



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

MONDAY
DECEMBER 3, 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 OCTOBER 25, 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. **UNITED STATES DEPARTMENT OF ENERGY (DOE): CLEAN CITIES-IMPLEMENTATION INITIATIVES TO ADVANCE ALTERNATIVE FUEL MARKETS GRANT**

D. Breen/5041
dbreen@baaqmd.gov

The Committee will consider recommending Board of Directors' approval of a \$1 million grant from the DOE for a Statewide project to advance alternative fuels and authorization for the Executive Officer/APCO to execute all necessary Grant Agreements to expend this funding.

6. **CURRENT AND FUTURE AUDITS OF THE TRANSPORTATION FUND FOR CLEAN AIR (TFCA) AND FYE 2012 TFCA AIR DISTRICT AND REGIONAL FUND PROGRAM REPORT ON EXPENDITURES AND EFFECTIVENESS**

D. Breen/5041
dbreen@baaqmd.gov

The Committee will receive an informational update on the audit of the TFCA program for FYE 2011, a request to consider a continuance of the contract with the current program auditor for FYE 2012 and a report on the expenditures and effectiveness of the TFCA Air District and Regional Fund programs for FYE 2012.

7. **PORT TRUCK PROGRAM**

D. Breen/5041
dbreen@baaqmd.gov

The Committee will receive an informational update on the Port Truck program which will include a review of program results to date and future regulatory deadlines for vehicles serving the Port of Oakland.

8. **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)

9. **TIME AND PLACE OF NEXT MEETING**

Thursday, January 24, 2013, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109 at 9:30 a.m.

10. **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

DECEMBER 2012

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Mobile Source Committee <i>(Rescheduled from November 2012)</i>	Monday	3	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Legislative Committee <i>(At the Call of the Chair)</i>	Monday	3	10:30 a.m.	4 th Floor Conf. Room
Special Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	5	9:45 a.m.	390 Main Street, 6th Floor San Francisco, CA
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) - CANCELLED</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) - CANCELLED</i>	Thursday	27	9:30 a.m.	4 th Floor Conf. Room

JANUARY 2013

<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) - CANCELLED</i>	Wednesday	2	9:45 a.m.	Board Room
Advisory Council Regular Meeting/Retreat <i>(Meets 2nd Wednesday of each Month)</i>	Wednesday	9	9:00 a.m.	Board Room
Special Board of Directors Meeting/Retreat <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	16	9:45 a.m.	San Jose City Hall 200 East Santa Clara Street San Jose, CA 95113

JANUARY 2013

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Executive Committee <i>(Meets 3rd Monday of each Month)</i>	Monday	21	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	21	10:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets the 4th Wednesday of each Month)</i>	Wednesday	23	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday of each Month)</i>	Thursday	24	9:30 a.m.	4 th Floor Conf. Room

MM – 11/28/12 (4:43 p.m.)

P/Library/Forms/Calendar/Calendar/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Scott Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 27, 2012

Re: Approval of the Minutes of October 25, 2012

RECOMMENDED ACTION:

Approve attached draft minutes of the Mobile Source Committee meeting of October 25, 2012.

DISCUSSION

Attached for your review and approval are the draft minutes of the October 25, 2012 Mobile Source Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Ana Sandoval

Attachment

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
Thursday, October 25, 2012

1. Call to Order – Roll Call

Chairperson Scott Haggerty called the meeting to order at 9:46 a.m.

Present: Chairperson Scott Haggerty; Vice Chairperson Nate Miley; and Directors John Avalos, Tom Bates, Carole Groom and Mary Piepho.

Absent: Directors Carol Klatt, Edwin M. Lee and Brad Wagenknecht.

Also Present: None.

Chairperson Haggerty inquired about the status of Mayor Lee’s appointee to the Air District Board. Damian Breen, Director of Strategic Incentives, stated that staff is actively working with the Mayor’s office on this issue. Chairperson Haggerty asked Director Avalos to reach out to the Mayor on behalf of the Air District.

2. Public Comment Period: None.

3. Approval of Minutes of September 27, 2012

Committee Comments: None.

Public Comments: None.

Committee Action: Director Bates made a motion to approve the Minutes of September 27, 2012; Director Piepho seconded; and the motion was carried unanimously without objection.

4. Projects with Proposed Grant Awards Over \$100,000

Mr. Breen introduced Stacy Shull, Administrative Analyst of Strategic Incentives, who gave the staff presentation Carl Moyer Program (CMP) Projects with Proposed Grant Awards over \$100,000, including a brief review of the program to date and a detail of the proposed projects for CMP Year 14.

Mr. Breen noted, regarding slide 4, CMP Year 14, the slight upward change in reactive organic gases (ROG) for project 14MOY7, suggested it may be an erroneous result caused by the emission factors from the California Air Resources Board (CARB), reported that staff is working

to get CARB to amend the mathematics, and suggested the Committee focus on the improvement in particulate matter.

Director Bates and Mr. Breen discussed the ROG trend and its lack of effect on the program as it remains cost-effective as currently quantified.

Director Avalos and Mr. Breen discussed the impact of replacement/retrofit efforts on the Bay Area fleet at large.

Ms. Shull concluded the presentation.

Committee Comments:

Director Bates and staff discussed the total amount of funds available, various project types, funds remaining and when the Committee can expect to see additional recommendations from staff.

Public Comments: None.

Committee Action:

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

1. Approve CMP projects with proposed grant awards over \$100,000; and
2. Authorize the Executive Officer/Air Pollution Control Officer (APCO) to enter into agreements for the recommended CMP projects.

5. Update on Grant Funding

Mr. Breen gave the staff presentation Update on Grant Funding, including overviews of the U.S. Environmental Protection Agency (EPA) National Clean Diesel Program Project and California Energy Commission (CEC) Alternative and Renewable Fuels and Vehicle Technologies Program and recommendations.

Mr. Breen added, regarding slide 4, EPA Project, that the project was not brought to the Committee sooner because the EPA has been working to get the allocations of funding correct.

Committee Comments:

Director Groom and Mr. Breen discussed the proposed siting of the battery switch stations.

Director Miley asked how many trucks will be replaced if additional EPA funds become available. Mr. Breen responded seventy.

Directors Haggerty and Mr. Breen discussed the perceived absence of cutting-edge projects in Contra Costa and Alameda Counties.

The Committee and staff discussed how proper siting can help maximize the effectiveness of the program and others like it.

Public Comments: None.

Committee Action:

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

1. Adopt a resolution to authorize the Executive Officer/APCO to accept grant funding and enter into one contract with the EPA and one contract with the CEC on behalf of the Air District; and
 2. Authorize the Executive Officer/APCO to execute all necessary contracts to expend this funding.
- 6. Transportation Fund for Clean Air (TFCA) County Program Manager Fund Policies for Fiscal Year Ending (FYE) 2014**

Mr. Breen introduced Geraldina Grunbaum, Supervising Environmental Planner of Strategic Incentives, who gave the staff presentation FYE 2014 TFCA County Program Manager Fund Policies, including background, overview of the FYE 2014 process and summary of changes, and recommendations.

Committee Comments: Director Piepho and Mr. Breen discussed that policy #5 has been clarified such that there is no award cap for non-public entities.

Public Comments: None.

Committee Action:

Director Avalos made a motion, seconded by Director Piepho, and carried unanimously without objection to recommend the Board of Directors approve proposed TFCA County Program Manager Fund Policies to govern allocation of FYE 2014 County Program Manager funds.

7. **Committee Member Comments/Other Business:** Director Avalos reported he contacted Director Lee regarding the appointment of a Deputy Director.
8. **Time and Place of Next Meeting:** At the call of the Chair.
9. **Adjournment:** The meeting adjourned at 10:20 a.m.

Sean Gallagher
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Scott Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 27, 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 November 13, 2012, the Air District had received 16 project applications. Of the applications that have been evaluated between October 9, 2012 and November 13, 2012, three (3) eligible projects have proposed individual grant awards over \$100,000. These projects will replace ten (10) pieces of off-road equipment, and install infrastructure to allow locomotives to connect to electrical power during layovers at the San Jose Diridon station. These projects will result in the reduction of over 4 tons of NO_x, ROG and PM per year. Staff recommends allocating \$738,748 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 November 13, 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 55 % 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 November 13, 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 10/9/12 and 11/13/12)
- Attachment 2: Summary of all CMP Year 14/MSIF and VIP approved/eligible projects (as of 11/13/12)

AGENDA 4 - ATTACHMENT 1

BAAQMD Year 14 Carl Moyer Program/ Mobile Source Incentive Fund projects
with grant awards greater than \$100k (Evaluated between 10/9/12 and 11/13/12)

Project #	Applicant name	Equipment category	Project type	Proposed contract award	Emission Reductions (Tons per year)			County
					NOx	ROG	PM	
14MOYL1	Peninsula Corridor Joint Powers Board	Locomotive	Wayside power installation of eight (8) electrical locomotive connections at the San Jose Diridon Station	\$ 330,000.00	1.488	0.079	0.032	Santa Clara
14MOY5	SOILAND Co Inc.	Off-road	Replacement of one (1) off-road, diesel powered loader & one (1) off-road, diesel-powered backhoe replacement	\$ 202,610.00	1.540	0.118	0.043	Sonoma
14MOY16	Stone Bridge Cellars Inc.	Off-road	Replacement of eight (8) off-road, diesel powered tractors	\$ 206,138.00	0.909	0.206	0.079	Napa
				\$ 738,748.00	3.937	0.403	0.154	

AGENDA 4 - ATTACHMENT 2

Summary of all CMP Yr 14/ MSIF and VIP approved/ eligible projects (As of 11/13/12)

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
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	11/7/2012	Alameda
14MOY7	Marine	Engine replacement	2	\$ 108,400.00	C & W Diving Services, Inc. (Vessel: "STELLA LIND")	0.318	-0.011	0.020	11/7/2012	Alameda
14MOY8	Off-road	Tractor replacement	1	\$ 24,400.00	Lamoreaux Vineyards LLC	0.116	0.024	0.008	APCO	Napa
14MOY9	Off-road	Tractor replacement	1	\$ 23,241.00	Andrea Bartolucci dba Madonna Estate (Vineyard)	0.098	0.020	0.007	APCO	Napa
14MOYL1	Locomotive	Wayside power installation	8	\$ 330,000.00	Peninsula Corridor Joint Powers Board	1.488	0.079	0.032	TBD	Santa Clara
14MOY5	Off-road	Loader & backhoe replacement	2	\$ 202,610.00	SOILAND Co Inc.	1.540	0.118	0.043	TBD	Sonoma
14MOY16	Off-road	Tractor replacement	8	\$ 206,138.00	Stone Bridge Cellars Inc.	0.909	0.206	0.079	TBD	Napa
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	0.306	0.008	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	Contra Costa
VIP86	VIP	Truck replacement	1	\$ 30,000.00	Continental Tow	0.498	0.003	0.006	APCO	Contra Costa
VIP87	VIP	Truck replacement	1	\$ 35,000.00	Gill Hardial Singh	0.714	0.018	0.000	APCO	Alameda
VIP88	VIP	Truck replacement	1	\$ 35,000.00	Robert Cox/Christopher A Rockenbaugh DBA Continental Towing	0.582	0.004	0.008	APCO	Contra Costa
VIP89	VIP	Truck replacement	1	\$ 10,000.00	T1 Trucking, Inc.	0.205	0.004	0.000	APCO	San Mateo
VIP90	VIP	Truck replacement	1	\$ 45,000.00	Guidotti Trucking, Inc.	0.929	0.019	0.000	APCO	Santa Clara
VIP91	VIP	Truck replacement	1	\$ 45,000.00	Daniel Edward Crothers	0.926	0.020	0.000	APCO	Mendocino
VIP92	VIP	Truck replacement	1	\$ 20,000.00	Sequoia Landscape Mtls, Inc.	0.412	0.009	0.000	APCO	Sonoma
VIP93	VIP	Truck replacement	1	\$ 10,000.00	Cotati Brand Eggs Foods Services	0.214	0.001	0.000	APCO	Sonoma
VIP94	VIP	Truck replacement	1	\$ 35,000.00	Joel Delozier	0.716	0.015	0.000	APCO	Solano
VIP95	VIP	Truck replacement	1	\$ 45,000.00	Brian Russel Raven DBA: Raven Trucking	0.926	0.020	0.000	APCO	Solano
VIP96	VIP	Truck replacement	1	\$ 40,000.00	Bernardini Enterprises, Inc.	0.819	0.016	0.000	APCO	San Mateo
33 Projects			50	\$ 2,011,262.00		33.483	1.145	0.373		

Figure 1: CMP/ MSIF Funding Distribution by Equipment Category as of 11/13/12

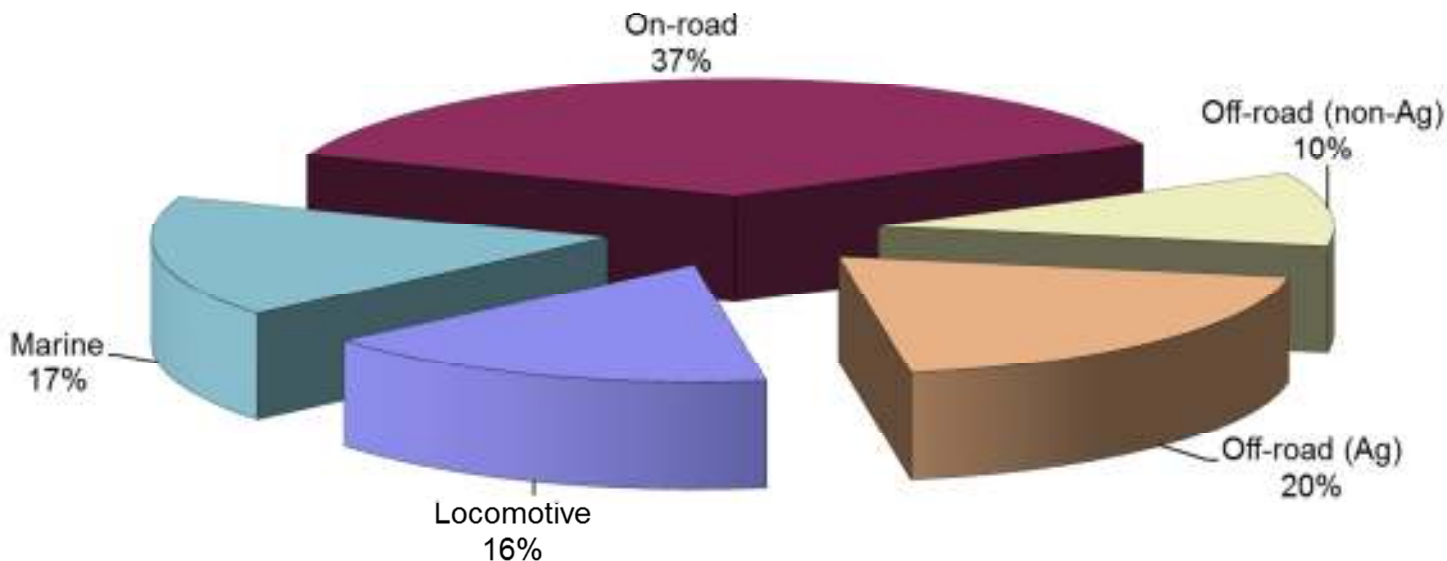
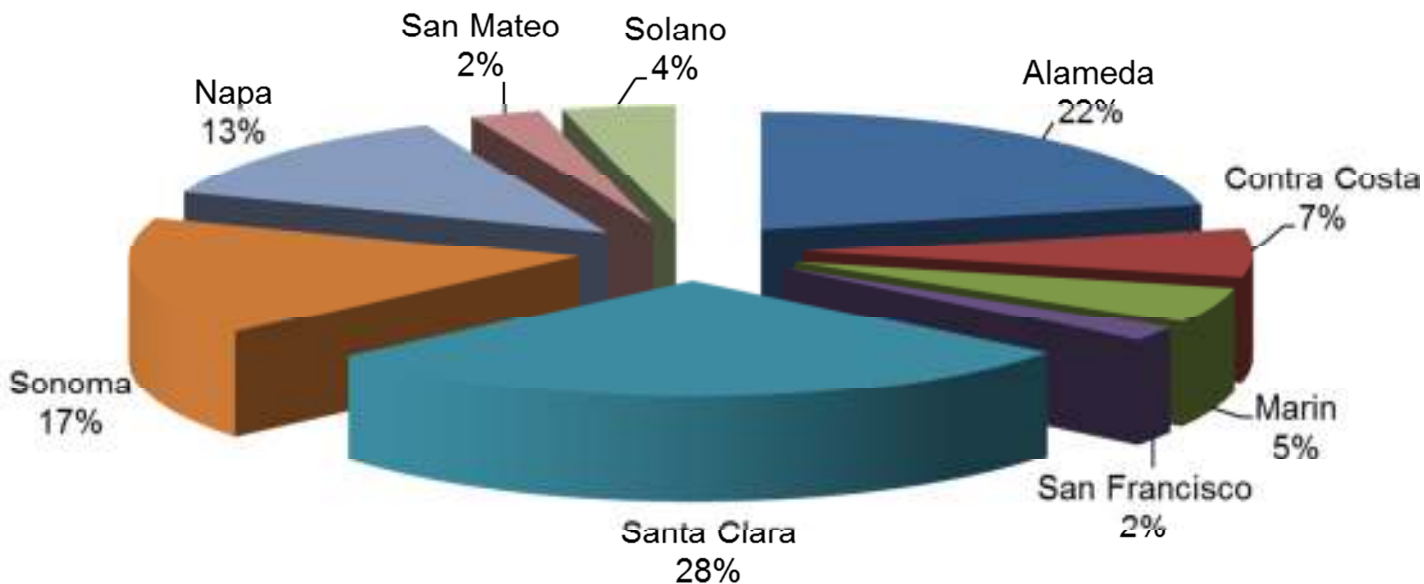


Figure 2: CMP/ MSIF Funding Distribution by County as of 11/13/12



Note: These charts include data for all projects less than and greater than \$100k, and the projects being considered as part of this report.

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: November 27, 2012

Re: United States Department of Energy (DOE): Clean Cities - Implementation
Initiatives to Advance Alternative Fuel Markets Grant

RECOMMENDED ACTION:

Recommend Board of Directors:

- Adopt a resolution to authorize the Executive Officer/APCO to accept grant funding and enter into a contract with the United States Department of Energy (DOE) on behalf of the Bay Area Air Quality Management District (Air District).
- Authorize the Executive Officer/APCO to execute contract to expend this funding.

BACKGROUND

The Air District has received notice from the DOE that it has been awarded a grant for up to \$1 million to reduce emissions from mobile sources. The DOE grant was awarded from the Clean Cities Program to advance alternative fuel markets by eliminating barriers to the deployment of alternative fuel vehicles (AFV) and infrastructure at California workplaces and in California fleets. The California Fleets and Workplace Alternative Fuels Project is a statewide effort to develop templates and best practices for permitting AFV refueling infrastructure, collaborate with colleges on first responder training, promote workplace electric vehicle (EV) charging, and work with fleets to implement petroleum reduction strategies.

DISCUSSION

On June 18, 2012, the Air District submitted a proposal to the DOE on behalf of the California Fleets and Workplace Alternative Fuels Project. The Air District's Partners in this Project are the South Coast Air Quality Management District, California Plug-In Electric Vehicle Collaborative, California Clean Cities Coalitions, California Center for Sustainable Energy, CALSTART, Advanced Transportation Technology and Energy (ATTE) Initiative Centers in Cerritos Community College, Cypress College, Long Beach Community College, San Diego Miramar College, West Valley College, College of the Desert, and the City College of San Francisco and the California Fuel Cell Partnership. The Partners provide a multi-disciplinary

team to deliver a project that advances alternative fuel markets by concentrating on eliminating the barriers to vehicle and infrastructure deployment in California workplaces and employer fleets.

The Air District and its Partners were awarded \$1 million from the DOE on November 19, 2012, for a comprehensive, California State-wide program composed of the following four elements: Policy Initiatives, Barrier Reduction Initiatives, Safety and Training Initiatives and Market Development/Outreach Initiatives.

The project leverages an existing statewide partnership on electric vehicle deployment under a separate DOE grant and California's experience in the installation of over 460 natural gas fueling stations and 23 hydrogen stations. Additionally, the project leverages relationships of the Clean Cities Coalitions with California fleets in 13 separate areas throughout the State. Successful completion of the project will advance alternative fuel markets in the state and will assist California and the nation in achieving its air quality, greenhouse gas emissions and energy independence goals.

Staff recommends that the Air District Board adopt a resolution to accept the DOE funding. The resolution states the title of the person authorized to accept the award and enter into a contract with the DOE. The resolution commits the Air District to comply with requirements of the DOE and authorizes the Air District to accept the grant funds from the DOE. The resolution also states that the Air District certifies via the resolution to attain the outputs and outcomes described in its application to the DOE.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. Administrative funding for the DOE 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

Attachment

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION NO. 2012-_____

**A Resolution of the
Board of Directors of the Bay Area Air Quality Management District
Authorizing the Executive Officer/Air Pollution Control Officer to Enter into One
Contract with the United States Department of Energy (DOE)**

WHEREAS, the Air District has been awarded one grant from the DOE for up to \$1.0 million to advance alternative fuel markets by eliminating barriers to the deployment of alternative fuel vehicles and infrastructure at California workplaces and in California fleets;

WHEREAS, funds have been made available through the DOE Office of Energy Efficiency and Renewable Energy (EERE) Program;

WHEREAS, DOE does not require a minimum match in funding;

WHEREAS, the Air District is an eligible project sponsor for DOE funds;

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

NOW, THEREFORE, BE IT RESOLVED that the Air District is authorized to execute grant contract for funding for the DOE project described above.

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

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

BE IT FURTHER RESOLVED that the Air District authorizes its Executive Officer or designee to enter into grant contract on behalf of the Air District with DOE to advance alternative fuel markets by eliminating barriers to the deployment of alternative fuel vehicles and infrastructure at California workplaces and in California fleets as referenced in this resolution.

BE IT FURTHER RESOLVED that the Air District authorizes the acceptance of DOE EERE Program funds and commits to comply with the requirements of the program.

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 Scott Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 27, 2012

Re: Current and Future Audits of the Transportation Fund for Clean Air (TFCA) and
FYE 2012 TFCA Air District and Regional Fund Program Report on
Expenditures and Effectiveness

RECOMMENDED ACTIONS:

Recommend Board of Directors:

1. Receive and file the results of TFCA Audit #13 (Attachments 1 and 2).
2. Authorize the Executive Officer/APCO to execute a contract with Gilbert Associates Inc. for audit services for Audit #14, in an amount that shall not exceed \$85,000, and Audit #15, in an amount that shall not exceed \$150,000.
3. Receive and file the Fiscal Year Ending (FYE) 2012 Transportation Fund for Clean Air (TFCA) Report on Regional Fund Expenditures and Effectiveness (Attachment 3).

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 its nine-county jurisdiction to fund projects that reduce on-road motor vehicle emissions. The Air District allocates these funds to eligible projects through the Transportation Fund for Clean Air (TFCA). The statutory authority for the TFCA and requirements of the program are set forth in California Health and Safety Code (HSC) Sections 44241 and 44242.

Sixty percent (60%) of TFCA funds are awarded directly by the Air District to eligible programs implemented directly by the Air District (the Smoking Vehicle, enhanced mobile source enforcement and the Spare the Air Programs) and through a grant program known as the Regional Fund. The remaining forty percent (40%) of TFCA funds are forwarded to a designated agency within each Bay Area county to be distributed via a grant program known as the County Program Manager Fund.

HSC Section 44242 requires that the Air District perform an audit on all program or projects funded with TFCA monies. To fulfill this requirement, the Air District selects an independent auditor. On June 15, 2011, the Air District's Board of Directors selected Gilbert Associates, Inc. to conduct Audit #13, the results of which are presented in this report. Under the terms of that selection, the Board has the ability to extend the contract with Gilbert Associates, Inc. for up to an additional two years.

In addition, HSC Section 44241 requires that the Board hold an annual public hearing to review the expenditure of TFCA funds to determine their effectiveness in improving air quality.

DISCUSSION

Current TFCA Audit

Gilbert Associates, Inc. (Gilbert) conducted fiscal audits of TFCA Air District and Regional Fund projects that were completed between July 1, 2009 and June 30, 2011 (projects audited on an annual basis) and County Program Manager Fund projects that were completed between July 1, 2008 and June 30, 2011 (projects are audited on a biennial basis). The audits were conducted from December 2011 through July 2012. Gilbert Associates conducted field work and completed and issued audit reports to each organization audited, and to the Air District for its TFCA funded programs.

The audit results are presented in the attached Audit Summary Reports prepared by Gilbert Associates (Attachment 1 - Regional Fund, Attachment 2 - County Program Manager Fund). These Reports are compilations of the individual audit reports performed in each Fund and list the audited projects in Appendix B. Each organization was provided an opportunity to respond in writing to any findings and those responses are included in the individual audit reports.

While the auditors did note findings in this current audit, the overall number of findings has decreased since the previous audits. Specifically, the Regional Fund Audit Summary Report for the current audit noted four (4) project sponsor findings, down from nine (9) in the last audit. Moreover, there were no oversight findings attributable to the Air District as there were in previous audits. Findings from the current audit can be characterized as follows:

- Project sponsors continue to submit late reports
- Project sponsors failed to submit some required reports
- Project sponsors failed to display the Air District logo on funded projects
- Project sponsors failed to notify the Air District of changes in project status (equipment sold).

Similarly, the County Program Manager Fund Audit Summary Report contained one (1) finding (project sponsor failed to display Air District logo on funded project) compared to two (2) in the previous audit. A discussion of the findings and the additional steps that Air District staff is taking to ensure that project sponsors comply with program requirements will be presented at the Committee meeting.

Future Audits

Based on the execution of this past audit, staff is also recommending that the contract with Gilbert Associates to conduct TFCA audits be extended for an additional two years. This recommendation is based on the efficiency and rigor of this past audit and Gilbert Associates' demonstrated ability to understand the requirements of the various components of the TFCA program and ascertain compliance with them. The recommended extension would cover Audit #14 of Air District programs and Regional Fund projects concluded during FYE 2012 and Audit #15 of Air District programs and Regional Fund projects concluded during FYE 2013 and County Program Manager projects concluded during FYE 2012 and 2013. The cost of this work is estimated at \$85,000 for Audit #14 and \$150,000 for Audit #15.

Report on Regional Fund Expenditures and Effectiveness

The report, provided in Attachment 3, summarizes as required in HSC Section 44241, TFCA Air District and Regional Fund expenditures on projects and programs that concluded during FYE 2012, and the effectiveness of these projects and programs. Key findings of the report include the following:

- TFCA funds were allocated to eligible projects and programs, consistent with the legislation that authorizes the TFCA program.
- The TFCA Regional Fund expenditures for projects and programs that concluded in FYE 2012 totaled \$9.74 million: \$7.40 million for projects implemented by other entities, \$1.59 million for Air District programs, and \$744,000 million in administrative and indirect costs.
- These projects and programs reduced criteria pollutant emissions over their lifetimes by an estimated 104.6 tons, including 38.88 tons of reactive organic gases (ROG), 48.03 tons of nitrogen oxides (NO_x), and 19.70 tons of particulate matter (PM₁₀). The lifetime reduction of carbon dioxide (CO₂), a greenhouse gas, was approximately 32,550 tons.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None. As required by California Health and Safety Code Section 44242(a), the costs of TFCA audits are taken from the TFCA motor vehicle registration fee surcharges. Resources for Audit #13 were identified in the Air District's FYE 2012 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Geraldina Grünbaum
Reviewed by: Karen Schkolnick

Attachments

Attachment 1: Audit Summary Report for the TFCA Regional Fund

Attachment 2: Audit Summary Report for the TFCA County Program Manager Fund

Attachment 3: FYE 2012 Report on TFCA Regional Fund Expenditures and Effectiveness

Attachment 1: Audit Summary Report for the TFCA Regional Fund

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

**TRANSPORTATION FUND FOR CLEAN AIR
PROGRAM REGIONAL FUND**

AUDIT SUMMARY REPORT

PROJECT PERIOD ENDED JUNE 30, 2011

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

TABLE OF CONTENTS

	<u>PAGE</u>
Introduction	1
Program Description	1
Audit Process	2
Sponsor Findings	4
Oversight Findings	6
Tables:	
1 – Sponsors with Late Reports	7
2 – Sponsors with Unfiled Reports	8
Appendix:	
A – Health and Safety Code Sections 44241 and 44242	9
B – Listing of Audited Projects	12

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

1. INTRODUCTION

The Bay Area Air Quality Management District (Air District) was created by the California legislature in 1955. The Air District's structure, operating procedures and authority are established by Division 26 of the California Health and Safety Code.

The Air District includes seven counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo and Santa Clara and portions of two other counties, Southwestern Solano and Southern Sonoma. The Air District is governed by a twenty-two member Board of Directors that includes representatives from all of the above counties.

The Air District's jurisdiction is limited principally to policing non-vehicular sources of air pollution within the Bay Area, primarily industry pollution and burning. Any company wishing to build or modify a facility in the Bay area must first obtain a permit from the Air District to ensure that the facility complies with all applicable rules.

The Air District also acts as the program administrator for Transportation Fund for Clean Air (TFCA) funds and Mobile Source Incentive funds (MSIF) derived from Assembly Bill 434 and Assembly Bill 923 respectively. TFCA and MSIF funding comes from a \$4 and \$2 surcharge, respectively, on motor vehicles registered within the Air District. TFCA funding may only be used to fund eligible projects that reduce motor vehicle emissions and support the implementation of the transportation and mobile source control measures in the Clean Air Plan in place at time of award. All projects must fall within the categories listed in State Law (Health and Safety Code Section 44241).

The Health and Safety Code requires the Air District to pass-through no less than 40% of the TFCA revenues raised within a particular county, after audit and administrative costs, to that county's designated Program Manager. The remaining 60% is for Regional Fund grants and is being allocated to projects on a competitive basis. Projects are evaluated using the Air District's Board adopted evaluation and scoring criteria.

2. PROGRAM DESCRIPTION

Health and Safety Code Sections 44223 and 44225 authorize a surcharge on the motor vehicle registration fee (surcharge) to be used by the Air District and local governments specifically for programs to reduce air pollution from motor vehicles. The Department of Motor Vehicles collects the surcharge and allocates the amounts to the Air District. The Air District administers these funds through the TFCA Program. Under the TFCA Program, money is allocated to two funds: (1) 60% is placed in the Regional Fund and allocated to entities on a competitive basis by the Air District and (2) 40% is placed in the Program Managers Fund and allocated to designated agencies. Allowable projects under Health and Safety Code Section 44241 include the following:

- Ridesharing programs
- Purchase or lease of clean fuel school and transit buses
- Feeder or shuttle bus service to rail and ferry stations and airports
- Arterial traffic management

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

- Demonstrations in congestion pricing of highways, bridges and public transit
- Rail bus integration and regional transit information systems
- Low emission vehicle projects
- Bicycle facility improvement projects
- Physical improvements that support "Smart Growth" projects

State law requires that any agency receiving TFCA funding be subject to an audit, at least once every two years. Health and Safety Code Section 44242 provides the legal compliance guidelines for the Air District to follow in the event revenues are not spent appropriately or when projects do not result in emission reductions. Health and Safety Code Sections 44241 and 44242 are provided in Appendix A.

The Air District retained the firm of Gilbert Associates, Inc. to conduct financial and compliance audits of completed projects funded through the Regional Fund for the project period ended June 30, 2011. These audits were conducted during the months of December 2011 through July 2012.

A total of 51 individual Sponsors and 81 projects were audited, with \$21,642,012 total funds expended. A listing of the projects audited is provided in Appendix B.

3. AUDIT PROCESS

The audits were designed to address numerous financial and compliance objectives; however, the principal objectives of the audits were to (1) provide assurance that amounts reported in the Schedules of Expenditures are fairly stated, and (2) determine whether projects financed through the Air District's Regional Fund met funding agreement requirements. The audit procedures were specifically designed for TFCA financial and compliance requirements. The audit approach is described below:

Auditing Standards and Specific Procedures

The financial audits were performed in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States for the period ended June 30, 2011.

Procedures performed included, but were not limited to:

- Gaining an understanding of the project sponsors' internal controls over financial reporting of the TFCA program through observation, inquiry, and supporting documentation.
- Tracing expenditures related to the TFCA program to the Sponsor's accounting records.
- Validating TFCA expenditures related to vendor disbursements, payroll, and administrative charges to supporting documentation.
- Conducting interviews with project sponsors to inquire about known, alleged or suspected fraud related to the program.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

Compliance Auditing Procedures

The audits were performed in accordance with the requirements outlined in the Health and Safety Code, individual funding agreements and *Government Auditing Standards*. The principal focus of the compliance auditing procedures was to ensure TFCA expenditures were paid in accordance with the program's objectives (Health and Safety Code Sections 44241 and 44242). Detailed tests on select transactions were performed to verify compliance with the Health and Safety Code and individual funding agreements, but were not designed to provide assurance on overall project compliance.

Auditing procedures performed included, but were not limited to:

- Testing expenditures for allowable costs in accordance with Section 44241 of the Health and Safety Code.
- Verifying that the Sponsor used the TFCA funds for the reduction of emissions from motor vehicles.
- Determining that the Sponsor adopted appropriate resolutions authorizing the grant application or, where applicable, an authorizing letter of commitment.
- Verifying the expenditure of funds was within two years, unless a longer period was approved in writing by the Air District.
- Determining whether the Sponsor submitted to the Air District all required reports and that the reports contained all information required as specified on Attachment C of the funding agreement.
- Verifying the use of the Air District's approved logo or acknowledgment of the Air District in printed or electronic materials for public distribution.
- Determining if the Sponsor followed the indirect cost determination approach when allocating indirect costs to the project.
- Determining whether administrative costs were adequately supported and did not exceed 5% of the TFCA revenues.
- Determining whether other specific terms of the funding agreement were adhered to, such as additional reporting requirements.

We issued unqualified opinions on 49 of the 51 audit reports. Limitations on our audit procedures caused us to disclaim our opinion on the reports for Cooper Crane & Rigging and North Bay Construction, Inc. These limitations were the result of Cooper Crane & Rigging ceasing operations prior to audit fieldwork, and North Bay Construction, Inc., being acquired by another construction company prior to audit fieldwork.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

4. SPONSOR FINDINGS

A summary of Sponsor audit findings is provided below.

Finding 2011-1: *Late Filing of Reports*

According to the funding agreement between the Air District and the Sponsors, Sponsors were required to submit to the Air District quarterly reports, a final report, and other reports specified in the Sponsor's funding agreements.

During the audit, we noted that the projects listed in Table 1 had one or more late reports. 21 Sponsors out of 51 (41.17%) and 27 projects out of the 81 audited (33.33%) had one or more late reports. The number of quarterly reports, final reports, and other reports submitted late are noted below:

	<u>Late Reports</u>	<u>Number of Sponsors</u>	<u>Number of Projects</u>
Quarterly reports	62	15	17
Semiannual reports	14	8	10
Final reports	6	3	6
Total late reports	<u>82</u>		

Air District's Response to Finding 2011-1

The District acknowledges this finding, and continues to take significant steps to assist project sponsors with submitting reports on time. These efforts include further strengthening the Administrative Operating Procedure (AOP) for Regional Fund Administration to include sending reminders to all project sponsors three weeks prior to report due dates and following-up with telephone calls and/or emails beginning one week prior to the due date if a report is still not received. As outlined in the AOP, if a report is more than three weeks late, the project sponsor is sent a Delinquent Notice, which includes language warning that failure to submit a report will delay payment, may result in termination of the grant, and may render the sponsor ineligible from future grants. In addition, under the current call for TFCA grant applications, the District has required that sponsors that have received an audit finding in the past five years attend a District-sponsored application and grants administration workshop in order to be eligible for consideration of future funding. Lastly, the Air District is currently exploring additional options for encouraging the submittal of reports by evaluating the administrative best practices employed by other agencies.

Finding 2011-2: *Unfiled Reports*

According to the funding agreement between the Air District and the Sponsors, Sponsors were required to submit to the Air District quarterly or semiannual reports, a final report, and other reports specified in the Sponsor's funding agreements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

During the audit, we noted that the projects listed in Table 2 had one or more unfiled reports. 18 Sponsors out of 51 (35.29%) and 19 projects out of the 81 audited (23.46%) had one or more unfiled reports. The number of unfiled reports is noted below:

	<u>Unfiled Reports</u>	<u>Number of Sponsors</u>	<u>Number of Projects</u>
Quarterly reports	25	13	14
Semiannual reports	6	5	5

Air District's Response to Finding 2011-2

The District acknowledges this finding, and, as with late reports, has taken significant steps to reduce the likelihood of sponsors not filing reports. The efforts the Air District has taken to strengthen its AOP for Regional Fund Administration are outlined in the response to Finding 2011-1. Likewise, the requirement that sponsors with audit findings attend Air District-sponsored grant administration workshops is an additional step the District has taken to ensure sponsors' compliance with all reporting requirements.

Finding 2011-3: Enforcement of Logo and Publicity Compliance

According to the funding agreement between the Air District and the Sponsors, Sponsors were to acknowledge the Air District as a project funding source and use or display the Air District-approved logo so that it is visible to the public on any motor vehicles leased or purchased with TFCA funds, on any other property purchased with TFCA funds, on any printed or electronic material associated with the project that is distributed to the public, and in any project-related media events, articles, news releases, or other publicity materials.

During the audit, we noted that 2 Sponsors out of 51 (3.92%) and 2 projects out of the 81 audited (2.47%) had not acknowledged the Air District on promotional materials or shuttle schedules related to the project, as listed below.

<u>Project Number</u>	<u>Project Sponsor</u>	<u>Project Description</u>
07BFP12	City of Redwood City	Middlefield Road Bike Lane Striping Project
06R92	University of California, San Francisco	UCSF Mission Bay BART Powell Street Shuttle

Air District's Response to Finding 2011-3

The District acknowledges this finding and continues to emphasize that TFCA funding be properly credited as a funding source. This requirement is covered in the Air District's grant administration workshop and is included in each project's contract. In addition, sponsors are required to report on the use of the Air District logo and acknowledgement of the Air District as a source of funding in each Semi-Annual Report and in the Final Report.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

Finding 2011-4: *Changes in Operational Status*

According to the funding agreement between the Air District and the Sponsors, Sponsors were to notify the Air District in writing of any change in the operational status of equipment or services purchased or funded under the agreement within thirty days of the occurrence of such a change in operational status. During the audit, we noted two instances in which vehicles retrofitted with TFCA funds had been sold prior to the completion of the projects' useful lives, but the District had not been notified. After being notified, the District requested reimbursement for a proportionate amount of TFCA funds expended for the vehicle retrofits. The two projects that were noncompliant with the requirement to notify the District of changes in operational status are listed below.

Project Number	Project Sponsor	Project Description
08R28	City of Santa Clara	Retrofit Five Heavy-Duty Vehicles
08R56	Cooper Crane & Rigging	Repower 3 Heavy-Duty Vehicles

Air District's Response to Finding 2011-4

While the District concurs with the finding that the City of Santa Clara failed to notify the District as required, all owed funds have since been returned to the District by the City of Santa Clara and this Finding has been corrected. The District is currently pursuing legal action against Cooper Crane & Rigging.

5. OVERSIGHT FINDINGS

No oversight findings noted as of and for the project period ending June 30, 2011.

TABLE 1
SPONSORS WITH LATE REPORTS

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

**TABLE 1 - SPONSORS WITH LATE REPORTS
FOR THE PROJECT PERIOD ENDED JUNE 30, 2011**

Project Number	Project Sponsor	Project Description
06R34	Amador Valley Industries, LLC	Purchase Two (2) Compressed Natural Gas Solid Waste Collection Vehicles
09R10	Associated Students, San Jose State University	Ridesharing and Trip Reduction
05R62	City of Berkeley	Transportation Alternatives Marketing and Outreach Program
06R74	City of Berkeley	West Berkeley Shuttle Service
07R12	City of Berkeley	West Berkeley Shuttle Service
02R51	City of East Palo Alto	Bay Road Traffic Calming & Streetscape Improvements
07BFP16	City of Half Moon Bay	Highway 1 Trail Project Phase 3
04R27	City of Suisun City	Class 1 Bicycle Path - Central County Bikeway (Phase 4)
04R48	City of Sunnyvale	Pedestrian Improvements - Frances Street Corridor
07BFP18	City of Union City	Alvarado-Niles Road - Union City Blvd. Gap Closure Connector
08R56	Cooper Crane & Rigging	Repower Three (3) Heavy-Duty Vehicles
07R34	Foster Farms Dairy	Retrofit Seventeen (17) Heavy-Duty Trucks - Level 3 Devices
08R79	Gurinder Pannu	Retrofit & Repower One (1) Heavy-Duty Vehicle
08R39	MAG Trucking	Retrofit One (1) Heavy-Duty Truck Diesel - Level 3 Device
07BFP25	Marin County	Alameda Del Prado Class II Project
08BFP06	Marin County	Build-Out of Marin County Bicycle Network
06R59	Mercury Tours	Retrofit Ten (10) Diesel Buses
06R82	Metropolitan Transportation Commission	Regional Rideshare Program
07R18	Metropolitan Transportation Commission	Regional Rideshare Program
08R12	Metropolitan Transportation Commission	Regional Rideshare Program
06R37	Pleasanton Garbage Service, Inc.	Purchase Four (4) Compressed Natural Gas Solid Waste Collection Vehicles
04R22	Port of Oakland	Heavy-Duty Vehicle Replacement - Five (5) Compressed Natural Gas Transit Buses
06R63	Royal Coach Lines	Retrofit Sixteen (16) Diesel Buses
03R51	Santa Clara Valley Transportation Authority	Bicycle Racks - Santa Clara County
08BFP02	Santa Clara Valley Transportation Authority	E-Locker Retrofit Program
06R65	Sheedy Drayage Company	Retrofit Six (6) Heavy-Duty Diesel Trucks
08R62	West County Transportation Agency	Repower Two (2) School Buses

TABLE 2
SPONSORS WITH UNFILED REPORTS

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

**TABLE 2 - SPONSORS WITH UNFILED REPORTS
FOR THE PROJECT PERIOD ENDED JUNE 30, 2011**

Project Number	Project Sponsor	Project Description
06R34	Amador Valley Industries, LLC	Purchase Two (2) Compressed Natural Gas Solid Waste Collection Vehicles
02R51	City of East Palo Alto	Bay Road Traffic Calming & Streetscape Improvements
07BFP16	City of Half Moon Bay	Highway 1 Trail Project Phase 3
07BFP12	City of Redwood City	Middlefield Road Bike Lane Striping Project
08R19	City of San Francisco	Purchase 98 Gasoline-Electric Hybrid Light Duty Vehicles
08R67	City of Santa Rosa	Purchase One (1) Hybrid Gasoline-Electric Bus
04R27	City of Suisun City	Class 1 Bicycle Path - Central County Bikeway (Phase 4)
03R18	City of Sunnyvale	In-Pavement Crosswalk Warning Lights
04R48	City of Sunnyvale	Pedestrian Improvements - Frances Street Corridor
08R54	Delta Steel Erectors	Retrofit One (1) Heavy-Duty Vehicle
08R36	Hansen Transport, Inc.	Retrofit Two (2) Heavy-Duty Vehicles
08R41	North Bay Construction	Retrofit Five (5) Heavy-Duty Trucks - Level 3 Device
04R22	Port of Oakland	Heavy-Duty Vehicle Replacement - Five (5) Compressed Natural Gas Transit Buses
07BFP11	Presidio Trust	Presidio Promenade & Park Boulevard Trail
06R63	Royal Coach Lines	Retrofit Sixteen (16) Diesel Buses
07R42	San Francisco International Airport	Retrofit Twenty-Four (24) Diesel Buses - Level 3 Devices
03R51	Santa Clara Valley Transportation Authority	Bicycle Racks - Santa Clara County
06R65	Sheedy Drayage Company	Retrofit Six (6) Heavy-Duty Diesel Trucks
08R63	Specialty Solid Waste & Recycling	Purchase Four (4) Heavy-Duty Compressed Natural Gas Vehicles

APPENDIX A
HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

44241

- (a) Fee revenues generated under this chapter in the bay district shall be subvended to the bay district by the Department of Motor Vehicles after deducting its administrative costs pursuant to Section 44229.
- (b) Fee revenues generated under this chapter shall be allocated by the bay district to implement the following mobile source and transportation control projects and programs that are included in the plan adopted pursuant to Sections 40233, 40717, and 40919:
 - (1) The implementation of ridesharing programs.
 - (2) The purchase or lease of clean fuel buses for school districts and transit operators.
 - (3) The provision of local feeder bus or shuttle service to rail and ferry stations and to airports.
 - (4) Implementation and maintenance of local arterial traffic management, including, but not limited to, signal timing, transit signal preemption, bus stop relocation and "smart streets."
 - (5) Implementation of rail-bus integration and regional transit information systems.
 - (6) Implementation of demonstration projects in telecommuting and in congestion pricing of highways, bridges, and public transit. No funds expended pursuant to this paragraph for telecommuting projects shall be used for the purchase of personal computing equipment for an individual's home use.
 - (7) Implementation of vehicle-based projects to reduce mobile source emissions, including, but not limited to, engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations.
 - (8) Implementation of a smoking vehicles program.
 - (9) Implementation of an automobile buy-back scrappage program operated by a governmental agency.
 - (10) Implementation of bicycle facility improvement projects that are included in an adopted countywide bicycle plan or congestion management program.
 - (11) The design and construction by local public agencies of physical improvements that support development projects that achieve motor vehicle emission reductions. The projects and the physical improvements shall be identified in an approved area-specific plan, redevelopment plan, general plan, or other similar plan.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

- (c) (1) Fee revenue generated under this chapter shall be allocated by the bay district for projects and programs specified in subdivision (b) to cities, counties, the Metropolitan Transportation Commission, transit districts, or any other public agency responsible for implementing one or more of the specified projects or programs. Fee revenue generated under this chapter may also be allocated by the bay district for projects and programs specified in paragraph (7) of subdivision (b) to entities that include, but are not limited to, public agencies, consistent with applicable policies adopted by the governing board of the bay district. Those policies shall include, but are not limited to, requirements for cost-sharing for projects subject to the policies. Fee revenues shall not be used for any planning activities that are not directly related to the implementation of a specific project or program.
- (2) The bay district shall adopt cost-effectiveness criteria for fee revenue generated under this chapter that projects and programs are required to meet. The cost-effectiveness criteria shall maximize emissions reductions and public health benefits.
- (d) Not less than 40 percent of fee revenues shall be allocated to the entity or entities designated pursuant to subdivision (e) for projects and programs in each county within the bay district based upon the county's proportionate share of fee-paid vehicle registration.
- (e) In each county, one or more entities may be designated as the overall program manager for the county by resolutions adopted by the county board of supervisors and the city councils of a majority of the cities representing a majority of the population in the incorporated area of the county. The resolution shall specify the terms and conditions for the expenditure of funds. The entities so designated shall be allocated the funds pursuant to subdivision (d) in accordance with the terms and conditions of the resolution.
- (f) Any county, or entity designated pursuant to subdivision (e), that receives funds pursuant to this section, at least once a year, shall hold one or more public meetings for the purpose of adopting criteria for expenditure of the funds and to review the expenditure of revenues received pursuant to this section by any designated entity. If any county or entity designated pursuant to subdivision (e) that receives funds pursuant to this section has not allocated all of those funds within six months of the date of the formal approval of its expenditure plan by the bay district, the bay district shall allocate the unallocated funds in accordance with subdivision (c).

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

44242

- (a) Any agency which receives funds pursuant to Section 44241 shall, at least once every two years, undertake an audit of each program or project funded. The audit shall be conducted by an independent auditor selected by the bay district in accordance with Division 2 (commencing with Section 1100) of the Public Contract Code. The district shall deduct any audit costs which will be incurred pursuant to this section prior to distributing fee revenues to cities, counties, or other agencies pursuant to Section 44241.
- (b) Upon completion of an audit conducted pursuant to subdivision (a), the bay district shall do both of the following:
 - (1) Make the audit available to the public and to the affected agency upon request.
 - (2) Review the audit to determine if the fee revenues received by the agency were spent for the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717.
- (c) If, after reviewing the audit, the bay district determines that the revenues from the fees may have been expended in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to that plan, the district shall do all of the following:
 - (1) Notify the agency of its determination.
 - (2) Within 45 days of the notification pursuant to paragraph (1), hold a public hearing at which the agency may present information relating to expenditure of the revenues from the fees.
 - (3) After the public hearing, if the district determines that the agency has expended the revenues from the fees in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717, the district shall withhold these revenues from the agency in an amount equal to the amount which was inappropriately expended. Any revenues withheld pursuant to this paragraph shall be redistributed to the other cities within the county, or to the county, to the extent the district determines that they have complied with the requirements of this chapter.
- (d) Any agency which receives funds pursuant to Section 44241 shall encumber and expend the funds within two years of receiving the funds, unless an application for funds pursuant to this chapter states that the project will take a longer period of time to implement and is approved by the district or the agency designated pursuant to subdivision (e) of Section 44241. In any other case, the district or agency may extend the time beyond two years, if the recipient of the funds applies for that extension and the district or agency, as the case may be, finds that significant progress has been made on the project for which the funds were granted.

APPENDIX B
LISTING OF AUDITED PROJECTS

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

APPENDIX B FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

Project Number	Project Sponsor	Project Description	Project Expenditures
03R54	Alameda County Congestion Management Agency	Arterial Management - Increase Transit Priority International Blvd./East 14th Street	\$ 500,000
06R34	Amador Valley Industries, LLC	Purchase Two (2) Compressed Natural Gas Solid Waste Collection Vehicles	100,000
08R06	Associated Students, San Jose State University	Transportation Demand Management Program	100,000
09R10	Associated Students, San Jose State University	Ridesharing and Trip Reduction	105,123
08R00	Bay Area Air Quality Management District	Administration Costs	1,238,229
08R01	Bay Area Air Quality Management District	Smoking Vehicle Program	434,846
08R02	Bay Area Air Quality Management District	Vehicle Buy Back Program	193,326
08R03	Bay Area Air Quality Management District	Spare the Air	305,672
09R00	Bay Area Air Quality Management District	Administration Costs	1,251,561
09R01	Bay Area Air Quality Management District	Smoking Vehicle Program	902,235
09R03	Bay Area Air Quality Management District	Spare the Air	1,291,963
10R00	Bay Area Air Quality Management District	Administration Costs	1,126,045
10R01	Bay Area Air Quality Management District	Smoking Vehicle Program	693,730
10R03	Bay Area Air Quality Management District	Spare the Air	788,229
08R24	California Shingle & Shake	Retrofit Seven (7) Heavy Duty Vehicles	120,447
08R25	Challenge Dairy Products, Inc.	Retrofit Thirteen(13) Heavy Duty Vehicles	157,197
08R88	Challenge Dairy Products, Inc.	Retrofit Two (2) Heavy Duty Vehicles	16,769
05R62	City of Berkeley	Transportation Alternatives Marketing and Outreach Program	44,216
06R74	City of Berkeley	West Berkeley Shuttle Service	20,600
07R12	City of Berkeley	West Berkeley Shuttle Service	25,000
08BFP01	City of Daly City	King Drive Bicycle Lanes	15,327
02R51	City of East Palo Alto	Bay Road Traffic Calming & Streetscape Improvements	248,063
07BFP16	City of Half Moon Bay	Highway 1 Trail Project Phase 3	34,785
06R75	City of Redwood City	Redwood City Community Shuttle Service Pilot Program	7,408
07BFP12	City of Redwood City	Middlefield Road Bike Lane Striping Project	10,500
08R07	City of Redwood City	Caltrain Shuttle Service	13,786
09R12	City of Redwood City	Commuter Shuttle	14,121
08R19	City of San Francisco	Purchase 98 Gasoline-Electric Hybrid Light Duty Vehicles	128,333
08R28	City of Santa Clara	Retrofit Five (5) Heavy-Duty Vehicles	35,598
08R67	City of Santa Rosa	Purchase One (1) Hybrid Gasoline-Electric Bus	166,000
04R27	City of Suisun City	Class 1 Bicycle Path - Central County Bikeway (Phase 4)	130,000

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

APPENDIX B FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

Project Number	Project Sponsor	Project Description	Project Expenditures
03R18	City of Sunnyvale	In-Pavement Crosswalk Warning Lights	35,255
04R48	City of Sunnyvale	Pedestrian Improvements - Frances Street Corridor	429,000
07BFP18	City of Union City	Alvarado-Niles Road - Union City Blvd. Gap Closure Connector	23,495
08R56	Cooper Crane & Rigging	Repower Three (3) Heavy-Duty Vehicles	176,897
08R29	County of Contra Costa	Retrofit Four (4) Heavy-Duty Vehicles	70,000
08R85	County of Contra Costa	Retrofit Four (4) Heavy-Duty Vehicles	10,246
08R54	Delta Steel Erectors	Retrofit One (1) Heavy-Duty Vehicle	14,910
08R81	Farwest Sanitation and Storage	Retrofit Ten (10) Heavy-Duty Vehicles	155,828
07R34	Foster Farms Dairy	Retrofit Seventeen (17) Heavy-Duty Trucks - Level 3 Devices	309,349
08R23	Friedman's Home Improvement	Retrofit Eleven (11) Heavy-Duty Vehicles	140,115
08R31	Gan-Trans, Ltd.	Retrofit Five (5) Heavy-Duty Vehicles	101,680
08R79	Gurinder Pannu	Retrofit & Repower One (1) Heavy-Duty Vehicle	69,620
08R36	Hansen Transport, Inc.	Retrofit Two (2) Heavy-Duty Vehicles	31,955
09R09	Livermore Amador Valley Transit Authority	Route 1A/B BART Shuttle	46,624
09R19	Livermore Sanitation	Three (3) Compressed Natural Gas Refuse Trucks	73,066
08R39	MAG Trucking	Retrofit One (1) Heavy-Duty Truck Diesel - Level 3 Device	23,495
07BFP25	Marin County	Alameda Del Prado Class II Project	42,500
08BFP06	Marin County	Build-Out of Marin County Bicycle Network	163,480
06R59	Mercury Tours	Retrofit Ten (10) Diesel Buses	157,142
06R82	Metropolitan Transportation Commission	Regional Rideshare Program	882,225
07R18	Metropolitan Transportation Commission	Regional Rideshare Program	920,009
08R12	Metropolitan Transportation Commission	Regional Rideshare Program	1,000,000
08R41	North Bay Construction	Retrofit Five (5) Heavy-Duty Trucks - Level 3 Device	32,494
08R42	Pacific Rim Recycling	Retrofit Four (4) Heavy-Duty Diesel Vehicles - Level 3 Device	38,885
07R19	Peninsula Corridor Joint Powers Board	Caltrain Weekday Shuttle Bus Service	1,034,555
08R16	Peninsula Corridor Joint Powers Board	Caltrain Weekday Shuttle Service	1,000,000
06R37	Pleasanton Garbage Service, Inc.	Purchase Four (4) Compressed Natural Gas Solid Waste Collection Vehicles	200,000
04R22	Port of Oakland	Heavy-Duty Vehicle Replacement - Five (5) Compressed Natural Gas Transit Buses	290,000
08R45	Pozas Brothers Trucking	Retrofit Eleven (11) Heavy-Duty Vehicles	84,474

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

APPENDIX B FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

Project Number	Project Sponsor	Project Description	Project Expenditures
07BFP11	Presidio Trust	Presidio Promenade & Park Boulevard Trail	82,110
08R49	Rich Ladeira Trucking, Inc.	Repower & Retrofit One (1) Heavy-Duty Vehicle	62,224
06R63	Royal Coach Lines	Retrofit Sixteen (16) Diesel Buses	217,196
07R42	San Francisco International Airport	Retrofit Twenty-Four (24) Diesel Buses - Level 3 Devices	425,895
06R18	San Francisco Municipal Transportation Authority	North Point Street Bicycle Lanes between the Embarcadero and Van Ness	88,378
07R69	San Francisco Municipal Transportation Authority	7th Avenue Traffic Calming	34,270
07R21	San Joaquin Regional Rail Commission	LAVTA ACE-BART Shuttle Bus Service - Pleasanton ACE and Dublin/Pleasanton BART Stations	49,990
07R22	San Joaquin Regional Rail Commission	LAVTA ACE-BART Shuttle Bus Service - Pleasanton ACE to Stoneridge Business Park	44,000
08R13	San Joaquin Regional Rail Commission	LAVTA ACE-BART Shuttle Service - Between Pleasanton ACE and Dublin/Pleasanton BART Stations (Route 54)	48,016
08R14	San Joaquin Regional Rail Commission	LAVTA ACE Shuttle Bus Service - Pleasanton ACE to Stoneridge Business Park (Route 53)	44,000
09R06	San Joaquin Regional Rail Commission	ACE Shuttle - Route 54	38,022
09R17	Santa Clara Valley Industries, LLC	Eleven (11) Compressed Natural Gas Refuse Trucks	275,000
03R51	Santa Clara Valley Transportation Authority	Bicycle Racks - Santa Clara County	39,155
08BFP02	Santa Clara Valley Transportation Authority	E-Locker Retrofit Program	22,100
08R15	Santa Clara Valley Transportation Authority	ACE Shuttle Bus Program	960,000
09R05	Santa Clara Valley Transportation Authority	ACE Shuttle Bus Program	945,649
06R65	Sheedy Drayage Company	Retrofit Six (6) Heavy-Duty Diesel Trucks	42,793
07R62	South San Francisco Scavenger Company	Purchase One (1) Heavy-Duty Compressed Natural Gas Truck	69,750
08R63	Specialty Solid Waste & Recycling	Purchase Four (4) Heavy-Duty Compressed Natural Gas Vehicles	269,002
06R92	University of California, San Francisco	UCSF Mission Bay BART Powell Street Shuttle	44,404
08R62	West County Transportation Agency	Repower Two (2) School Buses	<u>63,650</u>
Total Funds Expended			<u>\$ 21,642,012</u>
Total Sponsors Audited			51
Total Projects Audited			81

**Attachment 2: Audit Summary Report for the TFCA County
Program Manager Fund**

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

**TRANSPORTATION FUND FOR CLEAN AIR
PROGRAM MANAGER FUND**

AUDIT SUMMARY REPORT

PROJECT PERIOD ENDED JUNE 30, 2011

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT TABLE OF CONTENTS

	<u>PAGE</u>
Introduction	1
Program Description	1
Audit Process	2
Program Manager Findings	3
Oversight Findings	4
Appendix:	
A – Health and Safety Code Sections 44241 and 44242	5
B – Listing of Audited Projects by Program Manager	8

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

1. INTRODUCTION

The Bay Area Air Quality Management District (Air District), created by the California legislature in 1955, is the state's first regional agency dealing with air pollution. The Air District regulates stationary sources of air pollution within the nine San Francisco Bay Area counties in California. The Air District's jurisdiction includes Alameda County, Contra Costa County, Marin County, Napa County, City/County of San Francisco, San Mateo County, Santa Clara County, southern Sonoma County, and south-western Solano County. The primary mission of the Air District is to achieve ambient air quality standards designed to protect the public's health and the environment. The Air District is governed by a twenty-two member Board of Directors who has the authority to develop and enforce regulations for the control of air pollution within its jurisdiction.

2. PROGRAM DESCRIPTION

Health and Safety Code Sections 44223 and 44225 authorize a surcharge on the motor vehicle registration fee (surcharge) to be used by the Air District and local governments to fund projects that implement transportation control measures in accordance with the 1988 California Clean Air Act and the 2010 Clean Air Plan. These measures are designed specifically to reduce air pollution from motor vehicles. The Department of Motor Vehicles collects the surcharge and allocates the amounts to the Air District.

The Air District administers these funds through the Transportation Fund for Clean Air (TFCA) Program. Under the TFCA Program, money is allocated to two funds: (1) 60% is placed in the Regional Fund and allocated to entities on a competitive basis by the Air District and (2) 40% is placed in the Program Managers Fund and allocated to designated agencies, known as program managers. Allowable projects under Health and Safety Code Section 44241 include the following:

- Ridesharing programs
- Purchase or lease of clean fuel school and transit buses
- Feeder or shuttle bus service to rail and ferry stations and airports
- Arterial traffic management
- Demonstrations in congestion pricing of highways, bridges and public transit
- Rail bus integration and regional transit information systems
- Low emission vehicle projects
- Bicycle facility improvement projects
- Physical improvements that support "Smart Growth" projects

State law requires that any agency receiving TFCA funding be subject to an audit, at least once every two years. Health and Safety Code Section 44242 provides the legal compliance guidelines for the Air District to follow in the event revenues are not spent appropriately or when projects do not result in emission reductions. Health and Safety Code Sections 44241 and 44242 are provided in Appendix A.

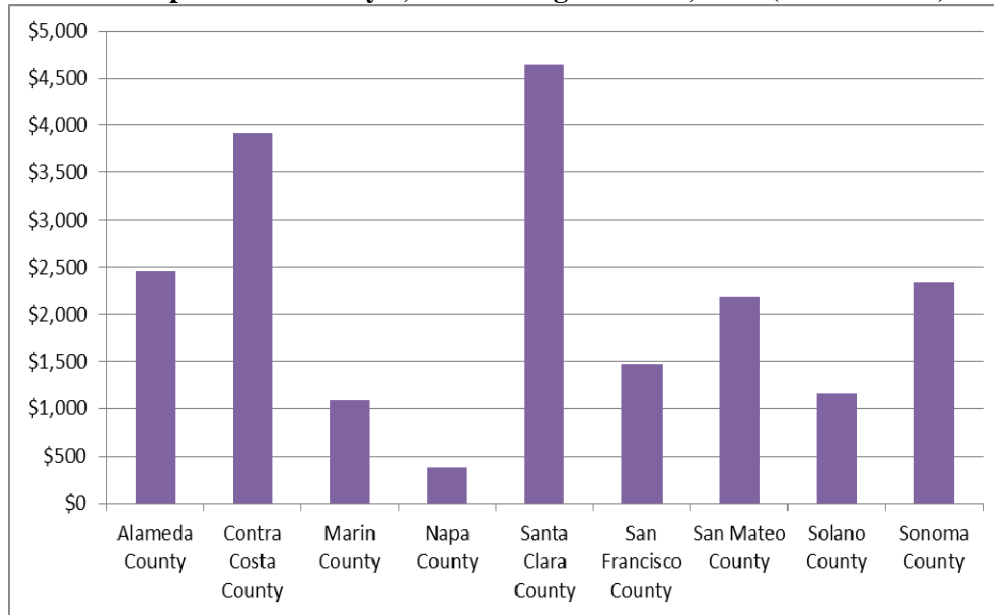
BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

The Air District retained the firm of Gilbert Associates, Inc. to conduct financial and compliance audits of completed projects funded through the Program Manager Fund for the project period ended June 30, 2011. The graph below reports the amount of TFCA Funds allocated to each of the individual Program Managers for projects that closed during the period from July 1, 2008 through June 30, 2011. These audits were performed during the period of November 2011 through April 2012. A list of audited projects is provided in Attachment B.

Total Funds Expended by Program Manager for Specified Projects Conducted for the period from July 1, 2008 through June 30, 2011 (in thousands)



3. AUDIT PROCESS

The audits were designed to address numerous financial and compliance objectives; however, the principal objectives of the audits were to (1) provide assurance that amounts reported in the Schedules of Expenditures are fairly stated, and (2) determine whether projects financed through the Air District's Program Manager Fund met funding agreement requirements. The audit procedures were specifically designed for TFCA financial and compliance requirements. The audit approach is described below:

Auditing Standards and Specific Procedures

The audits were performed in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The expenditures under audit were TFCA expenditures, incurred by the Program Managers in the Air District's jurisdiction, related to projects that had been reported closed between July 1, 2008, and June 30, 2011.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

Compliance Auditing Procedures

The audits were performed in accordance with the requirements outlined in the Health and Safety Code, individual funding agreements and *Government Auditing Standards*. The principal focus of the compliance auditing procedures was to ensure TFCA expenditures were paid in accordance with the program's objectives (Health and Safety Code Sections 44241). In the individual Program Manager Fund audits, a report entitled "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Schedule of Expenditures of Projects Performed in Accordance with *Government Auditing Standards* and Requirements of Section 44241 of the California Health and Safety Code" was issued for each Program Manager to provide specific assurance that the Program Manager did or did not comply with the Health and Safety Code. Each of the nine program managers audited received an unqualified opinion.

4. PROGRAM MANAGER FINDINGS

A summary of Program Manager Findings is provided below.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY

According to the funding agreement between the Air District and the Alameda County Congestion Management Agency (Agency), the Agency agrees to require the use of the Air District's approved logo by any recipients of TFCA funds from the Agency, and to demonstrate to the Air District through photographs or other evidence that the logos are used and displayed as required. The funding agreement also specifies that the Agency is required to make available to the auditors, for three years following completion of the projects, all records relating to project performance and expenses incurred in implementing the project.

During testing of the Agency's compliance with this requirement, we noted the Agency was not able to provide documentation showing that the Air District's logo was used on signs posted at the site of project construction. As the audit was performed within three years of the completion of the project, photographic evidence of the logo use should have been maintained by the Agency.

Management Response:

The project sponsor has indicated that a temporary construction sign crediting the project's multiple funding sources was in place for this project, though the Alameda County Transportation Commission (entity created through the merger of the Alameda County Congestion Management Agency and the Alameda County Transportation Improvement Authority) was not able to provide photographic or other documentation regarding the temporary construction sign for the subject project. The Agency will modify the structure of agreement documents for the program to improve the collection of photographs or other evidence that the Air District logos are used and displayed per the program requirements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

Air District's Response:

The District concurs with the steps the Agency has undertaken to ensure the appropriate collection of photographs or other evidence that the logos are used and displayed as required. In addition, this requirement is incorporated in the Funding Agreement between the District and each of the County Program Managers.

5. OVERSIGHT FINDINGS

No oversight findings noted as of and for the project period ended June 30, 2011.

APPENDIX A
HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

44241

(a) Fee revenues generated under this chapter in the bay district shall be subvned to the bay district by the Department of Motor Vehicles after deducting its administrative costs pursuant to Section 44229.

(b) Fee revenues generated under this chapter shall be allocated by the bay district to implement the following mobile source and transportation control projects and programs that are included in the plan adopted pursuant to Sections 40233, 40717, and 40919:

- (1) The implementation of ridesharing programs.
- (2) The purchase or lease of clean fuel buses for school districts and transit operators.
- (3) The provision of local feeder bus or shuttle service to rail and ferry stations and to airports.
- (4) Implementation and maintenance of local arterial traffic management, including, but not limited to, signal timing, transit signal preemption, bus stop relocation and "smart streets."
- (5) Implementation of rail-bus integration and regional transit information systems.
- (6) Implementation of demonstration projects in telecommuting and in congestion pricing of highways, bridges, and public transit. No funds expended pursuant to this paragraph for telecommuting projects shall be used for the purchase of personal computing equipment for an individual's home use.
- (7) Implementation of vehicle-based projects to reduce mobile source emissions, including, but not limited to, engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations.
- (8) Implementation of a smoking vehicles program.
- (9) Implementation of an automobile buy-back scrappage program operated by a governmental agency.
- (10) Implementation of bicycle facility improvement projects that are included in an adopted countywide bicycle plan or congestion management program.
- (11) The design and construction by local public agencies of physical improvements that support development projects that achieve motor vehicle emission reductions. The projects and the physical improvements shall be identified in an approved area-specific plan, redevelopment plan, general plan, or other similar plan.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

(c) (1) Fee revenue generated under this chapter shall be allocated by the bay district for projects and programs specified in subdivision (b) to cities, counties, the Metropolitan Transportation Commission, transit districts, or any other public agency responsible for implementing one or more of the specified projects or programs. Fee revenue generated under this chapter may also be allocated by the bay district for projects and programs specified in paragraph (7) of subdivision (b) to entities that include, but are not limited to, public agencies, consistent with applicable policies adopted by the governing board of the bay district. Those policies shall include, but are not limited to, requirements for cost-sharing for projects subject to the policies. Fee revenues shall not be used for any planning activities that are not directly related to the implementation of a specific project or program.

(2) The bay district shall adopt cost-effectiveness criteria for fee revenue generated under this chapter that projects and programs are required to meet. The cost-effectiveness criteria shall maximize emissions reductions and public health benefits.

(d) Not less than 40 percent of fee revenues shall be allocated to the entity or entities designated pursuant to subdivision (e) for projects and programs in each county within the bay district based upon the county's proportionate share of fee-paid vehicle registration.

(e) In each county, one or more entities may be designated as the overall program manager for the county by resolutions adopted by the county board of supervisors and the city councils of a majority of the cities representing a majority of the population in the incorporated area of the county. The resolution shall specify the terms and conditions for the expenditure of funds. The entities so designated shall be allocated the funds pursuant to subdivision (d) in accordance with the terms and conditions of the resolution.

(f) Any county, or entity designated pursuant to subdivision (e), that receives funds pursuant to this section, at least once a year, shall hold one or more public meetings for the purpose of adopting criteria for expenditure of the funds and to review the expenditure of revenues received pursuant to this section by any designated entity. If any county or entity designated pursuant to subdivision (e) that receives funds pursuant to this section has not allocated all of those funds within six months of the date of the formal approval of its expenditure plan by the bay district, the bay district shall allocate the unallocated funds in accordance with subdivision (c).

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

44242

(a) Any agency which receives funds pursuant to Section 44241 shall, at least once every two years, undertake an audit of each program or project funded. The audit shall be conducted by an independent auditor selected by the bay district in accordance with Division 2 (commencing with Section 1100) of the Public Contract Code. The district shall deduct any audit costs which will be incurred pursuant to this section prior to distributing fee revenues to cities, counties, or other agencies pursuant to Section 44241.

(b) Upon completion of an audit conducted pursuant to subdivision (a), the bay district shall do both of the following:

- (1) Make the audit available to the public and to the affected agency upon request.
- (2) Review the audit to determine if the fee revenues received by the agency were spent for the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717.

(c) If, after reviewing the audit, the bay district determines that the revenues from the fees may have been expended in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to that plan, the district shall do all of the following:

- (1) Notify the agency of its determination.
- (2) Within 45 days of the notification pursuant to paragraph (1), hold a public hearing at which the agency may present information relating to expenditure of the revenues from the fees.
- (3) After the public hearing, if the district determines that the agency has expended the revenues from the fees in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717, the district shall withhold these revenues from the agency in an amount equal to the amount which was inappropriately expended. Any revenues withheld pursuant to this paragraph shall be redistributed to the other cities within the county, or to the county, to the extent the district determines that they have complied with the requirements of this chapter.

(d) Any agency which receives funds pursuant to Section 44241 shall encumber and expend the funds within two years of receiving the funds, unless an application for funds pursuant to this chapter states that the project will take a longer period of time to implement and is approved by the district or the agency designated pursuant to subdivision (e) of Section 44241. In any other case, the district or agency may extend the time beyond two years, if the recipient of the funds applies for that extension and the district or agency, as the case may be, finds that significant progress has been made on the project for which the funds were granted.

APPENDIX B

LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

Alameda County Congestion Management Agency:

<u>Project Description</u>	<u>Project Number</u>	<u>Final Project Expenditures through 6/30/11</u>
Alameda County Congestion Management Agency		
Program Administration	08ALA00	\$ 92,997
Program Administration	09ALA00	90,820
E. 14th Steet/International Boulevard		
Signal Timing and Arterial Management	05ALA04	395,000
Signal Timing: Constitution Way/Lincoln Ave	07ALA01	99,985
Guaranteed Ride Home Program	07ALA07	270,000
Bay Area Rapid Transit		
Electronic Bike Lockers	05ALA01	50,000
City of Alameda		
Park Street Business District Garage		
Electronic Bicycle Locker Project	07ALA02	28,194
City of Fremont		
Signal Retiming: Mowry, Stevenson, Blacow	07ALA04	60,354
City of Hayward		
Class II and III Bikeways	07ALA05	95,400
City of Oakland		
Bay Trail Gap Closure, Fruitvale to Park Street Bridge	08ALA04	125,000
City of Pleasanton		
Pleasanton Trip Reduction Program	08ALA06	77,000
Pleasanton Trip Reduction Program	09ALA06	47,000
City of San Leandro		
San Leandro LINKS	08ALA07	165,000
County of Alameda Public Works		
Class 2 Bicycle Lanes: Wentle Street	07ALA03	150,000
Livermore Amador Valley Transit Authority		
ACE Shuttle Services - Route 54	07ALA08	36,883
ACE Shuttle Service - Route 53	08ALA09	59,864
ACE Shuttle Service - Route 54	08ALA10	84,950
Route 10 BRT TSP / Queue Jumps	08ALA11	444,722
Route 9 Operating Assistance	09ALA09	<u>86,133</u>
Total		<u>\$ 2,459,302</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

Contra Costa Transportation Authority:

<u>Project Description</u>	<u>Project Number</u>	<u>Final Project Expenditures through 6/30/11</u>
Contra Costa Transportation Authority		
Program Administration	08CC00	\$ 64,562
Program Administration	09CC00	66,483
SWAT/City of San Ramon		
511 Contra Costa Countywide Vanpool Incentive Program	06CC08	49,200
511 South Contra Costa County Employer Program	06CC09	72,090
511 South Contra Costa County School Transit Ticket Program	06CC10	67,250
511 Contra Costa Countywide Vanpool Incentive Program	07CC06	78,275
511 South Contra Costa County Employer Program	07CC07	84,156
511 South Contra Costa County School Transit Ticket Program/On-Line Ride Matching Program	07CC08	92,481
511 South Contra Costa County School Transit Ticket Program/On-Line Ride Matching Program	08CC08	101,303
TRANSPAC/City of Pleasant Hill		
Central/East County Employer Outreach Program	07CC04	109,988
Comprehensive Incentive Program	07CC05	682,212
Central/East County Employer Outreach	08CC04	337,992
Comprehensive Incentive Program	08CC05	490,235
Central/East County Employer Outreach	09CC04	397,855
Comprehensive Incentive Program	09CC05	492,976
West Contra Costa Transportation Advisory Committee		
West Contra Costa Bicycle Rack Program	05CC01	23,417
West Contra Costa Employer Based Trip Reduction (EBTR) Program	06CC01	113,315
Countywide Guaranteed Ride Home Program	06CC02	165,300
I-80 Corridor Transit Program	06CC03	85,214
I-80 Plus Commute Incentive Program	07CC01	156,500
West County Employer Outreach	07CC02	54,230
Guaranteed Ride Home	07CC03	<u>127,018</u>
Total		<u>\$ 3,912,052</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

Transportation Authority of Marin:

<u>Project Description</u>	<u>Project Number</u>	<u>Final Project Expenditures through 6/30/11</u>
Transportation Authority of Marin		
Los Ranchitos Road Class II Bikeway	05MAR07	\$ 160,000
Program Administration	08MAR00	18,062
Vanpool Program	08MAR02	75,350
Program Administration	09MAR00	17,447
Bolinas Community Public Utility District		
Class I Bicycle Path - Olema-Bolinas and Mesa Roads	05MAR01	40,000
County of Marin		
Video Conference Training Rooms	05MAR06	67,243
Class I Bicycle Path - Cal Park Hill Tunnel Rehabilitation and Multi-Use Pathway	06MAR01	536,252
Golden Gate Bridge Highway and Transportation District		
Purchase and Install 3-Space Bike Racks on 135 Buses	07MAR02	99,247
San Anselmo Police Department		
Hybrid Electric Vehicles	09MAR02	4,000
Town of Fairfax		
Manor Circle Safe Routes to School Pedestrian/Bicycle Bridge and Sidewalk	05MAR08	<u>67,470</u>
Total		<u>\$ 1,085,071</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

Napa County Transportation and Planning Agency:

<u>Project Description</u>	<u>Project Number</u>	<u>Final Project Expenditures through 6/30/11</u>
Napa County Transportation Planning Agency		
Hybrid Transit Buses	06NAP07	\$ 112,828
City of Calistoga		
Calistoga Employee Bicycling Incentives Project (Bikes, Bike Lockers and Racks)	09NAP05	7,759
City of Napa		
Trancas Class - 2 Bicycle Lane	06NAP02	81,816
Commuter Bike Path Phase III - Class I Bike Path from Marin Street to Vallejo Street	09NAP06	120,602
City of St. Helena		
Fleet Modernization: Purchase of Four Hybrid Vehicles	07NAP05	4,000
County of Napa		
Light-Duty Hybrid Vehicle Purchase	07NAP02	26,000
Napa City-County Bicycle Lockers	09NAP01	7,800
Solano Transportation Authority		
Commuter Incentives and Guaranteed Ride Home	06NAP05	<u>25,000</u>
Total		<u>\$ 385,805</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

Santa Clara Valley Transportation Authority:

<u>Project Description</u>	<u>Project Number</u>	<u>Final Project Expenditures through 6/30/11</u>
Santa Clara Valley Transportation Authority		
Light Rail Shuttle Program	07SC06	\$ 383,000
Program Administration	08SC00	123,020
Light Rail Shuttle Bus Program	08SC01	458,000
Program Administration	09SC00	111,157
Light Rail Shuttle Program	09SC06	593,000
County Expressways Weekday Signal Timing	09SC07	168,000
Citywide Bicycle Racks	09SC08	7,000
City of Morgan Hill		
West Little Llagas Creek Trail Phase 2	07SC08	48,101
City of Mountain View		
Stevens Creek Trail Reach 4 Segment 2 Central Sub-segment A	06SC05	275,000
City of San Jose		
Light Rail Transit Controller Upgrade Project	06SC09	600,000
San Jose Bicycle Racks	08SC02	50,000
LRT Controller Upgrade Project Phase 2	08SC04	545,450
City of Sunnyvale		
Blair Avenue Traffic Calming Project	05SC01	77,966
Sunnyvale-Saratoga/Mathilda Avenues Adaptive Traffic Signal Timing	05SC02	315,000
San Jose Airport		
Conversion of Conventionally Fueled Airport Ground Transportation Vehicles to Alternative Fuels	07SC01	79,709
Upgrade to Airport's CNG Fueling Station	07SC02	526,684
Santa Clara County		
County Expressways Weekend Signal Timing	07SC05	135,000
Almaden & San Tomas Expressways Signal Timing	08SC03	<u>150,000</u>
Total		<u>\$ 4,646,087</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

San Francisco County Transportation Authority:

<u>Project Description</u>	<u>Project Number</u>	<u>Final Project Expenditures through 6/30/11</u>
San Francisco County Transportation Authority		
Program Administration	08SF00	\$ 36,827
Program Administration	09SF00	35,718
City and County of San Francisco:		
Department of Environment		
Guaranteed Ride Home Program	05SF03	9,494
Bicycle Fleet Program	07SF03	26,678
Commuter Benefits Program	07SF04	129,660
San Francisco Municipal Transportation Agency/Department of Parking and Traffic Enforcement Bicycle Patrol Fleet	07SF05	20,973
Clean Air Taxi Vehicles - 20 Light-Duty Vehicles	07SF06	73,496
Department of Parking and Traffic		
Class II Bicycle Lanes and Roadway Markings Claremont Boulevard	06SF05	25,844
Class II Bicycle Lane - Kansas Street	06SF10	20,849
Pavement Stencils on Class III Bicycle Routes	99SF07	109,561
Sidewalk Bicycle Racks	04SF05	93,394
Class II Bicycle Lanes - Mississippi St.	04SF06	3,824
County of San Francisco		
Clean Air Taxi Vehicles - Purchase 52 Light-duty Vehicles	08SF02	109,200
Golden Gate Bridge, Highway & Transportation District		
Diesel Tow Truck Engine Repower	09SF06	15,000
Presidio Trust		
PresidiGo Shuttle CNG Shuttle Fleet Addition	08SF05	46,884
Presidio Shuttle CNG Heavy Duty Vehicles	09SF09	97,500

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

San Francisco County Transportation Authority (continued):

<u>Project Description</u>	<u>Project Number</u>	<u>Final Project Expenditures through 6/30/11</u>
San Francisco Bay Area Rapid Transit District		
Embarcadero Bikestation - Operating and Maintenance	07SF01	17,058
San Francisco International Airport		
San Francisco International Airport - Compressed Natural Gas Hotel Shuttles	06SF14	186,250
Super Low Emissions CNG Airport Shuttle Vans	07SF13	96,000
San Francisco Municipal Transportation Agency		
Class II Bicycle Lane - Clipper Street	06SF11	21,377
Bayview Gateway Enhancement Project	07SF09	22,374
Diamond Heights Boulevard Traffic Calming and Pedestrian Safety Project	07SF10	46,055
Inner Sunset Pedestrian Islands	07SF11	71,782
Class II Bicycle Lane - Otis Street Westbound	07SF12	11,500
University of California San Francisco		
UCSF Hospital Bicycle Parking	07SF14	8,582
Yellow Cab Cooperative		
Yellow Cab Coop CNG Taxicab Program	07SF15	<u>132,000</u>
Total		<u>\$ 1,467,880</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

City/County Association of Governments of San Mateo County:

<u>Project Description</u>	<u>Project Number</u>	<u>Final Project Expenditures through 6/30/11</u>
City/County Association of Governments of San Mateo County		
Program Administration	08SM00	\$ 48,320
Program Administration	09SM00	29,242
Peninsula Traffic Congestion Relief Alliance		
County-Wide Voluntary Trip Reduction Program	08SM01	495,995
County-Wide Voluntary Trip Reduction Program	09SM01	431,400
San Mateo County Transit District		
Sam Trans Shuttle Bus Program	08SM02	630,938
Sam Trans Shuttle Bus Program	09SM02	<u>547,600</u>
Total		<u>\$ 2,183,495</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

Solano Transportation Authority:

<u>Project Description</u>	<u>Project Number</u>	<u>Final Project Expenditures through 6/30/11</u>
Solano Transportation Authority		
Program Administration	08SOL00	\$ 15,608
Program Administration	09SOL00	15,242
Solano Napa Commuter Information Incentives & Outreach Program	07SOL04	222,247
Solano Commute Alternative Services	08SOL02	207,253
Solano Commute Promotion and Incentive Activities	09SOL02	250,000
City of Benicia		
East 5th Street Corridor Smart Growth Project	05SOL02	125,000
City of Fairfield		
Solano Bikeway Extension - McGary Road	06SOL01	90,000
Union Avenue/Suisun Train Station Pedestrian Safety Improvement Project	07SOL03	87,248
City of Suisun City		
McCoy Creek Multi-Use Path	05SOL03	35,000
Transit Center Pedestrian Access	05SOL04	25,000
City of Vallejo		
Solano Bikeway - Vallejo Class II Bicycle Gap Closure Segment	10SOL01	<u>88,000</u>
Total		<u>\$ 1,160,598</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

Sonoma County Transportation Authority:

<u>Project Description</u>	<u>Project Number</u>	<u>Final Project Expenditures through 6/30/11</u>
Sonoma County Transportation Authority		
Program Administration Cost	08SON00	\$ 31,571
Program Administration Cost	09SON00	28,851
Sonoma County Transit		
Petaluma Transit Mall	04SON05	38,282
Windsor Intermodal Facility/ Park & Ride Lot	04SON06	66,658
Windsor Intermodal Facility / Park & Ride	05SON01	34,548
Petaluma Transit Mall	05SON02	84,582
Transit Marketing Program	06SON01	124,055
Multi-Agency Bus Stop Information Project	06SON03	29,803
Transit Marketing Program	07SON01	158,609
Replacement CNG Bus Purchase	09SON01	160,186
City of Petaluma		
Roundabout at McDowell Blvd South and Baywood Drive	06SON10	195,000
Transit/Bike Marketing Program	07SON04	143,528
City of Rohnert Park		
Broadway Parkway Bike Lanes	05SON07	40,000
Redwood Drive Class II Bicycle Lanes	06SON04	14,500
Rohnert Park Expressway Class II Bicycle Lanes	06SON05	142,000
City of Santa Rosa		
Student/Youth Pass Subsidy	06SON07	80,000
Fiscal Year 2006 Voluntary Trip Reduction Program	06SON08	154,507
FY 07 Voluntary Trip Reduction Program	07SON02	144,901
FY 07 Student/Youth Pass Subsidy	07SON03	88,000
Student Bus Pass Subsidy	08SON03	88,000
Santa Rosa Free Ride Program	08SON04	189,856
Santa Rosa Free Ride Trip Reduction Program	09SON02	158,932
City of Sebastopol		
Bike Rack Program & Bike Route Signage	09SON04	20,000
Town of Windsor		
Arata & Hembree Lane Bicycle Lanes	06SON11	30,000
Old Redwood Highway Bicycle Lane - 1000 feet southerly of Pleasant Avenue to Lakewood	07SON05	79,964
Town Center Bike Lockers	08SON05	2,986
Mitchell Lane Bicycle Lanes	08SON06	10,400
Total		<u>\$ 2,339,719</u>

**Attachment 3: FYE 2012 Report on TFCA Regional Fund
Expenditures and Effectiveness**



Bay Area Air Quality Management District

FISCAL YEAR ENDING 2012

**TRANSPORTATION FUND
FOR
CLEAN AIR (TFCA)**

**REPORT ON REGIONAL FUND
EXPENDITURES AND EFFECTIVENESS**

939 Ellis Street, San Francisco, CA 94109
www.baaqmd.gov

November 2012

Background

This Report summarizes expenditures for TFCA Regional Fund projects that concluded during fiscal year ending 2012 (FYE 2012).

Highlights of the Report

- ◆ **TFCA funds were allocated to eligible recipients for eligible projects and programs, consistent with the legislation that authorizes the TFCA.**
- ◆ **The TFCA Regional Fund expenditures for projects and programs that concluded in FYE 2012 totaled \$9.74 million, including \$7.40 million for projects, \$1.59 million for Air District programs, and \$744,000 in administrative and indirect costs.**
- ◆ **The lifetime emission reductions achieved by these projects and programs are estimated to be 38.88 tons of reactive organic gases (ROG), 48.03 tons of oxides of nitrogen (NO_x), and 19.70 tons of particulate matter (PM₁₀). Combined lifetime emission reductions for the three pollutants total 106.60 tons.**
- ◆ **The lifetime reduction in carbon dioxide (CO₂, a greenhouse gas) from these projects is approximately 32,550 tons.**

Introduction

On-road motor vehicles, including cars, trucks, and buses, constitute the most significant source of air pollution in the San Francisco Bay Area. Vehicle emissions contribute to unhealthy levels of ozone (summertime "smog") and particulate matter.

The TFCA

In 1991, the California State Legislature authorized the 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.

Sixty percent (60%) of TFCA funds are awarded directly by the Air District through a grant program known as the Regional Fund. The remaining forty percent (40%) of TFCA funds are forwarded to the designated agency within each Bay Area county and distributed by these agencies through the County Program Manager Fund. Portions of the TFCA Regional Fund are allocated to eligible programs implemented directly by the Air District such as the Smoking Vehicle Program and the Spare the Air Program. The balance is allocated on a competitive basis to eligible projects proposed by project sponsors.

The Air District Board of Directors has adopted criteria for the evaluation and ranking of project applications for TFCA Regional Funds. Cost-effectiveness, expressed in terms of TFCA dollars per ton of reduced emissions, is the most important criterion for ranking projects.

TFCA-funded projects have many benefits, including the following:

- ♦ Reducing air pollution, including toxic particulate matter;
- ♦ Conserving energy and helping to reduce emissions of carbon dioxide (CO₂), a greenhouse gas;
- ♦ Reducing traffic congestion; and
- ♦ Improving physical fitness and public safety by facilitating pedestrian and other car-free modes of travel.

State legislation restricts TFCA funding to the following types of projects:

- ♦ **Implementation of ridesharing programs**
- ♦ **Clean fuel school and transit bus purchases or leases**
- ♦ **Feeder bus or shuttle service to rail and ferry stations and to airports**
- ♦ **Arterial traffic management**
- ♦ **Rail-bus integration and regional transit information systems**
- ♦ **Demonstrations in congestion pricing of highways, bridges and public transit**
- ♦ **Low-emission vehicle projects**
- ♦ **Smoking vehicles program**
- ♦ **Vehicle buy-back scrappage program**
- ♦ **Bicycle facility improvement projects**
- ♦ **Physical improvements that support “smart growth” projects**

Expenditures

This report covers TFCA Regional Fund projects and Air District sponsored programs with expenditures that concluded during FYE 2012.

The TFCA Regional Fund expenditures for projects and programs that concluded in FYE 2012 totaled \$9.74 million. This total includes \$1.59 million for the two programs administered directly by the Air District and \$7.40 million in grants to other organizations for projects. In addition, the Air District expended \$743,926.18 in administrative and audit costs associated with the oversight of these projects and programs.^a Appendix A lists expenditure details.

^a In FYE 2012, total TFCA revenues, for both the Regional Fund and County Program Manager Fund, were \$23.71 million. Administrative and audit costs across both programs totaled \$1.24 million.

Effectiveness

Air District staff calculates the emissions reduced over the life of projects that receive TFCA funding.

Projects and programs concluding in FYE 2012 are anticipated to reduce criteria pollutant emissions over their lifetimes by an estimated total of 106.6 tons. This total is the sum of ozone precursors (38.88 tons of ROG and 48.03 tons of NO_x) and particulate matter (19.70 tons of PM₁₀). The lifetime reduction of CO₂ is estimated at approximately 32,550 tons. It should be noted that for five of the projects listed in Appendix A, totaling nearly \$101,000 in expenditures, the emissions reduced are based on the Air District's default cost effectiveness value of \$90,000 for Bicycle Facility Program projects which does not require the cost-effectiveness calculation to be performed on a per project basis.

The cost-effectiveness of TFCA projects is calculated by dividing the TFCA funds allocated to projects by the lifetime criteria pollutant emissions reductions (ROG, NO_x, and weighted PM₁₀ combined). The result is TFCA dollars per ton of reduced emissions.

A summary of expenditures, emission reductions, and cost-effectiveness values is provided in Table 1.

Table 1: Emission Reductions and Cost-Effectiveness (C/E) by Project Category for Projects and Programs Concluding in FYE 2012

Category	# of Projects	TFCA \$ Expended	% of TFCA \$ Expended	Emissions Reduced (tons) ¹	% of Emissions Reduced	C/E - Weighted (\$/tons) ²
Bicycle Facilities	9	\$554,904	6.17%	1.85	1.74%	\$144,318
Shuttle / Feeder Bus and Ride Sharing	11	\$5,240,077	58.25%	57.97	54.38%	\$69,020
Retrofits and Repowers	2	\$484,534	5.39%	3.32	3.12%	\$48,536
Heavy Duty Vehicles	1	\$91,011	1.01%	1.61	1.51%	\$45,563
Light Duty Vehicles	3	\$489,015	5.44%	5.07	4.76%	\$18,067
Alt Fuel and Infrastructure	3	\$43,778	0.49%	1.29	1.21%	\$30,304
Arterial Management & Smart Growth	3	\$500,803	5.57%	6.22	5.83%	\$57,075
Spare the Air	1	\$947,651	10.53%	17.70	16.60%	\$43,262
Smoking Vehicle	1	\$644,167	7.16%	11.57	10.86%	\$35,132
Total for Projects and Programs	34	\$8,995,940	100%	106.603	100%	\$56,828
Administration	1	\$743,926				

(1) Lifetime emission reductions of ROG, NO_x, and PM₁₀ combined.

(2) Consistent with the current California Air Resources Board methodology to calculate cost-effectiveness for the Carl Moyer Program, PM emissions were weighted by a factor of 20 to account for their harmful impacts on human health.

(3) Totals may vary due to rounding.

**APPENDIX A:
TFCA Regional Fund Projects and Air District Programs Concluding in FYE 2012**

<i>Project #</i>	<i>Sponsor</i>	<i>Project Title</i>	<i>TFCA \$ Expended</i>
03R30	County of San Francisco (SF)	Class 2 Bicycle Lanes - Folsom and Illinois Streets	\$89,535.30
05R16	City of Oakland	Lakeshore Avenue Bicycling/Pedestrian Improvements	\$350,000.00
05R24	City of San Francisco	BikeInsight - Online Bike Route Mapping Tool	\$200,000.00
05R26	San Francisco MTA	Alemanly Blvd. Bike Lanes - Lyell to Bayshore	\$129,411.19
06R10	SamTrans	Adaptive Transit Signal Priority	\$116,533.77
06R17	Golden Gate Park Concourse Authority	Page & Stanyan Bicycle and Pedestrian Improvement Project	\$35,000.00
06R39	South San Francisco Scavenger Co.	Purchase One CNG Roll-off Truck	\$91,011.00
07BFP17	Town of Windsor	Windsor River Road Class II Bicycle Lane	\$19,448.24
07R07	AC Transit	TravelChoice Transportation Marketing	\$301,050.01
07R60	San Francisco International Airport	Purchase 27 CNG Vans	\$198,331.48
07R69	SF Municipal Transportation Agency	7th Avenue Traffic Calming	\$34,269.71
08R20	San Francisco International Airport	Purchase 26 medium-duty CNG vehicles	\$266,545.84
08R37	Independent Construction	Retrofit 11 Heavy Duty Vehicles	\$112,088.62
08R50	San Francisco International Airport	Retrofit 23 Diesel Shuttle Vehicles - Level 3 devices	\$372,445.19
09BFP01	City of Oakland	Class II and Class II Bikeways on E. 12th Street	\$10,500.00
09BFP03	City of Daly City	Southgate Ave Class II Bicycle Lane Gap Closure	\$18,783.40
09BFP04	City of Petaluma	Class III Bicycle Routes in Petaluma	\$45,313.35
09BFP10	City of Santa Rosa Dept. of Public Works	Class II Bicycle Lane on Coffey Lane	\$6,912.90
09R07	San Joaquin Regional Rail Commission	ACE Shuttle - Route 53	\$44,000.00
09R08	Metropolitan Transportation Commission	511 Rideshare Program	\$1,750,000
09R11	Peninsula Corridor Joint Powers Board	Caltrain Shuttle	\$992,867.98
09R13	San Francisco General Hospital	SFGH Pilot Shuttle	\$31,488.74
09R27	Breathe California - Silicon Valley Clean Cities	US DOE Clean Cities Coalition Outreach (SV)	\$25,000.00
09R31	City of Palo Alto	(6) Electric Vehicle Charging Spots	\$6,777.76
09R43	East Bay Regional Parks	(3) Medium Duty Vehicle Purchase	\$24,137.97
09R54	Citrix	(6) Charging Points	\$12,000.00
10R05	Santa Clara Valley Transportation Authority	ACE Shuttle Bus Program	\$919,999.93
10R06	Assoc. Students, San Jose State University	SJSU - Ridesharing and Trip Reduction	\$120,000.00
10R07	City of Redwood City	Redwood City Commuter Shuttle	\$20,000.00
10R09	San Joaquin Regional Rail Commission	Wheels - Route 54	\$50,000.00
10R10	San Joaquin Regional Rail Commission	Wheels - Route 53	\$10,670.00
10R11	Peninsula Corridor Joint Powers Board	Caltrain Shuttle Project	\$1,000,000.00
Subtotal Projects:			\$7,404,122.38
FYE 2012	BAAQMD	Smoking Vehicle Program	\$644,167.13
FYE 2012	BAAQMD	Spare the Air	\$947,650.52
Subtotal Air District Programs:			\$1,591,817.65
FYE 2012	BAAQMD	TFCA Regional Fund Administration	\$743,926.18*
Grand Total:			\$9,739,866.21

* 60% of the total administrative and audit costs expended in FYE 2012.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Memorandum

To: Chairperson Scott Haggerty and Members
 of the Mobile Source Committee

From: Jack P. Broadbent
 Executive Officer/APCO

Date: November 27, 2012

Re: Port Truck Program Update

RECOMMENDATION:

None; informational item, receive and file.

BACKGROUND

In December of 2007, the California Air Resources Board (ARB) approved a regulation to reduce emissions from drayage trucks operating at California’s ports and intermodal rail yards. The first phase of the regulation went into effect on December 31, 2009, and Phase 2 of the regulation goes into effect on December 31, 2013. A summary of the regulation’s compliance requirements is shown in Table 1.

Table 1: ARB Drayage Truck Regulation Compliance Schedule

Phase	Date	Engine Model Years (MY)	Regulation requirement
Phase 1	12/31/09	1993 and older	Prohibited from operation as a drayage truck
		1994 – 2003	Install a Level 3 retrofit device
	12/31/11	2004	Install a Level 3 retrofit device
	12/31/12	2005 and 2006	Install a Level 3 retrofit device
Phase 2	12/31/13	1994 – 2006	Meet 2007 * engine emissions standards

* Trucks with 2007-2009 model year engines are compliant through 2022. Trucks with 2010 and newer engines are fully compliant

As part of this report, the Committee will be updated on the Bay Area Air Quality Management District’s (Air District) continued efforts to assist port truck drivers in reducing their emissions ahead of the interim Phase I and Phase II regulatory deadlines.

DISCUSSION

Table 2, below contains data from ARB’s Drayage Truck Registry database, and describes the population of vehicles calling on Northern California ports by engine model year. Table 2 also identifies the number of trucks that received grant funds from the Air District Drayage Truck Program in 2009/2010 (over \$25 million for port truck retrofits and replacements).

Table 2: Drayage truck population as of November 2011

Engine MY	Compliant until	# of Drayage trucks in Northern CA ¹	# of trucks that received grant funds	Grant funds contracted/ expended
1994-2003 (w/ retrofits)	12/31/13	1,700	1,319 retrofits	\$15,586,534 ²
			708 <i>contracted</i>	\$19,230,000 ³ <i>contracted</i>
2004 (w/ retrofits)	12/31/13	700	4	\$40,000
2005 & 2006	12/31/12	2,200	TBD	TBD
2007 – 2009	12/31/22	1,400	203	\$10,150,000 ²
2010 +	Fully compliant	500		
Total		6,500	2,234	\$45,006,534

Notes:

1. Trucks registered in the ARB Drayage Truck Registry (DTR) with zip codes North of Fresno.
2. Funding sources for the Air District’s Year 1 port truck funding program: TFCA (\$5 million), Port (\$5 million), ARB Prop 1B (\$13,835,133), and DERA (~\$2 million)
3. I-Bond Year 3 funding

I-Bond Year 3 Program

On March 7, 2012, the Air District’s Board of Directors approved participation in Year 3 of the California Goods Movement Bond Program (I-Bond), and authorized the Executive Officer to enter into agreements for port truck projects ranked and approved by the ARB. The Year 3 program provides up to \$30,000 in grant funding for the replacement of port trucks with engine model years between 1994 and 2003.

In contrast to the previous I-Bond port truck program, the Year 3 funding cycle was structured by ARB as a closed process only available to the trucks meeting specific eligibility requirements. There were approximately 1700 port trucks eligible to participate in this program. Applications for this funding cycle were submitted to ARB for initial review, and then forwarded to Air District staff for completeness checks, eligibility review, contracting and administration.

When the application period closed on February 9, 2012, over 950 project applications had been submitted. Staff completed the evaluation of all applications by early March and submitted a list of 888 eligible trucks to ARB that were then ranked and approved for funding. As a result of this process, ARB awarded the Air District \$24,065,000 in I-Bond funds for port truck replacement projects.

As of the July 31, 2012, contracting deadline 708 trucks (\$19,230,000) were awarded project funding. The replacement trucks funded through this program must be delivered, inspected and on the road by December 31, 2012. The \$4.8 million in Year 3 funding that was allocated to the Air District but was not contracted for port trucks is being used to fund additional on-road truck replacement projects as part of the District’s Year 2 I-Bond program.

The Air District also plans to allocate an additional \$1.55 million in Diesel Emission Reduction Act (DERA) funding from the U.S. Environmental Protection Agency to fund more port truck replacement projects.

MY 2005/ 2006 Program

On March 7, 2012, the Air District's Board of Directors approved a program that provides grant opportunities for the approximately 900 engine MY 2005/ 2006 port trucks registered in the Bay Area. The program is funded by a combination of the balance of the 2004 drayage truck program funding, \$1 million in TFCA Regional Funds, and \$1.43 million in Alameda County TFCA Program Manager Funds. The program provided \$10,000 grants to assist the truck owners in replacing their trucks in advance of regulatory requirements.

As part of the program Cascade Sierra Solutions (CSS) contracted with the Air District to assist with program implementation, coordination of truck trade-ins, and the sale of new trucks. Outreach for the program was done through a direct mailing to eligible applicants, a workshop/ trucker event at the Port of Oakland, and through mailing lists maintained by the Air District, Port of Oakland and local trucker groups.

The program accepted 87 project applications between August 16, 2012 and September 28, 2012. The low application rate is believed to be a result of the grant award amounts, and the costs of the new trucks. Original estimates for truck trade-in values were expected to be around \$15,000 but actual appraisals show an average trade-in value of \$10,000 for the MY 2005/ 2006 trucks. The lower trade-in values are due high mileage and the poor condition of many of the trucks.

Currently staff is completing the application evaluations, pre-project inspections, and contracting with the truck owners. All trucks funded through this program must be on the road by December 31, 2012. Based on the fact that the program was undersubscribed the \$1.43 million in Alameda County TFCA Program Manager funds will be returned to the County for reallocation. The remaining Air District program funds will be reallocated to eligible TFCA projects and brought to the Committee for consideration.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. The Air District receives funding for the administration of these programs as part of the TFCA and I-Bond programs.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Anthony Fournier
Reviewed by: Damian Breen