



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

SCOTT HAGGERTY - CHAIR
JOHN AVALOS
DAVID CANEPA
ROGER KIM
KAREN MITCHOFF

JAN PEPPER – VICE CHAIR
TOM BATES
DAVID HUDSON
NATE MILEY

**THURSDAY
FEBRUARY 26, 2015
9:30 A.M.**

**7TH FLOOR BOARD ROOM
939 ELLIS STREET
SAN FRANCISCO, CA 94109**

AGENDA

1. **CALL TO ORDER - ROLL CALL**

The Committee Chair shall call the meeting to order and the Clerk of the Boards shall take roll of the Committee members.

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.

Staff/Phone (415) 749-

3. **APPROVAL OF THE MINUTES OF JANUARY 22, 2015** **Clerk of the Boards/5073**

The Committee will consider approving the attached draft minutes of the Mobile Source Committee meeting of January 22, 2015.

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

A. Fournier/4961
afournier@baaqmd.gov

The Committee will consider recommending Board of Directors approval of Carl Moyer Program 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. **TRANSPORTATION FUND FOR CLEAN AIR (TFCA) AUDIT REPORT**

A. Fournier/4961
afournier@baaqmd.gov

The Committee will receive an informational report on the results of the Transportation Fund for Clean Air (TFCA) program audit.

6. **RESIDENTIAL LAWN MOWER REPLACEMENT PROGRAM**

A. Fournier/4961
afournier@baaqmd.gov

The Committee will consider recommending the Board of Directors allocate \$300,000 in Carl Moyer Program/Mobile Source Incentive Funds, and authorize the Executive Officer/APCO to execute agreements with metal recycling facilities to implement the Air District's residential lawn mower replacement program.

7. **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)

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

Thursday, March 26, 2015, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109 at 9:30 a.m.

9. **ADJOURNMENT**

The Committee meeting shall be adjourned by the Committee Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
939 ELLIS STREET, SAN FRANCISCO, CA 94109
mmartinez@baaqmd.gov

(415) 749-5016
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting. Please note that all correspondence must be addressed to the "Members of the Mobile Source Committee" and received at least 24 hours prior, excluding weekends and holidays, in order to be presented at that Committee meeting. Any correspondence received after that time will be presented to the Committee at the following 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 Clerk's Office should be given in a timely manner, 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.

**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**

FEBRUARY 2015

<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>	Wednesday	25	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	26	9:30 a.m.	Board Room
Board of Directors Legislative Committee <i>(At the Call of the Chair)</i>	Thursday	26	10:30 a.m.	Board Room

MARCH 2015

<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> CANCELLED	Wednesday	4	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	11	9:00 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	16	9:30 a.m.	Board 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 Climate Protection Committee <i>(Meets on the 3rd Thursday of Every Other Month)</i>	Thursday	19	9:30 a.m.	Board Room

MARCH 2015

<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>	Wednesday	25	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	26	9:30 a.m.	Board Room

APRIL 2015

<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 Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	20	9:30 a.m.	Board 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.	Board Room
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 – 2/18/15 (12:55 p.m.)

P/Library/Forms/Calendars/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: February 11, 2015

Re: Approval of the Minutes of January 22, 2015

RECOMMENDED ACTION

Approve attached draft minutes of the Mobile Source Committee meeting of January 22, 2015.

DISCUSSION

Attached for your review and approval are the draft minutes of the Mobile Source Committee meeting of January 22, 2015.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Maricela Martinez

Attachment: Draft Minutes of the Mobile Source Committee Meeting of January 22, 2015

Draft Minutes – Mobile Source Committee Meeting of January 22, 2015

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, January 22, 2015

1. CALL TO ORDER – ROLL CALL

Director David Hudson called the meeting to order at 9:38 a.m.

Present: Mobile Source Committee (Committee) Chairperson Scott Haggerty; Board of Directors (Board) Chairperson Carole Groom; and Directors John Avalos, Tom Bates, David Hudson, Roger Kim (on behalf of Edwin Lee) and Liz Kniss.

Absent: None.

Also Present: Director Nate Miley.

2. AIR DISTRICT GRANT PROGRAMS OVERVIEW (OUT OF ORDER AGENDA ITEM 7)

Damian Breen, Deputy Air Pollution Control Officer, introduced the topic and Anthony Fournier, Director of the Strategic Incentives Division, who gave the staff presentation *Air District Grant Programs Overview*, including background information; 2014 grant allocations in total, by fund and by county; 2014 Carl Moyer Program (CMP) Years 15 and 16 allocations by project type; 2014 Transportation Fund for Clean Air (TFCA) allocations by program; Mobile Source Incentive Fund (MSIF) and Goods Movement Program overviews; 2014 emissions reductions and highlights; total grant allocations since 2007; 2015 revenue projection; projected allocations for TFCA in 2015; and upcoming activities.

NOTED PRESENT: Committee Chairperson Haggerty and Directors Bates and Miley were noted present at 9:44 a.m.

The Committee and staff discussed, at slide 10, *2014 Highlights*, the possibility of hosting a one-time public event in an effort to surge bike share ridership based on the system achieving a milestone of 500,000 rides.

Mr. Fournier continued the presentation.

NOTED PRESENT: Director Kniss was noted present at 9:47 a.m.

The Committee and staff discussed, at slide 13, *Projected Allocations for TFCA RF [Regional Fund] in 2015: \$13M*, the genesis and future of the Enhanced Mobile Source Inspections project and what future improvements to the Commuter Benefits Program may look like.

Mr. Fournier concluded the presentation.

Committee Comments:

The Committee and staff discussed whether the Air District has a plan for expending cap-and-trade revenue; an update on the expansion of the bike share pilot project; clarification on the reporting of electric vehicle allocations and trip reductions since 2007 and as projected for 2015; a potential outreach program to encourage a staggering of business meeting start times throughout the day to ease heavy transit/traffic periods; and whether the Air District can expect to receive any additional state funding for the Vehicle Buy Back Program enhancements or whether alternative sources of enhancements funding exist.

Public Comments: No requests received.

Committee Action: None; receive and file.

3. **PUBLIC COMMENT PERIOD (AGENDA ITEM 2):** No requests received.
4. **APPROVAL OF MINUTES OF NOVEMBER 13, 2014 AND DECEMBER 18, 2014 (AGENDA ITEM 3)**

Committee Comments: None.

Public Comments: No requests received.

Committee Action:

Director Hudson made a motion, seconded by Director Kim, to approve the Minutes of November 13, 2014 and December 18, 2014; and the motion carried by the following vote of the Committee:

AYES:	Avalos, Bates, Groom, Haggerty, Hudson, Kim and Kniss.
NOES:	None.
ABSTAIN:	None.
ABSENT:	None.

5. **PROJECTS WITH PROPOSED GRANT AWARDS OVER \$100,000 (AGENDA ITEM 4)**

Mr. Breen introduced Patrick Wenzinger, Administrative Analyst of the Strategic Incentives Division, who gave the staff presentation *Projects and Contracts with Proposed Awards over \$100,000*, including brief overviews of the Carl Moyer, MSIF and TFCA programs; a summary of CMP Year 16; detailings of the CMP, MSIF and Voucher Incentive Program (VIP) funds awarded as of January 5, 2015; CMP, MSIF and VIP funds awarded years 11 through 16; a

summary of TFCA Fiscal Year Ending 2015; TFCA funds awarded, by project category and by county, as of January 5, 2015; and recommendations.

Committee Chairperson Haggerty asked, at slide 6, *CMP/MSIF and VIP Funds Awarded CMP Years 11-16*, whether it is possible to further break down each county's award into equipment types. Mr. Breen agreed to provide the material in follow up to the meeting.

Mr. Wenzinger concluded the presentation.

Committee Comments:

The Committee and staff discussed what is listed on Attachment 2 to the staff memorandum; staff outreach to the wine, ranching and agricultural interests in Alameda County; a description of electronic bicycle lockers, the mechanisms for access and their most common installation sites; and whether electronic bicycle lockers are installed in Palo Alto.

Public Comments: No requests received.

Committee Action:

Director Bates made a motion, seconded by Director Hudson, to recommend the Board:

1. Approve CMP and TFCA 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 projects.

The motion carried by the following vote of the Committee:

AYES:	Avalos, Bates, Groom, Haggerty, Hudson, Kim and Kniss.
NOES:	None.
ABSTAIN:	None.
ABSENT:	None.

6. PARTICIPATION IN YEAR 17 OF THE CMP (AGENDA ITEM 5)

Mr. Breen introduced the topic and Tina McRee, Environmental Planner of the Strategic Incentives Division, who gave the staff presentation *Participation in Year 17 of the CMP*, including funding source information, Year 17 funding, program implementation, multi-district funds and recommendations.

Committee Comments: None.

Public Comments: No requests received.

Committee Action:

Director Hudson made a motion, seconded by Director Bates, to recommend the Board:

1. Adopt a resolution authorizing the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board relating to the Air District’s receipt of CMP funds and Multi-District funds for fiscal year 2014-2015 (Program Year 17); and
2. Allocate \$5 million in MSIF to provide the required match funding and additional monies for projects eligible for funding under the CMP.

The motion carried by the following vote of the Committee:

AYES: Avalos, Bates, Groom, Haggerty, Hudson, Kim and Kniss.
NOES: None.
ABSTAIN: None.
ABSENT: None.

7. SELECTION OF AN AUDITOR FOR DISTRICT’S FINANCIAL AND GRANT PROGRAM AUDITS (AGENDA ITEM 6)

Mr. Breen introduced the topic and Karen Schkolnick, Air Quality Program Manager of the Strategic Incentives Division, who gave the staff presentation *Selection of an Auditor for District’s Financial and Grants Program Audits*, including background; scope of work; selection process; request for proposals; evaluation criteria; scoring results; and recommendations.

Committee Comments:

The Committee and staff discussed whether the staff recommended auditor was the lowest bid and the amount of the highest bid; how the cost breaks out relative to the work sought; the location of each bidder and how each was rated in the local/green business category; and clarification relative to the scoring inconsistencies between the staff memorandum, which was identified as having the correct information, and the staff presentation, which was identified as having incorrect information.

Public Comments: No requests received.

Committee Action:

Director Bates made a motion, seconded by Director Hudson, to recommend the Board:

1. Approve the selection of Gilbert Associates, Inc., to conduct the District’s 2014-15 Financial Audit, the 2013-14 TFCA Audit for Projects and Programs, and conduct a review of Carbon Offset Project;
2. Authorize the Executive Officer/APCO to execute a contract with Gilbert Associates, Inc., for audit services in an amount not to exceed \$217,022; and

3. Authorize the Executive Officer/APCO to extend the contract with Gilbert Associates, Inc., in an amount not to exceed \$217,022 annually for up to an additional two years under the terms of the current request for proposals.

The motion carried by the following vote of the Committee:

AYES: Avalos, Bates, Groom, Haggerty, Hudson, Kim and Kniss.
NOES: None.
ABSTAIN: None.
ABSENT: None.

8. COMMITTEE MEMBER COMMENTS:

The Committee and staff continued to discuss Director Bates’ proposal to encourage business meetings to be staggered throughout the day; past efforts at changing the start time of Air District Board of Directors meetings; the possibility of exploring the staggered meetings concept through Spare the Air messaging; a suggestion to encourage the staggering of Air District staff work schedules; and a further suggestion to host a one-time public event in an effort to surge bike share ridership based on the system achieving a milestone of 500,000 rides.

9. TIME AND PLACE OF NEXT MEETING

Thursday, February 26, 2015, 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 10:41 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: February 9, 2015

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

RECOMMENDATIONS

Recommend the Board of Directors:

1. Approve Carl Moyer Program (CMP) projects with proposed grant awards over \$100,000; and
2. Authorize the Executive Officer/APCO to enter into agreements for the recommended 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, and stationary agricultural pump engines.

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 into 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 under the CMP.

On February 19, 2014, the Board of Directors authorized Air District participation in Year 16 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.

CMP and Transportation Fund for Clean Air (TFCA) Regional Fund projects with grant award amounts over \$100,000 are brought to the Committee for consideration 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 16 projects on July 14, 2014. The Air District has approximately \$12 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 February 9, 2015, the Air District had received 49 project applications for the CMP Year 16 cycle. Of the applications that have been evaluated between January 5, 2015 and February 9, 2015, three (3) eligible projects have proposed individual grant awards over \$100,000. These projects will replace eight (8) off-road diesel-powered tractors, and 87 pieces of off-road diesel-powered airport ground support equipment. These projects will reduce over 19.3 tons of NO_x, ROG and PM per year. Staff recommends allocating \$2,952,950 to these projects from a combination of CMP funds and MSIF revenues. Attachment 1, Table 1, provides additional information on these projects.

Attachment 2, lists all of the eligible projects that have been received by the Air District as of February 9, 2015, and summarizes the allocation of funding by equipment category, and county. This list also includes the Voucher Incentive Program (VIP) on-road replacement projects awarded since the last committee update. Approximately 27% 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, Vehicle Buy Back Program, and VIP funding since 2009 (more than \$80 million awarded to 645 projects).

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: Summary of CMP/MSIF projects with grant awards greater than \$100,000 (evaluated between 1/5/15 and 2/9/15)
- Attachment 2: Summary of all CMP/ MSIF and VIP approved and eligible projects (evaluated between 5/6/14 and 2/9/15)
- Attachment 3: Summary of program distribution by county and equipment category for CMP, MSIF, VBB, and VIP projects since 2009

AGENDA 4 - ATTACHMENT 1

Table 1 - Summary of Carl Moyer Program/ Mobile Source Incentive Fund projects with grant awards greater than \$100k (Evaluated between 1/5/15 and 2/9/15)

Project #	Applicant name	Equipment category	Project description	Proposed contract award	Total project cost	Emission Reductions (Tons per year)			County
						NOx	ROG	PM	
16MOY33	United Airlines, Inc.	Off-road	Replacement of 87 diesel-powered ground support equipment units with 80 electric units and 7 diesel units at San Francisco International Airport	\$ 2,540,187.00	\$ 4,657,178.00	14.292	2.158	0.858	San Mateo
16MOY29	Sprague Custom Farming, LLC	Ag/ off-road	Replacement of 2 diesel-powered tractors	\$ 224,076.00	\$ 295,097.00	0.909	0.093	0.034	Sonoma
16MOY39	Dutton Ranch corp.	Ag/ off-road	Replacement of 6 diesel-powered tractors	\$ 188,687.00	\$ 282,000.00	0.778	0.182	0.056	Sonoma
3 Projects				\$ 2,952,950.00		15.979	2.433	0.948	

AGENDA 4 - ATTACHMENT 2

Summary of all CMP, MSIF and VIP approved/ eligible projects (between 5/6/14 and 2/9/15)

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
15MOY89	Ag/ off-road	Tractor replacement	1	\$ 23,100.00	Tri-Valley Vineyard Management Inc.	0.061	0.013	0.003	APCO	Sonoma
15MOY120	Ag/ off-road	Tractor replacement	4	\$ 96,346.00	David Pirio Vineyard Management LLC	0.251	0.059	0.020	APCO	Napa
15MOY80	Ag/ off-road	Tractor replacement	2	\$ 59,791.00	Kenzo Estate, Inc.	0.186	0.033	0.015	APCO	Napa
15MOY94	Ag/ off-road	Tractor replacement	2	\$ 85,280.00	Garry Mahrt (Farmer)	0.319	0.060	0.024	APCO	Sonoma
15MOY104	Ag/ off-road	Tractor replacement	1	\$ 38,428.00	Capp Bros Vineyard Management	0.097	0.025	0.010	APCO	Napa
15MOY105	Ag/ off-road	Tractor replacement	1	\$ 40,801.00	Domenico J. Carinalli, Jr.	0.114	0.024	0.006	APCO	Sonoma
15MOY107	Ag/ off-road	Tractor replacement	1	\$ 42,232.00	M. German & Son (Farmer)	0.175	0.032	0.015	APCO	Solano
15MOY108	Ag/ off-road	Tractor replacement	1	\$ 28,704.00	Clementina Biale Vineyards	0.083	0.017	0.006	APCO	Napa
15MOY109	Ag/ off-road	Tractor replacement	1	\$ 47,910.00	Cunningham Dairy	0.243	0.015	0.013	APCO	Sonoma
15MOY97	Ag/ off-road	Tractor replacement	1	\$ 22,580.00	Bowland Vineyard Mgt, Inc.	0.059	0.013	0.003	APCO	Sonoma
15MOY100	Ag/ off-road	Tractor replacement	1	\$ 62,676.00	Custom Tractor Sevice	0.382	0.053	0.019	APCO	Sonoma
15MOY99	Ag/ off-road	Tractor replacement	1	\$ 39,757.00	Regusci Vineyard Management, Inc.	0.104	0.029	0.010	APCO	Napa
15MOY110	Ag/ off-road	Tractor replacement	1	\$ 33,860.00	Roche Winery, LLC.	0.067	0.014	0.006	APCO	Sonoma
15MOY115	Ag/ off-road	Tractor replacement	2	\$ 71,508.00	Nancy and Tony Lilly (Vineyard)	0.220	0.045	0.021	APCO	Sonoma
15MOY118	Ag/ off-road	Tractor replacement	1	\$ 28,898.00	Pina Vineyard Management , LLC.	0.129	0.026	0.009	APCO	Napa
15MOY119	Ag/ off-road	Tractor replacement	2	\$ 58,835.00	Chappellet Vineyard	0.152	0.022	0.009	APCO	Napa
15MOY122	Ag/ off-road	Tractor replacement	1	\$ 32,081.00	Cornerstone Certified Vineyard	0.074	0.016	0.006	APCO	Sonoma
15MOY123	Ag/ off-road	Tractor replacement	1	\$ 71,775.00	Glenn Yenni & Sons, Inc.	0.153	0.029	0.013	APCO	Sonoma
15MOY137	Marine	Engine replacement	2	\$ 99,550.00	Brian Collier (Charter fishing)	0.937	-0.010	0.037	APCO	Contra Costa
15MOY116	Ag/ off-road	Equipment replacement	1	\$ 63,622.00	Morrison Brother's Dairy	0.171	0.042	0.021	APCO	Sonoma
15MOY124	Ag/ off-road	Equipment replacement	1	\$ 46,040.00	Blakes Landing Farms, Inc.	0.116	0.020	0.007	APCO	Marin
15MOY128	Ag/ off-road	Equipment replacement	1	\$ 42,232.00	Deniz Dairy	0.135	0.023	0.008	APCO	Sonoma
15MOY129	Ag/ off-road	Equipment replacement	5	\$ 177,919.00	Colinas Farming Company	0.394	0.090	0.032	10/15/2014	Napa
15MOY136	Ag/ off-road	Equipment replacement	1	\$ 27,480.00	Dirt Farmer & Company	0.052	0.015	0.005	APCO	Sonoma
15MOY133	Ag/ off-road	Equipment replacement	1	\$ 41,017.00	Alta Vineyard Management, Inc.	0.164	0.032	0.009	APCO	Sonoma
15MOY132	Ag/ off-road	Equipment replacement	1	\$ 27,865.00	B Wise Vinyeards, LLC	0.053	0.016	0.005	APCO	Sonoma
15MOY135	Marine	Equipment replacement	2	\$ 68,500.00	San Francisco Bar Pilots	0.399	0.003	0.017	APCO	San Francisco
15MOY130	Off-road	Equipment replacement	2	\$ 188,559.00	Evergreen Materials Inc. DBA Evergreen Supply	1.098	0.162	0.053	10/15/2014	Santa Clara
16MOY2	Ag/ off-road	Equipment replacement	2	\$ 289,836.00	Rankins AG, Inc.	2.947	0.298	0.111	10/15/2014	Contra Costa
16MOY4	Ag/ off-road	Equipment replacement	1	\$ 41,017.00	John Camozzi (Farm/ ranch)	0.176	0.029	0.011	APCO	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		
16MOY11	Ag/ off-road	Equipment replacement	1	\$ 147,264.00	Dolcini Brothers	1.244	0.180	0.064	10/15/2014	Sonoma
15MOY126	Marine	Engine replacement	2	\$ 188,580.00	C & W Diving Services, Inc.	1.524	0.051	0.067	10/15/2014	Alameda
16MOY17	Ag/ off-road	Equipment replacement	1	\$ 126,130.00	Spaletta Ranch	0.305	0.056	0.020	11/17/2014	Sonoma
16MOY9	Ag/ off-road	Equipment replacement	3	\$ 80,510.00	David Arthur Vineyards LLC	0.170	0.045	0.019	APCO	Napa
16MOY19	Ag/ off-road	Equipment replacement	1	\$ 150,014.00	MCE Amos, Inc.	0.677	0.118	0.042	11/17/2014	Sonoma
16MOY10	Ag/ off-road	Equipment replacement	1	\$ 27,277.00	Archangel Investments LLC DBA Baldacci Family Vineyards	0.085	0.017	0.006	APCO	Napa
16MOY16	Ag/ off-road	Equipment replacement	1	\$ 54,694.00	Garvey Vineyard Management, LLC.	0.164	0.040	0.016	APCO	Napa
16MOY20	Ag/ off-road	Equipment replacement	1	\$ 150,014.00	Mulas Dairy, Co.	0.620	0.108	0.039	11/17/2014	Sonoma
16MOY21	Ag/ off-road	Equipment replacement	1	\$ 161,789.00	Louise R. Dei	0.752	0.094	0.032	11/17/2014	Sonoma
16MOY22	Ag/ off-road	Equipment replacement	5	\$ 135,291.00	Far Niente Vineyards, LLC DBA Vinescape	0.453	0.081	0.039	11/17/2014	Napa
16MOY13	Marine	Engine replacement	1	\$ 74,410.00	Pound the Zone Fishing	0.379	0.003	0.014	APCO	Contra Costa
15MOY125	Marine	Engine replacement	2	\$ 99,730.00	C & W Diving Services, Inc.	0.272	-0.009	0.017	APCO	Alameda
15MOY121	Marine	Engine replacement	2	\$ 123,860.00	C & W Diving Services, Inc.	0.399	0.016	0.017	11/17/2014	Alameda
16MOY14	Marine	Engine replacement	2	\$ 136,295.00	Bouna Pesca L.L.C.	0.576	-0.008	0.022	11/17/2014	Monterey
16MOY8	Marine	Engine replacement	2	\$ 33,675.00	Blue and Gold Fleet L.P.	0.268	0.006	0.019	APCO	San Francisco
16MOY30	Off-road	Equipment replacement	1	\$ 191,400.00	W.R. Forde Associates	1.130	0.140	0.054	11/17/2014	Contra Costa
16MOY12	Ag/ off-road	Equipment replacement	1	\$ 48,860.00	James Mclsaac dba Mclsaac Dairy	0.113	0.027	0.014	APCO	Marin
16MOY27	Marine	Engine replacement	1	\$ 49,155.00	Mendler Brothers Fish LLC	0.231	0.004	0.009	APCO	Contra Costa
16MOY26	Marine	Engine replacement	2	\$ 46,000.00	Golden Gate Scenic Steamship Corp. dba Red and White Fleet	0.350	0.000	0.027	APCO	San Francisco
16MOY6	Marine	Engine replacement	2	\$ 227,250.00	Captain Joe's Sportfishing	0.951	0.025	0.044	2/18/2015	San Francisco
16MOY28	Marine	Engine replacement	2	\$ 149,650.00	Amigo Adventure	1.747	0.024	0.067	2/18/2015	San Francisco
16MOY1	Off-road	Equipment replacement	3	\$ 73,305.00	American Soil Products, Inc.	0.239	0.066	0.027	APCO	Alameda
16MOY34	Marine	Engine replacement	1	\$ 56,425.00	Pound the Zone Fishing DBA Pound the Zone Fishing	0.207	0.005	0.008	APCO	Contra Costa
16MOY33	Off-road	Equipment replacement	87	\$ 2,540,187.00	United Airlines, Inc.	14.292	2.158	0.858	TBD	San Mateo
16MOY29	Ag/ off-road	Equipment replacement	2	\$ 224,076.00	Sprague Custom Farming, LLC	0.909	0.093	0.034	TBD	Sonoma
16MOY39	Ag/ off-road	Equipment replacement	6	\$ 188,687.00	Dutton Ranch corp.	0.778	0.182	0.056	TBD	Sonoma
VIP247	VIP	Truck Replacement	1	\$ 45,000.00	Everardo Espinosa	0.878	0.013	0.000	APCO	Tehama
VIP248	VIP	Truck Replacement	1	\$ 20,000.00	Lupe Laureano	0.400	0.007	0.000	APCO	Santa Clara
VIP250	VIP	Truck Replacement	1	\$ 30,000.00	J/W Sanchez Trucking Co., Inc.	0.581	0.009	0.000	APCO	Alameda
VIP251	VIP	Truck Replacement	1	\$ 45,000.00	Horacio Cardenas	0.851	0.029	0.000	APCO	Solano

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
VIP252	VIP	Truck Replacement	1	\$ 25,000.00	American Soil Products	0.486	0.007	0.000	APCO	Alameda
VIP254	VIP	Truck Replacement	1	\$ 35,000.00	Rattu Trucking DBA Ramesh Rattu	0.675	0.010	0.000	APCO	Santa Clara
VIP255	VIP	Truck Replacement	1	\$ 15,000.00	Michael Scott Minnis	0.606	0.008	0.012	APCO	Alameda
VIP256	VIP	Truck Replacement	1	\$ 45,000.00	Antonino Esqueda	0.878	0.013	0.000	APCO	Sacramento
VIP257	VIP	Truck Replacement	1	\$ 45,000.00	Gurjot Singh Pawar / Amrik Singh Pawar	0.851	0.029	0.000	APCO	Santa Clara
VIP258	VIP	Truck Replacement	1	\$ 15,000.00	Harjinder Singh	0.606	0.008	0.012	APCO	Alameda
VIP259	VIP	Truck Replacement	1	\$ 20,000.00	Martin Minh Ngo	0.812	0.011	0.016	APCO	Alameda
67 Projects			190	\$ 7,822,727.00		45.968	4.912	2.198		

Figure 1: CMP/ MSIF Funding Distribution by Equipment Category as of 2/9/15

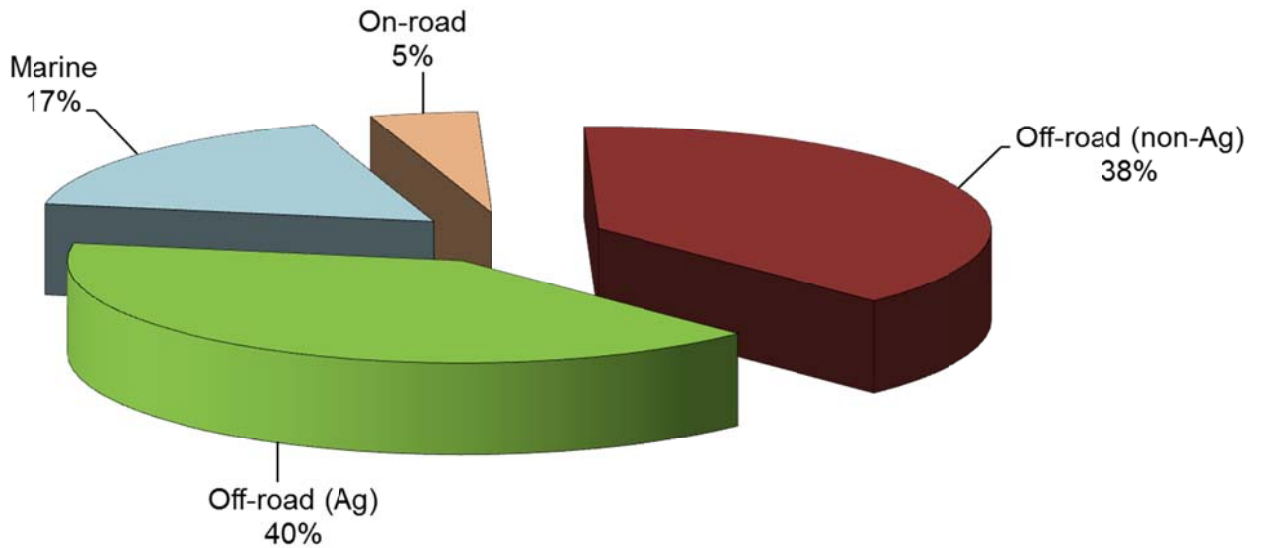
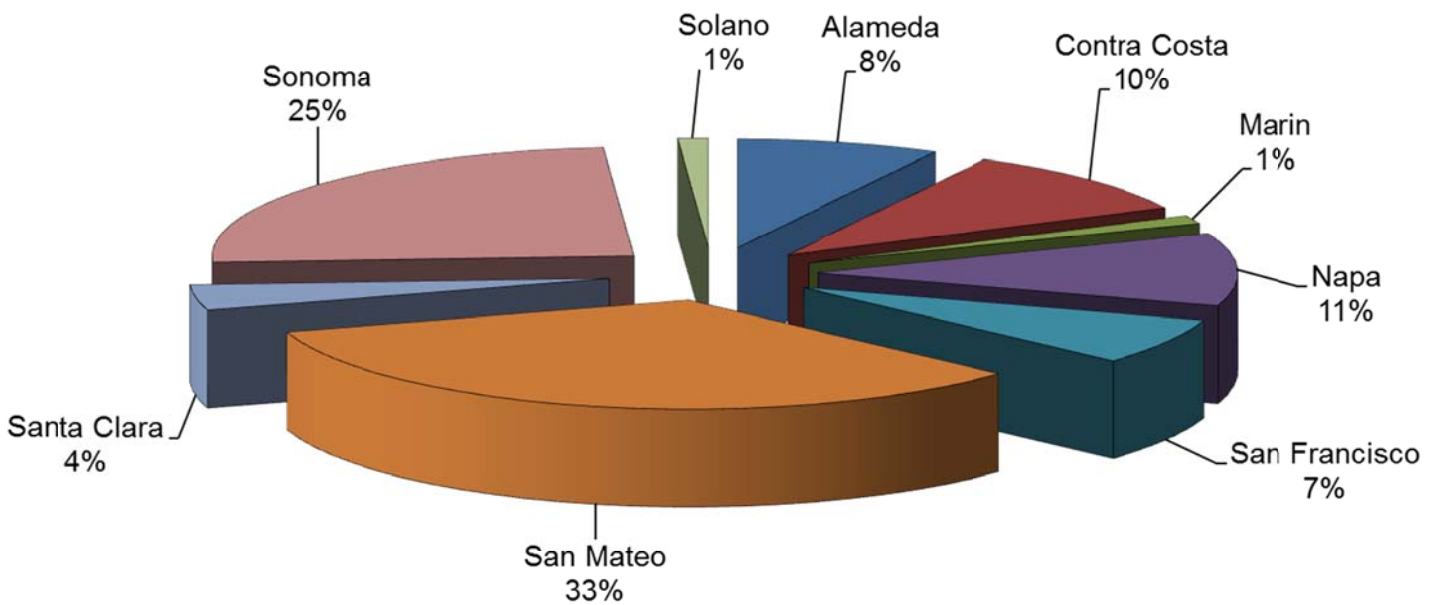


Figure 2: CMP/ MSIF Funding Distribution by County as of 2/9/15



AGENDA 4 - ATTACHMENT 3

Figure 3: CMP, MSIF, VBB and VIP funding since 2009 by equipment category

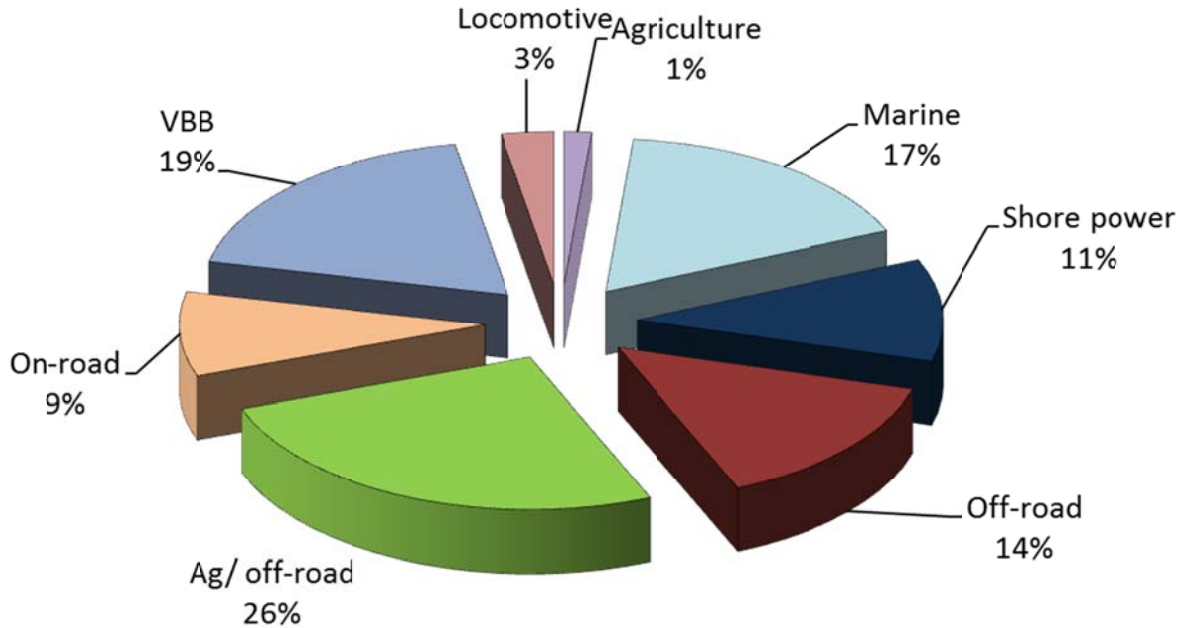
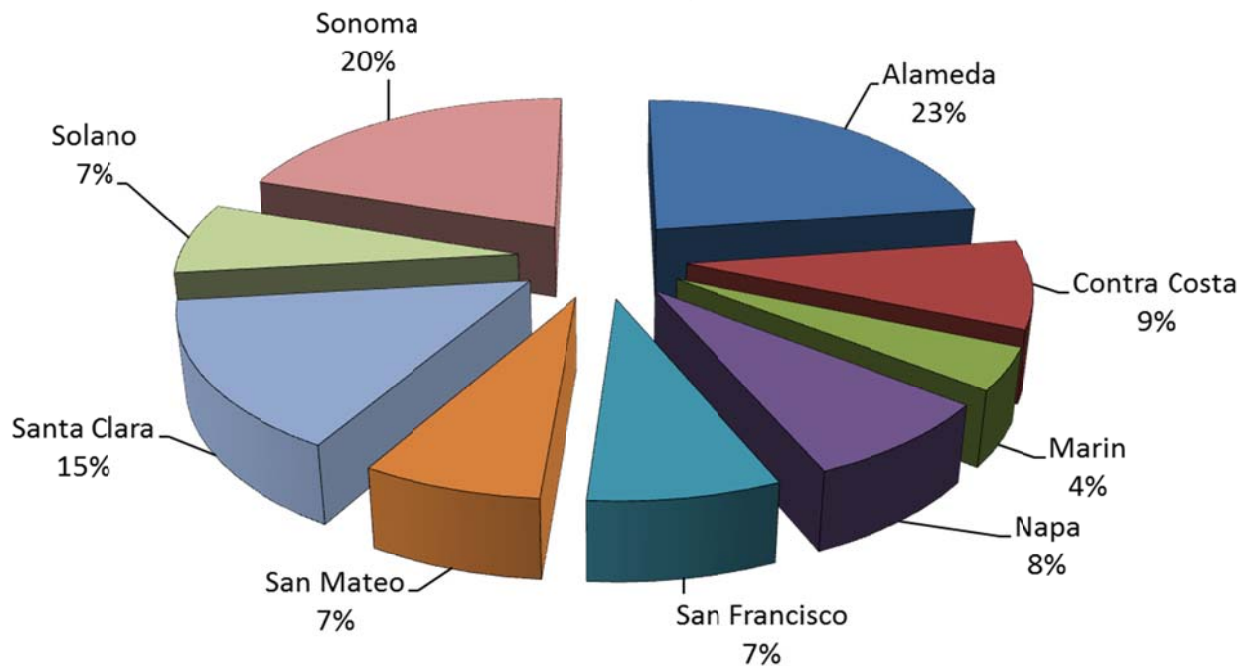


Figure 4: CMP, MSIF, VBB and VIP funding since 2009 by county



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: February 9, 2015

Re: Transportation Fund for Clean Air (TFCA) Audit Report

RECOMMENDED ACTION

None; receive and file.

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 conduct an audit of every program and project funded with TFCA monies, at least once every two years. For the past three years, the Air District has conducted an audit of Regional Fund projects annually and County Program Manager Fund projects biennially.

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. As allowed by the terms of that selection process, on December 5, 2012, the Board extended the contract with Gilbert to conduct Audit #14 and #15. The results of Audit #15 are presented in this report.

DISCUSSION

For Audit #15, Gilbert Associates, Inc. conducted financial and compliance audits of:

- 35 TFCA Regional Fund projects (including Air District-sponsored programs) that were closed during the period from July 1, 2012 and June 30, 2013; and
- 144 County Program Manager Fund projects that were closed during the period from July 1, 2011 through June 30, 2013.

Gilbert conducted field work for these audits from November 2013 through July 2014 and issued draft audit reports to each of the audited agencies/companies. Each agency/company was provided an opportunity to respond in writing to any findings and those responses are included in the final version of the individual audit reports.

The results of Audit #15 are presented in the attached Audit Summary Reports shown in Attachment 1 (for the Regional Fund) and Attachment 2 (for the County Program Manager Fund). Each report contains a list of all of the projects and programs that were audited as part of Audit #15 (in Appendix B) and a summary of findings from the individual audit reports.

The findings from this current audit were:

- Nine project sponsors submitted one or more report late (i.e., semiannual and/or annual monitoring); and
- Two project sponsors failed to submit one or more required semiannual and/or annual monitoring reports.

The results from Audit #15 show an improvement in adherence to program and contractual requirements over those from previous audits. Although the timely submittal of progress reports continues to be an ongoing challenge, both the overall percent of project sponsors and the total number of projects with late or un-submitted reports has declined from the previous year's audit. In addition, there are no other types of findings for project sponsors or oversight findings attributable to the Air District contained in this audit.

A discussion of the audit process, results, and the additional steps that Air District staff is taking to ensure compliance with program requirements will be presented at the Committee meeting.

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 #15 were identified in the FYE 2014 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Linda Hui
Reviewed by: Karen Schkolnick

Attachment 1: Audit Summary Report for the TFCA Regional Fund (Audit #15)

Attachment 2: Audit Summary Report for the TFCA County Program Manager Fund (Audit #15)

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

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

AUDIT SUMMARY REPORT

PROJECT PERIOD ENDED JUNE 30, 2013

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

TABLE OF CONTENTS

	<u>PAGE</u>
Introduction	1
Program Description	1
Audit Process	2
Sponsor Findings	4
Oversight Findings	6
Tables:	
1 – Sponsors with Late Reports	6
2 – Sponsors with Unfiled Reports	7
Appendix:	
A – Health and Safety Code Sections 44241 and 44242	8
B – Listing of Audited Projects	11

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

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, 2013

- 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, 2013. These audits were conducted during the months of January 2014 through July 2014.

A total of 25 individual Sponsors and 35 projects were audited, with \$12,110,381 total funds expended. A listing of the projects audited is provided in Appendix B. Unqualified opinions were issued on all 25 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, 2013.

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, 2013

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, 2013

4. SPONSOR FINDINGS

A summary of Sponsor audit findings is provided below.

Finding 2013-1: 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 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 1 had one or more late reports. 8 Sponsors out of 25 (32.00%) and 9 projects out of the 35 audited (25.71%) had one or more late reports. The number of semiannual reports and annual monitoring reports submitted late are noted below:

	<u>Late Reports</u>	<u>Number of Sponsors</u>	<u>Number of Projects</u>
Semiannual reports	13	6	6
Annual monitoring reports	<u>4</u>	4	4
Total late reports	<u>17</u>		

Air District's Response to Finding 2013-1

The District acknowledges this finding and will work with sponsors to ensure that future reports are submitted on time. The District has taken a series of steps over the past years to ensure project sponsors are aware of their contractual obligations to minimize the occurrence of late and missing progress reports. These efforts include further strengthening the District's Administrative Operating Procedure (AOP) for Regional Fund Administration to specify that reminder notices be sent to project sponsors three weeks prior to report due dates and that follow-up telephone calls and/or emails be made beginning one week prior to the due date if a report is still not received. 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. Current TFCA Regional Fund policies also prohibit project sponsors with uncorrected audit finding from being eligible for grant funding.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

Finding 2013-2: 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. 2 Sponsors out of 25 (8.00%) and 3 projects out of the 35 audited (8.57%) 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>
Semiannual reports	1	1	1
Annual monitoring reports	<u>2</u>	1	2
Total unfiled reports	<u>3</u>		

Air District's Response to Finding 2013-2

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 2013-1.

5. OVERSIGHT FINDINGS

No oversight findings noted as of and for the project period ending June 30, 2013.

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, 2013**

Project Number	Project Sponsor	Project Description
07BFP02	Alameda County	East Lewelling Boulevard Class II Bikeway Improvement Project
09R37	Alameda County General Services	Purchase 15 Hybrid Vehicles & 4 Neighborhood Electric Vehicles
09R14	City of Oakland	Oakland Waterfront - Uptown Pilot Shuttle
09R42	City of Palo Alto	(1) Heavy Duty Vehicle Purchase
09BFP06	City of San Jose	San Jose Citywide Bicycle Racks Installation
05R08	Golden Gate Park Concourse Authority	Bicycle and Pedestrian Improvements: Golden Gate Park, JFK Drive
09R20	Mission Trail Waste Systems	23 Compressed Natural Gas Refuse Trucks
09R26	San Francisco Yellow Cab	(25) Compressed Natural Gas Taxis
09R23	South San Francisco Scavenger Company	4 Compressed Natural Gas Refuse Trucks

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, 2013**

Project Number	Project Sponsor	Project Description
09R42	City of Palo Alto	(1) Heavy Duty Vehicle Purchase
07R05	Metropolitan Transportation Commission	Purchase Nine (9) Fuel Cell Transit Buses
07R06	Metropolitan Transportation Commission	Purchase Nine (9) Fuel Cell Transit Buses

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, 2013

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, 2013

- (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, 2013

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, 2013

Project Number	Project Sponsor	Project Description	Project Expenditures
07BFP02	Alameda County	East Lewelling Boulevard Class II Bikeway Improvement Project	\$ 59,500
08BFP05	Alameda County	Stanley Boulevard Bicycle Lanes	127,500
09R37	Alameda County General Services Agency	Purchase 15 Hybrid Vehicles & 4 Neighborhood Electric Vehicles	43,131
11R09	Associated Students, San Jose State University	SJSU - Ridesharing and Trip Reduction	120,000
12R00	Bay Area Air Quality Management District	Administration	1,109,818
12R01	Bay Area Air Quality Management District	Spare the Air	1,246,643
12R02	Bay Area Air Quality Management District	Smoking Vehicle Program	1,035,170
08R17	Bauer's Intelligent Transportation	Purchase 10 Compressed Natural Gas Heavy-Duty Vehicles	419,294
10R15	City of Alameda	Estuary Crossing Bicycle/College Shuttle-Pilot	162,027
08BFP08	City of Belmont	U.S. Highway 101 Bicycle/Pedestrian Overcrossing & Alameda de las Pulgas Bicycle Lanes Project	72,500
09BFP02	City of Oakland	Class II and III Bikeways on 14th Street, MacArthur Blvd, and Fruitvale Ave	56,550
09R14	City of Oakland	Oakland Waterfront - Uptown Pilot Shuttle	580,500
11R14	City of Oakland	Broadway Shuttle - "B"	278,724
09R42	City of Palo Alto	(1) Heavy Duty Vehicle Purchase	70,697
11R07	City of Redwood City	Redwood City Community Shuttle	19,925
10R16	City of Richmond	Richmond Circular Shuttle-Pilot	289,392
09BFP06	City of San Jose	San Jose Citywide Bicycle Racks Installation	5,024
09R29	County of San Francisco	U.S. Department of Energy's - Clean Cities Outreach (San Francisco)	24,961
05R08	Golden Gate Park Concourse Authority	Bicycle and Pedestrian Improvements: Golden Gate Park, JFK Drive	173,248
10R12	Livermore Amador Valley Transit Authority	Modification for BART to ACE Route	383,442
10R13	Livermore Amador Valley Transit Authority	Route 1A/B BART to East Dublin	44,504
07R05	Metropolitan Transportation Commission	Purchase Nine (9) Fuel Cell Transit Buses	1,500,000
07R06	Metropolitan Transportation Commission	Purchase Nine (9) Fuel Cell Transit Buses	500,000
10R08	Metropolitan Transportation Commission	511 Rideshare Program	861,286
09R20	Mission Trail Waste Systems	23 Compressed Natural Gas Refuse Trucks	413,999
11R06	Peninsula Corridor Joint Powers Board	Caltrain Shuttle	993,330
11R13	The Presidio Trust	PresidiGo Downtown Shuttle	94,213
09BFP13	San Francisco Municipal Transportation Agency	Class II Bicycle Lane on John Muir Drive	22,639

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND
APPENDIX B
FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

Project Number	Project Sponsor	Project Description	Project Expenditures
09R26	San Francisco Yellow Cab	(25) Compressed Natural Gas Taxis	74,250
11R10	San Joaquin Regional Rail Commission	Shuttle Route 54	50,000
11R11	San Joaquin Regional Rail Commission	Shuttle Route 53	33,002
11R08	Santa Clara Valley Transportation Authority	ACE Shuttle Bus	960,000
09R22	Sonoma County Transit	(2) Compressed Natural Gas Transit Buses	80,000
09R23	South San Francisco Scavenger Company	4 Compressed Natural Gas Refuse Trucks	79,737
05R17	West Contra Costa Transportation Advisory Committee	Bicycle Cage Storage Facilities, Racks and Lockers for West Contra Costa County	125,375
		Total Funds Expended	<u>\$ 12,110,381</u>
		Total Sponsors Audited	25
		Total Projects Audited	35

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

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

AUDIT SUMMARY REPORT

PROJECT PERIOD ENDED JUNE 30, 2013

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT TABLE OF CONTENTS

	<u>PAGE</u>
Introduction	1
Program Description	1
Audit Process	2
Program Manager Findings	3
Oversight Findings	3
Appendix:	
A – Health and Safety Code Sections 44241 and 44242	4
B – Listing of Audited Projects by Program Manager	7

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

1. INTRODUCTION

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

2. PROGRAM DESCRIPTION

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

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

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

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

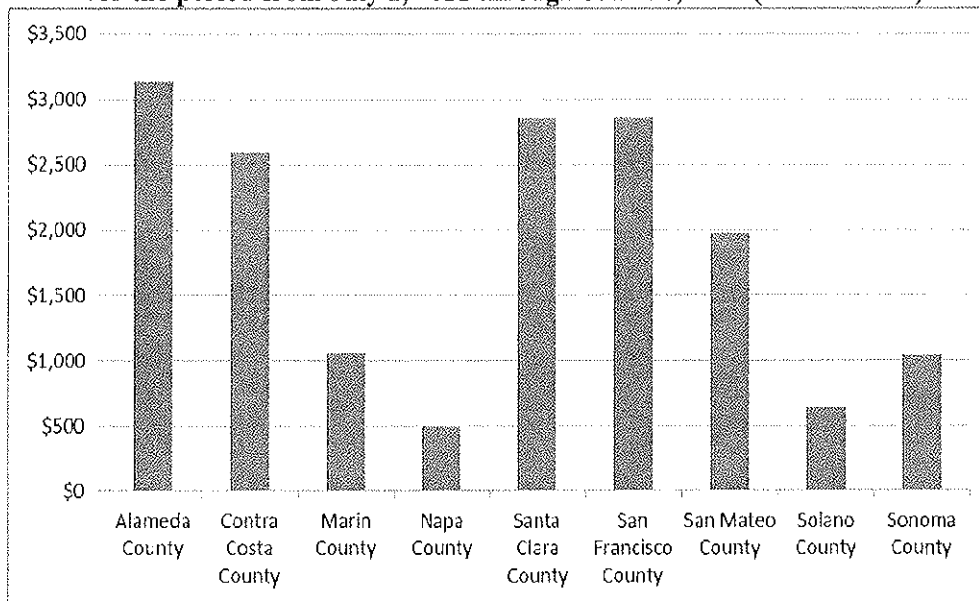
BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

The Air District retained the firm of Gilbert Associates, Inc. to conduct financial and compliance audits of completed projects funded through the Program Manager Fund for the project period ended June 30, 2013. The graph below reports the amount of TFCA Funds allocated to each of the individual Program Managers for projects that closed during the period from July 1, 2011 through June 30, 2013. These audits were performed during the period of November 2013 through July 2014. A list of audited projects is provided in Attachment B.

Total Funds Expended by Program Manager for Specified Projects Conducted for the period from July 1, 2011 through June 30, 2013 (in thousands)



3. AUDIT PROCESS

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

Auditing Standards and Specific Procedures

The audits were performed in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The expenditures under audit were TFCA expenditures, incurred by the Program Managers in the Air District's jurisdiction, related to projects that had been reported closed between July 1, 2011, and June 30, 2013.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

Compliance Auditing Procedures

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

4. PROGRAM MANAGER FINDINGS

A summary of Program Manager Findings is provided below.

TRANSPORTATION AUTHORITY OF MARIN

According to the original funding agreement between the Air District and the Transportation Authority of Marin (TAM), the TAM was required to submit annual and semi-annual reports on October 31, 2011.

We noted that the semi-annual and annual reports were not submitted by the due date of October 31, 2011. The semi-annual and annual reports were submitted by the TAM on November 2, 2011.

Management Response:

This was an oversight and the reporting deadline has been noted by the project manager and all efforts will be made for timely submission in the future.

Air District's Response:

The District acknowledges this finding. The District reviewed its records and found that staff sent out a reminder notice to the project sponsor on 9/27/2011 alerting them of the upcoming 10/31/2011 deadline. In a follow up email on 11/1/2011, District staff notified project sponsor that the deadline had been missed. The Project sponsor submitted the report the following day on 11/2/2011. Since this time, the District has taken steps to strengthen its Administrative Operating Procedures (AOPs) to ensure project sponsors are aware of their contractual obligations and to minimize the occurrence of late and missing progress reports. Per County Program Manager Fund Policies, a failed performance audit may subject the County Program Manager to a reduction of future revenue.

5. OVERSIGHT FINDINGS

No oversight findings noted as of and for the project period ended June 30, 2013.

APPENDIX A
HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

44241

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

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

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

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

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

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

44242

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

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

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

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

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

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

APPENDIX B

LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER

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

AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

Alameda County Congestion Management Agency:

<u>Project Description</u>	<u>TFCA Project Number</u>	<u>Final Project Expenditures through 6/30/13</u>
Alameda County Transportation Commission		
Program Administration	10ALA00	\$ 85,191
Program Administration	11ALA00	91,384
Guaranteed Ride Home Program	09ALA08	279,847
Bike to Work Day Marketing and Survey	09ALA10	96,000
Alameda County Transportation Commission/City of Oakland		
San Pablo TSP/Transit Improvement Project	08ALA05	174,493
AC Transit		
TravelChoice - New Residents	10ALA08	139,166
Bay Area Rapid Transit District		
BART Electronic Bicycle Locker Program - Alameda County, Phase 2	07ALA06	253,520
Castro Valley BART Station Bicycle Lockers	08ALA02	60,410
California State University East Bay		
CSUEB TDM and Trip Reduction Program	11ALA05	52,000
City of Berkeley		
9th Street Bicycle Boulevard Project	08ALA03	245,272
Berkeley Citywide Bicycle Parking	09ALA04	45,417
City of Fremont		
South Fremont Arterial Management	09ALA05	223,804
Signal Retiming on Paseo Padre Parkway and Auto Mall Parkway	10ALA03	202,210
City of Oakland		
Oakland Broadway Shuttle	10ALA05	166,857
Webster/Franklin Bikeway Project	10ALA06	56,650
Oakland Broadway Shuttle - Daytime Operations	11ALA10	52,154
City of Pleasanton		
Pleasanton Trip Reduction Program	10ALA07	52,000
Pleasanton Trip Reduction Program	11ALA11	52,816
City of San Leandro		
San Leandro LINKS Shuttle	10ALA13	66,605
County of Alameda		
Fairmont Campus to BART Shuttle	09ALA02	170,000
Fairmont Campus to BART Shuttle	10ALA01	110,000
Livermore Amador Valley Transit Authority		
BART to Downtown Pleasanton Shuttle - Route 8	10ALA09	96,860
BART - Hacienda Business Park Shuttle - Route 9	10ALA10	60,380
ACE Shuttle Service - Route 53	10ALA11	70,677
ACE Shuttle Service - Route 54	10ALA12	72,299
Route 9 BART/Hacienda Business Park Shuttle	11ALA14	42,947
Route 10 - Dublin/Pleasanton BART to Livermore ACE Station Shuttle	11ALA15	123,956
Total		<u>\$ 3,142,915</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

Contra Costa Transportation Authority:

<u>Project Description</u>	<u>TFCA Project Number</u>	<u>Final Project Expenditures through 6/30/13</u>
Contra Costa Transportation Authority		
Program Administration	10CC00	\$ 66,748
Program Administration	11CC00	66,602
City of San Ramon		
511 Contra Costa Countywide Vanpool Incentive Program	08CC06	83,175
511 South Contra Costa County Employer Program	08CC07	92,146
511 Contra Costa Countywide Vanpool Incentive Program	09CC06	59,175
511 South Contra Costa County Employer Program	09CC07	66,626
511 South Contra Costa County Student Program	09CC08	170,154
511 South Contra Costa County Employer Program	10CC05	61,226
511 Contra Costa Countywide Vanpool Incentive Program	11CC07	37,375
TRANSPAC/City of Pleasant Hill		
Central/East County Ridematching/ Trip Reduction Program	10CC04	694,496
Central/East Contra Costa Trip Reduction Program	11CC04	713,619
West Contra Costa Transportation Advisory Committee		
West Contra Costa Bicycle Rack Program	06CC04	39,000
West County Employer Outreach	08CC02	51,170
Countywide Guaranteed Ride Home Program	08CC03	128,438
Countywide Guaranteed Ride Home Program	09CC03	133,000
Countywide Guaranteed Ride Home Program	10CC03	<u>133,000</u>
Total		<u>\$ 2,595,950</u>

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

AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

Transportation Authority of Marin:

<u>Project Description</u>	<u>TFCA Project Number</u>	<u>Final Project Expenditures through 6/30/13</u>
Transportation Authority of Marin		
Program Administration	10MAR00	\$ 16,694
Program Administration	11MAR00	16,600
Class I Bike Path and Gap Closure - Puerto Suello Hill	07MAR01	520,000
Emergency Ride Home Program	08MAR03	50,000
Vanpool Program	09MAR08	25,000
Emergency Ride Home Program	09MAR09	50,000
County of Marin		
Bicycle Program (Racks & Lockers)	08MAR01	242,288
County of Marin Department of Public Works		
Marin City Transit Hub Improvements	09MAR05	<u>146,000</u>
Total		<u>\$ 1,066,582</u>

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

AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

Napa County Transportation and Planning Agency:

<u>Project Description</u>	<u>TFCA Project Number</u>	<u>Final Project Expenditures through 6/30/13</u>
Napa County Transportation and Planning Agency		
Program Administration	08NAP00	\$ 9,231
Program Administration	09NAP00	9,426
Program Administration	10NAP00	9,102
Program Administration	11NAP00	9,353
City of American Canyon		
West American Canyon Road Class II Bicycle Lane Gap Closure	07NAP01	160,000
City of Calistoga		
Calistoga Bike Racks	12NAP04	1,177
City of Napa		
Networkcar - Vehicle Management	07NAP06	43,000
Purchase Two Light-Duty Hybrid Passenger Cars for Parking Enforcement	09NAP03	4,000
Bicycle Lockers and Racks at Various Downtown Napa Locations	09NAP04	10,757
County of Napa		
Duhig Road Class II Bike Lanes	08NAP03	153,586
Las Amigas Class II Bike Lane	10NAP02	41,275
Tubbs Lane Class II Bike Lane	10NAP03	<u>48,566</u>
Total		<u>\$ 499,473</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

Santa Clara Valley Transportation Authority:

<u>Project Description</u>	<u>TFCA Project Number</u>	<u>Final Project Expenditures through 6/30/13</u>
Santa Clara Valley Transportation Authority		
Program Administration	10SC00	\$ 112,511
Light Rail Shuttle Program	10SC07	592,000
Program Administration	11SC00	96,301
Light Rail Shuttles	11SC03	557,000
City of Morgan Hill		
West Little Llagas Creek Trail Phase 4	08SC08	134,000
Cochrane Road Bike Lane Improvement Project	09SC04	162,000
City of Morgan Hill - Public Works Department		
Madrone Channel Trail	10SC08	53,275
City of Mountain View		
Permanente Creek Train/US 101 Overpass	07SC04	100,000
Stevens Creek Trail - Sleeper Open Space to Dale/Heatherstone	09SC05	400,000
City of Santa Clara		
Monroe Street Class 2 Bike Lanes	09SC01	31,500
San Tomas Aquino Creek Trail - Reach 4	09SC02	42,000
Downtown Area Class 2 Bike Racks	10SC03	7,000
City of Sunnyvale		
Tasman/Fair Oaks Streetscape Enhancements Project	07SC03	296,260
Borregas Avenue Bicycle Lanes	09SC03	52,000
Santa Clara County - Roads and Airports Department		
Capitol and Lawrence Expressway Weekday Signal Timing	10SC04	127,966
Almaden/Capitol Weekend Traffic Responsive Signal Timing	11SC02	<u>96,000</u>
Total		<u>\$ 2,859,813</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

San Francisco County Transportation Authority:

<u>Project Description</u>	<u>TFCA Project Number</u>	<u>Final Project Expenditures through 6/30/13</u>
San Francisco County Transportation Authority		
Program Administration	10SF00	\$ 33,260
Program Administration	11SF00	33,019

City and County of San Francisco:

Department of the Environment

Bicycle Fleet Program	09SF01	29,865
Commuter Benefits Program	09SF02	86,000
Emergency Ride Home Program	09SF03	809
Light-Duty Hybrid-Electric Taxis	09SF04	134,400
CCSF Bicycle Fleet	10SF01	22,206
Commuter Benefits Program	11SF02	50,937

Department of Parking and Traffic

Class II Bicycle Lanes - Laguna Honda Boulevard	04SF08	9,628
Class II Bicycle Lanes - Phelan Avenue	04SF09	81,907
Class II Bicycle Lanes - Bayshore Blvd.	05SF07	13,735
Class II Bicycle Lanes and Path - San Jose Avenue	05SF09	25,490
Class II Bicycle Lanes - Townsend Street	05SF10	134,353
Class II Bicycle Lanes - Cesar Chavez St.	06SF04	79,000
Class II Bicycle Lane and Roadway Markings - McAllister Street	06SF06	36,254
Class II Bicycle Lanes - Ocean Avenue	06SF07	55,920
Class II Bicycle Lanes - Portola Drive	06SF08	23,714
Class II Bicycle Lanes - Sickles Avenue	06SF09	71,541

Department of Public Health

Bayview Hunters Point Shuttle Service	11SF06	174,300
---------------------------------------	--------	---------

Sheriff's Department

Shuttle Service to the San Bruno Jail	09SF10	26,552
---------------------------------------	--------	--------

City College of San Francisco

Bicycle Parking Expansion	07SF02	80,067
---------------------------	--------	--------

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

San Francisco County Transportation Authority (continued):

<u>Project Description</u>	<u>TFCA Project Number</u>	<u>Final Project Expenditures through 6/30/13</u>
County of San Francisco		
Broadway Tunnel Bicycle Improvements	03SF09	26,000
Bicycle Fleet Program	08SF01	31,435
Golden Gate Bridge, Highway & Transportation District		
Purchase Six (6) Police Bicycles and Related Equipment	07SF08	9,380
Presidio Trust		
Coastal Trail Bicycle Lane, Widening, and Gap Closure	10SF02	78,979
San Francisco Municipal Transportation Agency		
Class II Bicycle Lane - Kirkham Street	06SF12	86,557
Geneva Corridor Transit Preferential Streets (TPS) Equipment Improvements	08SF03	328,278
Class II Bicycle Lane - Kirkham Street	08SF04	106,719
17th Street Corridor Bike Lanes and Shared Roadway Markings	09SF07	86,171
Wireless Traffic Signal Detection Loops - Transit Effectiveness Project Rapid Corridors	09SF08	117,916
Laguna Honda Bicycle Lanes (Plaza St. to Woodside Ave.)	10SF04	66,479
Market Street Bicycle Lanes (17th Street to Octavia Boulevard)	10SF05	109,898
Market and Valencia Bicycle Improvements and Gap Closure	10SF06	100,778
San Francisco State University		
Class I Bicycle Path - San Francisco State University	08SF06	358,701
San Francisco Unified School District		
Bike Racks for San Francisco Schools	10SF07	111,876
Yellow Cab Cooperative		
Clean Air CNG Taxi Program	10SF09	<u>39,000</u>
Total		<u>\$ 2,861,124</u>

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

AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

City/County Association of Governments of San Mateo County:

<u>Project Description</u>	<u>TFCA Project Number</u>	<u>Final Project Expenditures through 6/30/13</u>
City/County Association of Governments of San Mateo County		
Program Administration	10SM00	\$ 38,447
Program Administration	11SM00	39,493
Peninsula Traffic Congestion Relief Alliance		
Countywide Voluntary Trip Reduction Program	10SM01	421,000
Countywide Voluntary Trip Reduction Program	11SM01	414,000
San Mateo County Transit District		
SamTrans Shuttle Bus Program	10SM02	536,000
SamTrans Shuttle Bus Program	11SM02	<u>527,000</u>
Total		<u>\$ 1,975,940</u>

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

AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

Solano Transportation Authority:

<u>Project Description</u>	<u>TFCA Project Number</u>	<u>Final Project Expenditures through 6/30/13</u>
Solano Transportation Authority		
Program Administration	10SOL00	\$ 14,308
Program Administration	11SOL00	14,623
Program Administration	12SOL00	14,679
Solano County Safe Routes to School Pilot Program	08SOL01	116,280
Safe Routes to School Program	09SOL01	60,000
Solano Commute Alternatives Incentive and Outreach Program	10SOL02	191,622
Solano Commute Alternative Outreach Program and Incentive Activities	11SOL02	<u>232,215</u>
Total		<u>\$ 643,727</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
AUDIT SUMMARY REPORT
LISTING OF AUDITED PROJECTS BY PROGRAM MANAGER
FOR THE PROJECT PERIOD ENDED JUNE 30, 2013

Sonoma County Transportation Authority:

<u>Project Description</u>	<u>TFCA Project Number</u>	<u>Final Project Expenditures through 6/30/13</u>
Sonoma County Transportation Authority		
Program Administration Cost	10SON00	\$ 27,794
Program Administration Cost	11SON00	27,582
Sonoma County Transit		
FY 2009 Transit Marketing Program	08SON02	89,485
Sonoma County Transit Bus Stop Enhancements	10SON04	80,000
Downtown Sebastopol Transit Hub	10SON05	68,064
City of Petaluma		
Washington Street & Petaluma Boulevard Corridor Signal Timing	09SON05	45,000
Petaluma Transit - Transit Marketing	10SON07	60,000
City of Rohnert Park		
Commerce Boulevard Bike Lane Gap Closure	09SON07	9,475
Redwood Drive Bike Lane Gap Closure	09SON08	11,276
City of Santa Rosa, Transit Department		
FY 2009 Student/Youth Bus Pass Subsidy	09SON03	80,000
FY 2010/2011 Student/Youth Bus Pass Subsidy	10SON01	68,000
FY 2010/2011 Santa Rosa Free Ride Trip Reduction Incentive Program	10SON02	141,717
Student/Youth Bus Pass Subsidy	11SON02	71,000
Free Ride Trip Reduction Incentive Program	11SON03	132,060
City of Sonoma		
Comprehensive Class III Route Sign Program & South Fifth Street West Class II Lanes	09SON06	<u>135,542</u>
Total		<u>\$ 1,046,995</u>

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: February 9, 2015

Re: Residential Lawn Mower Replacement Program

RECOMMENDATIONS

Recommend the Board of Directors:

1. Allocate \$300,000 in Carl Moyer Program/Mobile Source Incentive Funds (MSIF) to implement the residential lawn mower replacement program; and
2. Authorize the Executive Officer/APCO to execute agreements with one or more metal recycling facilities to help administer the residential lawn mower replacement program.

BACKGROUND

Lawn mower replacement programs achieve emission benefits by providing lawn mower owners an incentive to purchase a cordless, zero-emission mower instead of higher polluting gasoline equipment. There are approximately 865,000 lawn mowers within the Air District's jurisdiction generating annual emissions of approximately 1,120 tons of reactive organic gases (ROG), 50 tons of oxides of nitrogen (NOx), 24 tons of particulate matter (PM10), and 9,680 tons of carbon dioxide, a greenhouse gas. Zero-emission lawn mowers are not required by regulation, so all emissions reduced by equipment replacements are surplus. In past years, the Air District has operated the residential lawn mower exchange program by holding events where eligible participants could bring their lawn mowers to be scrapped and receive a new, discounted, zero-emission lawn mower.

In 2014, the Air District held three exchange events, one each in the North Bay, Central Bay, and South Bay. This program model required a competitive Request for Proposal (RFP) process and contract with the participating lawn mower vendor. The Air District also contracted with a scrapper that could receive the lawn mowers at the event, drain the lawn mowers, and haul them away in containers. Through the program the Air District expended \$59,595 in Air Quality Improvement Program and MSIF funds to replace 411 lawn mowers for Bay Area residents. This resulted in a reduction in emissions of ROG by 467 lbs./year, NOx by 29.2 lbs./year, and PM10 by 19.7 lbs./year.

DISCUSSION

To improve the performance of this program, staff researched other program models and considered the feedback received during the 2014 program. The proposed program would run continuously until all of the funding is obligated, so that resident participation is not limited to specific event days and locations, and program efficiency is improved. Participants would be able to purchase all new, cordless, zero-emission electric lawn mowers, instead of a limited number of models from specific manufacturers. The program will be administered in accordance with the California Air Resources Board's 2011 Carl Moyer Program guidelines, and subsequent updates. Staff will update the Committee on the program's progress and will continue to look for opportunities to improve and streamline the program.

The proposed program will provide residents a wide selection of equipment from at least 15 different manufacturers. Eligible lawn mowers will be listed on the Air District's website and the list will be updated as new equipment becomes available. Cordless electric lawn mowers range in price from approximately \$150 to \$450. Under the Carl Moyer Program guidelines the maximum eligible incentive funding amount for a lawn mower replacement is \$145. Staff will provide promotional materials to the manufacturers and local retail outlets to expand the outreach of the program and provide this information on the Air District's website. Other promotional opportunities will include press releases and distributing program materials at local events.

Participants would initiate the process by submitting an application to the Air District. Applications would be reviewed to confirm residency in the Air District and confirm that participants currently own and operate a gasoline lawn mower in the Bay Area. Program participants would then purchase a new, Air District-approved, cordless, zero-emission electric lawn mower from an approved manufacturer. The participants would scrap their operational, gasoline-powered lawn mower at an Air District-approved dismantling yard where the lawn mowers would be recycled and hazardous waste disposed of in accordance with all applicable regulations. The dismantling yards would provide the participant with a check for \$145 and then invoice the Air District, on a monthly basis, for reimbursement.

Staff requests the committee recommend the Board of Directors allocate \$300,000 in Carl Moyer Program/MSIF to implement the residential lawn mower replacement program. These funds will help replace approximately 2,000 lawnmowers with electric equipment, and reduce ROG by 2,351 lbs./year, NOx by 147 lbs./year, and PM10 by 99 lbs./year. In order to implement this program, staff also requests the Committee recommend the Board of Directors authorize the Executive Officer/APCO to enter into agreements with one or more metal recycling facilities to scrap eligible participants gasoline lawn mowers and reimburse them for the purchase of the new, cordless, zero-emission electric lawn mowers.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. Through the CMP and MSIF 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 Officer/APCO

Prepared by: Joseph Steinberger
Reviewed by: Anthony Fournier