

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

For the Agenda of: September 28, 2006

To: Board of Directors
Sacramento Metropolitan Air Quality Management District

From: Larry Greene
Air Pollution Control Officer

Subject: Informational Update on the SECAT Program and Proposal to Assist Regional School Districts in Replacing Pre-1987 School Buses Under the SECAT Program

Purpose

The purpose of this informational item is to provide an update to the Board of Directors on the SECAT and other heavy-duty incentive programs, and to advise the Board that the Air Pollution Control Officer (APCO) intends to submit a proposal to the SACOG Board to allocate \$6 million to regional public school districts to help them replace approximately 50 pre-1987 school buses with 2007 buses using funding from the Sacramento Emergency Clean Air Transportation (SECAT) program.

Authority

Health and Safety Code Section 40961 identifies the District as the local agency within the boundaries of the Sacramento district with the primary responsibility for the development, implementation, monitoring, and enforcement of air pollution control strategies, clean fuel programs, and motor vehicle use reduction measures.

Health and Safety Code Section 41062(a) directs the district to develop air quality improvement strategies that include demonstration programs and incentives to encourage the use of control measures providing equivalent emission reductions within the District.

Under Health and Safety Code Section 41082, the District may undertake programs which may include financial assistance to fleet operators for the purchase, conversion, or operation of low-emission motor vehicles, financial assistance or other incentives to encourage the sale and distribution of clean burning fuels.

The District is authorized by Health and Safety Code Sections 41062(a) and 41082 to implement programs to reduce transportation emissions, including programs to encourage the use of alternative fuels and low-emission vehicles.

Health and Safety Code Chapter 9.5 provides for the creation of the SECAT program and defines eligibility requirements for use of funding allocated from the Traffic Congestion Relief Fund.

Background of Incentive Programs

The Vehicle and Engine Technology (VET) Section within the District's Mobile Source Division implements the Heavy-Duty Low Emission Vehicle Incentive Program (HDLEVIP) and the Sacramento Emergency Clean Air Transportation (SECAT) program. Over the past several years, the VET Section has completed or contracted over 3,200 projects and spent over \$63 million dollars. The projects are comprised of on-road heavy-duty trucks and off-road diesel equipment, including agricultural irrigation pumps and locomotives. Estimated emission reductions are 5.6 tons per day (tpd) for oxides of nitrogen. Types of funded projects include new vehicle purchases, engine repowering, fleet modernization, compressed natural gas infrastructure, and installation of emission reduction retrofits.

The Sacramento Emergency Clean Air and Transportation (SECAT) program was created as a way to help truck owners and fleet operators reduce their vehicles' emissions in a business-friendly manner. Because this region has serious air quality problems, a partnership was established between local and State government, truck manufacturers and businesses to address the problem of air pollution from heavy-duty diesel trucks.

Sacramento's Assembly member Darrell Steinberg introduced legislation (AB680) setting aside \$50 million of the state's 2000-2001 budget in Traffic Congestion Relief Program (TCRP) funds for the SECAT program. Local political leaders approved an additional \$20 million from federal transportation money programmed for the Sacramento region (Congestion Mitigation and Air Quality (CMAQ) funds). This brought the total to \$70 million for the two funding streams. The funds were to be allocated in four funding phases.

During the first three years of the SECAT program the District completed two of the four funding phases and spent \$35.5 million on projects. The third and fourth funding phases were pulled back from the state's budget in 2003 due to the budget crisis. The remaining \$34.5 million in TCRP funds was reinstated in the state's 2005-2006 budget and based on board approval from the California Transportation Commission (CTC), it became available to the District last October, 2005, for use in the SECAT program.

With the expenditure of \$6 million on school buses within our region, we will achieve our goal of encumbering a total of \$24 million within a year from the CTC approval date in October, 2005. If approved by the CTC, the last phase of TCRP funding, consisting of \$10.5 million, will need to be encumbered by October, 2007.

Overview of the Project

As directed by the Board in October, 2005, the District proceeded with hiring and training of five new staff, procured additional office space and expanded Administrative support for the SECAT program to ensure that the TCRP funds could be allocated in the short time frame available for the first and second phases of funding. The following two tables provide an overview of progress made this year in both the Moyer and in the first two phases of the SECAT program.

2006 Year to Date Mobile Source Projects

Project Type	Number of Projects Received/being processed	Number of Projects Completed	Approximate Dollars Spent on completed projects	NOx Tons Reduced per year*	PM10 Tons Reduced per year*
On-Road	328	176	\$5,247,851	88.33	9.86
Off-Road	135	41	\$2,283,152	78.11	5.48
Grand Total	463	217	\$7,531,003	166.44	15.33

*Note: NOx & PM10 tons reduced are based on completed projects.

Mobile Source Projects Encumbered and Spent to Target

Fund Name	Total \$ available	\$ Encumbered	\$ Spent	% Encumbered	% Spent	Encumbered Deadline Date	Spent Deadline Date
Moyer 7 th yr	\$2,098,647	\$2,098,647	\$256,110	100%	12%	6/30/2006	6/30/2007
Moyer 7 th yr inter-district	\$500,000	\$500,000	\$0	100%	0%	6/30/2006	6/30/2007
Moyer 8 th yr	6,538,204	\$4,615,184	\$1,024,495	71%	16%	6/30/2007	6/30/2008
Moyer 8 th yr inter-district	\$2,475,000	\$0	\$0	0%	0%	6/30/2007	6/30/2008
SECAT Phase 1	\$10,900,000	\$10,900,000	\$4,150,051	100%	38%	3/30/2006	12/31/2008
SECAT Phase 2	\$13,100,000	\$5,092,690	\$591,319	39%	5%	10/1/2006	12/31/2008

The top table shows the overall progress of all of our heavy-duty emission reduction programs.

The bottom table shows that only 39% of the second phase of funding has been encumbered, even though about \$1 million is being allocated to projects each month. The main reason is that the second phase of funding was not awarded by the CTC until May, 2006. As such, it is likely to be June, 2007, before the second phase of funding is all allocated and the third phase can be requested. Because so many different projects apply to the CTC for TCRP funding, staff is recommending that \$6 million be allocated to regional school districts for new replacement school buses. Then, an application can be submitted much sooner for the third and final phase of TCRP funding and since we will have nearly a year to allocate this funding, it is our intent to fund projects with higher levels of cost effectiveness than school buses.

This proposal would help school districts purchase approximately 50 new, clean, school buses. Although school buses are not as cost effective as other types of projects because they drive fewer miles, the emissions they produce expose one of the most vulnerable groups, our children, to highly toxic air contaminants. The worst polluting buses are the oldest. Buses tend to be driven for approximately 20 years. There are two buses in our region older than 1977, but more than 200 that are older than 1987. The Air Resources Board will be offering funding to school districts for new buses, but only for buses older than 1977. Therefore, school districts in the Sacramento region are in desperate need of funding to retire their 1987 and older buses.

Funding these new buses will help the school districts and allow the Air District to request the final phase of TCRP funding for the SECAT program before it is allocated to other projects.

Fiscal Impact

Sufficient funds have been identified in the SECAT Program Budget which is managed by SACOG. SACOG originally received these funds as a result of a reinstatement of the Traffic Congestion Relief Program (TCRP) in the 2005 State Budget. Because these funds are managed by SACOG, they are not part of the District's budget.

Respectfully submitted,

Larry Greene
Air Pollution Control Officer

Reviewed by:

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