



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

SCOTT HAGGERTY - CHAIR
JOHN AVALOS
CAROLE GROOM
CAROL KLATT
NATE MILEY

MARY PIEPHO – VICE CHAIR
TOM BATES
DAVID HUDSON
LIZ KNISS

**THURSDAY
DECEMBER 5, 2013
9:30 A.M.**

**7TH FLOOR BOARD 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 24, 2013**

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

D. Breen/5041
dbreen@baaqmd.gov

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

5. **UPDATE ON CALIFORNIA AIR RESOURCES BOARD TRUCKS AND SCHOOL BUS REGULATIONS**

D. Breen/5041
dbreen@baaqmd.gov

The Committee will receive an informational update on the drayage truck, on-road truck, and school bus regulations; and associated Air District efforts.

6. **TRANSPORTATION FUND FOR CLEAN AIR (TFCA) COUNTY PROGRAM MANAGER FUND POLICIES FOR FISCAL YEAR ENDING (FYE) 2015**

D. Breen/5041
dbreen@baaqmd.gov

The Committee will consider recommending Board of Directors' approval of the Fiscal Year Ending (FYE) 2015 Transportation Fund for Clean Air (TFCA) County Program Manager Fund policies.

7. **TRANSPORTATION FUND FOR CLEAN AIR (TFCA) AUDIT AND COST EFFECTIVENESS REPORTS**

D. Breen/5041
dbreen@baaqmd.gov

The Committee will receive an informational report on the results of the Transportation Fund for Clean Air program audit and the cost effectiveness of Air District administered programs and projects.

8. **UPDATE ON THE REGIONAL BICYCLE SHARE PILOT PROJECT**

D. Breen/5041
dbreen@baaqmd.gov

The Committee will receive an informational report on the Bay Area Bike Share Pilot Program and steps being considered with regard to program expansion.

9. **COMMITTEE MEMBER COMMENTS**

Any member of the Board, 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)

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

Thursday, January 23, 2014, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109 at 9:30 a.m.

11. **ADJOURNMENT**

**CONTACT CLERK OF THE BOARDS
939 ELLIS STREET, SAN FRANCISCO, CA 94109**

**(415) 749-5073
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
FOR QUESTIONS PLEASE CALL (415) 749-5016 or (415) 749-4941

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

NOVEMBER 2013

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month) -</i> CANCELLED	Wednesday	27	9:30 a.m.	4 th Floor Conf. Room

Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month) -</i> CANCELLED AND RESCHEDULED TO DECEMBER 5, 2013 AT 9:30 AM	Thursday	28	9:30 a.m.	Board Room
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DECEMBER 2013

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i>	Monday	2	9:30 a.m.	4th Floor Conf. Room
Board of Directors Nominating Committee <i>- (At the Call of the Chair)</i>	Wednesday	4	9:30 a.m.	Room 716
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	4	9:45 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	5	9:30 a.m.	Board Room
Board of Directors Climate Protection Committee <i>(Meets on the 3rd Thursday of every other month)</i>	Monday	9	9:30 a.m.	4th Floor Conf. Room <u>And via videoconference at</u> Santa Rosa Junior College Doyle Library, Room 4243 1501 Mendocino Avenue Santa Rosa, CA
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	16	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	16	10:30 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	18	9:45 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	25	9:30 a.m.	4 th Floor Conf. Room <u>And via videoconference at</u> Santa Rosa Junior College Doyle Library, Room 4243 1501 Mendocino Avenue Santa Rosa, CA
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i> - CANCELLED	Thursday	26	9:30 a.m.	Board Room

JANUARY 2014

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	1	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	8	9:00 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	15	9:45 a.m.	Board Room
Board of Directors Climate Protection Committee <i>(Meets 3rd Thursday of every other month)</i>	Thursday	16	9:30 a.m.	4th Floor Conf. Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	20	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	20	10:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	22	9:30 a.m.	4 th Floor Conf. Room <u>And via videoconference at</u> Santa Rosa Junior College Doyle Library, Room 4243 1501 Mendocino Avenue Santa Rosa, CA
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	23	9:30 a.m.	Board Room

HL – 11/27/13 (10:50 a.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/Air Pollution Control Officer

Date: November 20, 2013

Re: Approval of the Minutes of October 24, 2013

RECOMMENDED ACTION

Approve attached draft minutes of the Mobile Source Committee meeting of October 24, 2013.

DISCUSSION

Attached for your review and approval are the draft minutes of the Mobile Source Committee meeting on October 24, 2013.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Rex Sanders

Attachment

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 749-5073

DRAFT MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
Thursday, October 24, 2013

1. Call to Order – Roll Call

Chairperson Scott Haggerty called the meeting to order at 9:35 a.m.

Present: Chairperson Scott Haggerty; and Directors John Avalos, Tom Bates, Carole Groom, David Hudson, Carol Klatt and Nate Miley.

Absent: Vice-Chairperson Mary Piepho and Director Liz Kniss.

Also Present: None.

2. Public Comment Period: None.

3. Approval of Minutes of September 26, 2013

Committee Comments: None.

Public Comments: None.

Committee Action:

Director Hudson made a motion to approve the Minutes of September 26, 2013; Director Klatt seconded; and the motion carried unanimously.

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

Damian Breen, Director of Strategic Incentives, introduced Adam Shapiro, 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 overview of the CMP and Mobile Source Incentive Fund (MSIF) to date, detailings of the CMP/MSIF and Voucher Incentive Program (VIP) funds awarded as of October 9, 2013, and as awarded CMP Years 11 through 15, and recommendations.

Committee Comments: None.

Committee Action:

Director Hudson made a motion, seconded by Director Klatt, 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.

The motion carried unanimously.

5. Update on the Regional Plug-In Electric Vehicle (PEV) Readiness Plan

Mr. Breen gave the staff presentation PEV Readiness Plan Update, including its key readiness findings, strategies to accelerate electric vehicle adoption and next steps to finalize the plan.

Chairperson Haggerty asked, regarding slide 8, Strategies to Accelerate PEV Adoption, for a further explanation of the travel corridors, which was provided by Mr. Breen, and then suggested a new map is advisable.

Director Hudson noted staff report page 2, California Energy Commission (CEC) PEV Planning Grant, bullet 2, compared to staff report page 3, Implementation Actions, bullet 1, and asked if the seemingly opposing positions are actually at odds and noted staff report page 3, Implementation Actions, opening paragraph number 3, and asked if fuel cell technology is part of this planning effort, which questions were answered by Mr. Breen.

Chairperson Haggerty asked if the Air District plan runs counter to that of the CEC, which question was answered by Mr. Breen.

Mr. Breen concluded the presentation.

Committee Comments:

Chairperson Haggerty asked for the PEV target number and an explanation of “retention over attraction,” both of which were provided by Mr. Breen.

Chairperson Haggerty asked how business is involved in this plan, suggested business is a better focus for Air District efforts in light of the comments received regarding the residential expense and recommended outreach at the facilities manager level as opposed to chief executive officer level, which questions were answered and comments addressed by Mr. Breen.

NOTED PRESENT: Director Miley was noted present at 10:00 a.m.

Director Bates asked if the Air District is providing technical assistance to local governments and whether a model green corridor for building code exists relative to PEV, which questions were answered by Mr. Breen. Director Bates requested a discussion with staff after the meeting, including examples of how to provide charging opportunities in street parking, and noted the

need for a broader and deeper strategy for the development of local and state charging infrastructure as the current incentive model is underfunded and seemingly unfocused.

Director Avalos asked about the adequacy of the current electrical supply in light of the increasing demand, which question was answered by Mr. Breen.

Chairperson Haggerty asked who is partnering with the Air District to develop the PEV readiness plan, which question was answered by Mr. Breen.

Public Comments: None.

Committee Action: None; informational only.

6. Update on Regional Bicycle Sharing Pilot Project

Mr. Breen introduced Karen Schkolnick, Air Quality Program Manager of Strategic Incentives, who gave the staff presentation Update on the Regional Bicycle Share Pilot Project, including descriptions of the program's web and mobile presence, social media utilization, current system use statistics and next steps for the pilot.

Committee Comments:

Director Hudson noted that he has seen empty stations and asked if public feedback is solicited for the pilot project and how bikes are redistributed in response to need, which questions were answered by Mr. Breen and Ms. Schkolnick. Mr. Breen said more information in response to the question would be distributed in follow up. Director Hudson suggested a more responsive system that tracks actual numbers rather than pattern modeling and that there should at no time be less than one bike at any station.

Director Avalos said the success of the pilot project depends upon its convenience and, to that end, there are an inadequate number of stations in San Francisco, a problem it is prepared to remedy with a contribution of funds and reported out his request that the San Francisco County Transportation Authority assist with a strategic analysis report on the development of a regional system that will be shared with the Air District when complete.

Chairperson Haggerty requested a staff report to the Committee at its next meeting that details all of the eligible projects under Transportation Fund for Clean Air (TFCA) or, perhaps, any funding source that has a cost-effectiveness requirement and what that requirement is because the time spent to make repeated adjustments to policies in order to accommodate certain projects seems out of control. Mr. Breen said the annual staff report regarding TFCA cost effectiveness is scheduled for delivery at the next meeting and asked if the requested information should be included. Chairperson Haggerty requested a separate report and that it include whether the cost effectiveness itself had ever changed.

Director Bates suggested that technology is being underutilized in that a bike cannot be reserved in advance and that the pilot project must be expanded to the East Bay in order to succeed.

Committee Action:

Director Avalos made a motion to recommend the Board of Directors approve San Francisco Transportation Agency's request to use Fiscal Year Ending (FYE) 2014 TFCA County Program Manager funds to purchase and operate additional bicycle share equipment; and Director Hudson seconded.

Public Comments:

Joël Ramos, TransForm, addressed the Committee in support of the pilot program and to request its expansion both to the East Bay and within existing service areas.

Committee Action (continued): The motion carried unanimously.

7. FYE 2014 TFCA Regional Fund Policies

Mr. Breen introduced Geraldina Grunbaum, Supervising Environmental Planner of Strategic Incentives, who gave the staff presentation TFCA Regional Fund Policies and Evaluation Criteria for FYE 2014, including background, proposed revisions, concepts for future consideration, solicitation schedule, next steps and recommendation.

Mr. Breen added, regarding slide 6, Solicitation Schedule and Next Steps, that the February and March dates are in 2014, not 2013.

Committee Comments:

Director Miley asked, at slide 4, TFCA Regional Fund Policies Proposed Revisions, whether the definitions had been clarified so as to eliminate the ambiguity relative to shuttles/feeder buses, which question was answered by Mr. Breen.

Director Miley said, regarding slide 5, Concepts for Future Consideration, that he supports bullet 1, number 5, as a topic for later discussion, which option Mr. Breen explained further.

Public Comments:

Bill Hough, Santa Clara Valley Transportation Authority (SCVTA), provided a handout and addressed the Committee in opposition to staff report Attachment D, Concept 1, Discontinue Use of TFCA Regional Funding for Shuttles and Ridesharing.

Mr. Ramos addressed the Committee to request that shuttle service providers be allowed to complete for TFCA funding, as he understand was possible in the past.

Hilary Pearson, Sungevity, addressed the Committee in support of continued Oakland B shuttle service. Chairperson Haggerty asked if a bike share station located outside the company headquarters would be helpful. Ms. Pearson expressed support for bicycle use but said it will be an inadequate shuttle substitute for the company's needs. Director Miley asked how many people Sungevity employs at this location and, of those, how many are Oakland residents and if Sungevity is opposed to subsidizing the continued service of the shuttle. Ms. Pearson said she is

addressing the Committee in support of continued funding by the Air District but that the company would consider it if the need becomes critical.

Director Miley asked how the commuter benefit program will affect Sungevity, which question was answered by Jean Roggenkamp, Deputy APCO.

Zach Seal, City of Oakland, addressed the Committee to clarify that Sungevity is a tenant and does not pay for the shuttle but the landlord contributes \$130,000, to suggest that duplicative service should not be solely defined by route but should also take into account service schedule, to propose that the cumulative cost of transit for users is known to push people back into their cars, and said that reduced funding of shuttle service during off-peak hours affects commuters with irregular hours and non-commuters alike. Director Haggerty and Mr. Seal discussed how the Air District can remedy the fact that there are two sets of criteria that essentially allow two opportunities at the funds. Director Avalos asked about the viability of the exemption language. Mr. Seal expressed support for the exemption language.

Aliza Gallo, City of Oakland, addressed the Committee to echo the comments of Mr. Seal and to emphasize the importance of extended eligibility for pilot projects in order to allow time to confirm alternative funding sources.

Committee Comments (continued):

Director Avalos and Mr. Breen discussed future plans for TFCA funding, including a possible revision to provide shuttle project support for four to five years and the creation of a strategic linkage between congestion management agencies (CMA).

Director Miley said it is critical that the commuter benefit program be synergized with this program as Oakland B shuttle service is important but Air District funding of it should not continue into perpetuity and noted his frustration with private industry trying to benefit from public programs without any financial investment of their own.

Director Bates asked for clarification regarding the recommendation to the Committee today and the definition of “transit agency,” which clarification was provided by Mr. Breen and Ms. Roggenkamp.

Chairperson Haggerty discussed with staff and Mr. Hough the timeliness of this item in respect to agency efforts to obtain funding for their services.

Mr. Hough clarified the position of the SCVTA relative to various proposals.

Chairperson Haggerty asked why program participation requires so much paperwork and has not been made available online, which question was answered by Ms. Roggenkamp. Mr. Breen said staff will report back in 12 to 16 months and will work to reduce the paperwork in the meantime.

Jack Broadbent, Executive Officer/APCO, said staff will deliver a report at the next meeting of the Committee that details the online and offline capabilities, as well as the user-friendliness, of the Air District’s pertinent programs.

Chairperson Haggerty asked if the Air District has begun discussions about delegating the entire funding of shuttles to the CMA, if they would receive population-based funding and if the Air District or individual CMA would establish the rules, which questions were answered by Mr. Breen. Chairperson Haggerty asked how Spare the Air funding from TFCA would be handled in this case, which question was answered by Mr. Breen.

Chairperson Haggerty suggested a Committee workshop to go over the material in detail and at length.

Committee Action:

Director Hudson made a motion to recommend the Board of Directors approve the proposed FYE 2014 TFCA Regional Fund Policies and Evaluation Criteria as presented in Attachment A to the staff report; Director Miley seconded; and the motion carried unanimously.

8. Committee Member Comments: None.

9. Time and Place of Next Meeting:

Thursday, December 5, 2013, Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, California 94109 at 9:30 a.m.

10. Adjournment: The meeting adjourned at 11:22 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 19, 2013

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

RECOMMENDATIONS:

Recommend 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. 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. 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.

On February 4, 2013, the Board of Directors authorized Air District participation in Year 15 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 Regional Fund 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 15 projects on July 23, 2013. 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 18, 2013, the Air District had received 54 project applications. Of the applications that have been evaluated between October 9, 2013 and November 18, 2013, seven (7) eligible projects have proposed individual grant awards over \$100,000. These projects will replace two diesel marine engines, three agricultural pump engines, three off-road diesel-powered tractors, and two off-road loaders with newer, low-polluting equipment. These projects will reduce over 8.2 tons of NOx, ROG and PM per year. Staff recommends allocating \$1,055,677 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 19, 2013, 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 17% of the funds have been awarded to projects that reduce emissions in highly impacted Bay Area communities. Attachment 3 summarizes the cumulative allocation of CMP, MSIF, and VIP funding since the Year 11 funding cycle. Since Year 11, more than \$59 million has been awarded to 507 projects.

TFCA:

No TFCA applications requesting individual grant awards over \$100,000 received as of November 18, 2013 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 Carl Moyer Program/Mobile Source Incentive Fund projects with grant awards greater than \$100,000 (evaluated between 10/9/13 and 11/18/13)
- Attachment 2: Summary of all CMP Year 15/MSIF and VIP approved and eligible projects (as of 11/18/13)
- Attachment 3: Summary of program distribution by county and equipment category for CMP Years 11-15

AGENDA 4 - ATTACHMENT 1

BAAQMD Carl Moyer Program/ Mobile Source Incentive Fund projects
with grant awards greater than \$100k (Evaluated between 10/9/13 and 11/18/13)

Project #	Applicant name	Equipment category	Project type	Proposed contract award	Emission Reductions (Tons per year)			County
					NOx	ROG	PM	
14MOY47	Roger Thomas, Vessel: "Salty Lady" (Charter fishing)	Marine	Replacement of two (2) marine propulsion engines.	\$ 175,418.00	2.757	-0.039	0.110	San Francisco
15MOY39	Gregory Lyons (Lyon's Farms)	Ag/ off-road	Replacement of one (1) diesel-powered tractor.	\$ 136,188.00	0.547	0.072	0.025	Contra Costa
15MOY43	Morrison Chopping	Ag/ off-road	Replacement of one (1) diesel-powered tractor.	\$ 186,720.00	1.306	0.136	0.047	Sonoma
15MOY44	DeBernardi Dairy, Inc.	Ag/ off-road	Replacement of one (1) diesel-powered tractor.	\$ 120,910.00	0.581	0.072	0.028	Sonoma
15MOY46	Roy King Dairy	Ag/ off-road	Replacement of one (1) diesel-powered loader.	\$ 147,222.00	1.002	0.122	0.041	Sonoma
15MOY52	Mertens Dairy	Ag/ off-road	Replacement of one (1) diesel-powered loader.	\$ 174,777.00	0.880	0.111	0.043	Sonoma
15MOY49	C Mondavi and Sons, Inc.	Agriculture	Replacement of three (3) Irrigation pump engines	\$ 114,442.00	0.333	0.058	0.020	Napa
				\$ 1,055,677.00	7.407	0.532	0.313	

AGENDA 4 - ATTACHMENT 2

Summary of all CMP, MSIF and VIP approved/eligible projects (As of 11/18/13)

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
14MOY43	Agriculture	Irrigation pump engine replacement	1	\$ 45,548.00	Huneus Vintners, LLC	0.135	0.023	0.008	APCO	Napa
14MOY45	Marine	Engine replacement	1	\$ 90,311.00	Jim Rando - Misty Dawn (Commercial fisherman)	0.589	0.013	0.021	APCO	Santa Clara
14MOY46	Ag/ off-road	Loader replacement	1	\$ 43,160.00	Gregory Lyons (Lyons Farms)	0.187	0.034	0.015	APCO	Solano
14MOY50	Ag/ off-road	Tractor replacement	1	\$ 180,570.00	Fred Corda Farming & Ranching	0.742	0.048	0.017	10/16/2013	Marin
14MOY44	Off-road	Forklift replacement	3	\$ 106,010.00	Economy Lumber Company of Oakland, Inc.	0.481	0.086	0.036	10/16/2013	Alameda
15MOY4	Off-road	Backhoe replacement	2	\$ 71,020.00	Doyle's Work Company, Inc. (Excavation & Trenching)	0.225	0.055	0.028	APCO	Santa Clara
15MOY5	Ag/ off-road	Tractor replacement	1	\$ 182,804.00	McClelland's Dairy	0.665	0.074	0.030	10/16/2013	Sonoma
15MOY20	Off-road	Tractor and Loader replacement	5	\$ 2,290,140.00	Steven's Creek Quarry, Inc.	11.747	1.388	0.526	10/16/2013	Santa Clara
15MOY32	Ag/ off-road	Loader replacement	1	\$ 147,220.00	Gerald & Kristy Spaletta (Dairy)	0.613	0.107	0.038	11/6/2013	Sonoma
15MOY14	Ag/ off-road	Tractor replacement	2	\$ 66,928.00	Wolfskill Family Trust of 1990 (Vineyard Maintenance)	0.230	0.046	0.016	APCO	Solano
15MOY15	Ag/ off-road	Tractor replacement	1	\$ 30,952.00	Nichelini Vineyards, LLC	0.101	0.017	0.005	APCO	Napa
15MOY31	Ag/ off-road	Tractor replacement	1	\$ 111,490.00	Andrew Poncia dba Poncia Fertilizer Spreading	0.629	0.090	0.032	11/6/2013	Sonoma
15MOY33	Ag/ off-road	Tractor replacement	1	\$ 96,092.00	Daniel Evans (Farmer)	0.514	0.064	0.022	APCO	Marin
15MOY37	Off-road	Loader replacement	1	\$ 99,810.00	W.R. Forde Associates	0.582	0.076	0.026	APCO	Contra Costa
15MOY29	Ag/ off-road	Tractor replacement	1	\$ 159,821.00	Drew Dairy	1.075	0.123	0.043	11/6/2013	Sonoma
15MOY36	Ag/ off-road	Loader replacement	1	\$ 147,521.00	Jack Dei Dairy	0.557	0.097	0.035	11/6/2013	Sonoma
15MOY40	Off-road	Loader replacement	3	\$ 237,960.00	Napa Recycling & Waste Services LLC	1.778	0.024	0.050	11/6/2013	Napa
15MOY41	Ag/ off-road	Loader replacement	1	\$ 131,410.00	Neil McIsaac & Son	0.328	0.059	0.021	11/6/2013	Sonoma
15MOY1	Off-road	Loader replacement	2	\$ 99,970.00	Sanco Pipelines, Inc.	0.597	0.071	0.026	APCO	Santa Clara
15MOY22	Ag/ off-road	Tractor replacement	2	\$ 34,315.00	Oakview Vineyards, LLC	0.061	0.021	0.006	APCO	Napa
15MOY19	Ag/ off-road	Tractor replacement	1	\$ 30,952.00	Nord Vineyards, LLC	0.054	0.016	0.006	APCO	Napa
15MOY16	Ag/ off-road	Tractor replacement	3	\$ 70,895.00	TrioC Vineyards, LLC	0.218	0.042	0.014	APCO	Napa
15MOY12	Ag/ off-road	Tractor replacement	3	\$ 93,031.00	D'Ambrosio Brothers Investment Company (Vineyard)	0.247	0.063	0.023	APCO	Napa
14MOY47	Marine	Engine replacement	2	\$ 175,418.00	Roger Thomas, Vessel: "Salty Lady" (Charter fishing)	2.757	-0.039	0.110	TBD	San Francisco
15MOY39	Ag/ off-road	Tractor replacement	1	\$ 136,188.00	Gregory Lyons (Lyons Farms)	0.547	0.072	0.025	TBD	Contra Costa
15MOY43	Ag/ off-road	Tractor replacement	1	\$ 186,720.00	Morrison Chopping	1.306	0.136	0.047	TBD	Sonoma
15MOY44	Ag/ off-road	Tractor replacement	1	\$ 120,910.00	DeBernardi Dairy, Inc.	0.581	0.072	0.028	TBD	Sonoma
15MOY46	Ag/ off-road	Loader replacement	1	\$ 147,222.00	Roy King Dairy	1.002	0.122	0.041	TBD	Sonoma
15MOY52	Ag/ off-road	Loader replacement	1	\$ 174,777.00	Mertens Dairy	0.880	0.111	0.043	TBD	Sonoma

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
15MOY49	Agriculture	Irrigation pump engine replacement	3	\$ 114,442.00	C Mondavi and Sons, Inc.	0.333	0.058	0.020	TBD	Napa
VIP139	VIP	Truck Replacement	1	\$ 30,000.00	Donald Lee Holmes	0.608	0.009	0.000	APCO	San Benito
VIP140	VIP	Truck Replacement	1	\$ 30,000.00	Nikolas Carasis	0.606	0.020	0.000	APCO	Contra Costa
VIP142	VIP	Truck Replacement	1	\$ 45,000.00	Forward Intermodal Systems, Inc.	0.905	0.013	0.000	APCO	San Francisco
VIP143	VIP	Truck Replacement	1	\$ 30,000.00	Galante Brothers	0.606	0.020	0.000	APCO	Santa Clara
VIP144	VIP	Truck Replacement	1	\$ 45,000.00	Zeiber Trucking Service, Inc.	0.905	0.013	0.000	APCO	San Joaquin
VIP145	VIP	Truck Replacement	1	\$ 45,000.00	San Miguel Transportation, Inc.	0.905	0.013	0.000	APCO	Sonoma
VIP146	VIP	Truck Replacement	1	\$ 40,000.00	Jaspal Singh	0.802	0.027	0.000	APCO	Alameda
VIP147	VIP	Truck Replacement	1	\$ 45,000.00	Jose E. Mejia	0.905	0.013	0.000	APCO	Santa Clara
VIP148	VIP	Truck Replacement	1	\$ 35,000.00	Raphelle Gabriel	0.702	0.010	0.000	APCO	San Mateo
VIP149	VIP	Truck Replacement	1	\$ 45,000.00	Tuan Q. Luu	0.905	0.013	0.000	APCO	Santa Clara
VIP150	VIP	Truck Replacement	1	\$ 25,000.00	Guurdeep Singh DBA Arjan Transport	0.513	0.008	0.000	APCO	Solano
VIP151	VIP	Truck Replacement	1	\$ 45,000.00	Eugene R. Oliverio	0.905	0.013	0.000	APCO	Santa Clara
VIP152	VIP	Truck Replacement	1	\$ 35,000.00	Devinder Singh Nagra	0.702	0.010	0.000	APCO	Santa Clara
VIP153	VIP	Truck Replacement	1	\$ 40,000.00	Dong V. Le	0.811	0.012	0.000	APCO	Alameda
VIP154	VIP	Truck Replacement	1	\$ 35,000.00	Harjinder Singh Shergill	0.700	0.013	0.000	APCO	Sacramento
VIP155	VIP	Truck Replacement	1	\$ 45,000.00	Brian Scott Price	0.905	0.013	0.000	APCO	Salinas
VIP156	VIP	Truck Replacement	1	\$ 45,000.00	Dennis C. Leavitt Jr.	0.905	0.013	0.000	APCO	Alameda
VIP157	VIP	Truck Replacement	1	\$ 30,000.00	Calstone Co.	0.603	0.013	0.000	APCO	Santa Clara
VIP158	VIP	Truck Replacement	1	\$ 35,000.00	Manuel Gambao DBA MG Trucking	0.706	0.011	0.000	APCO	Riverside
VIP159	VIP	Truck Replacement	1	\$ 35,000.00	Lestor Jackson	0.706	0.011	0.000	APCO	Alameda
VIP160	VIP	Truck Replacement	1	\$ 45,000.00	Sanh Nguyen	0.905	0.013	0.000	APCO	Alameda
VIP161	VIP	Truck Replacement	1	\$ 35,000.00	Ruben Tinoco Rivera	0.706	0.011	0.000	APCO	Salinas
VIP162	VIP	Truck Replacement	1	\$ 25,000.00	Emilio Venegas	0.513	0.008	0.000	APCO	San Joaquin
VIP163	VIP	Truck Replacement	1	\$ 20,000.00	EXLS / Ultra Labs, Inc.	0.405	0.006	0.000	APCO	Alameda
VIP164	VIP	Truck Replacement	1	\$ 45,000.00	Ernesto Q. Tejada	0.905	0.013	0.000	APCO	Santa Clara
VIP165	VIP	Truck Replacement	1	\$ 20,000.00	Harkewal Singh Bhuller	0.402	0.006	0.000	APCO	Alameda
VIP166	VIP	Truck Replacement	1	\$ 45,000.00	M/M Feed	0.814	0.018	0.000	APCO	Mendocino
VIP167	VIP	Truck Replacement	1	\$ 35,000.00	Joseph Michael Velardi	0.702	0.010	0.000	APCO	Contra Costa
VIP168	VIP	Truck Replacement	1	\$ 40,000.00	Matthew P. Crowley	0.814	0.018	0.000	APCO	Monterey
VIP169	VIP	Truck Replacement	1	\$ 45,000.00	Matthew J. Domler	0.905	0.013	0.000	APCO	Solano
VIP170	VIP	Truck Replacement	1	\$ 15,000.00	Michael J. Haye	0.309	0.007	0.000	APCO	San Mateo
VIP171	VIP	Truck Replacement	1	\$ 35,000.00	Hydra Reload Inc. / Kellogg Distribution	0.702	0.010	0.000	APCO	Sacramento
VIP172	VIP	Truck Replacement	1	\$ 35,000.00	Kellogg Distribution Inc.	0.702	0.010	0.000	APCO	Sacramento
VIP173	VIP	Truck Replacement	1	\$ 45,000.00	Elliott Louis Nurse	0.905	0.013	0.000	APCO	Monterey
VIP174	VIP	Truck Replacement	1	\$ 30,000.00	Gary Lee Schultz	0.606	0.020	0.000	APCO	Santa Clara

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
VIP175	VIP	Truck Replacement	1	\$ 45,000.00	Abdul Naik	0.905	0.013	0.000	APCO	Alameda
VIP176	VIP	Truck Replacement	1	\$ 45,000.00	Rene Alphonse LaChance	0.905	0.013	0.000	APCO	Tehama
VIP177	VIP	Truck Replacement	1	\$ 35,000.00	Luis R. Gomez	0.692	0.025	0.000	APCO	Solano
VIP178	VIP	Truck Replacement	1	\$ 45,000.00	Carl Joseph Johnson DBA Viking Transport	0.905	0.013	0.000	APCO	Santa Cruz
VIP179	VIP	Truck Replacement	1	\$ 45,000.00	Tim Amaro	0.900	0.030	0.000	APCO	Santa Clara
VIP181	VIP	Truck Replacement	1	\$ 10,000.00	Saraoni Food Service	0.143	0.002	0.003	APCO	Contra Costa
VIP182	VIP	Truck Replacement	1	\$ 35,000.00	Jaime Rameriz	0.702	0.01	0.000	APCO	Santa Clara
VIP183	VIP	Truck Replacement	1	\$ 45,000.00	Pleasanton Trucking, Inc.	0.905	0.013	0.000	APCO	Contra Costa
VIP184	VIP	Truck Replacement	1	\$ 15,000.00	Michael L. Nelson	0.311	0.011	0.000	APCO	Solano
VIP185	VIP	Truck Replacement	1	\$ 35,000.00	Manuel Curiel	0.700	0.013	0.000	APCO	Yuba
VIP186	VIP	Truck Replacement	1	\$35,000.00	Kamaljit Singh Nanra	0.702	0.010	0.000	APCO	Alameda
VIP187	VIP	Truck Replacement	1	\$40,000.00	Menne Ranch Hay, Inc.	0.811	0.012	0.000	APCO	Siskiyou
VIP188	VIP	Truck Replacement	1	\$45,000.00	Phillip Jon Medina DBA PM Trans	0.905	0.013	0.000	APCO	Santa Clara
VIP189	VIP	Truck Replacement	1	\$35,000.00	Rakesh Singh	0.700	0.013	0.000	APCO	Sacramento
VIP190	VIP	Truck Replacement	1	\$35,000.00	Jorge A. Ramirez	0.700	0.013	0.000	APCO	Yolo
VIP191	VIP	Truck Replacement	1	\$20,000.00	Fernando Almaraz/ Isaura Medrano	0.277	0.003	0.007	APCO	Alameda
VIP192	VIP	Truck Replacement	1	\$45,000.00	J/F Transport, LLC	0.905	0.013	0.000	APCO	Yolo
VIP193	VIP	Truck Replacement	1	\$40,000.00	Patricia Priestley Sanchez	0.811	0.012	0.000	APCO	Santa Clara
VIP195	VIP	Truck Replacement	1	\$35,000.00	J/H Trucking	0.702	0.010	0.000	APCO	Yolo
VIP196	VIP	Truck Replacement	1	\$10,000.00	Phillip Bettney Trucking, Inc.	0.203	0.003	0.000	APCO	San Francisco
VIP197	VIP	Truck Replacement	1	\$20,000.00	Juan Jose Macias	0.405	0.006	0.000	APCO	Santa Clara
VIP198	VIP	Truck Replacement	1	\$45,000.00	Jesus Garcia	0.898	0.020	0.000	APCO	Santa Clara
VIP199	VIP	Truck Replacement	1	\$45,000.00	Dhirendra Singh	0.905	0.013	0.000	APCO	Alameda
VIP200	VIP	Truck Replacement	1	\$45,000.00	Balwinder Singh	0.898	0.020	0.000	APCO	Santa Clara
VIP201	VIP	Truck Replacement	1	\$40,000.00	ACP Concrete Pumping, Inc.	0.811	0.012	0.000	APCO	San Benito
VIP202	VIP	Truck Replacement	1	\$45,000.00	PumpIt, Inc.	0.905	0.013	0.000	APCO	Sonoma
VIP203	VIP	Truck Replacement	1	\$35,000.00	Road Runner Mobile Truck Repair, Inc.	0.476	0.005	0.012	APCO	Solano
VIP204	VIP	Truck Replacement	1	\$30,000.00	Road Runner Mobile Truck Repair, Inc.	0.610	0.007	0.000	APCO	Solano
VIP205	VIP	Truck Replacement	1	\$10,000.00	Robert Guck / Raymond Guck	0.200	0.004	0.000	APCO	Napa
VIP206	VIP	Truck Replacement	1	\$35,000.00	Javier DeLaTorre or Jose DeLaTorre DBA DeLaTorre Landscaping	0.702	0.010	0.000	APCO	Yolo
VIP207	VIP	Truck Replacement	1	\$45,000.00	Joseph Jensen	0.905	0.013	0.000	APCO	Sonoma
VIP208	VIP	Truck Replacement	1	\$45,000.00	Harjit Singh	0.905	0.013	0.000	APCO	Placer
VIP209	VIP	Truck Replacement	1	\$45,000.00	Nicolas Gonzalez Vargas	0.905	0.013	0.000	APCO	Sacramento
VIP211	VIP	Truck Replacement	1	\$35,000.00	Gurdip Singh	0.702	0.010	0.000	APCO	Contra Costa
VIP212	VIP	Truck Replacement	1	\$10,000.00	Bonhams / Butterfields	0.135	0.002	0.004	APCO	San Francisco
100 Projects			119	\$ 8,123,607.00		78.806	4.007	1.383		

Figure 1: CMP/ MSIF Funding Distribution by Equipment Category as of 11/18/13

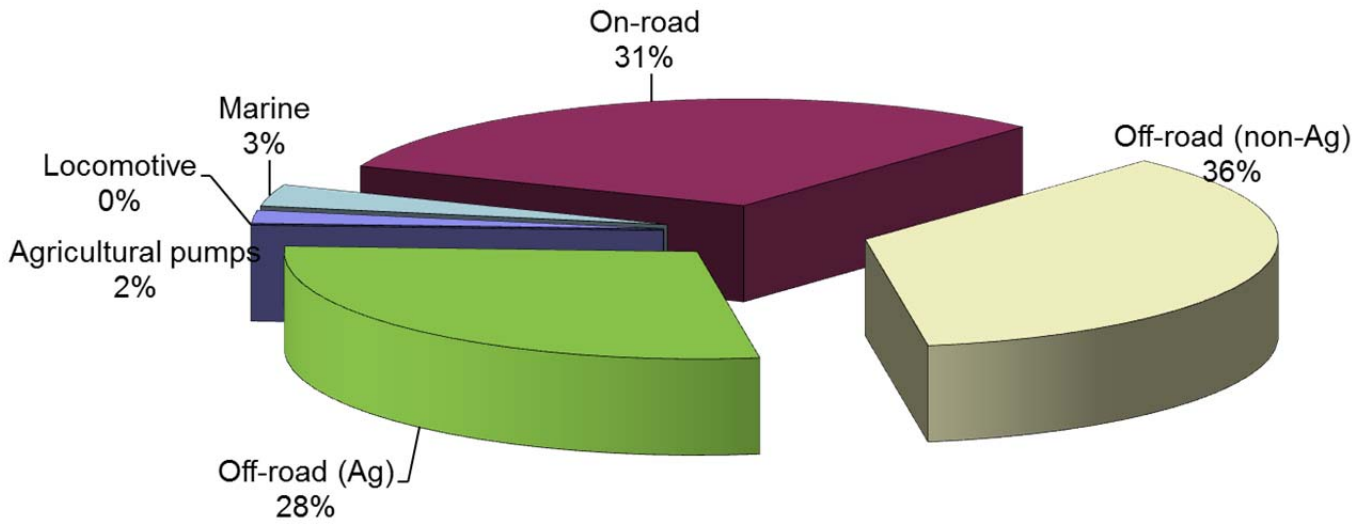
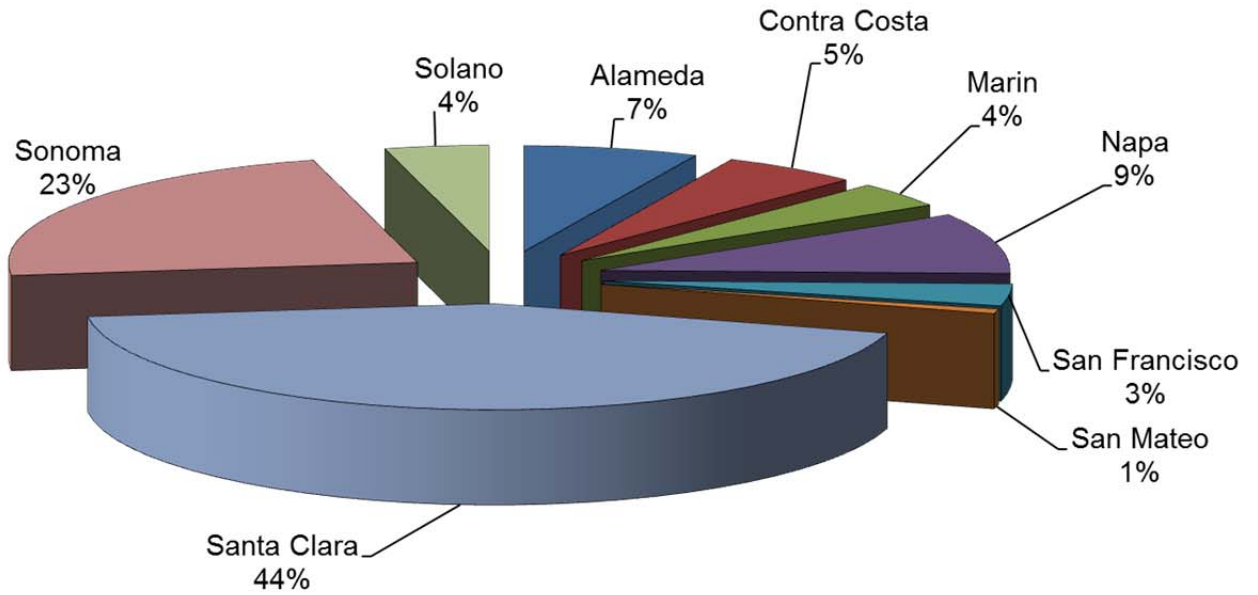


Figure 2: CMP/ MSIF Funding Distribution by County as of 11/18/13



AGENDA 4 - ATTACHMENT 3

Figure 3: CMP, MSIF, and VIP funding for Years 11-15 by equipment category

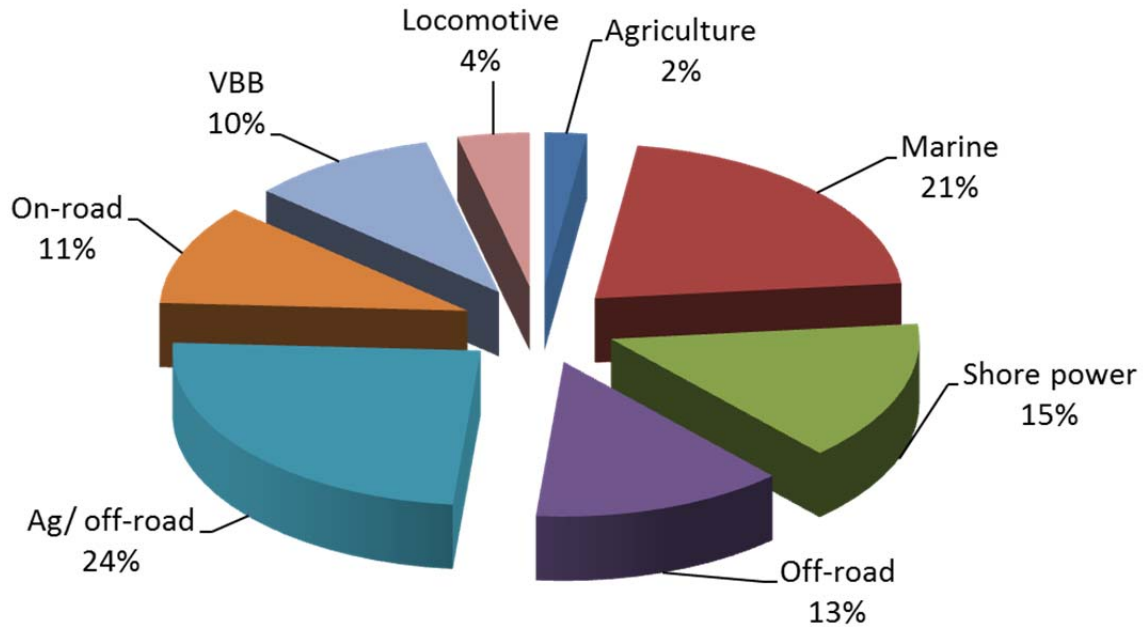
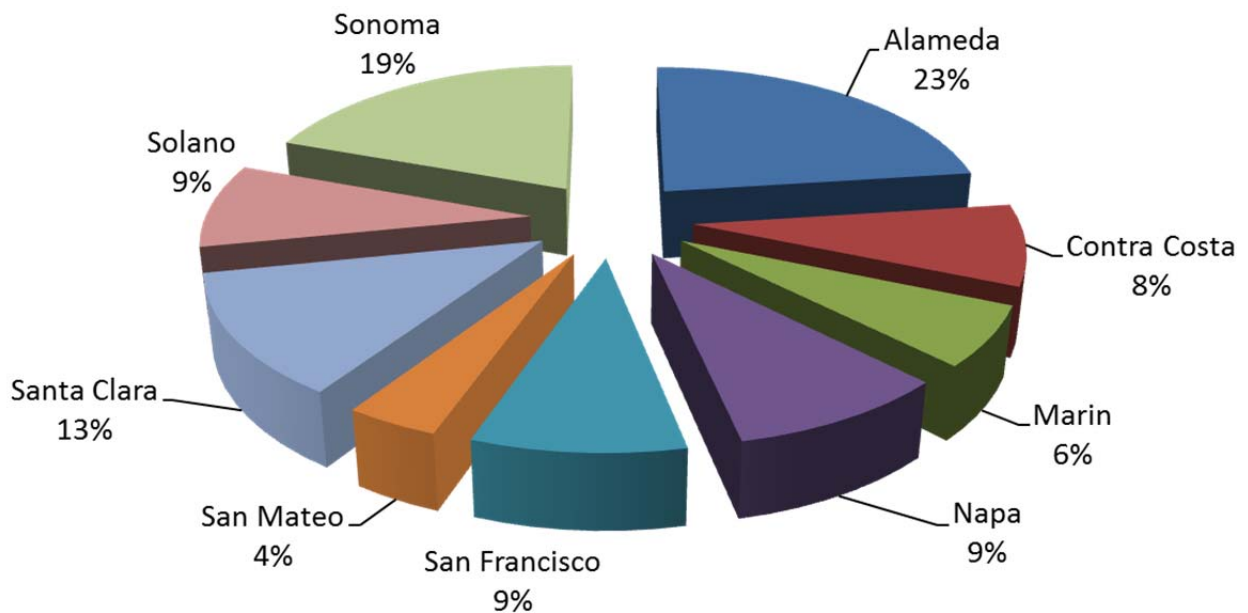


Figure 4: CMP, MSIF, and VIP funding for Years 11-15 by county



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 19, 2013

Re: Update on California Air Resources Board Truck and School Bus
Regulations

RECOMMENDATION

None. Informational item, receive and file.

BACKGROUND

Port Drayage Truck Regulation:

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 12/31/09, and Phase 2 of the regulation goes into effect on 12/31/13. A summary of the regulation’s compliance schedule is shown in Table 1. The upcoming 12/31/13 requirement mandates all drayage trucks have 2007 model year engines. This is the last compliance requirement under the regulation. However, drayage trucks with 2007-2009 engines become subject to the requirements of the On-road Truck and Bus regulation and must be upgraded to a 2010+ model year engine by 1/1/23. Drayage trucks with 2010+ engines are fully compliant.

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
Truck & Bus Regulation	1/1/23	2007-2009	Meet 2010 engine emissions standards
	none	2010	Fully compliant

On-road Truck and Bus Regulation:

In December of 2008, ARB approved the Truck and Bus regulation to significantly reduce Particulate Matter (PM), and oxides of nitrogen (NOx) emissions from diesel vehicles operating in California. The regulation applies to nearly all diesel-fueled trucks and buses weighing more than 14,000 pounds that are privately owned and includes privately and publicly owned school buses. The regulation has different compliance schedules for trucks depending on their weight. Lighter trucks and buses weighing 14,001 to 26,000 pounds do not have compliance requirements until 1/1/15. Heavier (26,001 + pounds) trucks and buses have been subject to compliance requirements since 1/1/12.

As part of this report, staff will discuss the Air District's efforts to assist Bay Area fleets in reducing emissions from trucks by coming into early compliance with these regulations.

DISCUSSION

Port Drayage Truck Efforts:

While trucks serving all Bay Area ports and rail yards are subject to this regulation, its major impact is at the Port of Oakland (Port); the region's largest intermodal facility. Since 2009, the Air District has implemented several incentive programs to reduce emissions from port drayage trucks in the Bay Area. Over the past four years these programs have provided \$38 million to port truck owners in northern California to install 1,300 retrofit devices and replace 625 trucks, reducing over ninety five tons of PM emissions in West Oakland. An independent UC Berkley study has confirmed that these programs in combination with the ARB regulation have cut port truck pollution in West Oakland by approximately half.

As of November 1, 2013, the ARB Drayage Truck Registry database showed a total of 6,300 drayage trucks in service in northern California. Of the total registered drayage trucks, over 4,600 currently meet the 12/31/13 compliance requirement. Most of the trucks that were not yet compliant with the year-end deadline were eligible for grant funding from the Air District at some point over the past 5 years.

Currently no grant funding is available for port truck projects, but truck owners can still participate in an ARB loan program to help secure financing for truck replacements. Staff has worked with the Port and ARB to inform truckers of the upcoming Phase 2 requirement during the summer and will continue outreach efforts on the upcoming deadline and the ARB loan program until the end of the year.

Drayage trucks that are not compliant by the end of the year will not be able to enter California ports or rail yards but will be able to go into on-road service. These trucks have already been retrofitted and are compliant with the ARB Truck & Bus Regulation until approximately 2020. Also, the California Trucking Association (CTA) is working on a job recruitment tool. This tool connects drivers with retrofitted trucks to over-the-road job opportunities.

Recently staff met with City of Oakland Mayor Jean Quan, ARB staff, the Port and representatives of Port truck drivers who are seeking an extension to the compliance date for the drayage truck rule. ARB explained to the truck drivers that there was no possibility of an additional extension to the upcoming compliance date and informed them of the opportunity being offered by the CTA. Air District staff also presented the options for loans and over-the-road service listed above. The Air District requested that the Port and City of Oakland (City) seek to provide additional funding for these trucks and offered to administer any monies available for truck change-outs. Both the Port and City committed to seeking these monies but expressed doubts that any additional funding would be made available. The Air District also heard complaints regarding long queues of idling trucks and smoking on-dock equipment at the SSA terminal and has committed to increasing enforcement action in coordination with ARB in the Port area. All parties are committed to continuing this dialogue and further meetings are expected as the deadline approaches.

On-road Truck and Bus Efforts:

Staff estimates that there are more than 34,000 trucks in the Bay Area weighing over 26,001 lbs. The regulation identifies two options (Phase-in option or the Model Year option) for compliance for these vehicles in fleets with 4 or more trucks. Under the phase-in option retrofits will be required on 90% of a fleet's trucks by 1/1/14. Under the model year schedule, trucks with 1996 to 2006 model year engines will have to have a retrofit device by 1/1/14.

For small fleets (1 to 3 trucks), retrofits are required on one truck by 1/1/14, the second truck (if applicable) by 1/1/15, and the third truck (if applicable) by 1/1/16. All trucks will be required to have engines meeting the 2010 emissions standard by 1/1/23. It is estimated that approximately 6,000 trucks owned by small fleet operators will need to come into compliance by 1/1/14.

On 10/29/13, ARB issued an Executive Order making changes to the requirements for the I-Bond program. These changes create funding opportunities for fleets of three or fewer trucks. The Executive Order allows projects to be completed during 2014; allows older trucks to participate in the Proposition 1B Goods Movement Program (I-BOND); prioritizes funding for small fleet projects; and, extends the application period for small fleets.

Additionally, ARB issued a regulatory advisory on 11/11/13 that provides flexibility for truckers that allows them to get time extensions on the regulatory deadline based on good faith effort to comply with the rule requirements. Those seeking a good faith extension are required to report in the ARB TRUCRS database by 1/31/14, and are allowed to operate their truck(s) without being subject to enforcement action until 7/1/14. The advisory identifies any of the following trucker actions as good faith efforts:

- Entered into an agreement with an authorized retrofit installer for a PM filter retrofit on, or before 1/1/14
- Signed a purchase contract and ordered a replacement truck that is equipped with a PM filter (2007 model year engine or newer)
- Were approved or denied a loan or other financing for a retrofit PM filter or for a replacement truck that is equipped with a PM filter
- Small fleets that meet the requirements of the I-BOND program, apply for grant funding by the 12/12/13 deadline, and report into TRUCRS

Incentives

Since 2009, the Air District has implemented several incentive programs to reduce emissions from Bay Area trucks and buses. Over the past four years these programs have provided approximately \$31.7 million to on-road truck owners in northern California reducing over ninety tons of PM emissions.

Currently, the Air District has over \$5 million in grant funds available for truck replacement projects through the Voucher Incentive Program (VIP). Funding is available for trucks in fleets of 10 or fewer trucks, and is awarded on a first-come, first-served basis until all funds have been allocated. Under the current funding structure all trucks funded must be on the road by the end of 2013; however, staff will have additional VIP funding opportunities in 2014. If program demand exceeds available funding staff will update the Committee and request the allocation of additional Mobile Source Incentive Funds (MSIF) to continue the program.

The Air District has also been accepting project applications for the I-Bond Year 4 funding cycle since 8/26/13. The Air District has at least \$14.5 million available for truck replacement projects as part of this funding cycle. Staff will be accepting applications until 12/12/13. Applications will be reviewed, prioritized by project type/ fleets size, ranked, and funded in rank order until all funds have been awarded. Contracting is expected to begin in early 2014, and trucks will be on the road by 12/31/14.

In order to inform Bay Area truckers of these programs, staff is engaged in extensive outreach via: the Air District website, trucking associations, in-person meetings, collaboration with truck dealerships, email alerts, and several informational postcard mailings. This ongoing effort is being coordinated with the ARB and staff will continue to update the Committee on the progress of these efforts and current incentive programs.

Lower Emission School Bus Program (LESBP):

The ARB On-road Truck and Bus Regulation also requires a reduction of PM emissions from existing diesel school buses with a gross vehicle weight rating (GVWR) of greater than 14,000 pounds. School buses subject to the regulation must meet retrofit device requirements from 2012 to 2014. School bus fleets need to retrofit 33 percent of their buses by 1/1/12, 66 percent by 1/1/13 and 100 percent by 1/1/14. If an engine cannot be equipped with a retrofit device it will need to be replaced by 1/1/18.

Since 2000, the Air District has worked to provide more than \$49 million in funding to school bus owners and operators to replace old school buses, retrofit school buses with new diesel particulate filters, and replace expired Compressed Natural Gas (CNG) fuel tanks.

Recent Successes

Under the 2008 LESBP Guidelines, the Air District has retrofitted 290 school buses at 30 public school districts and public school transportation providers, replaced 107 public school buses at 37 public school districts, and replaced CNG fuel tanks on 67 buses at nine public school districts across the Bay Area. To accomplish this over \$21.2 million have been expended, including \$8.2 million in I-Bond funds (\$5.3 million for retrofits and \$2.9 million for bus replacements), and \$13 million in MSIF funding for bus replacements.

In the last six months, an additional \$18.8 million in MSIF funding has been used to retrofit 131 school buses (\$2.5 million), replace 98 public school buses (\$15 million), and replace 268 CNG tanks (\$1.3 million) on 67 buses.

Remaining Needs

Air District staff has conducted extensive outreach via informational mail-outs and direct phone calls and e-mails to Bay Area school bus owners and operators to inform them and remind them of the upcoming compliance deadlines. Overall, school bus owners and operators in the Bay Area have made significant progress in meeting the regulatory requirements. Information received from the 60 public school bus fleets (this number includes joint powers authorities (JPA) that provide buses for multiple school districts) in the Air District jurisdiction show that 50 fleets are in compliance with the requirements of the upcoming rule, 4 fleets are in the process of becoming compliant, and 6 fleets are not currently in compliance with the regulation.

The Air District is allowed to continue provide additional funding to school bus owners and operators to help them come into compliance after the 1/1/14 deadline and has opened an additional solicitation with approximately \$5 million in MSIF for bus replacements, retrofits, and CNG tank replacements.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

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

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Anthony Fournier and Karen Schkolnick
Reviewed by: Damian Breen

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 21, 2013

Re: Transportation Fund for Clean Air (TFCA) County Program Manager Fund Policies
for Fiscal Year Ending (FYE) 2015

RECOMMENDED ACTION

Recommend Board of Directors:

1. Approve the proposed FYE 2015 TFCA County Program Manager Fund Policies.

BACKGROUND

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

By law, forty percent of these revenues are distributed to designated County Program Managers in each of the nine counties within the Air District's jurisdiction. Each year the Air District Board of Directors is required to adopt policies to allocate these funds that maximize emissions reductions and public health benefits. This report presents the proposed fiscal year ending (FYE) 2015 TFCA County Program Manager Fund Policies.

DISCUSSION

The proposed FYE 2015 TFCA County Program Manager Fund Policies are based on revisions to the FYE 2014 Policies that reflect input received from the Air District Board of Directors (Board), members of the public, and County Program Managers over this last year and ensure consistency with Health and Safety Code requirements. In particular, staff is proposing the Committee consider recommending that the Board do the following:

- Adopt minor changes in wording as part of the general policies to improve clarity and adherence to state statute.

- Revise the policy related to shuttle projects to make it consistent with the Board-adopted FYE 2014 TFCA Regional Fund Policies, and;
- Add Bike Share as an eligible project category.

On October 24, 2013, Air District staff issued a request for comments on the proposed Policies to the County Program Managers. Air District staff also met with County Program Manager representatives via a teleconference call on October 30, 2013 to discuss the proposed Policies. Eight of the nine County Program Managers submitted written comments by the November 13, 2013 deadline. Five of these commenters suggested no change to the FYE 2014 shuttle policy, removal of the restrictions of funding to commute hours and removal of the higher cost-effectiveness threshold for projects in Highly Impacted Communities as defined in the Air District's Community Air Risk Evaluation (CARE) Program. Of the three written comments received about adding bike share as an eligible project category, two County Program Managers agreed with this addition while one requested these project types continue to be considered on a case-by-case basis until more data on the Bay Area Bike Share pilot project are gathered. Staff has considered this input but believes that keeping the alignment between the TFCA Regional policies and the proposed County Program Manager Fund policies serves the emissions reductions goals of the program best.

Attachment A contains the proposed FYE 2015 Policies and Attachment B shows the changes between the proposed Policies and the previous year Policies. A listing of the comments received and the responses from Air District staff is provided in Attachment C.

BUDGET CONSIDERATION/FINANCIAL IMPACT

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

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Geraldina Grünbaum
Reviewed by: Karen Schkolnick

Attachments:

- A. Proposed TFCA County Program Manager Fund Policies for FYE 2015
- B. Proposed TFCA County Program Manager Fund Policies for FYE 2015 Policies as a redlined version of Board-approved TFCA County Program Manager Fund Policies for FYE 2014 Policies
- C. Comments Received from County Program Managers on Proposed Policies and Air District Staff Responses

**Attachment A - Proposed TFCA County Program Manager Fund
Policies for FYE 2015**

Attachment B - Proposed TFCA County Program Manager Fund Policies for FYE 2015 Policies as a redlined version of Board-approved TFCA County Program Manager Fund Policies for FYE 2014 Policies

**Attachment C - Comments Received from County Program Managers
on Proposed Policies and Air District Staff Responses**

DRAFT TFCA County Program Manager Fund Policies for FYE 2015

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

BASIC ELIGIBILITY

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

Projects must conform to the provisions of the California Health and Safety Code (HSC) sections 44220 et seq. and these Air District Board of Directors adopted TFCA County Program Manager Fund Policies for FYE 2015.

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

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

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

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

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

5. **Eligible Recipients:** Grant recipients must be responsible for the implementation of the project, have the authority and capability to complete the project, and be an applicant in good standing with the Air District (Policy #8).
 - A. Public agencies are eligible to apply for all project categories.
 - B. Non-public entities are only eligible to apply for new alternative-fuel (light, medium, and heavy-duty) vehicle and infrastructure projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241(b)(7).
6. **Readiness:** Projects must commence by the end of calendar year 2015. “Commence” includes any preparatory actions in connection with the project’s operation or implementation. For purposes of this policy, “commence” can mean the issuance of a purchase order to secure project vehicles and equipment, commencement of shuttle/feeder bus and ridesharing service, or the delivery of the award letter for a construction contract.
7. **Maximum Two Years Operating Costs:** Projects that provide a service, such as ridesharing programs and shuttle and feeder bus projects, are eligible to apply for a period of up to two (2) years. Grant applicants that seek TFCA funds for additional years must reapply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

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

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

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

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

INELIGIBLE PROJECTS

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

USE OF TFCA FUNDS

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

18. **Unallocated Funds:** Pursuant to HSC 44241(f), any County Program Manager Funds that are not allocated to a project within six months of the Air District Board of Directors approval of the County Program Manager’s Expenditure Plan may be allocated to eligible projects by the Air District. The Air District shall make reasonable effort to award these funds to eligible projects in the Air District within the same county from which the funds originated.
19. **Incremental Cost (for the purchase or lease of new vehicles):** For new vehicles, TFCA funds awarded may not exceed the incremental cost of a vehicle after all rebates, credits, and other incentives are applied. Such financial incentives include manufacturer and local/state/federal rebates, tax credits, and cash equivalent incentives. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle, and its new conventional vehicle counterpart that meets the most current emissions standards at the time that the project is evaluated.
20. **Reserved.**
21. **Reserved.**

ELIGIBLE PROJECT CATEGORIES

22. Alternative Fuel Light-Duty Vehicles:

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

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

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

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

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

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

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

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

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

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

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

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

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

25. Alternative Fuel Bus Replacement:

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

26. Alternative Fuel Infrastructure:

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

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

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

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

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

28. **Shuttle/Feeder Bus Service:**

These projects are intended to reduce single-occupancy vehicle commute-hour trips by providing the relatively short-distance connection between a mass transit hub and one or more commercial or employment centers. All of the following conditions must be met for a project to be eligible for TFCA funds:

- a. The project's route must provide connections only between mass transit hubs, e.g., a rail or Bus Rapid Transit (BRT) station, ferry or bus terminal or airport, and distinct commercial or employment areas.
- b. The project's schedule must coordinate with the transit schedules of the connecting mass transit services.
- c. The project may not replace or duplicate existing local transit service or service that ceased to operate within the past five years. Any proposed service that would transport commuters along any segment of an existing or any such previous service is not eligible for funding.
- d. The project must include only commuter peak-hour service, i.e., 5:00-10:00 AM and/or 3:00-7:00 PM.

Shuttle/feeder bus service applicants must be either:(1) a public transit agency or transit district that directly operates the shuttle/feeder bus service; or (2) a city, county, or any other public agency.

Project applicants that were awarded FYE 2014 TFCA County Program Manager Funds that propose identical routes in FYE 2015 may request an exemption from the requirements of Policy 28. c. These applicants would have to submit a plan demonstrating how they will come into compliance with this requirement within the next three years.

Pilot shuttle/feeder bus service projects are defined as new routes that are at least 70% unique and have not been in operation in the past five years. In addition to meeting the conditions listed above, pilot projects must also comply with the following:

- a. Applicants must provide data supporting the demand for the service, including letters of support from potential users and providers;

- b. Applicants must provide written documentation of plans for financing the service in the future;
- c. Projects located in Highly Impacted Communities as defined in the Air District Community Air Risk Evaluation (CARE) Program must not exceed a cost-effectiveness of \$500,000/ton during the first year of operation, \$125,000/ton for the second year of operation, and \$90,000 by the end of the third year of operation (see Policy #2);
- d. Projects located in CARE areas may receive a maximum of three years of TFCA funds under the Pilot designation; projects located outside of CARE areas may receive a maximum of two years of TFCA funds under this designation. After these time periods, applicants must apply for subsequent funding under the shuttle/feeder bus service designation, described above.

29. Bicycle Projects:

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

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

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

30. Bay Area Bike Share

These projects make bicycles available to individuals for shared use for completing first- and last-mile trips in conjunction with regional transit and stand-alone short distance trips. To be eligible for TFCA funds, bicycle share projects must work in unison with the existing Bay Area Bike Share Project by either increasing the fleet size within the initial participating service areas or expanding the existing service area to include additional Bay Area communities. Projects must provide required CEQA documentation and a suitability study demonstrating the viability of bicycle sharing. Projects must not exceed a cost-effectiveness of \$500,000/ton.

31. Arterial Management:

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

32. Smart Growth/Traffic Calming:

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

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

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

DRAFT *TFCA County Program Manager Fund Policies for FYE 2015*

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

BASIC ELIGIBILITY

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

Projects must conform to the provisions of the California Health and Safety Code (HSC) sections 44220 et seq. and these Air District Board of Directors adopted TFCA County Program Manager Fund Policies for FYE 2015.

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

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

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

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

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TFCA County Program Manager Fund Policies for FYE 2014 Policies

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

5. **Eligible Recipients:** Grant recipients must be responsible for the implementation of the project, have the authority and capability to complete the project, and be an applicant in good standing with the Air District (Policy #8).
 - A. Public agencies are eligible to apply for all project categories.
 - B. Non-public entities are only eligible to apply for new alternative-fuel (light, medium, and heavy-duty) vehicle and infrastructure projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241(b)(7).
6. **Readiness:** Projects must commence by the end of ~~in~~-calendar year 201~~5~~4 or sooner. “Commence” includes any preparatory actions in connection with the project’s operation or implementation. For purposes of this policy, “commence” can mean the issuance of a purchase order to secure project vehicles and equipment, commencement of shuttle/feeder bus and ridesharing service, or the delivery of the award letter for a construction contract.
7. **Maximum Two Years Operating Costs:** Projects that provide a service, such as ridesharing programs and shuttle and feeder bus projects, are eligible to apply for a period of up to two (2) years. Grant applicants that seek TFCA funds for additional years must reapply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

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

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

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

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

INELIGIBLE PROJECTS

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

USE OF TFCA FUNDS

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

18. **Unallocated Funds:** Pursuant to HSC 44241(f), any County Program Manager Funds that are not allocated to a project within six months of the Air District Board of Directors approval of the County Program Manager’s Expenditure Plan may be allocated to eligible projects by the Air District. The Air District shall make reasonable effort to award these funds to eligible projects in the Air District within the same county from which the funds originated.
19. **Incremental Cost (for the purchase or lease of new vehicles):** For new vehicles, TFCA funds awarded may not exceed the incremental cost of a vehicle after all rebates, credits, and other incentives are applied. Such financial incentives include manufacturer and local/state/federal rebates, tax credits, and cash equivalent incentives. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle, and its new conventional vehicle counterpart that meets the most current emissions standards at the time that the project is evaluated.

20. **Reserved.**

21. **Reserved.**

ELIGIBLE PROJECT CATEGORIES

22. Alternative Fuel Light-Duty Vehicles:

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

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

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

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

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

Proposed TFCA County Program Manager Fund Policies for FYE 2015 Policies as a redlined version of Board-approved
TFCA County Program Manager Fund Policies for FYE 2014 Policies

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

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

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

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

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

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

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

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

25. Alternative Fuel Bus Replacement:

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

26. Alternative Fuel Infrastructure:

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

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

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

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

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

28. **Shuttle/Feeder Bus Service:**

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

- ~~a. The project's route must provide connections only between mass transit hubs, e.g., a rail or Bus Rapid Transit (BRT) station, ferry or bus terminal or airport, and distinct commercial or employment areas.~~
- ~~b. The project's schedule must coordinate with the transit schedules of the connecting mass transit services.~~
- ~~c. The project may not replace or duplicate existing local transit service or service that ceased to operate within the past five years. Any proposed service that would transport commuters along any segment of an existing or any such previous service is not eligible for funding.~~
- ~~a.d. The project must include only commuter peak-hour service, i.e., 5:00-10:00 AM and/or 3:00-7:00 PM.~~

Shuttle/feeder bus service applicants must be either:

(1) a public transit agency or transit district that directly operates the shuttle/feeder bus service; or (2)

a city, county, or any other public agency.

Project applicants that were awarded FYE 2014 TFCA County Program Manager Funds that propose identical routes in FYE 2015 may request an exemption from the requirements of Policy 28. c. These applicants would have to submit a plan demonstrating how they will come into compliance with this requirement within the next three years.

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

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

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

Pilot shuttle/feeder bus service projects are ~~required to meet a cost-effectiveness of \$125,000/ton during the first two years of operation (see Policy #2).~~ A pilot project is a defined as new routes that are at least 70% unique and has not been in operation in the past five years~~previously been funded through TFCA.~~ In addition to meeting the conditions listed above, pilot projects must also comply with the following:

- a. Applicants must provide data supporting the demand for the service, including letters of support from potential users and providers;
- b. Applicants must provide written documentation, and of plans for financing the service in the future;
- c. Projects located in Highly Impacted Communities as defined in the Air District Community Air Risk Evaluation (CARE) Program must not exceed a cost-effectiveness of \$500,000/ton during the first year of operation, \$125,000/ton for the second year of operation, and \$90,000 by the end of the third year of operation (see Policy #2);
- a.d. Projects located in CARE areas may receive a maximum of three years of TFCA funds under the Pilot designation; projects located outside of CARE areas may receive a maximum of two years of TFCA funds under this designation. After these time periods, applicants must apply for subsequent funding under the shuttle/feeder bus service designation, described above.

29. Bicycle Projects:

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

Proposed TFCA County Program Manager Fund Policies for FYE 2015 Policies as a redlined version of Board-approved
TFCA County Program Manager Fund Policies for FYE 2014 Policies

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

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

30. Bay Area Bike Share

These projects make bicycles available to individuals for shared use for completing first- and last-mile trips in conjunction with regional transit and stand-alone short distance trips. To be eligible for TFCA funds, bicycle share projects must work in unison with the existing Bay Area Bike Share Project by either increasing the fleet size within the initial participating service areas or expanding the existing service area to include additional Bay Area communities. Projects ~~must have a completed and approved environmental plan~~ provide required CEQA documentation and a suitability study demonstrating the viability of bicycle sharing. Projects must not exceed a cost-effectiveness of \$500,000/ton.

30.31. Arterial Management:

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

31.32. Smart Growth/Traffic Calming:

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

- A. The development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, pedestrian plan, traffic-calming plan, or other similar plan; and

Agenda Item 6 – Attachment B:

**Proposed TFCA County Program Manager Fund Policies for FYE 2015 Policies as a redlined version of Board-approved
TFCA County Program Manager Fund Policies for FYE 2014 Policies**

B. The project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District plan for State and national ambient air quality standards. Pedestrian projects are eligible to receive TFCA funds.

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

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

Comments received between 10/25/13 - 11/13/2013

Commenter and Agency	Comment	Staff Response
<p>Bill Hough Santa Clara Valley Transportation Authority</p>	<p>Policy 28. Shuttle/Feeder Bus Service. In general, VTA staff feels that shuttle projects benefit air quality in Santa Clara County and opposes any changes to current TFCA rules and policies regarding shuttle project eligibility. VTA staff feels that existing cost effectiveness requirements do an adequate job of screening out bad projects and maximizing the amount of TFCA funds that can be allocated to a project.</p> <p>Specifically, VTA objects to the proposed policy 28-d, which states “The project must include only commuter peak-hour service, i.e., 5:00-10:00 AM and/or 3:00-7:00 PM.” VTA has been an annual TFCA Program Manager Fund recipient for the DASH Shuttle program for over a decade and feels this policy is unnecessary. Currently, DASH shuttles operate weekdays from 6:00 to 9:00 and connect ACE, Caltrain and Capitol trains with trip generators in Downtown San Jose, including San Jose State University.</p> <p>VTA feels that the TFCA Cost-Effectiveness policy #2 effectively screens out low-performing shuttle routes. A shuttle serving an “off-peak” trip generator would have to meet cost effectiveness criteria regardless the hours of operation. If such a route were cost effective according to policy #2, it should not matter when it operates, making policy 28-d unnecessary. A Silicon Valley example might be Shoreline Amphitheater; it is currently inaccessible via transit yet the Mountain View Caltrain station is relatively close by. If it could be proven that an off-peak shuttle from Caltrain to Shoreline could cost effectively reduce car trips to events, that should be allowed as it would reduce emissions. Such a shuttle should not be automatically disallowed by an arbitrary hours-of-service policy.</p>	<p>The proposed policy is written to keep consistency between the County Program Manager and Regional Fund shuttle programs. This policy direction has been included to ensure the TFCA program meets the growing demand for grant funding across the nine-county Bay Area effectively by allocating shuttle funding to projects with the greatest potential to prevent long-distance commute trips.</p>
	<p>VTA staff acknowledges the TFCA Regional Fund policies will most likely be changed by the BAAQMD Board to incorporate these time of day restrictions. VTA staff feels that there is no reason for Program Manager Fund policies to march in lockstep with Regional Fund policies. An example of where the fund policies differ is Arterial Management projects; these are funded under the Program Manager Fund but not by the Regional Fund. Since VTA feels that fund policies need not be consistent, we would be receptive to a discussion of separating the two funds for accounting purposes. For example, a future policy might state that a shuttle could be funded with Regional Funds or Program Manager Funds, but not both. Under this proposal, the DASH shuttle would not be eligible for Regional Funds as it is funded by Program Manager funds.</p>	<p>The proposed policy is written to keep consistency between the County Program Manager and Regional Fund shuttle programs.</p> <p>Additionally, due to the need to expend TFCA funds in a timely manner and the long lead time necessary for Arterial Management projects, that project category is currently not eligible for TFCA Regional Fund funding</p>

Committer and Agency	Comment	Staff Response
	<p>As an aside, VTA staff hopes that shuttles are not disallowed from the Regional Fund program in the future and points out that the ACE shuttles conform to the new “peak-hour only” policy.</p>	<p>The submitted remarks are noted.</p>
<p>Peter Engel Contra Costa Transportation Authority</p>	<p>Policy 28. Shuttle/Feeder Bus Service: I think we are going down a slippery slope by changing the cost effectiveness requirements for this or any other project without proper vetting of the issues. While I understand the desire to get shuttles on the street in CARE areas I think it will be difficult at best for most to achieve. If the CE starts high and works down to the \$90K I think most shuttles will have difficulty achieving that and, similar to most transit routes, once the shuttle starts it will be politically difficult to remove it. It is also extremely difficult to find long term operating funds for this type of project. If the BAAQMD wants to look at increasing cost effectiveness limits I have no issues with that but would prefer it be done separately and well vetted through the region. Might I suggest if this is something the Board really wants that it be done on a case by case basis so that the parties involved can better understand the long term implications.</p>	<p>The proposed policy is written in to ensure that projects in highly impacted communities as defined in the Air District’s Community Air Risk Evaluation (CARE) Program) have a greater ability to start and succeed based on the higher need for emissions reductions in those communities.</p>
<p>Scott McDonald Transportation Authority of Marin</p>	<p>Policy 30. Bay Area Bike Share. We would recommend removing the environmental plan requirement below, if this remains a requirement of the bike share project please clarify what type of plan it is referring to. Based on our review, it was determined to be categorically exempt from CEQA in San Francisco.</p> <p>Policy 30. <i>“These projects make bicycles available to individuals for shared use for completing first- and last-mile trips in conjunction with regional transit and stand-alone short distance trips. To be eligible for TFCA funds, bicycle share projects must work in unison with the existing Bay Area Bike Share Project by either increasing the fleet size within the initial participating service areas or expanding the existing service area to include additional Bay Area communities. Projects must have a completed and approved environmental plan and a suitability study demonstrating the viability of bicycle sharing. Projects must not exceed a cost-effectiveness of \$500,000/ton.”</i></p> <p>Also, we concur that the cost-effectiveness of \$500,000/ton for bike share projects seems appropriate.</p>	<p>The Air District agrees with the need to modify this language. Given that the Intergovernmental Agreement the Air District entered into with its partners for Bay Area Bike Share required that the partners be responsible for “local CEQA requirements and documentation,” the Air District proposes to modify the Policy to match that requirement. Please see the proposed modification to Policy 30.</p>

Comments Received from County Program Managers on Proposed Policies and Air District Staff Responses

<p>Chad Rathmann San Francisco County Transportation Authority</p>	<p>Policy 30. Bay Area Bike Share: First off we would like to thank you for updating the guidelines to include eligibility for Bay Area Bike Share. As you know, the expansion of bike share is a high priority for San Francisco and we appreciate Air District staff recommending this change to the policies.</p>	<p>The submitted remarks are noted.</p>
	<p>Policy 28. Shuttle/Feeder Bus Service: We oppose any limit on the use of TFCA funds to peak commute hours. While we appreciate Air District staff’s desire to maximize emissions reductions by focusing funding on peak commute times, we believe that in San Francisco this restriction unnecessarily limits our ability at the CMA level to fund projects that meet the specific and unique needs of San Francisco. Given the density and diversity of San Francisco, we believe that there are opportunities for shuttle projects to significantly and meaningfully reduce emissions at other times of the day outside of the peak commute period and we would like to maintain the flexibility to select projects given our local priorities (within the TFCA cost-effectiveness framework).</p>	<p>The proposed policy is written to keep consistency between the County Program Manager and Regional Fund shuttle programs. This policy direction has been included to ensure the TFCA program meets the growing demand for grant funding across the nine-county Bay Area effectively by allocating shuttle funding to projects with the greatest potential to prevent long-distance commute trips.</p>
<p>Danielle Schmitz Napa County Transportation & Planning Agency</p>	<p>Policy 30. Bay Area Bike Share. NCTPA is in strong support of Bike Share being an eligible project type, but has concern with the Air District’s suggested cost effectiveness thresholds under Policy Number 31 (Bike Share). The Air District is proposing to make the cost effectiveness threshold for Bike Share Programs \$500,000/ton of CO2 emissions reduced for the first year. Further, there has been discussion to drastically decrease the threshold to \$125,000/ton, and \$90,000/ton in consecutive years. NCTPA feels without having sufficient data that demonstrates a sponsor’s ability to meet certain thresholds, the Air District should hold off on approving TFCA Bike Share policies. The Air District should have more data to support the draft policy before it is approved. In the meantime, while the pilot Bike Share Program is underway, and data is being gathered, the Air District should approve TFCA Bike Share projects through an exception process.</p>	<p>The proposed policy is written in keeping with the guidance provided by the Air District Board of Directors to staff. This direction includes making bike share an eligible project category and providing a higher cost-effectiveness threshold for this category.</p>

Comments Received from County Program Managers on Proposed Policies and Air District Staff Responses

	<p>Policy 28. Shuttle/Feeder Bus Service: NCTPA also encourages the Air District to remove language that limits Shuttle/Feeder Bus services to specific commute hours in draft Policy Number 28 (Shuttle/Feeder Bus Service). Staff believes that projects should be evaluated on their ability to meet cost effectiveness requirements and limiting hours could hinder the ability of a shuttle or feeder bus to meet cost effectiveness.</p>	<p>The proposed policy is written to keep consistency between the County Program Manager and Regional Fund shuttle programs. This policy direction has been included to ensure the TFCA program meets the growing demand for grant funding across the nine-county Bay Area effectively by allocating shuttle funding to projects with the greatest potential to prevent long-distance commute trips.</p>
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<p>Matt Todd Alameda County Transportation Commission</p>	<p>Policy 28. Shuttle/Feeder Bus Service: Alameda CTC staff requests modifying the first sentence to read, “...<i>providing the relatively short distance connection...</i>” to reflect that because cost-effective shuttles distances vary from county to county a “short” shuttle trip should remain relative to the distance of the average car trip it eliminates. The distance of a shuttle route is factored into its TFCA cost-effectiveness evaluation, so it would seem unnecessary to include language in the policies regarding the distance of shuttle routes.</p>	<p>Please see the proposed modification to the first sentence of Policy 28 in keeping with this comment.</p>
	<p>Policy 28c. Shuttle/Feeder Bus Service: The Alameda CTC requests clarification on the policy language in this section that states that an existing shuttle project may not replace or duplicate service that ceased to operate within the past five years. It seems that this restriction would only be applicable to pilot projects.</p>	<p>This restriction applies to both pilot and existing projects. The policy does allow existing projects that were awarded FYE 2014 TFCA funds and are seeking FYE 2015 TFCA funds to request an exemption from this provision. Applicants would have to submit a plan demonstrating how the project would comply with this requirement within three years.</p>
	<p>Policy 28d. Shuttle/Feeder Bus Service: The Alameda CTC requests the deletion of policy 28d from the Policies to allow shuttle routes to remain TFCA-eligible for all hours of service that are cost-effective. Shuttle schedules are developed based on demand and so the peak hours for shuttles that serve destinations such as college campuses could see the highest commute period and corresponding shuttle ridership during the mid-day period. While the new restriction of providing TFCA funding only for the traditional commuter peak hours of 5am-10am and 3pm-7pm was deemed necessary for the Regional TFCA program, in order to limit the TFCA contribution for any one shuttle route, for the CPM funds, CMAs should remain able to program an amount of CPM funding to its shuttle routes that is cost-effective under Policy #2, based on county-level priorities and regardless of the hours of operation.</p>	<p>The proposed policy is written to keep consistency between the County Program Manager and Regional Fund shuttle programs. This policy direction has been included to ensure the TFCA program meets the growing demand for grant funding across the nine-county Bay Area effectively by allocating shuttle funding to projects with the greatest potential to prevent long-distance commute trips.</p>

Agenda Item 6 - Attachment C:
Comments Received from County Program Managers on Proposed Policies and Air District Staff Responses

<p style="text-align: center;">Matt Todd <i>Alameda County Transportation Commission</i> (continued)</p>	<p>During a recent meeting with Air District staff and CPM liaisons to discuss the draft Policies, Air District staff proposed that if the proposed limitation to the eligible hours for CMP TFCA funds were to be removed, that shuttles should then be precluded from receiving both Regional and CPM TFCA funding. While Alameda CTC staff acknowledges the difficulties of funding shuttles from a mix of regional and CPM TFCA, we would not support a shuttle route from being precluded from receiving both regional and CPM funds. Instead, Alameda CTC staff proposes the Air District consider that for such cases where shuttle routes are approved for TFCA from both Regional and CPM sources, that the regional policies regarding the limitations of TFCA funds to commuter peak hours would apply (i.e., for routes approved for both TFCA sources that the CPM funds would also be limited to funding only commuter peak hour service as defined in the regional policies).</p>	<p>While there was a discussion during the October 30th teleconference among the Air District and the County Program Managers about precluding shuttle routes from receiving both Regional Fund and County Program Manager funds, the Air District is not currently proposing such a restriction. Any consideration of this matter would require further discussions with all stakeholders, including the County Program Managers.</p>
<p style="text-align: center;">Diane Dohm, <i>Sonoma County Transportation Authority</i></p>	<p>We do not currently have any TFCA shuttle/feeder bus projects nor will we have any bike share projects any time soon. Therefore, we do not have any comments on these items. If TFCA ends up funding any part of future shuttles up here in Sonoma County, it is highly likely that they will run during rush-hour commuter times.</p>	<p>The submitted remarks are noted.</p>
<p style="text-align: center;">John Hoang, <i>City/County Association of Governments</i></p>	<p>Policy 28. Shuttle/Feeder Bus Service. The SamTrans shuttle programs we provide local TFCA funding to is for commute services and not for any community shuttles in the off peak therefore we are fine with the proposed changes to the policy and do not have any comments.</p>	<p>The submitted remarks are noted.</p>

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 21, 2013

Re: Transportation Fund for Clean Air (TFCA) Audit and Cost-Effectiveness Reports

RECOMMENDED ACTIONS:

Recommend Board of Directors:

1. Receive and file the results of Transportation Fund for Clean Air (TFCA) Audit #14.
2. Receive and file the Fiscal Year Ending (FYE) 2013 TFCA Report on Regional Fund Expenditures and Effectiveness (Attachment 2).

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 of TFCA funds are awarded by the Air District to eligible programs implemented directly by the Air District (e.g., 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 of TFCA funds are forwarded to a designated agency within each Bay Area county to be distributed via the County Program Manager Fund.

HSC Section 44242 requires that the Air District perform an audit on all programs or projects funded with TFCA monies. On June 15, 2011, the Air District's Board of Directors (Board) selected Gilbert Associates, Inc. (Gilbert) as the independent auditor to conduct Audit #13, presented to the Board last year. As allowed by the terms of that selection, on December 5, 2012, the Board extended the contract with Gilbert to conduct Audit #14, the results of which are presented in this report.

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

TFCA Audit #14

Gilbert conducted fiscal audits of TFCA Air District and Regional Fund projects that were completed between July 1, 2011 and June 30, 2012. The audits were conducted from December 2012 through August 2013. Gilbert 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 Report prepared by Gilbert (Attachment 1). This Report is a compilation of the individual audit reports performed and lists 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.

The findings from this current audit were:

- A number of project sponsors continue to submit required quarterly, semi-annual, final and/or annual monitoring reports late;
- A number of project sponsors continue to fail to submit required quarterly and/or semi-annual reports;
- One project sponsor failed to notify the Air District of a change in operational status of two projects funded with TFCA funds within 30 days of the changes as required by contract; and
- Two project sponsors billed the Air District for unallowable indirect overhead costs.

The first two findings are consistent with the findings in previous audits, although the percent of organizations and projects with late or un-submitted reports has declined from the previous audit. In addition, there are no oversight findings attributable to the Air District in this audit as there have been in previous audits.

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.

Report on Regional Fund Expenditures and Effectiveness

The FYE 2013 TFCA - Report on Regional Fund Expenditures and Effectiveness (report), provided in Attachment 2, summarizes TFCA Air District and Regional Fund expenditures on projects and programs that concluded during FYE 2013, 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 2013 totaled \$11.67 million: \$8.72 million for projects implemented by other entities, \$2.28 million for Air District programs, and \$665,900 in administrative and indirect costs.
- These projects and programs reduced criteria pollutant emissions over their lifetimes by an estimated 140.18 tons, including 41.09 tons of reactive organic gases (ROG), 74.71 tons of nitrogen oxides (NO_x), and 24.39 tons of particulate matter (PM₁₀). The lifetime reduction of carbon dioxide (CO₂), a greenhouse gas, was approximately 29,200 tons.
- The Air District's Spare the Air program exceeded the \$90,000 per ton of emissions reduced cost-effectiveness threshold for calendar year 2013 (calculated as \$140,430.39 per ton of emissions reduced). However, it should be noted that this program has gone through extensive changes over the last few years. These changes include shifting from attempting to reduce emissions on an episodic basis ("Spare the Air" days) versus now attempting to reduce emissions on both an episodic and "everyday" basis.

While the program itself has changed, the cost-effectiveness methodology is still tied to the episodic events -- the Spare the Air days. The methodology needs to be revised to more accurately reflect the programs current operations. In order to implement this change, staff will review proposed calculation changes for that program's cost-effectiveness and make the necessary adjustments for FYE 2014.

- As part of the cost-effectiveness calculation for the bicycle facilities program, the cost-effectiveness of 8 projects was averaged. This averaging indicated that the total cost effectiveness for the program exceeded the \$90,000 per ton of emissions reduced cost-effectiveness cap for the program.

Further examination revealed that 7 of the 8 projects in this category met the \$90,000 per ton of emissions reduced cost-effectiveness cap for the program. However, 05R08, a bicycle and pedestrian improvement project by the Golden Gate Park Concourse Authority did not. Staff examined this project in detail and determined that there were multiple changes to its scope over a period of eight years. 05R08 was folded into a larger construction and road work project that was performed in Golden Gate Park to rebuild John Fitzgerald Kennedy Drive. The larger project had multiple stops and starts, and in the end, bicycle and pedestrian counts for the project did not live up to the usage numbers estimated by the project sponsor as part of the project application in 2005.

In response to the cost-effectiveness issues with 05R08 and difficulties completing similar projects, staff has rewritten the bicycle facilities program guidelines to more narrowly focus them on projects that can quickly achieve emissions reductions in compliance with TFCA cost-effectiveness caps.

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 #14 were identified in the Air District's FYE 2013 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 (Audit #14)

Attachment 2: FYE 2013 Report on TFCA Regional Fund Expenditures and Effectiveness

Attachment 1: Audit Summary Report for the TFCA Regional Fund

**Attachment 2: FYE 2013 Report on TFCA Regional Fund
Expenditures and Effectiveness**

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

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

AUDIT SUMMARY REPORT

PROJECT PERIOD ENDED JUNE 30, 2012

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

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BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2012

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
- Demonstrations in congestion pricing of highways, bridges and public transit

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2012

- 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, 2012. These audits were conducted during the months of December 2012 through August 2013.

A total of 29 individual Sponsors and 41 projects were audited, with \$12,176,641 total funds expended. A listing of the projects audited is provided in Appendix B. Unqualified opinions were issued on all 29 reports.

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, 2012.

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, 2012

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.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2012

4. SPONSOR FINDINGS

A summary of Sponsor audit findings is provided below.

Finding 2012-1: 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. 16 Sponsors out of 29 (55.17%) and 16 projects out of the 41 audited (39.02%) 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	6	5	5
Semiannual reports	11	9	9
Final reports	1	1	1
Annual monitoring reports	<u>3</u>	2	2
Total late reports	<u>21</u>		

Air District's Response to Finding 2012-1

The Air District acknowledges this finding, and continues to take significant steps to assist project sponsors with submitting reports on time. These efforts include the Air District's strict adherence to the requirements of the Administrative Operating Procedure (AOP) for Regional Fund Administration. Specifically, the Air District continues to send reminders to all project sponsors three weeks prior to quarterly and semi-annual report due dates and follows 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.

This finding does indicate the need to further expand this AOP to cover the submittal of Annual Monitoring Reports. As a result, the Air District is in the process of updating this AOP to include procedures for the Annual Monitoring Reports similar to those that exist for quarterly and semi-annual reports. The Air District will also institute a series of mandatory office conferences for those grantees violating grant reporting times as a prelude to debarring project sponsors from program participation. The Air District will also investigate the procedures and mechanisms for debarring grantees from future participation in the program and seek Board of Directors approval on policies that outline these requirements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2012

Finding 2012-2: 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.

During the audit, we noted that the projects listed in Table 2 had one or more unfiled reports. 6 Sponsors out of 29 (20.69%) and 6 projects out of the 41 audited (14.63%) 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	5	3	3
Semiannual reports	5	3	3

Air District's Response to Finding 2012-2

The Air District acknowledges this finding, and, as with late reports, has taken significant steps to reduce the likelihood of sponsors not filing reports. The steps the Air District follows (as outlined in its AOP for Regional Fund Administration) are outlined in the response to Finding 2012-1.

Finding 2012-3: 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 four instances in which vehicles retrofitted with TFCA funds had been totaled and removed from operation prior to the completion of the projects' useful lives, but the Air District had not been notified within thirty days. The two projects that were noncompliant with the requirement to notify the Air District of changes in operational status are listed below. Each of the two projects had two vehicles that were removed from operation.

<u>Project Number</u>	<u>Project Sponsor</u>	<u>Project Description</u>
07R60	San Francisco International Airport	Purchase 27 CNG Vans
08R20	San Francisco International Airport	Purchase 26 Medium-Duty Compressed Natural Gas Vehicles

Air District's Response to Finding 2012-3

The Air District is currently determining the appropriate reimbursement amount to be requested from the San Francisco International Airport and is in consultation with counsel should additional legal remedies be required in this case.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2012

Finding 2012-4: Unallowable or Unsupported Costs

According to the funding agreement between the Air District and the Sponsors, TFCA funding may not be used to reimburse indirect expenses. During the audit, we noted two instances in which unallowable indirect overhead costs were included in the project costs submitted to the Air District. The two projects that were noncompliant with the requirement to exclude indirect costs from TFCA project costs are listed below.

<u>Project Number</u>	<u>Project Sponsor</u>	<u>Project Description</u>
09BFP03	City of Daly City	Southgate Avenue Class II Bicycle Lane Gap Closure
09BFP04	City of Petaluma	Class III Bicycle Routes in Petaluma

In addition to the indirect costs charged to the program for the project listed above, the City of Petaluma also included payroll charges for an employee who was out on workers' compensation during the time charged. Furthermore, the City of Petaluma was unable to provide sufficient supporting documentation for certain costs of materials and equipment allocated to the project.

Air District's Response to Finding 2012-4

The Air District requested reimbursements in the amount of \$1,064.95 from the City of Daly City, and \$7,965.25 from the City of Petaluma, for the unallowable or unsupported costs discussed above. Both reimbursements were received in September 2013.

5. OVERSIGHT FINDINGS

No oversight findings noted as of and for the project period ending June 30, 2012.

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, 2012**

Project Number	Project Sponsor	Project Description
09R54	Citrix Systems, Inc.	Six (6) Charging Points
09BFP03	City of Daly City	Southgate Avenue Class II Bicycle Lane Gap Closure
05R16	City of Oakland	Lakeshore Avenue Bicycling/Pedestrian Improvements
09R31	City of Palo Alto	(6) Electric Vehicle Charging Spots
09BFP04	City of Petaluma	Class III Bicycle Routes in Petaluma
10R07	City of Redwood City	Redwood City Commuter Shuttle
09BFP10	City of Santa Rosa	Class II Bicycle Lane on Coffey Lane
05R24	County of San Francisco	BikeInsight - Online Bicycle Route Mapping Tool
09R43	East Bay Regional Parks District	(3) Medium Duty Vehicle Purchase
06R17	Golden Gate Park Concourse Authority	Page & Stanyan Bicycle and Pedestrian Improvement Project
08R65	Presidio Trust	Purchase 1 Heavy-Duty Bus
06R10	San Mateo County Transit District	Adaptive Transit Signal Priority
09R13	San Francisco General Hospital	SFGH Pilot Shuttle
08R20	San Francisco International Airport	Purchase 26 Medium-Duty Compressed Natural Gas Vehicles
06R39	South San Francisco Scavenger Company	Purchase One (1) Compressed Natural Gas Roll-off Truck
07BFP17	Town of Windsor	Windsor River Road Class II Bicycle Lane

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, 2012**

Project Number	Project Sponsor	Project Description
07R07	Alameda-Contra Costa Transit District	TravelChoice Transportation Marketing
05R16	City of Oakland	Lakeshore Avenue Bicycling/Pedestrian Improvements
07BFP15	City of Santa Rosa	Mendocino Avenue Bicycle Lanes - Gap Closure Project
05R24	County of San Francisco	BikeInsight - Online Bicycle Route Mapping Tool
08R65	Presidio Trust	Purchase 1 Heavy-Duty Bus
07BFP17	Town of Windsor	Windsor River Road Class II Bicycle Lane

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, 2012

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 REGIONAL FUND

AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2012

- (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, 2012

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, 2012

Project Number	Project Sponsor	Project Description	Project Expenditures
07R07	Alameda-Contra Costa Transit District	TravelChoice Transportation Marketing	\$ 301,050
07R23	Associated Students, San Jose State University	Ridesharing and Trip Reduction	99,945
10R06	Associated Students, San Jose State University	Ridesharing and Trip Reduction	120,000
11R00	Bay Area Air Quality Management District	Administration	1,239,877
11R01	Bay Area Air Quality Management District	Smoking Vehicle Program	644,167
11R03	Bay Area Air Quality Management District	Spare the Air	947,651
09R54	Citrix Systems, Inc.	Six (6) Charging Points	12,000
03R30	City and County of San Francisco, MTA - Department of Parking and Traffic	Class 2 Bicycle Lanes - Folsom and Illinois Streets	89,535
05R26	City and County of San Francisco, MTA - Department of Parking and Traffic	Alemanly Boulevard Class-2 Bicycle Lane - Lyell to Bayshore	129,411
09BFP03	City of Daly City	Southgate Avenue Class II Bicycle Lane Gap Closure	18,783
08BFP09	City of Hayward	Bikeways Class II and III	22,658
05R16	City of Oakland	Lakeshore Avenue Bicycling/Pedestrian Improvements	350,000
09BFP01	City of Oakland	Class II and III Bikeways on E. 12th Street	10,500
09R31	City of Palo Alto	(6) Electric Vehicle Charging Spots	6,778
09BFP04	City of Petaluma	Class III Bicycle Routes in Petaluma	45,313
10R07	City of Redwood City	Redwood City Commuter Shuttle	20,000
07BFP15	City of Santa Rosa	Mendocino Avenue Bicycle Lanes - Gap Closure Project	33,000
09BFP10	City of Santa Rosa	Class II Bicycle Lane on Coffey Lane	6,913
05R24	County of San Francisco	BikeInsight - Online Bicycle Route Mapping Tool	200,000
09R43	East Bay Regional Parks District	(3) Medium Duty Vehicle Purchase	24,138
06R17	Golden Gate Park Concourse Authority	Page & Stanyan Bicycle and Pedestrian Improvement Project	35,000
08R37	Independent Construction	Retrofit 11 Heavy-Duty Vehicles	112,089
09R08	Metropolitan Transportation Commission	511 Rideshare Program	1,750,000
08R59	Pacific Water Trucks	Repower 3 Heavy-Duty Vehicles	115,118
09R11	Peninsula Corridor Joint Powers Board	Caltrain Shuttle Operation	992,868
10R11	Peninsula Corridor Joint Powers Board	Caltrain Shuttle Operation	1,000,000
08R65	Presidio Trust	Purchase 1 Heavy-Duty Bus	28,500
06R10	San Mateo County Transit District	Adaptive Transit Signal Priority	116,534
09R13	San Francisco General Hospital	SFGH Pilot Shuttle	31,489

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND
APPENDIX B
FOR THE PROJECT PERIOD ENDED JUNE 30, 2012

Project Number	Project Sponsor	Project Description	Project Expenditures
07R60	San Francisco International Airport	Purchase 27 CNG Vans	198,331
08R20	San Francisco International Airport	Purchase 26 Medium-Duty Compressed Natural Gas Vehicles	266,546
08R50	San Francisco International Airport	Retrofit 23 Diesel Shuttle Vehicles - Level 3 Devices	372,445
09R07	San Joaquin Regional Rail Commission	ACE Shuttle - Route 53	44,000
10R09	San Joaquin Regional Rail Commission	Wheels - Route 54	50,000
10R10	San Joaquin Regional Rail Commission	Wheels - Route 53	10,670
07R24	Santa Clara Valley Transportation Authority	ACE Shuttle Bus Program	955,494
10R05	Santa Clara Valley Transportation Authority	ACE Shuttle Bus Program	920,000
09R27	Silicon Valley Clean Cities Coalition	U.S. Department of Energy's - Clean Cities Coalition Outreach (Silicon Valley)	25,000
07R61	Sonoma County Transit	Replace 10 CNG Buses	720,379
06R39	South San Francisco Scavenger Company	Purchase One (1) Compressed Natural Gas Roll-off Truck	91,011
07BFP17	Town of Windsor	Windsor River Road Class II Bicycle Lane	19,448
Total Funds Expended			<u>\$ 12,176,641</u>
Total Sponsors Audited			29
Total Projects Audited			41



Bay Area Air Quality Management District

FISCAL YEAR ENDING 2013

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

**REPORT ON REGIONAL FUND
EXPENDITURES AND EFFECTIVENESS**

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

November 2013

Background

This Report summarizes expenditures for TFCA Regional Fund projects that concluded during fiscal year ending 2013 (FYE 2013).

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 2013 totaled \$11.67 million, including \$8.72 million for projects, \$2.28 million for Air District programs, and \$665,900 in administrative and indirect costs.**
- ◆ **The lifetime emission reductions achieved by these projects and programs are estimated to be 41.09 tons of reactive organic gases (ROG), 74.71 tons of oxides of nitrogen (NO_x), and 24.39 tons of particulate matter (PM₁₀). Combined lifetime emission reductions for the three pollutants total 140.18 tons.**
- ◆ **The lifetime reduction in carbon dioxide (CO₂, a greenhouse gas) from these projects is approximately 29,200 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 2013.

The TFCA Regional Fund expenditures for projects and programs that concluded in FYE 2013 totaled \$11.67 million. This total includes \$2.28 million for the two programs administered directly by the Air District and \$8.72 million in grants to other organizations for projects. In addition, the Air District expended \$665,890.57 in administrative and audit costs associated with the oversight of these projects and programs.^a Appendix A lists expenditure details.

^a In FYE 2013, total TFCA revenues, for both the Regional Fund and County Program Manager Fund, were \$22.80 million. Administrative and audit costs across both programs totaled \$1.11 million.

Effectiveness

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

Projects and programs concluding in FYE 2013 are anticipated to reduce criteria pollutant emissions over their lifetimes by an estimated total of 140.18 tons. This total is the sum of ozone precursors (41.09 tons of ROG and 74.71 tons of NO_x) and particulate matter (24.39 tons of PM₁₀). The lifetime reduction of CO₂ is estimated at approximately 29,200 tons. It should be noted that for six of the Bicycle Facility Program projects listed in Appendix A (totaling nearly \$344,000) have a default cost-effectiveness value of \$90,000 per ton of emissions reduced. This default was used to simplifying cost-effectiveness calculations for program applicants and, based on the structure of that program, it is not necessary to recalculate project cost-effectiveness as part of this report.

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 2013

Category	# of Projects	TFCA \$ Expended	% of TFCA \$ Expended	Emissions Reduced (tons) ¹	% of Emissions Reduced	C/E - Weighted (\$/tons) ²
Bicycle Facilities	8	\$642,336	5.51%	3.505	2.50%	\$110,285**
Shuttle / Feeder Bus and Ride Sharing	14	\$4,870,345	41.75%	87.42	62.36%	\$43,150
Transit Buses	3	\$2,080,000	17.83%	8.08	5.77%	\$222,362*
Heavy-Duty Vehicles	4	\$983,727	8.43%	19.24	13.72%	\$50,492
Light-Duty Vehicles	2	\$117,380	1.01%	1.41	1.01%	\$69,620
Other Project Types	1	\$24,961	0.21%	1.66	1.18%	\$17,660
Spare the Air	1	\$1,246,643	10.69%	7.16	5.11%	\$140,430** *
Smoking Vehicle	1	\$1,035,170	8.87%	11.71	8.36%	\$57,257
Total for Projects and Programs	34	\$11,000,562	100%	140.18	100%	\$65,694
Administration	1	\$665,891				

(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.

*Includes Advanced Technology Program Grant (Hydrogen buses) - \$500,000 cost effectiveness cap per ton of emissions reduced

**7 of 8 projects adhere to \$90,000 per ton of emissions reduced cost effectiveness cap – Project 05R08 causes average cost effectiveness to rise above project category cap.

***Project did not meet \$90,000 per ton of emissions reduced cost effectiveness cap

The information in Table 1 shows projects exceeding the \$90,000 per ton of emissions reduced cost effectiveness cap in two categories: the Bicycle Facilities and the Spare the Air Programs. The reasons for these exceedances are as follows:

Bicycle Facilities Program

As part of the cost-effectiveness calculation for the bicycle facilities program, the cost-effectiveness of 8 projects was averaged. This averaging indicated that the total cost effectiveness for the program exceeded the \$90,000 per ton of emissions reduced cost-effectiveness cap for the program.

Further examination revealed that 7 of the 8 projects in this category met the \$90,000 per ton of emissions reduced cost-effectiveness cap for the program. However, 05R08, a bicycle and pedestrian improvement project by the Golden Gate Park Concourse Authority did not. Staff examined this project in detail and determined that there were multiple changes to its scope over a period of eight years. 05R08 was folded into a larger construction and road work project that was performed in Golden Gate Park to rebuild John Fitzgerald Kennedy Drive. The larger project had multiple stops and starts, and in the end, bicycle and pedestrian counts for the project did not live up to the usage numbers estimated by the project sponsor as part of the project application in 2005.

In response to the cost-effectiveness issues with 05R08 and difficulties completing similar projects, staff has rewritten the bicycle facilities program guidelines to more narrowly focus them on projects that can quickly achieve emissions reductions in compliance with TFCA cost effectiveness caps.

Spare the Air Program

The Air District's Spare the Air program exceeded the \$90,000 per ton of emissions reduced cost-effectiveness threshold for calendar year 2013. However, it should be noted that this program has gone through extensive changes over the last few years. These changes include shifting from attempting to reduce emissions on an episodic basis ("Spare the Air" days) versus now attempting to reduce emissions on both an episodic and "everyday" basis.

While the program itself has changed, the cost-effectiveness methodology is still tied to the episodic events -- the Spare the Air days. The methodology needs to be revised to more accurately reflect the programs current operations. In order to implement this change, staff will review proposed calculation changes for that programs cost-effectiveness and make the necessary adjustments for FYE 2014.

Offset of Nitrogen Oxide Emissions from Agricultural Engines

On 5/18/2011, the Air District adopted Regulation 11, Rule 17, Limited Use Stationary Compression Ignition (Diesel) Engines in Agricultural Use. This rule reduces public exposure to toxic air contaminants from stationary compression ignition (diesel) engines used in agricultural operations within the District by requiring them to be replaced with lower emitting equipment

(Tier 4 engines). However, under the rule, an agricultural engine operator may request an alternative compliance plan that delays the replacement of their equipment until 2020 (Tier 0 or Tier 1 engine) and 2025 (Tier 2 engine) provided it operates no more than 100 hours in a calendar year and is located more than 1,000 feet from the nearest residence. This delay in rule implementation does not cause significant increases in particulate matter or volatile organic compound emissions but has the potential to increase nitrogen oxide emissions in excess of the California Environmental Quality Act (CEQA) significance threshold.

In order to mitigate this CEQA concern, the Air District offsets nitrogen oxides emissions from agricultural engine operators utilizing the alternative compliance plan with emissions reduced by its TFCA grant program. The total emissions requiring offsets as a result of Regulation 11, Rule 17, alternative compliance plan submittals from calendar year 2013 are 1.54 tons of nitrogen oxides. These are more than covered by emissions reductions from the TFCA program (approximately 11 tons of nitrogen oxides) in this calendar year.

**APPENDIX A:
TFCA Regional Fund Projects and Air District Programs Concluding in FYE 2013**

Project #	Sponsor	Project Title	TFCA \$ Expended
05R08	Golden Gate Park Concourse Authority	Bicycle & Pedestrian Improvements: Golden Gate Park, JFK Drive	\$173,247.82
05R17	West Contra Costa Transportation Advisory Comm.	Bicycle Cage Parking Facilities, Racks and Lockers for West Contra Costa County	\$125,375.00
07BFP02	Alameda County	East Lewelling Boulevard Class II Bikeway Improvement Project	\$59,500.00
07R05	Metropolitan Transportation Commission	Purchase Nine (9) Fuel Cell Transit Buses (1st of 2 projects)	\$1,500,000.00
07R06	Metropolitan Transportation Commission	Purchase Nine (9) Fuel Cell Transit Buses (2nd of 2 projects)	\$0.00
08BFP05	Alameda County Public Works	Stanley Boulevard Bicycle Lanes Project	\$127,500.00
08BFP08	City of Belmont	U.S. Highway 101 Bicycle/Pedestrian Overcrossing & Alameda de las Pulgas Bicycle Lane Project	\$72,500.00
08R17	Bauer's Intelligent Transportation	Purchase 10 compressed natural gas heavy-duty vehicles	\$419,293.78
09BFP02	City of Oakland	Class II and Class III Bikeways on 14th Street	\$56,550.00
09BFP06	City of San Jose	San Jose Citywide Bicycle Racks Installation	\$5,023.78
09BFP13	San Francisco Municipal Transportation Agency	Class II Bicycle Lane on John Muir Drive	\$22,639.22
09R14	City of Oakland	Oakland Waterfront - Uptown Pilot Shuttle	\$580,500.00
09R20	Mission Trail Waste Systems	(23) CNG Refuse Trucks	\$413,999.06
09R22	Sonoma County Transit	(2) CNG Transit Buses	\$80,000.00
09R23	South San Francisco Scavenger Co., INC	(4) CNG Refuse Trucks	\$79,737.19
09R26	Yellow Cab	(25) CNG Taxis	\$74,249.64
09R29	SF Environment	US DOE Clean Cities Coalition Outreach (SF)	\$24,960.67
09R37	Alameda County General Services Agency	(15) Hybrid Vehicles & (4) NEV	\$43,131.19
09R42	City of Palo Alto	(1) Heavy Duty Vehicle Purchase	\$70,696.50
10R08	Metropolitan Transportation Commission	511 Rideshare Program (7/1/11-6/30/12)	\$861,285.62
10R12	Livermore Amador Valley Transit Authority	Modification for BART to ACE Route	\$383,442.15
10R13	Livermore Amador Valley Transit Authority	Route 1A/B BART to East Dublin	\$44,503.64
10R15	City of Alameda	Estuary Crossing Bicycle/College Shuttle-Pilot	\$162,027.41
10R16	City of Richmond	Richmond Circular Shuttle-Pilot	\$289,392.34
11R06	Peninsula Corridor Joint Powers Board	Caltrain Shuttle	\$993,330.00
11R07	City of Redwood City	Redwood City Community Shuttle	\$19,925.49
11R08	Valley Transportation Authority	ACE Shuttle Bus	\$960,000.00
11R09	San Jose State University	SJSU - Ridesharing and Trip Reduction	\$120,000.00
11R10	San Joaquin Regional Rail Commission	Shuttle Route 54	\$50,000.00
11R11	San Joaquin Regional Rail Commission	Shuttle Route 53	\$33,001.66
11R13	The Presidio Trust	PresidiGO Downtown Shuttle	\$94,213.00
11R14	City of Oakland	Broadway Shuttle - "B"	\$278,724.00
Subtotal Projects:			\$8,218,749.16
FYE 2013	BAAQMD	Smoking Vehicle Program	\$1,035,169.82
FYE 2013	BAAQMD	Spare the Air	\$1,246,642.73
Subtotal Air District Programs:			\$2,281,812.55
FYE 2013	BAAQMD	TFCA Regional Fund Administration	\$665,890.57*
Grand Total:			\$11,666,452.28

* 60% of the total administrative and audit costs expended in FYE 2013.

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: October 10, 2013

Re: Update on the Regional Bicycle Share Pilot Project

RECOMMENDED ACTION:

None. Informational item, receive and file.

BACKGROUND

In the Bay Area, on-road vehicles account for more than 25% of criteria pollutants and 28% of greenhouse gas (GHG) emissions. Therefore, significant emission reductions from this transportation category are key to the Bay Area's attainment of air quality standards and to protecting global climate. The Bay Area Bike Share program (pilot project) was developed as a pilot project to assess how bicycle sharing could reduce these pollutants by reducing vehicle miles traveled (VMT) in single occupancy vehicles. The pilot project will collect information on vehicle emissions reduced by the system over a period of 12 to 24 months and will assess the viability of expanding bike sharing in the Bay Area, both within the pilot communities and in the larger region.

The Bay Area Air Quality Management District (Air District) is the lead administrator for the pilot project, which is being conducted in partnership with the City and County of San Francisco, the San Mateo County Transit District, the City of Redwood City, the County of San Mateo, and the Santa Clara Valley Transportation Authority. To initiate the pilot project, approximately \$11.2 million in public funding has been awarded by the Metropolitan Transportation Commission's (MTC) Congestion Mitigation and Air Quality Improvement Program (CMAQ) fund (\$7.1 million), the Air District's Transportation Fund for Clean Air (TFCA) (\$2.8 million), and local match funds from the partners (\$1.3 million). During the pilot project, the Air District is working with its partners and contractor, Alta Bicycle Share, Inc. (Alta), to secure additional funding from user fees and private sponsorships to successfully transition the program over to a self-sustaining system.

Bay Area Bike Share launched on August 29, 2013, as the first public bike share service in California and the first regional, multi-city bike share program in the country. The first phase of the pilot includes more than 600 bicycles that are available for check-out from 64 kiosk stations located within the participating pilot communities of San Jose, Palo Alto, Mountain View, Redwood City and San Francisco. Within the next few months, the first-phase fleet size will expand to 700 bicycles and 70 kiosk stations. A

second phase of the pilot, due to be completed in mid 2014, will expand the total pilot project fleet to 1,000 bicycles and 100 kiosk stations.

As part of this report, Air District staff will update the Committee on the recent asset valuation request for proposals (RFP), next steps to assess how best to expand the program and next steps with regard to system sponsorship.

DISCUSSION

Based on the size of other North American bicycle share systems and preliminary assessments of each of the pilot communities, it is anticipated that the Bay Area's program has the potential to grow to a fleet size of between 6,000 to 10,000 bicycles.

Request for Proposals (RFP) for Asset Valuation

In order to evaluate the branding potential of an expanded system to determine its worth in terms of media impressions (asset valuation) in the current pilot communities and other communities throughout the Bay Area, the Air District opened a request for proposals (RFP) on October 16, 2013. Subsequently, on October 25, 2013, the Air District hosted a bidder's conference that was attended by 10 non-partner agency participants in person and via web conference.

However, the RFP closed on 11/12/13 having received no responses. This result is not entirely unexpected as this is the first RFP of its kind in the nation. Staff is currently contacting attendees from the bidder's conference to determine why no bids were received. Based on the feedback from this process, staff will evaluate whether or not to reopen a modified version of the asset evaluation RFP or to move forward to a full system sponsorship RFP.

Planning for System Expansion

In parallel to the efforts on asset valuation and system sponsorship, the Air District and Metropolitan Transportation Commission (MTC) are also seeking to conduct an RFP for a consultant to assist the regional agencies in determining a model for system expansion. This RFP will seek a consultant to assist with:

- Determining the goals and benefits of a regional bike share program,
- Estimating demand and best locations for bike sharing in the region,
- Examining strategies for how a bicycle sharing regional system might integrate with the region's current transit system,
- Examining operating costs, funding options and business models including estimating capital required for system deployment, operations and maintenance.

In order to ensure inclusiveness in this process, the regional agencies will form a stakeholder group of interested parties to provide input on this RFP. Following the consultants evaluation, it is expected that an implementation and expansion plan for a regional system will be developed for review by the Air District and MTC. As program

administrator, the Air District will assist in this effort by providing available information on the pilot system's costs, usage, ridership data, system membership, and service levels.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. The Air District distributes "pass-through" funds to grantees on a reimbursement basis. Administrative costs for the TFCA program are provided by the funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen Schkolnick and Patrick Wenzinger
Reviewed by: Damian Breen