



**BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT**

**BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE**

COMMITTEE MEMBERS

**SCOTT HAGGERTY - CHAIR
JOHN AVALOS
CAROLE GROOM
MAYOR ED LEE**

**NATE MILEY – VICE CHAIR
TOM BATES
CAROL KLATT
MARY PIEPHO
BRAD WAGENKNECHT**

**THURSDAY
OCTOBER 25, 2012
9:30 A.M.**

**4TH FLOOR CONFERENCE ROOM
939 ELLIS STREET
SAN FRANCISCO, CA 94109**

AGENDA

1. CALL TO ORDER - ROLL CALL

2. PUBLIC COMMENT PERIOD

(Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3) Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee's subject matter jurisdiction. Speakers will be limited to three (3) minutes each.

3. APPROVAL OF MINUTES OF SEPTEMBER 27, 2012

4. PROJECTS WITH PROPOSED GRANT AWARDS OVER \$100,000

**D. Breen/5041
dbreen@baaqmd.gov**

The Committee will consider recommending Board of Directors approval of Carl Moyer and Transportation Fund for Clean Air (TFCA) Regional Fund projects requesting grant funding in excess of \$100,000 and authorization for the Executive Officer/APCO to execute Grant Agreements for the recommended projects.

5. UPDATE ON GRANT FUNDING

**D. Breen/5041
dbreen@baaqmd.gov**

The Committee will consider recommending Board of Directors acceptance of grant funding from the United States Environmental Protection Agency and the California Energy Commission.

**6. TRANSPORTATION FUND FOR CLEAN AIR (TFCA) COUNTY PROGRAM MANAGER FUND
POLICIES FOR FISCAL YEAR ENDING (FYE) 2014**

**D. Breen/5041
dbreen@baaqmd.gov**

The Committee will consider recommending Board of Directors approval of FYE 2014 TFCA policies for the County Program Manager Fund.

7. **COMMITTEE MEMBER COMMENTS/OTHER BUSINESS**

Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2).

8. **TIME AND PLACE OF NEXT MEETING - AT THE CALL OF THE CHAIR**

9. **ADJOURNMENT**

**CONTACT EXECUTIVE OFFICE - 939 ELLIS STREET
SAN FRANCISCO, CA 94109**

**(415) 749-5130
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov**

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities notification to the Executive Office should be given at least three working days prior to the date of the meeting so that arrangements can be made accordingly.
- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District's offices at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body. Such writing(s) may also be posted on the District's website (www.baaqmd.gov) at that time.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
(415) 771-4963

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF DISTRICT MEETINGS

OCTOBER 2012

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Public Outreach Committee <i>(At the Call of the Chair)</i> - CANCELLED	Thursday	18	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Executive Committee <i>(Meets 3rd Monday of each Month)</i>	Monday	22	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets the 4th Wednesday of each Month)</i>	Wednesday	24	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday of each Month)</i>	Thursday	25	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Public Outreach Committee <i>(At the Call of the Chair)</i>	Wednesday	31	9:30 a.m.	4 th Floor Conf. Room

NOVEMBER 2012

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	7	9:45 a.m.	Board Room
Board of Directors Nominating Committee <i>(At the Call of the Chair)</i>	Wednesday	7	Following Regular Board Meeting	Executive Division Conf. Room
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i>	Thursday	8	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Climate Protection Committee <i>(At the Call of the Chair)</i>	Thursday	8	11:00 a.m.	4 th Floor Conf. Room
Advisory Council Regular Meeting <i>(Meets 2nd Wednesday of each Month)</i>	Wednesday	14	9:00 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets 3rd Monday of each Month)</i>	Monday	19	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee <i>(Meets the 3rd Monday of Every Other Month)</i>	Monday	19	10:30 a.m.	4 th Floor Conf. Room

NOVEMBER 2012

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i> - CANCELLED	Wednesday	21	9:45 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday of each Month)</i> - CANCELLED	Thursday	22	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets the 4th Wednesday of each Month)</i>	Wednesday	28	9:30 a.m.	4 th Floor Conf. Room

DECEMBER 2012

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Special Meeting of the Board of Directors <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	5	9:45 a.m.	<u>Meeting Location:</u> TBD <u>Tour Location:</u> TBD
Board of Directors Executive Committee <i>(Meets 3rd Monday of each Month)</i>	Monday	17	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	19	9:45 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets the 4th Wednesday of each Month)</i>	Wednesday	26	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday of each Month)</i>	Thursday	27	9:30 a.m.	4 th Floor Conf. Room

HL – 10/18/12 (10:50 a.m.)

P/Library/Forms/Calendar/Calendar/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 12, 2012

Re: Approval of the Minutes of September 27, 2012

RECOMMENDED ACTION:

Approve attached draft minutes of the Mobile Source Committee meeting of September 27, 2012.

DISCUSSION

Attached for your review and approval are the draft minutes of the September 27, 2012 Mobile Source Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Ana Sandoval

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 771-6000

DRAFT MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
9:30 a.m., Thursday, September 27, 2012

1. Call to Order – Roll Call

Chairperson Scott Haggerty called the meeting to order at 9:37 a.m.

Present: Chairperson Scott Haggerty; Vice Chairperson Nate Miley; and Directors John Avalos, Tom Bates and Carol Klatt.

Absent: Directors Carole Groom, Edwin M. Lee, Mary Piepho and Brad Wagenknecht.

Also Present: None.

2. Public Comment Period: None.

3. Update on Plug-In Electric Vehicle (PEV) Programs

Jean Roggenkamp, Deputy Air Pollution Control Officer, introduced Karen Schkolnick, Acting Director of Strategic Incentives, who gave the staff presentation PEV Update, including Air District deployment efforts and an introduction to the Regional PEV Plan and its elements.

Chairperson Haggerty asked, regarding slide 3, Air District PEV Deployment Efforts, why the Air District is working to install special chargers when the new hybrid Toyota Prius plugs into a regular wall outlet. Ms. Schkolnick said charging efficiency is an issue for vehicles that are purely electric as a wall charge could take as long as 18 hours. Chairperson Haggerty asked if the Air District is implementing old technology. Ms. Schkolnick said technology appears to be advancing in several different directions to satisfy varying needs, rather than converging on a single replacement for conventional engines. Chairperson Haggerty asked if Air District funds have leveraged some money. Ms. Schkolnick said absolutely but the information is not in front of her and offered to provide it in follow up. Chairperson Haggerty asked that the information be provided at a future meeting and include how much the Air District is spending and leveraging. Ms. Schkolnick agreed and noted that the funds are serving to leverage not only other public dollars from the U.S. Department of Energy (DOE) and the California Energy Commission (CEC), but also investments from the private sector.

NOTED PRESENT: Director Avalos was noted present at 9:44 a.m., thereby establishing a quorum.

Director Bates asked, regarding slide 3, Air District PEV Deployment Efforts, if the 6 DC Fast Chargers have already been installed. Ms. Schkolnick responded that one has been installed and is operating at Stanford Shopping Center and the rest should be installed by early next year. Director Bates asked the installation status of the 3,000 Level 2 home chargers in Phase 2. Ms. Schkolnick said about 800 are installed and the rest will be done by June 2013. Director Bates asked if those chargers are part of the vehicle purchase package. Ms. Schkolnick said the Board of Directors approved Air District funding to four companies and has current contracts in place with three: ECOtotality, AeroVironment, and Coulomb Technologies. Director Bates clarified these are home chargers and asked if Level 2 chargers will also be installed at businesses and in publicly accessible places, citing the 2,000 additional public chargers in Phase 2. Ms. Schkolnick said staff originally estimated the Air District could provide incentive funding for up to 2,000 public chargers, those have not been awarded yet, and staff will bring back a proposal to the Committee later this year with some options for that funding after completing a needs assessment and regional citing analysis. Director Bates asked if there is an expectation of matching funds from local governments. Ms. Schkolnick responded that matching funds is one scenario and mentioned the idea of providing additional incentive funding for local governments which would require a match.

Ms. Schkolnick continued the presentation.

Ms. Schkolnick added, regarding slide 4, How is Bay Area Doing?, that the Bay Area was the last region to adopt the project and, yet, has the most miles of participants thereby showing significant interest within the region.

Director Avalos asked, regarding slide 4, How is Bay Area Doing?, if the chart is only taking residential into account. Ms. Schkolnick said that only individuals are eligible to participate in the study so no fleet vehicle or commercial data are included. Ms. Schkolnick added that other communities expanded the scope to include other vehicles, whereas in the Bay Area it is only the Nissan Leaf and represents less than one year of data, with an estimated 150,000 gallons of petroleum reduced by these individuals alone.

Ms. Schkolnick concluded the presentation.

Committee Comments:

Director Bates asked how additional funding is triggered, if at all. Ms. Schkolnick said it will happen a couple different ways and the plan will be updated again in the spring to identify additional needs and possible funding sources to meet those additional needs, including the Air District, Metropolitan Transportation Commission (MTC), California Air Resources Board (ARB), CEC, DOE and from the private sector. Director Bates asked if the Air District will provide information to local governments on a streamlined permitting process. Ms. Schkolnick said yes and clarified the Air District does not intend to dictate how but to instead provide tools for them to choose from.

Public Comments: None.

Committee Action: None; informational only.

4. Approval of Minutes of June 28, 2012

Committee Action: Director Avalos made a motion to approve the Minutes of June 28, 2012; Director Klatt seconded; the motion was carried unanimously without objection.

5. Transportation Fund for Clean Air (TFCA) Regional Fund Policies and Evaluation Criteria for Fiscal Year Ending (FYE) 2013 and Proposed Allocations for Shuttle/Feeder Bus and Ridesharing Projects, and Electronic Bicycle Lockers

Ms. Roggenkamp introduced Patrick Wenzinger, Administrative Analyst of Strategic Incentives, who gave the staff presentation TFCA Regional Fund Policies and Evaluation Criteria for FYE 2013 and Proposed Allocations for Shuttle, Ridesharing, and Electronic Bicycle Locker Projects, including background, proposed revisions to TFCA Regional Fund Policies, proposed funding allocations, the schedule and recommendations.

Committee Comments:

Chairperson Haggerty said the Air District is funding some shuttles and yet removing them as an eligible project and asked if those receiving funding started as successful pilots. Ms. Roggenkamp said some of them. Chairperson Haggerty asked why they would then be removed as eligible projects. Ms. Roggenkamp said it was only for the time being as staff made a determination that the best use of funding is towards supporting the Transit Sustainability Project by Metropolitan Transportation Commission (MTC).

Director Avalos asked what the Air District gained in terms of assessment of the pilot programs. Ms. Roggenkamp said if a pilot program meaningfully reduces emissions in a cost effective way it can be funded on a year-to-year basis. Director Avalos asked if a project might meet its goals in terms of emission reductions but not ridership. Ms. Schkolnick clarified that a pilot project is no longer a pilot once it goes forward and that today's proposal is only to make new shuttle pilot programs ineligible for the time being. Ms. Roggenkamp said staff generally cannot fund a project if it does not meet the effectiveness criteria set by the Board. Director Bates asked how to address an existing project that wants to expand and whether the Air District provides funding to the Emery Go Round. Ms. Schkolnick said the Air District has in the past but believes it does not currently. Director Bates said there is an interest in expanding it to the north and establishing a property bid to cover the ongoing cost and suggested the Air District may be able to assist with formulating the bid. Ms. Roggenkamp said that it is her sense that these are precisely the things the Air District needs to coordinate with MTC. Director Bates asked if the TFCA dollars come from the MTC or the Air District. Ms. Roggenkamp said the Air District. Director Bates asked why the Air District would go to MTC. Ms. Roggenkamp said it is about making the best use of the region's transit dollars at large rather than unintentionally working at cross-purposes. Director Bates said this is an important way to get people out of their cars despite the idea that shuttle service detracts from bus service.

Chairperson Haggerty said he is concerned about this issue and asked what would happen if the Berryessa business park in San Jose had a viable proposal for a shuttle to the extended Bay Area Regional Transit (BART) line and the Air District refused it outright as ineligible. Ms. Roggenkamp said it is temporary. Chairperson Haggerty asked what temporary means as the Committee only takes up this matter once a year. Ms. Roggenkamp said it would be reviewed in

a year. Ms. Schkolnick said the proposal is only in regard to the regional fund and other funding remains available. Chairperson Haggerty said he is not comfortable removing it and questioned the need since the Committee will have to approve future proposals. Ms. Roggenkamp clarified that the staff proposal to remove it is pursuant to past Committee direction. Director Bates agreed with Chairperson Haggerty and suggested it be reviewed in six months, if necessary. Chairperson Haggerty asked if the proposal is to remove it now and review it again in six months. Ms. Roggenkamp said staff will call for projects, assuming the Board approves the policies and if all of the \$4 million is spent in response there may not be funding in six months. Director Bates said projects would be excluded from applying because of their ineligibility. Ms. Roggenkamp clarified that if they were instead maintained as eligible projects, they could vie for the dollars and the Committee could make a determination on specific projects. Chairperson Haggerty said everything the Air District does is measured by a reduction in tons of emissions and if those goals are not achieved, then funding ceases. Ms. Roggenkamp said pilots are launched based on professional assessments of what might be achieved whereas with established shuttles it is clear what is being achieved. Director Miley asked if the Broadway shuttle in Oakland is one of the shuttles. Ms. Roggenkamp said that was one and recollected it was the context for the previous discussion on this topic. Chairperson Haggerty stated that he doubted the Committee directed staff to remove the shuttle programs, admitted his concern about the Broadway shuttle as it follows the same path as a bus, and deferred to the Committee. Director Bates suggested making it a low priority. Chairperson Haggerty said it is all based on a reduction in tonnage and the extent to which a project achieves that determines its priority status and asked if staff have other ideas for the \$4 million. Ms. Roggenkamp said staff will find a use but there is nothing in mind now and the Air District has traditionally spent about \$4 million annually on shuttles. Director Bates said he likes the idea proposed by Chairperson Haggerty of establishing shuttles to and from the BART and business centers, and suggested focusing instead on helping to conceptualize and launch programs but not continually fund them as there are partners public and private that will benefit from their existence and be willing to fund them. Ms. Roggenkamp proposed leaving the shuttles in as eligible pilot projects and staff will include in any evaluation of an application a meet-and-confer with MTC regarding how ridership might be estimated. Director Bates said that seems fair. Chairperson Haggerty said he does not want to confer with MTC regarding the use of Air District money and asked for clarification about that process. Ms. Roggenkamp said it would mainly be a discussion about future transit plans relative to the proposed project to maximize the use of resources.

Public Comments: None.

Committee Action:

Director Bates made a motion, seconded by Avalos and carried unanimously without objection to recommend the Board of Directors:

1. Approve the proposed FYE 2013 TFCA Regional Fund Policies and Evaluation Criteria presented in Committee Agenda Item 5, Attachment A, as revised by the Committee to maintain Pilot Shuttle Projects as an eligible product category;
2. Approve an allocation of up to \$4 million in Transportation Fund for Clean Air Regional Funds for shuttle/feeder bus and regional ridesharing projects; and

3. Approve an allocation of up to \$400,000 for electronic bicycle lockers.
6. **Committee Member Comments/Other Business:** None.
7. **Time and Place of Next Meeting:** Thursday, October 25, 2012, at Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, CA 94109 at 9:30 a.m.
8. **Adjournment:** The meeting adjourned at 10:22 a.m.

Sean Gallagher
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 11, 2012

Re: Projects with Proposed Grant Awards over \$100,000

RECOMMENDATIONS:

Recommend the Board of Directors:

1. Approve Carl Moyer Program projects with proposed grant awards over \$100,000.
2. Authorize the Executive Officer/APCO to enter into agreements for the recommended Carl Moyer Program projects.

BACKGROUND

The Bay Area Air Quality Management District (Air District) has participated in the Carl Moyer Program (CMP), in cooperation with the California Air Resources Board (ARB), since the program began in fiscal year 1998/1999. The CMP provides grants to public and private entities to reduce emissions of oxides of nitrogen (NOx), reactive organic gases (ROG) and particulate matter (PM) from existing heavy-duty engines by either replacing or retrofitting them. Eligible heavy-duty diesel engine applications include on-road trucks and buses, off-road equipment, marine vessels, locomotives, stationary agricultural pump engines and forklifts.

Assembly Bill 923 (AB 923 - Firebaugh), enacted in 2004 (codified as Health and Safety Code Section 44225), authorized local air districts to increase their motor vehicle registration surcharge up to an additional \$2 per vehicle. The revenues from the additional \$2 surcharge are deposited in the Air District's Mobile Source Incentive Fund (MSIF). AB 923 stipulates that air districts may use the revenues generated by the additional \$2 surcharge for projects eligible for grants under the CMP.

Since 1991, the Transportation Fund for Clean Air (TFCA) program has funded projects that achieve surplus emission reductions from on-road motor vehicles. Sixty percent (60%) of TFCA funds are awarded directly by the Air District through a grant program known as the Regional Fund that is allocated on a competitive basis to eligible projects proposed by project sponsors. Funding for this program is provided by a \$4 surcharge on motor vehicles registered within the San Francisco Bay Area as authorized by the California State Legislature. The statutory authority

for the TFCA and requirements of the program are set forth in California Health and Safety Code Sections 44241 and 44242.

On March 7, 2012, the Board of Directors authorized Air District participation in Year 14 of the CMP, and authorized the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with CMP funds or MSIF revenues, with individual grant award amounts up to \$100,000. On November 18, 2009, the Air District Board of Directors authorized the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with TFCA funds, with individual grant award amounts up to \$100,000.

CMP and TFCA projects with grant award amounts over \$100,000 are brought to the Committee for consideration at least on a quarterly basis. Staff reviews and evaluates the grant applications based upon the respective governing policies and guidelines established by the ARB and/or the Air District's Board of Directors.

DISCUSSION

Carl Moyer Program:

The Air District started accepting applications for CMP Year 14 projects on July 23, 2012. The Air District has approximately \$15 million available for CMP projects from a combination of MSIF and CMP funds. Project applications are being accepted and evaluated on a first-come, first-served basis.

As of October 9, 2012, the Air District had received 10 project applications. Of the applications that have been evaluated between July 23, 2012 and October 9, 2012, two (2) eligible projects have proposed individual grant awards over \$100,000. These projects will replace four (4) marine engines which will result in the reduction of over 1.4 tons of NO_x, ROG and PM per year. Staff recommends allocating \$336,186 to these projects from a combination of CMP funds and MSIF revenues. Attachment 1 to this staff report provides additional information on these projects.

Attachment 2 lists all of the eligible projects that have been received by the Air District as of October 9, 2012, and summarizes the allocation of funding by equipment category (Figure 1), and county (Figure 2). This list also includes the Voucher Incentive Program (VIP) on-road replacement projects awarded since the last committee update. Approximately 76% of the funds have been awarded to projects that reduce emissions in highly impacted Bay Area communities.

TFCA:

No TFCA applications requesting individual grant awards over \$100,000 received as of October 9, 2012 are being forwarded for approval at this time.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. Through the CMP, MSIF and TFCA, the Air District distributes “pass-through” funds to public agencies and private entities on a reimbursement basis. Administrative costs for both programs are provided by each funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Director/APCO

Prepared by: Anthony Fournier
Reviewed by: Damian Breen

- Attachment 1: BAAQMD Year 14 Carl Moyer Program/MSIF projects with grant awards greater than \$100,000 (evaluated between 7/23/12 and 10/9/12)
- Attachment 2: Summary of all CMP Year 14/MSIF and VIP approved/eligible projects (as of 10/9/12)

BAAQMD Year 14 Carl Moyer Program/ MSIF projects with grant awards greater than \$100k
(Evaluated between 7/23/12 and 10/9/12)

Project #	Applicant name	Equipment category	Project type	Proposed contract award	NOx (TPY)	ROG (TPY)	PM (TPY)	County
14MOY4	C & W Diving Services, Inc.	Marine	Repower of two (2) diesel-powered propulsion engines on the work boat "Taylor Anne II"	\$ 227,786.00	1.033	0.057	0.039	Alameda
14MOY7	C & W Diving Services, Inc.	Marine	Repower of two (2) diesel-powered propulsion engines on the work boat "Stella Lind"	\$ 108,400.00	0.318	-0.011	0.020	Alameda
				\$ 336,186.00	1.351	0.046	0.059	

Attachment 2

Summary of all CMP Yr 14/ MSIF and VIP approved/ eligible projects (As of 10/9/12)

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	NOx (TPY)	ROG (TPY)	PM (TPY)	Board approval date	County
14MOY2	Off-road	Loader replacement	1	\$ 45,176.00	Bordessa Dairy	0.135	0.023	0.007	APCO	Sonoma
14MOY3	Off-road	Loader replacement	1	\$ 98,511.00	Blakes Landing Farms, Inc. (Dairy)	0.448	0.078	0.028	APCO	Marin
14MOY4	Marine	Engine replacement	2	\$ 227,786.00	C & W Diving Services, Inc. (Vessel: "Taylor Anne II")	1.033	0.057	0.039	TBD	Alameda
14MOY7	Marine	Engine replacement	2	\$ 108,400.00	C & W Diving Services, Inc. (Vessel: "STELLA LIND")	0.318	-0.011	0.020	TBD	Alameda
VIP72	VIP	Truck replacement	1	\$ 45,000.00	Bhin Trucking LLC	2.786	0.056	0.000	APCO	Santa Clara
VIP73	VIP	Truck replacement	1	\$ 40,000.00	Bhin Trucking LLC	2.458	0.049	0.000	APCO	Santa Clara
VIP74	VIP	Truck replacement	1	\$ 40,000.00	Fredrick Shumate	2.458	0.049	0.000	APCO	San Francisco
VIP75	VIP	Truck replacement	1	\$ 40,000.00	Kirvin Holtz	2.481	0.052	0.000	APCO	Sonoma
VIP76	VIP	Truck replacement	1	\$ 20,000.00	Rosalio Calderon	0.849	0.010	0.019	APCO	Santa Clara
VIP77	VIP	Truck replacement	1	\$ 15,000.00	Michael Feuquay	0.918	0.023	0.000	APCO	Santa Clara
VIP78	VIP	Truck replacement	1	\$ 35,000.00	Michael Feuquay	1.380	0.020	0.040	APCO	Santa Clara
VIP79	VIP	Truck replacement	1	\$ 25,000.00	Michael Feuquay	1.006	0.015	0.029	APCO	Santa Clara
VIP80	VIP	Truck replacement	1	\$ 45,000.00	Ernest Gonzales	2.735	0.086	0.000	APCO	Alameda
VIP81	VIP	Truck replacement	1	\$ 35,000.00	Santos Construction Inc.	2.149	0.056	0.000	APCO	Contra Costa
VIP83	VIP	Truck replacement	1	\$ 10,000.00	STAR-TAM INC	0.638	0.004	0.000	APCO	Alameda
VIP84	VIP	Truck replacement	1	\$ 10,000.00	San Miguel Trans Inc	0.629	0.013	0.000	APCO	Sonoma
VIP85	VIP	Truck replacement	1	\$ 35,000.00	Continental Tow	0.582	0.004	0.008	APCO	Alameda
VIP86	VIP	Truck replacement	1	\$ 30,000.00	Continental Tow	0.498	0.003	0.006	APCO	Alameda
18 Projects			20	\$ 904,873.00		23.500	0.587	0.196		

Figure 1: CMP/ MSIF Funding Distribution by Equipment Category as of 10/9/12

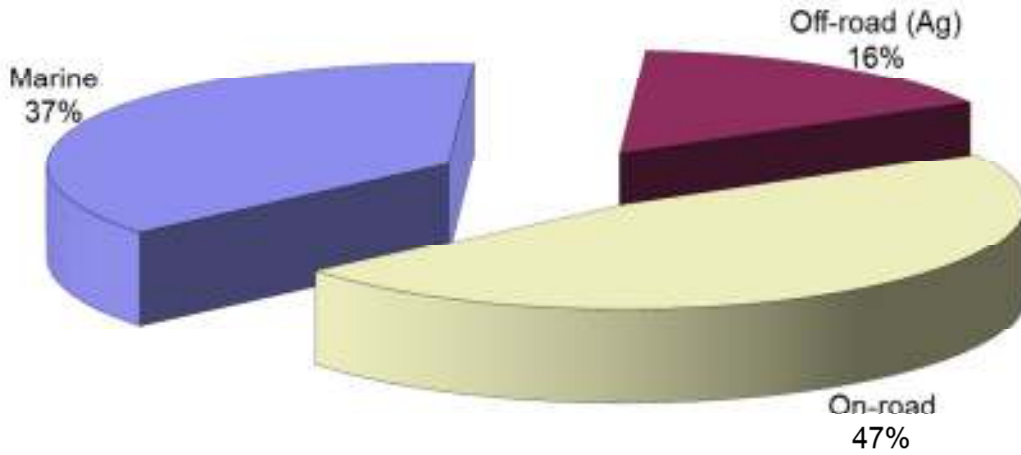
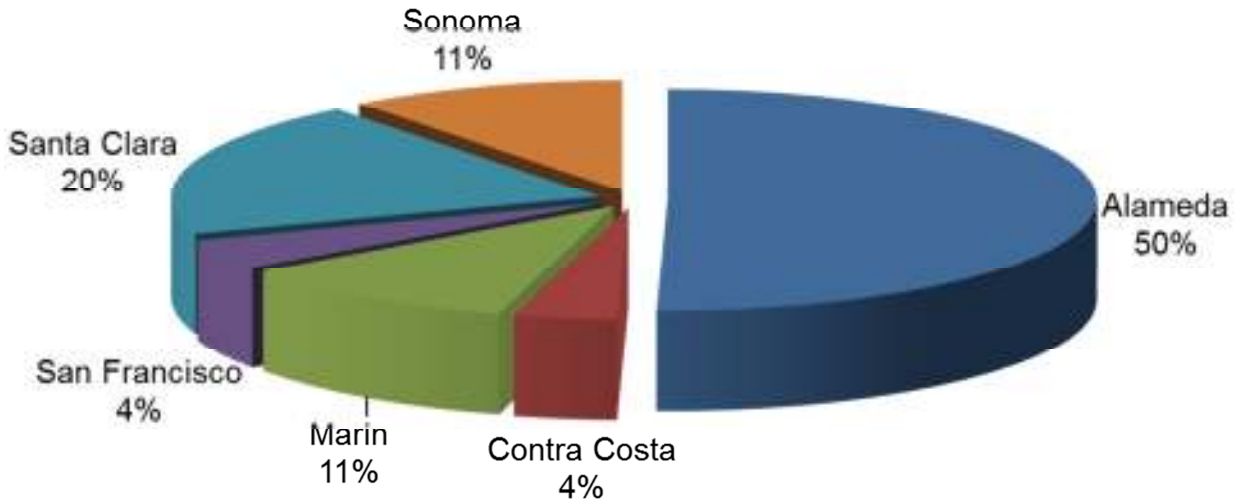


Figure 2: CMP/ MSIF Funding Distribution by County as of 10/9/12



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 18, 2012

Re: Update on Grant Funding

RECOMMENDED ACTION:

Recommend Board of Directors:

1. Adopt a resolution to authorize the Executive Officer/APCO to accept grant funding and enter into one contract with the United States Environmental Protection Agency (EPA) and one contract with the California Energy Commission (CEC) on behalf of the Bay Area Air Quality Management District (Air District).
2. Authorize the Executive Officer/APCO to execute all necessary contracts to expend this funding.

BACKGROUND

The Air District has received notice that it has been awarded two grants to reduce emissions from mobile sources; one (1) grant from the EPA for up to \$2.7 million and one (1) grant from the CEC for \$3 million. The EPA grant was awarded from the National Clean Diesel Program and will replace older heavy-duty trucks that operate at goods movement centers in the Bay Area. The CEC grant was awarded through the Assembly Bill (AB) 118 - Alternative and Renewable Fuels and Vehicle Technologies (ARFVT) Program for a project to demonstrate zero-emission battery electric taxis with switchable batteries that give the vehicles unlimited range within the area covered by the taxi company.

DISCUSSION

EPA National Clean Diesel Program Project

On June 4, 2012, the Air District submitted a proposal to the EPA to replace up to 70 model year (MY) 2003 or older heavy-duty trucks that operate at goods movement centers in and around the Port of Oakland and along the major transportation corridors in the Bay Area, with MY 2007 or newer trucks. On July 12, 2012, the EPA informed the Air District that it had been awarded funding for the project. The project will receive an initial funding amount of over \$880,000 to replace 22 trucks and it is hoped that an entire \$2.7 million allocation will be made available during the course of the agreement if approved by the Air District's Board of Directors

(Board). The project is projected to reduce 1.2 tons of particulate matter (PM), 6.1 tons of reactive organic gases (ROG) and 129 tons of nitrogen oxides (NOx) annually over the ten (10) year life of the trucks

CEC ARFVT Project

On August 30, 2012, the Air District applied to the CEC under its ARFVT program for an electric taxi (e-Taxi) demonstration project to deploy two additional battery switch stations and six additional battery-switchable electric taxis in the transportation corridor between San Francisco and San Jose. Battery switchable technology allows for a depleted battery in a compatible vehicle to be replaced in a matter of seconds with a fully charge replacement. This project expands upon a grant previously awarded by the Board on August 4, 2010 to Better Place, Inc. (\$450,000) for two battery swap stations in San Francisco and 10 battery switchable taxis. With the recent addition of CEC funding (approved on October 2, 2012) and federal funding provided by the Metropolitan Transportation Commission (\$6.5 million), this project will now install six (6) battery switch stations and over 60 taxi vehicles to demonstrate the battery switch concept over the next 10 years in the region. Additionally, this project is matched with over \$18 million in private capital provided by Better Place, Inc.

The project is designed to achieve three goals: 1) create the first North American eTaxi Corridor between San Francisco and San Jose, providing unlimited range for participating vehicles in less time than it takes to fill a tank of gas, 2) operate a fully functional zero emission switchable battery EV taxi fleet, and 3) raise awareness of electric vehicles with consumers through the EV taxi experience. This CEC portion of the project will reduce 106 tons of carbon dioxide, a greenhouse gas, 0.006 tons of reactive organic gases (ROG) and 0.012 tons of nitrogen oxides (NOx) annually over the course of the ten year demonstration.

Grant Requirements

In order for the Air District to accept CEC and EPA funding, a resolution of local support from the Board is required. The resolution must state the title of the person authorized to accept the award and enter into a contract with the granting agencies. The resolution must commit the Air District to comply with requirements of the granting agencies and authorize the Air District to accept the grant funds from the granting agencies. The resolution must also state that the Air District certifies via a resolution to attain the environmental outputs and outcomes described in its application to the EPA.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. Administrative funding is provided by the EPA programs to cover staff costs for truck project. Administrative funding for the CEC project (including Air District staff time) will be provided through the grant.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Joseph Steinberger
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION NO. 2012-_____

**A Resolution of the
Board of Directors of the Bay Area Air Quality Management District (Air District)
Authorizing the Executive Officer/Air Pollution Control Officer to Enter into One
Contract with the U.S. Environmental Protection Agency (EPA) and a Second
Contract with the California Energy Commission (CEC)**

WHEREAS, the Air District has been awarded two grant contracts:

1. A Contract from the EPA for up to \$2.7 million to replace 70 Model Year (MY) 2003 or older heavy-duty trucks that operate at goods movement centers in and around the Port of Oakland and along the major transportation corridors in the Bay Area, with MY 2007 or newer trucks, and
2. A Contract with the CEC for \$3 million for a Bay Area eTaxi Program to demonstrate zero-emission battery electric taxis with switchable batteries that give the vehicles unlimited range within the area covered by the taxi company;

WHEREAS, funds have been made available to the EPA through the National Clean Diesel Program and to the CEC through Assembly Bill (AB) 118 - Alternative and Renewable Fuels and Vehicle Technologies (ARFVT) Program;

WHEREAS, EPA requires a minimum match in funding of fifty (50) percent (%) in non-federal funds, and the CEC does not require a minimum match in funding;

WHEREAS, the Air District's proposal proposes a cash match for the EPA grant using private funding provided by the truck owners towards the cost of the truck;

WHEREAS, the Air District is an eligible project sponsor for EPA and CEC funds;

WHEREAS, pursuant to EPA and CEC, eligible project sponsors wishing to receive EPA National Clean Diesel Program and CEC ARFVT funds for a project shall submit a resolution from the applicant's governing board stating the title of the person authorized to enter into a grant contract with EPA and/or CEC;

WHEREAS, the Air District certifies via this resolution that it will attain the environmental outputs and outcomes described in its application to the EPA.

NOW, THEREFORE, BE IT RESOLVED that the Air District is authorized to execute grant contracts for funding for the EPA and CEC projects described above.

BE IT FURTHER RESOLVED that the Air District by adopting this resolution does hereby state that the Air District will provide cash matching funds for the EPA grant using private funding provided by truck owners.

BE IT FURTHER RESOLVED that the Air District is an eligible sponsor of EPA and CEC funded projects.

BE IT FURTHER RESOLVED that there is no pending or threatened litigation that might in any way adversely affect the proposed EPA or CEC grant contracts, or the ability of the Air District to deliver such projects.

BE IT FURTHER RESOLVED that the Air District authorizes its Executive Officer or designee to enter into grant contracts on behalf of the Air District with EPA for the EPA National Clean Diesel Program to replace 70 MY 2003 or older heavy-duty trucks with MY 2007 or newer trucks and with CEC for a Bay Area eTaxi Program to demonstrate zero-emission battery electric taxis with switchable batteries as referenced in this resolution.

BE IT FURTHER RESOLVED that the Air District authorizes the acceptance of EPA National Clean Diesel Program and CEC-ARFVT Program funds and commits to comply with the requirements of both programs.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the ____ day of _____, 2012 by the following vote of the Board:

AYES:

NOES:

ABSENT:

John Gioia
Chair of the Board of Directors

ATTEST:

Nate Miley
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 11, 2012

Re: Transportation Fund for Clean Air (TFCA) County Program Manager Fund Policies
for Fiscal Year Ending (FYE) 2014

RECOMMENDED ACTION:

Recommend Board of Directors:

- Approve proposed TFCA County Program Manager Fund Policies to govern allocation of FYE 2014 County Program Manager funds.

BACKGROUND

In 1991, the California State Legislature authorized the Bay Area Air Quality Management District (Air District) to impose a \$4 surcharge on motor vehicles registered within the San Francisco Bay Area to fund projects that reduce on-road motor vehicle emissions. The Air District has allocated these funds to its Transportation Fund for Clean Air (TFCA) to fund eligible projects. The statutory authority for the TFCA and requirements of the program are set forth in California Health and Safety Code Sections 44241 and 44242.

By law, forty percent (40%) of these revenues are distributed to designated County Program Managers in each of the nine counties within the Air District's jurisdiction. Each year the Air District's Board of Directors is required to adopt policies to allocate these funds that maximize emissions reductions and public health benefits. This report presents the proposed fiscal year ending (FYE) 2014 TFCA County Program Manager Policies.

DISCUSSION

The proposed FYE 2014 TFCA County Program Manager Policies are based on revisions to the FYE 2013 Policies. The proposed Policies incorporate input from County Program Managers over this last year as well as other revisions to ensure consistency with Health and Safety Code requirements. In particular, staff proposes to:

- Clarify a number of terms to ensure that they are used consistently and appropriately throughout the Policies (see Attachment A for Glossary of Terms).

- Remove the award cap for non-public entities of \$500,000 per funding cycle.
- Allow County Program Managers to enter into contracts lasting up to four (4) years for projects that require additional time for completion thus reducing the requirements for administrative amendments.
- Allow for the upgrade of previously installed TFCA fueling infrastructure equipment provided that it can achieve further cost effective emissions reductions.

On September 6, 2012, Air District staff issued a request for comments on the proposed Policies to the County Program Managers. Air District staff also met with County Program Manager representatives via a teleconference call on September 26 to discuss the proposed Policies. In addition, seven of the nine County Program Managers submitted written comments by the October 1st deadline. Over the past two weeks, staff has worked to incorporate many of the comments into the proposed Policies that are before the Committee today.

Attachment B contains the proposed FYE 2014 Policies and Attachment C shows the changes between the proposed Policies and the previous year's Policies. A listing of comments received and responses by Air District staff is provided in Attachment D.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None. The recommended policy changes have no impact on the Air District's budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Geraldina Grünbaum
Reviewed by: Karen Schkolnick

Attachments:

- A. Glossary of Terms
- B. Proposed TFCA County Program Manager Fund Policies for FYE 2014
- C. Proposed FYE 2014 Policies Compared with FYE 2013 Policies
- D. Comments Received from County Program Managers on Proposed Policies and Air District Staff Responses

GLOSSARY OF TERMS

County Program Manager Funds – The portion of the TFCA-generated funds that are allocated to each County Program Manager.

Final audit determination - The determination by the Air District of a County Program Manager or grantee's TFCA program or project, following completion of all procedural steps set forth in HSC section 44242(a) – (c).

Funding Agreement - The agreement executed by and between the Air District and the County Program Manager for the allocation of County Program Manager Funds for the respective fiscal year.

Grant Agreement - The agreement executed by and between the County Program Manager and a grantee.

Grantee - Recipient of an award of TFCA Funds from the County Program Manager to carry out a TFCA project and who executes a grant agreement with the County Program Manager to implement that project. A grantee is also known as a project sponsor.

TFCA funds - Grantee's allocation of funds, or grant, pursuant to an executed grant agreement awarded pursuant to the County Program Manager Fund Funding Agreement.

TFCA-generated funds - The Transportation Fund for Clean Air (TFCA) program funds generated by the \$4 surcharge on motor vehicle registration fees that are allocated through the Regional Fund and the County Program Manager Fund.

TFCA COUNTY PROGRAM MANAGER FUND POLICIES FOR FYE 2014

The following Policies apply only to the Transportation Fund for Clean Air (TFCA) County Program Manager Fund.

BASIC ELIGIBILITY

- 1. Reduction of Emissions:** Only projects that result in the reduction of motor vehicle emissions within the Air District's jurisdiction are eligible.

Projects must conform to the provisions of the California Health and Safety Code (HSC) sections 44220 et seq. and these Air District Board of Directors adopted TFCA County Program Manager Fund Policies for FYE 2014.

Projects must achieve surplus emission reductions, i.e., reductions that are beyond what is required through regulations, ordinances, contracts, and other legally binding obligations at the time of the execution of a grant agreement between the County Program Manager and the grantee. Projects must also achieve surplus emission reductions at the time of an amendment to a grant agreement if the amendment modifies the project scope or extends the project completion deadline.

- 2. TFCA Cost-Effectiveness:** Projects must achieve TFCA cost-effectiveness, on an individual project basis, equal to or less than \$90,000 of TFCA funds per ton of total of emissions reduced, unless a different value is specified in the policy for that project type. (See "Eligible Project Categories" below.) Cost-effectiveness is based on the ratio of TFCA funds divided by the sum total tons of reactive organic gases (ROG), oxides of nitrogen (NO_x), and weighted particulate matter 10 microns in diameter and smaller (PM₁₀) reduced (\$/ton). All TFCA-generated funds (e.g., TFCA Regional Funds, reprogrammed TFCA funds) that are awarded or applied to a project must be included in the evaluation. For projects that involve more than one independent component (e.g., more than one vehicle purchased, more than one shuttle route, etc.), each component must achieve this cost-effectiveness requirement.

County Program Manager administrative costs are excluded from the calculation of a project's TFCA cost-effectiveness.

- 3. Eligible Projects, and Case-by-Case Approval:** Eligible projects are those that conform to the provisions of the HSC section 44241, Air District Board adopted policies and Air District guidance. On a case-by-case basis, County Program Managers must receive approval by the Air District for projects that are authorized by the HSC section 44241 and achieve Board-adopted TFCA cost-effectiveness but do not fully meet other Board-adopted Policies.
- 4. Consistent with Existing Plans and Programs:** All projects must comply with the transportation control measures and mobile source measures included in the Air District's most recently approved plan for achieving and maintaining State and national ambient air

quality standards, which are adopted pursuant to HSC sections 40233, 40717 and 40919, and, when applicable, with other adopted State, regional, and local plans and programs.

- 5. Eligible Recipients:** Grant recipients must be responsible for the implementation of the project, have the authority and capability to complete the project, and be an applicant in good standing with the Air District.
 - A. Public agencies are eligible to apply for all project categories.
 - B. Non-public entities are only eligible to apply for new alternative-fuel (light, medium, and heavy-duty) vehicle and infrastructure projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241(b)(7).
- 6. Readiness:** Projects must commence in calendar year 2014 or sooner. “Commence” includes any preparatory actions in connection with the project’s operation or implementation. For purposes of this policy, “commence” can mean the issuance of a purchase order to secure project vehicles and equipment, commencement of shuttle and ridesharing service, or the delivery of the award letter for a construction contract.
- 7. Maximum Two Years Operating Costs:** Projects that provide a service, such as ridesharing programs and shuttle and feeder bus projects, are eligible to apply for a period of up to two (2) years. Grant applicants that seek TFCA funds for additional years must reapply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

- 8. Independent Air District Audit Findings and Determinations:** Grantees who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project awarded by either County Program Managers or the Air District are excluded from receiving an award of any TFCA funds for five (5) years from the date of the Air District’s final audit determination in accordance with HSC section 44242, or duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means a final audit report that includes an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the program or project was not implemented in accordance with the applicable Funding Agreement or grant agreement.

A failed fiscal or performance audit of the County Program Manager or its grantee may subject the County Program Manager to a reduction of future revenue in an amount equal to the amount which was inappropriately expended pursuant to the provisions of HSC section 44242(c)(3).

- 9. Authorization for County Program Manager to Proceed:** Only a fully executed Funding Agreement (i.e., signed by both the Air District and the County Program Manager) constitutes the Air District’s award of County Program Manager Funds. County Program Managers may only incur costs (i.e., contractually obligate itself to allocate County Program Manager Funds) after the Funding Agreement with the Air District has been executed.

- 10. Insurance:** Both the County Program Manager and each grantee must maintain general liability insurance, workers compensation insurance, and additional insurance as appropriate for specific projects, with required coverage amounts provided in Air District guidance and final amounts specified in the respective grant agreements.

INELIGIBLE PROJECTS

- 11. Duplication:** Grant applications for projects that provide additional TFCA funding for existing TFCA-funded projects (e.g., Bicycle Facility Program projects) that do not achieve additional emission reductions are ineligible. Combining TFCA County Program Manager Funds with other TFCA-generated funds that broaden the scope of the existing project to achieve greater emission reductions is not considered project duplication.
- 12. Planning Activities:** A grantee may not use any TFCA funds for planning related activities unless they are directly related to the implementation of a project or program that results in emission reductions.
- 13. Employee Subsidies:** Projects that provide a direct or indirect financial transit or rideshare subsidy or shuttle/feeder bus service exclusively to the grantee's employees are not eligible.

USE OF TFCA FUNDS

- 14. Cost of Developing Proposals:** Grantees may not use TFCA funds to cover the costs of developing grant applications for TFCA funds.
- 15. Combined Funds:** TFCA fund may be combined with other grants (e.g., with TFCA Regional Funds or State funds) to fund a project that is eligible and meets the criteria for all funding sources.
- 16. Administrative Costs:** The County Program Manager may not expend more than five percent (5%) of its County Program Manager Funds for its administrative costs. The County Program Manager's costs to prepare and execute its Funding Agreement with the Air District are eligible administrative costs. Interest earned on County Program Manager Funds shall not be included in the calculation of the administrative costs. To be eligible for reimbursement, administrative costs must be clearly identified in the expenditure plan application and in the Funding Agreement, and must be reported to the Air District.
- 17. Expend Funds within Two Years:** County Program Manager Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program Manager in the applicable fiscal year, unless a County Program Manager has made the determination based on an application for funding that the eligible project will take longer than two years to implement. Additionally, a County Program Manager may, if it finds that significant progress has been made on a project, approve no more than two one-year schedule extensions for a project. Any subsequent schedule extensions for projects can only be given on a case-by-case basis, if the Air District finds that significant progress has been made on a project, and the Funding Agreement is amended to reflect the revised schedule.

18. Unallocated Funds: Pursuant to HSC 44241(f), any County Program Manager Funds that are not allocated to a project within six months of the Air District Board of Directors approval of the County Program Manager's Expenditure Plan may be allocated to eligible projects by the Air District. The Air District shall make reasonable effort to award these funds to eligible projects in the Air District within the same county from which the funds originated.

19. Incremental Cost (for the purchase or lease of new vehicles): For new vehicles, TFCA funds awarded may not exceed the incremental cost of a vehicle after all rebates, credits, and other incentives are applied. Such financial incentives include manufacturer and local/state/federal rebates, tax credits, and cash equivalent incentives. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle, and its new conventional vehicle counterpart that meets the most current emissions standards at the time that the project is evaluated.

20. Reserved.

21. Reserved.

ELIGIBLE PROJECT CATEGORIES

22. Alternative Fuel Light-Duty Vehicles:

Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight rating (GVWR) of 8,500 lbs. or lighter. Eligible alternative light-duty vehicle types and equipment eligible for funding are:

- A. Purchase or lease of new hybrid-electric, electric, fuel cell, and CNG/LNG vehicles certified by the CARB as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards.
- B. Purchase or lease of new electric neighborhood vehicles (NEV) as defined in the California Vehicle Code.
- C. CARB emissions-compliant vehicle system retrofits that result in reduced petroleum use (e.g., plug-in hybrid systems).

Gasoline and diesel (non-hybrid) vehicles are not eligible for TFCA funds. Funds are not available for non-fuel system upgrades, such as transmission and exhaust systems, and should not be included in the incremental cost of the project.

23. Alternative Fuel Medium Heavy-Duty and Heavy Heavy-Duty Service Replacement Vehicles (low-mileage utility trucks in idling service):

Eligibility: For TFCA purposes, medium and heavy-duty service vehicles are on-road motor vehicles with a GVWR of 14,001 lbs. or heavier. Eligible alternative fuel service vehicles are only those vehicles in which engine idling is required to perform the vehicles' primary service function (for example, trucks with engines to operate cranes or aerial buckets). In order to qualify for this incentive, each new vehicle must be placed into a service route that

has a minimum idling time of 520 hours/year, and a minimum mileage of 500 miles/year. Eligible MHDV and HHDV vehicle types for purchase or lease are:

- A. New hybrid-electric, electric, and CNG/LNG vehicles certified by the CARB or that are listed by the IRS as eligible for a federal tax credit pursuant to the Energy Policy Act of 2005.

Scrapping Requirements: Grantees with a fleet that includes model year 1998 or older heavy-duty diesel vehicles must scrap one model year 1998 or older heavy-duty diesel vehicle for each new vehicle purchased or leased under this grant. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

24. Alternative Fuel Heavy-Duty Replacement Vehicles (high mileage):

Eligibility: For TFCA purposes, Alternative Fuel Heavy-Duty Vehicles are defined as follows: Light-heavy-duty vehicles (LHDV) are those with a GVWR between 8,501 lbs. and 14,000 lbs., medium-heavy-duty vehicles (MHDV) are those with a GVWR between 14,001 lbs. and 33,000 lbs., and heavy-heavy-duty vehicles (HHDV) are those with a GVWR equal to or greater than 33,001 lbs. Eligible LHDV, MHDV and HHDV vehicle types for purchase or lease are:

- A. New hybrid-electric, electric, and CNG/LNG vehicles certified by the CARB or that are listed by the IRS as eligible for a federal tax credit pursuant to the Energy Policy Act of 2005.

TFCA funds may not be used to pay for non-fuel system upgrades such as transmission and exhaust systems.

Scrapping requirements are the same as those in Policy #23.

25. Alternative Fuel Bus Replacement:

Eligibility: For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than 15 persons, including the driver. A vehicle designed, used, or maintained for carrying more than 10 persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool vehicle is not considered a bus. Buses are subject to the same eligibility requirements listed in Policy #24 and the same scrapping requirements listed in Policy #23.

26. Alternative Fuel Infrastructure:

Eligibility: Eligible refueling infrastructure projects include new dispensing and charging facilities, or additional equipment or upgrades and improvements that expand access to existing alternative fuel fueling/charging sites (e.g., electric vehicle, CNG). This includes upgrading or modifying private fueling/charging sites or stations to allow public and/or shared fleet access. TFCA funds may be used to cover the cost of equipment and installation. TFCA funds may also be used to upgrade

infrastructure projects previously funded with TFCA-generated funds as long as the equipment was maintained and has exceeded the duration of its years of effectiveness after being placed into service.

TFCA-funded infrastructure projects must be available to and accessible by the public. Equipment and infrastructure must be designed, installed and maintained as required by the existing recognized codes and standards and approved by the local/state authority.

TFCA funds may not be used to pay for fuel, electricity, operation, and maintenance costs.

27. Ridesharing Projects: Eligible ridesharing projects provide carpool, vanpool or other rideshare services. Projects that provide a direct or indirect financial transit or rideshare subsidy are also eligible under this category.

28. Shuttle/Feeder Bus Service:

These projects link a mass transit hub (i.e., rail or Bus Rapid Transit (BRT) station, ferry or bus terminal, airport) to or from a final destination. These projects are intended to reduce single-occupancy, commonly-made vehicle trips (e.g., commuting or shopping center trips) by enabling riders to travel the remaining, relatively short, distance between a mass transit hub and the nearby final destination. The final destination must be a distinct commercial, employment or residential area. The project's route must operate to or from a mass transit hub and must coordinate with the transit schedules of the connecting mass transit's services. Project routes cannot replace or duplicate an existing local transit service. These services are intended to support and complement the use of existing major mass transit services.

Shuttle/feeder bus service applicants must be either:

- 1) a public transit agency or transit district that directly operates the shuttle/feeder bus service; or
- 2) a city, county, or any other public agency.

The project applicant must submit documentation from the General Manager of the transit district or transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency service.

The following is a listing of eligible vehicle types that may be used for service:

- A. a zero-emission vehicle (e.g., electric, hydrogen)
- B. an alternative fuel vehicle (CNG, liquefied natural gas, propane);
- C. a hybrid-electric vehicle;
- D. a post-1998 diesel vehicle with a CARB Verified Diesel Emission Control Strategy (e.g., retrofit); or
- E. a post-1990 gasoline-fueled vehicle.

Pilot shuttle/feeder bus service projects are required to meet a cost-effectiveness of \$125,000/ton during the first two years of operation (see Policy #2). A pilot project is a defined route that is at least 70% unique and has not previously been funded through TFCA. Applicants must provide data supporting the demand for the service, letters of support from potential users and providers, and plans for financing the service in the future.

29. Bicycle Projects:

New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. Eligible projects are limited to the following types of bicycle facilities for public use that result in motor vehicle emission reductions:

- A. New Class-1 bicycle paths;
- B. New Class-2 bicycle lanes;
- C. New Class-3 bicycle routes;
- D. New bicycle boulevards;
- E. Bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels;
- F. Bicycle lockers;
- G. Capital costs for attended bicycle storage facilities;
- H. Purchase of two-wheeled or three-wheeled vehicles (self-propelled or electric), plus mounted equipment required for the intended service and helmets; and
- I. Development of a region-wide web-based bicycle trip planning system.

All bicycle facility projects must, where applicable, be consistent with design standards published in the California Highway Design Manual.

30. Arterial Management:

Arterial management grant applications must identify a specific arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funds. Incident management projects on arterials are eligible to receive TFCA funds. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. For signal timing projects, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more (counting volume in both directions). Each arterial segment must meet the cost-effectiveness requirement in Policy #2.

31. Smart Growth/Traffic Calming:

Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds, subject to the following conditions:

- A. The development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, pedestrian plan, traffic-calming plan, or other similar plan; and
- B. The project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District plan for State and national ambient air quality standards. Pedestrian projects are eligible to receive TFCA funds.
- C. The project must have a completed and approved environmental plan.

Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential retail, and employment areas.

**~~BOARD-ADOPTED~~ TFCA COUNTY PROGRAM MANAGER FUND
POLICIES FOR FYE 2014~~3~~**

The following ~~P~~olicies apply only to the Transportation Fund for Clean Air (TFCA) County Program Manager Fund.

BASIC ELIGIBILITY

- 1. Reduction of Emissions:** Only projects that result in the reduction of motor vehicle emissions within the Air District's jurisdiction are eligible.

Projects must conform to the provisions of the California Health and Safety Code (HSC) sections 44220 et seq. and these Air District Board of Directors adopted TFCA County Program Manager Fund Policies for FYE 2014~~3~~.

Projects must achieve surplus emission reductions, i.e., reductions that are beyond what is ~~currently~~ required through regulations, ordinances, contracts, ~~and/or~~ other legally binding obligations at the time of the execution of a funding grant agreement between the County Program Manager and the granteesub-awardee. Projects must also achieve surplus emission reductions at the time of an amendment to a grant agreement if the amendment modifies the project scope or extends the project completion deadline.

- 2. TFCA Cost-Effectiveness:** Projects must achieve TFCA cost-effectiveness, on an individual project basis, equal to or less than \$90,000 of TFCA funds per ton of total of emissions reduced, unless a different value is specified in the ~~below~~ policy for that project type. (See "Eligible Project Categories" below.) Cost-effectiveness is based on the ratio of TFCA funds ~~awarded~~ divided by the sum total tons of reactive organic gases (ROG), oxides of nitrogen (NOx), and weighted particulate matter 10 microns in diameter and smaller (PM10) reduced (\$/ton). All TFCA-generated funds (e.g., TFCA Regional Funds, reprogrammed TFCA funds) that are awarded or applied to a project must be included in the evaluation. For projects that involve more than one independent component (e.g., more than one vehicle purchased, more than one shuttle route, etc.), each component must achieve this cost-effectiveness requirement.

County Program Manager administrative costs are excluded from the calculation of a project's TFCA cost-effectiveness.

- 3. Eligible Projects, and Case-by-Case Approval:** Eligible projects are those that conform to the provisions of the ~~California Health and Safety Code (HSC)~~ section 44241, Air District Board adopted policies and Air District guidance. On a case-by-case basis, County Program Managers must receive approval by the Air District for projects that are authorized by the HSC ~~S~~section 44241 and achieve Board-adopted TFCA cost-effectiveness but do not fully meet other Board-adopted Policies.
- 4. Consistent with Existing Plans and Programs:** All projects must comply with the transportation control measures and mobile source measures included in the Air District's most recently approved plan for achieving and maintaining State and national ambient air

quality standards, ~~which are adopted those plans and programs established~~ pursuant to ~~California Health & Safety Code (HSC)~~ sections 40233, 40717 and 40919, and, when applicable, with other adopted State, regional, and local plans and programs.

5. **Eligible Recipients:** Grant recipients must be responsible for the implementation of the project, have the authority and capability to complete the project, and be an applicant in good standing with the Air District.
 - A. Public agencies are eligible to apply for all project categories.
 - B. Non-public entities are only eligible to apply for new alternative-fuel (light, medium, and heavy-duty) vehicle and infrastructure projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241(b)(7). ~~No single non-public entity may be awarded more than \$500,000 in TFCA County Program Manager Funds in each funding cycle.~~
6. **Readiness:** Projects must commence in calendar year 201~~4~~³ or sooner. “Commence” includes any preparatory actions in connection with the project’s operation or implementation. For purposes of this policy, “commence” can mean the issuance of a purchase order to secure project vehicles and equipment, ~~commencement of shuttle and ridesharing service, the delivery of the award letter for a service contract~~ or the delivery of the award letter for a construction contract.
7. **Maximum Two Years Operating Costs:** Projects that provide a service, such as ridesharing programs and shuttle and feeder bus projects, are eligible to apply for a period of up to two (2) years. Grant applicants that seek TFCA funds for additional years must reapply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

8. **Independent Air District Audit Findings and Determinations:** ~~Project sponsors~~Grantees who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project ~~awarded by either County Program Managers or the Air District will be~~ are excluded from ~~receiving an award of any TFCA funds future funding~~ for five (5) years from the date of the Air District’s final audit determination in accordance with HSC section 44242, or duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means a final audit report that includes an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the program or project was not implemented in accordance with the applicable Funding Agreement or grant as set forth in the project funding agreement.

~~In case of a~~ A failed fiscal or performance audit of the ~~-, a~~ County Program Manager or its grantee may ~~be~~ subject the County Program Manager to a reduction of future revenue in an amount equal to the amount which was inappropriately expended pursuant to the provisions of HSC ~~S~~section 44242(c)(3).

9. **Authorization for County Program Manager to Proceed:** Only a fully executed ~~f~~Funding ~~a~~Agreement (i.e., signed by both the Air District and the County Program Manager)

constitutes the Air District's award of County Program Manager Funds for a project. County Program Managers may only incur costs (i.e., an contractually obligate itself ion made to pay allocate County Program Manager Funds that cannot be refunded) after the funding agreement with the Air District has been executed.

- 10. Insurance:** EachBoth the County Program Manager and each grantee project sponsor must maintain general liability insurance, workers compensation insurance, and additional insurance as appropriate for specific projects, with estimatedrequired coverage amounts provided in Air District guidance and final amounts specified in the respective fundinggrant agreements throughout the life of the project(s).

INELIGIBLE PROJECTS

- 11. Duplication:** Grant applications for projects that provide additional TFCA funding for duplicate existing TFCA-funded projects (including e.g., Bicycle Facility Program projects) that and therefore do not achieve additional emission reductions are ineligible. Combining TFCA County Program Manager Funds with other TFCA-generated fundsRegional Funds that broaden the scope of the existing project to achieve greater emission reductions for a single project is not considered project duplication.
- 12. Planning Activities:** A grantee may not use any TFCA funding may not be used for any planning related activities feasibility studies or other planning activities unless theythat are not directly related to the implementation of a specific project or program that results in emission reductions.
- 13. Employee Subsidies:** Projects that provide a direct or indirect financial transit or rideshare subsidy or shuttle/feeder bus service exclusively to the grantee's employees of the project sponsor are not eligible.

USE OF TFCA FUNDS

- 14. Cost of Developing Proposals:** Grantees may not use TFCA funds to cover the costs The costs of developing grant applications for TFCA funding are not eligible to be reimbursed with TFCA funds.
- 15. Combined Funds:** TFCA County Program Manager Funds may be combined with other grants (e.g., with TFCA Regional Funds or State funds) to fund a project that is eligible and meets the criteria for all funding sourcesunder both. For the purpose of calculating TFCA cost effectiveness, the combined sum of TFCA County Program Manager Funds and TFCA Regional Funds shall be used to calculate the TFCA cost of the project.
- 16. Administrative Costs:** The County Program Manager may not expend more than five percent (5%) of its Administrative costs for TFCA County Program Manager Funds for its administrative costsare limited to a maximum of five percent (5%) of the actual Department of Motor Vehicles (DMV) fee revenues that correspond to each county, received for a given fiscal year. The County Program Manager's costs to prepare and execute its Funding Agreement with the Air District are eligible administrative costs. Interest earned on prior DMV funds received County Program

Manager Funds shall not be included in the calculation of the administrative costs. To be eligible for reimbursement, administrative costs must be clearly identified in the expenditure plan application and in the ~~funding agreement between the Air District and the Program Manager~~, and must be reported to the Air District.

17. Expend Funds within Two Years: County Program Manager Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program Manager in the applicable fiscal year, unless a County Program Manager has made the determination based on an application for funding that the eligible project will take longer than two years to implement. Additionally, a County Program Manager may, if it finds that significant progress has been made on a project, approve no more than two ~~(2)~~ one-year ~~(1-year)~~ schedule extensions for a project. Any subsequent schedule extensions for projects can only be given on a case-by-case basis, if the Air District finds that significant progress has been made on a project, and the ~~funding agreement between the Program Manager and the Air District~~ is amended to reflect the revised schedule.

18. Unallocated Funds: Pursuant to HSC 44241(f), any ~~TFCA~~ County Program Manager ~~F~~unds that are not allocated to a project within six months of the Air District Board of Directors approval of the County Program Manager's Expenditure Plan may be allocated to eligible projects by the Air District. The Air District shall make reasonable effort to award these funds to eligible projects in the Air District within the same county from which the funds originated.

19. ~~Reserved for potential future use.~~ Incremental Cost (for the purchase or lease of new vehicles): For new vehicles, TFCA funds awarded may not exceed the incremental cost of a vehicle after all rebates, credits, and other incentives are applied. Such financial incentives include manufacturer and local/state/federal rebates, tax credits, and cash equivalent incentives. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle, and its new conventional vehicle counterpart that meets the most current emissions standards at the time that the project is evaluated.

20. Reserved.

21. Reserved.

ELIGIBLE PROJECT CATEGORIES

22. Alternative Fuel Light-Duty Vehicles:

Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight rating (GVWR) of 8,500 lbs. or lighter. Eligible alternative light-duty vehicle types and equipment eligible for funding include:

- A. Purchase or lease of nNew hybrid-electric, electric, fuel cell, and CNG/LNG vehicles certified by the CARB as meeting established super ultra low emission vehicle (SULEV),

partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards.

- B. Purchase or lease of New electric neighborhood vehicles (NEV) as defined in the California Vehicle Code.
- C. CARB emissions-compliant vehicle system retrofits that result in reduced petroleum use (e.g., plug-in hybrid systems).

Gasoline and diesel (non-hybrid) vehicles are not eligible for TFCA funding. Funds are not available for non-fuel system upgrades, such as transmission and exhaust systems, and should not be included in the incremental cost of the project.

~~TFCA funds awarded may not exceed incremental cost after all other applicable manufacturer and local/state/federal rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle and/or retrofit, and its new conventional vehicle counterpart that meets, but does not exceed, 2011 emissions standards.~~

~~Each vehicle funded must meet the cost-effectiveness requirement.~~

23. **Alternative Fuel Medium Heavy-Duty and Heavy Heavy-Duty Service Replacement Vehicles (low-mileage utility trucks in idling service):**

Eligibility: For TFCA purposes, medium and heavy-duty service vehicles are on-road motor vehicles with a ~~Gross Vehicle Weigh Rating (GVWR)~~ of 14,001 lbs. or heavier. Eligible alternative fuel service vehicles ~~This category includes~~ are only those vehicles in which engine idling is required to perform the vehicles' primary service function (for example, trucks with engines to operate cranes or aerial buckets ~~trucks~~). In order to qualify for this incentive, each new vehicle must be placed into a service route that has a minimum idling time of 520 hours/year, and a minimum mileage of 500 miles/year. Eligible MHDV and HHDV vehicle types for purchase or lease are:

- A. New hybrid-electric, electric, and CNG/LNG vehicles certified by the CARB or that are listed by the IRS as eligible for a federal tax credit pursuant to the Energy Policy Act of 2005.

~~TFCA funds awarded may not exceed the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emissions standards and its new conventional vehicle counterpart that meets, but does not exceed, current emissions standards (incremental cost).~~

~~Each vehicle funded must meet the cost-effectiveness requirement.~~

Scrapping Requirements: ~~Grantees~~ Project sponsors of heavy-duty clean air vehicles purchased or leased with TFCA funds with a fleet that includes ~~that have~~ model year 1998 or older heavy-duty diesel vehicles in their fleet are required to ~~must~~ scrap one model year 1998 or older heavy-duty diesel vehicle for each new clean air vehicle purchased or leased under this grant with TFCA funds. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

24. Alternative Fuel Heavy-Duty Replacement Vehicles (high mileage):

Eligibility: For TFCA purposes, Alternative Fuel Heavy-Duty Vehicles are defined as follows: Light-heavy-duty vehicles (LHDV) are those with a GVWR between 8,501 lbs. and 14,000 lbs., medium-heavy-duty vehicles (MHDV) are those with a GVWR between 14,001 lbs. and 33,000 lbs., and heavy-heavy-duty vehicles (HHDV) are those with a GVWR equal to or greater than 33,001 lbs. Eligible LHDV, MHDV and HHDV vehicle types and equipment eligible for funding for purchase or lease are include the following:

A. New hybrid-electric, electric, and CNG/LNG vehicles certified by the CARB or that are listed by the IRS as eligible for a federal tax credit pursuant to the Energy Policy Act of 2005.

~~B. CARB emissions compliant vehicle system retrofits that result in reduced petroleum use.~~

TFCA funding may not be used to pay for non-fuel system upgrades such as transmission and exhaust systems.

~~TFCA funds awarded may not exceed incremental cost after all other applicable manufacturer and local/state rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the vehicle and/or retrofit, and its new conventional vehicle counterpart that meets, but does not exceed, 2011 emissions standards.~~

Scrapping requirements are the same as those in Policy #23.

~~Each vehicle funded must meet the cost effectiveness requirement.~~

25. Alternative Fuel Bus Replacement:

~~**Eligibility:** Buses are subject to the same Eligibility and Scrapping requirements listed in Policy #24. Each vehicle funded must meet the cost effectiveness requirement.~~ For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than ~~fifteen (15)~~ persons, including the driver. A vehicle designed, used, or maintained for carrying more than ~~ten (10)~~ persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool vehicle is not considered a bus. Buses are subject to the same eligibility requirements listed in Policy #24 and the same scrapping requirements listed in Policy #23.

26. Alternative Fuel Infrastructure:

Eligibility: Eligible refueling infrastructure projects include new dispensing and charging facilities, or additional equipment or upgrades and improvements that expand access to existing alternative fuel fueling/charging sites (e.g., electric vehicle, CNG). This includes upgrading or modifying private fueling/charging sites or stations to allow public and/or shared fleet access. TFCA funding may be used to cover the cost of equipment and installation. TFCA funds may also be used to upgrade infrastructure projects previously funded with TFCA-generated funds as long

as the equipment was maintained and has exceeded the duration of its years of effectiveness after being placed into service.

TFCA-funded infrastructure projects must be available to and accessible by the public. Equipment and infrastructure must be designed, installed and maintained as required by the existing recognized codes and standards and approved by the local/state authority.

~~Project sponsors are required to maintain the equipment for at least five years after installation.~~

TFCA funding may not be used to pay for fuel, electricity, operation, and maintenance costs.

27. Ridesharing Projects: Eligible ridesharing pProjects ~~that~~ provide carpool, vanpool or other rideshare services. are eligible for funding. Projects that provide a direct or indirect financial transit or rideshare subsidy are also eligible under this category.

28. Shuttle/Feeder Bus Service:

These Pprojects link a mass transit hub (i.e., rail or Bus Rapid Transit (BRT) station, ferry or bus terminal, ~~or~~ airport) to or from a final destination. These projects are intended to reduce ~~that significantly lower~~ single-occupancy, ~~commonly-made~~ vehicle trips (e.g., commuting or shopping center trips) by enabling riders to travel the remaining, relatively short, distance between a mass transit hub and the nearby final destination. The final destination must be a distinct commercial, employment or residential area. ~~while minimizing emissions created by the shuttle vehicle are eligible for funding.~~ The project's route must operate to or from a ~~rail station, airport, or ferry terminal~~ mass transit hub and must coordinate with the transit schedules of the connecting rail or ferry mass transit's services-schedules. Project routes cannot replace or duplicate an existing local bus-transit -service-or serve the same route as a local bus service, but rather must connect transit facilities to local commercial, employment and residential areas. These services are intended to support and complement the use of existing major mass transit services.

Shuttle/feeder bus service applicants must be either:

- 1) a public transit agency or transit district that directly operates the shuttle/feeder bus service; or
- 2) a city, county, or any other public agency.

~~Unless the application is the transit agency or transit district that directly implements this project, t~~The project applicant must submit documentation from the General Manager of the transit district or transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency service.

The following is a listing of eligible vehicle types that may be used for service:

- A. a zero-emission vehicle (e.g., electric, hydrogen)
- B. an alternative fuel vehicle (CNG, liquefied natural gas, propane);

- C. a hybrid-electric vehicle;
- D. a post-1998 diesel vehicle with a CARB Verified Diesel Emission Control Strategy (e.g., retrofit); or
- E. a post-1990 gasoline-fueled vehicle.

Pilot shuttle/feeder bus service projects are required to meet a cost-effectiveness of \$125,000/ton during the first two years of operation (see Policy #2). A pilot project is a defined route that is at least 70% unique and has not previously been funded through TFCA. Applicants must provide data supporting the demand for the service, letters of support from potential users and providers, and plans for financing the service in the future.

29. Bicycle Projects:

New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. Eligible projects are limited to the following types of bicycle facilities for public use that result in motor vehicle emission reductions:

- A. New Class-1 bicycle paths;
- B. New Class-2 bicycle lanes;
- C. New Class-3 bicycle routes;
- D. New bicycle boulevards;
- E. Bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels;
- F. Bicycle lockers;
- G. Capital costs for attended bicycle storage facilities;
- H. Purchase of two-wheeled or three-wheeled vehicles (self-propelled or electric), plus mounted equipment required for the intended service and helmets; and
- I. Development of a region-wide web-based bicycle trip planning system.

All bicycle facility projects must, where applicable, be consistent with design standards published in the California Highway Design Manual.

30. Arterial Management:

Arterial management grant applications must identify a specific arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funds^{ing}. Incident management projects on arterials are eligible to receive TFCA funds^{ing}. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. For signal timing projects, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more (counting volume in both directions). Each arterial segment must meet the cost-effectiveness requirement in Policy #2.

31. Smart Growth/Traffic Calming:

Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds, subject to the following conditions:

- A. The development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, pedestrian plan, traffic-calming plan, or other similar plan; and
- B. The project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District plan for State and national ambient air quality standards. Pedestrian projects are eligible to receive TFCA funding.

C. The project must have a completed and approved environmental plan.

Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential retail, and employment areas.

~~Only projects with a completed and approved environmental plan may be awarded TFCA funds.~~

Comments Received and Staff Responses on Proposed FYE 2014 TFCA County Program Manager Policies

Commenter and Agency	Comment	Staff Response
Matt Todd, Alameda County Transportation Commission (Alameda CTC)	Policy 1. Reduction of Emissions. Request removing proposed language requiring that emission reductions achieved be surplus at the time of a grant agreement amendment. This requirement could require <i>additional</i> surplus emission reductions beyond what was required at the time of the initial agreement, exposing a grantee to a large risk if any requirements or regulations were to change after the execution of the agreement. Costs incurred from originally approved scope or activities could become ineligible for reimbursement while a project is being implemented.	The proposed policy has been revised to clarify that this requirement only applies to substantive modification to the agreement (such as a time extension). Such a reassessment would not be required when the amendment is for a minor modification such as to correct a typographical error or to change the name of the grantee.
Peter Engel, Contra Costa Transportation Authority (CCTA)	Policy 2. TFCA Cost-Effectiveness. Concerned that the policy language pertaining to the “independent components” is too broad and could be interpreted to include independent project components beyond what air district staff intended. For example, there is concern that this policy could limit an option, or menu, of items that are included as rideshare options to employers. As discussed in the 9/26 teleconference, the commenter is comfortable with clarifying language being included in the Program Guidance documents.	Requiring each independent component of a project to meet the cost-effectiveness criteria at the time an application is being evaluated improves the likelihood that the project would still be cost-effective in the event that not all elements of a project are completed. As discussed with the County Program Mangers in the 9/26 teleconference, staff has committed to providing additional clarification in the Expenditure Plan Guidance.
Matt Todd (Alameda CTC)	Policy 2. TFCA Cost-Effectiveness. Requests additional clarification (in either the Policies or Guidance) on what is considered “independent component” for the various project types.	See response immediately above.
Robert Guerrero, Solano Transportation Authority (STA)	Policy 2. TFCA Cost-Effectiveness. Requests that policy be revised to explicitly state that new requirement applies to shuttle services and not other projects such as ridesharing. Concerned that without this clarification, other projects and programs would be unnecessarily subject to this requirement, resulting in a less streamlined approach.	See response immediately above.
Danielle Schmitz, Napa County Transportation & Planning Agency (NCTPA)	Policy 2. TFCA Cost-Effectiveness. Concerned that addition of requirement that independent components be cost-effective would adversely affect the ability to fund arterial management projects. Many such projects include an arterial or segment that is not cost-effective on its own but needs to be included because it provides a meaningful connection to the entire project.	See response immediately above. The requirement that each arterial be cost-effectiveness to be eligible for TFCA funding is also specified in Policy #30. Arterial Management.

Comments Received and Staff Responses on Proposed FYE 2014 TFCA County Program Manager Policies

Commenter and Agency	Comment	Staff Response
Lynne March, Sonoma County Transportation Authority (SCTA)	Policy 4. Consistent with Existing Plans and Programs. Requests that the Air District's most recently approved plan be specified in the policies and that a link be provided in the Guidance.	In order to ensure that the most recent Air District Plans are referenced, staff will incorporate the suggestion to add a hyperlink to the plan in the Expenditure Plan Guidance.
Matt Todd (Alameda CTC)	Policy 8. Independent Air District Audit Findings and Determinations. Requests that the Air District notify County Program Managers when a grantee has failed a TFCA fiscal or performance audit.	The Air District will ensure at the conclusion of each audit that it notifies each County Program Manager of any grantees within its county that have failed the audit.
Peter Engel (CCTA)	Policy 11. Duplication. Requests clarification that the added phrase "provide additional funding" applies only to TFCA funding by modifying the phrase to read: "provide additional <i>TFCA</i> funding." Otherwise the added phrase could be interpreted to apply to other local funding sources that area match to the project.	The suggested additional language has been incorporated into the proposed Policies.
Chad Rathmann, San Francisco County Transportation Authority (SFCTA)	Policy 11. Duplication. Supports the Air District's proposed language changes that further clarify which type(s) of additional funding are subject to the duplication restriction.	Comment is noted.
Matt Todd (Alameda CTC)	Policy 11. Duplication. Requests revisions to proposed changes; proposed policy could be interpreted to mean that an expanded scope and greater emission reductions are required to receive additional funds regardless of the project's initial cost-effectiveness. In the 9/26 conference call, Ms. Taylor expressed concern that this language change would not allow shuttle projects to be awarded both Regional Fund and County Program Manager funds since these are awarded at different times of the year.	The Policy continues to allow TFCA-generated funds to be combined to fund eligible projects as long as additional emission reductions are achieved as a result of the added funding. In the case of shuttle projects, as long as the additional funds would broaden the scope of the project (e.g., additional routes, additional hours), thus providing additional emission reductions, combining Regional Funds and County Program Manager Funds continues to be allowed.
Chad Rathmann (SFCTA)	Policy 17. Expend Funds within Two Years. Supports the Air District's proposed clarification of language that includes the provision for County Program Manager determination of project implementation timeframe and schedule.	Comment is noted.
Chad Rathmann (SFCTA)	Policy 28. Shuttle/Feeder Bus Service. Supports the Air District's proposed revisions that clarify shuttle project eligibility.	Comment is noted.

Comments Received and Staff Responses on Proposed FYE 2014 TFCA County Program Manager Policies

Commenter and Agency	Comment	Staff Response
Lynne March (SCTA)	Policy 28. Shuttle/Feeder Bus Service. Asks why gas powered vehicles are allowed.	Post-1990 gasoline-fueled vehicles may be used as long as the shuttle project meets all other TFCA funding criteria, including the cost-effectiveness criteria.
Lynne March (SCTA)	Policy 29. Bicycle Projects. Provided the following comments on these subheaders: A. In Sonoma County, Class-1 bicycle paths are really multi-use pathways, which has a “complete pathways” ring to it. H. What is meant by “intended service?” Are the helmets also for the intended service? Is this aimed at bike sharing? J. Is it possible to fund bicycle route designation or pedestrian wayfinding?	A. The California Highway Design Manual indicates that bike paths are intended for the use of both bicycle and pedestrians, in keeping with the commenter’s description of these facilities. H. This subheader allows for the funding of bikes (and associated and necessary equipment, such as helmets, to outfit the bikes and riders) for a specific purpose or group, such as a city’s bike fleet. J. This project type is not authorized by Health and Safety Code Section 44241.
Lynne March (SCTA)	Policy 29. Bicycle Projects. Requests that bicycle facility projects be consistent with the Manual on Uniform Traffic Control Devices (MUTCD) as well.	Air District staff does not recommend adding this additional requirement to the proposed Policies. County Program Managers may choose to impose this requirement within their jurisdiction.
Chad Rathmann (SFCTA)	Policy 29. Bicycle Projects. As noted in the 9/26 conference call, future bicycle projects in San Francisco are likely to involve protected cycletrack-type designs that are not easily classifiable within the California Highway Design Manual (HDM).	As discussed during the 9/26 conference call, the Air District will work with County Program Managers over the next year to explore options to implement this suggestion.
Lynne March (SCTA)	Policy 31. Smart Growth/Traffic Calming. Inquires if examples of pedestrian projects that would be eligible for TFCA funds would be useful.	The “Attributes of Cost-Effective Projects” section of the Expenditure Plan Guidance provides guidance on the preferable traits of such projects.
Lynne March (SCTA)	Policy 31. Smart Growth/Traffic Calming. Unclear what “environmental plan” means. Does it mean CEQA clearance?	The term “environmental plan” refers to any and all applicable and required environmental plans that must be completed and approved for the project to proceed, including CEQA clearance.
Bill Hough, Santa Clara Valley Transportation Authority (VTA)	Policy 31. Smart Growth/Traffic Calming. Suggested re-wording of last sentence/paragraph to read “C. The project must have a completed and approved environmental plan.”	The suggested language has been incorporated into the proposed Policies.