



BOARD OF DIRECTORS
MOBILE SOURCE AND CLIMATE IMPACTS COMMITTEE

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

COMMITTEE MEMBERS

TERESA BARRETT – CHAIR
MARGARET ABE-KOGA
PAULINE RUSSO CUTTER
LYNDA HOPKINS
KAREN MITCHOFF

DAVID HUDSON – VICE CHAIR
DAVID CANEPA
JOHN GIOIA
DAVINA HURT

THIS MEETING WILL BE CONDUCTED UNDER PROCEDURES AUTHORIZED BY ASSEMBLY BILL 361 (RIVAS 2021) ALLOWING REMOTE MEETINGS. THIS MEETING WILL BE ACCESSIBLE VIA WEBCAST, TELECONFERENCE, AND ZOOM. A ZOOM PANELIST LINK WILL BE SENT SEPARATELY TO COMMITTEE OR BOARD MEMBERS

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WEBINAR ID: 813 6069 3899

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MOBILE SOURCE AND CLIMATE IMPACTS COMMITTEE MEETING AGENDA

MONDAY, NOVEMBER 28, 2022

9:30 AM

1. **Call to Order - Roll Call**
2. **Pledge of Allegiance**
3. **Public Meeting Procedure**

The Committee Chair shall call the meeting to order and the Clerk of the Boards shall take roll of the Committee members.

This meeting will be webcast. To see the webcast, please visit www.baaqmd.gov/bodagendas at the time of the meeting. Closed captioning may contain errors and omissions and are not certified for their content or form.

***Public Comment on Agenda Items:** The public may comment on each item on the agenda as the item is taken up. Members of the public who wish to speak on matters on the agenda for the meeting, will have two minutes each to address the Committee. No speaker who has already spoken on that item will be entitled to speak to that item again.*

CONSENT CALENDAR (Item 4)

4. Approval of the Minutes of October 27, 2022

The Committee will consider approving the draft minutes of the Mobile Source and Climate Impacts Committee Meeting of October 27, 2022.

PRESENTATION(S)

5. Clean Cars For All Program Update

This is an informational item for the Committee to receive an update on the Air District's Clean Cars for All Program. The item will be presented by Anthony Fournier, Technology Implementation Officer, and Tin Le, Supervising Staff Specialist in the Technology Implementation Office.

ACTION ITEM(S)

6. Projects and Contracts with Proposed Grant Awards Over \$500,000

This is an action item for the Committee to consider recommending the Board of Directors approve projects with proposed grant awards over \$500,000 and authorize the Interim Executive Officer/APCO to enter into all necessary agreements with applicants for the recommended projects. This item will be presented by Hanna Muegge, Senior Staff Specialist in the Strategic Incentives Division.

7. Participation in 2022-2023 Carl Moyer Program

This is an action item for the Committee to consider recommending the Board of Directors authorize the Air District to participate in Fiscal Year 2022-2023 of the Carl Moyer Program; adopt a resolution to authorize the Air District's participation in the program; and authorize the Interim Executive Officer/APCO to enter into all necessary agreements to accept, obligate, and expend program funds. This item will be presented by Daniel Langmaid, Senior Staff Specialist in the Strategic Incentives Division.

OTHER BUSINESS

8. Public Comment on Non-Agenda Matters

Pursuant to Government Code Section 54954.3

Members of the public who wish to speak on matters not on the agenda for the meeting, will have two minutes each to address the Committee.

9. Committee Member Comments

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)

10. Time and Place of Next Meeting

At the Call of the Chair.

11. Adjournment

The Committee meeting shall be adjourned by the Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
375 BEALE STREET, SAN FRANCISCO, CA 94105
vjohnson@baaqmd.gov

(415) 749-4941
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the Air District's offices at 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

Accessibility and Non-Discrimination Policy

The Bay Area Air Quality Management District (Air District) does not discriminate on the basis of race, national origin, ethnic group identification, ancestry, religion, age, sex, sexual orientation, gender identity, gender expression, color, genetic information, medical condition, or mental or physical disability, or any other attribute or belief protected by law.

It is the Air District's policy to provide fair and equal access to the benefits of a program or activity administered by Air District. The Air District will not tolerate discrimination against any person(s) seeking to participate in, or receive the benefits of, any program or activity offered or conducted by the Air District. Members of the public who believe they or others were unlawfully denied full and equal access to an Air District program or activity may file a discrimination complaint under this policy. This non-discrimination policy also applies to other people or entities affiliated with Air District, including contractors or grantees that the Air District utilizes to provide benefits and services to members of the public.

Auxiliary aids and services including, for example, qualified interpreters and/or listening devices, to individuals who are deaf or hard of hearing, and to other individuals as necessary to ensure effective communication or an equal opportunity to participate fully in the benefits, activities, programs and services will be provided by the Air District in a timely manner and in such a way as to protect the privacy and independence of the individual. Please contact the Non-Discrimination Coordinator identified below at least three days in advance of a meeting so that arrangements can be made accordingly.

If you believe discrimination has occurred with respect to an Air District program or activity, you may contact the Non-Discrimination Coordinator identified below or visit our website at www.baaqmd.gov/accessibility to learn how and where to file a complaint of discrimination.

Questions regarding this Policy should be directed to the Air District's Non-Discrimination Coordinator, Suma Peesapati, at (415) 749-4967 or by email at speesapati@baaqmd.gov.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

375 BEALE STREET, SAN FRANCISCO, CA 94105

FOR QUESTIONS PLEASE CALL (415) 749-4941

EXECUTIVE OFFICE: MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

NOVEMBER 2022

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Mobile Source and Climate Impacts Committee– CANCELLED AND RESCHEDULED TO NOVEMBER 28, 2022 AT 9:30 A.M.	Thursday	24	9:30 a.m.	Webcast only pursuant to Assembly Bill 361
Board of Directors Mobile Source and Climate Impacts Committee	Monday	28	9:30 a.m.	Webcast only pursuant to Assembly Bill 361
Path to Clean Air Community Emissions Reduction Plan Steering Committee	Monday	28	5:30 p.m.	Webcast only pursuant to Assembly Bill 361

DECEMBER 2022

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Community Equity, Health and Justice Committee	Thursday	1	9:30 a.m.	Webcast only pursuant to Assembly Bill 361
Advisory Council Meeting – CANCELLED & RESCHEDULED TO THURSDAY, DECEMBER 15, 2022 AT 8:30 A.M.	Monday	5	8:30 a.m.	Webcast only pursuant to Assembly Bill 361
Board of Directors Meeting	Wednesday	7	9:00 a.m.	1 st Floor, Board Room (In person option available) <u>and</u> REMOTE pursuant to Assembly Bill 361
Board of Directors Special Meeting - CANCELLED	Wednesday	7	12:00 p.m.	1 st Floor, Board Room (In person option available) <u>and</u> REMOTE pursuant to Assembly Bill 361
Board of Directors Legislative Committee	Monday	12	1:00 p.m.	Webcast only pursuant to Assembly Bill 361
Advisory Council Meeting	Thursday	15	8:30 a.m.	Webcast only pursuant to Assembly Bill 361
Board of Directors Stationary Source and Climate Impacts Committee - CANCELLED	Monday	19	9:00 a.m.	Webcast only pursuant to Assembly Bill 361
Board of Directors Meeting	Wednesday	21	9:00 a.m.	1 st Floor, Board Room (In person option available) <u>and</u> REMOTE pursuant to Assembly Bill 361

DECEMBER 2022

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Administration Committee	Wednesday	21	11:00 a.m.	1 st Floor, Board Room (In person option available) <u>and REMOTE</u> pursuant to Assembly Bill 361
Board of Directors Mobile Source and Climate Impacts Committee - CANCELLED	Thursday	22	9:30 a.m.	Webcast only pursuant to Assembly Bill 361
Board of Directors Budget and Finance Committee - CANCELLED	Wednesday	28	9:30 a.m.	Webcast only pursuant to Assembly Bill 361

MB 11/23/22- 1:23 p.m.

G/Board/Executive Office/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Teresa Barrett and Members
of the Mobile Source and Climate Impacts Committee

From: Sharon L. Landers
Interim Executive Officer/APCO

Date: November 28, 2022

Re: Approval of the Minutes of October 27, 2022

RECOMMENDED ACTION

Approve the attached draft minutes of the meeting of October 27, 2022.

BACKGROUND

None.

DISCUSSION

Attached for your review and approval are the draft minutes of the meeting of October 27, 2022.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Sharon L. Landers
Interim Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

ATTACHMENTS:

1. Draft Minutes of the Mobile Source and Climate Impacts Committee Meeting of October 27, 2022

Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, California 94105
(415) 749-5073

DRAFT MINUTES

Mobile Source and Climate Impacts Committee Meeting
Thursday, October 27, 2022

This meeting was conducted under procedures in accordance with Assembly Bill 361 (Rivas 2021.) Members of the Committee participated by teleconference.

1. CALL TO ORDER – ROLL CALL

Mobile Source and Climate Impacts Committee (Committee) Chairperson Teresa Barrett called the meeting to order at 9:03 a.m.

Present: Co-Chairperson Teresa Barrett; Vice Chairperson David Hudson; and Directors David Canepa, Pauline Russo Cutter, John Gioia, Lynda Hopkins, and Karen Mitchoff.

Absent: Directors Margaret Abe-Koga and Davina Hurt.

2. PLEDGE OF ALLEGIANCE

3. PUBLIC MEETING PROCEDURE

4. APPROVAL OF THE MINUTES OF JULY 28, 2022

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Vice Chair Hurt made a motion, seconded by Director Hopkins, to **approve** the Minutes of the Meeting of July 28, 2022; and the motion carried by the following vote of the Committee:

AYES: Barrett, Canepa, Cutter, Gioia, Hopkins, Hudson, Mitchoff.
NOES: None.
ABSTAIN: None.
ABSENT: Abe-Koga, Hurt.

5. PROJECTS AND CONTRACTS WITH PROPOSED GRANT AWARDS OVER \$500,000

Ken Mak, Supervising Staff Specialist, gave the staff presentation *Projects and Contracts with Proposed Awards over \$500,000* including outcome; outline; Carl Moyer Program (CMP)/Mobile Source Incentive Fund (MSIF), Community Air Protection Program (CAPP), and Funding Agricultural Replacement Measures for Emission Reductions (FARMER); Transportation Fund for Clean Air (TFCA); proposed projects; incentive funds awarded and remaining since July 2022 by project category and county; and actions requested.

Public Comments

None.

Committee Comments

The Committee and staff discussed challenges with electric bus batteries fueled by inductive charging; and whether the Air District is engaging with law enforcement about changing their fleet vehicles to electric vehicles.

Committee Action

Vice Chair Hudson made a motion, seconded by Director Canepa, to recommend the Board **approve** recommended projects with proposed grant awards over \$500,000 and **authorize** the Interim Executive Officer/Air Pollution Control Officer (APCO) to enter into all necessary agreements with applicants for the recommended projects; and the motion carried by the following vote of the Committee:

AYES: Barrett, Canepa, Cutter, Gioia, Hopkins, Hudson, Mitchoff.
NOES: None.
ABSTAIN: None.
ABSENT: Abe-Koga, Hurt.

6. PROPOSED UPDATES TO THE TRANSPORTATION FUND FOR CLEAN AIR COUNTY PROGRAM MANAGER FUND POLICIES FOR FISCAL YEAR ENDING (FYE) 2024

Linda Hui, Supervising Staff Specialist, gave the staff presentation *Proposed Updates to the Transportation Fund for Clean Air County Program Manager Fund Policies for Fiscal Year Ending 2024*, including: outcome; outline; TFCA; timeline for update to the FYE 2024 policies; summary of proposed updates for FYE 2024 general policies; next steps for future cycles; and actions requested.

Public Comments

Public comments were made by Ms. Margaret Gordon, West Oakland Environmental Indicators Project; and Leo Drucker.

Committee Comments

The Committee and staff discussed the Air District’s opinion on Policy #34 (Telecommuting); which project categories and types of projects yield the largest emission reductions; concerns about Policy #30 (Bicycle Projects) that deems bikeways for exclusively recreational use ineligible; and concerns about Policy #12 (Planning Activities) that deems the costs of preparing or conducting feasibility studies ineligible, and whether other Bay Area regional agencies offer grants for such activities.

Committee Action

Vice Chair Hudson made a motion, seconded by Director Hopkins, to recommend the Board **approve** recommended projects with proposed grant awards over \$500,000 and **approve** the Transportation Fund for Clean Air County Program Manager Fund Policies for Fiscal Year Ending 2024; and the motion carried by the following vote of the Committee:

AYES: Barrett, Canepa, Cutter, Gioia, Hopkins, Hudson, Mitchoff.
NOES: None.
ABSTAIN: None.
ABSENT: Abe-Koga, Hurt.

7. INTERSTATE-580 TRUCK ACCESS STUDY UPDATE

Dr. Phil Martien, Assessment, Inventory, & Modeling Division Director, gave the staff presentation *Interstate-580 Truck Access Study Update*, including: outcome; outline; requested action; I-580 truck ban history, and how it creates inequity; air pollution differences between I-880 and I-580; West Oakland Community Action Plan; community questions ban; I-580 Truck Access Study; Air District will help estimate changes in air quality and health impacts; estimating changes in impacts will require new information from the Study; opportunities for new partnerships to reduce traffic impacts; and next steps.

Public Comment

No requests received.

Committee Comments

The Committee and staff discussed concerns about smaller jurisdictions that are adjacent to impacted communities but are perceived to not receive the same attention or resources as the impacted communities; and the suggestion of setting restrictions for through trucks (trucks that pass through a town without having an origin or destination in that town) to avoid impacts into neighborhoods.

Committee Action

None; receive and file.

8. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

9. COMMITTEE MEMBER COMMENTS

None.

10. TIME AND PLACE OF NEXT MEETING

Monday, November 28, 2022, at 9:30 a.m., via webcast, pursuant to procedures in accordance with Assembly Bill 361 (Rivas 2021.)

11. ADJOURNMENT

The meeting adjourned at 10:38 a.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Teresa Barrett and Members
of the Mobile Source and Climate Impacts Committee

From: Sharon L. Landers
Interim Executive Officer/APCO

Date: November 28, 2022

Re: Clean Cars For All Program Update

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Wide-scale adoption of zero-emission vehicles (ZEVs) and the electrification of all types of transportation are essential to achieving local, state, and federal emission reduction targets for greenhouse gases and criteria air pollutants. California has set a goal of five million ZEVs sold by 2030, and the Air District has set a target of 90% of vehicles in the Bay Area being ZEVs by 2050. The Bay Area and California also share the goal to cut greenhouse gas emissions to 80% below 1990 levels by 2050. Additionally, Governor Newsom's 2020 Executive Order N-79-20 sets a goal for 100% of state sales of new passenger cars and trucks to be zero-emission by 2035, which was included as part of the recently adopted California Air Resources Board (CARB) Advanced Clean Cars II Regulation.

At the end of 2021, there were a total of 266,890 ZEVs registered and operating on Bay Area roads, representing 4.95% of the region's light-duty fleet and more than 31% of the state's ZEV population, according to data from the California Energy Commission. Of the ZEVs registered in the Bay Area, 67% were battery electric vehicles (BEVs), 32% were plug-in hybrid vehicles (PHEVs), and 1% were fuel cell electric vehicles (FCEVs). As of Q3 2022, over 17% of new light duty vehicle sales in California were ZEVs signaling a continued interest locally and statewide. The increasing demand for ZEVs and supply chain shortages during the past year have contributed to limited vehicle supply and rising sales prices at dealerships, which have made incentives a key to vehicle affordability.

Through the Clean Cars for All Program (Program or CCFA) the Air District provides incentives for low-income households (up to 400% of the Federal Poverty Level (FPL)) to retire older, high-polluting vehicles and replace them with a newer, cleaner vehicle or with mobility options (e.g. public transit card or e-bikes). Participants may purchase or lease a new or used hybrid electric vehicle, PHEV, BEV or FCEV. A rebate to install a home charger or to purchase a

portable charger is available for participants that purchase a PHEV or BEV through CCFA. Alternatively, participants may opt to retire their vehicle in exchange for funding for public transit or an electric bike. The Program reduces criteria air pollutants and greenhouse gas emissions throughout the Bay Area and supports the goal of equitable access to electric vehicles and clean transportation.

DISCUSSION

The CCFA Program began in 2019 and continues to be a popular and beneficial program that has been supported by a total of \$45 million from a variety of state and local funds. The Air District administers the CCFA program in collaboration with its partners: CARB, GRID Alternatives, a network of 75 vehicle dealers, and two auto dismantlers. CARB requires participating air districts to focus California Climate Investment (CCI) Program funding in disadvantaged communities (based on CalEnviroScreen 3.0) which has limited program eligibility to 76 zip codes in the Bay Area. The demand for the CCFA incentives has steadily increased since the Program began. The Program quickly allocates new funding to qualified low-income residents and is an important tool in achieving our air quality and climate goals.

As of early November 2022, over 3,500 applications have been awarded in the Bay Area. Over 75% of applicants traded in their existing vehicle for a PHEV or BEV, with about 20% of applicants purchasing hybrid vehicles. Of those that purchased vehicles through the Program, 62% purchased new vehicles while 38% purchased used vehicles. About 59% of applicants reside in AB1550 areas and over 80% of the awards made were to applicants with household income less than 225% of the FPL. Finally, 61% of participants live in single-family homes and 29% live in apartments or condos. Additional program details will be provided as part of the staff presentation.

An effective and adaptive outreach campaign is essential to the success of the CCFA program. Working with various stakeholders, staff have participated in 39 in-person events since 2019, and the Program has been promoted throughout the region in numerous media placements and in a range of languages. One highlight was the 2021 Clean Air Day Event, which generated broad media coverage and contributed to a spike in applications and program interest. Additionally, staff have utilized DMV registration data to send out targeted mailers to residents in qualifying zip codes that have a vehicle that's eligible for the Program.

Staff track applicant participant data to gauge program demand, identify gaps in participating group demographics and locations, and to evaluate the effectiveness of outreach methods. Staff pull this data monthly for review, tracking and analysis. Based on this data, staff can adjust outreach methods to attempt to increase demand in underserved communities or participant groups. As an example, staff may increase social media advertising in areas with low participation and decrease advertising in areas where there is high demand. Staff are always available to interested groups/ stakeholders and are always looking for new outreach methods and for more ways to engage local communities.

The CCFA program has grown to be incredibly popular in the region and is successfully making clean transportation achievable for more low-income residents. At times, application volumes have swelled, making it difficult for staff to provide the one-on-one assistance needed to guide applicants through the process and move applications as quickly as we would like. As an example, the 2021 Clean Air Day press event mentioned earlier generated the Program's highest application rates, which created a backlog where it took staff approximately 90 days to review some applications. We recognize that more efficient processing is critical and we are always looking for new ways to improve efficiency as well as add new resources. CARB also recognizes the importance of quicker response times and has indicated that it would be looking to set goals for future processing times that could be as short as 2 weeks. Other challenges that we continue to experience are the availability of new or used vehicles for purchase with many applicants having to request extensions due to manufacturer delivery delays and increasing vehicle costs. The Air District has an open Request for Qualifications to enroll additional dealerships to increase vehicle choices and availability.

FY2023 Funding allocation

In November 2022, CARB notified the Air District that up to \$28 million was available in CCI and General Funds for the Air District's CCFA Program. This funding is available as part of the Fiscal Year 2022-23 Funding Plan for Clean Transportation Incentives which has a total FY 2022-2023 statewide CCFA Program allocation of \$80 million. As part of the 2022-2023 Low Carbon Transportation Funding Plan, CARB is proposing several changes that will impact future implementation for the region. Some of those changes include: higher funding amounts including up to \$2,000 more for participants in disadvantaged communities; expansion to include non-DAC areas; focus on the lowest-income residents (<300% of FPL); and, updates to the survey and data collection processes. Additionally, CARB is looking to expand the Program to other parts of the state that currently do not have a local CCFA program.

This funding will allow the Air District to continue providing incentives to low-income residents in disadvantaged communities to increase access to clean transportation for more residents. Up to 15% of the funds awarded to the Air District may be used to administer the Program, with 10% available to support Air District staff costs to manage applications. The remaining 5% may be used to subcontract with third party entities to assist applicants and help increase participation. The CCFA program was started in 2019 with a \$5 million program allocation from CARB and was supported at the time by 4.5 full-time employees (FTE). Since this time, the Program added \$40 million in funding and is considering acceptance of the highest annual allocation to date (an additional \$28 million). Despite growing program revenues and high public demand, staffing resources still stand at about 4.5 FTEs.

CARB requires the Air District Board adopt a resolution to accept funds before it enters into a contract with the Air District for the Program funds. Staff plan to present a recommendation to the Board of Directors to accept new CCFA Program funding and add staffing to support this Program and other EV programs. Additional staffing would be funded from administrative funds from the new program allocation as well as other grant administrative funds.

BUDGET CONSIDERATION/FINANCIAL IMPACT

These CARB funds are considered “pass-through” funds, which are offered to grantees directly or to reduce the purchase or lease costs for vehicles. Up to 10% of the funds awarded can be used for Air District staff costs and other program costs.

Each cycle of grant funding that is accepted by the Air District creates an obligation of effort that has a typical duration of multiple years, whereby most work occurs in the first two years, involving project solicitation and outreach, awarding, and reimbursements, as well as project monitoring and reporting to CARB. Future years work includes continued project monitoring, reporting to CARB, and enforcement action when needed.

Respectfully submitted,

Sharon L. Landers
Interim Executive Officer/APCO

Prepared by: Tin Le
Reviewed by: Anthony Fournier

ATTACHMENTS:

None

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Teresa Barrett and Members
of the Mobile Source and Climate Impacts Committee

From: Sharon L. Landers
Interim Executive Officer/APCO

Date: November 28, 2022

Re: Projects and Contracts with Proposed Grant Awards Over \$500,000

RECOMMENDED ACTION

Recommend the Board of Directors:

1. Approve recommended projects with proposed grant awards over \$500,000 as shown in Attachment 1; and
2. Authorize the Interim Executive Officer/APCO to enter into all necessary agreements with applicants for the recommended projects.

BACKGROUND

Carl Moyer Program and Mobile Source Incentive Fund

The Bay Area Air Quality Management District (Air District) has participated in the Carl Moyer Program (CMP), in cooperation with the California Air Resources Board (CARB), since the program began in fiscal year 1998-1999. The CMP provides grants to public and private entities to reduce emissions of nitrogen oxides (NOx), reactive organic gases (ROG), and particulate matter (PM) from existing heavy-duty engines by either replacing or retrofitting them. Projects eligible under the CMP guidelines include heavy-duty diesel engine applications such as on-road trucks and buses, off-road construction, agricultural equipment, marine vessels, locomotives, stationary agricultural pump engines, and refueling or recharging infrastructure that supports the deployment of new zero-emission vehicles and equipment. Per AB 1390, at least 50% of CMP funds must be allocated to projects that benefit communities with the most significant exposure to air contaminants or localized air contaminants.

Assembly Bill (AB) 923 (Firebaugh), enacted in 2004 (codified as Health and Safety Code (HSC) Section 44225), authorized local air districts to increase motor-vehicle-registration surcharges by up to \$2 additional per vehicle and use the revenue to fund projects eligible under the CMP guidelines. AB 923 revenue is deposited in the Air District's Mobile Source Incentive Fund (MSIF).

The Board of Directors (Board) authorizes the Air District's participation in each cycle of the CMP, including an allocation of MSIF revenue as match funds.

Community Air Protection Program

In 2017, AB 617 directed CARB, in conjunction with local air districts to establish a new community-focused action framework to improve air quality and reduce exposure to criteria air pollutants and toxic air contaminants in communities most impacted by air pollution. The AB 617 initiative calls for strategies to address air quality issues in impacted communities, including community-level monitoring, uniform emission reporting across the State, stronger regulation of pollution sources, and incentives for reducing air pollution and public health impacts from mobile and stationary sources.

Beginning in fiscal year ending (FYE) 2018, the California Legislature approved funding from the State's Greenhouse Gas Reduction Fund (GGRF), which is used to reduce criteria pollutants, toxic air contaminants, and greenhouse gases, for the Community Air Protection Program (CAPP). CAPP funds may be used to fund projects eligible under the CMP and on-road truck replacements under the Proposition 1B Goods Movement Emission Reduction Program. Following additional approvals from CARB, CAPP funds may also potentially be used to fund stationary source and mobile source projects that have been identified and prioritized by communities with a Community Emissions Reduction Program - Incentives, pursuant to HSC Section 44391.2. At least 80% of CAPP funds must be allocated to projects that benefit disadvantaged communities (Senate Bill (SB)535) and low-income communities (AB 1550).

Funding Agricultural Replacement Measures for Emission Reductions (FARMER)

In February 2018, CARB developed the FARMER Program Guidelines that outline requirements for eligible agricultural equipment replacement projects evaluated under the CMP guidelines, including harvesting equipment, heavy-duty trucks, pump engines, tractors, and other equipment used in agricultural operations. Subsequent updates to the FARMER guidelines expanded eligible projects to include zero-emission demonstration projects and added flexibility for funding zero-emission equipment. Under the California State Budget, GGRF funds are appropriated to CARB for each new cycle of the FARMER program for the continued reduction of criteria, toxic, and greenhouse gas emissions from the agricultural sector.

Transportation Fund for Clean Air

In 1991, the California State Legislature authorized the Air District to impose a \$4 surcharge on motor vehicles registered within the nine-county Bay Area to fund projects that reduce on-road motor vehicle emissions within the Air District's jurisdiction. The statutory authority and requirements for the Transportation Fund for Clean Air (TFCA) are set forth in HSC Sections 44241 and 44242. Sixty percent of TFCA funds are awarded by the Air District to eligible projects and programs implemented directly by the Air District (e.g., Spare the Air program) and to a program referred to as the Regional Fund. The remaining forty percent of the funds are passed through to the designated Bay Area County Program Managers who in turn award TFCA funds to eligible projects within their county. Each year, the Board allocates funding and adopts policies and evaluation criteria that govern the expenditure of TFCA monies. On April 6, 2022, the Board authorized funding allocations for use of the 60% portion of the TFCA revenue in FYE 2023, and cost-effectiveness limits for Air District-sponsored FYE 2023 programs. On May

4, 2022, the Board adopted policies and evaluation criteria for the FYE 2023 Regional Fund program.

For each new CMP, TFCA, CAPP, and FARMER funding cycle, the Board authorizes the Air District’s participation in these programs. The current cycles for these funding sources are shown in Table 1, with initial or estimated revenues, \$117 million of which will be available for funding FYE 23 projects. Applications for grant funding received by the Air District are reviewed and evaluated for eligibility under the respective governing policies and guidelines established by each funding source, e.g., CARB, the Board.

At least quarterly, staff provides updates to the Mobile Source and Climate Impacts Committee on the status of incentive funding for the current fiscal year, including total funding awarded, remaining funds available for award, funds allocated by county and by equipment category type, and percentage of funding benefitting low-income residents and impacted communities, including Air District-identified Community Air Risk Evaluation (CARE) areas, disadvantaged SB 535 communities, and/or low-income AB 1550 communities. The reported award allocations and emissions reduction benefits to counties and impacted communities are based on information provided by applicants, and do not include “regional” projects, where all communities receive benefits, or projects where the location of the benefit has not yet been determined, for example in cases where funds are set aside/allocated but have not yet been awarded (e.g., Vehicle Buy-back Program).

Table 1
Funding Sources and Initial Revenues

Funding Source Cycle	Initial or Estimated Revenue (in Millions)*	Board Authorization Date
CMP Year 23	\$10.7	1/20/2021
CMP Year 24	\$31.2	12/1/2021
CAPP Year 5	\$35.4	12/1/2021
FARMER Year 4	\$ 3.5	12/1/2021
TFCA Regional Fund FYE 2023	\$28.9	4/6/2022
MSIF	\$12.0	n/a
Total	\$121.7	

*Some revenues were partially obligated to projects in FYE22 and therefore full amounts may not be available for award to projects in FYE23.

On April 6, 2022, the Board authorized the Air Pollution Control Office (APCO)/Executive Officer to approve projects with awards up to \$500,000. For all projects with proposed awards greater than \$500,000, staff brings recommendations of these projects to the Board for approval.

DISCUSSION

For the FYE 2023, the Air District had approximately \$117 million available in CMP, MSIF, CAPP, FARMER, and TFCA funds for eligible projects, including prior year funds. This total may change as additional revenues are awarded to the Air District. Under these funding sources, the Air District accepts project applications on a rolling basis and evaluates them on a first-come, first-served basis.

Between September 27, 2022, and October 28, 2022, staff evaluated five new eligible projects with proposed awards of over \$500,000. Three of the projects will install 30 charging stations for on-road trucks, one project will repower three diesel rubber-tired gantry cranes with hybrid technology, and one project will replace a diesel dozer and a diesel excavator to the cleanest diesel standard.

In addition, staff is recommending a sixth project that proposes an increase (change) in the amount awarded to each school bus for a project that was previously approved by the Board on March 2, 2022, for \$4,593,083. The original project involved the replacement of twelve school buses with electric buses and supporting infrastructure. Subsequent to the Board's action, the Oak Grove School District notified staff that the project is being down-scoped to nine buses (instead of 12) and charging infrastructure, with a request to increase the amount of funding for each school bus to cover increased costs due to inflation. The revised project is recommended for an award of \$3,474,877.

The six proposed projects are estimated to reduce over 6.8 tons of NO_x, ROG, and PM emissions per year. Staff recommends approval of the allocation of up to \$8,057,777 for these projects from a combination of CMP, MSIF, CAPP, and TFCA revenues. Attachment 1 provides additional information on the projects. All six projects proposed for approval benefit priority areas.

Attachment 2, updated at least quarterly, lists all eligible projects that have been awarded by the Air District between July 1, 2022, and October 28, 2022, including information about project equipment, award amounts, estimated emissions reductions, community benefits, and project locations. Approximately 96% of these funds have been awarded or allocated to low-income residents or to projects that reduce emissions in CARE, disadvantaged SB 535 communities, and/or low-income AB 1550 communities. The percentage will change over time as the remaining funds are awarded later in the fiscal year and as more complete information about the location of projects and program participants becomes available.

Attachment 3 provides fiscal year facts and figures on the status of funding available and allocations by county and category as of October 28, 2022.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The Air District distributes the CMP, MSIF, CAPP, FARMER, and TFCA funding to project sponsors on a reimbursement basis. All of the projects shown in Attachment 2, including the recommended projects, will be paid for using monies from state and local incentive revenues upon project completion, which is expected within the next one to three years. Funding for the Air District's administrative costs to implement these programs, including evaluating, contracting, processing reimbursement requests, and monitoring projects for multiple years, is provided by each funding source.

Respectfully submitted,

Sharon L. Landers
Interim Executive Officer/APCO

Prepared by: Daniel Langmaid, Jessica DePrimo, and Linda Hui
Reviewed by: Minda Berbeco, Alona Davis, and Karen Schkolnick

ATTACHMENTS:

1. Projects with grant awards greater than \$500,000 (evaluated 9/27/22 to 10/28/22)
2. All projects (awarded, allocated, and recommended 7/1/22 to 10/28/22)
3. Funding Facts and Figures (7/1/22 through 10/28/22)

ATTACHMENT 1

Table 1 - Projects with grant awards greater than \$500k (Evaluated between 9/27/22 and 10/28/22)
Carl Moyer Program, Transportation Fund for Clean Air, Mobile Source Incentive Fund, FARMER, and Community Air Protection Program

Project #	Applicant Name	Project Category	Project Description	Proposed Contract Award	Total Project Cost	Emission Reductions (tons per year)			County	Benefits Priority Area(s)
						NO _x	ROG	PM		
22SBP203*	Oak Grove School District	School Bus	Replace 9 diesel school buses with 9 electric school buses and install supporting charging infrastructure.	\$3,474,877.00	\$4,116,995.08	0.5705	0.0470	0.0035	Santa Clara	Yes
22MOY325	Penske Truck Leasing Co., L.P.	On-road Infrastructure	Install 10 360-kW charging stations (cabinets) with 20 350-kW single-port DCFC dispensers.	\$1,000,000.00	\$3,021,100.00	N/A	N/A	N/A	Alameda	Yes
22MOY326	Penske Truck Leasing Co., L.P.	On-road Infrastructure	Install 10 360-kW charging stations (cabinets) with 20 350-kW single-port DCFC dispensers.	\$1,000,000.00	\$2,906,469.00	N/A	N/A	N/A	Alameda	Yes
22MOY327	Penske Truck Leasing Co., L.P.	On-road Infrastructure	Install 10 charging stations (10 200-kW single-port DCFC dispensers supplied by 2 MW of power from a centralized charging system).	\$1,000,000.00	\$3,144,101.00	N/A	N/A	N/A	San Mateo	Yes
22MOY284	TraPac, LLC	Off-road	Repower 3 rubber-tired gantry (RTG) cranes with hybrid technology.	\$850,500.00	\$2,980,000.00	2.5922	0.2022	0.0828	Alameda	Yes
23MOY1	Ielmorini Custom Spreading, LLC	Off-road	Replace one Tier-0 diesel-powered dozer with one Tier-4 diesel-powered dozer and one Tier-0 diesel-powered excavator with one Tier-4 diesel-powered excavator.	\$732,400.00	\$915,721.00	2.9688	0.3026	0.1775	Marin	Yes
6	Projects			Totals	\$8,057,777.00	\$17,084,386.08	6.131	0.552	0.264	

*A grant award for 22SBP203 was initially approved by the Board on March 2, 2022 for \$4,593,083. The proposed award amount shown here reflects a reduction in the overall project scope and an increase in the price per bus due to inflation. Staff is requesting a grant increase per bus for a total grant increase of \$94,024.

ATTACHMENT 2

Data in this table are updated quarterly. Funds awarded or allocated after the date range below will be reflected in the next quarterly update.

CMP/MSIF, TFCA, FARMER and Community Air Protection Program projects (awarded and allocated between 7/1/22 and 10/28/22)

Project #	Project Category	Project Description	Number of Engines	Proposed Contract Award	Applicant Name	Emission Reductions (tons per year)			County	Board/ APCO Approval Date	Benefits Priority Area(s)	Funding Source ¹
						NOx	ROG	PM				
23R01	Trip Reduction	Enhanced Mobile Source & Commuter Benefits Enforcement	N/A	\$ 150,000	BAAQMD	TBD*	TBD*	TBD*	Regional	6/15/22	N/A	1
23R02	LD Vehicles	Vehicle Buy Back Program Implementation	N/A	\$ 200,000	BAAQMD	N/A	N/A	N/A	Regional	6/15/22	N/A	1
23R03	Trip Reduction	Spare The Air/ Intermittent Control/ Flex Your Commute Programs	N/A	\$ 2,290,000	BAAQMD	TBD*	TBD*	TBD*	Regional	6/15/22	N/A	1
21R04	LD Infrastructure	FYE 23 Charge! Program	N/A	\$ 5,350,000	BAAQMD	TBD*	TBD*	TBD*	Regional	6/15/22	N/A	1
22MOY305	Ag/ off-road	Equipment replacement	2	\$ 123,600	Shifflett Ranch & Vineyard LLC	0.241	0.035	0.024	Napa	7/1/22	No	2
22MOY311	Ag/ off-road	Equipment replacement	1	\$ 153,100	Jay A Clay	0.363	0.047	0.027	Sonoma	7/8/22	Yes	2
22SBP337	School Bus	Equipment replacement	1	\$ 400,000	Hayward Unified School District	0.042	0.002	0.001	Alameda	7/11/22	Yes	1, 2
22MOY229	Ag/ off-road	Equipment replacement	1	\$ 43,900	Boething Treeland Farms inc.	0.059	0.009	0.006	San Mateo	7/11/22	No	2
22MOY334	Ag/ off-road	Equipment replacement	1	\$ 135,800	Point Reyes Pastures Inc.	0.276	0.036	0.020	Marin	7/11/22	Yes	2
22SBP117	School Bus	Equipment replacement + Infrastructure	8	\$ 4,370,779	San Mateo Union High School District	0.731	0.058	0.026	San Mateo	7/20/22	Yes	1, 2
22SBP232	School Bus	Equipment replacement + Infrastructure	5	\$ 1,916,236	Antioch Unified School District	0.378	0.029	0.002	Contra Costa	7/20/22	Yes	1, 2
22SBP248	School Bus	Equipment replacement	3	\$ 648,794	Mt. Diablo Unified School District	0.203	0.016	0.008	Contra Costa	7/20/22	Yes	1
22MOY320	Ag/ off-road	Equipment replacement	1	\$ 49,300	Atlas Oaks Ranch, LLC	0.047	0.011	0.009	Napa	8/12/22	No	2
22MOY342	Ag/ off-road	Equipment replacement	3	\$ 100,300	Vinas Del Norte LLC	0.181	0.028	0.025	Napa	8/16/22	Yes	2
22MOY341	Ag/ off-road	Equipment replacement	1	\$ 65,800	Williams Ranch	0.276	0.036	0.025	Sonoma	8/17/22	No	2
22MOY234	Ag/ off-road	Equipment replacement	3	\$ 253,300	DCS END POST DRIVING	0.755	0.107	0.062	Napa	9/2/22	No	2
22MOY318	Ag/ off-road	Equipment replacement	1	\$ 49,300	Ahmann Ranches, LLC	0.156	0.024	0.014	Napa	9/9/22	No	2
22MOY359	Ag/ off-road	Equipment replacement	1	\$ 38,900	Spaletta Dairy	0.118	0.018	0.011	Marin	9/21/22	Yes	2
22MOY349	Ag/ off-road	Equipment replacement	1	\$ 92,700	Cobb Creek Holdings, LLC DBA CCH Ag Services	0.162	0.027	0.019	Napa	9/21/22	No	2
22MOY63	Ag/ off-road	Equipment replacement	1	\$ 286,800	B & T Farms	0.684	0.072	0.037	Santa Clara	9/21/22	Yes	2
22SBP279	School Bus	Equipment replacement + Infrastructure	5	\$ 1,640,986	East Side Union High School District	0.502	0.045	0.003	Santa Clara	9/21/22	Yes	1, 2
22SBP340	School Bus	Equipment replacement + Infrastructure	3	\$ 1,237,496	Sequoia Union High School District	0.325	0.033	0.002	San Mateo	9/21/22	Yes	1, 2
22MOY202	On-road	Infrastructure	0	\$ 600,000	Solano County Transit	N/A	N/A	N/A	Solano	Pending	Yes	2
22SBP236	School Bus	Equipment replacement + Infrastructure	6	\$ 2,087,000	Liberty Union High School District	0.652	0.050	0.004	Contra Costa	Pending	Yes	1, 2
23MOY2	Ag/ off-road	Equipment replacement	2	\$ 440,600	Simoni & Massoni Farms, LLC	1.007	0.062	0.029	Contra Costa	10/24/22	Yes	2
23MOY6	Ag/ off-road	Equipment replacement	1	\$ 72,200	Ortiz Family Farm	0.172	0.021	0.014	Sonoma	10/24/22	Yes	2
23MOY3	Ag/ off-road	Equipment replacement	1	\$ 418,300	Poncia Fertilizer, Inc.	1.056	0.096	0.060	Sonoma	10/28/22	Yes	2
23MOY5	Ag/ off-road	Equipment replacement	1	\$ 60,500	German Vineyards LLC	0.041	0.010	0.008	Solano	10/28/22	No	2
22SBP203 ¹	School Bus	Equipment replacement + Infrastructure	9	\$ 94,024	Oak Grove School District	0.5705	0.0470	0.0035	Santa Clara	Pending	Yes	1

ATTACHMENT 2

Data in this table are updated quarterly. Funds awarded or allocated after the date range below will be reflected in the next quarterly update.

CMP/MSIF, TFCA, FARMER and Community Air Protection Program projects (awarded and allocated between 7/1/22 and 10/28/22)

Project #	Project Category	Project Description	Number of Engines	Proposed Contract Award	Applicant Name	Emission Reductions (tons per year)			County	Board/ APCO Approval Date	Benefits Priority Area(s)	Funding Source ¹
						NOx	ROG	PM				
22MOY325	On-road	Infrastructure	0	\$ 1,000,000	Penske Truck Leasing Co., L.P.	N/A	N/A	N/A	Alameda	Pending	Yes	2
22MOY326	On-road	Infrastructure	0	\$ 1,000,000	Penske Truck Leasing Co., L.P.	N/A	N/A	N/A	Alameda	Pending	Yes	2
22MOY327	On-road	Infrastructure	0	\$ 1,000,000	Penske Truck Leasing Co., L.P.	N/A	N/A	N/A	San Mateo	Pending	Yes	2
22MOY284	Off-road	Engine replacement	3	\$ 850,500	TraPac, LLC	2.592	0.202	0.083	Alameda	Pending	Yes	2
23MOY1	Ag/ off-road	Equipment replacement	2	\$ 732,400	Ielmorini Custom Spreading, LLC	2.969	0.303	0.178	Marin	Pending	Yes	2
34 Projects			67	\$ 27,952,615		14.6	1.4	0.7				

† Funding source includes (1) Transportation Fund for Clean Air; (2) CMP/MSIF, FARMER and Community Air Protection Program.

* Funds have been allocated to these programs and projects and results will be determined at the end of project period.

¹ This project was previously approved on March 2, 2022 for \$4,593,083. This line item represents an increase in funding for the school buses under this project in FYE 2023. The current total project award amount is \$3,474,877.

ATTACHMENT 3

Funding Facts and Figures

7/1/22 through 10/28/22

Funding Sources Reported: Transportation Fund for Clean Air (TFCA), Carl Moyer Program (CMP), Community Air Protection Program (CAPP), Mobile Source Incentive Fund (MSIF), and Funding Agricultural Replacement Measures for Emission Reductions (FARMER)

Figure 1. Status of FYE 2023 funding

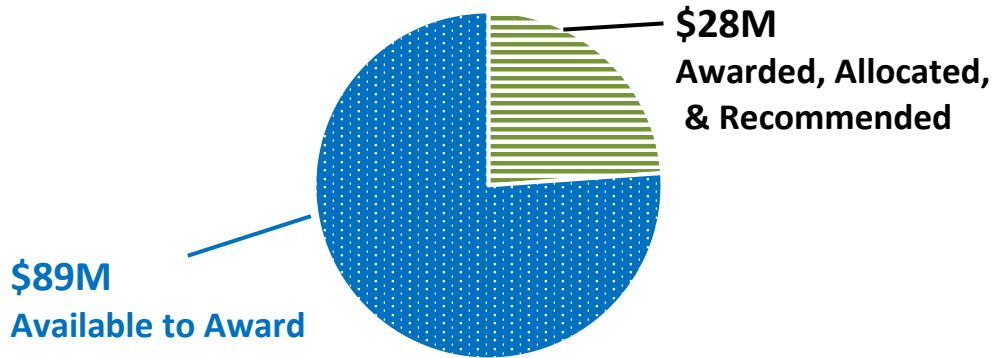


Figure 2. Funding Awarded by County in FYE 2023

includes funds allocated, awarded, & recommended for award

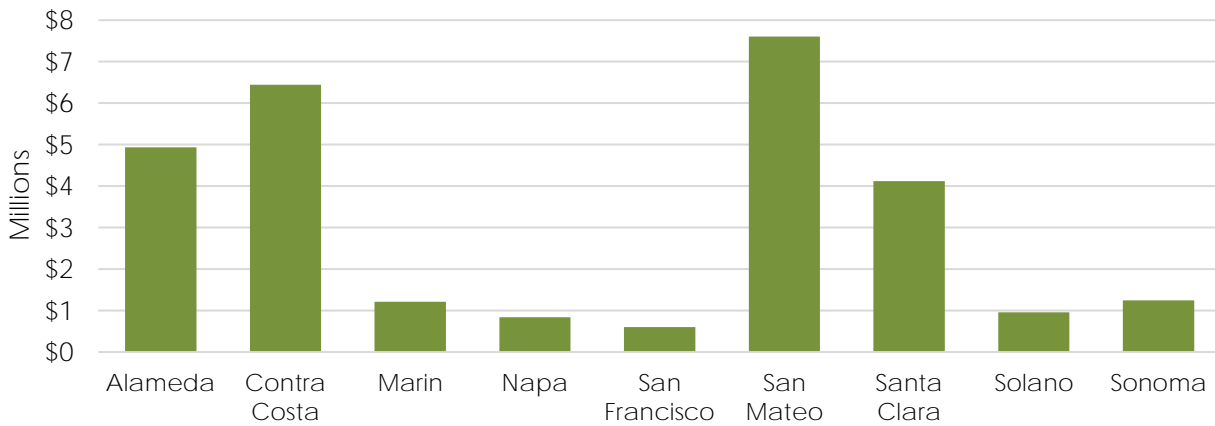
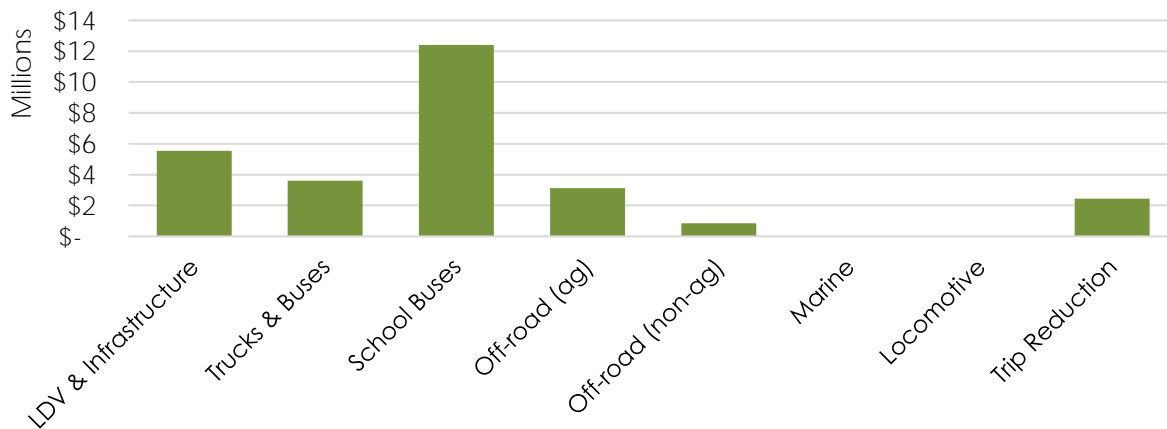


Figure 3. Funding Awarded by Project Category in FYE 2023

includes funds allocated, awarded, & recommended for award



BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Teresa Barrett and Members
of the Mobile Source and Climate Impacts Committee

From: Sharon L. Landers
Interim Executive Officer/APCO

Date: November 28, 2022

Re: Participation in 2022-2023 Carl Moyer Program

RECOMMENDED ACTION

This is an action item for the Committee to consider recommending the Board of Directors:

1. Authorize the Bay Area Air Quality Management District (Air District) to accept, obligate, and expend new fiscal year 2022-2023 State funds from California Air Resources Board (CARB) for Carl Moyer Program Year 25 (up to \$25 million);
2. Allocate up to \$3.3 million in Mobile Source Incentive Funds to provide the required match funding and additional monies for projects eligible for funding under the Carl Moyer Program guidelines;
3. Adopt a resolution authorizing the Air District's participation in the Carl Moyer program;
and
4. Authorize the Interim Executive Officer/APCO to enter into all agreements necessary to accept, obligate, and expend this funding, and to execute grant agreements and amendments for projects.

BACKGROUND

Carl Moyer Program (CMP)

The Bay Area Air Quality Management District (Air District) has participated in the CMP since the program began in Fiscal Year (FY) 1998-1999. Through the CMP, the Air District provides grants to public and private entities to reduce emissions of oxides of nitrogen (NOx), reactive organic gases (ROG), and particulate matter (PM) from existing heavy-duty engines by either replacing or retrofitting them. Eligible CMP projects include vehicle and equipment replacements, repowers, or retrofits from on-road, marine, locomotive, agricultural, and off-road engines, and infrastructure to support zero-emission equipment. The 2023 California State Budget allocated approximately \$123 million for CARB to distribute to local air districts under the Carl Moyer program.

Mobile Source Incentive Fund (MSIF)

Assembly Bill (AB) 923 (Firebaugh), enacted in 2004 (codified as Health and Safety Code Section 44225), authorized local air districts to increase their motor vehicle registration surcharge up to an additional \$2 per vehicle. The Air District has collected this surcharge since it was first authorized and deposits the revenues from the surcharge in the Air District's MSIF. AB 923 stipulates that air districts may use the revenues generated by the additional \$2 surcharge for projects eligible under the CMP.

Community Air Protection Program (CAP) Incentives

In 2017, AB 617 directed the California Air Resources Board (CARB), in conjunction with local air districts, to establish the CAP Program. The Air District has participated in the CAP Program since its inception in 2018. A large goal of CAP is to benefit communities disproportionately impacted by air pollution, by focusing on reducing emissions from mobile sources and stationary sources that spend a substantial amount of time within impacted communities. CAP funds may be used to fund projects eligible under the CMP and on-road truck replacements under the Proposition 1B Goods Movement Emission Reduction Program. Following additional approvals from CARB, CAP funds may also potentially be used to fund stationary source and mobile source projects that have been identified and prioritized by communities with a Community Emissions Reduction Plan.

Funding Agricultural Reduction Measures for Emission Reductions Program (FARMER)

The Air District has participated in the FARMER Program since it first began in 2017. CARB developed the FARMER Program to meet the Legislature's objectives and for the continued reduction of criteria, toxic, and greenhouse gas emissions from the agricultural sector, in service of the State's emission reduction goals. FARMER Program funds may be used to replace agricultural equipment that is also eligible under the CMP program including harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations.

DISCUSSION

CMP Year 25

The Air District recently applied for up to \$22 million for the implementation of the CMP Year 25 funding cycle (FY 2022-2023) and plans to apply for up to \$3 million in funding under the State Reserve Portion of the Carl Moyer Program for the fiscal year (FY) 2022-2023 (Year 25) cycle. Up to 6.25% of the total funds awarded to the Air District may be used to pay for administrative expenses related to the implementation of this program. The acceptance of CMP funds requires a minimum of 15% in matching funds for local districts and staff is recommending up to \$3.3 million in MSIF be provided as match for the CMP Year 25 funding cycle.

If the Board of Directors approve participation in the program, and following execution of a grant agreement with CARB, Air District staff expect to begin accepting CMP Year 25 applications in 2023 using the online “Moyer” system, which is also used to award CAP and FARMER funding. Applications for funding are evaluated on a first-come, first-served basis until all funds have been allocated.

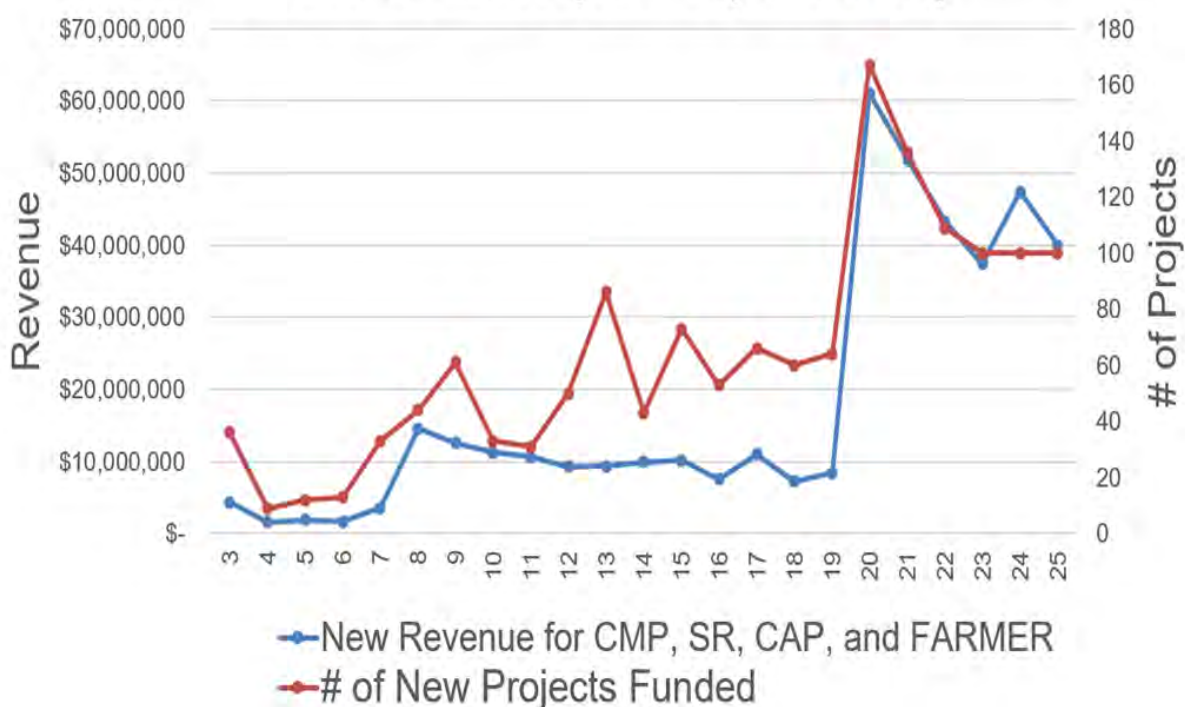
The Air District will use the most current CARB approved CMP Guidelines and subsequent updates for the Year 25 CMP cycle. In accordance with AB 1390, at least 50% of all CMP funding allocated by the Air District must be awarded to projects that benefit impacted communities. The process that will be used for identifying and prioritizing CMP Year 25 projects will be similar to the process used for the previous CMP funding cycles with priority given to projects that reduce emissions in communities based on data from the Air District’s Community Air Risk Evaluation (CARE) program, as well as Disadvantaged Communities designated in Senate Bill (SB) 535 and Low-Income Communities defined in AB 1550.

State Incentive Funds Historical Totals and Impacts

Although the amount of grant funding that is distributed by CARB to local air districts varies from year to year, prior to 2021, the amount of funding received for the CMP and state reserve programs averaged around \$8 million annually. Beginning in 2021 (Year 24 cycle), the Air District received over \$31 million for CMP and state reserve. This high level of funding was due to two factors: 1) a funding cap that had previously limited the amount of funds that could be allocated by CARB annually to the CMP was raised to \$130 million (up from \$93.7 million), and 2) a one-time pass-through of excess funds that had accrued in CARB’s Air Pollution Control Fund over a three-year period due to the previously mentioned cap. As a result of the new higher cap limit, the Air District will continue to receive more revenue from the CMP and state reserve programs, estimated to be \$14 - \$25 million annually. In addition, beginning with FY 2017-2018, the Air District has been receiving revenue for two new incentive programs, CAP and FARMER, which together have totaled more than \$166 million since FYE 2018.

The nature of these grant programs is such that the work-effort that is required for each cycle spans a period of years. Figure 1 shows revenue received from the State for the CMP, CAP, and FARMER, and the associated number of new projects funded in each cycle.

**Figure 1. CMP/CAP/FARMER Programs
FYE 2001-2023 (CMP Cycles 3-25)**



For the data shown in Figures 1 and 2, the funding amount shown in Year 25 is an estimate because the amount of CAP funding to be awarded to the Air District has not yet been announced. It is expected to be announced in early 2023, although the total amount to be distributed statewide has been approved in the State budget. The number of projects shown in the last three cycles (years 23, 24, and 25) are also estimates.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Carl Moyer Program Year 25

Revenue from CMP Year 25 (including state reserve funds) is anticipated to be up to \$25 million. At least 92.75% of the funding will be distributed to grantees on a reimbursement basis for direct project expenses, and up to 6.25% of the revenue will be used by the Air District for its own administrative costs. These revenues will be budgeted in FYE 24 and future years, as needed. MSIF funds allocated for CMP Year 25 match will also be budgeted in FYE 24 and future years, as needed.

Staffing for State Funded Programs

Each cycle of grant funding that is accepted by the Air District creates an obligation of effort that has a typical duration of between ten to fourteen years, whereby most of the work occurs in the first four to five years, involving project solicitation and outreach, awarding, contracting,

inspections, reimbursements, project monitoring, and reporting to CARB. Future years work includes continued project monitoring, reporting to CARB, and enforcement action when needed. Figure 2 shows the same data as shown in Figure 1, i.e., amount of revenue and # of associated projects but over a rolling or cumulative five-year basis, which provides a more complete representation of the total funding being actively managed and the associated work effort annually and over time.

Figure 2. 5 Year Totals for CMP/CAP/FARMER Programs



The Air District has been administering state incentive funds under the CMP since 1998 and the FARMER and CAP programs since FY 2017-2018. During the past five years there has been more than a four-fold increase in annual revenue for these programs with minimal increase in staffing. Given that funding for the CMP has been reauthorized through 2033, if the Board approves this action, staff will work with the Executive Management and the management auditor to identify opportunities to increase staffing needed to continue to implement the CMP and state reserve programs.

Respectfully submitted,

Sharon L. Landers
Interim Executive Officer/APCO

Prepared by: Daniel Langmaid
Reviewed by: Alona Davis & Karen Schkolnick

ATTACHMENTS:

1. Draft Board Resolution Accepting Year 25 Carl Moyer Program Funds from the California Air Resources Board

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2022 -

**Resolution Accepting Year 25 Carl Moyer Program Funds
From the California Air Resources Board**

WHEREAS, California Health and Safety Code Division 26, Part 5, Chapter 9, empowers the California Air Resources Board (CARB) to allocate Carl Moyer Program funds to local air quality districts to provide financial incentives to both the public and private sectors to implement eligible projects to reduce emissions of oxides of nitrogen (NO_x), reactive organic gases (ROG), and particulate matter (PM) from existing heavy-duty engines by either replacing or retrofitting them;

WHEREAS, California Health and Safety Code section 44287, authorizes CARB to provide an air district with funds if that district provides matching funds in an amount established by ARB;

WHEREAS, the Bay Area Air Quality Management District (District) has successfully implemented the Carl Moyer Program since its inception in 1998;

WHEREAS, the District will be submitting applications to CARB requesting up to \$22 million in Carl Moyer Program funds and up to \$3 million in Carl Moyer Program State Reserve funds to implement the Carl Moyer Program within the District for the fiscal year (FY) 2022-2023 (Year 25) cycle;

WHEREAS, the District proposes to commit up to \$3.3 million in matching funds from the District's Mobile Source Incentive Fund (MSIF) as part of the Year 25 Carl Moyer Program cycle, in accordance with the requirements of California Health and Safety Code section 44287;

WHEREAS, eligible projects include vehicle and equipment replacements or retrofits from on-road, marine, locomotive, agricultural, and off-road engines, and infrastructure to support zero-emission equipment;

WHEREAS, the District may consider projects that qualify for grant funds under the requirements for the State Reserve portion of Carl Moyer Program funds;

WHEREAS, the District will follow the most recent version of the Carl Moyer Program Guidelines for the Year 25 CMP cycle, in the implementation of Carl Moyer Year 25 and MSIF funds;

WHEREAS, the District may use up to 6.25 percent of the funds it receives to pay the reasonable costs of implementing the incentive program.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby approves the District's acceptance of FY 2022-2023 CMP funds, including the State Reserve portion thereof, to be awarded to eligible District projects in accordance with legislative and applicable program requirements.

BE IT FURTHER RESOLVED, the District will provide the required matching funds for District projects by allocating local MSIF revenues to eligible emission reduction projects that qualify for Carl Moyer Program matching purposes.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is hereby authorized and empowered to execute on behalf of the District grant agreements with CARB and all other necessary documents to implement and carry out the purposes of this resolution.

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 _____, 2022, by the following vote of the Board:

AYES:

NOES:

ABSENT:

John J. Bauters
Chairperson of the Board of Directors

ATTEST:

Teresa Barrett
Secretary of the Board of Directors