Funds; Program Manager Funds; VIP)**
4. **Responsible Public Agency:** TFCA funds may only be awarded to public agencies. These agencies must be responsible for the implementation of the project and have the authority and capability to complete the project. **(Regional Funds; Program Manager Funds; VIP)**
5. **Non-Public Entities:** A public agency may apply for TFCA funds for clean air vehicles on behalf of a non-public entity when one or more of the following conditions are met:
  - a) the non-public entity will use the vehicle(s) to provide, under permit or contract, an essential public service that would otherwise be provided directly by the public agency (e.g., refuse collection, street-cleaning, school bus service, **paratransit services for elderly or disabled people**, etc.); or
  - b) the non-public entity will use the vehicle(s) to provide to the general public, under permit or contract, transportation demand management services (e.g., vanpools, shuttles to transit stations, door-to-door airport shuttles, taxi services, etc.) or services that provide members of the public with an opportunity to use light-duty clean air vehicles eligible under Policy #28, e.g., through station car projects, car rental services, or car-sharing programs.

As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency must provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s). In those situations where multiple non-public entities are under contract or permit to provide the service described in a) or b) above, the public agency must provide a written policy that demonstrates that the vehicle incentive funds will be offered on an equitable basis to all of the non-public entities which are providing the service. **(Regional Funds; Program Manager Funds; VIP)**

*Additional clarification of non-public essential services is provided.*

6. **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 the appropriate Congestion Management Program. **(Regional Funds; Program Manager Funds; VIP)**

7. **Matching Funds:** The Air District will not enter into a funding agreement for an approved project until all project funding has been approved and secured. For project applications requesting greater than \$150,000 in TFCA Regional Funds, project sponsors must provide matching funds from non-TFCA sources, which equal or exceed 10% of the total project cost. TFCA County Program Manager Funds do not count toward fulfilling the non-TFCA matching funds requirement. Project applications for TFCA Regional Funds of \$150,000 or less may request 100% TFCA funding. **(Regional Funds)**

*Matching funds requirement revised to provide additional flexibility to project sponsors.*

8. **Authorizing Resolution:** Regional Fund grant applications must include a signed resolution from the governing board (e.g., City Council, Board of Supervisors, Board of Directors, etc.) or University Chancellor authorizing the submittal of the application and identifying the individual authorized to submit and carry out the project. Applications submitted without an authorizing resolution will be returned to the sponsor and will not be scored if the adopted resolution is not received within 30 calendar days of the application submittal deadline. **(Regional Funds)**

*This language was merged into what is now Policy #2.*

9. **Minimum Amount:** Only projects requesting \$10,000 or more in TFCA Regional Funds will be considered for funding. **(Regional Funds)**

10. **Maximum Amount:** No single project or competitive funding application may receive more than \$1,500,000 in TFCA Regional Funds in any given fiscal year. This limitation does not include any Program Manager Funds the project sponsor may receive for the project. **(Regional Funds)**

*Maximum funding amount increased to provide additional flexibility to project sponsors.*

11. **Readiness:** Projects will be considered for funding only if the project will commence in calendar year 2006 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. **(Regional Funds; Program Manager Funds)**

- 12. Maximum One Year Operating Costs:** For projects which request operating funds to provide a service, such as ridesharing programs and shuttle and feeder bus projects, the Air District will provide funding on an annual basis: i.e., the Air District will approve funding for one annual budget cycle. Applicants who seek TFCA Regional Funds for additional years must re-apply for funding in the subsequent funding cycle. **(Regional Funds)**
- 13. Project Revisions:** If project revisions become necessary, after the project funding agreement is signed, 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 year in which the project was originally approved. Project revisions initiated by the sponsor, which significantly change the project before the allocation of funds by the Air District Board of Directors will not be accepted. **(Regional Funds)**

*Language deleted since proposed Policy #2 eliminates the aggregate cost-effectiveness requirement for Program Manager Funds.*

#### **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. **(Regional Funds)**
- 15. Failed Audit:** Project sponsors who have failed either the fiscal audit or the performance audit for a prior TFCA project may, at the discretion of the Air Pollution Control Officer (APCO), be excluded from future funding. Existing funds already awarded to the agency will not be released until all audit recommendations and remedies have been implemented.

A failed fiscal audit means an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the project was not implemented as set forth in the project funding agreement. **(Regional Funds; Program Manager Funds)**

- 16. Signed Funding Agreement:** Project applicants will have to sign a Funding Agreement within three (3) months after it has been transmitted to them by the APCO in order to remain eligible for the granted TFCA funds. The APCO may grant a one-time extension of thirty (30) calendar days to the applicant for just cause. Project applications will not be considered from project sponsors who were awarded TFCA funds in a previous year and have not signed a Funding Agreement with the Air District by the current application deadline. **(Regional Funds)**

- 17. Implementation:** Project sponsors that have a signed Funding Agreement for a prior TFCA project, but have not yet implemented that project by the current application deadline, will not be considered for 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. **(Regional Funds)**

#### **INELIGIBLE PROJECTS**

- 18. Duplication:** Applications for projects which duplicate existing projects, regardless of funding source, will not be considered for funding. Combining Program Manager Funds with TFCA Regional Funds for a single project is not project duplication. Applications requesting TFCA funding for project costs with duplicate funding sources will not be considered for funding. **(Regional Funds; Program Manager Funds; VIP)**

- 19. Employee Subsidy:** 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. **(Regional Funds; Program Manager Funds)**

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

- 20. Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds for the funding of an eligible project. For purposes of calculating TFCA funding effectiveness for TFCA Regional Funds (Evaluation Criterion #2), the 40% County Program Manager Funds will be included in the calculation of the TFCA cost of the project. **(Regional Funds; Program Manager Funds)**
- 21. Cost of Developing Proposals:** The costs of developing proposals for TFCA funding are not eligible to be reimbursed with TFCA funds. **(Regional Funds; Program Manager Funds; VIP)**
- 22. Administrative Costs:** Administrative costs (i.e., the costs associated with administering a TFCA grant) are limited to a maximum of five (5) percent of total TFCA funds expended on a project. To be eligible for reimbursement, administrative costs must be clearly identified in the Regional Fund project budget, both in the TFCA application and in the project funding agreement. **(Regional Funds)**

Administrative costs for County Program Manager Funds are limited to a maximum of five (5) percent of the actual Department of Motor Vehicles (DMV) fee revenues that correspond to each county, received in a given year. Interest earned on prior DMV funds received shall not

be included in the calculation of the administrative costs. **(Program Manager Funds)**

All reimbursement with TFCA funds of administrative costs (i.e., direct and indirect) must be requested and justified in writing in the project application or expenditure plan, and approved in advance and in writing by the Air District. **(Regional Funds. Program Manager Funds)**

*Language added to provide clarity and to incorporate recommendations received from auditor of projects implemented with TFCA funds.*

- 23. Expend Funds within Two Years:** Any public agency or entity receiving Regional Funds must expend the 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. In the case of the Program Manager Funds, the funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the Program Manager in the applicable fiscal year, unless a longer period is formally (i.e., in writing) approved in advance by the Program Manager. Program Managers may approve no more than two (2) one (1)-year schedule extensions for a project. A third schedule extension for a project can only be given if written approval is received by the Program Manager from the Air District. **(Regional Funds; Program Manager Funds)**

*Language added to facilitate the implementation of projects in a timely fashion.*

- 24. Returned Funds:** TFCA returned funds accrue to the TFCA Regional Fund and will be allocated to new TFCA Regional Fund projects during the next funding cycle. TFCA returned funds consist of a) TFCA Regional Funds allocated to projects that are completed under budget, cancelled, or awarded an amount less than the Board approved allocation; b) any unallocated TFCA Regional Funds from the prior year funding cycle; or c) TFCA County Program Manager funds that are returned to the Air District. **(Regional Funds)**

#### **CLEAN AIR VEHICLE (CAV) PROJECTS**

- 25. Clean Air Vehicle Infrastructure:** The TFCA Regional Fund will fund infrastructure to support fuel cell vehicles. The infrastructure must be accessible, to the extent feasible, to other public agencies, private fleets, and the general public.

The TFCA Program Manager Funds may be used for infrastructure to support electric vehicles recharging for transit agencies, natural gas vehicles and fuel cell vehicles. The infrastructure must be accessible, to the extent feasible, to other public agencies, private fleets, and the general public. **(Regional Funds; Program Manager Funds)**

*This policy has been modified to allow for funding of infrastructure projects for fuel cell vehicles.*

- 26. Clean Air Vehicle Weights:** For TFCA purposes, light-duty vehicles are those 10,000 pounds gross vehicle weight (GVW) or lighter. Heavy-duty vehicles are those 10,001 pounds GVW or heavier. **(Regional Funds; Program Manager Funds; VIP)**
- 27. Light-Duty CAV Eligibility:** All light-duty chassis-certified 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. Gasoline and diesel vehicles are not eligible for TFCA funding. Hybrid-electric vehicles that meet the SULEV, PZEV, AT-PZEV, or ZEV standards are eligible for TFCA funding. **(Program Manager Funds; VIP)**
- 28. Light-Duty CAV Funding Participation:** For light-duty clean air vehicle projects for passenger cars, pick-up trucks, and vans, project sponsors may receive no more than the following funding incentive amounts:

<b>Emission Rating</b>	<b>Vehicle Type</b>	<b>Incentive Amount</b>
SULEV	Hybrid electric	\$2,000
SULEV	Natural gas / propane	\$4,000
ZEV	Highway battery electric	\$5,000
ZEV	City battery electric	\$3,000
ZEV	Neighborhood battery electric	\$1,000
ZEV	3-wheel battery electric	\$1,000

These incentive amounts above will be pro-rated for leased vehicles in those cases where the vehicle is available for purchase.

The incentive amounts for partial zero emission vehicles (PZEV) and advanced technology-partial zero emission vehicles (AT-PZEV) are the same as for SULEV-rated vehicles. **(Program Manager Funds; VIP)**

- 29. New Heavy-Duty CAV Eligibility:** To be eligible for TFCA funding, the engines of all new heavy-duty vehicles must be certified to CARB's optional reduced-emission NO<sub>x</sub> plus non-methane hydrocarbon (NMHC) standard for 2004 (1.8 g/bhp-hr), or lower.— Emission reductions for heavy-duty engine projects will be calculated by comparing the CARB certification level for the engine to the CARB emission standard or regulation that applies for the particular fleet or vehicle. To qualify for TFCA funding, the project must provide emission reductions beyond the requirements of the applicable CARB

standard or regulation. **(Regional Funds; Program Manager Funds)**

*Language revised to clarify intent of the policy.***30. Heavy-Duty CAV Funding Participation:** For heavy-duty clean air vehicle projects, project sponsors may receive no more than the incremental cost of the new cleaner vehicle. Incremental cost is the difference in the purchase prices of the new clean air vehicle and its new diesel counterpart. However, public transit agencies, which have elected to pursue the “alternative fuel” path under CARB’s urban transit bus regulation, may continue to apply for up to \$150,000 per alternative-fuel transit bus (30ft. or bigger). **(Regional Funds; Program Manager Funds)**

*Language revised to clarify intent of the policy.*

**31. Heavy-Duty Vehicle Replacement:** Sponsors of heavy-duty vehicles purchased with TFCA funds must either:

- a) replace an existing similar or equivalent registered and operational diesel vehicle within the applicable vehicle fleet, or acquire and scrap an equivalent registered and operational vehicle from another fleet within the Bay Area. The vehicle being replaced must be removed from service and destroyed (i.e., destruction of the engine block and frame/chassis), or
- b) add a diesel emission control strategy to an existing similar or equivalent registered and operational vehicle within the applicable vehicle fleet or within the fleet of the project sponsor. The control strategy must be certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine. This option requires the use of ultra-low-sulfur diesel.

Applicants may request TFCA funds, pursuant to guidelines developed by Air District staff, to offset the cost of complying with this policy. If the applicant requests TFCA funds to cover these costs, the funds will be included in calculating the TFCA cost-effectiveness of the project application.

Note: a “registered and operational vehicle” is a vehicle that has been registered with the California Department of Vehicles as an operational vehicle within the jurisdiction of the Air District for at least **two (2)** years prior to the application date.

**(Regional Funds; Program Manager Funds)**

*Language revised to clarify intent of the policy.*

**32. Reducing Emissions from Existing Heavy-Duty Diesel Engines:**

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

- a) Repowers – To be eligible for TFCA funding, the new engine selected to repower an existing heavy-duty vehicle must reduce NOx

emissions by at least 15% compared to the existing engine that will be replaced.

b) Diesel Emission Control Strategies – Diesel emission control strategies compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:

- 1) All control strategies must be certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine.
- 2) The use of ultra-low sulfur diesel (15 ppm sulfur, or less) is required in conjunction with all control strategies.
- 3) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the control strategy.
- 4) Diesel emissions control strategies must meet the applicable CARB standard for NO<sub>2</sub> emissions when the standard is put into effect and strategies are available that meet the standard.
- 5) The project sponsor must install the highest level (most effective) diesel emission control strategy that is verified by CARB for the specific engine and which can be used without jeopardizing the original engine warranty in effect at the time of application.

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 certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine.
- 2) Ultra-low-sulfur diesel is not eligible for funding.
- 3) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.

### **(Regional Funds; Program Manager Funds)**

*Repower revision would align this policy with Carl Moyer Program requirements for emissions reduction. Language added to diesel emission control strategy reflects language utilized by CARB for the solid waste collection vehicle fleet regulation. 20% cap for heavy-duty diesel projects deleted because it is deemed unnecessary (total for this type of projects has not come even close to the cap) as potentially discouraging to sponsors that may want to apply for this type of project.*

- 33. 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.  
**(Regional Funds; Program Manager Funds)**

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

**34. Shuttle/Feeder Bus Service:** Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The 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 2002/03 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 alternate fuel vehicle (CNG, LNG, propane, electric);
- b) a hybrid-electric vehicle;
- c) a post-1994 diesel vehicle and a diesel emission control strategy certified or verified by CARB to reduce emissions and approved by CARB for use with the relevant engine (this option requires the use of ultra-low-sulfur diesel); or
- d) a post-1989 gasoline-fueled vehicle.

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

**(Regional Funds; Program Manager Funds)**

#### **BICYCLE PROJECTS**

**35. Bicycle Projects:** Bicycle facility improvement projects that are included in an adopted countywide bicycle plan or Congestion Management

Program (CMP) are eligible to receive TFCA funds. For purposes of this policy, if there is no adopted countywide bicycle plan, the project must be in the county's CMP, or the responsible Congestion Management Agency must provide written intent to include the project in the next update of the CMP. Eligible bicycle projects are limited to the following types of bicycle improvement facilities for public use: a) new Class 1 bicycle paths; b) new Class 2 bicycle lanes (or widening of outside lanes to accommodate bicycles); c) new Class 3 bicycle routes; d) bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels; e) bicycle lockers; f) attended bicycle storage facilities; and g) development of a region-wide web-based bicycle trip planning system. All bicycle facility improvement projects must, where applicable, be consistent with design standards published in Chapter 1000 of the California Highway Design Manual. **(Regional Funds; Program Manager Funds)**

#### **ARTERIAL MANAGEMENT PROJECTS**

**36. Arterial Management:** Arterial management projects 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 are not eligible to receive TFCA funding.

Transit improvement projects are limited to transit bus priority and bus stop relocation projects.

For signal timing projects, TFCA funds may only be used for arterial management projects where the affected arterial has an average daily traffic volume of 20,000 or more, or an average peak hour traffic volume of 2,000 or more. **(Regional Funds; Program Manager Funds)**

#### **SMART GROWTH PROJECTS**

**37. Smart Growth/Traffic Calming:** Physical improvements that support development projects and/or calm traffic, resulting in the achievement of 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 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 transportation control measures (TCMs) in the most recently adopted strategy(ies) for State and national ozone standards throughout the agency's jurisdiction.. Pedestrian projects are not eligible for TFCA funding. Traffic calming projects are limited to physical improvements that reduce vehicular speed by design. Improvements that rely only on driving behavior modification are not eligible for funding. **(Regional Funds; Program Manager Funds)**

*Language added to clarify intent of the policy and to implement direction from the Air District's Mobile Source Committee.*

# REGIONAL FUND EVALUATION CRITERIA

## FY 2005/06 TFCA Regional Fund Scoring Criteria

Criteria	Maximum Points
1. TFCA Funding Effectiveness	60
2. Other Project Attributes	15
3. Clean Air Policies and Programs	10
4. Disadvantaged Community	10
5. Promote Alternative Transportation Modes	5
<b>Total</b>	<b>100</b>

### DISCUSSION

The maximum possible score is 100 points. Projects will be ranked by total point score in descending order. A minimum score of 40 points is required to be considered for funding. In the event that two or more projects achieve an equal score, project ranking will be determined by TFCA Funding Effectiveness (Criterion #1). The project with the best TFCA Funding Effectiveness will receive priority.

Available Regional Funds will be allocated to projects beginning with the highest ranking project and proceeding in sequence to lower-scoring projects, to fund as many eligible projects as available funds can fully cover. 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. Any remaining available 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.

#### □ **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 (both Regional Funds and County Program Manager Funds combined) will be divided by the estimated lifetime emissions reduction for the project. The estimated lifetime emission reduction is the sum of reactive organic gases (ROG), oxides of nitrogen (NO<sub>x</sub>), and weighted particulate matter<sup>1</sup> (PM<sub>10</sub>) that will be reduced over the life of the

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<sup>1</sup> Particulate matter (PM<sub>10</sub>) emissions includes tailpipe PM, as well as brake particles, tire particles and re-entrained road dust. Consistent with CARB methodology to calculate PM emission reductions for the Carl Moyer Program, weighted PM emissions will be calculated by

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

**□ Criterion 2: Other Project Attributes [maximum 15 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 project applications have been received and reviewed.

**□ Criterion 3: Clean Air Policies and Programs [maximum 10 points]**

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adding the tailpipe PM multiplied by a factor of 10, plus the sum of tire, brake, and road dust PM.

The purpose of this criterion is to recognize and encourage 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.

□ **Criterion 4: Disadvantaged Community [maximum 10 points]**

This criterion will award a maximum of 10 points (sliding scale 0-10 points) for projects that directly reduce emissions in economically disadvantaged communities. For purposes of this criterion, economically disadvantaged communities are defined in a report entitled A Guide to the Bay Area's Most Impoverished Neighborhoods, prepared for the Bay Area Partnership by the Northern California Council for the Community. Forty-six disadvantaged communities throughout the Bay Area are identified. To qualify for points, the project must directly benefit one or more of these communities. The project sponsor must 1) identify the census tracts in the disadvantaged community that will benefit from the project, 2) specify the percentage of project resources or services that will be delivered to the identified disadvantaged community, and 3) provide a clear explanation as to how the project directly benefits residents in that community. The number of points awarded will be based upon the percentage of project resources that directly benefit the community and the extent to which the project sponsor demonstrates this benefit.

□ **Criterion 5: Promote Alternative Transportation Modes [maximum 5 points]**

This criterion will award a maximum of 5 points (sliding scale 0-5 points) for projects that promote alternative modes of transportation (e.g., transit, ridesharing, bicycling) and reduce single occupant vehicle trips by the general public: e.g., shuttle services, ridesharing, bicycle facility improvements, and "smart growth" projects. The number of points awarded will be based upon the Air District's estimate of the number of project users or beneficiaries.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Inter-Office Memorandum**

To: Chairperson Haggerty and  
Members of the Mobile Source Committee

From: Gary Kendall  
Acting Director of Planning and Research

Date: February 3, 2005

Re: Reallocation of a Portion of the 2004 Lower-Emission School Bus  
(LESB) Program Funds

**RECOMMENDED ACTION**

Recommend Board approval of LESB Program funds reallocation to allow the purchase of new clean diesel school buses with the remaining \$624,268 of Transportation Fund for Clean Air (TFCA) funds allocated to the LESB Program 2004 cycle.

**BACKGROUND**

The Air District has administered the LESB Program in collaboration with the California Air Resources Board (CARB) since fiscal year (FY) 2000/01. The goal of this program is to reduce school children's exposure to cancer-causing and smog-forming pollution. An October 2003 study by UC Riverside and UCLA, funded by the South Coast Air Quality Management District, found that school children riding in older diesel buses may be exposed to pollution levels two to five times higher than students riding in new, cleaner buses. Through a combined approach of replacing and retrofitting older school buses, the program reduces emissions of both particulate matter (PM) and oxides of nitrogen (NOx).

In June 2004, the Air District received \$900,000 from CARB for the continuation of the LESB Program. This represents the final allocation of the Proposition 40 bond revenues earmarked for school bus replacements. With CARB's approval, the Air District decided to allocate this funding towards replacing old diesel school buses with new-technology diesel buses that use ultra-low sulfur diesel fuel and are equipped with diesel particulate filters (DPF) and meet CARB's 2007 PM emissions standard because there is currently a strong demand for clean diesel buses from the Bay Area public school districts. On March 3, 2004, the Air District Board approved the allocation of \$1 million of 2003/2004 TFCA Regional Funds to the 2004 LESB Program funding cycle for the purchase of new alternative fuel school buses.

With the combination of these two funding sources (CARB and TFCA funds), the Air District had approximately \$1.9 million available in the 2004 LESB Program funding cycle to assist public school districts in replacing older high-emitting school buses. Most of the available funding is allocated consistent with the requirements of the CARB's Lower-Emission School Bus Program. Table 1 provides a summary of the funding sources, amounts, proposed for use in this cycle, and the status of funding to date.

**Table 1**  
**Funding for Lower-Emission School Bus Program (2004 funding cycle)**

Funding Source	Amount of Funding	Proposed Use	Amount Awarded	Amount Remaining
Transportation Fund for Clean Air – FY 2003/2004 funds	\$1,000,000	Purchase of new Alternative Fuel School Buses	\$375,732	\$624,268
Proposition 40 Revenue Bonds	\$900,000	Purchase of new Alternative Fuel or Clean Diesel School Buses	\$835,713	\$64,287
Total	\$1,900,000		\$1,211,445	\$688,555

DISCUSSION

In December 2004, the Air District awarded a total of \$1,211,445 in 2004 LESB Program funding to six public school districts to replace older high-emitting school buses in their fleets. Due to the large number of applications requesting new clean diesel school buses that the Air District received on the first day the applications were accepted, staff conducted a lottery to award grants for new clean diesel buses. No lottery was necessary to award grants for new compressed natural gas (CNG) buses, which qualify as alternative fuel vehicles, because the requested funds did not exceed the available funds.

Table 2 provides a summary, by school district, of the number of school buses and the funding amounts awarded through the 2004 LESB Program funding cycle to date. The data in Table 2 show that the 2004 LESB Program funding available to purchase new clean diesel buses has been almost fully expended.

**Table 2**  
**LESB Program Funds Awarded in 2004 Funding Cycle (through 2/03/05)**

School District	Type of Bus	No. of Buses	Allocated Funding	Funding Source
West County Transportation Agency	CNG	1	\$107,514	TFCA
Newark Unified School District	CNG	2	\$268,218	TFCA
Antioch Unified School District	Diesel	2	\$176,236	Prop. 40
Cupertino Union School District	Diesel	1	\$88,118	Prop. 40
Sonoma Valley Unified School District	Diesel	3	\$262,005	Prop. 40
Morgan Hill Unified School District	Diesel	3	\$309,354	Prop. 40
TOTAL			\$375,732	
	CNG	3	<u>\$835,713</u>	
	Diesel	9	\$1,211,445	



**Reallocation of TFCA portion of 2004 LESB Program to fund new clean diesel school buses**

The Bay Area public school districts continue to show greater interest in replacing their oldest vehicles with new clean diesel buses than with other alternative fuel vehicles. There are additional grant applications for new clean diesel school buses that cannot be approved due to the lack of funding, and staff has not received any new applications requesting grants to purchase alternative fuel buses. If the remaining TFCA funds for the 2004 LESB Program are not reallocated, only five (5) old diesel buses can be replaced, whereas seven (7) additional old diesel buses can be replaced with new clean diesel buses if the remaining \$624,268 of TFCA funding for the LESB Program is reallocated to fund the purchase of new clean diesel buses. The difference is due to the higher cost of CNG buses. The cost effectiveness of funding the purchase of additional new clean diesel buses meets the TFCA policy required level of \$90,000 per ton of reduced emissions or less.

Based on the above-mentioned reasons, staff recommends that all remaining LESB Program funds be reallocated to fund the purchase of new clean diesel buses as well as alternative fuel buses until the available funds are expended. This will increase the number of older diesel school buses removed from the region that may otherwise continue to service school children, and help school districts that usually cannot voluntarily replace older buses without public grants assistance. The old diesel school buses slated for replacement range from model year 1969 to 1986.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Gary Kendall  
Acting Director of Planning and Research

FORWARDED: \_\_\_\_\_

Prepared by: Karen Chi  
Reviewed by: Juan Ortellado

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
Inter Office Memorandum

To: Chairperson Haggerty and  
Members of the Mobile Source Committee

From: Gary Kendall  
Acting Director of Planning and Research

Date: February 3, 2005

Re: Implementation of the Year 7 Carl Moyer Grant Program in the San  
Francisco Bay Area

RECOMMENDED ACTIONS

- 1) Recommend Board approval of the Air District's participation in implementing the California Air Resources Board's (CARB) Year 7 Carl Moyer Program (Fiscal Year 2004-05) in the San Francisco Bay Area.
- 2) Recommend that the Board authorize the Executive Officer/APCO to enter into necessary contracts with the California Air Resources Board and with approved applicants to implement the Year 7 Carl Moyer Program in the San Francisco Bay Area.
- 3) Recommend Board approval of procedures for allocating the Year 7 Carl Moyer Program incentives in the Bay Area.

BACKGROUND

The Bay Area Air Quality Management District (Air District) has participated in the Carl Moyer Program, in cooperation with the California Air Resources Board, since the Program began in fiscal year (FY) 1998-99. The Carl Moyer Program provides grants to public and private entities to reduce emissions from existing heavy-duty diesel engines by either replacing or retrofitting them. Carl Moyer Program grants are awarded to cover some, or all, of the incremental cost to purchase new, low-emission engines, or to repower or retrofit existing engines and vehicles. Eligible heavy-duty diesel engine applications include on-road trucks and buses, off-road equipment, marine vessels, locomotives, stationary agricultural pump engines, forklifts, and airport ground support equipment. To date, the Air District has allocated over \$12.3 million to 68 projects, achieving estimated annual emission reductions of 773 tons of oxides of nitrogen (NOx) and 46 tons of particulate matter (PM).

## DISCUSSION

Several bills enacted in the 2004 legislative session (SB 1107, the State Budget; AB 923, Firebaugh; and AB 1394, Levine) mandated significant changes to the Carl Moyer Program, as summarized below.

**Funding Source:** SB 1107 and AB 923 contained provisions to establish a dedicated funding base for the Carl Moyer Program through the year 2014. Funding for the Carl Moyer Program will be generated through a combination of Smog Check waiver fees and fees on new tires sold in the state. When fully implemented (in FY 2005/06), these new fees are expected to generate approximately \$80 million per year on a statewide basis. (Note: the increase in funding for the Carl Moyer Program is separate from the new \$2 per vehicle surcharge that will come directly to the Air District, effective July 1, 2005. This new \$2 vehicle surcharge, which is expected to generate approximately \$11 million per year, can also be used for heavy-duty diesel emission reduction projects.)

**Eligible Project Types:** Several new project types were made eligible by AB 923 and AB 1394, including fleet modernization projects, additional agricultural sources; and scrappage or repair of light-duty vehicles.

**Calculating Emission Reductions:** Per AB 923, reductions of particulate matter (PM) and reactive organics (ROG) will be included in calculating the emission reductions for Carl Moyer projects, in addition to NOx. Also, in a recent Carl Moyer Program Advisory, CARB has directed that tailpipe (combustion) PM emissions should be weighted by a factor of ten in calculating aggregate emissions reductions, to better reflect the negative impact of diesel PM on public health.

**Allocation Formula:** The Air District contains close to 20% of the state's population, yet historically has only received roughly 10% of the Carl Moyer Program funding. After multiple years of being assured by other air districts and CARB that change was imminent, AB 923 established a formula to allocate Carl Moyer Program funds among the air districts throughout the state. The formula was intended to reflect the outcome of discussions brokered through the California Air Pollution Control Officers Associations (CAPCOA). Based on the CAPCOA discussions, the formula was expected to allocate approximately 15% of the total Carl Moyer Program funds statewide to the Air District. However, when CARB used the formula written into AB 923 to allocate funds for the Year 7 Carl Moyer Program, the Air District's share came to less than 9% of the total funds. Air District staff continues to work with both CAPCOA and CARB to address this inequity. In the short term, one potential partial solution to this problem would be for CARB to distribute the statewide funds (10% of the total) in geographic regions with both significant diesel risk and dense populations, which in combination create a major public health problem. Staff will keep this Committee and the Board informed of whether these efforts are successful in increasing the share of total Carl Moyer Program funds expended to reduce emissions in the Bay Area.

Amount of Funding Available

CARB has allocated \$2,535,525 in Carl Moyer Program funding to the Air District for the Year 7 (FY 2004/05) program. This consists of \$2,478,161 to be awarded by the Air District to projects that reduce emissions from heavy-duty diesel engines, plus \$57,364 to help cover the Air District's administrative and outreach expenses related to the Carl Moyer Program. The Air District's funding share represents 9.4% of the \$26.4 million that will be distributed directly to air districts statewide<sup>1</sup>. (Because several districts chose not to accept their full shares of Moyer Program funds as originally proposed by CARB, the Air District's final share was increased compared to its initial proposed share of approximately 8.8 % or \$2.3 million which was calculated based upon the AB 923 allocation formula.) Additional funds may become available for reprogramming, if any existing Carl Moyer Program grants awarded by the Air District in prior cycles are cancelled or completed under budget prior to the next call for projects.

Procedures to Allocate Carl Moyer Program Funds

CARB has embarked upon a workshop process to update the Carl Moyer Program guidelines, as necessary to implement the provisions of the bills mentioned above. CARB staff plans to bring the revised Carl Moyer guidelines to the CARB governing board for review in November 2005. To allocate Carl Moyer Program funds in the Year 7 cycle, CARB has directed air districts to use the Carl Moyer guidelines issued September 30, 2003, as updated by subsequent interim Program Advisories. Based upon current guidelines, all projects must achieve a cost-effectiveness of \$13,600 or less per ton of reduced emissions (NO<sub>x</sub>, ROG, and PM combined) in order to be eligible to receive Carl Moyer Program funding. The Air District's basic process for allocating Year 7 Carl Moyer Program funds is summarized in Attachment A.

The Carl Moyer Program funds will continue to be distributed in accordance with California Health and Safety Code Section 43023.5, which requires that at least 50% of funds be allocated to projects to reduce emissions in those areas with the most significant exposure to air contaminants.

Proposed Schedule

Staff plans to issue a call for Carl Moyer Program applications in summer 2005, and to bring a list of recommended projects to the Mobile Source Committee for review and approval in fall 2005.

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<sup>1</sup> In addition to the \$26.4 million that will be allocated directly to air districts statewide, CARB has reserved \$2.9 million (10% of total Carl Moyer Program funds) to be awarded to inter-district projects. The total available funding of approximately \$30 million for the FY 2004/05 Carl Moyer Program represents the revenues from a partial year of the new Carl Moyer Program funding sources.

BUDGET CONSIDERATION / FINANCIAL IMPACT

The Carl Moyer Program distributes “pass-through” funds from CARB to private companies and public agencies on an invoice basis. Therefore, the project grant funds do not directly impact the Air District’s budget. Staff costs for the administration of the Carl Moyer Program will be included under Program 607 – Mobile Source Grants in the proposed FY 2005/2006 Budget. CARB has allocated \$57,364 to the Air District to be used to cover administrative and outreach costs related to the Carl Moyer Program.

The Air District is obligated to match each \$2.00 received from the Carl Moyer Program with \$1.00 in local funds. The Air District meets this obligation through the expenditure of Transportation Fund for Clean Air revenues on low-emission heavy-duty vehicle projects sponsored by local public agencies. As such, the local match requirement will have no impact on the Air District’s budget.

In previous years, the Air District’s administrative and outreach costs related to the implementation of the Carl Moyer Program were not covered by the funding provided by CARB. The \$57,364 in Year 7 funds allocated by CARB for this purpose will reduce the use of the Air District’s limited general revenues.

Respectfully submitted,

Gary Kendall  
Acting Director of Planning and Research

FORWARDED: \_\_\_\_\_

Prepared by: David Burch  
Reviewed by: Juan Ortellado

## Attachment A

### Proposed Procedures to Allocate Year 7 Carl Moyer Program Funds

The proposed procedures for distributing the Carl Moyer Program funds in the Bay Area for the Year 7 cycle are summarized below.

1. The Air District will comply with the program and project requirements and methodologies set forth in CARB's "Carl Moyer Program Guidelines," issued September 30, 2003, and subsequent Carl Moyer Program Advisories issued by CARB.
2. The Air District will accept applications for any eligible engine type as established by CARB. The Air District, at its sole discretion, may disqualify a project from consideration if it finds that the project is ambiguous, speculative, or that implementation may not be in compliance with Air District or CARB policies.
3. All applications will be reviewed and ranked by Air District staff from the most cost-effective to the least cost-effective, based upon CARB guidelines and methodology. Funding will be awarded to the most cost-effective projects, but in no case will a grant be awarded to any project with a cost-effectiveness above \$13,600 per ton of emissions reduced (NOx, ROG, and PM).

The California Health and Safety Code Section 43023.5 requires the Air District to distribute at least 50% of the Carl Moyer Program funds in those areas with the most significant exposure to air contaminants. Funding will be awarded on a competitive basis, with the most cost-effective projects generally receiving the available incentives. However, Air District staff may propose adjustments to the award rankings in order to fully comply with the requirements of this state law.

4. No applicant is guaranteed funding. Actual reimbursement of project costs by the Air District is conditional upon receipt of adequate funding from CARB.
5. The list of projects recommended for Year 7 Carl Moyer Program grants will be forwarded for review and approval by the Air District's Mobile Source Committee and the full Board of Directors. Applicants will receive formal notification of their incentives within fifteen (15) working days from the Board of Directors approval of their grant applications.
6. A successful applicant will have thirty (30) days from the date that the Air District issues a funding agreement governing the grant to sign the agreement. Failure to sign the funding agreement within thirty (30) days may result in the forfeiture of the incentive.
7. Grant recipients will be required to properly destroy any old diesel engine replaced with a Carl Moyer Program incentive.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
Memorandum

To: Chairperson Haggerty and  
Members of the Mobile Source Committee

From: Gary Kendall  
Acting Director of Planning and Research

Date: February 3, 2005

Re: Amendment to Transportation Fund for Clean Air Alameda County  
Program Manager Expenditure Program

**RECOMMENDED ACTION**

Recommend Board approval of the allocation of \$75,000 of Transportation Fund for Clean Air (TFCA) funds as an amendment to the fiscal year (FY) 2004/05 Alameda County Program Manager TFCA expenditure program, awarding:

- \$75,000 in additional funding to the City of Hayward for the Arterial Management, Interconnect System project number 96ALA08. With the additional funding, the total TFCA funding for this project increases from \$350,259 to \$425,259. Currently the Alameda County Program Manager unallocated funds balance is \$1,209,348 and the requested \$75,000 of additional funding will be allocated from this balance.

**BACKGROUND**

In July 2004, the Air District Board approved three projects totaling \$1,004,008 in TFCA Program Manager funding for the Alameda County Congestion Management Agency (ACCMA). This left an unallocated balance of \$1,209,348 in Alameda County Program Manager funds. The ACCMA has requested the allocation of \$75,000 from this balance to TFCA project number 96ALA08.

**DISCUSSION**

On July 17, 1996, the Air District Board originally approved \$101,431 in TFCA Program Manager funding for project number 96ALA08. TFCA project number 96ALA08 is the City of Hayward's Arterial Management, Interconnect System (consisting of Hesperian Boulevard, Winton Avenue, Soto Road, and D Street).

On October 22, 1998 the ACCMA Board of Directors consolidated three City of Hayward projects (96ALA08, 97ALA13, and 98ALA09) into one project and added an additional \$14,733 in funding. The resulting total TFCA Program Manager funding for the project number 96ALA08 was \$350,259.

On October 28, 1999 the ACCMA Board approved an additional \$75,000 in project funding from FY2000/01 Program Manager funds for TFCA project number 96ALA08, bringing the project funding total to \$425,259; however, this additional funding was not

requested in writing to be allocated from Alameda County FY2000/01 Program Manager funds and thus was not approved by the Air District.

On November 10, 2004 the ACCMA submitted a letter to the Air District requesting that the approval of the allocation of the additional \$75,000 in TFCA Alameda County Program Manager funds for 96ALA08 be presented at the next meeting of the Mobile Source Committee. The project is eligible for TFCA funding and met the Board- approved TFCA policies. Staff recommends that the Mobile Source Committee recommend Board approval of the allocation of \$75,000 in TFCA Program Manager funds to project 96ALA08.

**Aggregate Cost-Effectiveness Calculation**

At the time of project approval in 1996, the aggregate cost-effectiveness calculation was not in effect. The project does meet the individual cost-effectiveness threshold that was in place at the time of funding approval.

**BUDGET CONSIDERATION/FINANCIAL IMPACT**

None. Currently the Alameda County Program Manager unallocated funds balance is \$1,209,348 and the requested \$75,000 of additional funding will be allocated from this balance.

Respectfully submitted,

Gary Kendall  
Acting Director of Planning and Research

FORWARDED: \_\_\_\_\_

Prepared by: Vanessa Mongeon  
Reviewed by: Juan Ortellado