



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

TIM SMITH - CHAIR
TOM BATES
JERRY HILL
PATRICK KWOK
GAYLE B. UILKEMA

JAKE McGOLDRICK – VICE CHAIR
SCOTT HAGGERTY
CAROL KLATT
JOHN SILVA

**THURSDAY
SEPTEMBER 27, 2007
9:30 A.M.**

**FOURTH FLOOR CONFERENCE ROOM
DISTRICT OFFICES**

AGENDA

1. **CALL TO ORDER - ROLL CALL**
2. **PUBLIC COMMENT PERIOD** (*Public Comment on Non-Agenda Items Pursuant to Government Code § 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 Committee's subject matter jurisdiction. Speakers will be limited to three (3) minutes each.
3. **APPROVAL OF MINUTES OF JULY 18, 2007**
4. **VEHICLE BUY BACK PROGRAM – ANNUAL REPORT**

J. Colbourn/5192
jcolbourn@baaqmd.gov

The Committee will receive the 2007 annual report on the Vehicle Buy Back Program, including a report on dismantlers' advertising rates.
5. **VEHICLE BUY BACK PROGRAM – REGULATION AMENDMENTS, PROPOSED CHANGES TO THE PROGRAM, DIRECT MAIL CONTRACT INCREASE**

J. Colbourn/5192
jcolbourn@baaqmd.gov

The Committee will consider staff recommendations that the Board of Directors 1) incorporate the amended Voluntary Accelerated Light-Duty Vehicle Retirement (VAVR) Program regulations into the VBB Program, 2) approve a change in the eligibility requirement, 3) authorize the amendment of the current dismantler contracts, and 4) authorize an increase in the contract amount by \$111,000 to continue the program's direct mail campaign.
6. **TRANSPORTATION FUND FOR CLEAN AIR – AMENDMENT TO SANTA CLARA PROGRAM MANAGER EXPENDITURE PROGRAM**

J. Colbourn/5192
jcolborun@baaqmd.gov

The Committee will consider staff recommendation that the Board of Directors approve an allocation of Santa Clara County Program Manager funds.

7. **AIR QUALITY PERFORMANCE TARGETS FOR THE REGIONAL TRANSPORTATION PLAN (RTP) UPDATE (T2035)**

H. Hilken/4642

hhilken@baaqmd.gov

The Committee will receive an update on the Metropolitan Transportation Commission's RTP along with the Air District's recommendations on performance targets.

8. **COMMITTEE MEMBER COMMENTS/OTHER BUSINESS**

Any member of the Committee, 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).

9. **TIME AND PLACE OF NEXT MEETING:** 9:30 A.M., Thursday, October 25, 2007

10. **ADJOURNMENT**

**CONTACT CLERK OF THE BOARDS - 939 ELLIS STREET
SAN FRANCISCO, CA 94109**

**(415) 749-4965
FAX: (415) 928-8560
BAAQMD homepage:
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 three 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 Tim Smith and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 5, 2007

Re: Mobile Source Committee Draft Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Mobile Source Committee meeting of July 18, 2007.

DISCUSSION

Attached for your review and approval are the draft minutes of the July 18, 2007, Mobile Source Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

**Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 749-5000**

DRAFT MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
Immediately Following Budget & Finance Committee Meeting
Wednesday, July 18, 2007

1. Call to Order – Roll Call: Director Tom Bates called the meeting to order at 10:51 a.m.

Present: Jake McGoldrick, Vice-Chairperson (10:55 a.m.); Tom Bates, Jerry Hill, Patrick Kwok, John Silva, Gayle B. Uilkema.

Absent: Scott Haggerty, Carol Klatt, Tim Smith.

Also Present: Pamela Torliatt.

2. Public Comment Period: There were none.

3. Approval of Minutes of April 25, 2007: Director Kwok moved approval of the minutes; seconded by Director Hill; carried unanimously without objection.

4. Transportation Fund for Clean Air (TFCA) County Program Manager Expenditure Plans for Fiscal Year 2007/2008, and Certain Prior Fiscal Years: *The Committee considered recommending Board of Directors' approval of TFCA County Program Manager expenditure plans for fiscal year 2007/2008, and certain prior fiscal years.*

Jack Colbourn introduced the item and noted that an amendment to Table 1, page 5, was at each Committee member's place. The sponsor of project number 07SF15 is the Yellow Cab Cooperative, not the County of San Francisco.

David Wiley, Supervising Environmental Planner, presented the report and provided background information on the County Program Manager expenditure plans.

Committee Vice-Chair Jake McGoldrick arrived at 10:55 a.m.

Mr. Wiley discussed the project evaluation guidelines, the expenditure plans for fiscal year 2007/2008, and the proposal to exchange TFCA funds in Alameda and Santa Clara counties with Congestion Mitigation and Air Quality (CMAQ) funds. Tables 1 and 2 were reviewed, along with the cost-effectiveness and emission reductions that will be achieved.

Staff recommended that the Committee recommend Board of Directors approval of the following:

- Fiscal year 2007/2008 TFCA County Program Manager projects listed on Table 1, as amended to replace the County of San Francisco as the project sponsor of Project No. 07SF15 with the Yellow Cab Cooperative;
- Exchange \$853,354 and \$1,070,778 of the fiscal year 2007/2008 TFCA County Program Manager funds of the Alameda and Santa Clara County Program Managers, respectively, with CMAQ funds; and
- Amend TFCA County Program Manager Expenditure Plans for fiscal year 2005/2006 and fiscal year 2006/2007 for the Contra Costa Transportation Authority.

Committee Action: Director Silva moved the staff recommendation with the amended page 5 of Table 1 as stated; seconded by Director Bates.

The following individual spoke on this agenda item:

Marcella Ronsi
VTA
San Jose, CA 95134

The motion then carried unanimously without objection.

- 5. Transportation Fund for Clean Air Regional Fund Projects Auditor Selection:** *The Committee considered recommending Board of Directors' approval to award a contract of up to \$168,600 to the firm of Caporicci & Larson to perform an audit of TFCA Regional Fund projects.*

Andrea Gordon, Senior Environmental Planner, presented the report and provided background information on the auditor selection process. Ms. Gordon noted that Health and Safety Code Section 44242 requires that a fiscal audit of TFCA-funded projects be performed at least once every two years. A Request for Proposals was issued and the District received four proposals by the deadline. The criteria for evaluation of the proposals were provided to the Committee and it was noted that the criteria includes a new green/local business element.

Staff recommended that the Committee recommend Board of Directors approval of the following:

- The selection of Caporicci & Larson to conduct the fiscal audits of TFCA Regional Fund projects; and
- Authorization for the Executive Officer/APCO to execute a contract with Caporicci & Larson to conduct TFCA fiscal audit services, the contract for which shall conform with the policies and requirements of the Air District and shall not exceed \$168,600.

Committee Action: Director Hill moved the staff recommendation; seconded by Director Silva; carried unanimously without objection.

- 6. Status of Carl Moyer Program Audits:** *Staff presented a status report on the Carl Moyer Program audits.*

Jack Broadbent, Executive Officer/APCO, introduced the item and stated that the three separate Carl Moyer audit reviews have been completed; the Air District is responding to the audits; and the District will be hiring personnel to assist the District in meeting the required actions.

Jeff McKay, Chief Financial Officer, reviewed the required actions. The areas requiring action include past project funding, program execution and oversight, financial record keeping, recipient oversight, and additional techniques to measure effectiveness of outreach.

Mr. Broadbent stated that there were a series of recommendations from the three audits relative to how the District administers the program. There are extensive guidelines regarding how Carl Moyer money should be spent. Most of the recommendations and required actions deal with “shoring up” what has been done relative to these guidelines. All of the projects will need to be reviewed and additional documentation will be needed. Mr. Broadbent discussed the recommendations regarding additional staff, additional outreach, and improving the effectiveness of the program.

Committee Action: None. This report provided for information only.

7. **Committee Member Comments/Other Business:** There were none.
8. **Time and Place of Next Meeting:** At the Call of the Chair.
9. **Adjournment:** The meeting adjourned at 11:25 a.m.

Mary Romaidis
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Tim Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 20, 2007

Re: Vehicle Buy Back Program – Annual Report and Report on the Vehicle
Dismantlers’ Advertising Rates

RECOMMENDED ACTION

Consider recommending Board of Directors receive and file the 2007 Vehicle Buy Back (VBB) Program Annual Report, including summary information on the VBB dismantlers’ advertising rates.

BACKGROUND

This report summarizes the Air District’s Vehicle Buy Back Program activities from October 2005 through July 31, 2007.¹ This activities report includes an update on the vehicle dismantlers’ use of advertising funds, as requested by the Mobile Source Committee at its October 16, 2006 meeting.

The Air District’s VBB Program provides a financial incentive to owners of light-duty vehicles to retire their model year 1985 and older light-duty vehicles, which lack modern emission control systems and therefore produce more air pollution than newer cars. Participation in the Program is voluntary. The Air District has informed the public about the VBB Program through its direct mail outreach campaign since 2000 and through advertisements by vehicle dismantlers under contract with the Air District. The Air District uses Transportation Fund for Clean Air (TFCA) and the Mobile Source Incentive Fund (MSIF) monies to fund the VBB Program. The Air District operates the Program in accordance with the Voluntary Accelerated Light-Duty Vehicle Retirement (VAVR) regulations of the California Air Resources Board.

The Air District commenced its VBB Program in June 1996. Since the beginning, the Air District has implemented the Program through contracts with vehicle dismantlers who screen, purchase and destroy eligible vehicles. From June 1996 through the completion of the fiscal year

¹ This time period covers the vehicles purchased by vehicle dismantlers using funds allocated in the Air District’s FY 2005/2006 budget cycle. Due to varying purchasing rates of the vehicle dismantlers, their contracts began and ended at different times, based on their rate of purchasing and number of vehicles included in their vehicle scrapping contracts with the Air District.

(FY) 2004/2005 vehicle scrapping contracts,² the Air District purchased and scrapped 27,348 eligible vehicles. The Air District estimates that the VBB Program has reduced 2,664 tons of reactive organic gases (ROG), 1,368 tons of oxides of nitrogen (NOx), and 17.21 tons of particulate matter (PM) in that time period.

DISCUSSION

A summary with key highlights of the Vehicle Buy Back Program from October 2005 through July 31, 2007 follows.

Emissions Reductions and Program Cost-Effectiveness: The Air District pays vehicle owners \$650 for each eligible vehicle scrapped through the VBB Program. The Program has achieved an estimated cost-effectiveness of \$7,194 per weighted³ ton of reduced emissions for the funds awarded in FY 2005/2006,⁴ which is an increase in Program cost effectiveness of four percent from FY 2004/2005. The total emissions reductions for this time period are 947 tons (595 tons of ROG, 348 tons of NOx and 4 tons of PM).

Vehicle Scrapping Rates: The 2007 calendar year (CY) average vehicle scrapping rate of 426 vehicles per month is 22% less than the CY 2005 average peak rate of 550 vehicles scrapped per month. The steady decline from 2007 (with an average of 458 vehicles scrapped per month in CY 2006) to 2005 is due in part to the decrease in the number of model year 1985 and older vehicles registered in the Bay Area. The scrapping rate decline also reflects the tapering off from the sudden increase of participation during CY 2005, which occurred after November 2004 when the Air District increased the purchase price to the current \$650 per vehicle (from \$500) and expanded the Program-eligible model years to include 1982-1985.

Vehicle Dismantler Scrapping Contracts: In FY 2005/2006, the Air District entered into contracts with the vehicle dismantlers to purchase and scrap 7,968 eligible vehicles, for a total amount of \$7,000,000. The dismantlers operate 21 vehicle buy-back sites. (Environmental Engineering Studies operates ten sites; Pick-N-Pull operates six sites; and Pick Your Part operates five sites.) Due to the declining vehicle purchase and scrapping rate, the last FY 2005/2006 dismantler contract was not completed until August 2007.

In FY 2006/2007, the Air District allocated \$7 million MSIF funds and entered into contracts with the same three dismantlers to continue the VBB Program. At the current (declining) scrapping rate, those funds are not likely to be spent before September 2008. To increase the vehicle scrapping rate and complete the contracts more quickly, staff will recommend amending the Program to include 1986 and 1987 model year vehicles. Additionally, staff will return the Program to a twelve-month calendar year schedule for ease of administration.

² Two contractors completed their work by the end of September 2005; one contractor did not complete its FY 2004/2005 contract until the following January. For 2004/2005, results reported are inclusive of all vehicles purchased through the completion of all FY 2004/2005 contracts, regardless of date of completion.

³ The Air District uses a weighted ton to calculate cost effectiveness: emissions reductions equal the sum of ROG, NOx, and PM eliminated, with the exhaust portion of PM weighted by a factor of 20.

⁴ The FY 2005/2006 VBB Program has only recently been completed and therefore is the latest year for which cost effectiveness can be calculated.

Direct Mail Outreach Campaign: According to Air District surveys of VBB Program participants with vehicles purchased under the Program's FY 2005/2006 contracts, approximately half of them learned of the VVB Program through the direct mail campaign.

The current direct mail contractor has a one-year contract that began in December 2006. As of the end of July 2007, the contractor has delivered more than 130,000 notices to potential participants about the Program and expects to deliver a total of more than 200,000 notices by the end of November 2007.

Advertising Expenditures by Dismantlers: As requested by the Mobile Source Committee, staff has reviewed the advertising expenditures by the three dismantlers participating in the VBB Program. Based on staff's review of the contractors' detailed reports, staff has determined that:

- The Air District pays approximately \$20 in advertising for each vehicle purchased through the Program. Each of the vehicle dismantlers pays VBB Program advertising costs that are approximately twice the amount of funds provided by the Air District.
- Vehicle dismantler surveys of Program participants indicate that, during FY 2005/2006, 23% of participants learned of the Program through the dismantlers' advertising campaigns (e.g., through newspaper ads, radio/television spots, flyers, or billboards and banners). (The Air District developed the survey, which the vehicle dismantlers administer.)
- The Program's advertising costs paid to contractors are similar to the Air District's direct mailing campaign costs. Based on current information, the Air District estimates that it pays the vehicle dismantlers a weighted average⁵ of \$26 in advertising costs for each purchased vehicle and estimates that its average FY 2005/2006 direct mail advertising cost was \$25 for each purchased vehicle.
- The increase from an average \$20 per vehicle to an estimated \$26 per vehicle under the FY 2006/2007 dismantling contracts is the first increase in advertising costs in three years, and the average rate of \$26 per vehicle is 35 to 50 percent lower than the advertising costs paid by the Air District before costs were capped in FY 2004/2005. Prior to instituting a cap, only the FY 1998/1999 contracts had similarly low advertising costs.
- The Air District awarded one contractor an advertising reimbursement rate higher than \$20 per vehicle. The purchasing rate of this contractor is 1.4 and 3.6 times greater than that of the other two contractors, respectively.

Air District staff will conduct a review of the overhead and advertising expenditures of the vehicle dismantlers by the end of the 2008 calendar year to ensure that District funds are being spent appropriately and in accordance with the advertising plans submitted by the dismantlers.

CONCLUSION

The VBB Program continues to be a popular and cost-effective program for reducing air emissions. FY 2005/2006 funds allocated to the VBB Program reduced 947 tons of ozone precursors and particulate matter at a cost effectiveness of \$7,194 per weighted ton. The VBB Program's direct mail campaign continues to attract a high rate of voluntary participants. Air

⁵ Two contractors are reimbursed \$20 per vehicle and one is reimbursed \$32 per vehicle. Based on the advertising amount paid to each vehicle dismantling contractor and the number of vehicles each contractor purchases, the average amount the Air District pays per vehicle is \$26.

District staff believes that the recent decline in the vehicle buy-back rate is due in large part to the decrease in the pool of eligible vehicles over time, which decrease can be addressed through minor Program modifications. Finally, based on information provide by the dismantlers, it appears that the advertising rate being paid by the VBB is appropriate for the number of vehicles attracted.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. VBB Program costs are covered by TFCA and MSIF revenues. Funding for the continuation of the VBB Program was included in the FY 2006/2007 and FY 2007/2008 budgets under Programs 612 and 312, respectively.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Ryan Bell
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Tim Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 20, 2007

Re: Vehicle Buy Back Program—Voluntary Accelerated Vehicle Retirement
Regulation Amendments, Proposed Changes to Increase the Vehicle Purchase
Rate, and Direct Mail Contract Amendment

RECOMMENDED ACTIONS:

Consider recommending Board of Directors' approval to:

- 1) Incorporate the Air Resources Board's amended Voluntary Accelerated Light-Duty Vehicle Retirement (VAVR) regulations into the Vehicle Buy Back Program (VBB).
- 2) Change the VBB eligibility requirements to include 1987 and older model year vehicles.
- 3) Authorize the Executive Officer/APCO to execute amended contracts with vehicle dismantlers to incorporate the requirements of the amended VAVR regulations and the updated Vehicle Buy Back Program vehicle eligibility.
- 4) Authorize the Executive Officer/APCO to execute an amended contract with Direct Mail Center to increase the contract amount by up to \$111,000 in order to continue the Vehicle Buy Back Program direct mail campaign.

BACKGROUND

The Air District has been operating a Vehicle Buy Back (VBB) Program since 1996. According to the California Health and Safety Code, vehicle scrapping programs operated by local air districts must comply with the requirements of the Voluntary Accelerated Light-Duty Vehicle Retirement regulations adopted by the California Air Resources Board (ARB), but have the flexibility to develop individual program guidelines that comply with the VAVR regulations and result in a cost-effective program.

Recently, ARB amended the VAVR regulations. In order to comply with the new VAVR regulations, staff proposes to incorporate the amendments into the Air District's Vehicle Buy Back Program and to amend the current vehicle dismantler contracts to add the new requirements.

Staff has noted that the VBB Program's vehicle scrapping rate has declined steadily since the Spring 2005. Based on current dismantler buy back rates, the \$7 million allocated in FY 2006/2007 to purchase and dismantle vehicles will not be expended until October 2008. In order to increase this buy back rate, staff proposes to expand the VBB Program to accept eligible 1987 and older vehicles. Currently, the program accepts eligible 1985 and older vehicles.

Last, staff intends to extend the contract with Direct Mail Center for one year and recommends increasing the amount of the contract by \$111,000 in order to continue the Vehicle Buy Back Program's successful direct mail campaign.

DISCUSSION

California Air Resources Board Voluntary Accelerated Light-Duty Vehicle Retirement Regulation Amendments

ARB published the amended VAVR regulations in August 2007. The key components of the amended regulations, which the staff proposes to incorporate into the Program, are as follows:

- Owners must maintain the vehicle's registration for a period of 24 consecutive months prior to sale, rather than the previous period of 120 days.
- An owner may sell an otherwise eligible vehicle into the VBB Program that had a lapse in registration of less than 181 days and/or had been placed in planned non-operational status for less than two months in the last 24 months, provided the owner registered the vehicle as "operational" and paid all appropriate registration fees and late penalties to the Department of Motor Vehicles (DMV) at least 90 days prior to the vehicle's sale.
- For the first time, there is a definition of "light-duty vehicle" that is eligible for participation in the VBB Program. ARB defines a light-duty vehicle as a vehicle under 8,500 lbs. in gross vehicle weight (GVW). The District's VBB program has been accepting vehicles up to 10,000 lbs. GVW.
- Vehicles with emission control systems that have been tampered with (i.e., with missing, modified, or disconnected components) are ineligible for the Program.

Air District staff anticipates that as a result of these amendments, there will be a decrease in the vehicles purchased through the VBB Program. The most significant amendment is the change in the length of the registration period. In 2003, ARB reduced the required registration period from 24 months to 180 days. In the months following that change, the number of vehicles purchased by the Air District increased by 30%. The Air District staff anticipates a corresponding decrease in the number of vehicles purchased through the Program with the return of the 24-month registration requirement. The other amendments will also limit the pool of Program-eligible vehicles.

Vehicle Buy Back Program Purchasing Criteria Recommendations

The VBB Program's vehicle retirement rate has dropped 22% since late 2004, when the Air District increased the number of model years accepted and the price paid for each vehicle. The vehicle purchase rate decreased from an average peak of 550 vehicles per month in 2005 to an average of 426 vehicles per month in 2007. In light of this decrease in the number of vehicles purchased and the changes to the VAVR regulation, and given that the VBB Program is one of the Air District's more cost-effective programs for reducing mobile source emissions, staff recommends implementing certain measures that can result in an increase of the vehicle buy back rate.

A significant cause for the recent decline in the vehicle purchase rate is attributable to the decrease in the number of vehicles available for purchase. Currently, model year 1985 and older vehicles registered in the Bay Area are eligible for sale into the VBB Program. Over time the number of these vehicles has declined. The 2006 DMV database used by the VBB Program shows that there are 200,246 vehicles model year 1970-1985 registered in the Bay Area.

Staff recommends expanding the vehicle model years eligible for the VBB Program. Adding 1986 and 1987 vehicles to the VBB Program will increase the pool of eligible vehicles by an estimated 53%. Based on past experience, modifying the program to accept model year 1987 and older vehicles should increase the purchasing rate to over 700 vehicles per month. The additional model years will help to counteract recent declines in purchases and the anticipated impacts of the amended VAVR regulations.

This modification will impact the overall emissions reductions and cost effectiveness of the VBB Program. Retiring more vehicles could achieve an additional emissions reduction of an estimated 276 tons of ozone precursors per year at a cost effectiveness of approximately \$9,090 per ton for the program.¹ Although this is a slight decrease in the cost effectiveness of the VBB Program (\$7,194/ton was realized in fiscal year 2005/2006), the cost effectiveness is still well within the \$14,300/ton limit prescribed in the Carl Moyer Program Guidelines for light-duty vehicle retirement programs.

Implementing the Recommended Changes

If the Board approves incorporation of the amended VAVR regulations into the VBB Program and modifies the list of eligible vehicles to include model years 1987 and older, staff will undertake the following tasks:

- Amend the scope of work contained in the three dismantler contracts to conform the contracts to the amended VAVR regulations and updated vehicle eligibility criteria;
- Modify the California Department of Motor Vehicles (DMV) database used by the VBB Program to include 1986 and 1987 vehicles registered in the Bay Area;
- Utilize the modified DMV database in the direct mail campaign and include the additional model years as part of the scope of the direct mail service provider's outreach work ; and
- Incorporate the Program changes into all applicable documents and promotional materials.

Renewal of Direct Mail Center's Contract for FY 2007/2008

The Air District launched its VBB direct mail campaign in January 2000. The Air District implements the campaign through the use of a contractor, currently Direct Mail Center. In September 2006, the Board of Directors approved that company's contract for \$88,935, with an option to renew the contract for one year at the Air District's discretion.

Direct Mail Center's duties include sorting approximately 200,000 addresses in the DMV database and mailing a VBB Program information letter to owners of model year 1971 – 1985

¹ Consistent with California Air Resources Board guidelines for the Carl Moyer Program, for the purposes of cost effectiveness, emission reductions equal the sum of reactive organic gases, oxides of nitrogen, and particulate matter (PM) eliminated, with the exhaust portion of PM weighted by a factor of 20.

light-duty vehicles that may qualify for the Program. The contractor mails approximately 15,000 to 17,000 VBB Program information letters each month on a semi-monthly basis. The direct mail campaign is a very effective means of notifying potential participants of the VBB Program: more than 50% of the respondents in the Air District's VBB Program survey stated that they learned of the Program through this campaign.

The VBB Program's direct mail campaign is working well. Direct Mail adheres to mailing deadlines consistently and is very responsive to Air District staff requests. Due to the decision to send letters only to owners of vehicles model year 1971 to 1985, the services provided by Direct Mail Center will complete its work under the contract for less than the contract amount (not to exceed \$88,935).

Staff will exercise its discretion to extend Direct Mail's contract for one additional year in order to continue the direct mail campaign. Staff recommends that the Board of Directors approve an increase of \$111,000 to the total amount of the contract. This extension of time and increase of funds will extend the campaign from December 2007 through November 2008. The proposed increase to the contract amount is due to increased operating costs, such as postage rate and paper price increases, as well as the increased number of information mailings if the Board approves the inclusion of model years 1986 and 1987 vehicles in the VBB Program. If the Board does not approve an inclusion of model years 1986 and 1987 to the Program, staff recommends an increase in the contract amount of \$72,000 to cover the increased operating costs.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. Sufficient funds exist in the remaining FY 2006/2007 budget and in the approved FY 2007/2008 budget to implement the recommended changes to the VBB Program and renew the contract with Direct Mail Center.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Ryan Bell
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 20, 2007

Re: Transportation Fund for Clean Air, Amendment to Santa Clara County
Program Manager Expenditure Program

RECOMMENDED ACTION

Consider recommending Board of Directors approval of an amendment to the Transportation Fund for Clean Air (TFCA) Santa Clara County Program Manager fiscal year 2007/2008 expenditure program, to allocate \$526,684 in TFCA County Program Manager Funds for expanding compressed natural gas (CNG) fueling opportunities at the San Jose International Airport.

BACKGROUND

On July 25, 2007, the Air District Board of Directors approved the FY 2007/2008 expenditure program for the Santa Clara County Program Manager. The Program Manager has \$526,684 in unallocated FY 2007/2008 funds available and has requested the Board's approval to add \$526,684 to the expenditure program in order to cover the cost of one project. The new project is described below.

DISCUSSION

As part of its originally-proposed FY 2007/2008 TFCA expenditure program, the Santa Clara County Program Manager included a project to fund a portion of the upgrade of the San Jose International Airport's compressed natural gas (CNG) fueling station. As noted in the Air District's July 11, 2007 staff report, the staff did not propose approval of the project, and the Air District approved the expenditure program without this project. However, since then, the Program Manager has provided the Air District additional information and assurances about the project's anticipated emissions reductions. Importantly, the proposed project now includes enhanced monitoring, which will be required through the funding agreement, in order to verify that the project will achieve the expected emissions reductions.

The proposed project would assist the San Jose International Airport in expanding CNG fueling at its CNG fueling station. This expansion includes an upgrade of its fueling station (including three new CNG storage tanks and greater electrical power capacity) and a targeted outreach program to increase the number of vehicle owners and licensed vehicle operators at the airport who would use CNG and thereby reduce their use of conventional fuels to meet their transportation needs.

TFCA Cost Effectiveness

The estimated cost effectiveness of this project over five years of effective life is \$60,998 per weighted ton of emissions reduced, which is within the \$90,000 per weighted ton threshold established by the Board for TFCA-funded projects.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. TFCA County Program Manager revenues are generated from a dedicated outside funding source and passed through to counties. TFCA allocations do not impact the Air District's general fund or operating budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 21, 2007

Re: Air Quality Performance Targets for the RTP Update (T2035)

RECOMMENDED ACTION:

Receive and file. For information only.

BACKGROUND

The Metropolitan Transportation Commission (MTC) is in the process of updating its Regional Transportation Plan (RTP). MTC staff requested assistance from the Air District in developing air quality related performance targets that would be used in the scenario performance assessment process that MTC plans to conduct for the Regional Transportation Plan update (T2035).

DISCUSSION

Air District staff evaluated existing emission inventory data, air quality monitoring data, State and federal ambient air quality standards and the recently passed Global Warming Solutions Act to identify appropriate air pollutant emission reduction targets that MTC should use in their scenario performance assessment. Staff will update the Mobile Source Committee on this work.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Dave Vintze
Reviewed by: Jean Roggenkamp