

**STRATEGIC PLAN FOR THE  
IMPLEMENTATION OF THE  
SACRAMENTO EMERGENCY CLEAN AIR  
AND TRANSPORTATION PROGRAM  
(SECAT) Program**

Prepared for

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14 September 2000

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## EXECUTIVE SUMMARY

### SECAT - Sacramento Emergency Clean Air and Transportation program

#### What is SECAT?

The Sacramento Emergency Clean Air & Transportation program (SECAT) is an ambitious, unique, and nationally prominent response to an urgent problem. SECAT provides \$70 million in transportation funds to clean up the region's heavy-duty diesel truck and bus fleet by 2005, with most of the work done by 2002.

The SECAT program is authorized by the State Legislature in AB2511, and funded by \$50 million set aside by Governor Gray Davis, and \$20 million in local transportation funds (from the Congestion Mitigation Air Quality, or CMAQ fund) allocated by the SACOG Board of Directors to match the state funding.

AB2511 also created a similar program to be administered by the San Joaquin Valley Unified Air Pollution Control District, allocating \$25 million set aside by Governor Davis to help that area achieve State Implementation Plan (SIP) goals for reducing mobile source emissions.

#### Why do we need it?

Our region is under tight federal deadlines to clean up our air. Mobile source emissions, mainly from cars and trucks, are the source of more than 70% of the problem. Federal law requires that our region's transportation plan must be in conformity with our air quality plan. If we do not show significant progress in cleaning up our air by 2002, our region's federal transportation funding will be in jeopardy. Failure to meet clean air goals could impact \$15 billion of transportation projects.

#### How did we get here?

The SIP is our region's blueprint for meeting the Federal Clean Air Act's health standards for ozone by 2005. The SIP includes a local requirement to reduce oxides of nitrogen (NOx) from mobile sources by 5 tons per day by 2005. Of that number, 3 tons per day must come from on-road sources, and the remaining 2 from off-road sources such as construction equipment. To show progress toward this goal, we must meet a milestone of 2 tons per day in emission reductions from on-road mobile sources by 2002.

#### Why target heavy-duty vehicles?

State standards for cars are already the strictest in the nation. Our region relies on those standards, and the state's smog check program, to get big reductions in NOx from the on-road fleet. The next biggest source of NOx is the heavy-duty truck fleet. But state and federal standards for heavy-duty truck engines and fuels have lagged far behind similar requirements for cars. In fact, the next reduction in emission levels from heavy-duty truck engines won't even begin to take effect until 2002. That's too late to help our region meet either its 2002 milestone, or our 2005 attainment date.

Because SECAT is an entirely voluntary program, there is no way to know which fleets will participate. Our best estimate is that we will need 3,000 to 6,000 heavy-duty vehicles (depending on the specific strategies selected by the fleet operators) participating in SECAT in order to meet our goals. In addition to heavy-duty trucks, transit and school buses are eligible for SECAT funding.

### **What will SECAT do?**

SECAT provides funds to help heavy-duty vehicle owners offset the cost of buying cleaner engines and fuels earlier than they would otherwise. SECAT will provide funds directly to both public and private fleet owners to:

- ◆ Buy new, low-emission vehicles;
- ◆ Repower existing diesel vehicles with new, lower-emission engines;
- ◆ Retrofit heavy-duty vehicles with aftertreatment systems that reduce NO<sub>x</sub>;
- ◆ Use lower emission diesel fuel, including emulsion fuels; and
- ◆ Apply any other cost-effective and verifiable technology for reducing NO<sub>x</sub> emissions from heavy-duty on-road vehicles.

SECAT recognizes that it will cost fleet owners more, in many cases, to buy and operate cleaner equipment. The program provides for funding to offset not only the incremental cost difference for the equipment, but some of the other costs of early turnover such as facility modifications, increased operating costs, and out-of-cycle vehicle replacement costs.

### **How do we know we'll get the emission reductions we need from SECAT?**

Quantifying and verifying emission reductions from several thousand trucks and buses is a huge job, but not impossible. Emissions from each engine type and model are a known quantity. Emission reductions achieved by applying specific technologies will be calculated using methods approved by CARB and verified by the Air Districts.

SECAT has been developed in close cooperation with the Air Districts of the Sacramento Federal Nonattainment Region, the Sacramento Area Council of Governments (SACOG) and the California Air Resources Board. A policy group including those agencies, plus the U.S. EPA and Federal Highway Administration, will continue to guide the program as it is implemented.

Retrofit technologies have not yet been verified by CARB so that emission reductions from this source can be quantified. CARB has published final guidelines for quantifying emission reductions for both retrofit and diesel emulsion fuel technologies and several candidate technologies are currently in the CARB verification process.

### **How will we get the word out, and convince truck owners to participate?**

We will rely heavily on the people truck owners trust to provide them with information -- the vendors who sell them equipment. These vendors are already aware of SECAT, and we are working with them to develop marketing tools to get the word out. Engine, fuel and retrofit

manufacturers have been involved in developing the SECAT program, and are aware that only their cleanest, most advanced emission-reducing technologies are eligible for funding. SECAT program staff will work closely with vendors and truck owners to help them complete successful applications.

Most public fleet operators (buses and trucks) are already aware of SECAT, and are making plans to submit applications for funding of specific projects. The program will continue to work with these agencies to get the word out, and help them complete successful applications.

Businesses and public agencies that contract with companies to deliver goods also have a role to play, and SECAT will work with them to develop contracting language that encourages bidders to use clean fleets.

### **How soon will SECAT begin funding projects?**

SECAT will reimburse truck owners for their purchase of low emission engines and fuels. Therefore a quick turnaround in funding is absolutely critical to their participation in the program. Our goal is to fund projects within 45 days of an approved application.

### **What is the start-up timeline?**

|               |                                                                                                                                                                      |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 5:  | SACOG submits funding request to CTC                                                                                                                                 |
| September 21: | SACOG Board acts on SECAT program submission to California Transportation Commission                                                                                 |
| September 28: | The CTC acts on SACOG's request for approval of the entire \$50 million in state funding.                                                                            |
| October 9:    | Requests for Applications (RFA) to the SECAT Program are available to the public.                                                                                    |
| October 26:   | Workshop for program applicants.                                                                                                                                     |
| November 15:  | Applications due for first round of funding. This will include \$15 million in state funding and \$20 million in CMAQ funding for a total of \$35 million available. |
| December:     | Funding for projects will begin as soon projects qualify under the guidelines after the release of the RFA. Future rounds of funding will be announced as necessary. |

Awards will be made on a first-come, first-served basis, subject to evaluation criteria such as cost effectiveness, until funds are exhausted or until the emission reduction targets are met.



**Summary of SECAT “by the numbers”**Funding

State budget: \$50 million  
 Local transportation Funds (CMAQ): \$20 million

Targets

Total tons NOx by 2005:  
     2002                      2 tons per day NOx  
     2005                      + 1 ton per day NOx  
 Total reductions needed = 3 tons per day NOx from on-road sources

Vehicles participating:                      3,000-6,000

Projected Timeline

|                    |                                                                                      |
|--------------------|--------------------------------------------------------------------------------------|
| September 21, 2000 | SACOG Board acts on SECAT program submission to California Transportation Commission |
| September 28, 2000 | CTC meets to consider SACOG application for \$50 million to fund SECAT program       |
| October 9          | Request for Applications released                                                    |
| October 26, 2000   | Workshop for program applicants                                                      |
| November 15, 2000  | Applications due for first round of funding                                          |
| December, 2000     | First funding round awards announced                                                 |
| May, 2001          | Applications due for second round of funding                                         |
| June, 2001         | Second funding round awards announced                                                |
| November, 2001     | Applications due for third round of funding                                          |
| December, 2001     | Final awards announced                                                               |
| January 1-         |                                                                                      |
| November 15, 2002  | Final Projects implemented                                                           |
| November 15, 2002  | Deadline for achieving 2 tpd NOx                                                     |
| November 15, 2005  | Deadline for achieving total NOx reductions needed from on-road sources (3 tpd NOx)  |

## **1.0 BACKGROUND AND SUMMARY**

This document is intended to serve as a program management tool. As such, it describes the Sacramento Emergency Clean Air and Transportation (SECAT) program, objectives, timetable, and the events leading to the program. This Strategic Plan will serve as a working resource or roadmap for the 3 – 5 years of this program. It is a “living” document that will be continually updated to meteorological its use as a management resource.

### **1.1 Issue: Federal Clean Air Act and Transportation Conformity Requirements**

The 1990 Clean Air Act was the fifth in a forty-year history of federal clean air legislative efforts. Each revision has been increasingly stringent to address the remaining areas of the nation that have still failed to attain one or more of the health standards.

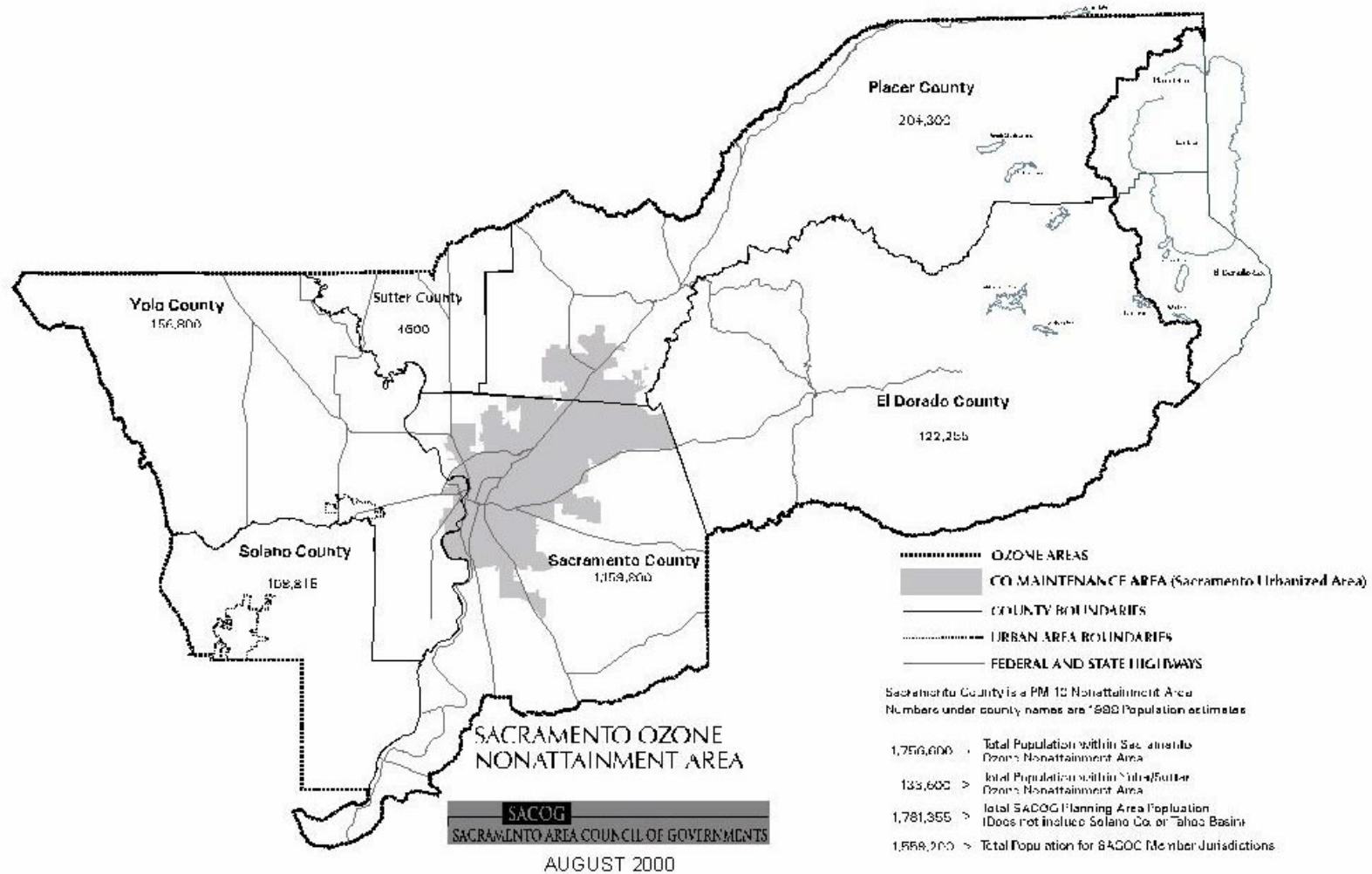
The State Implementation Plan or SIP details how the State of California intends to clean up its air. The SIP includes a list of measures for reducing the pollutants that produce ozone, or smog. The plan is a call to action that draws upon the resources of federal, state and local governments to improve air quality in California.

The southern Sacramento Region has had a long history of addressing the serious air pollution problems resulting from its rapid population growth and poor meteorological and topographical setting. Since 1970, a series of air quality plans have been developed at the local, regional, State, and even Federal level to attempt to bring the area into attainment of the various Federal and state air quality standards for protecting public health. In the late 1990s, the Sacramento Region has become one of the fastest growing areas of California. In addition to its well-known natural assets, it has fiscal and seismic stability, affordable housing, available land, and generally lower taxes than its nearby neighbors do in the San Francisco Bay area. This growth has come at a price – deteriorating air quality and increased traffic congestion. Combined with recent studies showing less reduction from the State’s smog check program and slower implementation of the mobile source control measures in the 1994 SIP, the Sacramento Region now faces difficulties in continuing to show conformity between air quality and transportation programs. Serious impacts to transportation funding may occur as the result of the failure to show conformity or from the impacts of potentially adverse litigation. The area must immediately embark on an effort to find new or better-working mobile source control programs to avoid these outcomes.

The six county Sacramento Federal Ozone Nonattainment Area is classified as Severe for the 1-hour ozone standard. The total population of the Sacramento Federal Ozone Nonattainment Area is 1,756,600. The area contains two entire counties, Sacramento and Yolo, and portions of four other counties (southern Sutter County, eastern Solano County, and the portions of Placer and El Dorado counties lying west of the Sierra Crest. Affected air pollution control districts include the Sacramento Metropolitan Air Quality Management District (SMAQMD), the Yolo-Solano Air Quality Management District (YSAQMD), the Placer County Air Pollution Control District (PCAPCD), the El Dorado County Air Pollution Control District (EDCAPCD), and the portion of the Feather River Air Quality Management District (FRAQMD) that covers southern Sutter County.

Meeting the new 8-hour National Ambient Air Quality Standards (NAAQS) for ozone (once current litigation is resolved) will likely prove even more difficult in the Sacramento Region. In 1998 there were 60 days over the 8-hour standard in the Sacramento Valley with a 4<sup>th</sup> high in past 3 years of 0.097 ppm. This was a four-fold increase in exceedance days over 1997. Exceedances in 1998 of the one and eight hour ozone standards occurred in the Placer, El Dorado, and Yolo-Solano air districts as well.

## FEDERAL AIR QUALITY PLANNING BOUNDARIES



**Figure 1-1.** Planning boundaries for the federal ozone, CO, and PM-10 nonattainment areas.

Figure 1-1 shows the planning boundaries for the Federal Ozone Nonattainment Area. It also shows both the CO, and PM-10 Nonattainment areas.

A consequence of the length of time needed for Sacramento to attain its most serious standard violation pollutant, ozone, has been increasingly stringent and complex requirements in both the federal clean air and transportation funding programs. The ability of citizens to litigate over failures to meet all the regulatory requirements of law has also heightened the need for approvable air quality and transportation programs. One of these important regulatory requirements is conformity.

### **1.1.1 Funding**

As we describe more fully in Section 4.1.6, to effect additional on-road emissions reductions, the SECAT program intends to award approximately \$70,000,000 to be spent over the next 3-5 years by qualified applicants proposing emissions reduction programs for fleets of heavy-duty trucks and buses.

The announcements of the RFAs will occur on a frequent basis from September 2000 through November 2001, based on recommendations by SACOG financial staff. There will be future requests for applications announced in May 2001 and November 2001. Approximately \$20 million will be made available for projects selected during each announcement, though this timetable could be compressed if experience indicates a larger number of cost-effective and pollutant-reducing projects occur during the initial announcements. Each announcement will require approximately three months to receive proposals, prioritize by the air districts, and submit to SACOG for selection and award of contracts. Contracts would be initiated within 60 days of SACOG Board approval. As noted later, however, projects qualifying for the "fast track" option may be awarded within a much shorter time frame since they will likely be approved at the staff level. The entire \$70 million of available funding should be in use toward reducing emissions no later than March 2002, with substantial projects underway in mid-2001.

## **1.2 Conformity**

An important part of the 1990 Clean Air Act is the greatly expanded "conformity" provisions. Conformity requires those transportation plans and programs not cause or contribute to new air quality violations, worsen existing violations, or delay the attainment efforts outlined in the State Implementation Plans. In practice this is shown through a quantitative analysis of emissions resulting from the transportation projects in plans or programs. These emissions must be no more than the motor vehicle emissions "budgets" in the approved SIP. If there is no SIP, the emissions must be no less than if the plans and programs are not implemented. Conformity findings are made by SACOG, and are required for the Regional Transportation Plans (RTP), Regional Transportation Improvement Program (RTIP), and individual project reviews.

The Clean Air Act and the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) states that the conformity process must be performed at least every three years, or as transportation plans and programs are revised or updated. Any time a significant change is made to a transportation plan or program, conformity analysis must be done even if three years haven't

gone by since the last analysis. If the emissions forecasts indicate that a transportation plan will lead to more air pollution than the allowable levels, SACOG must revise the transportation plan to reduce the forecasted emissions. If this cannot be accomplished, then the transportation improvements in the plan are not eligible for federal funding and cannot be constructed even if they don't require federal funding. To date, all of the SACOG transportation plans have met the conformity test.

To meet future conformity requirements, SACOG was instrumental in getting Legislative approval for an aggressive air quality pilot program, the Sacramento Emergency Clean Air and Transportation Program (SECAT). SECAT would achieve two-ton per day reduction in Oxides of Nitrogen (NOx) emissions from on-road motor vehicles by 2002 and an additional 1 ton/day (for a total of 3 tons/day) in 2005. These reductions will fulfill a local commitment in the approved 1994 SIP. An important element in the SECAT program will be to track both the baseline conformity emissions and the reductions from implementing SECAT-achieved emission reductions. This document describes the Strategic Plan to accomplish these reductions under the new legislation.

### **1.3 Legislation**

In February 2000, Assemblyman Steinberg introduced Assembly Bill 2511 into the California State Legislature. The original bill established the SECAT, and was later amended to also establish the San Joaquin Valley Emergency Clean Air Attainment Program. Both programs have similar goals – to assist these two air basins that have “severe” air pollution problems to attain the ozone standard by 2005. AB 2511 passed the Assembly on May 30, and the Senate Transportation Committee held a hearing on August 8. All testimony supported the bill, and it passed out of Transportation 9-0. Assembly co-authors to the Steinberg bill are Cardoza, Cox, Pescetti, and Thomson. Senate co-authors are Costa, Johnston, and Ortiz. No major opposition is anticipated and it should become law shortly.

The program provides grants to offset the advanced introduction costs of eligible projects that reduce on-road emissions of NOx within the Sacramento Federal ozone nonattainment area (see Figure 1-1). Eligibility for grant awards shall be determined by SACOG, or delegated by SACOG to the air districts within the Sacramento Federal ozone nonattainment area.

Eligible projects may include, but shall not limited to, any of the following:

- (1) Purchase of new very low- or zero-emission covered vehicles or covered engines to replace older heavy-duty diesel vehicles or engines.
- (2) NOx emission-reducing retrofit of covered engines or replacement of old diesel engines and drives powering covered sources with newer diesel engines and drives certified to more stringent NOx emissions standards than the engine being replaced.
- (3) Purchase and use of NOx emission-reducing add-on equipment for covered vehicles.
- (4) Implementation of practical, low-emission retrofit technologies, re-power options, advanced technologies, or low sulfur diesel or alternative fuel mixtures for covered engines and vehicles.

Eligible applicants may be any individual, company, or public agency that owns one or more covered vehicles that operate primarily within the Sacramento Federal ozone nonattainment area or otherwise contribute substantially to the NO<sub>x</sub> emissions inventory in the Sacramento ozone nonattainment area. In determining eligible projects, SACOG or the Sacramento Region Districts shall not exclude any technology based on the type of fuel utilized by that technology.

The funds to implement the SECAT Program shall be provided from the amount allocated from the Traffic Congestion Relief Act of 2000. Funds shall be allocated to the Sacramento Region Districts upon submission and approval of an eligible application by the SACOG. SACOG may determine the maximum amount of annual funding each applicant may receive. SACOG, in consultation with the air districts, will specify procedures by which evaluation and review of eligible projects shall be accomplished.

The Executive Officer of California Air Resources Board (CARB) must determine the eligibility of NO<sub>x</sub> retrofit technologies used in the program. Each eligible NO<sub>x</sub> retrofit technology must be able to reduce by at least 10% on-road heavy-duty diesel emissions from vehicles for which it is used, as well as meet certain durability and effectiveness standards.

All emissions reductions and credits achieved as a result of programs initiated under the legislation shall be used to fulfill local and regional commitments to meet air quality standards.

#### **1.4 Relationship to Other Ongoing Air Pollution Programs**

As noted earlier, the overall goal of the SECAT Strategic Plan is to provide a roadmap for implementing the AB 2511 legislation and concurrent allocation of funding by Governor Davis to assure that the Sacramento Region will attain healthy air quality no later than 2005. This will require close coordination with various other air pollution programs underway in the Region. The intent of this section of the Strategic Plan is to briefly introduce those other programs rather than discuss each one in great detail.

The most important ongoing program is meeting the planning requirements of the Federal and State clean air acts. The currently approved 1994 federal ozone SIP, which accommodated a “bump up” in Sacramento’s classification from “serious” to “severe,” must achieve full attainment of the one-hour ozone standard by the end of 2005. The most recent “report card” on the success of the 1994 SIP was the Sacramento Area Regional 1999 Milestone Report. The federal Clean Air Act requires such progress reports be submitted every three years after passage of the 1990 Act, and should demonstrate at least a 3% per year reduction in VOC (or NO<sub>x</sub>) emissions. The three tons per day commitment addressed in the SECAT program is part of the SIP and necessary to continue to meet the 3% emissions reduction rate.

In addition to the issues surrounding attaining the one-hour ozone standard, it is quite certain that Sacramento will be designated by US EPA nonattainment for the 8-hour ozone standard. A planning period of up to three years will then ensue, though this cannot begin unless EPA wins a favorable decision from the U.S. Supreme Court on this matter. In addition to the federal SIP planning requirements, the California Clean Air Act also requires an Air Quality Management Plan update every three years to demonstrate progress in meeting the State

ambient air quality standards. While the plan is required, attainment dates are not mandated in the State law and conformity is not included in that legislation.

Several other issues affect attainment of the standards. First, the area achieve the full reduction in the 1994 SIP from other measures, in addition to those affected by the SECAT Program to assure meeting the standards by 2005. This includes a local commitment for reductions through land use and transportation control measures into the air quality strategies. Secondly, emissions must be adjusted to “1994 SIP currency” to allow direct evaluation of the success of new regulations to that predicted in the 1994 SIP. The “1994 SIP Currency” means the models and associated emission assumptions used to develop the 1994 SIP. The “currency” issue is due to the constant improvements in emission inventories that can greatly raise or lower the emissions from those factors used in the 1994 SIP. A relevant example of major changes to emission factors is the recently state-adopted EMFAC2000, which replaces the EMFAC7F model used in Sacramento’s (and most other areas of California) approved SIP. This will most likely result in a greater degree of emissions reductions needed in future years. Similarly, the revised control factors to account for the I/M program shortfalls, and new State commitments to implement program improvements must be considered in revised emission inventories for the Region.

Last, but certainly not least, is the Carl Moyer Program, which provides incentives for lower-emission heavy-duty engines. The purpose of the Carl Moyer Program is to reduce NO<sub>x</sub> emissions by providing grants for the incremental cost of cleaner heavy-duty vehicles and equipment. The program is being expanded to also reduce the fine particulate component of diesel exhaust, which contributes to particulate matter (PM) air pollution and is a toxic air contaminant. The grants are issued locally by air pollution control and air quality management districts that choose to administer a local program. Private companies or public agencies that operate heavy-duty engines in California may apply for grants.

The Carl Moyer Program is implemented by the Sacramento Metropolitan Air Quality Management District (SMAQMD) to help fleets pay for new lower emission engines, lower emission retrofits, and new engine replacements with their Heavy-Duty Low-Emission Vehicle Program. All fleets, public and private, in the six county Federal Nonattainment Area are eligible to apply if they use:

- Medium or heavy-duty on-road gas or diesels over 14,000 pounds gross weight
- Off-road equipment including: construction, agricultural, stationary agricultural water pump engines, commercial marine vessels, locomotives, forklifts, and airport ground support equipment

Funding from the Carl Moyer Program is key to helping the Region to meet its local SIP commitment for NO<sub>x</sub> reductions from off-road diesel engines. This off-road measure is parallel to the on-road measure being implemented through SECAT. Other sources of funding for the Sacramento Heavy-Duty NO<sub>x</sub> program are Measure A (Sacramento County sales tax) and Division of Motor Vehicles (DMV) registration fees.



## **1.5 Funding of the Program**

The Sacramento Emergency Clean Air and Transportation Program is funded by \$50,000,000 in the Traffic Congestion Relief Act of 2000 and \$20,000,000 in Congestion Mitigation and Air Quality (CMAQ) program funds available to SACOG. There are two components to administering these funds. The first is the approval, allocation and reimbursement of funds between SACOG, and the state and federal funding agencies. The second is the administration of the regional NO<sub>x</sub> reduction program making grants to project sponsors implementing funded projects and programs.

The Air Quality Policy Group (AQPG) and the Technical Advisory Committee, both of which are discussed more fully in Section 3 of this document, will establish program eligibility, project selection criteria, and project monitoring and reporting requirements. SACOG will incorporate these requirements into the program guidance, request for applications and contract documents. More specific details on the administration of these State and Federal grants, as well as the actual administration of the SECAT funding program is contained in Section 5 of the Strategic Plan.

## **1.6 Key Stakeholders**

The SECAT Program will have many important stakeholders from both the public and the private sector as the program progresses. The large amount of available funding as well as the importance of achieving timely emission reductions will draw many stakeholders from these sectors. The various policy groups already identified include SACOG, the air quality districts, the California Air Resources Board, and federal agencies such as FHWA and EPA. Advisory groups include the Fleet Managers Advisory Committee and the Cleaner Air Partnership (NO<sub>x</sub> Log Cabin Group). Their roles and membership will be described in more detail in Section 3. Examples of other stakeholders include the countywide transportation agencies in Sacramento and Yolo counties, the Federal Transit Agency (FTA), Caltrans, California Energy Commission, local school districts and public works departments, and chamber of commerce throughout the Region. Manufacturers of diesel tractors, truck chassis, engines, busses, and diesel hybrids will all have a stake in the SECAT Program. Finally, members of public interest and environmental organizations, the media, the construction industry, and agriculture will likewise have important input to the evolution of the SECAT Program.

## **1.7 Progress to Date**

Overall progress on the SECAT Program has been extremely positive and rapid. On July 6, Governor Davis signed the Traffic Congestion Relief Act of 2000 that included \$50 million for the SECAT Pilot Program. Another \$20 million of CMAQ funds were committed by SACOG to the SECAT activity in May 2000. Legislation to enable the funds to be spent passed the Assembly on May 30 and the Senate on August 25. Final passage of AB2511 occurred on August 30. SACOG's consultant, ENVIRON International, developed a preliminary report on the potential for various NO<sub>x</sub> emission reduction measures that was widely distributed as part of the support for passage of SECAT funding legislation.

This draft of the SECAT Strategic Plan was approved, with comments, by SECAT's Air Quality Policy Group on September 6, and discussed at the initial meeting of the Technical Advisory Committee (TAC) on August 30. This version of the Strategic Plan will be presented to the full SACOG Board at its September 21 meeting. A draft Request for Applications (RFA) for the first round of projects is complete and provided in the appendix to this report for consideration by the SACOG Board at its September 21 meeting.

There have been three meetings of the AQPG and one of the Technical Advisory Committee (TAC) at present. The SECAT management team is in place and has conducted its initial meeting. Finally, an active outreach program has been initiated, including the formation of a fleet managers advisory committee. A breakfast meeting for fleet managers was held on August 25.

## **1.8 Purpose and Contents of the SECAT Strategic Plan**

The purpose of the SECAT Strategic Plan is to provide a "living document" to guide the Air Quality Policy Group and its various support committees, program managers, and technical staff in their implementation of this five-year program to reduce NOx emissions in the Sacramento Region. An equally important function of the Strategic Plan is its use in the extensive public outreach program that the SECAT Program will need to assure a successful conclusion. Perhaps the most important part of the plan will be establishing milestones and priorities in awarding the most pollutant-reducing contracts for projects over the life of this effort.

The Strategic Plan is organized in the following manner:

Section 1 provides a Background and Summary for the SECAT Program. It provides a basic overview for the general reader on issues such as air pollution legislative requirements, conformity, AB 2511, relationships with other air quality programs in the Region, funding, stakeholders, and current progress. As with all portions of the Strategic Plan, this background will be updated on a regular basis to reflect new developments.

Section 2 discusses the Objectives of the SECAT Program. It specifically identifies how the emission reductions will be tracked, criteria and financial management procedures for the various contracts awarded under the SECAT Program, and a prototype RFA for project proposal solicitations.

Section 3 describes the Program Structure for the SECAT Program. It includes an initial organization chart that shows the relationships between the Air Quality Policy Group and the various advisory committees, SACOG's Board, and the program managers. It defines the roles and membership of the various stakeholders and the management team. Finally, it identifies key staffing positions for managing the process.

Section 4 contains figures that identify both the Short Term and Long Term milestone schedule, with a narrative description to accompany the figures.

Section 5 describes in some detail the process of administering the funding for SECAT projects. It also identifies additional sources of revenue.

Finally, several appendices contain existing reports and meeting information. These will be added to over the life of the project.

## **1.9 Next Steps**

This draft of the Strategic Plan will be presented to the SACOG Board for approval at its September 21 meeting. In addition, the Board will be asked to approve the RFA funding application and the October announcement for the first round of RFAs.

## **2.0 OBJECTIVES**

### **2.1 Emissions Reduction Needed By 2002 and 2005**

The SECAT Program is committed to the 1994 SIP goal of obtaining a two tons of NO<sub>x</sub> emission reductions per day by November 15, 2002 from on-road mobile sources and an additional one ton of NO<sub>x</sub> emission reduction per day for a total of three tons per day by November 15, 2005. The SIP also includes one additional ton per day of NO<sub>x</sub> and VOC from on-road mobile sources from "TCMS/Land Use" measures. These latter measures are not defined in the SIP and not a part of SECAT's commitment.

### **2.2 Tracking of Emissions Reductions Resulting From Program Implementation**

SACOG and the air districts must develop strategies that achieve both the federal one-hour ozone standard by 2005 as well as meet conformity goals. To assure that this is occurring in a timely manner, the Strategic Plan for implementation of the SECAT Program must identify a tracking program to verify the emission reductions from its awarded contracts. These emission reductions must come from the Sacramento nonattainment area, and be fully documented in a manner acceptable to the regulatory agencies. The emissions reduced from the selected projects must be in comparison to the baseline emission levels. Emissions obtained from other regulations cannot be included, i.e. double-counted in the emission reduction projections of the projects. Tracking of the NO<sub>x</sub> emission reductions from on-road NO<sub>x</sub> emission control measures must fully meet CARB and U.S. Environmental Protection Agency (EPA) guidelines.

The tracking system is discussed in more detail in Section 4.1.8.

### **2.3 Awards of Project Monies for Specific Projects**

The success of the SECAT program will rest on its ability to get a wide-range of cost-effective proposals and award funding to those projects in an extremely timely manner. Details of the funding process are described in Section 5.0.

It is expected that the announcement, selection, and award of the first round of Requests for Applications (RFAs) will test the process and should include some smaller contracts to "get the bugs out of the procedures." However, there will not be much time to experiment, as we would hope that monies would be allocated to take advantage of early introduction of 2002 engines, perhaps in early 2001. In addition to scheduling an RFA announcement process as described later in the Strategic Plan, there needs to be a process to accommodate potential projects as they develop. This process should contain a "walk-in and sign up" capability to capture this potential. Smaller firms must also be able to access funds to upgrade their engines with a minimum of bureaucratic procedures. In summary, we should error on the side of simplicity and expediency in getting the SECAT funding into the hands of those who can reduce emissions the quickest and by the largest amounts.

## **2.4 Development and Application of Criteria for Use in Project Award Evaluations and Decisions**

There are basically two kinds of project paths envisioned: Standard projects and Non-Standard projects. They are described as follows:

Standard Projects include:

1. Purchase of new, low-emission certified\* vehicles
2. Repowering with an engine that produces a certified emission decrement
3. Retrofitting with a certified technology
4. A request for operating cost offsets using a certified low-emission fuel strategy (i.e. Lubrizol)

*\*Certified in this context means CARB certified or CARB verification of SIP credible emission reductions*

Non-standard Projects:

All other projects submitted.

Standard projects would use Carl Moyer Program type definitions for qualifying and Moyer-like calculation methodologies adjusted by the values identified by Engines, Fuels, and Emissions Engineering (EFEE), CARB, and the Sacramento District to correct the emission benefits to EMFAC7F currency. Where incremental fuel cost is being added to the overall project, the incremental cost of fuel would be calculated by taking the previous 12 months average diesel price and comparing it to the quoted fuel price (e.g. LNG contract price). Since incremental operating costs are not currently allowed under Moyer, there is no “Moyer-like” methodology to use. Also, this does not refer to retrofit projects where the operating cost is a fixed increment over the price of diesel.

Standard projects of these types may qualify for accelerated “fast track” processing and approval under either of the following two circumstances:

- (1) The total grant requested is less than \$6,000 per ton of NO<sub>x</sub> reduced in the Sacramento nonattainment area over the project’s lifetime *and* less than \$25,000 per ton of NO<sub>x</sub> reduced annually; or
- (2) The total grant requested is less than \$12,000 per ton of NO<sub>x</sub> reduced in the Sacramento ozone nonattainment area over the project’s lifetime and less than \$50,000 per ton of NO<sub>x</sub> reduced annual, and does not exceed the incremental costs of the project to the applicant.

Non-standard projects, as well those standard projects not meeting the financial criteria listed in (1) and (2) above, may still qualify for funding but are ineligible for the “fast track” approval.

These projects will likely be:

- Public agency fleets where the community expects the funding to be available for refuse trucks, etc.;
- Public or private fleets where significant infrastructure costs are involved;

- Anything promising but unusual or not predicted in the standard items;

The project definitions and analysis process could likely use the well-established SMAQMD Heavy-Duty Low-Emission Vehicle Program, funded in part by the Carl Moyer Incentive Program sponsored by the California Air Resources Board, adjusting for the EMFAC7F factors and the “<or> \$6,000/ton concept. Emission reductions will be quantified using processes and procedures agreed upon by the contractor, the Sacramento District, and the CARB.

## **2.5 Development of Prototype Request for Application (RFA) for Project Proposal Solicitations**

A draft RFA has been developed for use by applicants to request SACOG Vehicle Emission Reduction Program funds. The application consists of background information on SECAT, SACOG’s role, the District’s role, and eligible projects and applicants. Evaluation criteria and a sample contract are included in the application. A copy of the draft RFA is included in Appendix 6.5 of the Strategic Plan.

## **2.6 Definition of Eligible Projects Per AB 2511**

AB 2511 defines specifically what types of projects will be eligible for funding. The current definition of eligible projects would become part of Chapter 9.5, Section 44299.52 of Part 5, Division 26 of the California Health and Safety Code. That definition reads as follows:

44299.52. (a) Eligible projects may include, but shall not be limited to, are any of the following:

(1) Purchase of new very low- or zero-emission covered vehicles or covered engines to replace older heavy-duty diesel vehicles or engines.

(2) NOx emission-reducing retrofit of covered engines, or replacement of old diesel engines and drives powering covered sources with newer diesel engines and drives certified to more stringent NOx emissions standards than the engine being replaced.

(3) Purchase and use of NOx emission-reducing add-on equipment for covered vehicles.

(4) Implementation of practical, low-emission retrofit technologies, repower options, advanced technologies, or low sulfur diesel or alternative fuel mixtures for covered engines and vehicles.

(b) In determining eligible projects, SACOG or the Sacramento Region Districts shall not exclude any technology based on the type of fuel utilized by that technology. Eligible applicants may be any individual, company, or public agency that owns one or more covered vehicles that operate primarily within the Sacramento federal ozone nonattainment area or otherwise contribute substantially to the NOx emissions inventory in the Sacramento federal ozone nonattainment area.

(c) The program shall provide grants to eligible projects that help reduce on-road NOx emissions on a timely and cost-effective basis within the Sacramento federal ozone nonattainment area in order to maximize the reduction in NOx emissions from available funds, thereby aiding the area in its efforts to achieve applicable air quality conformity goals in 2002 and 2005.

## **2.7 Pre-Approval/Buy-In of All Methods and/or Emissions Credits by ARB, EPA, FHWA Prior To Award**

It is essential that all methods of calculating emission reductions and SIP credits meet with the approval of the regulatory agencies that have SIP oversight responsibilities. To avoid delaying awards while awaiting such concurrence, it might be useful to encourage the CARB, EPA, and FHWA members of the AQPG to be “empowered” by their agencies to make such decisions during the application review process.

### 3.0 PROGRAM STRUCTURE

Figure 3-1 provides the overall program structure proposed for the SECAT implementation program. The following individuals will be leading specific programs: Technical Advisory Committee – Chairman: Tim Taylor, SMAQMD; Project Manager/Coordinator – Dave Souten, ENVIRON; Funding Administration – Manager: Dave Young, SACOG; Marketing/Outreach – Manager: Karen Wilson, SMAQMD and Accounting – Manager: Brigette Tollstrup, SMAQMD.

PROGRAM STRUCTURE - PROPOSED

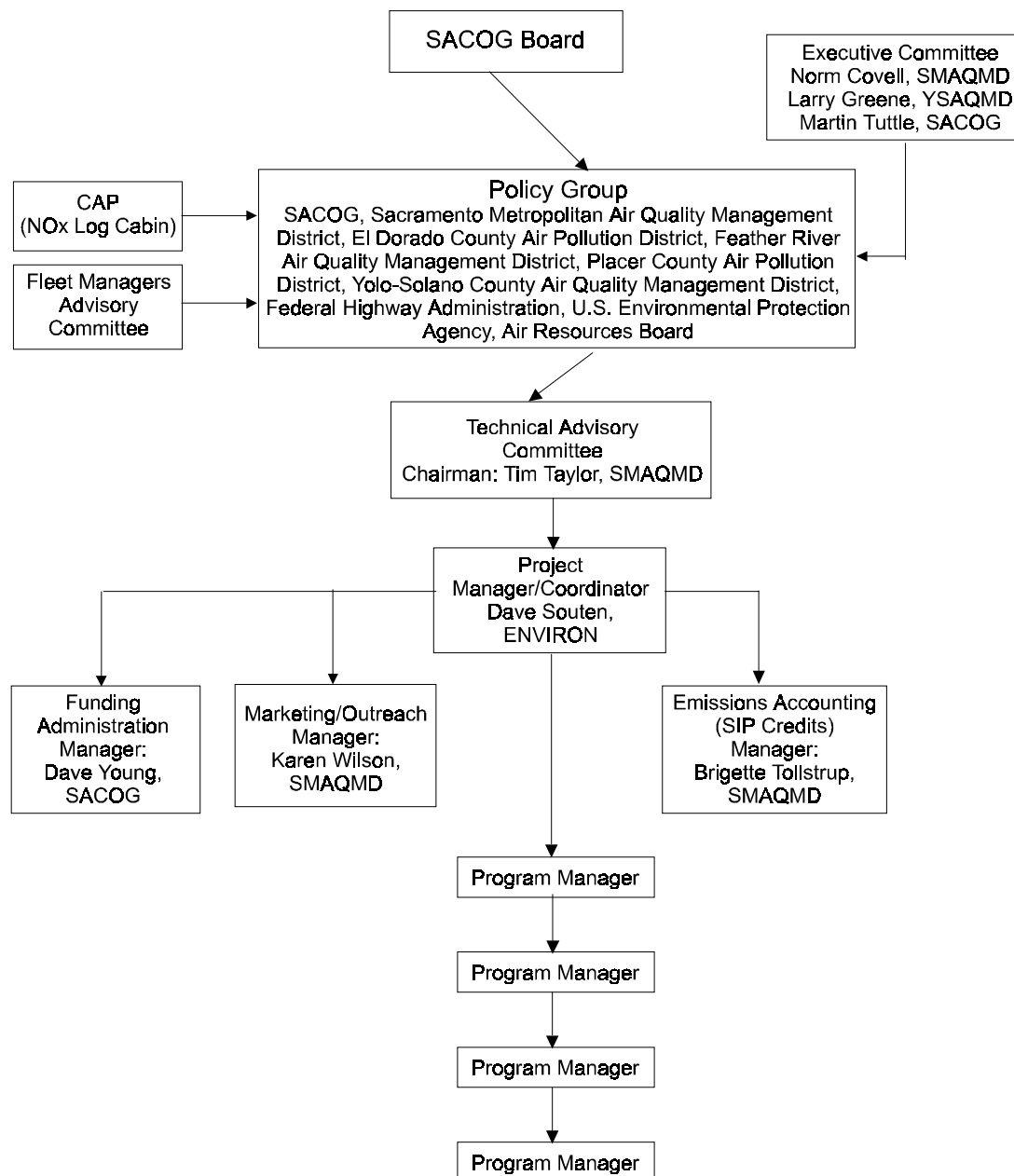


Figure 3-1. Program Structure – Proposed.



### **3.1 Key Considerations**

This section of the SECAT Strategic Plan discusses the specific structure of the operating program to implement the SECAT Program in an efficient yet aggressive manner. The oversight committee structure covers both technical and policy issues, and consists of members from the public, governmental agencies, and the private sector. While the SACOG consultant leads the day-to-day project management, key staff from SACOG and the Districts handles much of the program management. Wherever possible, in-house staff and materials will be used to reduce overhead costs since these agencies have ultimate responsibility to develop and implement NO<sub>x</sub> reduction strategies as part of their SIP responsibilities. These agencies have experienced staff and skills in many of the program activities identified in the SECAT Program structure. Major input from the public will occur through the Cleaner Air Partnership (CAP) advisory committee and from the private sector through the Fleet Managers Advisory Committee (FMAC). In summary, the SECAT Program is expected to be a very open process for all involved parties.

### **3.2 Definition of Roles and Membership**

#### **3.2.1 Sacramento Area Council of Governments (SACOG)**

The Sacramento Area Council of Governments (SACOG), an association of 23 city and county governments, provides a forum for the study and resolution of regional issues. SACOG serves a diverse region of 1.8 million people and 6,562 square miles. The Council of Governments also provides transportation planning services to additional communities, under contractual arrangements. SACOG's mission is to deliver transportation projects, provide public information and serve as a dynamic forum for regional planning and collaboration in the greater Sacramento Metropolitan Area. Major revenue sources include federal, state, and local grants. In addition, all member governments pay annual dues based on population. Together these funding sources support a staff of 42 full-time employees and several student interns. Mr. Martin Tuttle is the Executive Director. Mr. Tuttle will serve as overall program Director for the SECAT Program, participate as member of the Executive Committee and the Air Quality Policy Group, and keep the SACOG Board informed of progress on the project.

#### **3.2.2 Air Quality Districts**

The Sacramento Ozone Nonattainment Area includes all or part of five air districts. They are the Sacramento Metropolitan Air Quality Management District (SMAQMD), the Yolo-Solano Air Quality Management District (YSAQMD), the western portion of the Placer County Air Pollution Control District (PCAPCD), the western portion of the El Dorado County Air Pollution Control District (EDCAPCD), and the southern Sutter County portion of the Feather River Air Quality Management District (FRAQMD). The Districts will play a very significant role in SECAT as they will review the projects proposed for funding and submit their prioritized recommendations to SACOG and the AQPG for funding consideration. The air pollution control officer for each of these agencies is a permanent member of the Air Quality Policy Group, and the air pollution control officer of the Metropolitan Sacramento and Yolo-Solano agencies are members of the Executive Committee.

### **3.2.3 Air Quality Policy Group (AQPG)**

The AQPG also consists of SACOG, the five air districts noted, the Federal Highway Administration (FHWA), the U.S. Environmental Protection Agency (EPA), Caltrans, and the Air Resources Board. To avoid conflicting roles between serving on the AQPG and making ultimate decisions on conformity and SIPs at the federal level, the FHWA and the EPA members will serve ex-officio. The CARB has two members representing the technical program and the conformity program. The AQPG will meet, initially, on a monthly basis to provide oversight on the implementation of the SECAT Program. It will establish eligibility rules, evaluation criteria and reporting requirements for funded projects to implement emission reductions under SECAT. All meetings of the AQPG will be open to the public and noticed on the SACOG web site. Participation by other air pollution control agencies outside of the SACOG region will be welcomed. This will be especially relevant to the San Joaquin Valley Unified Air Pollution Control District since they have been charged under AB 2511 to conduct a similar program to the SECAT Program.

At the August 9 AQPG meeting, Mr. Martin Tuttle of SACOG was selected as Chair of the AQPG, and Mr. Norm Covell of the SMAQMD was elected Vice Chair. Additionally, the AQPG agreed upon a "Charge" for the group. This is contained in Appendix 6.1.

### **3.2.4 Executive Committee**

The Executive Committee consists of Mr. Martin Tuttle, Executive Director of the SACOG, Mr. Larry Greene, Air Pollution Control Officer for the Yolo-Solano Air Quality Management District, and Mr. Norm Covell, Air Pollution Control Officer for the Sacramento Metropolitan Air Quality Management District. As the name implies, this is a small, senior level committee that takes the ultimate responsibility for the success of the SECAT Program. The Executive Committee should meet regularly, generally a day or so prior to the monthly AQPG meeting, to develop direction and issues for the policy group to address. The Executive Committee may also meet on short notice to resolve pending policy issues. Mr. David Souten, Project Manager for SACOG's consultant, ENVIRON International, will generally attend the Executive Committee meetings and serve as liaison with the other programs of SECAT.

### **3.2.5 Technical Advisory Committee**

The Technical Advisory Committee (TAC) consists of key staff members of the air districts, and will provide technical assistance to both the AQPG and the Project Management Team. Members of the ENVIRON International Team will also participate in the TAC as necessary. The TAC will be available on an on-going basis to provide such input as well as research special problems that will undoubtedly rise during the course of implementing SECAT. TAC will generally meet in advance of the monthly AQPG meetings. The Chair of the TAC will be Mr. Tim Taylor, Director of the Mobile Source Division of the SMAQMD. Other members of the TAC include 1) Jim Antone, Yolo-Solano AQMD; 2) Larry Matlock Feather River AQMD; 3) Dave Vintze, Placer County APCD; 4) Dave Mehl, El Dorado APCD; 5) Jean Mazur, FHWA; 6) Charnjit Bhullar, USEPA; 7) Cindy Sullivan, CARB-Mobile Source Control Division; 8) Jackie Johnson, CARB-Planning; 9) Jeff Pulverman, Caltrans; and 10) David Young, SACOG. Chris Weaver and David Souten of the ENVIRON Team, Karen

Wilson of SMAQMD, Mike Jackson of Acurex, and Suzanne Phinney of the Clean Air Partnership will also participate in the Technical Advisory Committee.

### **3.2.6 Cleaner Air Partnership (NO<sub>x</sub> Log Cabin Group)**

This group, known as the Log Cabin NO<sub>x</sub> reduction Campaign committee, will serve as an advisory committee to the AQPG. Jude Lamare from the Clean Air Partnership formed the group and they generally meet once a month.

In addition to membership by the Executive Committee of SECAT, it also includes the Executive Officer of the CARB, Mike Kenny; two additional SACOG staff; three additional SMAQMD staff; a member from the Sacramento Municipal Utilities District; a Yolo County supervisor; another member of American Lung Association; and four members from the private sector.

It is through the Cleaner Air Partnership that the general public will have input into the AQPG. The CAP should continue Heavy-Duty NO<sub>x</sub> meetings for both outreach and marketing purposes and sponsor additional events as needed.

### **3.2.7 Fleet Managers Advisory Committee**

A second advisory group to the AQPG will be the Fleet Managers Advisory Committee (FMAC). As the name implies, this committee will consist of managers and operators of large private and sector heavy-duty vehicle fleets. It is anticipated that much of the projects to reduce NO<sub>x</sub> from heavy-duty vehicles under the SECAT Program will emerge from activities managed by members of this committee. With the importance of timely authorization of projects to facilitate reducing NO<sub>x</sub> as soon as possible, it is important that the FMAC be fully aware of the SECAT Program to facilitate innovative applications. The FMAC can serve an important function in the SECAT outreach program as well. The initial meeting of the FMAC will be a breakfast for interested fleet managers and operators on August 25 at SACOG.

## **3.3 Management Team**

### **3.3.1 Project Manager/Coordinator**

The Project Manager/Coordinator will be responsible for day to day operation of the SECAT Program. The ENVIRON International Project Manager, Mr. David Souten, will provide two to three days per week in this role. Other members of the ENVIRON Team will provide policy, organizational, and technical support to the Management Team. One or more persons will be identified by the Executive Committee to manage the remaining oversight of the program. In addition to up to four programs managers reporting to the Project Manager, there will be three distinct operational programs that will handle specific functions in the SECAT Program structure. These are the Funding Administration, Marketing/Outreach, and Accounting (SIP Credits) functions. These activities will be crucial to maintaining progress in implementing SECAT. Individuals leading each of these efforts are listed in Section 3.0.

### **3.3.2 Funding Administration**

The complex responsibilities and authorities to assure speedy but accountable transfer of funds from the California Transportation Commission or Caltrans to the project applicants will be discussed in greater detail in Section 5.0. David Young, Senior Planner with SACOG, will serve as the Program Manager of the Funding Administration program. It will be useful to have some staff time provided by the Districts, Caltrans, and the FHWA in funding administration.

Some of the activities of this program include establishing and managing project application packages; tracking and payment of invoices from the project sponsors; developing program applications to, and receiving approvals from, the California Transportation Commission (CTC); and handling requests for allocations and reimbursements to Caltrans. Figure 5-1 in Section 5.2 has a flow chart diagramming some of these funding program activities.

### **3.3.3 Outreach/Marketing**

Providing outreach and marketing programs to ensure solicitation of the most cost-effective programs to reduce NOx emissions in the Sacramento Region will be one of the most important facets of the SECAT Program implementation. A communications policy should be developed as soon as possible to make it clear to all participants who in the organization receives what type of calls from media, elected officials, vendors, fleets, etc. A consistent response is critical in the credibility and success of the program. The AQPG and its advisory committees have already begun to aggressively initiate the Outreach program. Fleet managers and operators are being briefed on the potential for funding of vehicle conversions and potential to purchase new, low-emission certified vehicles. Specific fleets must be targeted as soon as possible so that marketing strategies can be developed for them. Larger fleet owners will be inclined to look to their peers, vendors, and overall market factors in considering this decision. Marketing of the SECAT program will involve extensive meetings with potential project applicants, keeping the general public as well as regulatory agencies such as the US FHWA and EPA aware of our progress. Future workshops will need to involve fuel manufacturers, fleet operators/owners, regional organizations such as the chamber of commerce and Valley Vision, and city/county public works administrators that operate fleets. Ms. Karen Wilson, Director of the Strategic Planning Division of the SMAQMD, will be the Program Manager for Outreach and Marketing Program for SECAT.

Development of a SECAT web page, which will be a direct link and very apparent link from SACOG's web site home page, will be an important part of the Outreach/Marketing effort. Fleet decision-makers, operators, public officials, and the citizenry needs to access information readily. The focus of the SECAT web page will be based on a clearer understanding of the nature of our "customers." If our main emission reductions come from owners of federal engines seeking retrofits, our marketing and outreach will be very different than if our main emission reductions result from the repowering of large fleets. Thus, the web site will be developed in conjunction with feedback from fleet operators and technology providers. As always, the website is only as good as its currency and content usefulness. Specifically assigned staff from the agencies must keep the web site current. Ms. Karen

Wilson of SMAQMD will have overall responsibility in the content of the SECAT web site, and staff from SACOG will be responsible for designing and updating the web site.

Key components for the website have been suggested as follows:

- Overall program Description
  - Short description on top page, with details (including criteria, calculations, tables, etc.) inside and downloadable
- Interactive, on-line pre-application form (downloadable)
- Contact names, numbers, etc. for each different type of project
  - Probably by categories like repower, retrofit, alt. fuel, etc
  - Or perhaps categories like large fleets, small fleets, public fleets
- Registration for information to be mailed/e-mailed
  - With sufficient information from fleet so we know what to send them
- Sample projects
  - Examples of projects that would qualify including pictures & calculations
- Emission benefit calculator
  - On-line & downloadable calculator to self-determine air quality and \$ benefits
- Links
  - CAP w/generic information on air quality and regional NOx problem
  - SMAQMD – Carl Moyer Program & air quality information
  - SACOG information about related programs such as SIPs and Conformity
  - Technology providers (engine distributors, CERYX, Lubrizol/Ramos Oil)
  - CARB - certified technology sites, Moyer site,
  - San Joaquin APCD web site & contact information, as well as information on their similar SJVECAA program
  - Private sector fleet operators
  - Newspapers such as the Sacramento Bee

### **3.3.4 Emissions Accounting/Tracking**

The “bottom line” in this entire effort of SECAT Program is whether it succeeds in lowering emissions of NOx and thus improves the quality of the air for the citizenry of the Sacramento Region by 2002 and 2005. Tracking these emission reductions from the various projects should have a separate office administered by technical experts in the emissions inventory field. Bridgette Tollstrup, Director of the Program Coordination Division of the SMAQMD, will serve as Program Manager for the Emissions Tracking program. It will be essential for the Emissions Tracking office to keep the Executive Committee and the AQPG current on the success (or failures) of the program. This information will be extremely useful to the general public, the State legislature staff, and the regulatory/decision making agencies such as CARB and US EPA. Information from this effort will be a major input to the Quarterly Progress reports.

### **3.3.5 Projects/Program Managers**

Within the SECAT Management Team there will be four to five “project managers.” Each of these program managers will likely have a particular category of projects to manage. One scenario would be to establish individual program managers, with support staff from the air agencies and Consultant, for each of the following project categories:

- Purchase of new, low-emission certified\* vehicles
- Repowering of vehicles with an engine that produces a certified emission decrement
- Retrofitting engines with a certified technology
- Programs that use operating cost offsets from certified low-emission fuel strategies (i.e. Lubrizol)

*\*Certified in this context means CARB certified or CARB verification of SIP claimable emission reduction*

The fifth program would encompass all Non-standard projects, i.e., all other projects approved.

### **3.4 Recommended Key Staffing Positions**

Funding of the administration of the SECAT Program is limited under AB 2511 to no more than 1% of the SECAT "Account." This would result in a maximum of \$500,000 available to SACOG and the air districts under the current allocation of funds in the Traffic Congestion Relief Act of 2000. Additionally, some "in-kind" funding through providing of existing staff from the implementing agencies will likely be available.

Another 2% (up to \$1,000,000) will be available under AB2511 for "direct program outreach efforts" and it will be necessary to clearly define what portions of the SECAT Program implementation can be funded from this appropriation.

It would appear, therefore, that a minimum of approximately \$500,000 per year will be available between now and 2003 to administer the SECAT Program.

#### **3.4.1 Selection Considerations**

There are various characteristics that need to be considered in identifying key staff assignments. Most important is that of demonstrated responsiveness. The extremely short time frame to successfully launch the SECAT Program will require a manager and team dedicated to making quick, yet correct decisions. As many of the potential staff will come from existing agencies or consulting firms, their existing roles and responsibilities must be closely reviewed for appropriateness to the mission of SECAT. Their skills in working with both the private and public sector must be examined, as this will require experience in both sectors.

As noted earlier, the ideal scenario would be to select an overall Project Manager that would work in Sacramento full-time to oversee the implementation of the SECAT Program. At present, there does not appear to be a candidate for such a position. Accordingly, it is recommended that SACOG's consultant, ENVIRON International, provide up to 2-3 days a week overall management as Program Manager and other key personnel from existing agencies supplement that effort in managing the overall project.

The staffing of the Funding Administration function will necessitate selected persons that have experience in the transportation/air quality funding "bureaucracy." They must be very familiar with existing funding mechanisms within the California Transportation Commission, the FHWA (CMAQ) program, and the budgeting for local air pollution control districts. The

staff of this function must also be knowledgeable on how county transit agencies and public work departments finance the purchase or refurbishing of their heavy-duty vehicle fleet.

The Accounting program for tracking SIP credits must have staff fully aware of emission inventory programs. A very useful qualification would be to include staff associated with the Regional Milestone program required every 3 years by the 1990 Clean Air Act. We are fortunate in that the four Sacramento Region air districts recently completed a detailed Milestone Report that was applauded by the US EPA as one of the most comprehensive efforts at tracking VOC and NO<sub>x</sub> reductions in the nation. The credibility of the effort to accurately determine the emission reductions generated from SECAT Program project awards will be crucial in satisfying both the public interest groups and the regulatory agencies when it comes to making the conformity determinations and SIP attainment demonstrations.

### **3.4.2 Coordination Between Managers**

Because of the diverse nature of this unique project, coordination between the various SECAT managers will be both essential and challenging. The efforts of each program manager must be complimentary to the goals, not duplicative. All of the managers will have to make an extra effort to keep the entire SECAT team aware of not only the successes, but also the failures to meet projected emission reductions. We expect a high level of responsibility and skill for both managers and staff – accordingly, when an individual manager senses an implementation problem for a specific project he/she must discuss this with the other managers and the Project Manager to attempt to resolve as soon as possible. There is clearly too much at stake, both financially and politically, to allow a problem to continue for any length of time.

### **3.4.3 Specific Recommendations**

The Executive Committee met on August 8 and the Air Quality Policy Group met on August 9, 2000 to discuss the structure of the SECAT Program. The above discussion generally reflects the recommendations of those bodies.

## **4.0 MILESTONES/SCHEDULE**

### **4.1 Implementation Schedules**

The focus of this section is to describe in narrative the milestones/schedule shown in Figure 4-1. Activities scheduled for the first one and one-half years of the SECAT Implementation generally reflects the most aggressive period of establishing the process and initiating the Request for Applications (RFA). We need to provide as much lead-time as possible for successful applicants to demonstrate the necessary emission reductions required meeting the SIP attainment and conformity findings. The 2002-2005 milestone schedule reflects activities for the remainder of the project, i.e., through the end of 2005. This period will have a greater emphasis on tracking emission reductions from the awarded contracts as well as meeting compliance dates for SIP attainment. While the program to attain all 3 tons per day of NO<sub>x</sub> from SECAT Program projects extends through the end of 2005, the Program goal is to attain those reductions by December of 2003 as reflected on the milestone schedule. The following subsections will briefly describe the individual activities reflected on the milestones/schedule.

#### **4.1.1 Air Quality Policy Group and Technical Advisory Committee Meetings**

The AQPG is a comprehensive oversight committee and gives direction to, and tracks the progress of the SECAT Program. It began meeting on July 7, 2000, has met on August 9 and September 6, and currently plans to meet approximately once a month. The AQPG should continue to have regularly scheduled meetings for the foreseeable future. The milestone schedule indicates continued monthly meetings through the end of 2001, with quarterly meetings in 2002 and 2003. Technical assistance to the AQPG will be provided by the Technical Advisory Committee, which will meet on an "as-needed" basis.

#### **4.1.2 Fleet Managers Advisory Committee Meetings**

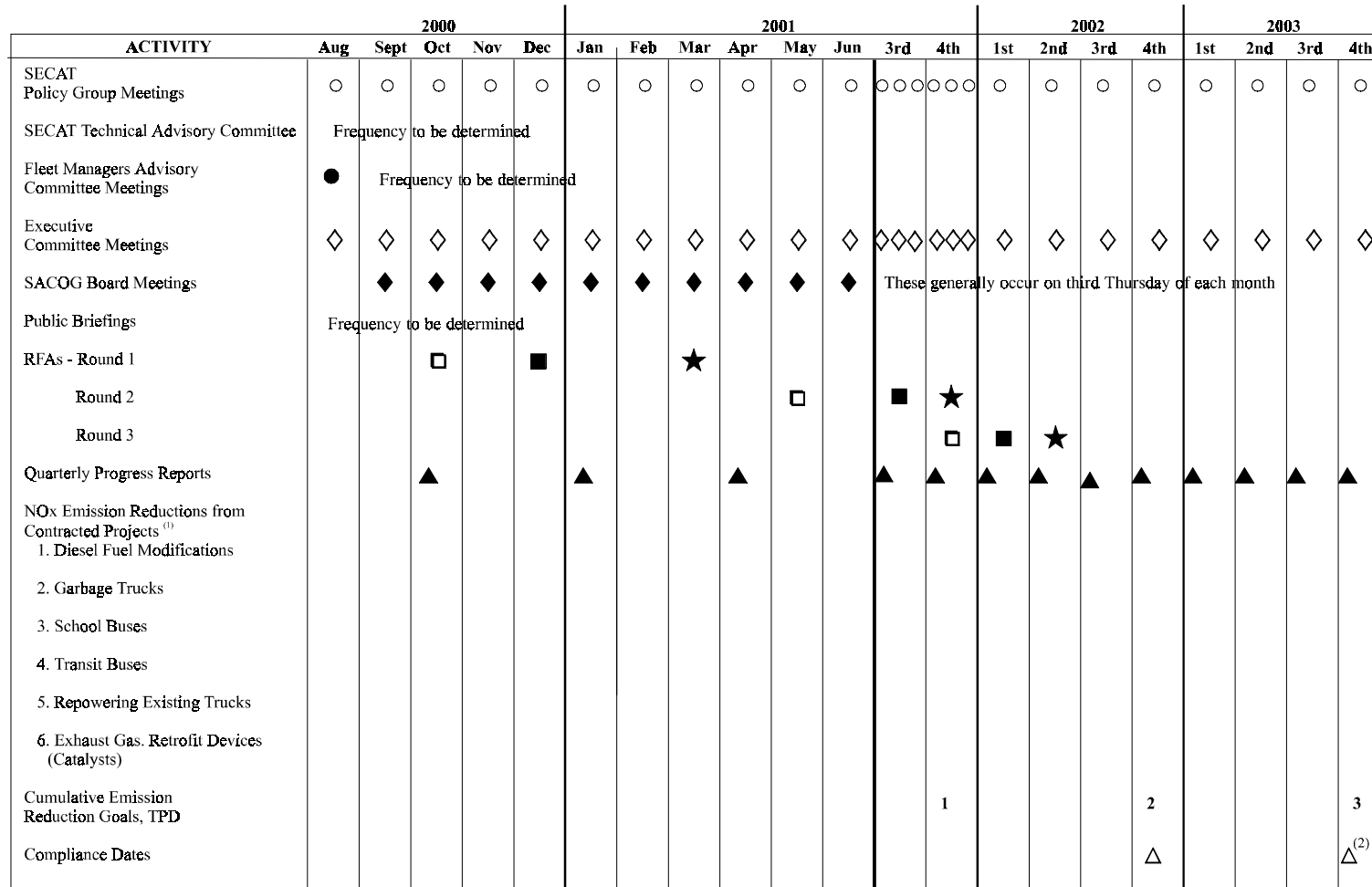
The Fleet Managers Advisory Committee (FMAC) held its first meeting on August 25. The frequency of future meetings will be determined at a future meeting. It is expected that they will be quite frequent during the early portion of the SECAT program since it will be important that fleet managers and operators are aware of the potential funding to reduce emissions from their vehicles. The Marketing/Outreach Program will closely work with the FMAC to assure a successful program to alert and keep informed the fleet managers and operators in the Sacramento Region.

#### **4.1.3 Executive Committee Meetings**

The Executive Committee, comprised of the air pollution control officers for Metropolitan Sacramento and Yolo-Solano AQMDs and the Executive Director of SACOG, will normally meet one or two days prior to the full AQPG meeting. Accordingly, their milestone schedule closely tracks the dates for the AQPG meetings.



Figure 4-1. Milestone/Schedule for SECAT Implementation (July, 2001-December 2003)



<sup>(1)</sup> Emission reduction measure categories should not be considered exclusive. Other technologies or emissions reduction measures, such as retrofit devices, if shown by an applicant to effect emissions reductions in the near term, will most certainly be included for funding consideration.

<sup>(2)</sup> 2 TPD NOx emissions reduction by 2002 and additional 1 TPD reduction by 2005.

- RFA-Announcement (release)      ○ AQPG Meetings      ▲ Quarterly Progress Reports
- RFA-Eligible Projects Identified      ● FMAC Meetings      △ Compliance Dates
- ★ RFA-Initiation of Contract      ◇ Executive Committee Meetings
- \* Public Briefings      ◆ SACOG Board Meetings

Figure 4-1. Milestone/Schedule for SECAT Implementation (July 2001 – December 2003).

#### **4.1.4 SACOG Board Meetings**

The SACOG Board meets on the third Thursday of each month with some exceptions for holiday months. The Board will often be required to approve major activities of the SECAT Program such as the approval of Request for Applications and award of contracts.

#### **4.1.5 Public Briefings**

As noted elsewhere in the Strategic Plan, public meetings and briefings are one of the most essential elements of the SECAT Program. Specific dates in the Short-Term Milestone schedule are not identified, as this needs to be determined by the outreach committee. It is expected that advisory committees to the AQPG, such as the Log Cabin (CAP) and the Fleet Managers Advisory Committee, will address the need for outreach and public briefings quite soon. Additionally, the Marketing/Outreach staff of the SECAT will be actively pursuing opportunities to further public awareness of the program opportunities. They are working on a communications and outreach strategic plan that will be incorporated into the appendices of this document upon completion. While the exact schedule of the short-term public briefings cannot be made at this time, the long-term milestones (mid 2001 through 2005) can be suggested. We recommend that at least one major public briefing every six months occur through 2003, then at least one public briefing after the beginning of each year in the 2004-5 timeframe.

#### **4.1.6 Request for Applications**

The announcements of the RFAs will occur on a frequent basis from September 2000 through November 2001, based on recommendations by SACOG financial staff. There will be future requests for applications announced in May 2001 and November 2001. Approximately \$20 million will be made available for projects selected during each announcement, though this timetable could be compressed if experience indicates a larger number of cost-effective and pollutant-reducing projects occur during the initial announcements. Each announcement will require approximately three months to receive proposals, prioritize by the air districts, and submit to SACOG for selection and award of contracts. Contracts would be executed shortly after SACOG Board approval. As noted later, however, projects qualifying for the "fast track" option may be awarded within a much shorter time frame since they will likely be approved at the staff level. The entire \$70 million of available funding should be in use toward reducing emissions no later than March 2002, with substantial projects underway in mid 2001.

#### **4.1.7 Quarterly Progress Reports**

Quarterly reports of the progress will be submitted to the AQPG for consideration and approval at the beginning of each quarter, starting in October 2000. The AQPG will review and comment at their first monthly meeting of the quarter, then have staff prepare a final report incorporating their comments for final approval at the second monthly AQPG meeting of the quarter. When the AQPG shifts to less frequent, i.e., quarterly versus monthly meetings, they will arrange a procedure to assure that the quarterly progress reports are finalized within 30 days of the meeting.

The Technical Advisory Committee to the AQPG will develop the quarterly reports. ENVIRON International will work closely with the TAC to complete timely and comprehensive quarterly reports. These reports will not only include information on the amount of emissions potentially secured for 2002/2005 during the previous quarter, but also information on the administrative and financial issues that will undoubtedly arise during the implementation of the SECAT Program. We would not recommend reporting emission reductions to the specificity of the numbers of individual engines modified or gallons of certified low-emission fuels made available under the SECAT funding. This is far too detailed, time-consuming of staff, and has the potential to result in missed targets while the overall goal of tons of NOx reduction may have actually been met. Major recommendations from the SACOG Board, the Executive Committee, and the AQPG will be included. Progress reports from each funded entity will be included. Finally, issues needing to be addressed during upcoming quarter will be highlighted.

#### **4.1.8 NOx Emission Reductions from Contracted Projects**

The most important criteria for selecting projects for funding by SECAT will be the amount of NOx emission reductions that can be reduced in the Sacramento Region. The timeliness of these emission reductions (i.e., before 2002 and 2005) and the cost-effectiveness of the approach used to reduce the emissions are equally important. Additional information on the criteria, definition of eligible projects, and concurrence by regulatory agencies on the method of tracking emission credits was discussed in Section 2.0.

SECAT program administration includes an Emissions Tracking and Accounting program to specifically manage and report on progress made by the various projects to reduce NOx emissions.

The milestone schedule could not identify specific dates for reporting actual emission reductions by the various contracted projects. This cannot occur until the selected mix of specific project-types and emission reduction schedules are better known. However, these emission reductions must begin to occur in late 2001 and during 2002, as the end of 2002 must achieve the commitment of a two-ton per day reduction in NOx in the Region. Current thinking is to attempt to track emission reductions by commonly identified project categories such as fuel modification projects, purchase of new, low-emission certified school buses or garbage trucks, or repowering existing engines to produce an emission reduction. The emission reduction categories shown on the Milestone/Schedule should not be considered exclusive as other technologies may be identified as emission reduction projects and the applicants funded by SECAT.

Tracking emission reductions to the specificity of the numbers of individual engines modified or gallons of certified low-emission fuels made available will be necessary as part of the calculations of the overall emissions reduction under the SECAT funding

#### **4.1.9 Compliance Dates with SIPs/Conformity**

Two key compliance dates are shown on the Milestone Schedule. The first is November 15, 2002. This is the commitment to reduce NOx emissions from on-road mobile sources by two tons per day. The second is November 15, 2005, which is the date that an additional one ton

each of NO<sub>x</sub> and VOC from on-road mobile sources and a ton of NO<sub>x</sub> from TCM/land use control measures must be accomplished. This will help assure the Sacramento Region of demonstrating attainment with the one-hour ozone standard by November 15, 2005. However, the goal of the SECAT Program is to obtain the full three tons per day NO<sub>x</sub> reduction by the end of 2003. Demonstration of attainment of the ozone standard for the Sacramento Region in 2005 will depend on having continued emissions reductions leading up to that date, so it is prudent to get as much pollutant reduction by 2003 as possible. It may be useful to add additional compliance date milestones to reflect Reasonable Further Progress Milestone Report submittals, conformity findings, etc.

## **4.2 Other Projected Activities**

Several other activities, not shown specifically on the Milestones/Schedule, are briefly noted below.

### **4.2.1 Web Site**

A key element in the success of implementing the SECAT Program is having significant and meaningful stakeholder involvement. An activity that has proved quite useful in many other areas of the country is creation of a quality web page to keep the public abreast of upcoming workshops, program progress, key contacts, and links to other related web sites. Development of a SECAT web page, which will be a direct link and very apparent link from SACOG's web site home page, will be an important part of the Outreach/Marketing effort. Fleet decision-makers, operators, public officials, and the citizenry needs to access information readily. The focus of the SECAT web page will be based on a clearer understanding of the nature of our "customers." Thus, the web site will be developed in conjunction with feedback from fleet operators and technology providers. As always, the website is only as good as its currency and content usefulness. Specifically assigned staff from the agencies must keep the web site current. Ms. Karen Wilson of SMAQMD will have overall responsibility in the content of the SECAT web site, and staff from SACOG will be responsible for designing and updating the web site.

### **4.2.2 State and Federal Clean Air Act Coordination/Liaison**

Frequent liaison with US EPA and DOT, as well as with the CARB and California Energy Commission, is crucial to the success of the SECAT Program effort. While several of these agencies have representation on the AQPG, experience has shown that while SECAT may be the most important program priority for those of us in the Sacramento Region, other agencies may frequently not be able to send high-level policy personnel to the meetings due to other priorities. Thus, it is important that an additional effort be conducted to keep those policy leaders at the State and Federal levels aware of the impacts of SECAT on the Clean Air Act (SIP) implementation as well as pending conformity actions. In addition to the effort by AQPG managers, SACOG's Consultant, ENVIRON International, will strive to keep related Federal and State programs current on SECAT's progress. ENVIRON will be in touch with EPA and FHWA at least once a month to let key management staff know the progress of SECAT and learn of new policy decisions that may impact the Program. Members of the ENVIRON Team also are consultants to the San Joaquin Valley Transportation Planning

Agencies Director's Association and can exchange information regarding SECAT with their involvement in implementing the similar program in the San Joaquin Valley.

#### **4.2.3 Additional Legislative or Funding Requests**

Depending on the success of the SECAT program, and needs for additional NOx reductions should EPA designate the Sacramento Valley as nonattainment for the 8-hour ozone standard, there may be a need for amended legislation or additional funding requests. It is very important that the program track closely new regulatory requirements and their impact on SECAT. Equally important will be continued close liaison with the State legislature to assure timely development of additional legislation or funding should it be needed.

## **5.0 FUNDING SOURCES AND ADMINISTRATION**

### **5.1 Revenue**

The major source of funding, of course, is the \$50 million provided as part of the Traffic Congestion Relief Act of 2000. There are various other revenue sources that may potentially be tapped to provide funding for the SECAT Program. The US DOT, under the Transportation Equity Act for the 21<sup>st</sup> Century (TEA 21), has three funding programs of interest. These are the Congestion Mitigation & Air Quality (CMAQ), Regional Surface Transportation Program (RSTP), and Transportation Enhancement Activities (TEA) programs. These funds provide up to 88.53 percent of the eligible cost of most projects. The remaining 11.47 percent of the funds must come from local or other non-federal funding sources and are the responsibility of the project proponent. The Carl Moyer Program provides funds to local air districts to support paying the incremental costs of cleaner heavy-duty vehicles. The following is a brief review of these various funding mechanisms and how SECAT participants might effectively administer the program.

#### **5.1.1 Traffic Congestion Relief Act of 2000 Funds**

The Traffic Congestion Relief Act of 2000 directs the California Transportation Commission (CTC) to establish guidelines to implement the Act including the approval of project proposals and allocation requests. Draft guidelines issued by the Caltrans and CTC staffs allow Caltrans to allocate funds to lead agencies, such as SACOG, when the allocation requested is consistent with a CTC approved application, and the allocation is made within 90 days of the date the application is approved by the CTC. The draft guidelines also provide that eligible expenses incurred prior to the allocation, but after the approval of the application by the CTC are eligible for reimbursement.

In addition the guidelines indicate that lead agencies, such as SACOG, may request that the CTC provide an advance allocation of funds when a reason for the advance can be clearly shown. SACOG will use this provision to request that funds for each phase of the SECAT program are advanced to a special account under SACOG control. Invoices from project sponsors would be paid from this account as quickly as SACOG is able to verify expenses submitted are eligible under the contract established between SACOG or air districts and the sponsor.

#### **5.1.2 Congestion Mitigation & Air Quality (CMAQ)**

CMAQ funds can be used for any transportation-related project or program that reduces vehicle-related on-road emissions. The process and procedures for administering CMAQ-funded projects is already well established by federal and state regulation and guidelines. After projects have been selected for funding by the SACOG Board, project sponsors are responsible for requesting authorization to expend funds through a process administered by the Caltrans District 3 Office of Local Assistance. The requirements of this process are laid out in the Caltrans Local Assistance Procedures Manual. The manual is geared towards the administration of traditional street and road construction activities. In the Sacramento Region, CMAQ projects should focus on the reduction of NO<sub>x</sub> emissions. On May 18, 2000, SACOG

approved \$20 million of CMAQ funding to supplement the \$50 million in the Governor's budget to support the SECAT efforts. In FY 2001, \$27.3 million in additional CMAQ funding is available for programming is available in the SACOG area.

Caltrans, project sponsors and SACOG must work cooperatively to establish new procedures that allow NOx reduction activities to proceed to funding authorization quickly so that these projects can be initiated and begin to produce NOx reductions for the region. The Sacramento Air Quality Management District, SACOG and Caltrans are currently working to achieve this goal with the first \$20,000,000 in regional CMAQ funding for NOx reduction projects.

### **5.1.3 Regional Surface Transportation Program (RSTP)**

The RSTP program can fund a great variety of transportation-related activities. The general categories of roadway, transit and transportation control measures are all eligible. Types of eligible work include maintenance and rehabilitation, new construction, purchase of capital equipment, transportation facilities for non-motorized vehicles, planning and project development, and operation of programs. RSTP funds are very flexible and may also be used for any of the activities eligible under the CMAQ or TEA programs. In FY 2001, \$35.3 million is available in the SACOG area.

### **5.1.4 Transportation Enhancement Activities (TEA)**

TEA funds are intended to provide a means to creatively and sensitively integrate transportation facilities into their surrounding environment.

The object is to create a transportation experience that is more than merely adequate. Projects and programs must go "above and beyond" those eligible under the more traditional RSTP program and must fit in one of the categories that have been established by federal statute. In FY 2001, \$5.4 million is available in the SACOG area.

### **5.1.5 Measure A**

Measure A in Sacramento County is a twenty-year, one-half percent sales tax for transportation approved by the voters in 1998. The Sacramento Transportation Authority (STA) administers the measure. One and one-half percent of Measure A funds are apportioned to the Sacramento Metropolitan Air Quality Management District for mitigating the impacts of motor vehicles. The remaining funds are apportioned on a formula basis to local jurisdictions in Sacramento County for road improvements and maintenance; to the Sacramento Regional Transit District for public bus and light rail transit; Paratransit, Inc for transportation services to the elderly and handicapped; and to STA for administration. In the first ten years of Measure A, approximately \$578 million has been collected and disbursed for transportation-related improvements.

The eligible recipients submit annual expenditure requests to the STA for approval. Projects may be funded exclusively with Measure A funds or a combination of Measure A and other funds. Measure A, for example, could be used by the Sacramento Regional Transit District to provide the local match required for CMAQ funds.

### **5.1.6 Carl Moyer Memorial Program**

The purpose of the Carl Moyer Memorial Program is to reduce NO<sub>x</sub> emissions by providing grants for the incremental cost of cleaner heavy-duty vehicles and equipment. The grants are issued locally by air pollution control and air quality management districts that choose to administer a local program. Private companies or public agencies that operate heavy-duty engines in California may apply for grants.

The Governor's Budget allocated a one-time appropriation of \$50 million dollars to fund the Carl Moyer program through the 2000/2001 fiscal year. Of this amount, the California Energy Commission will receive \$5 million dollars to fund the Advanced Technology and the Infrastructure Demonstrations portions of the Program. Previously, \$25 million in ARB's 1998-99 fiscal year budget and \$19 million in ARB's 1999-2000 fiscal year budget were allotted for Carl Moyer Program incentive grants, as a means to reduce emissions from heavy-duty engines. More information on the Carl Moyer Program is contained in Appendix 6.10.

Discussion at the July 7 AQPG kickoff meeting suggested that Moyer funds be primarily used to fund off-road projects since such a large amount of money in the AB2511 mandated programs and CMAQ would be available for on-road projects.

### **5.1.7 Private Sector Matching**

While not a requirement for grant recipients, the SACOG and the Districts will continue to attempt to leverage grant funds with private sector funds whenever possible.

## **5.2 Administration of SECAT Program**

The program will seek to fund projects quickly in order to achieve attainment of the National Ambient Air Quality Standard set by the Clean Air Act for ozone for 2005 and conformity goals that will arise in 2000-2005 on or ahead of schedule. The implementation schedule calls for Requests for Applications for \$20,000,000 each in September 2000, May 2001, November 2001 and an additional \$10,000,000 in May 2002 if needed. Total time from announcement of the RFA to contract signing is expected to be about six months.

The Air Quality Policy Group, with assistance from the Technical Advisory Committee, will establish program eligibility, project selection criteria, and project monitoring and reporting requirements. SACOG will incorporate these requirements into the program guidance, request for applications and contract documents.

Requests for applications will ask applicants to submit performance-based proposals that document how they can provide timely, cost effective, technically feasible, quantifiable, and sustainable NO<sub>x</sub> emission reductions. Proposals will be submitted to the air districts to prioritize projects for funding. Air districts will then submit their recommended priorities to SACOG for review and action during each funding cycle.

Proposals selected by SACOG for funding will be placed under contract with an air district to deliver the agreed upon program or project. Sponsors will submit invoices for progress payments to the air districts for review. Payments will be made to project sponsors



upon submission by the air districts of approved invoices to SACOG. These payments will be made directly by SACOG if the CTC agrees to provide an advance allocation of funds as outlined in Section 5.1.1 above. If SACOG does not receive an advance allocation, air district-approved invoices will be reviewed by SACOG and sent on to Caltrans for payment.

Figure 5-1 is a flowchart illustrating the program process and relationships.

## Funding Administration

OPTION 4  
updated 8/18/00

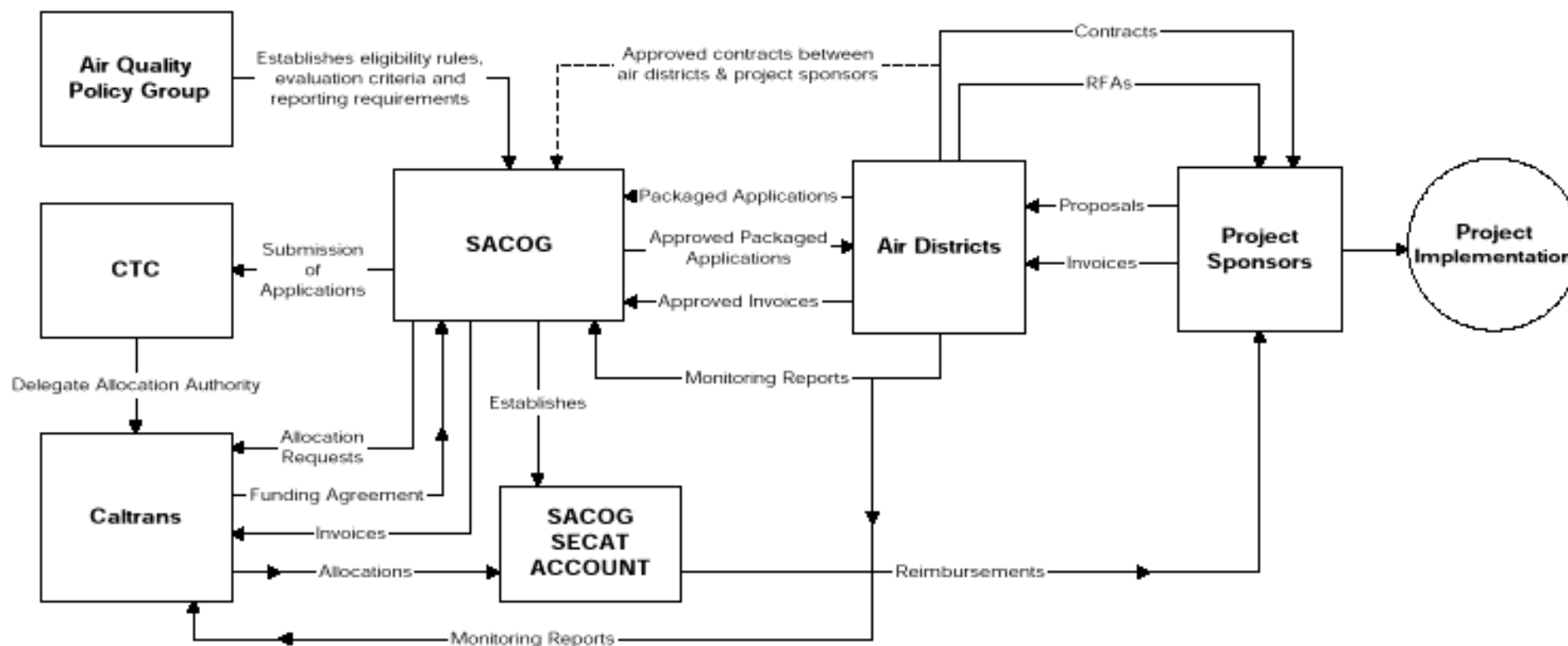


Figure 5-1. Flowchart of proposed funding administration.

### **5.3 Allocation by Time and Sector**

The actual allocation of funds will result from a careful evaluation of the submitted applications for funding and awards will be made to the most promising of those applications received. At this time we are planning on budgeting approximately one-third of the total available funding of \$70,000,000 to awards made in each of the three (3) presently planned funding cycles. Those cycles, as discussed elsewhere in this Strategic Plan, will occur at approximately December 2000, October 2001, and March 2002. To be clear, we are NOT obliged to budget funds for measures that are determined to be less than acceptably cost effective in reducing NO<sub>x</sub>, nor are we obliged to limit awards to these budgets if clearly advantageous applications are received that, in the aggregate, exceed these intermediate funding levels.

Although budgets will be committed as a result of the solicitation and award process, a recipient of an award will have to show continued progress in implementing the program for which it is funded, with a clear path to attaining the calculated emissions reductions within the time and budget allowed. If, at any time during the performance of an emissions control measure implementation, it is determined that acceptable progress is not being made, the flow of funds to continue implementation of that measure will be stopped, and funds will be redirected to more promising emissions reductions measures.

It is not possible at this time to estimate the distribution of monies by emissions reduction measure category (e.g., NO<sub>x</sub> retrofit, oxygenated/emulsified fuels, repower, etc.). In fact, to do so would suggest a prioritization of technologies by the SECAT program, and such does not exist. However, over the course of this program, we will track funding and emissions reduction by emissions reduction measure category, in part to ensure that a sufficiently robust distribution of measures are being implemented to insure against over-reliance on any one technology type.

## **6.0 APPENDICES**

- 6.1 Air Quality Policy Group**
  - 6.1.1 Charge of the AQPG & Membership**
  - 6.1.2 Meeting Agendas**
  - 6.1.3 Handout Materials**
  - 6.1.4 Attendee List**
  
- 6.2 Technical Advisory Committee Charge & Membership**
  - 6.2.1 Meeting Agendas**
  - 6.2.2 Handout Materials**
  - 6.2.3 Attendee Lists**
  
- 6.3 Funding Administration Program**
  - 6.3.1 Organizational chart**
  - 6.3.2 CTC Guidelines for Traffic Congestion Relief Act of 2000**
  - 6.3.3 CTC Project Application**
  - 6.3.4 Request for Applications (include all proposals)**
  - 6.3.5 Project Awards Documentation**
  
- 6.4 Outreach/Marketing Program**
  - 6.4.1 Organizational chart**
  - 6.4.2 Marketing and Outreach Strategic Plan**
  - 6.4.3 Outreach Meetings**
  - 6.4.4 Mailing Lists**
  
- 6.5 Emissions Accounting and Tracking**
  - 6.5.1 Organizational chart**
  - 6.5.2 Emissions “currency” guidance**
  - 6.5.3 SECAT Program emission reductions**
  - 6.5.4 Conformity Emissions Tracking**
  - 6.5.5 SIP Emissions Tracking**
  
- 6.6 AB 2511 (Copy of law when enacted)**
  
- 6.7 SACOG Transportation Coordinating Committee**
  - 6.1 Vehicle Replacement Schedules**
  
- 6.8 ENVIRON NOx Reduction Report (final revision)**
  
- 6.9 Request for Applications (RFAs)**
  - 6.9.1 Draft RFA**
  - 6.9.2 Final RFA**
  - 6.9.3 Proposal Evaluation Criteria**
  - 6.9.4 RFA – See 6.3.4**

- 6.10 Carl Moyer Program**
  - 6.10.1 Description of Program**
  - 6.10.2 Meetings**
  - 6.10.3 Advisory Board Members**
  - 6.10.4 Materials Related to SECAT Program**