

ATTACHMENT 1
Approved 5/31/07, 6/21/07 and 7/19/07 MSRC Minutes



**JOINT RETREAT MEETING BETWEEN
MOBILE SOURCE AIR POLLUTION REDUCTION REVIEW COMMITTEE
AND ITS TECHNICAL ADVISORY COMMITTEE
THURSDAY, MAY 31, 2007 MEETING MINUTES**

Kellogg West, Valley Vista Room, 3801 West Temple Avenue, Pomona CA 91768

MEMBERS PRESENT:

(Chair) Chino Hills Council Member Gwenn Norton-Perry, rep. SANBAG
(Vice-Chair) Temecula Council Member Ron Roberts, representing SCAG
County of LA Supervisor Michael Antonovich, representing SCAQMD
Long Beach Council Member Bonnie Lowenthal, representing LACMTA
Mr. Ric Teano (Alternate), representing OCTA
Mr. Jeff Weir, representing CARB
Moreno Valley Council Member Frank West, representing RCTC
Mr. Greg Winterbottom, representing OCTA

MSRC MEMBERS ABSENT:

Hemet Council Member Robin Lowe, rep. Regional Rideshare Agency

MSRC-TAC MEMBERS PRESENT:

Chair Gretchen Hardison, representing City of Los Angeles
Stacy Alameida, representing LACMTA
Terry Collins (Alternate), representing Orange County Board of Supervisors
Connie Day (Alternate), representing SCAQMD
Stephen Fox (Alternate), representing LACMTA
Gunnar Hand, representing Los Angeles County Board of Supervisors
Bob Huddy, representing SCAG
Michelle Kirkhoff, representing San Bernardino Associated Governments
Sean O'Connor, representing Cities of San Bernardino County
Dean Saito, representing SCAQMD
John Standiford, representing RCTC
Jon Taylor, representing CARB
Dick Wilson, representing Cities of Orange County
Robert Yates, representing Regional Rideshare Agency

OTHERS PRESENT:

Annabel Cook, consultant representing American Honda Company
Sam Emmersen, Better Business World
Mike Franco, SoCalGas
Karen Heit, Staff Assistant to Bonnie Lowenthal

Wendy James, Better Business World
Gunnar Lindstrom, American Honda Company
Debra Mendolsohn, AQMD Board Assistant (Antonovich)

AQMD Staff

Ray Gorski, MSRC Technical Advisor
Henry Hogo, Asst. DEO/Science & Technology Advancement
Dean Hughbanks, Procurement Manager
John Kampa, Financial Analyst
Matt MacKenzie, MSRC Contracts Assistant
Matt Miyasato, Technology Demonstration Manager
Drue Hargis, MSRC Administrative Liaison
Cynthia Ravenstein, MSRC Contracts Administrator
Rachel Valenzuela, MSRC Contracts Assistant
Jeri Voge, Sr. Deputy District Counsel

CALL TO ORDER

MSRC Chair Gwenn Norton-Perry called the meeting to order at 1:00 p.m.

- Opening Comments
Ms. Norton-Perry thanked everyone for attending.
- Election of MSRC Chair and Vice Chair

ON MOTION BY MSRC MEMER MICHAEL ANTONOVICH, AND DULY
SECONDED, GWENN NORTON-PERRY WAS NOMINATED FOR THE POSITION
OF CHAIR AND NOMINATIONS WERE CLOSED.

ON MOTION BY MSRC MEMBER GREG WINTERBOTTOM, AND DULY
SECONDED, RON ROBERTS WAS NOMINATED FOR THE POSITION OF VICE-
CHAIR AND NOMINATIONS WERE CLOSED.

THE ABOVE NOMINATIONS WERE UNANIMOUSLY APPROVED.

PUBLIC COMMENT PERIOD

[Public comment was taken out of order during the retreat portion of the agenda.]

Public comments were allowed during the discussion of each agenda item.

Gunnar Lindstorm, American Honda Company, commented that nearly 300 Fuelmaker home refueling appliances have been sold, of which a large majority were in Southern California because of the MSRC's incentive funding. The Fuelmaker unit displayed at autoshow has been a magnet in getting public attention. For example, more than one million people attended the LA Autoshow and 75 percent of them saw the Fuelmaker unit and asked questions about the benefits of natural gas.

MSRC Chair Gwenn Norton-Perry noted that an issue about this incentive program will be discussed at the next MSRC-TAC and MSRC meetings, but the MSRC will also take into consideration the success of and continuing need for this program when developing the next work program.

MSRC Member Michael Antonovich added that the Fuelmaker unit was also displayed at the AQMD's recent International Asthma Conference and it was very well received.

STATUS REPORTS

- Legislative Status Report

Drue Hargis, MSRC Administrative Liaison, noted that a packet of legislative bills being opposed by the AQMD has been handed out in response to a request at the MSRC's March meeting. Additionally, AB 391 is in suspension; this is the bill which proposed to add another Member to the AQMD Board.

CONSENT CALENDAR (Items 1 through 2)

Receive and Approve Items

Agenda Item #1- Minutes of March 15 and April 19, 2007 MSRC Meetings

The March 15, 2007 minutes were distributed at the meeting. The April 19, 2007 minutes were not yet available.

ON MOTION BY MSRC MEMBER FRANK WEST, AND SECONDED BY MSRC MEMBER GREG WINTERBOTTOM, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-2, THE MSRC UNANIMOUSLY RECEIVED AND APPROVED THE MARCH 15, 2007 MINUTES, AS SUBMITTED.

ACTION: AQMD staff will include the March 2007 minutes in Supervisor Antonovich's MSRC committee report for the July 13, 2007 AQMD Board meeting.

Information Only – Receive and File Items

Agenda Item #3 – Financial Report on AB 2766 Discretionary Fund Account

A financial report on the AB 2766 Discretionary Fund was included in the agenda package.

ON MOTION BY MSRC MEMBER FRANK WEST, AND SECONDED BY MSRC MEMBER GREG WINTERBOTTOM, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-2, THE MSRC UNANIMOUSLY RECEIVED AND FILED THE FINANCIAL REPORT FOR THE PERIOD ENDING APRIL 30, 2007, ON THE AB 2766 DISCRETIONARY FUND.

No further action is required.

JOINT RETREAT AGENDA ITEMS (Items 3 through 8)

MSRC-TAC Chair Gretchen Hardison said this is the MSRC's joint retreat with its Technical Advisory Committee to begin the FY 2007-08 work program development process. This will be the MSRC's 18th work program. She encouraged everyone's participation and feedback.

Ms. Hardison noted that last year we emphasized that core work program items were being increasingly affected by legislation and the window to fund several areas was getting smaller and smaller. The 2007 year introduced new emission standards and challenged emissions reductions as a result of the convergence of conventional and alternative fuel emission levels. We told you that the environmental focus was changing. We noted an increased focus on congestion mitigation and emissions reductions. We were asked to look at new opportunities and fund direct and tangible emissions reductions from motor vehicles and to focus on areas the AQMD can't fund and/or assist local governments to comply with fleet rules. We recognized these challenges and modified the core work program items. As a result, the MSRC's last work program was an eclectic mix of categories exceeding \$20 million from funding 0.2 gram CNG transit bus engines to the off-road showcase program to 511 commuter awareness. The current focus is now on the low-carbon fuel standard, plug-in hybrids, ethanol/biofuels, and the fuel economy and criteria pollutants for greenhouse gases. There is more than \$18 million available for the FY 2007-08 Work Program.

Today you'll hear an update on the current political landscape, upcoming rules and regulations that impact MSRC funding decisions, an update on the 2007 Air Quality Management Plan (AQMP) and the SCAQMD's priorities, work program development discussions and options, and most importantly the MSRC's feedback and input on these issues.

Self introductions were made before presentations began.

Wendy James – Regulatory Framework for Clean Transportation Funding

The common themes state activity is revolving around are greenhouse gas (GHG) reduction, petroleum reduction, permanent funding, bond spending, and state implementation plans for both ozone and PM.

The AB 1007 report requires the California Energy Commission, in concert with CARB, to look at petroleum reduction and alternative fuel strategies. A report is due out this summer, and today a workshop was held unveiling the report's content. It will have some long term effects on legislation and environmental groups will look toward it for guidance. The low carbon fuel standard will be included on the early action measure list which CARB is expected to adopt at its meeting in Los Angeles on June 21. It will trigger a regulatory proceeding followed by rule adoption in 18 months. The regulatory process will be intense and will emphasize the fuel cycle of GHGs. There is no more low-hanging fruit left to pluck to achieve emissions reductions. There are a few major diesel regulations still left to implement by CARB. Additionally, the ZEV modifications have come up again and will be back for rulemaking later this year. Fran Pavley's greenhouse gas regulation is still up in the air; EPA held another hearing yesterday and one federal trial concluded in Vermont. And even though the Supreme Court has issued its ruling, the

legal issues haven't finished. For example, if the state loses its ability for implementation, it could trigger other vehicle regulations.

On the legislative fronts, most importantly the MSRC needs to watch the following: AB 118 (Nunez), AB 255 (De Leon), AB 493 (Ruskin), AB 70-73 (Florez), various bills to place administration measures into statute (e.g. LCFs), and SB 974 (Lowenthal).

Ms. James briefly reviewed the AB 1007 report highlights. The report will very likely highlight the need for both policy actions and financial incentives; unlike the low-carbon incentives which many believe don't need financial incentives. Surprisingly, the utilities want an active role in the transportation sector. **ACTION:** MSRC Chair Gwenn Norton-Perry asked that this report be provided at the next meeting.

MSRC-TAC Chair Gretchen Hardison asked if there is room for Carl Moyer legislation that could allow financial support for compliance. Ms. James replied possibly; there is some discussion already, but she's uncertain how many of the limitations are statutory.

The low-carbon fuel standard is expected to reach the form of recommendations. Basically, it will recommend a 10-15% reduction in the carbon intensity of transportation fuel. There will be a performance standard imposed on blenders/refiners and it will be applied to both on- and off-road gasoline and diesel, but not jet and marine, though they could opt in for credit. It will allow all low carbon fuels to generate credits so gasoline and electricity would be encouraged to become transportation fuels for banking and trading participation. Compliance will be set for 2010 with a recommended tightening by 2020. There are still some unanswered questions on sustainability issues, but there will be some controversy here reflecting the continual shift to biofuels. We must break the juggernaut on alternative fuels and fully open that market.

The diesel regulations will focus on port emissions and on-road trucks and in-use off-road vehicles, largely construction equipment, and harbor craft.

The ZEV modifications will focus on greater incentives for plug-in hybrids; in fact, it was the Board's primary directive to staff. The current regulation doesn't address hybrids that give you 100 miles per gallon and the cycle between ZEV and the engine. Automakers are saying they can't meet the 2012 phase-in and discussions include whether it needs to be pushed out further as well as whether credits for FCVs and battery-electric vehicles should be equalized.

Finally, Ms. James reviewed the potential for new funding for clean transportation within AB 118. AB 118 is the speaker's bill so there is some political capital behind it, although the Senate has been quiet about this bill. There is an extensive stakeholder process involved and there is some question as to whether consensus can be reached. Likely it involves \$100-150 million annually for five years and will focus on GHGs and conventional pollutants. It will level the playing field for non-petroleum fuels and on-road and off-road. The funding source is not yet certain because they're still trying to get consensus and ultimately it needs the Governor's signoff.

MSRC-TAC Member Bob Huddy said notably conservation is missing from this discussion. Ms. James replied it is intended to reduce emissions as well as petroleum fuel. It will primarily focus on increasing markets for new fuels rather than just reducing gasoline consumption.

MSRC Member Jeff Weir replied the AB 1007 report is dealing with a gigantic issue over a long time and when looking at how to reach 2050 goals the report will emphasize the need to engage the public because they will have to make some sacrifices. Technology advancements won't be enough. Ms. James noted there is some language that talks about efficient vehicles, but it hasn't been decided yet how the money will be spent and who will make those decisions.

[MSRC Member Michael Antonovich arrived at 1:45 p.m.]

Jeff Weir, ARB Action Updates and Funding Priorities

Since the MSRC last retreated, the ARB has been quite busy. Regulatory actions included forklifts and other off-road spark ignition equipment, off-road recreational vehicles, consumer products, in-use agricultural engines, and composite wood products.

We've considered climate change, AB 32 and ARB's role in reducing greenhouse gas emissions. AB 32 created a multi-year program to restore emissions to 1990 GHG levels by 2020 and early actions will be adopted by 2010. ARB staff is proposing 36 separate measures. By the beginning of 2008 we must adopt mandatory reporting and identify the 2020 baseline. ARB has until 2011 to adopt limits and measures on GHGs.

Mr. Weir also reviewed VMT reductions data. For example, relative to the emissions impact of reducing a passenger vehicle trip for ROG+NOx and CO2, the CO2 reductions haven't come as far as ROG+NOx. From 1990 to 2020 only an 18% reduction is projected. However, VMT reductions will make a significant contribution toward the climate change issues.

The infrastructure bond will provide \$1 billion for air quality reductions in the freight corridors plus \$200 million for cleaner school buses. When the bond was passed, it reapportioned monies for off-road public fleets. ARB recently adopted guidelines on how \$25 million from AB 1811 will be spent on alternative fuel incentive programs. For last year ARB and staff have been working to meet new federal PM2.5 and 8-hour ozone standards. The air quality modeling for SIP shows NOx reductions are more important to reduce ozone and PM2.5, and biggest source of NOx are mobile sources under federal and state control. Reductions statewide will help non-attainment areas but there is an expected PM2.5 gap by 2014 and we're still considering how to close it.

We hit the ground running on our rulemaking calendar this year and ARB has already adopted rules to implement the SIP. We've begun to roll out the comprehensive heavy-duty truck rule. There is a workshop in April and staff plans to bring it to the Board in 2008. Cleaner mainstream engine fuels are being proposed as well as shore power regulations for ship and power crafts, and staff will be proposing port truck modernization measures. Additionally, we'll be modifying the reformulated gasoline program because of the increase of methanol and look to above-ground storage tanks and consumer products.

How do we think the MSRC can help? We recommend funding cost-effective emission reductions. For example, the SIP needs NOx reductions if the region is going to meet federal and ozone PM2.5 measures. There is also a need to reduce the risk from toxics and this may be achievable through community-based projects. The MSRC has helped spur new technologies and it should continue to do so. In fact, he specifically thanked the MSRC for launching its off-road diesel emission control showcase program. It is an important program for ARB's off-road rule, but the region needs even more on- and off-road emissions reductions. Testing and certifying devices will result in cost-effective ways to comply with the rule, but let's do more. At our hearing there were comments about the retrofit devices and owners being uncomfortable with the technology; the showcase will allow owners to reach a comfort level and then get the devices certified. It is important for the success of the rule.

Mr. Weir also noted the over-subscription for Moyer's off-road program. Off-road projects can meet all three ARB funding priorities. We have been supportive of lots of different projects over the years, such as cleaning up heavy-duty trucks and port trucks, and we support cost-effective measures including transportation measures no matter what they are, but the need for off-road is prevalent. We've proposed to give smaller fleets more time to meet the rule so they can have more time to obtain incentives; in light of this, we think maybe a set aside of funding for smaller fleets might be worthy.

MSRC-TAC Member Michelle Kirkhoff asked how they would define smaller fleets. MSRC Alternate Jon Taylor, also representing ARB, replied it is based on the number of pieces of equipment. MSRC-TAC Alternate Connie Day said smaller fleet engines are 1.5 engines. Henry Hogo, AQMD Asst. DEO/Science & Technology, Advancement, added it would also be based on equipment with smaller horsepower, such as 250 HP or below. Mr. Weir replied smaller fleets have until 2015 to comply; medium fleets have until 2013.

MSRC Member Ron Roberts asked if ARB has any solutions about reducing off-road construction equipment emissions. Mr. Hogo said proposed regulations have idling limits but there are exemptions in terms of queuing at a construction site. Ms. Kirkhoff asked if the idling limits will take effect immediately. Mr. Hogo replied it will take effect in 2009 when the rule is adopted and would affect everyone. MSRC Chair Gwenn Norton-Perry asked how the ability to enforce it will be achieved. Mr. Hogo said he would have to get back to her on this question.

MSRC Member Greg Winterbottom asked what the greenhouse gas baseline is. Mr. Weir replied that ARB is developing that now. We have to care now, but it is difficult to say let's spend a large portion of our money now when it would also be cost effective to achieve emissions reductions on ozone and the PM2.5 challenge. MSRC-TAC Member Dean Saito suggested perhaps we could give GHG projects added points during the evaluation process.

MSRC Member Bonnie Lowenthal asked if anybody is working on technology that would shut a vehicle off rather than allow idling. Mr. Hogo said ARB passed a second-phase of anti-idling, which would shut the engine off using a timer mechanism unless they pushed an emergency button for special circumstances, such as if they were at a train track.

Henry Hogo – AQMP Update and AQMD Priorities

He reviewed the guiding principles included in the Draft 2007 AQMP and noted the plan is still growth accommodating. The growth of the region will become a greater challenge as time goes on. It also looks at other issues, such as GHGs, ultrafine particulates, and new federal air quality standards. The new 24-hr PM_{2.5} standard must be met by 2019-2020; it will be half of what it is today and unless we identify new ways to reduce emissions it won't be met by 2019. The 2007 AQMP calls for meeting the 8-hour ozone standard by 2023, which means the region will be requesting a bump-up to "extreme" nonattainment status. The "extreme" status allow for 182(E)(5) (or blackbox) measures that are needed between 2015 and 2023.

He displayed a chart on demographic projections and ozone air quality trends and showed how VMT is expected to grow as will housing. The goods movement growth is projected to grow by 300% from 2001 levels to 2020; a 170% increase in truck travel is also projected as is a 150% increase in rail cargo.

He reviewed ARB's proposed state and federal control measure strategies, then reviewed the AQMD staff's proposed strategies that could achieve additional NO_x reductions called for in the 2007 AQMP to demonstrate attainment of the annual PM_{2.5} standard by 2014. There is a need for the acceleration of fleet modernization including on-road and off-road vehicles and greater penetration of clean engine technologies. The on-road fleet modernization efforts will dwarf the off-road fleet modernization ones.

Next, he showed a chart on the emissions reductions called for in the Draft 2007 AQMP for NO_x, VOC, SO_x and PM_{2.5} and noted that 40 percent of the reduction is in blackbox measures. He indicated the types of control measures with potential concurrent reductions of GHGs including accelerated penetration of advance technology, shore-side power for marine vessels, electrification of airport GSE equipment, advanced zero emission transportation systems, and regional transportation control measures. He noted that alternative fuels compared to diesel have potential GHGs benefits.

A chart on 2007 heavy-duty engine certifications reflected the increasing availability of alternative engines to meet 2007 and 2010 standards. Diesel engine manufacturers can still bank credits for averaging to meet standards, which is why there are still diesel engines with 2004 certification today. The MSRC has typically funded the cleaner engines and not those used in the averaging.

AQMD priorities focus on high emitting vehicle identification and repair programs, technology demonstrations, and continued incentive funding. The AQMD's vehicle repair program has already targeted 4,000 vehicles using a remote sensing device to identify high-emitting heavy-duty vehicles. On the technology demonstration side the MSRC's off-road retrofit showcase is a high priority for to the AQMD. There will be continued focus at funding engines that meet the 0.2 gram standard prior to 2010. In addition to funding alternative fueled engines to meet the 2010 emissions standards, the AQMD has also funded two research projects for diesel engines to achieve this standard, one with Cummins and one with Volvo. The AQMD continues to look at advancing near-zero vehicle technologies. Relative to light-duty natural gas vehicles, he noted that third party upfitters are still certifying GM and Ford engines for shuttle vans and pickups

and fleets can take advantage of the recent E450 natural gas engine certification. The purchases are seamless to the purchaser since they can be ordered through the dealerships.

Ray Gorski – Technology Update/Point & Counterpoint

To ensure an interactive discussion, we're going to conduct a point/counterpoint debate on natural gas, plug-in hybrids, bio-fuels, and greenhouse gases.

First point - natural gas as a transportation fuel. By the end of 2007 only a few heavy-duty natural gas engines will still be available and two are certified no cleaner than diesel. OEMs are abandoning natural gas because of EPA's stricter standards on sulfur fuel and the convergence of natural gas and clean diesel emissions. OEMs have been putting efforts into diesel technologies, including aftertreatment devices. Crankcase emissions aren't being emitted because systems are now closed. NOx is being reduced using advanced engine management technologies. If diesel is getting cleaner, why do we still need natural gas? And how will diesel engines meet the 2010 EPA NOx standard of 0.2 g/bhp-hr?

Counterpoint – Natural gas remains important. Natural gas continues to make sense for California. Major fleets have already selected natural gas and the numbers continue to grow. The number of natural gas vehicles already funded by the MSRC demonstrates this, and the demand continues to outpace available funding. The U.S. DOE predicts natural gas use as a transportation fuel to steadily increase, doubling in California. The CEC agrees and predicts natural gas could account for 9-19% of on-road transportation fuel by 2020. Cleaner diesel comes with a chilling price tag and new class truck sales have plunged 45% because fleets are keeping vehicles longer. Natural gas meets EPA's 2010 standards today. It is five times cleaner than diesel engines. New manufacturers are stepping up to the plate, such as Baytech. Natural gas has lower GHGs compared to diesel and a 27% reduction when compared to gasoline, and fleets can benefit from tax incentives. Therefore, opportunities continue to exist for the MSRC to support natural gas vehicles.

MSRC-TAC Member Michelle Kirkhoff asked if there is a point where a diesel engine will be the same price and there will be no incremental cost between diesel and natural gas. Ray Gorski said yes, when they introduce the SCR in 2010. Ms. Kirkhoff said so the difference will be the fuel costs but the drawback will be the availability of natural gas infrastructure. Mr. Gorski replied the capital costs are important, but you make or break a business on operation costs.

MSRC Vice-Chair Ron Roberts asked whether maintenance costs are factored in. His city had to go back from natural gas to gasoline because there was a lack of maintenance skills. Mr. Gorski said with any new technology there is a learning curve.

MSRC Member Greg Winterbottom said that CNG has a shorter range, so the availability of fueling stations is a big driving factor. A diesel bus will achieve 300 miles but a natural gas bus will only achieve 150 miles. This discrepancy needs to be addressed. MSRC-TAC Chair Gretchen Hardison said this may need to be addressed in how we develop formulas for funding projects.

MSRC-TAC Member Dean Saito said a diesel school bus now costs approximately \$122,000 from \$190,000 to comply with 2007 standards. Colton Unified School District reported they realized a half million dollar savings in CNG fuel costs and they are operating a 100% school bus fleet. With respect to the 2010 standard, many operators want to go beyond it through hythane blends. There is also a rumor that one of the diesel manufacturers will be asking for an extension of the 2010 standard.

Ms. Kirkhoff asked if there are no engines available, what can be done. What can the MSRC do? Mr. Gorski said the MSRC could choose to partner with an engine manufacturer to certify new alternative fuel engines and to take existing engines and certify them using hythane, which is a blend of hydrogen and natural gas. Henry Hogo added that tomorrow staff is taking a project to the Board to integrate the Cummins natural gas engine into school buses so there will be a continual market.

Bottom-line: Natural gas definitely has a future, but it may not be for everyone.

Second point - Gasoline hybrids overcame the shortcomings of EVs and are increasingly popular – why mess with success? There is a major push by environmental groups, electric utilities, and battery EV proponents to bring back the plug, but the battery technology is suspect. So why do we want to plug back in?

Counterpoint – plug in hybrids may end up saving the planet. The support for PHEVs is broad. The AQMD is currently conducting a demonstration program that is achieving more than 100 MPG. Plugging in is optional and gets more economy if recharged using a 110V household current. PHEVs support AB 32, which is the global warming act. It offers gas emissions of approximately half those compared to the gasoline auto. PHEVs have the OEMs attention, and battery technology is moving forward. Their potential is undeniable.

MSRC Greg Winterbottom said electricity costs something, so what is the value of plugging in or not. Mr. Gorski replied if you have a conventional hybrid like a Prius that gets 45 MPG, the plug-in hybrid would get twice that fuel economy. Thus, it would save half the cost in gas purchases, but we do need to look at electricity from home to compare it to gas station prices and come up with an equivalent amount of energy. They are trying to delay the amount of time before the gas engine turns on. Mr. Saito said the average commute in the south coast is 50 miles. Henry Hogo noted that the ideal is a blended mode, but if using a plug-in you can get greater gasoline mileage and an 80 percent emissions reductions.

Mr. Winterbottom asked what is actual cost of electricity and how are the batteries going to be disposed of. Matt Miyasato, AQMD Technology Demonstration Manager, said calculated on prototype costs, it costs about 7 cents per gallon to recharge overnight; if compared to consumer appliances, it is about a couple of plasma TVs running for about 8 hours. The recycle issue needs to be addressed, and in talking with Toyota, they said they would develop a program to recycle the batteries. Local fire departments are concerned about shock issues so that too needs to be addressed.

Ms. Kirkhoff said as far as infrastructure, people still want to plug in somewhere. Are there concerns about people's expectations? Ray Gorski said intraday charging is a good question. One solution could be to take Level II chargers and convert them to Level I. Matt Miyasato said that the AQMD is working with UC Davis to understand consumer behavior, but utilities may not want you to plug in during the day when it is the high peak time but instead during the night in off peak hours.

Ms. Kirkhoff said when the MSRC first offered EV incentives, we conducted surveys and the people loved their vehicles, and there was a huge uprising when auto manufacturers took them back. There will be consumer acceptance and a market, but it gets down to auto manufacturers actually producing them. Will they embrace this or take the same road? Mr. Gorski said auto manufacturers have been beaten into submission. The increased cost of gasoline has caused a ground swell. If there is a car on the market offering 100 MPG, consumers will buy it. However, it is a very tenuous position. If gas prices drop, the auto manufacturers will cut back on hybrids, but if not and budgets began to feel the squeeze, then the auto makers will be hard pressed to ignore it. There are technological advancements being made in the batteries. They are now demonstrating more durability; if we can get beyond the battery problem, they will take off.

MSRC-TAC Member Bob Huddy asked if the primary issue involves the converter. Matt Miyasato replied it is the battery, but we might see light-duty and medium-duty vehicles plugged in. The battery in the AQMD's Prius, which is outside if anyone wants to see it, costs about \$15,000.

Bottom-line: Plug-in hybrids may not be ready for prime time, but their potential is undeniable.

Third point – Bio-fuels like ethanol and bio-diesel are more expensive and offer no better emissions than conventional fuels...why bother with them?

Bio-diesel refers to alternative diesel fuel produced from renewable sources. The first diesel engine actually ran on bio-diesel or peanut oil. They typically blend the bio-diesel product with the diesel fuel. B20 for example is 80% diesel and 20% bio-diesel. There is also neat diesel or B100. B20 is compatible with all diesel engines and no specific infrastructure is needed. The other bio-fuel is ethanol, which is alcohol based. It is de-natured to prevent people from drinking it and most often blended with gasoline. It is fermented from organic materials like corn, sugar, beets, or organic waste cellulose. It offers lower energy density compared to gasoline but it is cheaper. It is more caustic than gasoline, which means it will corrode rubber hoses, so it requires modifications. However, bio-fuels result in increased NOx emissions so it offers no NOx benefit for the south coast region. Bio-fuels do offer some benefit in the reduction of carbon monoxide, organic gases, and PM, which are toxic contaminants.

Counterpoint – biofuels aren't only the future; they're already here. Unleaded gasoline in California is E5.7, which means it is 5.7% ethanol content and 94.3% unleaded gasoline. Ethanol replaced MTBE as the oxygenate in reformulated gasoline. President Bush mandated \$3.6 billion for construction of cellulosic ethanol production facilities. It reduces foreign oil dependence and substantial reductions in GHGs, up to 87 percent compared to gasoline.

Bottomline: In light of AB 32, the California Global Warming Solutions Act of 2006, it is anticipated that there will be increasing blends of ethanol at the gas pump.

Last Point – Global warming is a concern, but isn't the mission of the MSRC to reduce pollutants such as NOx and PM?

The MSRC's mission is to achieve direct and tangible emission reductions in air pollutants in support of the California clean air act amendments and the south coast AQMD's AQMP. Greenhouse gases are pollutants. The southland residents bear 82 percent of the statewide burden and 52 percent of the national burden. How can the MSRC focus on GHGs in light of this huge need?

Counterpoint – The MSRC has always supported GHG reductions. In fact, most of the projects funded to date have done so. The MSRC should quantify these GHG emissions along with the pollutants to get credit for the region.

Bottom-line: The MSRC should consider quantifying these GHG emissions reductions along with criteria pollutants to get credit for the region.

Food for Thought

Mr. Gorski noted that prior to the retreat we solicited ideas for the FY 2007 Work Program. He reviewed conceptual new project ideas, noting that no decision is necessary at this time but the MSRC can direct staff to further develop the concept for their consideration.

"Big Rig" Freeway Service Patrols

Currently, the MTA is conducting demonstrations on I-710 in an 18-mile beat. The program has the same benefits of FSPs, but a greater benefit when you factor in good movements. A program could also expand FSPs as well as upgrade and enhance existing services for technology improvements, such as MDTs.

Transit Pass for Community College Students

A transit pass program for community college students was envisioned as a regional program. Only startup costs or the first two years of support would be sought, not operational costs, then the thought is to have propose a referendum for students to include the pass cost in enrollment fees. This might have big price tag so potentially partners might need to be identified.

Off-Road Construction Equipment Repowers

The Moyer Program cannot meet the demand in this area, and they have a \$50 million backup list. The MSRC could also apply funding to the Moyer backup list if shelf-ready projects are desired.

Off-Road Construction Equipment Retrofits

The showcase demonstration program has received applications for 21 devices seeking inclusion in program. Some of the devices reduce 75% NOx. If the MSRC wants to do something quickly, it could choose to fund the backup lists, which should equal about \$4 million. The showcase program will probably be oversubscribed by a factor of 5 from the \$1 million funded.

There are also some shelf-ready projects from the Moyer off-road backup list and the MSRC's FSP program. There is slightly more than \$18 million available for the FY 2007-08 Work Program, and it could be spend quickly in this areas, or on new ideas.

MSRC Member Frank West said he received a call for action. Mr. Gorski replied construction fleets want to defray a portion of their costs. There will be a real battle for a few months, and ARB is relying on our showcase to demonstrate these devices as cost effective and that they won't damage vehicles. These issues have to be weighed against the tremendous benefits.

MSRC Member Bonnie Lowenthal asked what about the smaller construction companies, such as those that are minority-owned. Jeff Weir replied that small and medium fleets are being given more time to comply with the rule and smaller ones have lesser requirements. Ms. Lowenthal said many smaller companies may want to get involved but don't have the money to participate. Mr. Gorski said the Local Government Match Program offers funding for heavy-duty vehicles and infrastructure. Another idea is that companies would like to lease vehicles to local governments versus outright purchases, so they could make convenient monthly payments and maintenance would be provided by the leasing companies. We could investigate this concept.

MSRC Chair Gwenn Norton-Perry noted that JPAs are allowed to participate.

MSRC Vice-Chair Ron Roberts noted he supervised an FSP program about 15 years ago, and when a big rig overturns, it has to be towed. He believes the big rig FSP program is a good idea, and the 710 is the highest priority. If it is shelf ready, then let's take advantage of it. MSRC-TAC Member Bob Huddy added that it is probably one of the most cost effective programs we could fund.

MSRC Member Jeff Weir noted we need to consider sustainability of programs. The showcase will have great benefits for the future. The transit pass program has been shown to be very effective, but if you can fund only one or two years and then it becomes ongoing, you get optimal benefits.

MSRC-TAC Member Michelle Kirkhoff said perhaps now is the time to begin trying to move forward with an online proposal submission. Additionally, since youths don't read newspapers as much as the older generation, outreach and education should include web and text messaging as mediums.

Ms. Norton-Perry applauded staff for the great, energetic presentation and noted there appears to be a general consensus on the proposed programs. Hopefully we'll come back next month with new program parameters.

OTHER BUSINESS

Agenda Item #10 - Other Business

No other business was introduced.

ADJOURNMENT

THERE BEING NO FURTHER BUSINESS, THE JOINT MSRC/TAC RETREAT
ADJOURNED AT 4:05 p.m.

[Prepared by Drue Hargis, CPS]



**MOBILE SOURCE AIR POLLUTION REDUCTION REVIEW COMMITTEE
THURSDAY, JUNE 21, 2007 MEETING MINUTES**

21865 E. Copley Drive, Diamond, Bar, CA 91765- Conference Room GB

MEMBERS PRESENT:

(Chair) Chino Hills Council Member Gwenn Norton-Perry, rep. SANBAG
(Vice-Chair) Temecula Council Member Ron Roberts, representing SCAG
LA County Supervisor Michael Antonovich, representing South Coast AQMD
Long Beach Council Member Bonnie Lowenthal, representing LACMTA
Mr. Ric Teano (Alternate), representing OCTA
Moreno Valley Council Member Frank West, representing RCTC
Mr. Greg Winterbottom, representing OCTA

MSRC MEMBERS ABSENT:

Hemet Council Member Robin Lowe, rep. Regional Rideshare Agency
Mr. Jeff Weir, representing CARB (via teleconference)

MSRC-TAC MEMBERS PRESENT:

Michelle Kirkhoff, MSRC-TAC/SANBAG
Dean Saito, MSRC-TAC/SCAQMD
John Standiford, MSRC-TAC/RCTC

OTHERS PRESENT:

Mike Franco, SoCalGas
Debra Mendelsohn, AQMD Board Assistant (Antonovich)
John McNamara, representing Rainbow Disposal

AQMD Staff

Ray Gorski, MSRC Technical Advisor
Dean Hughbanks, Procurement Manager
Henry Hogo, Asst. DEO/Science & Technology Advancement
John Kampa, Financial Analyst
Falon Lewis, Student Intern (Procurement)
Matt MacKenzie, MSRC Contracts Assistant
Drue Ramirez, MSRC Administrative Liaison
Cynthia Ravenstein, MSRC Contracts Administrator
Rachel Valenzuela, MSRC Contracts Assistant
Jeri Voge, Sr. Deputy District Counsel

CALL TO ORDER

MSRC Chair-Vice Ron Roberts called the meeting to order at 2:07 p.m. as a committee of the whole.

PUBLIC COMMENT PERIOD

Public comments were allowed during the discussion of each agenda item.

Herb Burnett, consultant, said he was representing two of his clients, City of Pasadena which is building a CNG station and garage modifications and Consolidated Disposal Service in Long Beach which is building an LNG station and garage modifications. The City of Pasadena's project was originally estimated at \$800,000 and it is now estimated at \$1,050,000. The MSRC and AQMD both awarded funding, and the City's contribution is 50% of these awards. In the last two years the project has had to go through CEQA and other rigorous reviews, and they are short \$200,000. Their options are to slow down the acquisition of CNG vehicles or ask for additional funding. Similarly, Consolidated Disposal's project was originally estimated at \$1,065,000 and now it is currently estimated at \$1,300,000. It too had to go through CEQA and was impacted by another LNG terminal project in Long Beach. Consolidated Disposal's contribution is \$540,000 or 50% of the original project costs. With the existing MSRC and AQMD contracts, they are still short \$210,000 and are therefore asking for another \$105,000 from the MSRC to make up 50% of the shortfall. Their only other option too would be to slow acquisition of natural gas vehicles.

MSRC Member Greg Winterbottom asked if their request fits anywhere into the MSRC's existing or upcoming funding programs. Ray Gorski, MSRC Technical Advisor, replied these projects are already being funded through existing MSRC contracts. If additional funding were allocated to them, it would exceed the allocations allowed under the original program parameters. They could apply under the new work program, but a program would have to be developed with greater parameters to allow more funding for the same project. However, staff could explore a more diligent assessment for the MSRC's review.

MSRC Vice-Chair Ron Roberts commented it is a long process to build these stations and his agency too is about \$200,000 short because materials are so expensive and they continue to go up as the project is undertaken. He is concerned that providing additional funding for the same project because of cost overruns could potentially open Pandora's box.

[MSRC Member Michael Antonovich arrived at 2:15 p.m. a quorum was still not present.]

Herb Burnett suggested one resolution could be to counsel agencies to include contingency dollars in projected budgets in case of cost overruns. Jeri Voge, AQMD Sr. Deputy District Counsel, cautioned that applicants can bid what they believe is appropriate for the project but there will still in all likelihood be a funding cap established.

MSRC-TAC Member Michelle Kirkhoff asked under what program were these projects funded. Mr. Gorski replied the Pasadena project was funded under Local Match and Consolidated's project was funded under the alternative fuels infrastructure program.

ON MOTION BY MSRC MEMBER GREG WINTERBOTTOM, AND SECONDED BY MSRC VICE-CHAIR RON ROBERTS SECONDED, THE MSRC DIRECTED STAFF TO CONDUCT AN ASSESSMENT OF THIS ISSUE FOR THEIR CONSIDERATION.

[MSRC Chair Gwenn Norton-Perry arrived at the meeting, and MSRC Member Bonnie Lowenthal arrived at the offsite video-conferencing location, both at approximately 2:10 p.m. A quorum was thus achieved.]

STATUS REPORTS

- Clean Transportation Policy Update

MSRC-TAC Member Michelle Kirkhoff said CARB is busy holding workshops to look at PM2.5 standards for our area as well as amending the smog index label to add the greenhouse gas index into our air plan and looking at early action measures under AB 32. Yesterday SANBAG's policy committee took a strong stand to support the AQMD's position to get CARB to step up more.

CONSENT CALENDAR (Items 1 through 12)

Receive and Approve Items

Agenda Item #1- Minutes of April 19 and May 31, 2007 MSRC Meetings

The April 19, 2007 minutes were provided under separate cover. The May 31 minutes were pulled since they were not yet ready. Drue Ramirez, MSRC Administrative Liaison, noted that Jeri Voge asked for one clarifying amendment to the April 19 minutes. On page 5 under Item #8, second paragraph, should read: "...the Administrative Subcommittee recommended funding for the *first* two-year option from the current work program, staff subsequently realized the original Board action *included funds for the 2 two-year options and as part of the FY 2004-05...*"

ON MOTION BY MSRC VICE-CHAIR RON ROBERTS, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-11, THE MSRC UNANIMOUSLY APPROVED THE APRIL 19, 2007 MINUTES, WITH THE ABOVE CLARIFYING AMENDMENT.

ACTION: The minutes will be placed on the MSRC's website and files for the records.

Agenda Item #2 – Summary of Final Reports by MSRC Contractors

The agenda package included only one final report summary for City of Signal Hill Contract #ML05017, which provided \$126,000 to conduct traffic signal synchronization.

ON MOTION BY MSRC VICE-CHAIR RON ROBERTS, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-11, THE MSRC UNANIMOUSLY RECEIVED AND APPROVED THE ABOVE FINAL REPORT.

ACTION: MSRC staff will file the final report in the AQMD's library and release any retention on this contract.

Information Only – Receive and File Items

Agenda Item #3 – Financial Report on AB 2766 Discretionary Fund Account

A financial report on the AB 2766 Discretionary Fund was included in the agenda package.

ON MOTION BY MSRC VICE-CHAIR RON ROBERTS, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-11, THE MSRC UNANIMOUSLY RECEIVED AND FILED THE FINANCIAL REPORT FOR THE PERIOD ENDING MAY 31, 2007, ON THE AB 2766 DISCRETIONARY FUND.

No further action is required.

Agenda Item #4 - MSRC Contract Administrator's Report

The MSRC AB 2766 Contract Administrator's Report for April 2007 was included in the agenda package.

ON MOTION BY MSRC VICE-CHAIR RON ROBERTS, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-11, THE MSRC UNANIMOUSLY RECEIVED AND FILED THE CONTRACT ADMINISTRATOR'S REPORT FOR JUNE 2007.

ACTION: AQMD staff will include the MSRC Contract Administrator's Report in Supervisor Antonovich's MSRC committee report for the July 13, 2007 AQMD Board meeting.

Agenda Item #5 – Report on Miscellaneous Expenditures for FY 2005-06 4th Quarter and FY 2006-07 1st Quarter

For FY 2005-06 the MSRC adopted an Administrative Budget in the amount of \$618,615 and allocated \$41,440 for the reimbursement of miscellaneous administrative and mailing costs, in addition to \$2,500 for travel. AQMD staff reported that actual FY 2005-06 fourth quarter expenses were \$9,321.16 and total FY 2005-06 actual costs were \$30,920.27.

For FY 2006-07 the MSRC adopted an Administrative Budget in the amount of \$619,146 and allocated \$55,690 for the reimbursement of miscellaneous administrative and mailing costs, in addition to \$2,500 for travel. AQMD staff reported that actual FY 2006-07 first quarter expenses were \$8,905.27.

ON MOTION BY MSRC VICE-CHAIR RON ROBERTS, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-11, THE MSRC UNANIMOUSLY RECEIVED AND FILED

THE REPORT ON MISCELLANEOUS EXPENDITURES FOR FY 2005-06 FOURTH QUARTER AND FY 2006-07 FIRST QUARTER.

ACTION: AQMD staff will transfer funds to reimburse the AQMD for these expenditures.

For Approval - As Recommended

Agenda Item #6 – Consider One Year No-Cost Contract Term Extension by the City of Whittier, Contract #ML04012

The City of Whittier requests a one-year contract term extension. The MSRC-TAC considered this request and unanimously recommended approval.

ON MOTION BY MSRC VICE-CHAIR RON ROBERTS, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-11, THE MSRC UNANIMOUSLY APPROVED A NO-COST, ONE-YEAR CONTRACT TERM EXTENSION FOR CITY OF WHITTIER CONTRACT #ML04012.

ACTION: Staff will modify the above contract accordingly.

Agenda Item #7 – Consider Six-Month No Cost Contract Extension by the City of Inglewood Contract #ML05026

The City of Inglewood requests a six-month contract term extension. The MSRC-TAC considered this request and unanimously recommended approval.

ON MOTION BY MSRC VICE-CHAIR RON ROBERTS, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-11, THE MSRC UNANIMOUSLY APPROVED A NO-COST, SIX-MONTH CONTRACT TERM EXTENSION FOR CITY OF INGLEWOOD CONTRACT #ML05026.

ACTION: Staff will modify the above contract accordingly.

Agenda Item #8 – Consider 15-Month No-Cost Contract Extension and Modified Statement of Work by the County Orange, Contract #ML04038

The County of Orange requests to substitute vehicles, including substitution of one medium-duty CNG vehicle for a heavy-duty vehicle. The County also requests a 15-month contract term extension. The MSRC-TAC considered this request and unanimously recommended approval.

ON MOTION BY MSRC VICE-CHAIR RON ROBERTS, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-11, THE MSRC UNANIMOUSLY APPROVED SUBSTITUTING ONE MEDIUM-DUTY CNG VEHICLE FOR ONE HEAVY-DUTY CNG VEHICLE INSTEAD FOR COUNTY OF ORANGE CONTRACT #ML04038,

WHICH WILL NOW BE FOR THE PURCHASE OF UP TO ONE MEDIUM-DUTY AND FOUR HEAVY-DUTY CNG VEHICLES AND INSTALLATION OF CNG INFRASTRUCTURE WITH NO CHANGE TO THE \$440,000 CONTRACT VALUE.

ACTION: Staff will seek approval of this vehicle substitution at the July 13, 2007 AQMD Board meeting.

Agenda Item #9 – Consider Three-Month Extension to Deadline for Completing Device Installations by Los Angeles County Sanitation Districts, Contract #PT06007

The County Sanitation Districts of Los Angeles County requests that the cut-off date for completing installations be extended, changing the deadline from twelve to fifteen months from the date of contract execution. The MSRC-TAC considered this request and unanimously recommended approval.

ON MOTION BY MSRC VICE-CHAIR RON ROBERTS, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-11, THE MSRC UNANIMOUSLY APPROVED AN EXTENSION OF THE DEADLINE FOR INSTALLATION FROM 12 TO 15 MONTHS FOR SANITATION DISTRICTS OF LOS ANGELES COUNTY CONTRACT #PT06007.

ACTION: Staff will modify the above contract accordingly.

Agenda Item #10 – Consider Modified Statement of Work by the City of Rancho Cucamonga Contract #ML06057

The City requests to substitute a street sweeper for a tree truck. The MSRC-TAC considered this request and unanimously recommended approval.

ON MOTION BY MSRC VICE-CHAIR RON ROBERTS, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-11, THE MSRC UNANIMOUSLY APPROVED SUBSTITUTION OF ONE NATURAL GAS HEAVY-DUTY TRUCK FOR A NATURAL GAS STREET SWEEPER INSTEAD FOR CITY OF RANCHO CUCAMONGA CONTRACT #ML06057, WHICH WILL NOW BE FOR THE PURCHASE OF UP TO ONE NATURAL GAS HEAVY-DUTY TRUCK AND THREE NATURAL GAS STREET SWEEPERS WITH NO CHANGE TO THE \$100,000 CONTRACT VALUE.

ACTION: Staff will seek approval of this vehicle substitution at the July 13, 2007 AQMD Board meeting.

FY 2005-06 WORK PROGRAM**Agenda Item #11 – Consider Approval of the Orange County Transportation Authority's Proposed Project under the Freeway Service Patrol Program as Part of the FY 2005-06 AB 2766 Discretionary Fund Work Program**

As part of the FY 2005-06 Phase I Work Program, the MSRC allocated a total of \$3.95 million to implement the Efficiency Freeway Service Patrol (FSP) Programs. For their award of \$928,740, the Orange County Transportation Authority submitted a proposal to install automated vehicle locator and mobile data terminal (AVL/MDT) systems in their entire FSP fleet. The MSRC-TAC considered this request and unanimously recommended approval.

ON MOTION BY MSRC VICE-CHAIR RON ROBERTS, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-11, THE MSRC UNANIMOUSLY APPROVED THE FSP PROJECT SCOPE PROPOSED BY OCTA.

ACTION: Staff will seek approval of OCTA's project scope at the July 13, 2007 AQMD Board meeting.

ACTION CALENDAR (Items 12 through 17)**Agenda Item #12 – Consider Six-Month Contract Extension and Modified Statement of Work for Cathedral City Contract #ML04043**

Cynthia Ravenstein, MSRC Contracts Administrator, reported Cathedral City was awarded \$50,000 to purchase a medium-duty CNG van as well as one CNG water and one CNG dump truck. They have the dump truck placed into service and the van is on order. The initially asked for a six-month term extension in order to take receipt of the van and they had planned to turn back the funds for the water truck. The MSRC-TAC considered their request for a six-month contract term extension and unanimously recommended approval, but also directed staff to contact Cathedral City to make sure there weren't other CNG vehicles they were already planning to purchase which they could substitute for the water truck. In fact, the City is planning to purchase two medium-duty CNG pickups and they amended their request to substitute the two pickups for the heavy-duty water truck. Medium-duty vehicles are eligible for \$10,000 each and heavy-duty, \$20,000, so the funding would remain the same since they're proposing to replace the heavy-duty vehicle with two medium-duty vehicles. The MSRC-TAC did not consider the vehicle substitution since it was subsequent to their meeting.

MSRC Member Greg Winterbottom asked if the two medium-duty vehicles have the same emission reductions as the heavy-duty vehicle. Ray Gorski replied probably not, but the two medium-duty vehicles would have been allowable under the program if they had originally applied for them instead of the water truck.

ON MOTION BY MSRC MEMBER GREG WINTERBOTTOM, AND SECONDED BY MSRC MEMBER FRANK WEST, THE MSRC UNANIMOUSLY APPROVED THE SIX-MONTH CONTRACT TERM EXTENSION AND SUBSTITUTING TWO MEDIUM-DUTY CNG VEHICLES FOR ONE HEAVY-DUTY CNG VEHICLE FOR

CATHEDRAL CITY CONTRACT #ML04037, WHICH WILL NOW BE FOR THE PURCHASE OF UP TO THREE MEDIUM-DUTY AND ONE HEAVY-DUTY CNG VEHICLES WITH NO CHANGE TO THE \$50,000 CONTRACT VALUE.

ACTION: Staff will seek approval of this vehicle substitution at the July 13, 2007 AQMD Board meeting.

Agenda Item #13 – Consider Modified Location for CNG Stations for City of San Fernando Contract #ML04037

Cynthia Ravenstein, MSRC Contracts Administrator, reported the City of San Fernando was awarded funding to purchase two medium-duty and three heavy-duty CNG vehicles and to construct two CNG stations, one of which would be a time fill and one a publicly accessible fast fill. Some of the vehicles have been placed into service and the others are on order. The time-fill station is operational, but they subsequently decided to sell the property on which the time fill was constructed. It was to be the site for the fast fill too. They want to move their facility to 120 MacNeil Street. They will pay to move the already constructed time fill. The program solicitation did not prohibit site location changes and the application would have been approved if the new site had been initially identified. She had initiated an administrative modification, but legal staff's opinion was that it was a substantive change requiring both the MSRC and AQMD Board approval.

ON MOTION BY MSRC MEMBER BONNIE LOWENTHAL, AND SECONDED BY MSRC VICE CHAIR RON ROBERTS, THE MSRC UNANIMOUSLY APPROVED A CHANGE IN LOCATION OF THE CNG INFRASTRUCTURE FOR CITY OF SAN FERNANDO CONTRACT #ML04037, WHICH WILL NOW BE TOWARDS THE PURCHASE OF UP TO TWO MEDIUM-DUTY AND THREE HEAVY-DUTY CNG VEHICLES AND INSTALLATION OF CNG INFRASTRUCTURE IN THE AMOUNT OF \$262,042.

ACTION: Staff will seek approval of this modification at the July 13, 2007 AQMD Board meeting.

FY 2006-07 WORK PROGRAM

Agenda Item #14 – Consider Award to Certified Transportation Services under FY 2006-07 CNG School Bus Incentives Program for Private Pupil Transportation Providers

MSRC-TAC Member Dean Saito reported that Certified Transportation Services has applied for funding as a private transportation provider under the MSRC's school bus program. Certified Transportation doesn't have the ability to negotiate directly with the school bus manufacturer because they are a small provider. Therefore, they are asking for the maximum allowed up to \$60,000 for one CNG full-size school bus.

ON MOTION BY MSRC MEMBER GREG WINTERBOTTOM, AND SECONDED BY MSRC VICE-CHAIR RON ROBERTS, THE MSRC UNANIMOUSLY APPROVED AN AWARD UP TO \$60,000 FOR ONE CNG SCHOOL BUS TO

CERTIFIED TRANSPORTATION SERVICES UNDER THE FY 2006-07 WORK PROGRAM.

ACTION: Staff will seek approval of this award at the July 13, 2007 AQMD Board meeting.

FY 2007-08 WORK PROGRAM

Agenda Item #15 – Consider Modifications to Mountain-Area CNG School Bus Demonstration Program

Ray Gorski, MSRC Technical Advisor, said staff recommends this item be deferred until the next meeting. There are some additional discussions ongoing between staff and Rim of the World and the individual most familiar with this is out of town until June 25.

ON MOTION BY MSRC MEMBER FRANK WEST, AND SECONDED BY MSRC MEMBER GREG WINTERBOTTOM, THE MSRC UNANIMOUSLY APPROVED DEFERRING THIS ITEM UNTIL ITS NEXT MEETING.

ACTION: Staff will include this item on the next MSRC agenda.

Agenda Item #16 – Consider Funding for Proposals Received under the Alternative Fuel Infrastructure Funding Opportunities Program as Part of the FY 2006-07 AB 2766 Discretionary Fund Work Program

Ray Gorski, MSRC Technical Advisor, reported there are two new applications for review and consideration at this time. First, Rainbow Disposal applied for funding for a CNG station at their Huntington Beach facility. It would be open to the public and the principal users would be trash truck fleets. The MSRC-TAC reviewed this application and unanimously recommends awarding \$350,000, which is the maximum amount the project is eligible for based on projected throughput. Second, Clean Energy applied for funding to construct a publicly accessible C/LNG station at the Southeast Resource Recovery Center in Long Beach. They were able to provide commitment letters including vehicles servicing the ports. The MSRC-TAC reviewed this application and unanimously recommends awarding \$350,000, which is the maximum eligible for stations offering both LNG and CNG. Funding awards recommended at this time total \$700,000.

MSRC Member Greg Winterbottom expressed his appreciation to OCTA staff for their efforts in putting together the Long Beach facility work.

MSRC Member Bonnie Lowenthal said the Recovery Center is in a strategic location and it will be able to service port vehicles.

ON MOTION BY MSRC MEMBER BONNIE LOWENTHAL, AND SECONDED BY MSRC VICE CHAIR RON ROBERTS, THE MSRC UNANIMOUSLY APPROVED THE FOLLOWING UNDER THE FY 2006-07 WORK PROGRAM:

- 1) A CONTRACT TO RAINBOW DISPOSAL IN AN AMOUNT NOT TO

EXCEED \$350,000 TOWARDS CONSTRUCTION OF A CNG REFUELING STATION IN HUNTINGTON BEACH; AND

2) A CONTRACT TO CLEAN ENERGY IN AN AMOUNT NOT TO EXCEED \$350,000 TOWARDS CONSTRUCTION OF AN L/CNG REFUELING STATION IN LONG BEACH.

ACTION: Staff will seek approval of these awards at the July 13, 2007 AQMD Board meeting.

Agenda Item #17 – Consider FY 2007-08 Administrative Budget

Henry Hogo, AQMD Asst. DEO/Science & Technology Advancement, reported the five percent cap for FY 2007-08 will be \$735,000 and the proposed budget is estimated to be \$634,571, which is approximately \$100,000 below the cap. He highlighted a few new things. A new line item for conference-related expenses was added and we have broken out the specific categories of expenditures under miscellaneous costs. We broke them out because we are proposing that the MSRC recognize that \$56,900 in expenses be transferred into AQMD's budget so staff can charge directly. This is how we handle other grants received by the AQMD and it works out better. In the past we have been charging directly to the AQMD budget and then drawing down the funds later to reimburse the AQMD.

MSRC Chair Gwenn Norton-Perry asked if it is simply administrative in the way the money will be handled. Mr. Hogo replied affirmatively.

ON MOTION BY MSRC MEMBER GREG WINTERBOTTOM, AND SECONDED BY MSRC MEMBER BONNIE LOWENTHAL, THE MSRC UNANIMOUSLY APPROVED THE FY 2007-08 ADMINISTRATIVE BUDGET IN THE AMOUNT OF \$634,571 INCLUDING A BUDGET TRANSFER IN THE AMOUNT OF \$56,900 FROM THE MSRC'S SPECIAL FUND 23 TO TAO'S FY 2006-07 BUDGET FOR MISCELLANEOUS AND TRAVEL COSTS.

ACTION: Staff will seek approval of this budget transfer at the July 13, 2007 AQMD Board meeting.

OTHER BUSINESS

Agenda Item #18 - Other Business

No other business was introduced.

ADJOURNMENT

THERE BEING NO FURTHER BUSINESS, THE MSRC MEETING ADJOURNED AT 2:32 P.M.



**MOBILE SOURCE AIR POLLUTION REDUCTION REVIEW COMMITTEE
THURSDAY, JULY 19, 2007 MEETING MINUTES**

21865 E. Copley Drive, Diamond, Bar, CA 91765- Conference Room GB

MEMBERS PRESENT:

(Chair) Chino Hills Council Member Gwenn Norton-Perry, rep. SANBAG
(Vice-Chair) Temecula Council Member Ron Roberts, representing SCAG
Hemet Council Member Robin Lowe, rep. Regional Rideshare Agency
Long Beach Council Member Bonnie Lowenthal, representing LACMTA
Mr. Ric Teano (Alternate), representing OCTA
Moreno Valley Council Member Frank West, representing RCTC
Mr. Greg Winterbottom, representing OCTA

MSRC MEMBERS ABSENT:

LA County Supervisor Michael Antonovich, representing South Coast AQMD
Mr. Jeff Weir, representing CARB

MSRC-TAC MEMBERS PRESENT:

Gretchen Hardison, MSRC-TAC Chair/City of Los Angeles
Michelle Kirkhoff, MSRC-TAC/SANBAG
John Standiford, MSRC-TAC/RCTC

OTHERS PRESENT:

Jano Baghdanian, City of Glendale
Earl Elrod, AQMD Board Assistant (Yates)
Mike Franco, SoCalGas
Fred Zohrevand, City of Glendale

AQMD Staff

Ray Gorski, MSRC Technical Advisor
Dean Hughbanks, Procurement Manager
Henry Hogo, Asst. DEO/Science & Technology Advancement
John Kampa, Financial Analyst
Matt MacKenzie, MSRC Contracts Assistant
Heather Malinick, Student Intern (Legal)
Drue Hargis, MSRC Administrative Liaison
Cynthia Ravenstein, MSRC Contracts Administrator
Rachel Valenzuela, MSRC Contracts Assistant
Jeri Voge, Sr. Deputy District Counsel

CALL TO ORDER

MSRC Chair Gwenn Norton-Perry called the meeting to order at 2:02 p.m.

Jeri Voge, AQMD Sr. Deputy District Counsel, noted the meeting was noticed for video-conference in Sacramento but CARB's representatives are unavailable to participate. However, if any member of the public shows up, a teleconference connection will be set up.

PUBLIC COMMENT PERIOD

Public comments were allowed during the discussion of each agenda item.

STATUS REPORTS

- AQMD Legislative Update

A written report was included in the agenda package. No oral report was provided.

- Clean Transportation Policy Update

MSRC-TAC Member Michelle Kirkhoff noted there is lots of ongoing CARB activity. Robert Sawyer and Catherine Witherspoon left ARB and Mary Nichols is now the new ARB chair. Much of the activity involves the Governor's actions and global warming initiatives and some AQMP issues with Southern California. Three discrete early action measures to implement AB 32 were approved. There was a new Governor appointee to the AQMD Board, Dr. Joseph Lyo, who has already started. There are numerous bills moving along on air quality and bond initiatives. A low-emission locomotive project begins operating at the Port of Los Angeles; more information is online. MSRC Member Bonnie Lowenthal clarified the locomotive project involves the Pacific Harbor Line and involves both the Port of Los Angeles and Long Beach.

CONSENT CALENDAR (Items 1 through 12)**Receive and Approve Items****Agenda Item #1- Minutes of May 31 and June 21, 2007 MSRC Meetings**

The June 21, 2007 minutes were provided under separate cover. The May 31 minutes were distributed as a draft for review at the meeting. Print copies were available for the public.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-12, THE MSRC UNANIMOUSLY APPROVED THE JUNE 21, 2007 MINUTES, AS SUBMITTED.

ACTION: The minutes will be placed on the MSRC's website and files for the records.

Agenda Item #2 – Summary of Final Reports by MSRC Contractors

The agenda package included seven final report summaries, as follows: 1) City of Inglewood

Contract #MS05046, which provided \$139,150 for a CNG station upgrade; 2) Jagur Tractor Contract #MS05051, which provided \$660,928 to repower six scrapers; 3) City of Palm Springs Contract #MS03026, which provided \$44,529 towards purchase of a pickup truck as well as soil stabilization and paving; 4) Los Angeles County MTA Contract #MS05039, which provided \$405,000 towards the purchase of 75 CNG buses; 5) Los Angeles County MTA Contract #MS04008, which provided \$854,050 towards the purchase of 50 CNG buses; 6) City of San Bernardino Contract #PT06015, which provided \$66,000 for diesel exhaust after-treatment devices; and 7) County Sanitation Districts of Los Angeles Contract #MS06011, which provided \$150,000 to construct a new CNG station.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-12, THE MSRC UNANIMOUSLY RECEIVED AND APPROVED THE ABOVE FINAL REPORTS.

ACTION: MSRC staff will file the final reports in the AQMD's library and release any retention on these contracts.

Information Only – Receive and File Items

Agenda Item #3 – Financial Report on AB 2766 Discretionary Fund Account

A financial report on the AB 2766 Discretionary Fund was included in the agenda package.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-12, THE MSRC UNANIMOUSLY RECEIVED AND FILED THE FINANCIAL REPORT FOR THE PERIOD ENDING JUNE 30, 2007, ON THE AB 2766 DISCRETIONARY FUND.

No further action is required.

Agenda Item #4 - MSRC Contract Administrator's Report

The MSRC AB 2766 Contract Administrator's Report for July 2007 was included in the agenda package.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-12, THE MSRC UNANIMOUSLY RECEIVED AND FILED THE CONTRACT ADMINISTRATOR'S REPORT FOR JULY 2007.

ACTION: AQMD staff will include the MSRC Contract Administrator's Report in Supervisor Antonovich's MSRC committee report for the September 7, 2007 AQMD Board meeting.

Agenda Item #5 – Report on FY 2003-04 and 2004-05 Audit of AB 2766 Discretionary Fund

AB 2766 requires any agency that receives fee revenues subvended to the AQMD from the Department of Motor Vehicles to be subject to an audit once every two years. The seventh biennial audit has been completed. For the Discretionary Fund portion of the funds awarded by the MSRC, the scope of the audit included ten projects randomly selected from the Work Programs awarded by the MSRC in FYs 2003-04 and 2004-05. The audits of the MSRC Fund and auditor selected MSRC projects resulted in no findings.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-12, THE MSRC UNANIMOUSLY RECEIVED AND FILED THE REPORT ON THE FYS 2003-04 AND 2004-05 AUDIT OF AB 2766 DISCRETIONARY FUND.

No further action is required.

Agenda Item #6 – Review of MSRC Policy and Past Practice Regarding Cost Overruns on Alternative Fuel Infrastructure Projects

At the June 21, 2007 MSRC meeting, a consultant representing Consolidated Disposal and the City of Pasadena addressed the MSRC and informed the Committee that his clients have recently experienced increased construction costs for their respective natural gas refueling stations. The representative was seeking MSRC consideration of funding a portion of the cost overruns experienced by his clients. The MSRC assigned staff an action item to investigate MSRC policy and past practice as it pertains to funding cost overruns on alternative fuel infrastructure projects. This written report documents staff's findings.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-12, THE MSRC UNANIMOUSLY RECEIVED AND FILED THIS REPORT.

No further action is required.

For Approval - As Recommended**Agenda Item #7 –Consider Nine-Month No-Cost Contract Term Extension by the Regents of the University of California, Contract #MS05041**

The Regents of the University of California requests a nine-month contract term extension. The MSRC-TAC considered this request and unanimously recommended approval.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-12, THE MSRC UNANIMOUSLY APPROVED A NO-COST, NINE-MONTH CONTRACT TERM EXTENSION THROUGH APRIL 30, 2008, FOR THE REGENTS OF THE UNIVERSITY OF CALIFORNIA CONTRACT #MS05041.

ACTION: Staff will modify the above contract accordingly.

Agenda Item #8 – Consider Seven-Month No Cost Contract Extension by the American Honda Motor Company, Contract #MS04058

American Honda Motor Company requests a seven-month contract term extension. The MSRC-TAC considered this request and unanimously recommended approval.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-12, THE MSRC UNANIMOUSLY APPROVED A NO-COST, SEVEN-MONTH CONTRACT TERM EXTENSION THROUGH MARCH 31, 2008, FOR AMERICAN HONDA MOTOR COMPANY CONTRACT #MS04058.

ACTION: Staff will modify the above contract accordingly.

Agenda Item #9 – Consider One-Year No-Cost Contract Term Extension by the City of La Canada Flintridge, Contract #ML05023

The City of La Canada Flintridge requests a one-year contract term extension. The MSRC-TAC considered this request and unanimously recommended approval, contingent upon receipt of progress report within six months providing proof of executed procurement contract.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-12, THE MSRC UNANIMOUSLY APPROVED A NO-COST, ONE-YEAR CONTRACT TERM EXTENSION THROUGH AUGUST 28, 2007, FOR CITY OF LA CANADA FLINTRIDGE CONTRACT #ML05023.

ACTION: Staff will modify the above contract accordingly.

Agenda Item #10 – Consider Modified Statement of Work by the Orange County Transportation Authority (OCTA), Contract #PT05063

The OCTA requests an extension of the deadline for completing device installations from 12 to 24 months from the date of contract execution, substitution of vehicles, and a reduction of the number of vehicles to be retrofitted. The MSRC-TAC considered this request and unanimously recommended approval.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-12, THE MSRC UNANIMOUSLY APPROVED THE INSTALLATION DEADLINE FROM 12 TO 24 MONTHS FROM CONTRACT EXECUTION, SUBSTITUTION OF VEHICLES TO IDENTIFY ALL ARTICULATED BUSES FOR RETROFIT, AND A REDUCTION OF THE NUMBER OF VEHICLES FROM 71 TO

50 FOR RETROFITTING, WHICH INCLUDES A CONTRACT VALUE REDUCTION OF \$178,500, FOR OCTA CONTRACT #PT05063.

ACTION: Staff will modify the above contract accordingly.

Agenda Item #11 – Consider Three-Month No-Cost Contract Term Extension by Cathedral City, Contract #MS03069

Cathedral City requests a three-month contract term extension. The MSRC-TAC considered this request and unanimously recommended approval.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-12, THE MSRC UNANIMOUSLY APPROVED A NO-COST, THREE-MONTH CONTRACT TERM EXTENSION THROUGH FEBRUARY 15, 2008, FOR CATHEDRAL CITY CONTRACT #MS03069.

ACTION: Staff will modify the above contract accordingly.

Agenda Item #12 – Consider Six-Month Contract Term Extension by Varner Construction, Contract #MS05035

Varner Construction requests a six-month contract term extension. The MSRC-TAC considered this request and unanimously recommended approval.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC MEMBER FRANK WEST, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #1-12, THE MSRC UNANIMOUSLY APPROVED A NO-COST, SIX-MONTH CONTRACT TERM EXTENSION THROUGH FEBRUARY 2008 FOR VARNER CONSTRUCTION CONTRACT #MS05035.

ACTION: Staff will modify the above contract accordingly.

ACTION CALENDAR (Items 13 through 15)

Agenda Item #13 – Consider Progress by City of Glendale on Contract #AB01010 and Determine if Further Action Needed

Cynthia Ravenstein, MSRC Contracts Administrator, reported the City of Glendale was originally awarded \$558,022 under the FY 2000-01 transit bus program, and later turned back the funds for the buses, reducing the award to \$200,000 for installation of a CNG station. Subsequently, they encountered financial problems because of rising construction costs and broke the project into two phases. They requested an extension 18-month extension. The MSRC approved only six months, but because there was no progress it was contingent upon receiving a six-month progress report at their November 2006 meeting. At that time the City reported they were expecting to release an RFP shortly. Consequently, the MSRC approved an extension

through February 2008, but required a progress report in July 2007. This item did not go through the MSRC-TAC again.

PUBLIC COMMENT: John Bagdanian, City of Glendale, explained the project includes construction of a CNG station with both public and private access as well as a maintenance facility. We issued an RFP and received proposals from Trillium, Clean Energy and Pinnacle. We interviewed the proposers and are negotiating with Clean Energy and Trillium. Both vendors said the compressors required for the facility have long lead times between 35-40 weeks, so this will delay our timeline for construction. Once we execute the contract, our vendor will still be at the mercy of the compressor manufacturer Arial. We're not here asking for another extension, at least not at this time, because we don't yet know the completion date. We won't know the completion date until we have executed our vendor contract and they have established a timeline. In the interim, we have secured additional funding from MTA for a total project cost of \$11 million. The contract with the MSRC is only \$200,000.

Ms. Ravenstein explained the MSRC can opt to take no action at this time since the contract doesn't expire until February 2008. You can take action at that time if desired, when a clearer timeline is available. MSRC Member Greg Winterbottom commented that the reality is they will need at least an 18-month extension.

Ray Gorski, MSRC Technical Advisor, said in the past there have been two compressor manufacturers Greenfield and Arial. Henry Hogo, AQMD Asst. DEO/Science & Technology Advancement, explained the compressor manufacturer will be whoever the vendors contract with.

MSRC Member Robin Lowe asked if the City currently has a CNG station in operation. Mr. Bagdanian replied that we had a CNG station, but it went down and couldn't be repaired so it was shut down.

Ms. Lowe wondered why the City of Hemet didn't have so many problems. Mr. Hogo said construction costs have continued to rise and demands on manufacturers have gotten greater. However, the City has made progress since the last time they were before the MSRC, and they are trying to make a diligent effort. He recommended they check back with staff and the MSRC-TAC in future and assuming things remain on track bring a consent calendar item back to the MSRC for approval.

MSRC-TAC Member Michelle Kirkhoff asked when the item will go before the council. Mr. Bagdanian replied in late September and he believes that by December 1 an order to proceed can be issued. We are also exploring the option of ordering the compressors ourselves even before we have a vendor contract in place to speed up the process. He added that the contract package the City is negotiating also includes maintenance agreements for the next ten years.

MSRC Member Ron Roberts said if both vendors are using only Arial has the option of ordering from Greenfield been explored. **ACTION:** Ray Gorski said staff will check into the compressor manufacturer issue.

MSRC Member Bonnie Lowenthal congratulated the City of Glendale on its continued commitment and perseverance.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC GREG WINTERBOTTOM, THE MSRC UNANIMOUSLY APPROVED AN 18-MONTH CONTRACT TERM EXTENSION (FROM DECEMBER 2007) FOR CITY OF GLENDALE CONTRACT #AB01010.

ACTION: Staff will modify the above contract accordingly.

FY 2006-07 WORK PROGRAM

Agenda Item #14 – Consider Modifications to Mountain Area CNG School Bus Demonstration Program as part of FY 2006-07 AB 2766 Discretionary Fund Work Program

MSRC-TAC Michelle Kirkhoff explained that staff and MSRC-TAC members are making one last ditch effort to try to resolve why Rim of the World USD objects to this demonstration project. We're hoping to have a chat with a key individual next week to present our program. Therefore, we're requesting that the MSRC hold off on any further action until next month.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND DULY SECONDED, THE MSRC UNANIMOUSLY APPROVED DEFERRING THIS UNTIL NEXT MONTH.

ACTION: Staff will include this item on the next MSRC agenda.

Agenda Item #15 – Consider Funding for Proposals Received under the Alternative Fuel Infrastructure Funding Opportunities Program as part of the FY 2006-07 AB 2766 Discretionary Fund Work Program

Ray Gorski, MSRC Technical Advisor, reported 13 applications were received requesting \$4.29 million and 8 are recommended for funding in the amount of \$1,447,688.32.

The MSRC-TAC's Infrastructure Subcommittee doesn't recommend funding the four applications from Clean Energy for stations at Ontario International Airport, the Port of Long Beach, Agua Mansa, and Southern Counties Express which is a trucking firm operating around the ports. The four applications were deemed incomplete because they were missing an essential element. Clean Energy would be the constructor and in many cases also provide maintenance on someone else's property. The Program required documentation that shows assurance that the property owner is amenable to having the station on their property. Sufficient documentation to provide this assurance was missing from all four applications. Additionally, two of these applications were received last year and were deemed incomplete for the same reason, and for whatever reason resolution still hasn't occurred.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC MEMBER GREG WINTERBOTTOM, THE MSRC UNANIMOUSLY APPROVED THE MSRC-TAC'S AND SUBCOMMITTEE'S RECOMMENDATION TO DECLARE

THE FOUR CLEAN ENERGY APPLICATIONS INCOMPLETE AND INELIGIBLE FOR FUNDING.

MSRC Member Greg Winterbottom said we should communicate to Clean Energy that they need to be honest and direct with us and cities and jurisdictions. MSRC-TAC Member Michelle Kirkhoff said third party vendor contracts typically involve complications. They frequently submit proposals in the hope they flesh out, but our experience has been that they frequently don't.

MSRC Member Robin Lowe asked if we should re-advertise the solicitation. Mr. Gorski said that is certainly an option, but the earliest we could re-release it would be September.

Ms. Kirkhoff pointed out that the solicitation allowed nine months to complete the application process.

MSRC Member Bonnie Lownethal said two of the Clean Energy proposals involve the Port of Long Beach and she is very concerned about this. Ms. Lowe asked if Ms. Lowenthal could do something to find out what the problems really are.

MSRC-TAC Chair Gretchen Hardison added that we made it abundantly clear in the RFP that without the documentation the application wouldn't be considered.

Ms. Lowenthal asked if the MSRC could hold off on action until she could make some inquiries. MSRC Chair Gwenn Norton-Perry said this has been a habitual pattern from Clean Energy. Ms. Lowenthal asked if it could be included in the next work program. Ms. Kirkhoff replied it is anticipated that there will be another alternative fuel infrastructure RFP in the next work program for release in October 2007. Ms. Lowe asked that staff please advise Clean Energy so they can re-apply and inform them about what they need to do to qualify. She will in turn look into whether there was some hold up by the Port of Long Beach itself.

ACTION: Staff will send a letter to Clean Energy on the above.

Additionally, Menifee Unified School Districts submitted a proposal that was written to appear as if the project was an expansion, but it isn't anything new from the project they already submitted in the last infrastructure round, received funding for and haven't yet completed. Additionally, they're asking for more money than allowed in the RFP. They have an existing contract already for the station, which is not yet constructed. The MSRC-TAC, in light of all facts, recommends this application not receive any funding at this time.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC VICE-CHAIR RON ROBERTS, THE MSRC UNANIMOUSLY APPROVED THE MSRC-TAC'S AND SUBCOMMITTEE'S RECOMMENDATION NOT TO ISSUE FUNDING TO MENIFEE.

Next, Mr. Gorski reviewed the Subcommittee's recommendation on Cathedral City's proposal. Cathedral City seeks \$150,000 for a limited access CNG station plus \$32,500 facility

modifications, but this amount exceeds the caps of the program guidelines. Therefore, the Subcommittee recommends it be reduced to the allowable amount for a total award of \$120,000.

ON MOTION BY MSRC MEMBER FRANK WEST, AND SECONDED BY MSRC MEMBER GREG WINTERBOTTOM, THE MSRC UNANIMOUSLY APPROVED THE MSRC-TAC'S AND SUBCOMMITTEE'S RECOMMENDATION TO REDUCE THE AWARD FOR CATHEDRAL CITY.

Finally, Mr. Gorski said the remaining applications are those we recommend for funding including the reduced award to Cathedral city. These include:

- 1) Baldwin Park Unified School District in the amount of \$57,500 for a limited access CNG station time-fill CNG station;
- 2) County of Riverside in the amount of \$36,358.97 for a limited access CNG station at the Riverside County Fleet Services Rubidoux facility;
- 3) County of Riverside in the amount of \$33,829.35 for a limited access CNG station at the Riverside County Fleet Services Indio facility;
- 4) Cathedral City in the amount of \$350,000 for a public access, high volume CNG station;
- 5) Cathedral City in the amount of \$120,000 for a limited access CNG station plus facility modifications;
- 6) Avery Petroleum in the amount of \$250,000 for a public access CNG station in San Juan Capistrano;
- 7) City of Riverside in the amount of \$350,000 for a high volume, publicly accessible CNG station at the City's Water Quality Control Plant; and
- 8) California State University, Los Angeles, in the amount of \$250,000 for a publicly accessible hydrogen station.

ON MOTION BY MSRC MEMBER ROBIN LOWE, AND SECONDED BY MSRC MEMBER GREG WINTERBOTTOM, THE MSRC UNANIMOUSLY APPROVED FUNDING THE ABOVE EIGHT APPLICATIONS TOTALING \$1,447,688.32 UNDER THE ALTERNATIVE FUEL INFRASTRUCTURE FUNDING OPPORTUNITIES PROGRAM AS PART OF THE FY 2006-07 AB 2766 DISCRETIONARY FUND WORK PROGRAM

ACTION: AQMD staff will seek approval of these awards by the AQMD Board at its September 7, 2007 AQMD meeting.

OTHER BUSINESS

Agenda Item #16 - Other Business

No other business was introduced.

ADJOURNMENT

THERE BEING NO FURTHER BUSINESS, THE MSRC MEETING ADJOURNED
AT 2:47 P.M.

[Prepared by Drue Hargis, CPS]