

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 771-6000

APPROVED MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
9:30 a.m., Thursday, May 24, 2012

1. Call to Order – Roll Call

Chairperson Scott Haggerty called the meeting to order at 9:30 a.m.

Present: Chairperson Scott Haggerty (telephonically); and Directors Tom Bates, Carole Groom, Carol Klatt, Mary Piepho (telephonically) and Brad Wagenknecht.

Absent: Vice Chairperson Nate Miley; and Directors John Avalos and Edwin M. Lee.

Also Present: None.

2. Public Comment Period: None.

3. Approval of Minutes of April 26, 2012

Committee Action: Director Piepho made a motion to approve the Minutes of April 26, 2012; Director Klatt seconded; carried unanimously without objection.

4. Projects with Proposed Grant Awards Over \$100,000

Damian Breen, Director of Strategic Incentives, introduced Anthony Fournier, Grants Manager of Strategic Incentives, who gave the staff presentation Carl Moyer Program Projects with Proposed Grant Awards over \$100,000, including a brief review of the program to date and a detail of the proposed projects for Carl Moyer Program Year 13.

NOTED PRESENT: Director Bates was noted present at 9:32 a.m.

Committee Comments: None.

Public Comments: None.

Committee Action:

Director Wagenknecht made a motion, seconded by Director Piepho and carried unanimously without objection to recommend the Board of Directors:

1. Approve Carl Moyer Program projects with proposed grant awards over \$100,000; and
2. Authorize the Executive Officer/Air Pollution Control Officer (APCO) to enter into agreements for the recommended Carl Moyer Program projects.

5. Allocation of Mobile Source Incentive Funds for Lower Emissions School Bus Program (LESBP)

Mr. Breen introduced Karen Schkolnick, Air Quality Program Manager of Strategic Incentives, who gave the staff presentation Allocation of LESBP, including background, summaries of 2008 LESBP projects and compressed natural gas (CNG) buses funded through 2007, project demand for CNG tank replacements and funds available, current solicitation and outreach efforts, and recommendations.

Committee Comments:

Director Wagenknecht stated that the presentation was very responsive to the Committee requests at the last meeting. Chairperson Haggerty agreed and expressed his appreciation to staff.

Public Comments: None.

Committee Action:

Director Wagenknecht made a motion, seconded by Director Piepho and carried unanimously without objection to recommend the Board of Directors authorize the Executive Officer/APCO to enter into funding agreements with grantees meeting the requirements of LESBP.

6. Marine Highway Project

Mr. Breen gave the staff presentation Marine Highway Project, including background, a review of the current truck transportation model, the marine highway concept, the current project and its possible emissions reductions, and next steps.

Mr. Breen noted, regarding slide 3, Background, the project was cancelled in January 2010 because the project partner was unable to meet the performance-based milestones, largely due to port tariffs and union issues regarding crew sizes.

Mr. Breen added, regarding slide 5, Marine Highway Concept, that shipping containers can be loaded at significantly greater weights when travelling off-road and will be loaded for travel each direction as opposed to travelling empty.

Committee Comments:

Chairperson Haggerty asked if the additional funding from the Transportation Fund for Clean Air resulted in \$750,000 going back into the Air District's general fund. Jean Roggenkamp, Deputy APCO, responded that it was deposited long ago when the project was canceled and the Air District does not now have the additional funds.

Director Piepho asked, regarding page 3 of the staff report and slide 7, Possible Emissions Reductions, why the net difference for reactive organic gases reflects an increase under the marine highway proposal. Mr. Breen responded that this is a result of the modeling, reported that staff is working to refine that number, and suggested a contributor to the difference in evaporative emissions to be from the varying engine types as ships are generally equipped with Caterpillar engines instead of the better-sealed automobile engines used for truck travel.

Director Groom asked for more information regarding the port tariffs and union issues concerning crew sizes. Mr. Breen responded that all of the ports in the western United States are covered under the longshoreman's contract by which crew sizes are governed but there is some lingering question whether inland ports are subject to the applicable provisions and that a tariff is imposed by the applicable port each time a cargo box lands and there were questions in the past about whether those tariffs can be lifted since a private company will be moving the cargo from one port to the next. John Hummer, Director, U.S. Department of Transportation, Maritime Administration, added that the tariff discussion is actually referring to the harbor maintenance tax, a tax the federal government imposes, and is one that has been deemed likely moot as the two ports in question are in the same coast guard and customs district and the Port of Stockton has unilaterally dropped its usual port tariffs for this project.

Director Wagenknecht expressed his support for the plan but asked why the truck travel model cannot be more fully integrated so there is a full truck heading each direction. Mr. Breen responded that this was proposed before but the cost for that level of integration was deemed significant and infeasible at the time but staff continues to look at it. Mr. Hummer added that there is no container yard in the central valley but an actual or virtual container yard appears to be in the works for the Port of Stockton.

Director Bates asked who would operate the barge. Mr. Breen responded that a request for proposals has been issued. Director Bates replied to confirm that it will be a private company. Mr. Breen responded in the affirmative and added that it may be one of the Air District's grantees, in which case an additional condition may be imposed of having the best available engines on the barge. Director Bates asked if a sensitive crop could utilize the barge service or, in other words, how often it would operate. Mr. Breen responded that it would operate twice weekly, once in each direction, and provide a starting point in moving a fraction of the significant cargo shipping out of the central valley.

Matt Davis, Government Affairs Manager, Port of Oakland, expressed the appreciation of the Port of Oakland for the Air District's efforts, reported that the Port of Oakland is a 57% net export port, with growth mainly in the agricultural sector, something that could capitalize on the marine highway project, that the Port of Oakland is working with its partners in China on the expansion of cold storage facilities, and the Port of Stockton is doing a great deal of marketing and outreach and receiving positive responses.

Mr. Hummer added that the parties are encouraged by the growth in railroad transport in connection with the Port of Stockton in conformance with federal initiatives geared towards transport of grains to export markets, heavy loading will be an incentive for shippers, that a ramp up period will be needed, that barges are currently being retrofitted, and operations should be ready in late July or August.

Director Bates asked the length of the barge trip. Mr. Breen responded eight hours. Director Bates asked about the 13 miles requiring offloading and suggested it is terribly inefficient. Mr. Breen responded that the San Joaquin Valley has some legislation in the state legislature to increase the maximum load of on-road traffic but was unsure if the Air District would be in favor of it as it creates other issues for increased road dust and other air quality concerns. Mr. Breen suggested that the rail line may be extended and even with the inefficiency of trans-loading taken into account, this concept would result in a net improvement in air quality.

Director Piepho suggested a tour of the Port, said there is a direct rail line at the Port of Stockton location and the suggested the concerns about additional emissions and vehicles may be moot if the rail line is used. Director Bates responded that he has been to the Port of Oakland but not the Port of Stockton.

Chairperson Haggerty noted the absence of an environmental impact report. Mr. Davis responded that the Port of Oakland completed a full National Environmental Policy Act and California Environmental Quality Act analysis and offered to provide it. Chairperson Haggerty responded that it was not necessary and asked what was said in the report about the impacts on the levies. Mr. Davis responded that this is the Stockton deep water channel and ancillary service to West Sacramento in later phases, both of which have pretty active movement so there is fairly minimal impact. Mr. Breen interjected that under the larger, initial program, the proposed moves at launch would have accounted for less than 1% of moves in the channel and there is not a significant impact.

Chairperson Haggerty asked if there would be timed loads to avoid prolonged delays in Oakland after leaving Stockton. Mr. Davis responded that timed loads to minimize shipper delays are the goal and part of the logistics challenge for management. Director Haggerty indicated that he would be interested in seeing more information on how this is expected to work to which Mr. Davis agreed. Mr. Breen added that staff will work to provide that information for review at the next Committee meeting.

Mr. Hummer said that the Port of Stockton has retained Savage Services as the management group, a sophisticated company with extensive experience related to large barge operations, and that timely shipping is essential, that the current vision is for cargo to travel both directions, and that the parties are aware that this is a very sensitive market that requires well timed ships.

Public Comments: None.

Committee Action: None; informational only.

Chairperson Haggerty asked Director Wagenknecht to serve as Chair for the remainder of the Committee meeting.

7. Port Drayage Truck Program

Mr. Breen introduced Mr. Fournier who gave the staff presentation Port Drayage Truck Program, including background and reviews of the current drayage truck population, California Goods Movement Bond Program (I-Bond) Year 3 funding, Engine Model Year (MY) 2004 Replacement Program, and Engine MY 2005/2006 Replacement Program.

Mr. Breen interjected, regarding slide 6, I-Bond: Year 3 Funding, that through the tremendous effort by staff, the Air District successfully processed the 950 applications received in the course of three weeks.

Director Wagenknecht asked, regarding slide 7, Engine MY 2004 Replacement Program, if the eligible trucks that did not apply had ceased to operate or found the funding to be inadequate. Mr. Breen said the truck operators had the option to move to over-the-road service and that is what most of them did as the deadline is further out for that service. Chair Pro Tem Wagenknecht suggested that politicians are not the only procrastinators. Mr. Breen suggested that replacement is a big investment for truck operators, there are other options available to them, and the retrofit price is steadily climbing to currently cost between \$70,000 and \$80,000. Chair Pro Tem Wagenknecht suggested that would make the offer of \$10,000 less appealing.

Committee Comments:

Director Groom agreed that if the contract cannot be finalized with Cascade Sierra Solutions then a new request for proposals should be issued. Mr. Breen said staff has been working with Cascade Sierra Solutions on a contract for eight weeks and they are so far unable to secure the trucks at the desired price; staff have looked at other approaches such as offering a scrap program at the same level as the older, dirtier trucks, which is around \$30,000, and found that truck operators come out in a worse position than the program offering \$10,000 plus trade-in value; and staff have gone out to talk with others in the industry and will likely issue, and bring back to the Committee in June, another request for proposals and should that prove unsuccessful, the Air District will need to make some decisions about how to proceed with the program.

Director Bates asked if the Air District can pay more per truck. Mr. Breen responded that the program operates on surplus so it might be up for consideration but because of constricted funding that will mean fewer trucks replaced. Director Bates replied that if the truck operators aren't taking advantage of the current program that may not be a problem. Mr. Breen said that there is also an equity issue in terms of an older, dirtier truck getting the same incentive as a newer truck with fewer emissions and that may be problematic as the Air District's baseline concern is and must be air quality. Director Wagenknecht noted the ramifications in terms of equity related to other Air District programs to which Mr. Breen agreed.

Mr. Davis expressed the appreciation of the Port of Oakland for the work of the Air District and expressed the Port's commitment to continuing to look for ways to support the truck operators in these tough times.

Mr. Breen relayed that the California Air Resources Board (CARB) promised a loan guarantee program and have sold additional bonds so staff will go back to follow up on the loan guarantee program for this portion of truck operators. Chair Pro Tem Wagenknecht suggested that Mr. Breen talk to CARB staff. Mr. Breen agreed.

Mr. Hummer asked if the entire truck or only the engine has to be switched out. Mr. Breen responded that staff did not look at repowers for these particular projects as they are generally not favored by truck operators but should be possible, although very difficult, in staff's experience. Mr. Breen indicated that staff will look into it.

Director Wagenknecht noted that the application processing time by staff is very impressive and asked if staff expect most of the 888 eligible projects to materialize. Mr. Breen responded that their materializing is another question but for many it will depend upon their personal financial circumstances, that he expects a high rate of contract signing, noted that under the CARB agreement the money for anyone who falls out goes back to CARB for reallocation but staff will work to retain it towards next year's funding, and more information will probably be available in late summer.

Public Comments: None.

Committee Action: None; informational only.

8. Committee Member Comments/Other Business:

Director Bates asked if the Committee will reconvene in June to which Mr. Breen responded in the affirmative.

9. Time and Place of Next Meeting: Thursday, June 28, 2012, at Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, CA 94109 at 9:30 a.m.

10. Adjournment: The meeting adjourned at 10:25 a.m.

151 Sean Gallagher

Sean Gallagher
Clerk of the Boards