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**EXECUTIVE  
OFFICER/APCO**

March 15, 2010

James Goldstene  
Executive Officer  
**California Air Resources Board**  
1001 I Street  
Sacramento, CA 95814

**Re: Concepts for Changes to California Goods Movement Bond Program Guidelines**

Dear Mr. Goldstene,

I am writing to provide you with the Bay Area Air Quality Management District's (Air District) comments on the concept paper for updates to the California Goods Movement Bond (I-Bond) Guidelines for Years 2/3 of the Program.

As you know, my staff has been actively engaged in commenting on the proposed Guidelines via the working group established to discuss issues surrounding the Program. Your staff has been responsive to us and other air districts on a number of issues, and I thank you for your consideration in those areas.

The Air District strongly supports a number of changes that are proposed as part of this concept paper:

- Merging of the port drayage and on-road truck categories;
- The reduction in the California operation requirement for trucks to 90%;
- Increased funding for 2010 engine model year trucks;
- Funding for truck retrofits that decrease NOx emissions to 2007 engine model year standards;
- Increased streamlining of documentation requirements for truck post-inspections and mileage determinations;
- The availability of funding for fully electric yard equipment; and
- Provisions that allow grantees to reapply for I-Bond funding on a prorated basis.

In finalizing the guidelines, we recommend the following enhancements to facilitate easier administration and better use of the funds allocated through the program:

- **I-Bond grant funds must be provided with administrative costs.** As part of the proposed changes to the guidelines, ARB has proposed to provide 75% of the administrative costs for dispersing I-Bond grant funds to air districts up front. We have learned through our extensive experience in administering the program that this will not be enough to cover the expenses incurred by the Air District. In fact, the costs to administer the funding provided by the program are currently running at up to 10% of the total dollar amount provided. Therefore, in order to accept any further grant funding, the Air District will essentially be required to match dollar for dollar the 5% administrative funds provided by I-Bond. We propose that the guidelines be amended to allow the air districts to recoup 100% of their administrative costs up front.

The Air District also believes that ARB must only distribute bond funding that has mechanisms to provide administrative monies. Without these monies, the ability of local air districts to administer the grant funding with surety and in compliance with wishes of the legislature is compromised. This is because many air districts currently are experiencing budgetary issues that have increased the internal competition for already scarce internal financial resources.

- **Allow AB923 and AB118 to be used as match funding in all I-Bond categories.** It is important that air districts be allowed to use all funds at their disposal to match I-Bond monies in all I-Bond categories. This would allow us to achieve immediate emission reductions in highly impacted areas such as those surrounding the Port of Oakland and along Bay Area highways. Additionally, due to the fact that the air district Board's of Directors (Board) had to vote to accept AB 923 funding, the majority of air districts consider those to be local funds and as such they should be eligible to match I-Bond funding.


Air districts may already use AB 923 to fund Carl Moyer-like projects. Since there is little difference between I-Bond and Carl Moyer projects, the Air District believes that AB 923 funding should be available as either match or substitute funding for these projects. This would also allow air districts to substitute this funding for I-Bond monies in the event that State dollars were not available for distribution and provide additional flexibility in the administration of the program.

- **Allow vouchers for grantees to simplify administration of the program.** The Carl Moyer Program provides a voucher component for the early retirement of trucks and has been very successful in easing the administration burden on grantees and air districts. We would encourage you to make a voucher option part of the new I-Bond Guidelines for both the Truck and Marine categories.

- **Provide grant funding up front to air districts.** The current guidelines only allows air districts to be reimbursed for 10% of the total funding for grant dollars obligated in Shore-power, Locomotive, Harbor Craft and Truck Stop/Distribution Center electrification contracts. Based on recent difficulties in securing bond funding, this provision should be removed and air districts should be allowed to request 100% of the cost of these projects upon obligation by an air district Board.
- **Allowing grant funding to be used as a loan guarantee.** While ARB staff has proposed this change in the guidelines, the Air District believes this topic requires more development. It is unclear how much of the I-Bond funding could be provided for loan guarantees. The Air District would suggest that all of the I-Bond money provided for a project be available for loan guarantees as this provides the greatest leverage for this funding. Loan guarantees also encourage lending to small businesses and may provide even greater benefit than an actual grants based on lower interest rates and repayments.
- **Provide the option for shipping lines to do either shipside or shore side retrofitting for Shore-power.** Current I-Bond Guidelines, constrain marine terminal operators and shipping lines from effectively managing their own businesses. Also Guidelines only provide funding for shore side improvements to infrastructure that will provide shore power. In many cases, it may be more advantageous for shipping lines to take advantage of I-Bond funding to retrofit vessels. By allowing vessels to install infrastructure that can accept shore power, ARB would be providing businesses with additional flexibility in terms of budgeting and deciding how best to take advantage of available funding to comply with regulatory requirements.
- **Lease to own provisions.** The Air District feels strongly that the proposed revisions to the lease to own provision of the guidelines are insufficient. Companies providing lease to own services should be required to be preapproved by the ARB prior to applying to the air districts for projects. This would give the ARB the ability to set favorable interest and lease rates for participation in the program and allow air districts to refer grantees to preapproved lenders for financing prior to project applications.
- **Reduce in-state operation of Harbor Craft to 90%.** A significant deterrent to receiving Harbor Craft applications in the first year of the I-Bond Program was the 100% in California operation requirement. Based on the Air District's conversations with Harbor Craft fleet owners, many of these vessels are part of national fleets or take advantage of dry docking facilities in other states that provide less costly repairs and overhauls. We request that a 90% in-state operation provision also be included in the updated Guidelines for Harbor Craft.

Finally, I would like to thank you for the opportunity to comment on the proposed revisions to the Guidelines. If you have any questions regarding this letter, please feel free to contact me at (415) 749-5052 or Damian Breen, Director of the Strategic Incentives Division at (415) 749-5041.

Sincerely yours,



Jack P. Broadbent  
Executive Officer/APCO

JPB:JR:DB