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MANAGEMENT
DISTRICT

**MOVING DOWN THE ROAD TO CLEANER AIR:
OAKLAND/BAY AREA
Diesel Emissions Reductions Funding Forum
November 6, 2006**

**Air District's Grant Programs
for Engine-Based Projects**

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Overview

- Background
- Air District's Grant Programs for Mobile Source Projects
 - Transportation Fund for Clean Air
 - Carl Moyer Program
 - Lower-Emission School Bus Program
 - Mobile Source Incentive Fund



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Background

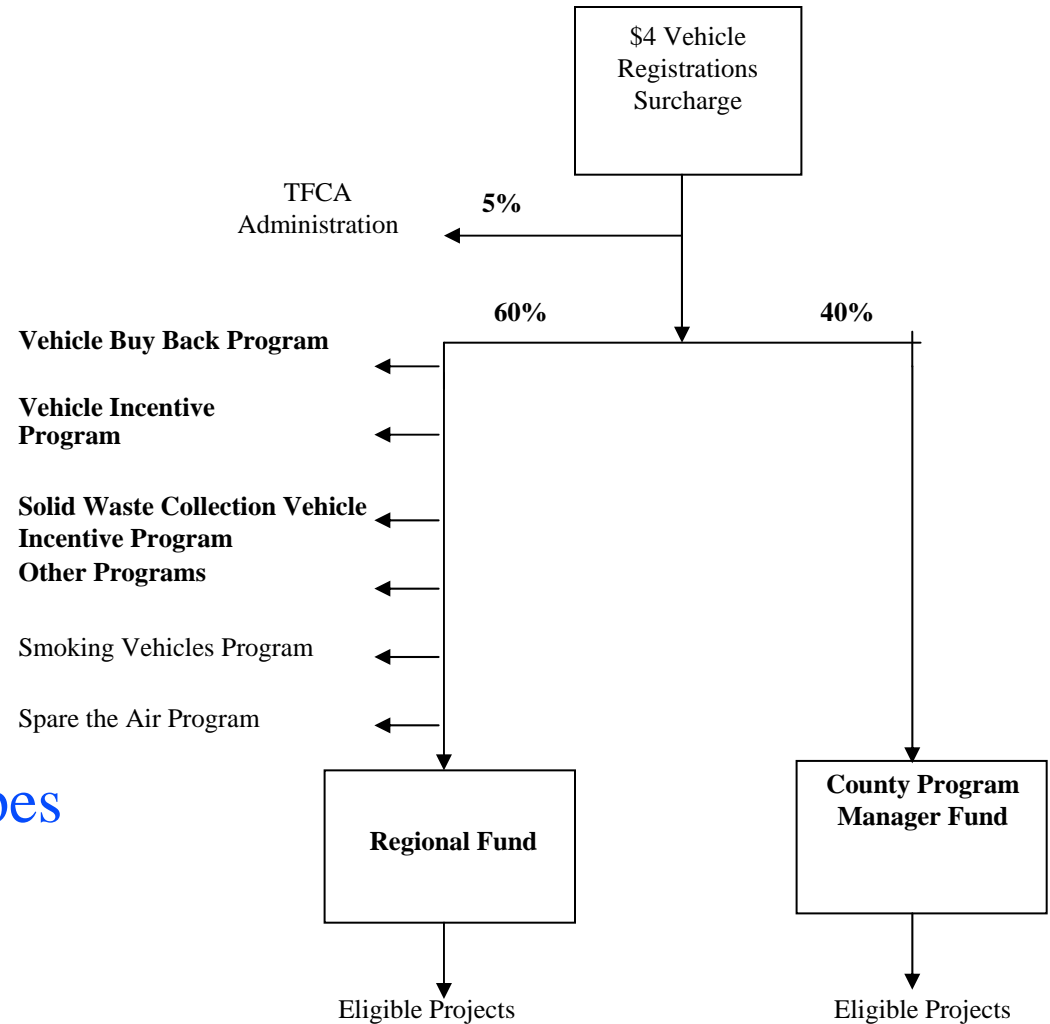
- Motor vehicles impact on air quality
- 1988 California Clean Air Act
- Bay Area Clean Air Plan (CAP)/Ozone Strategy
- Control Measures for Ozone: TCMs, MSMs
- Benefits of Control Measure Implementation
 - Cleaner air
 - Better health and environmental conditions
 - Help comply with government goals
 - Reduce water pollution
 - Energy efficiency
 - Diversify fleets
 - Reduce dependence on petroleum
 - Reduce vehicle operating costs
 - Access to High Occupancy Vehicle lanes



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Transportation Fund for Clean Air

- Started in 1992
- \$4 vehicle surcharge
- Annual cycle
- Funds eligible project types





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Transportation Fund for Clean Air (cont.)

Total TFCA revenues distributed annually in:

- **Regional Fund**
- **County Program Manager Fund**
- **Air District Programs**
 - Vehicle Buy Back Program
 - Vehicle Incentive Program (VIP)
 - Other Programs



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TFCA Regional Fund

- Public entities can apply for all project types
- Private entities can only apply for vehicle-based projects (cap: \$500K per agency)
- Approximately \$10 million available per year
- Minimum grant = \$10,000 - Maximum grant = \$1,500,000
- Application deadline: end of June
- Projects evaluated by staff; grants approved by Board
- Cost-effectiveness threshold: \$90,000/ton of emissions reduced
- Recipients paid on a reimbursement basis
- Audit and reporting requirements
- Application and guidance at www.baaqmd.gov



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TFCA County Program Manager Fund

- Administered by Congestion Management Agency in each county
- Project sponsors can apply within their counties
- Available funds vary by county
- CMAs use own criteria to select and propose projects for funding
- Air District approves projects proposed in CMAs' expenditure plans
- Expenditure plans due at Air District by end of April
- Cost-effectiveness threshold: \$90,000/ton of emissions reduced
- Audit and reporting requirements apply



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Air District's TFCA-Funded Programs

Vehicle Incentive Program

- Only public agencies in the Air District can apply
- Eligible light-duty vehicles
- Set incentives to streamline evaluation

Vehicle Buy Back Program

- \$650 paid to owners of eligible vehicles
- Model year 1985 and older light-duty vehicles
- Vehicle must be roadworthy and registered as operable for past 120 days



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Carl Moyer Program

- Created in 1998 to achieve near-term reductions in heavy-duty diesel engine emissions
- Jointly administered by California Air Resources Board (CARB) and Air Districts
- State law (AB 1390): at least 50% of State funds to projects in areas with high exposure to pollution
- **Benefits**
 - improved fuel economy
 - lower maintenance costs
 - better safety and reliability
 - tangible, cost-effective, near-term emission reductions
- **Cost effectiveness**
 - Threshold: \$14,300 per ton of emissions reduced
 - Average in Bay Area: ~\$3,500 per ton of emissions reduced



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CMP Eligible Project Types

- On-road diesel engines >14,000 lbs. GVW (8,501-14,000 lbs. GVW on a case-by-case basis)
- Off-road equipment: construction, cargo, spark-ignition
- Marine engines
- Locomotives
- Airport ground support equipment
- Forklifts
- Auxiliary power units
- Transport refrigeration units
- Fleet modernization projects
- Irrigation pumps and other agricultural sources
- Programs to scrap/repair light-duty vehicles



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CMP Year 8 Funding Cycle

- Air District has at least \$10.3 million for grant awards
 - \$500K for multi-district projects
- Schedule
 - Call for grant applications: early November 2006
 - Grant applications deadline: December 22, 2006
 - Grant award recommendations: early 2007
 - Funding must be allocated by July 2007 and invoices paid by July 2008



CMP Grant Application Evaluation Process

- Initial review to verify compliance with guidelines
- Calculate emission reductions: sum of NO_x, ROG and PM (PM weighted by factor of 20) x Number of years
 - compare baseline emissions to low-emission engine
- Cost effectiveness: funds requested divided by emissions reduced (\$/ton)
 - CE of \$14,300/ton or less to be considered for funding
- Points assigned to projects that qualify for AB 1390 requirement
- Projects selected based on AB 1390 points until at least 50% of funds are awarded to projects in impacted areas
- Remaining CMP funds awarded strictly based on CE



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CMP Additional Information

- Board of Directors approves grant awards
- Contract signed with project sponsor upon grant award
- Project must operate at least 75% of the time within Air District's jurisdiction
- Invoices paid on reimbursement basis
- Reporting and monitoring requirements



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Lower-Emission School Bus Program

- Incentives available for:
 - New clean air buses (GVW >14,000 lbs.). Only public school districts are eligible
 - Retrofit of existing buses. Public school districts and their private service providers are eligible
- New buses must replace existing old buses
- Funding sources: State, MSIF (new buses)
- AB 1390 requirement applies: 50% of State funds to projects in areas most impacted by air contaminants



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Mobile Source Incentive Fund

- AB 923 authorized additional \$2 surcharge in DMV fees
- Additional funds started to be collected in spring 2005
- Revenues (~\$11M/year) available for eligible projects
- MSIF can fund four specific project types:
 - Carl Moyer Program-like projects
 - New lower-emission school buses
 - Accelerated vehicle retirement or repair programs
 - Selected types of agricultural projects
- Public and private sector can apply for eligible grants



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Grant Programs Highlights

Since the inception of the TFCA program in 1992:

- Approximately \$314 million allocated
- Over 1,800 projects funded
- Over 22,000 tons of ROG, NO_x and PM emissions reduced

Since the inception of the Carl Moyer Program in 1996:

- Over \$14 million allocated
- Over 100 projects funded
- Over 1,700 tons of NO_x and PM emissions reduced

Since the inception of the LESB Program in 2000:

- Over \$16 million allocated
- Approximately 550 buses funded (new and retrofitted)



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Project Examples





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Questions?

Additional information:

www.baaqmd.gov - Click on Grants & Incentives

