



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

KAREN MITCHOFF – CHAIR
DAVID CANEPA
DAVID E. HUDSON
REBECCA KAPLAN
NATE MILEY

SCOTT HAGGERTY – VICE CHAIR
CAROLE GROOM
TYRONE JUE
DOUG KIM

**THURSDAY
DECEMBER 7, 2017
9:30 A.M.**

**1ST FLOOR BOARD ROOM
375 BEALE STREET
SAN FRANCISCO, CA 94105**

AGENDA

1. CALL TO ORDER - ROLL CALL – PLEDGE OF ALLEGIANCE

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

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, 375 Beale 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.

This meeting will be webcast. To see the webcast, please visit <http://www.baaqmd.gov/about-the-air-district/board-of-directors/resolutionsagendasminutes> at the time of the meeting. Closed captioning may contain errors and omissions, and are not certified for their content or form.

Staff/Phone (415) 749-

3. APPROVAL OF THE MINUTES OF OCTOBER 26, 2017

Clerk of the Boards/5073

The Committee will consider approving the attached draft minutes of the Mobile Source Committee meeting of October 26, 2017.

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

K. Schkolnick/5070

kschkolnick@baaqmd.gov

The Committee will consider recommending Board of Directors' approval of Carl Moyer Program and Transportation Fund for Clean Air 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. **FISCAL YEAR ENDING (FYE) 2016 TRANSPORTATION FUND FOR CLEAN AIR (TFCA) AUDIT REPORT RESULTS AND FYE 2017 REPORT ON TFCA REGIONAL FUND EXPENDITURES AND EFFECTIVENESS**

K. Schkolnick/5070

kschkolnick@baaqmd.gov

The Committee will receive an informational report summarizing the audit of Transportation Fund for Clean Air projects that were completed by June 30, 2016 (FYE 2016) and the Report of Expenditures and Effectiveness of TFCA Regional Fund and Air District sponsored projects that closed in FYE 2017.

6. **REQUEST TO ACCEPT NEW GRANT PROGRAM REVENUE RESULTING FROM ASSEMBLY BILL 134**

K. Schkolnick/5070

kschkolnick@baaqmd.gov

The Committee will receive an update on AB 134 and its requirements; will consider recommending Board of Directors' acceptance of \$50 million from the California Air Resources Board (CARB), and referring a request to the Budget and Finance and Executive Committees for nine full time positions in the Technology Implementation Office and Strategic Incentives Division.

7. **UPDATE ON EFFORTS TO FURTHER REDUCE EMISSIONS AT THE PORT OF OAKLAND AND FORMER OAKLAND ARMY BASE**

K. Schkolnick/5070

kschkolnick@baaqmd.gov

The Committee will receive an informational update on efforts to develop a comprehensive plan for further emissions reductions from mobile sources operating in and around the West Oakland community.

8. **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)

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

Thursday, January 25, 2018, Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, California 94105 at 9:30 a.m.

10. **ADJOURNMENT**

The Committee meeting shall be adjourned by the Committee Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
375 BEALE STREET, SAN FRANCISCO, CA 94105
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.
- 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 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

Accessibility and Non-Discrimination Policy

The Bay Area Air Quality Management District (Air District) does not discriminate on the basis of race, national origin, ethnic group identification, ancestry, religion, age, sex, sexual orientation, gender identity, gender expression, color, genetic information, medical condition, or mental or physical disability, or any other attribute or belief protected by law.

It is the Air District’s policy to provide fair and equal access to the benefits of a program or activity administered by Air District. The Air District will not tolerate discrimination against any person(s) seeking to participate in, or receive the benefits of, any program or activity offered or conducted by the Air District. Members of the public who believe they or others were unlawfully denied full and equal access to an Air District program or activity may file a discrimination complaint under this policy. This non-discrimination policy also applies to other people or entities affiliated with Air District, including contractors or grantees that the Air District utilizes to provide benefits and services to members of the public.

Auxiliary aids and services including, for example, qualified interpreters and/or listening devices, to individuals who are deaf or hard of hearing, and to other individuals as necessary to ensure effective communication or an equal opportunity to participate fully in the benefits, activities, programs and services will be provided by the Air District in a timely manner and in such a way as to protect the privacy and independence of the individual. Please contact the Non-Discrimination Coordinator identified below at least three days in advance of a meeting so that arrangements can be made accordingly.

If you believe discrimination has occurred with respect to an Air District program or activity, you may contact the Non-Discrimination Coordinator identified below or visit our website at www.baaqmd.gov/accessibility to learn how and where to file a complaint of discrimination.

Questions regarding this Policy should be directed to the Air District’s Non-Discrimination Coordinator, Rex Sanders, at (415) 749-4951 or by email at rsanders@baaqmd.gov

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
375 BEALE STREET, SAN FRANCISCO, CALIFORNIA 94105
FOR QUESTIONS PLEASE CALL (415) 749-5016 or (415) 749-4941

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

DECEMBER 2017

<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	6	9:45 a.m.	1 st Floor Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	7	9:30 a.m.	1st Floor Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Thursday	7	10:30 a.m.	1st Floor Board Room
Advisory Council Meeting <i>(At the Call of the Chair)</i>	Monday	11	10:00 a.m.	1 st Floor Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Thursday	14	9:30 a.m.	1 st Floor Board Room
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i>	Monday	18	9:30 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	18	10:30 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	20	9:45 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i> - CANCELLED AND RESCHEDULED TO THURSDAY, DECEMBER 7, 2017 AT 10:30 A.M.	Wednesday	27	9:30 a.m.	1st Floor, Yerba Buena Room #109
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i> - CANCELLED AND RESCHEDULED TO THURSDAY, DECEMBER 7, 2017 AT 9:30 A.M.	Thursday	28	9:30 a.m.	1 st Floor Board Room

JANUARY 2018

<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	3	9:45 a.m.	1 st Floor Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i> - CANCELLED	Monday	15	9:30 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i> - CANCELLED	Monday	15	10:30 a.m.	1 st Floor Board Room
Board of Directors Regular Mtg. / Retreat <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	17	9:45 a.m.	Dougherty Station Community Center 17011 Bollinger Canyon Rd, San Ramon, CA 94582
Board of Directors Climate Protection Committee <i>(Meets on the 3rd Thursday of every other Month)</i>	Thursday	18	9:30 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	24	9:30 a.m.	1st Floor, Yerba Buena Room #109
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	25	9:30 a.m.	1 st Floor Board Room

VJ – 11/27/17 - 12:41 p.m.

G/Board/Executive Office/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Karen Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 13, 2017

Re: Approval of the Minutes of October 26, 2017

RECOMMENDED ACTION

Approve the attached draft minutes of the Mobile Source Committee (Committee) Meeting of October 26, 2017.

DISCUSSION

Attached for your review and approval are the draft minutes of the Mobile Source Committee Meeting of October 26, 2017.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Maricela Martinez

Attachment 3A: Draft Minutes of the Mobile Source Committee Meeting of October 26, 2017

AGENDA 3A – ATTACHMENT

Draft Minutes – Mobile Source Committee Meeting of October 26, 2017

Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, California 94105
(415) 749-5073

DRAFT MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
Thursday, October 26, 2017

1. CALL TO ORDER – ROLL CALL

Director Carole Groom called the meeting to order at 9:36 a.m.

Present: Chairperson Karen Mitchoff; Vice Chair Scott Haggerty; and Directors David J. Canepa, David Hudson, Rebecca Kaplan, Doug Kim, and Nate Miley.

Absent: Directors Carole Groom and Tyrone Jue.

Also Present: None.

2. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

3. APPROVAL OF THE MINUTES OF SEPTEMBER 28, 2017

Public Comments:

No requests received.

Committee Comments:

None.

Committee Action:

Director Hudson made a motion, seconded by Director Kaplan, to approve the Minutes of September 28, 2017; and the motion carried by the following vote of the Committee:

AYES: Canepa, Hudson, Kaplan, Kim, and Mitchoff.
NOES: None.
ABSTAIN: None.
ABSENT: Groom, Jue, Haggerty, and Miley.

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

Karen Schkolnick, Strategic Incentives Division Director, introduced Ken Mak, Acting Supervising Staff Specialist, who gave the staff presentation *Projects with Proposed Awards Over \$100,000*, including: overview; background; proposed projects with awards over \$100,000; Transportation Fund for Clean Air (TFCA) funds awarded by project category and county; and recommendations.

Public Comments:

No requests received.

Committee Comments:

The Committee and staff discussed how the five projects in this presentation only use \$3 million dollars of the \$29 million dollars allocated to the FYE 2018 TFCA Program; the status of the District’s new Trip-Reduction pilot program for CARE communities, and the methods of outreach the District is using to inform the public, technology providers, and Congestion Management Agencies (CMA.)

NOTED PRESENT: Committee Vice Chair Scott Haggerty was noted present at 9:43 a.m.

Committee Action:

Director Kaplan made a motion, seconded by Director Hudson, to approve staff recommendations; and the motion carried by the following vote of the Committee:

AYES: Canepa, Hudson, Kaplan, Kim, and Mitchoff.
NOES: None.
ABSTAIN: None.
ABSENT: Groom, Jue, Haggerty, and Miley.

5. TRANSPORTATION FUND FOR CLEAN AIR COUNTY PROGRAM MANAGER (CPM) FUND POLICIES FOR FISCAL YEAR ENDING (FYE) 2019 AND A REQUEST FOR A WAIVER FOR FYE 2018 CPM POLICIES FROM SAN FRANCISCO COUNTY TRANSPORTATION AGENCY

Ms. Schkolnick introduced Linda Hui, Staff Specialist, who gave the staff presentation *TFCA County Program Manager (CPM) Policies for Fiscal Year Ending (FYE) 2019*, including: overview; background; TFCA CPM fund policies for FYE 2019; policy waiver request overview; and recommendations.

Public Comments:

Public comments were given by Mike Pickford, San Francisco County Transportation Agency.

Committee Comments:

The Committee and staff discussed whether Congestion Management Agency Program Managers may use existing policies under electric vehicle (EV) infrastructure for private charging stations; the District’s plan to amend existing TFCA CPM general policies for the TFCA CPM FYE 2019 program so that vehicles may be replaced with vehicles from a different weight class, prompted by the waiver request from the San Francisco County Transportation Authority (SFCTA) for the TFCA CPM FYE 2018 program; what would happen to the medium-heavy duty diesel vehicle in question if the waiver is granted to SFCTA; the number of vehicles that are allowed to be traded per each one that subject to the waiver; concern about the implications of waiving policy; the frequency of waiver requests and the annual deadline for waiver requests; the Committee’s request that staff consult with the Alameda County Transportation Commission to determine if an extension was necessary for a waiver granted to them for the fiscal year ending FYE 2017 TFCA CPM policies; the length of time it takes to amend TFCA CPM general policies; and how TFCA CPM projects have evolved since 1991, due to changing technology.

Committee Action:

Vice Chair Haggerty made a motion, seconded by Director Hudson, to approve staff recommendations; and the motion carried by the following vote of the Committee:

AYES: Canepa, Haggerty, Hudson, Kaplan, Kim, Miley, and Mitchoff.
NOES: None.
ABSTAIN: None.
ABSENT: Groom and Jue.

6. ACCEPT, OBLIGATE, AND EXPEND FUNDING FROM THE CALIFORNIA AIR RESOURCES BOARD (CARB), METROPOLITAN TRANSPORTATION COMMISSION (MTC), AND BAY AREA CLEAN AIR FOUNDATION

Damian Breen, Deputy Air Pollution Control Officer, introduced Ms. Schkolnick, who gave the staff report, *Accept, Obligate, and Expend Funding from the California Air Resources Board (CARB), Metropolitan Transportation Commission (MTC), and Bay Area Clean Air Foundation (BACAF)*, including: overview; background; CARB Enhanced Fleet Modernization Plus-Up Program; MTC Congestion Mitigation and Air Quality Funding; BACAF Reformulated Gas Funding (RFG); and recommendations.

Public Comments:

No requests received.

Committee Comments:

The Committee and staff discussed whether the West Oakland community, like the Port of Oakland, has been asked to contribute to the \$1.3 million-dollar match required for the RFG funding; the suggestion of an EV charging station incentive program for single family homes, based upon the price of the EVs, as opposed to the household’s total income; the suggestion that District staff work with EV manufacturers to provide free electric charging opportunities to low-

income EV owners so that they can afford to upgrade to the fast-charge EV models; why hydrogen-powered vehicle projects are not currently being considered by the District for the three new awards; the lack of and need for higher voltage classes in existing infrastructure to charge EVs; and the suggestion that the District creates incentives for households who are already off the grid, and are using solar to charge their EVs.

Committee Action:

Vice Chair Haggerty made a motion, seconded by Director Canepa, to approve staff recommendations; and the motion carried by the following vote of the Committee:

AYES: Canepa, Haggerty, Hudson, Kaplan, Kim, Miley, and Mitchoff.
NOES: None.
ABSTAIN: None.
ABSENT: Groom and Jue.

7. COMMITTEE MEMBER COMMENTS

None.

8. TIME AND PLACE OF NEXT MEETING

Thursday, December 7, 2017, Bay Area Air Quality Management District office, 375 Beale Street, 1st floor Board Room, San Francisco, CA 94105, at 9:30 a.m.

9. ADJOURNMENT

The meeting adjourned at 10:42 a.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Karen Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 20, 2017

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

RECOMMENDED ACTION

Recommend Board of Directors:

1. Approve Carl Moyer Program and Transportation Fund for Clean Air projects with proposed grant awards over \$100,000 as shown in Attachment 1; and
2. Authorize the Executive Officer/APCO to enter into all necessary agreements with applicants 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 (CARB), 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 in the Air District's Mobile Source Incentive Fund (MSIF). AB 923 stipulates that air districts may use the revenues generated by the additional \$2 surcharge for projects eligible under the CMP.

On March 1, 2017, the Board of Directors (Board) authorized Air District participation in Year 19 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.

In 1991, the California State Legislature authorized Air District to impose a \$4 surcharge on motor vehicles registered within the nine-county Bay Area to fund projects that reduce on-road motor vehicle emissions within the Air District's jurisdiction. The statutory authority for the Transportation Fund for Clean Air (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 projects and programs implemented directly by the Air District (e.g., Spare the Air, Plug-in Electric Vehicle Program) and to a program referred to as the TFCA Regional Fund. Each year, the Air District's Board of Directors (Board) allocates funding and adopts policies and evaluation criteria that govern the expenditure of TFCA funding.

On April 19, 2017, the Board allocated \$29.24 million in TFCA funding for eligible projects in Fiscal Year Ending (FYE) 2018, authorized cost-effectiveness limits for Air District-sponsored FYE 2018 programs, and authorized the Executive Officer/APCO to execute Grant Agreements and amendments for TFCA-revenue funded projects with individual grant award amounts up to \$100,000. On August 2, 2017, the Board adopted policies and evaluation criteria for the FYE 2018 TFCA Regional Fund program.

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

DISCUSSION

Carl Moyer Program:

The Air District started accepting project applications for the CMP Year 19 funding cycle on October 12, 2017. The Air District had more than \$16 million available for CMP school bus projects from a combination of MSIF and CMP funds for the Year 19 cycle. Project applications are accepted and evaluated on a first-come, first-served basis.

As of November 17, 2017, the Air District had received 59 project applications for the CMP Year 19 cycle. Of the applications that have been evaluated between October 12, 2017, and November 17, 2017 seven eligible project have proposed individual grant awards over \$100,000. These projects will replace 1 off-road loader, 1 locomotive, 4 school buses, 7 marine engines, and reduce over 97 tons of NOx, ROG and PM per year. Staff recommends the allocation of \$7,149,814.22 for 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 Year 19 projects that have been received by the Air District as of November 17, 2017, and summarizes the allocation of funding by equipment category, and county. Approximately 95% 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 and MSIF funding since 2009 (more than \$143 million awarded to 810 projects).

Transportation Fund for Clean Air Program:

The Air District started accepting project applications for the TFCA on July 1, 2017. The Air District had approximately \$29.24 million for eligible projects. As of November 17, 2017, the Air District has received 58 project applications for TFCA funding. Of the applications that were evaluated between October 4, 2017 and November 17, 2017, one eligible project has proposed an individual grant award over \$100,000. This project will install 244 electric vehicle charging stations at 9 high schools in Santa Clara county, which will reduce more than 0.92 tons of NOx, ROG, and PM per year. Staff determined that this project conforms to the provisions of HSC 44241 and the applicable Board-adopted policies and recommends the allocation of \$732,000 in TFCA funds to this project. Attachment 1, Table 2, provides additional information on this project.

Attachment 4 lists the 39 eligible TFCA projects that were evaluated between July 1, 2017 and November 17, 2017. In total, these projects represent more than \$7.38 million in funding awards, and will reduce approximately 31.11 tons of NOx, ROG, and PM tons per year and approximately 18,401 tons of tailpipe greenhouse gas emissions per year. Approximately 26% of the funding will directly reduce emissions in highly impacted Bay Area communities.

Attachment 5 summarizes the allocation of TFCA funding for the 39 eligible projects that have been evaluated since July 1, 2017 by project category (Figure 1), and county (Figure 2).

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 these programs are provided by each funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Anthony Fournier, Mark Tang, and Ken Mak
Reviewed by: Karen Schkolnick and Chengfeng Wang

- Attachment 1: Projects with grant awards greater than \$100,000
- Attachment 2: Summary of all Year 19 CMP and MSIF approved and eligible projects
- Attachment 3: Summary of program distribution by county and equipment category for CMP and MSIF funding since 2009.
- Attachment 4: Summary of all TFCA approved and eligible projects (evaluated 7/1/17-11/17/17)
- Attachment 5: Summary of distribution of TFCA funds by county and project category (evaluated 7/1/17-11/17/17)

AGENDA 4 - ATTACHMENT 1

Table 1 - Summary of Carl Moyer Program and Mobile Source Incentive Fund projects with grant awards greater than \$100k (Evaluated between 10/12/17 and 11/17/17)

Project #	Applicant name	Equipment category	Project description	Proposed contract award	Total project cost	Emission Reductions (Tons per year)			County
						NOx	ROG	PM	
19MOY16	Achadinha Cheese, Inc.	Ag/ off-road	Replacement of one diesel loader	\$ 144,055.00	\$ 180,069.38	1.189	0.114	0.062	Sonoma
19MOY38	Oakland Global Rail Enterprises	Locomotive	Replacement of one diesel switcher locomotive	\$ 1,080,500.00	\$ 2,195,000.00	1.801	0.108	0.042	Alameda
19MOY10	El Dorado Deep Sea Adventure	Marine	Replacement of two diesel propulsion engines	\$ 134,800.00	\$ 168,722.16	1.513	-0.022	0.060	Contra Costa
19MOY15	F/V Rose Marie Inc. (Commercial fishing)	Marine	Replacement of one diesel propulsion engine	\$ 114,000.00	\$ 142,517.30	0.254	-0.003	0.014	San Francisco
19MOY1	Amnav Maritime Corporation (Vessel: Sandra Hugh)	Marine	Replacement of two diesel propulsion engines	\$ 2,590,000.00	\$ 3,049,377.18	42.718	1.947	1.456	Alameda
19SBP49	San Jose Unified School District	School bus	Replacement of four diesel school buses	\$ 496,459.22	\$ 734,075.62	0.480	0.047	0.000	Santa Clara
19MOY4	Amnav Maritime Corporation (Vessel: Revolution)	Marine	Replacement of two diesel propulsion engines	\$ 2,590,000.00	\$ 3,049,377.18	42.718	1.947	1.456	Alameda
7 Projects				\$ 7,149,814.22		90.673	4.139	3.090	

AGENDA 4 - ATTACHMENT 1

Table 2 - Summary of Transportation Fund for Clean Air projects
with grant awards greater than \$100k (Evaluated between 10/4/17 and 11/17/17)

Project #	Project Sponsor	Project Category	Project Description	Est. C/E	Proposed Contract Award	Emission Reductions (Tons per year)			County
						NO _x	ROG	PM	
18EV001	Campbell Union High School District	Electric Vehicle Charging Stations	Install 244 Level 2 (high) charging stations at 9 workplace facilities in San Jose, Campbell, and Saratoga	\$229,307	\$732,000	0.396	0.516	0.008	Santa Clara
1 Projects					\$732,000	0.40	0.52	0.01	

AGENDA 4 - ATTACHMENT 2

Summary of all Yr 19 CMP and MSIF approved/ eligible projects (between 10/12/17 and 11/17/17)

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
19MOY13	Ag/ off-road	Equipment replacement	1	\$ 51,224.00	Michael Viratos (Viratos Vineyards)	0.102	0.016	0.011	APCO	Solano
19MOY21	On-road	Equipment replacement	1	\$ 40,000.00	Allied Materials, Inc	0.751	0.109	0.008	APCO	Solano
19MOY16	Ag/ off-road	Equipment replacement	1	\$ 144,055.00	Achadinha Cheese, Inc.	1.189	0.114	0.062	TBD	Sonoma
19MOY38	Locomotive	Equipment replacement	1	\$ 1,080,500.00	Oakland Global Rail Enterprises	1.801	0.108	0.042	TBD	Alameda
19MOY20	Ag/ off-road	Equipment replacement	1	\$ 43,800.00	Bains Farms LLC	0.353	0.054	0.031	APCO	Solano
19MOY25	Ag/ off-road	Equipment replacement	1	\$ 45,200.00	Donald Buhman (Farmer)	0.091	0.015	0.010	APCO	Napa
19MOY24	Off-road	Equipment replacement	1	\$ 66,775.00	Dolan's Lumber of Concord	0.403	0.058	0.033	APCO	Contra Costa
19MOY14	On-road	Equipment replacement	1	\$ 60,000.00	Simon Chuong dba Simon Trucking	1.126	0.170	0.008	APCO	Santa Clara
19MOY2	Marine	Engine replacement	1	\$ 94,000.00	Lovely Martha Sportfishing	0.291	-0.009	0.018	APCO	San Francisco
19MOY10	Marine	Engine replacement	2	\$ 134,800.00	El Dorado Deep Sea Adventure	1.513	-0.022	0.060	TBD	Contra Costa
19MOY15	Marine	Engine replacement	1	\$ 114,000.00	F/V Rose Marie Inc. (Commercial fishing)	0.254	-0.003	0.014	TBD	San Francisco
19MOY1	Marine	Engine replacement	2	\$ 2,590,000.00	Amnav Maritime Corporation (Vessel: Sandra Hugh)	42.718	1.947	1.456	TBD	Alameda
19SBP49	School bus	School bus replacement	4	\$ 496,459.22	San Jose Unified School District	0.480	0.047	0.000	TBD	Santa Clara
19MOY4	Marine	Engine replacement	2	\$ 2,590,000.00	Amnav Maritime Corporation (Vessel: Revolution)	42.718	1.947	1.456	TBD	Alameda
19MOY11	Ag/ off-road	Equipment replacement	1	\$ 41,110.00	Bob Balestra (Vineyard)	0.138	0.021	0.012	APCO	Solano
19MOY6	On-road	Equipment replacement	1	\$ 50,000.00	J&G transportaion	1.058	0.159	0.055	APCO	Alameda
16 Projects			22	\$ 7,641,923.22		94.985	4.732	3.278		

AGENDA 4 - ATTACHMENT 2

Figure 1: CMP and MSIF Funding Distribution by Equipment Category as of 11/17/17

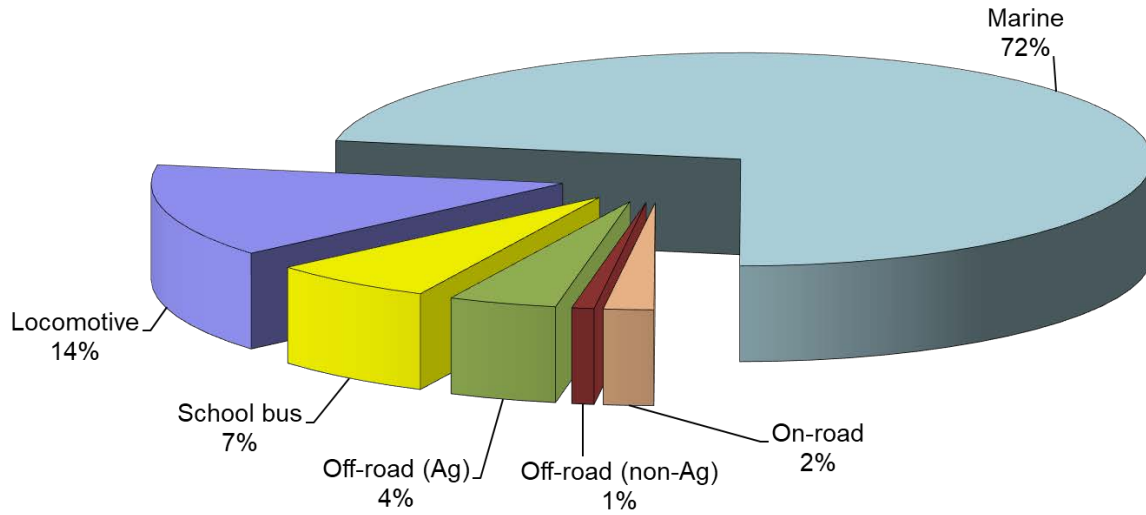
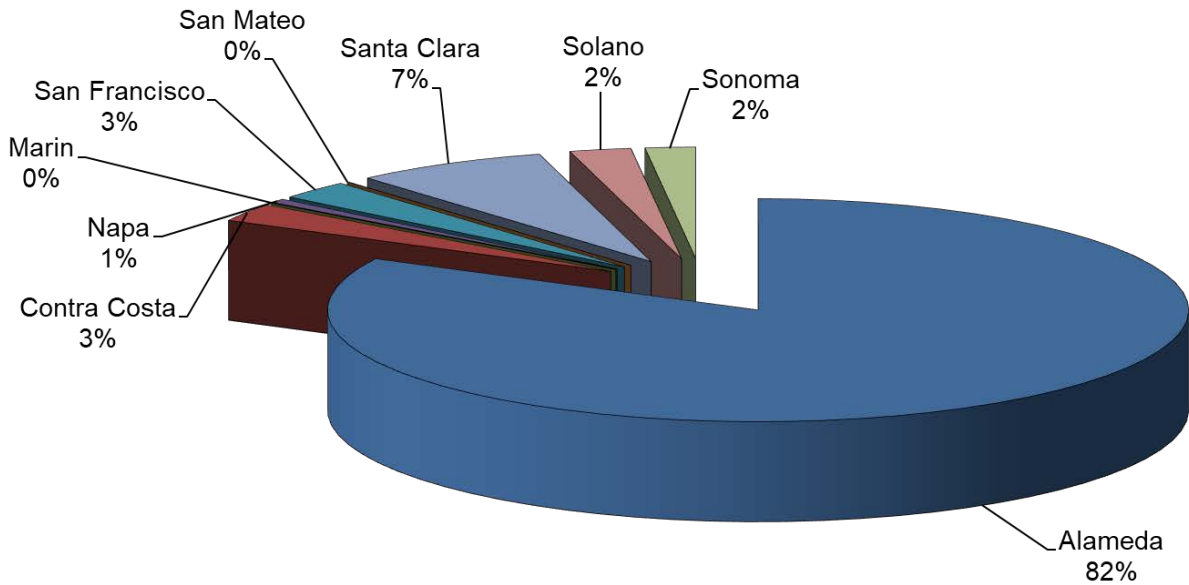


Figure 2: CMP and MSIF Funding Distribution by County as of 11/17/17



AGENDA 4 - ATTACHMENT 3

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

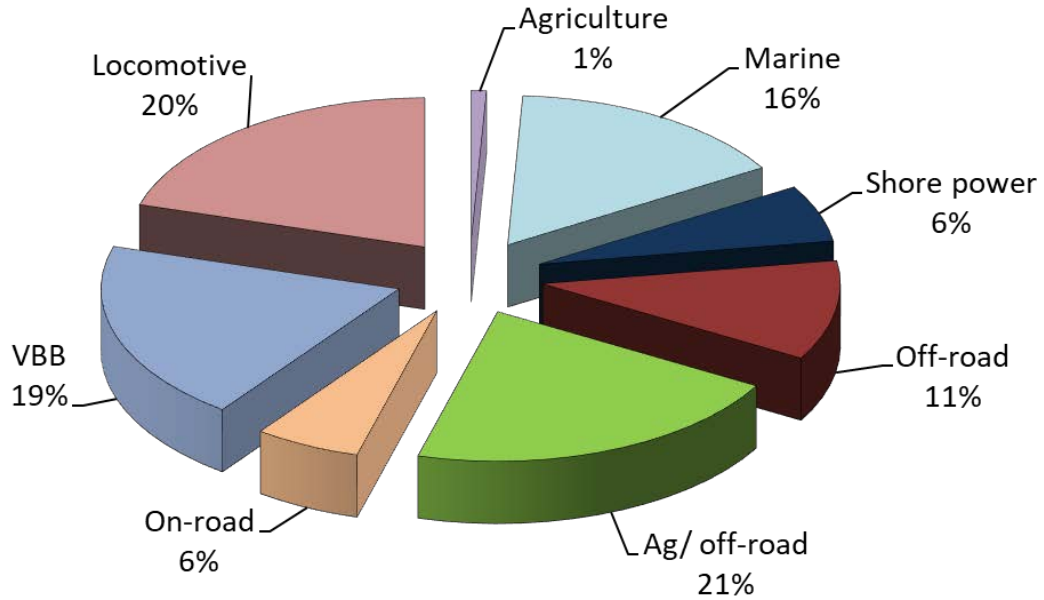
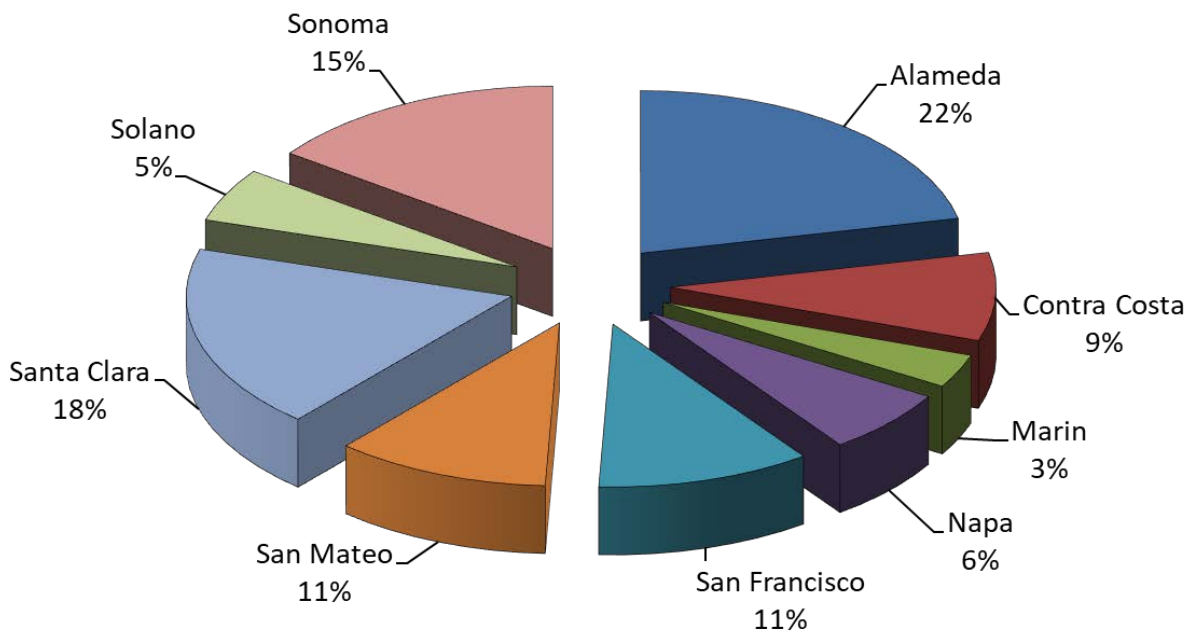


Figure 4: CMP and MSIF funding since 2009 by county



AGENDA 4 - ATTACHMENT 4

Summary of all TFCA approved and eligible projects (evaluated between 7/1/17 and 11/17/17)

Project #	Project Category	Project Description	Award Amount	Applicant Name	Emission Reductions (Tons per year)			Board Approval Date	CARE Area	County
					NO _x	ROG	PM			
Projects Pending Board Approval										
18EV001	Electric Vehicle (EV) Charging Stations	Install 244 Level 2 (high) charging stations in San Jose, Campbell, and Saratoga	\$732,000	Campbell Union High School District	0.396	0.516	0.008	Pending	No	Santa Clara
Projects Approved										
17EV005	EV Charging Stations	Install 5 single-port Level 2 (high) charging stations in Daly City, San Carlos, Menlo Park and Mountain View	\$15,000	Concept Hotels	0.009	0.011	0.000	7/11/17	No	Regional
17EV009	EV Charging Stations	Install 4 dual-port Level 2 (low) charging stations in Menlo Park and Cupertino	\$10,000	J Cyril Johnson Investment Corp	0.005	0.007	0.000	7/27/17	No	Santa Clara
17EV010	EV Charging Stations	Install 4 dual-port Level 2 (low) charging stations in Burlingame	\$10,000	City of Burlingame	0.005	0.007	0.000	9/21/17	No	San Mateo
17EV011	EV Charging Stations	Install 5 dual-port Level 2 (high) charging stations in San Francisco	\$10,936	San Francisco Zoological Society	0.006	0.008	0.000	8/3/17	No	San Francisco
17EV013	EV Charging Stations	Install 4 dual-port Level 2 (high) charging stations in San Jose	\$16,000	San Jose Healthcare System, LP	0.009	0.011	0.000	7/20/17	Yes	Santa Clara
17EV015	EV Charging Stations	Install 14 dual-port Level 2 (high) charging stations in Santa Rosa and Petaluma	\$56,000	Sonoma County Junior College District	0.030	0.040	0.001	7/6/17	No	Sonoma
17EV016	EV Charging Stations	Install 6 dual-port Level 2 (low) charging stations in Hayward	\$15,000	California State University, East Bay Foundation Inc.	0.008	0.011	0.000	7/18/17	No	Alameda
17EV018*	EV Charging Stations	Install 182 single-port Level 2 (high) and 8 DC Fast charging stations in Los Altos, Mountain View, and Los Altos Hills	\$1,400,763	Los Altos School District	0.390	0.508	0.008	10/4/17	No	Santa Clara
17EV019	EV Charging Stations	Install and operate 3 dual-port Level 2 (high) chargers in San Jose	\$12,000	Asian Americans for Community Involvement of Santa Clara County, Inc.	0.007	0.009	0.000	8/28/17	Yes	Santa Clara
17EV020	EV Charging Stations	Install 6 single-port Level 2 (high) charging stations in Los Altos Hills	\$18,000	Fremont Hills Country Club	0.010	0.013	0.000	7/20/17	No	Santa Clara
17EV021	EV Charging Stations	Install 52 single-port Level 2 (high) charging stations in San Jose	\$156,000	North First SJ, LP	0.084	0.110	0.002	10/4/17	No	Santa Clara
17EV022	EV Charging Stations	Install 26 single-port Level 2 (high) and 1 DC Fast charging stations in Los Altos	\$96,000	Mountain View Los Altos High School District	0.056	0.073	0.001	10/4/17	No	Santa Clara
17EV023	EV Charging Stations	Install 3 single-port Level 2 (high) charging stations with solar in Richmond	\$18,000	San Francisco Estuary Institute	0.005	0.006	0.000	8/15/17	Yes	Contra Costa
17EV024	EV Charging Stations	Install 20 single-port Level 2 (high) charging stations with solar in Cotati	\$120,000	Old Redwood Commons Association	0.033	0.042	0.001	10/4/17	No	Sonoma
17EV025	EV Charging Stations	Install 3 dual-port Level 2 (high) charging stations in San Mateo	\$12,000	BCSP Crossroads Property LLC	0.007	0.009	0.000	8/17/17	No	San Mateo
17EV029	EV Charging Stations	Install 4 single-port Level 2 (high) charging stations in Albany	\$12,000	City of Albany	0.007	0.009	0.000	11/13/17	Yes	Contra Costa
17EV031	EV Charging Stations	Install 32 Level 2 (high) single port charging stations in Sunnyvale and Cupertino	\$96,000	Fremont Union High School District	0.052	0.068	0.001	11/14/17	No	Santa Clara
17R18	Bicycle Facilities	Install 0.31 miles of Class II and 10.48 miles Class III bikeways in Daly City	\$133,117	City of Daly City	0.071	0.093	0.138	10/4/17	No	San Mateo
17R19	Bicycle Facilities	Install 0.36 miles of Class IV bikeways in Half Moon Bay	\$25,099	City of Half Moon Bay	0.003	0.004	0.006	9/13/17	No	San Mateo
17R20	Bicycle Facilities	Install 1.87 miles of Class II bikeways in Santa Rosa	\$201,907	City of Santa Rosa	0.027	0.039	0.050	10/4/17	No	Sonoma
17R21	Bicycle Facilities	Install 1.7 miles of Class II and 7.95 miles of Class III bikeways in San Leandro	\$139,128	City of San Leandro	0.030	0.040	0.059	10/4/17	Yes	Alameda
17R22	Bicycle Facilities	Install 3.05 miles of Class III bikeways in Redwood City	\$29,206	City of Redwood City	0.004	0.005	0.007	9/13/17	No	San Mateo
17R23	Bicycle Facilities	Install 0.8 miles of Class I bikeway in Albany	\$246,552	East Bay Regional Park District	0.030	0.040	0.059	10/4/17	Yes	Alameda
17R24	Bicycle Facilities	Install 7.76 miles of Class III and .7 miles of Class IV bikeways in Cupertino	\$138,359	City of Cupertino	0.017	0.024	0.031	10/4/17	No	Santa Clara
17R26	Bicycle Facilities	Install 0.28 miles of Class I bikeway in San Carlos	\$120,721	City of San Carlos	0.011	0.014	0.021	10/4/17	No	San Mateo
17R27	Bicycle Facilities	Install 20 electronic bicycle lockers in Richmond	\$40,000	City of Richmond	0.005	0.007	0.009	9/13/17	Yes	Contra Costa
17R28	Bicycle Facilities	Install 104 electronic bicycle lockers in San Jose	\$208,000	City of San Jose	0.026	0.037	0.048	10/4/17	Yes	Santa Clara
17R29	Bicycle Facilities	Install 40 electronic bicycle lockers in San Francisco	\$100,000	San Francisco Municipal Transportation Agency	0.014	0.019	0.028	9/13/17	Yes	San Francisco
17R30	Bicycle Facilities	Install 16 electronic bicycle lockers in Oakland	\$36,000	City of Oakland	0.005	0.007	0.009	9/13/17	Yes	Alameda
17R31	Bicycle Facilities	Install 74 bicycle racks and 8 electronic bicycle lockers in Fremont	\$21,550	City of Fremont	0.007	0.010	0.011	9/13/17	No	Alameda
17R32	Bicycle Facilities	Install 171 bicycle racks in Palo Alto	\$12,825	Palo Alto Unified School District	0.012	0.016	0.016	9/13/17	No	Santa Clara
18R05	Existing Rideshare	SJSU Ridesharing & Trip Reduction	\$140,000	Associated Students, San Jose State University	0.808	0.920	1.282	11/1/17	Yes	Regional
18R06	Existing Shuttle	ACE Shuttle 53 and 54	\$80,000	San Joaquin Regional Rail Commission	0.331	0.390	0.629	10/3/17	Yes	Alameda

AGENDA 4 - ATTACHMENT 4

Summary of all TFCA approved and eligible projects (evaluated between 7/1/17 and 11/17/17)

Project #	Project Category	Project Description	Award Amount	Applicant Name	Emission Reductions (Tons per year)			Board Approval Date	CARE Area	County
					NO _x	ROG	PM			
18R07	Existing Shuttle	ACE Shuttle Bus Program	\$960,000	Santa Clara Valley Transportation Authority	2.455	2.508	4.222	11/1/17	Yes	Santa Clara
18R09	Existing Shuttle	PresidiGo Downtown Shuttle	\$100,000	Presidio Trust	0.213	0.267	0.364	10/3/17	Yes	San Francisco
18R10	Existing Shuttle	Caltrain Shuttle Program	\$612,100	Peninsula Corridor Joint Powers Board	1.539	1.832	2.641	11/1/17	No	San Mateo / Santa Clara
18R11	Existing Rideshare	511 Regional Vanpool & Carpool Program	\$991,000	Metropolitan Transportation Commission	0.802	1.783	3.507	11/1/17	Yes	Regional
18R12	Existing Shuttle	Emery Go-Round Shuttle	\$238,819	City of Emeryville	0.233	0.270	0.415	11/1/17	Yes	Alameda
39 Projects			\$7,380,082		7.759	9.779	13.574			

*The proposed award for Project #17EV018 includes \$99,900 of funds from the California Energy Commission (CEC), pending CEC's approval. The TFCA award for this project is \$1,300,863.

AGENDA 4 - ATTACHMENT 5

Summary of TFCA funds distributed by county and project category
(between 7/1/17 and 11/17/17)

Figure 1: TFCA Projects Awarded
Distributed by Project Category

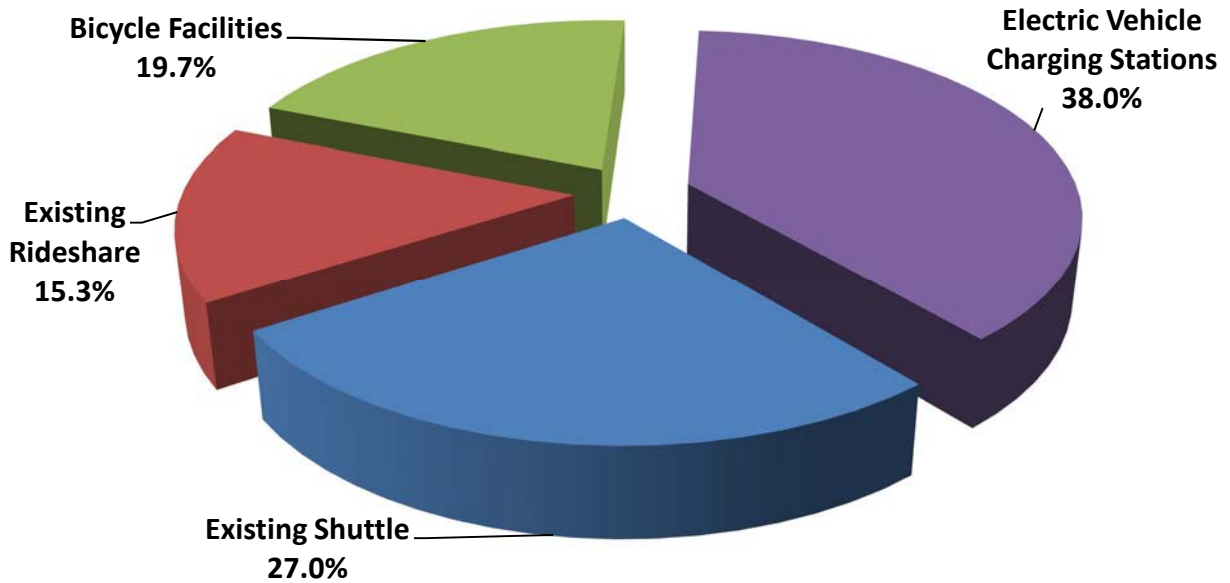
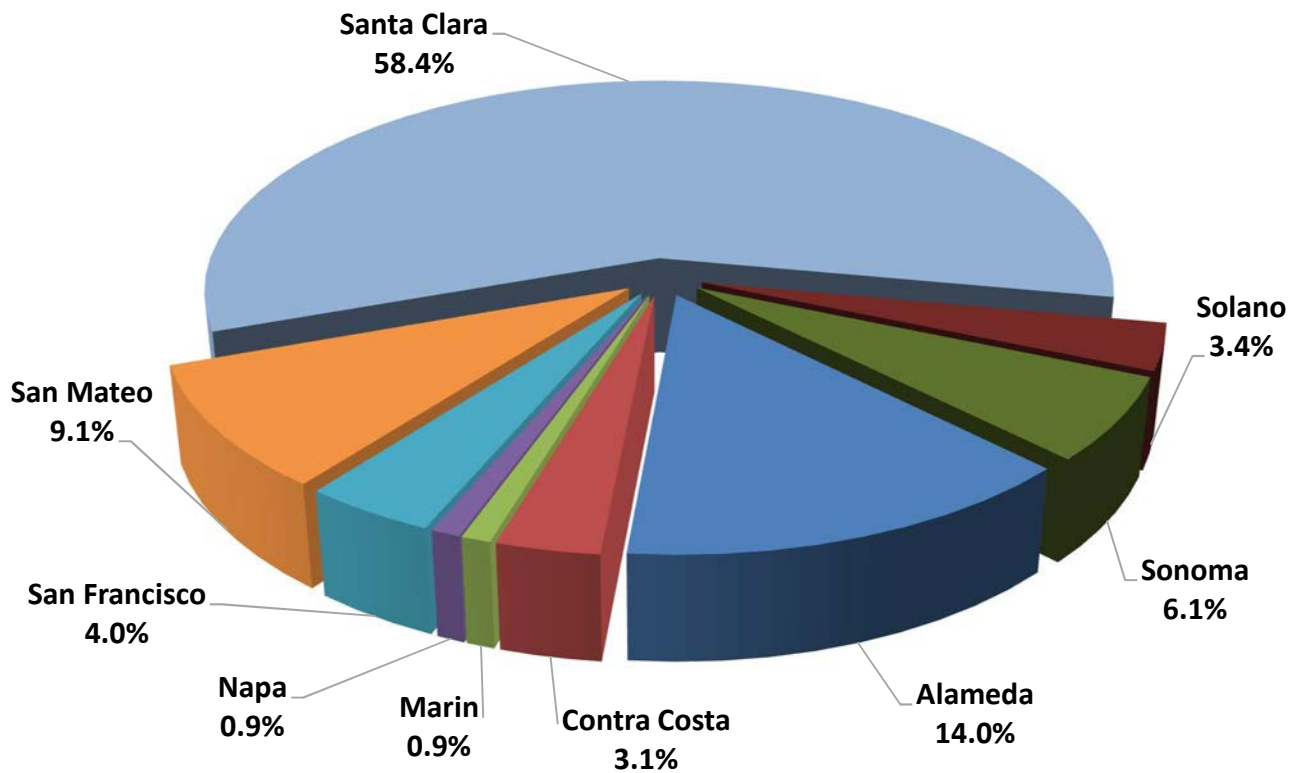


Figure 2: TFCA Projects Awarded
Distributed by County



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Karen Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 20, 2017

Re: Fiscal Year Ending (FYE) 2016 Transportation Fund for Clean Air (TFCA) Audit
Report Results and FYE 2017 Report on TFCA Regional Fund Expenditures and
Effectiveness

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 the nine-county Bay Area to fund projects that reduce on-road motor vehicle emissions. Since 1992, the Air District has allocated these funds to its Transportation Fund for Clean Air (TFCA) Program to fund eligible projects. 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 and projects implemented directly by the Air District (e.g., Spare the Air, and Plug-in Electric Vehicle Program) and through a grant program known as the Regional Fund. The remaining 40% 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. The Air District conducts audits of recently closed Regional Fund projects annually and County Program Manager Fund projects biennially.

On February 18, 2015, the Air District's Board of Directors (Board) approved the award of a contract to Gilbert Associates, Inc. (Gilbert) for audit services, including a financial and compliance review of TFCA funded projects and programs. This is the third audit conducted under this contract (Audit # 18), which covers Regional Fund and Air District-sponsored projects that were completed between July 1, 2015, and June 30, 2016.

In addition, HSC Section 44241 requires that the Board hold a public hearing each year to review the Air District's expenditure of TFCA funds to determine their effectiveness in improving air quality.

DISCUSSION

TFCA Audit #18

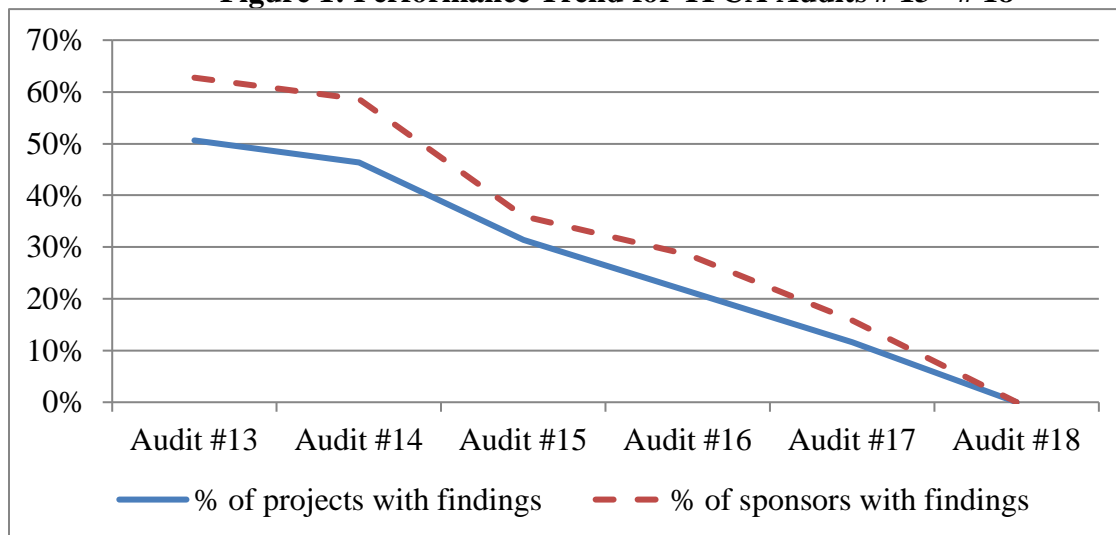
For Audit #18, Gilbert conducted financial and compliance audits of 36 TFCA Regional Fund and Air District-sponsored program projects that were completed between July 1, 2015 and June 30, 2016. For the purpose of this audit, the Air District considers a project to be completed when the Air District accepts and approves the project sponsor's final invoice, which documents the project sponsor's expenditure of all eligible project funds and the completion of all initial project milestones (e.g., having procured and/or placed all project-related vehicles, equipment, and infrastructure into service). Projects may have started several years earlier and may continue to operate after audit.

Gilbert conducted the audit during the months of April 2017 through October 2017 and issued a draft audit report to each of the agencies and companies (Project Sponsors) that were part of Audit #18. Each Project Sponsor was then provided an opportunity to respond in writing to any preliminary findings, all of which have been successfully resolved for Audit #18.

The results of Audit #18 are presented in Audit Summary Report shown in Attachment 1. The report contains a list of projects and programs that were audited as part of Audit #18 (in Appendix B) and a summary of findings from the individual audit reports, which, for this audit, are none.

The lack of findings in Audit #18 reflects an overall improvement in Project Sponsor's adherence to program and contractual requirements. Over the last six years, the Air District has taken many steps to improve and strengthen its administrative processes, and consequently more recent projects have shown an improvement in adherence to program and contractual requirements. Figure 1 below shows the performance trend of the most recent six TFCA audits.

Figure 1: Performance Trend for TFCA Audits # 13 - # 18



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

Report on Regional Fund Expenditures and Effectiveness

The report on expenditures and effectiveness of TFCA Regional Fund and Air District-sponsored programs that concluded in FYE 2017 (fully paid and closed-out) is provided in Attachment 2.

The following are the key report findings:

- TFCA funds were allocated to eligible projects and programs, consistent with the legislation that authorizes the TFCA program.
- The TFCA expenditures for projects and programs that concluded in FYE 2017, totaled \$9.87 million. This includes \$6.43 million in Regional Fund projects, \$2.27 million in Air District-sponsored programs, \$0.40 million in County Program Manager funds, and \$0.78 million in administrative and indirect costs.
- These projects and programs reduced criteria pollutant emissions over their operational periods required by funding agreements by an estimated 165.04 tons, including 53.56 tons of reactive organic gases (ROG), 44.83 tons of nitrogen oxides (NOx), and 66.65 tons of particulate matter (PM10). The reduction of carbon dioxide (CO2), a greenhouse gas, is estimated to be over 94,000 tons over their operational periods.
- These projects and programs achieved a combined weighted average cost-effectiveness of \$48,571 per ton of criteria pollutant emissions reduced.

A discussion of the expenditures, emission reductions, and cost-effectiveness of the TFCA Regional Fund projects and Air District-sponsored programs that closed in FYE 2017 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 #18 were identified in the Air District's FYE 2017 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Ken Mak and Linda Hui
Reviewed by: Karen Schkolnick and Chengfeng Wang

Attachment 1: FYE 2016 TFCA Audit Summary Report (Audit #18)

Attachment 2: TFCA Report on Expenditures and Effectiveness of Regional Fund and Air District-sponsored programs and projects closing in FYE 2017

12/7/2017 Mobile Source Committee Meeting
Agenda Item #5 – Attachment 1

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

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

AUDIT SUMMARY REPORT

PROJECT PERIOD ENDED JUNE 30, 2016

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

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Oversight Findings	4
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B – Listing of Audited Projects	8

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2016

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2016

- 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.

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, 2016. These audits were conducted during the months of April 2017 through October 2017.

A total of 27 individual Sponsors and 36 projects were audited, with \$11,190,349 total funds expended. A listing of the projects audited is provided in Appendix B. Unqualified opinions were issued on all 27 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, 2016.

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.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2016

- 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.

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, 2016

4. SPONSOR FINDINGS

No sponsor findings noted as of and for the project period ending June 30, 2016.

5. OVERSIGHT FINDINGS

No oversight findings noted as of and for the project period ending June 30, 2016.

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, 2016

44241

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2016

- (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, if those criteria have been modified in any way from the previous year. Any county, or entity designated pursuant to subdivision (e), that receives funds pursuant to this section, at least once a year, shall also hold one or more public meetings 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, 2016

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, 2016

Project Number	Project Sponsor	Project Description	Project Expenditures
09BFP18	Alameda County Public Works Agency	Class II Bicycle Lane on Foothill Boulevard	\$ 66,484
15DCFC03	Alameda Municipal Power	Install 2 dual-connector DC fast charging stations in Alameda	84,912
16EV061	Amy's Kitchen	Install 3 dual-port Level 2 charging stations in Petaluma	10,333
16EV038	Artemedica	Install 2 dual-port Level 2 charging stations (with Solar) in Santa Rosa	24,000
15R06	Associated Students, San Jose State University	SJSU Ridesharing and Trip Reduction	140,000
13BR00A	BAAQMD	Bicycle Rack Voucher Program	162,196
14PEV00B	BAAQMD	PEV Rebate Program	57,500
16R00	BAAQMD	Administration	1,327,752
16R01	BAAQMD	Enhanced Mobile Source Inspections	1,846,320
16R02	BAAQMD	Vehicle Buy Back Program	128,590
16R03	BAAQMD	Spare The Air/Intermittent Control Programs	1,587,663
10EV01	Blink Network, LLC	ECotality Home Charger Rebate Program	751,291
12R10	City of Alameda	Shuttle Estuary Crossing	179,113
15R26	City of Concord	Community Electronic Bike Lockers at Concord's Civic Center and Public Library	10,000
07R66	City of Oakland	66th Avenue Streetscape Improvements	378,761
15R11	City of Oakland	Broadway Shuttle	229,173
12R11	City of Richmond	Richmond Circular and Marina Bay Shuttle Routes	284,996
14R11	City of Richmond	Commuter Shuttle	129,168
14R21	City of San Jose	City of San Jose Public Electronic Bicycle Locker Program	50,000
14R23	City of San Leandro	Adding E-Lockers at San Leandro BART Station	70,000
15R16	County of Alameda	Embarcadero Cove Pilot Shuttle	56,092
15DCFC01	Federated Indians of Graton Rancheria	Install 2 dual-connector DC fast and 4 dual-port level 2 charging stations in Rohnert Park	109,475
12R17	Livermore Amador Valley Transit Authority	BRT/Rapid	86,696
05R33	Norman Y. Mineta San Jose International Airport	San Jose International Airport - Twenty (20) Compressed Natural Gas Buses	769,073
16EV043	Peninsula Components Inc.	Install 1 quad-port and 1 dual-port level 2 charging stations in San Carlos	10,364
15R13	Peninsula Corridor Joint Powers Board	Caltrain Shuttle Program	989,378

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

APPENDIX B FOR THE PROJECT PERIOD ENDED JUNE 30, 2016

Project Number	Project Sponsor	Project Description	Project Expenditures
14R08	Presidio Trust	PresidiGO Downtown Shuttle	100,000
15R17	Presidio Trust	PresidiGO Shuttle	75,000
14R13	San Francisco Municipal Transportation Agency	82X Levi Express Shuttle	122,000
14R22	San Francisco Municipal Transportation Agency	Electronic Bicycle Lockers	40,000
15R07	San Joaquin Regional Rail Commission	ACE Shuttle 53 & Shuttle 54	94,050
14R25	Santa Clara County	2014 Santa Clara County Electronic Bicycle Lockers	39,929
15R12	Santa Clara Valley Transportation Authority	ACE Shuttle Bus Program	960,000
16EV006	Sonoma Mountain Village, LLC	Install 7 dual-port level 2 and 2 dual-connector fast charging stations in Rohnert Park	184,000
16EV026	Straus Family Creamery	Install 4 single-port level 2 charging stations in Petaluma and Marshall	11,040
15R19	University of California, Berkeley	UC Berkeley Secure Bike Parking	25,000
		Total Funds Expended	<u>\$ 11,190,349</u>
		Total Sponsors Audited	27
		Total Projects Audited	36



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR (TFCA)

**REPORT ON EXPENDITURES AND EFFECTIVENESS
OF REGIONAL FUND PROJECTS AND AIR DISTRICT-
SPONSORED PROGRAMS
THAT CLOSED IN
FISCAL YEAR ENDING (FYE) 2017**

375 Beale Street, Suite 600, San Francisco, CA 94105
www.baaqmd.gov

December 2017

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THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT

The California Legislature created the Bay Area Air Quality Management District (Air District) in 1955 as the first regional air pollution control agency in the country, recognizing that air emissions overflow political boundaries. The nine counties of the San Francisco Bay Area form a regional air basin, sharing common geographical features and weather patterns, and therefore similar air pollution burdens, which cannot be addressed by counties acting on their own.

The Air District is the public agency entrusted with regulating stationary sources of air pollution in the nine counties that surround San Francisco Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, southwestern Solano, and southern Sonoma counties.

BACKGROUND

On-road motor vehicles, including cars, trucks, and buses, constitute the most significant source of air pollution in the San Francisco Bay Area. Vehicle emissions contribute to unhealthy levels of ozone (summertime "smog"), particulate matter, and greenhouse gases. Because of this, emission reductions from the on-road transportation sector are essential to helping the Bay Area attain State and Federal ambient air quality standards and meet greenhouse gas reduction commitments.

To protect public health, the State Legislature enacted the California Clean Air Act in 1988. As part of the requirements, the Air District prepared and adopted the *2017 Clean Air Plan (CAP)* which includes transportation control measures (TCMs), defined as any strategy "to reduce vehicle trips, vehicle use, vehicle miles traveled, vehicle idling, or traffic congestion for reducing motor vehicle emissions," and mobile source measures (MSMs), which encourage the introduction of newer, cleaner motor vehicle technologies and the retirement of older, more polluting vehicles.

THE TRANSPORTATION FUND FOR CLEAN AIR (TFCA)

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

Sixty percent of TFCA funds are awarded by the Air District's Board of Directors to eligible programs and projects implemented directly by the Air District (e.g., the Commuter Benefits, Vehicle Buy-Back, Spare the Air, and Bicycle Facility 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 (CPM) Fund.

Each year, the Air District Board of Directors adopts criteria for the evaluation and ranking of project applications for the TFCA Program. Cost-effectiveness, expressed in terms of TFCA dollars per ton of reduced emissions, is the most important criterion for ranking projects.

In addition to reducing air pollution, including toxic particulate matter, TFCA-funded projects have other benefits including the following:

- Conserving energy and helping to reduce emissions of carbon dioxide (CO₂), a greenhouse gas;
- Reducing traffic congestion;
- Improving quality of life for residents and commuters by expanding access to services that provide first and last-mile connections to rail, ferry, and mass transit; and
- Improving physical fitness and public safety by facilitating active modes of transportation such as walking and biking.

State legislation restricts TFCA funding to the following 11 types of projects:

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

This report summarizes the expenditures and effectiveness of the TFCA Regional Fund projects and Air District-sponsored programs that concluded during fiscal year ending (FYE) 2017.

Key Highlights

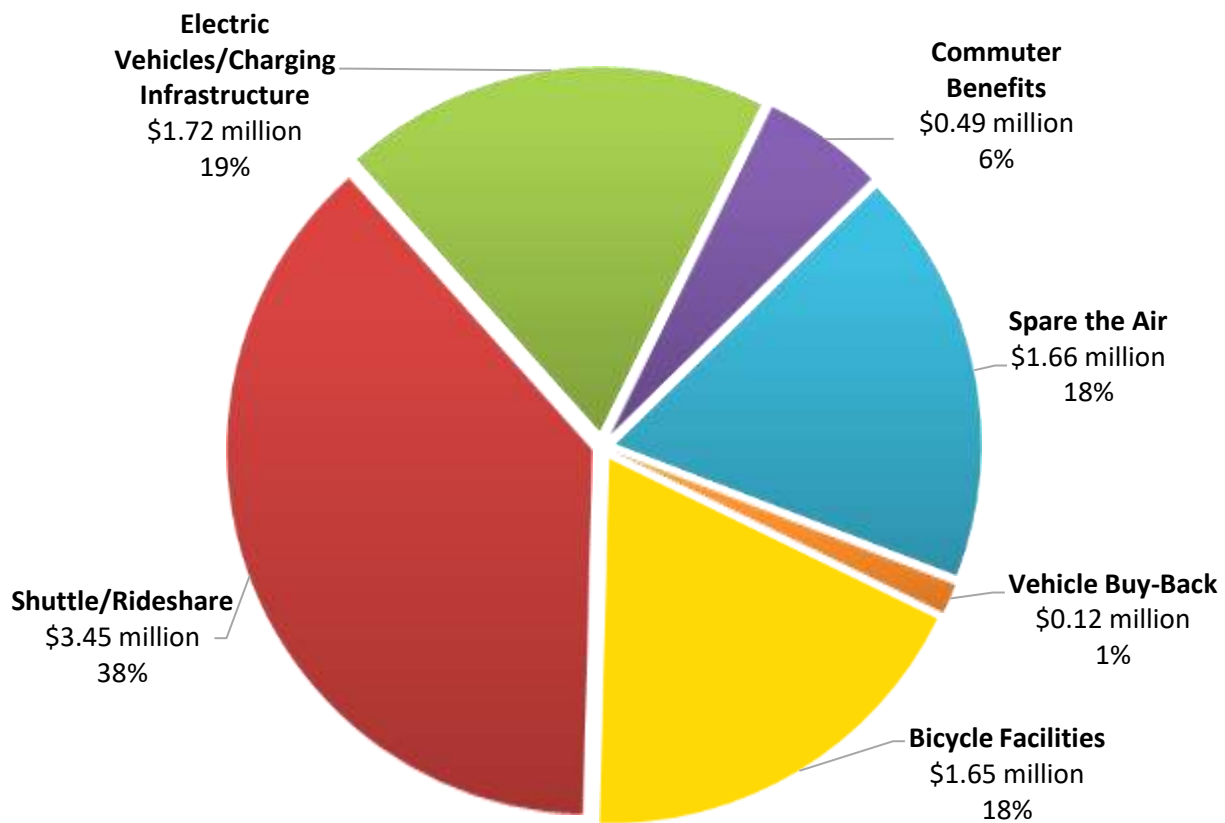
- TFCA funds were allocated to eligible projects and programs, consistent with the legislation that authorizes the TFCA program.
- The TFCA expenditures for projects and programs that concluded in FYE 2017, totaled \$9.87 million. This includes \$6.43 million in Regional Fund projects, \$2.27 million in Air District-sponsored programs, \$0.40 million in County Program Manager funds, and \$0.78 million in administrative and indirect costs.
- These projects and programs reduced criteria pollutant emissions over their operational periods required by funding agreements by an estimated 165.04 tons, including 53.56 tons of reactive organic gases (ROG), 44.83 tons of nitrogen oxides (NO_x), and 66.65 tons of particulate matter (PM₁₀). The reduction of carbon dioxide (CO₂), a greenhouse gas, is estimated to be over 94,000 tons over their operational period.
- These projects and programs achieved a combined weighted average cost-effectiveness of \$48,571 per ton of criteria pollutant emissions reduced.

EXPENDITURES

The expenditure of TFCA Regional Fund projects and Air District-sponsored programs that concluded in FYE 2017 totaled \$9.87 million. This total includes \$2.27 million for the programs administered directly by the Air District and \$6.43 million in Regional Fund and \$0.40 million in County Program Manager Fund grants to other organizations. In addition, the Air District expended \$0.78 million in administrative and audit costs associated with the oversight of these projects and programs.¹ **Appendix A** lists expenditure details.

A summary of the expenditures for the TFCA Regional Fund projects and Air District-sponsored programs that concluded in FYE 2017 is shown in **Figure 1**.

Figure 1. Expenditures for Projects and Programs Closed in FYE 2017



EFFECTIVENESS

The cost-effectiveness of TFCA projects and programs is calculated by dividing the TFCA funds allocated or awarded by the criteria pollutant emissions (ROG, NO_x, and weighted PM₁₀ combined) reduced during the project operational period required by funding agreements. The result is TFCA dollars per ton of emissions reduced.

¹ In FYE 2017, total TFCA revenue, for both the Regional Fund and County Program Manager Fund, was \$25.05 million. Administrative and audit costs across both programs totaled \$1.3 million.

Projects and programs concluded in FYE 2017 are anticipated to reduce criteria pollutant emissions over their operational periods by an estimated total of 165.04 tons. This total is the sum of ozone precursors (53.56 tons of ROG and 44.83 tons of NO_x) and particulate matter (66.65 tons of PM₁₀). The reduction of CO₂ emissions over their project operational periods is estimated to be over 94,000 tons.²

The Regional Fund projects and Air District-sponsored programs that concluded in FYE 2017 achieved a combined weighted average cost-effectiveness of \$48,571 per ton of criteria pollutant emissions reduced. Note that many projects continue to operate and reduce emissions after their operational periods ended and thus the projects could be more effective (i.e. lower cost per ton of emissions reduced) in reducing emissions than what is presented in this report.

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

Table 1: Emission Reductions and Cost-Effectiveness (C/E) by Program Category for Projects and Programs That Closed in FYE 2017

Category	# of Projects	TFCA \$ Expended	% of TFCA \$ Expended	Emissions Reduced (tons) ^a	% of Emissions Reduced	C/E - Weighted (\$/ton) ^b
Bicycle Facilities	5	\$1,654,469	18.19%	3.53	2.14%	\$484,812 ^c
Shuttles/Rideshare	9	\$3,453,903	37.98%	40.32	24.43%	\$87,746 ^d
Electric Vehicle/Charging Infrastructure	3	\$1,718,331	18.90%	4.79	2.90%	\$146,423
Commuter Benefits	1	\$488,124	5.37%	2.19	1.33%	\$206,478
Spare the Air Program	1	\$1,658,955	18.24%	114.20	69.20%	\$12,972
Vehicle Buy-Back Program	1	\$119,761 ^e	1.32%	-	-	-
Total for Projects and Programs^f	20	\$9,093,543	100%	165.04	100%	\$48,571
Administration		\$780,229				

(a) Combined emission reductions of ROG, NO_x, and PM₁₀ over project operational period.

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

(c) Emissions reduced from the bicycle facility projects were determined using the default cost-effectiveness value of \$90,000 per ton of emissions reduced.

(d) Seven of nine projects were cost-effective.

(e) Total FYE 2017 program cost was \$4,738,657.26, which includes funds from CMP, Mobile Source Incentive Fund (MSIF), and TFCA.

(f) Totals may vary due to rounding.

Five of the 20 projects and programs listed in Table 1 achieved lower-than-originally-estimated emissions reductions, including the Commuter Benefits Program, two shuttle projects, one bicycle facility project, and one electric vehicle/charging Infrastructure project. The following sections provide further analysis of those projects and programs.

² Reduction in carbon dioxide from the Vehicle Buy-Back Program is not included in the total amount.

COMMUTER BENEFITS PROGRAM

The Bay Area Commuter Benefits Program ([Air District Regulation 14, Rule 1](#)) requires employers in the Air District's jurisdiction with 50 or more full-time employees to register online and offer commuter benefits to their employees. TFCA funding is used to support Air District staff's enforcement activities associated with this Program including providing compliance assistance and conducting outreach to companies and government agencies. Because TFCA can fund only surplus emissions reductions, i.e., reductions that are beyond what is required by regulations, contracts, and other legally binding obligations, emissions reductions credit for evaluating the cost-effectiveness for the Commuter Benefits Program was limited to employers with less than 50 employees who have voluntarily offered commuter benefits to their employees. This program achieved a final cost-effectiveness of \$206,478 per ton of emissions reduced, which exceeded the \$90,000 cost-effectiveness limit authorized by the Air District Board of Directors.

Staff continues to explore options for refining the methodology that is used to evaluate this project type to ensure that all emission reductions are captured.

SHUTTLE/RIDESHARE AND BICYCLE FACILITIES PROGRAMS

Overall the Shuttle/Rideshare Program, consisting of nine projects that closed in FYE 2017, achieved a total cost-effectiveness of \$87,746 per ton of emissions reduced. Seven of the nine projects in this category met the established cost-effectiveness cap for the program.³ Additionally, the Bicycle Facilities Program, consisting of five projects that closed in FYE 2017, achieved a total cost-effectiveness of \$484,812 per ton of emissions reduced. In total, the projects that did not meet the cost-effectiveness limit included two shuttle projects and one bicycle project.

Over time, the air quality benefits of shuttle/rideshare projects have decreased as the region's light-duty vehicle fleet has become cleaner at a faster rate than many of the medium- and heavy-duty vehicles used in shuttle service. As such, many of these types of projects are becoming less effective at reducing emissions and improving air quality, hence less able to meet the cost-effective eligibility requirements of the TFCA funds.

During the past several years, Air District staff has conducted extensive outreach to solicit input from stakeholders and interested parties to obtain their feedback on options for meeting this challenge. Based on this feedback, staff has proposed annual increases to the cost-effectiveness threshold for shuttle projects, which has gone from \$90,000 (for projects that were awarded funding before FYE 2015) to the FYE 2018 threshold of \$250,000/ton of emissions reduced in Community Air Risk Evaluation (CARE) areas or Priority Development Areas (PDAs) (\$200,000 /ton of emissions reduced outside of CARE areas and PDAs). This change has allowed a greater number of shuttle service projects to remain eligible for funding.

Additionally, staff is currently developing a pilot trip reduction program that will provide funding to support innovative, scalable, and replicable alternative trip-reduction mobility solutions that can cost-effectively reduce commute-hour, single occupancy vehicle trips, and can be expanded throughout the region.

³ Shuttle projects had a cost-effectiveness cap of \$90,000 per ton of emissions reduced for existing projects that began in FYE 2014 and a cap of \$175,000 per ton of emissions reduced in FYE 2015 and in FYE 2016. Existing shuttles in CARE or PDAs that began in FYE 2016 had an increased cost-effectiveness cap of \$200,000 per ton of emissions reduced. Pilot shuttles in CARE or PDAs that began FYE 2015 has an increased cost-effectiveness cap of \$500,000 per ton of emission reduced.

The bicycle facilities project that exceeded the \$90,000 cost-effectiveness limit for a typical bicycle facility project is the Bay Area Bike Share pilot project, which launched in late-August 2013, with approximately 700 bicycles at 70 stations in San Francisco, Palo Alto, Redwood City, Mountain View, and San Jose. It is the first system in North America to launch as a regional public bikesharing system. While only emissions reductions occurred during the pilot phase of the bikesharing system are included in the cost-effectiveness evaluation, the system is now owned by Ford GoBike and is planning to expand to 540 stations and 7,000 bikes, which will continue to further reduce motor vehicle trips and reduce emissions.

ELECTRIC VEHICLE/CHARGING INFRASTRUCTURE PROGRAM

Overall the Electric Vehicle/Charging Infrastructure Program, consisting of three projects that closed in FYE 2017, achieved a total cost-effectiveness of \$146,423 per ton of emissions reduced. One project in this category did not meet the cost-effectiveness cap for the program that was established for FYE 2010. This project was part of the larger federal EV Project, which included the installation of 1,500 charging stations in Bay Area homes. While only emission reduction benefits occurred during the project operational period are included in the cost-effectiveness evaluation, many of these charging stations continue to be used to charge electric vehicles and thus continue to reduce tailpipe emissions. Also, this project has contributed to the accelerated adoption of electric vehicles in the region by making electric vehicles visible to Bay Area drivers.

APPENDIX A: TFCA REGIONAL FUND PROJECTS AND AIR DISTRICT PROGRAMS CONCLUDED IN FYE 2017

Project #	Sponsor	Project Title	C/E - Weighted (\$/tons)	TFCA \$ Expended
09R52	ProPark	(20) Charging Stations	\$81,943	\$21,365.00
10EV01	ECOTality/CarCharging Group	Home Charger Rebate Program	\$147,994 ^a	\$1,691,966.23
14R04	BAAQMD	Bay Area Bike Share	\$957,476 ^a	\$1,545,668.77 ^c
14R13	San Francisco Municipal Transportation Agency	82X Levi Express Shuttle	Not Cost Effective ^b	\$122,000.00
14R21	City of San Jose	Purchase and Install 3 eLocker quads and 4 eLocker wedges (20 total lockers)	\$58,917	\$50,000.00
14R22	San Francisco Municipal Transportation Agency	Purchase and Install 4 eLocker Doubles and 2 eLocker Quads (16 total lockers)	\$54,000	\$40,000.00
15BR005	Palo Alto Unified School District	Purchase and install 79 bike racks (196 capacity)	\$90,000	\$8,800.00
15R05	Metropolitan Transportation Commission	Regional Rideshare Program	\$73,817	\$830,882.75
15R07	San Joaquin Regional Rail Commission	ACE Shuttle 53 & Shuttle 54	\$116,353	\$94,050.08
15R12	Santa Clara Valley Transportation Authority	ACE Shuttle Bus Program	\$77,359	\$959,999.97
15R13	Peninsula Corridor Joint Powers Board	Caltrain Shuttle Program	\$115,797	\$989,378.00
15R16	County of Alameda	Embarcadero Cove Pilot Shuttle	\$20,939,420 ^a	\$56,092.00
15R17	Presidio Trust	PresidiGo Shuttle	\$93,292	\$75,000.00
15R26	City of Concord	Purchase and Install one eLocker Quad (4 total lockers)	\$90,000	\$10,000.00
16PEV007	City of Berkeley	PEV rebate for 2 zero emissions vehicles	\$119,055	\$5,000.00
16R12	Associated Students, San Jose State University	SJSU Ridesharing & Trip Reduction	\$26,865	\$140,000.00
16R18	City of Oakland	Broadway Shuttle	\$199,553	\$186,499.87
17 Projects			Subtotal Projects:	\$6,826,702.67

Project #	Sponsor	Project Title	C/E - Weighted (\$/tons)	TFCA \$ Expended
17R01	BAAQMD	FYE 2017 Commuter Benefits	\$206,478 ^a	\$488,123.90
17R02	BAAQMD	FYE 2017 Admail for Vehicle Buy-Back (TFCA portion)	N/A	\$119,761.26 ^d
17R03	BAAQMD	FYE 2017 Spare the Air	\$12,972	\$1,658,955.42
3 Programs			Subtotal Air District Programs: \$2,266,840.58	
17R00	BAAQMD	FYE 2017 TFCA Regional Fund Administration	N/A	\$780,228.89 ^e
			Subtotal TFCA Regional Fund Administration: \$780,228.89	
			GRAND TOTAL: \$9,873,772.14	

- (a) Projects did not meet the cost-effectiveness limit that was adopted by the Board for the year that the project was approved.
- (b) Net criteria emissions increased by the implementation of the project due to low ridership and other factors.
- (c) Total TFCA cost (which includes funds from the Regional Fund and County Program Manager Fund) is \$1,545,669.
- (d) Total FYE 2017 program cost (which includes funds from CMP, MSIF, and TFCA) is \$4,738,657.26.
- (e) Amount represents sixty percent of the total TFCA administrative and audit costs expended in FYE 2017.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Karen Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 26, 2017

Re: Request to Accept New Grant Program Revenue Resulting from Assembly Bill 134

RECOMMENDED ACTION

Recommend the Board of Directors:

1. Amend the Fiscal Year Ending 2018 budget for the Carl Moyer Program, authorize the Bay Area Air Quality Management District to accept, obligate, and expend \$50 million in funding from the California Air Resources Board resulting from Assembly Bill 134, and adopt a resolution authorizing this award; and
2. Authorize the Executive Officer/APCO to enter into all agreements necessary to accept, obligate, and expend this funding

BACKGROUND

The Bay Area Air Quality Management District (Air District) and its foundation, the Bay Area Clean Air Foundation (Foundation) have been very successful over the past number of years in:

- Effectively lobbying the California legislature for increased funding to address air quality health impacts on Bay Area communities;
- Successfully competing for grant funding from Federal, State, and other sources; and
- Implementing Board of Directors (Board) mandated grant programs (such as the Wood Smoke Emissions Reductions Program and Technology Implementation Office).

DISCUSSION**New Legislation**

On September 9, 2017, Assembly Bill (AB) 134 was signed into law. This legislation amends the 2017 California State Budget Act to add provisions related to its greenhouse gas expenditure plan that allocates \$50 million to the Air District. This funding is principally to address the reduction of greenhouse gas emissions, as well as diesel particulate matter (DPM) emissions, the primary health risk driver from toxic air contaminants, in Bay Area impacted communities.

This funding is targeted to complement efforts under a separate bill, AB 617, which seeks to reduce air pollution exposure in impacted communities. The bill requires CARB and Air District collaboration to: improve air pollution data collection and reporting; expedite pollution control retrofit of large stationary sources; increase penalties for air pollution violations; require enhanced air pollution monitoring; adopt a statewide emissions reduction strategy targeting pollution-burdened communities; and prepare and implement community emissions reduction programs.

This funding will help achieve the goals of AB 617 and can be expended under the state-adopted guidelines for two existing Air District programs:

- ***Carl Moyer Program:*** The Air District has participated in the Carl Moyer Program (CMP), in cooperation with the 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 DPM 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.
- ***California Goods Movement Bond Program (GMB) - up to \$20 million for on-road trucks only:*** The GMB was established in 2006, when California voters authorized the Legislature to appropriate \$1 billion in bond funding to ARB to quickly reduce air pollution emissions and health risk from freight movement along California's priority trade corridors. Similar to CMP this program provides grants to private entities to reduce emissions of NOx, ROG, and DPM from heavy-duty engines engaged in goods movement by either replacing or retrofitting them. AB 134 funding has been limited by the legislature to use in truck projects only.

Both of these programs are subject to an aggressive implementation schedule. Funds stemming from AB 134 need to be encumbered by June 30, 2019, and fully liquidated by June 30, 2021.

Other New Funding

In addition to the funding listed above, the Air District has over the past three years successfully secured over \$17 million in new program funding from federal, state, and other sources including the Bay Area Clean Air Foundation. This new funding is anticipated to provide approximately \$3.7 million in new administrative revenue. Therefore, additional staffing is being requested to meet these increasing program requirements based on the availability of new program and administrative funding:

Climate Initiatives Program: The Metropolitan Transportation Commission (MTC) Climate Initiatives Program identifies a variety of transportation strategies and programs that reduce per capita greenhouse gas (GHG) emissions to help meet per capita GHG emissions reduction targets established by ARB through SB 375. MTC receives funding from the Federal Highway Administration’s (FHWA) Congestion Mitigation and Air Quality Program (CMAQ). Because the Air District is the lead agency in the region for implementing electric vehicle (EV) programs, MTC has awarded the Air District \$10 million in CMAQ funds through its Climate Initiatives Program to help further advance regional adoption of EVs.

Enhanced Fleet Modernization Plus-up Program (EFMP Plus-up Program): The ARB Enhanced Fleet Modernization Plus-up Program (EFMP Plus-up Program) is a voluntary vehicle retirement and replacement incentive program. The goal of the program is to incentivize lower-income California motorists to scrap their older, high-emitting vehicles and replace them with newer, cleaner and more fuel-efficient vehicles. *The California state legislature appropriated \$60 million to EFMP Plus-Up, of which \$10 million was set aside for the Bay Area, Sacramento, and San Diego air districts to launch programs. Depending on how many of districts proceed the Air District may be awarded up to \$10 million to implement the EFMP Plus-up.*

Bay Area Clean Air Foundation: The Foundation is a nonprofit support organization for the Air District that applies for grant funding from various sources and also accepts funding to reduce and offset air emissions within the boundaries of the Air District. *The Foundation was recently awarded \$1.3 million in Reformulated Gas (RFG) funding to help accelerate the adoption of zero- and near-zero-emission equipment and vehicles operating in and around the Port of Oakland and the surrounding West Oakland community.*

Other Grants: The following is a summary of other recent awards to the Air District:

Funding Agency	Project Title	Total Award in Millions
California Energy Commission	Bay Area Corridor Charging Expansion	\$0.50
National Fish and Wildlife Foundation	Commercial Lawn & Garden Equipment in Alameda & Contra Costa counties	\$0.47
Reformulated Gas Settlement Fund	EV Charging Demo	\$0.50
Air Resources Board	Goodwill Industries Electric Vehicle Project	\$2.74
Caltrans/ MTC	Climate Initiative Program Public Education and Signage	\$0.40
US EPA National Clean Diesel Program	Locomotive Replacement (2 projects)	\$2.06

Balancing Staffing with New Funding and Mandates

Strategic Incentives Division: The Air District's grant funding is mainly administered by the SID, which consists of 17 permanent FTEs. In FYE 2018, the SID will administer approximately \$101 million in new revenues. Staff's duties and responsibilities include: drafting proposed funding policies and guidance; soliciting and evaluating applications for funding from public agencies and private entities; developing funding agreements; tracking project progress by reviewing project sponsor's reports; processing payment requests; assisting audits; applying for additional grant revenue from federal, state, and other sources; participating in collaborative workgroups and technical studies; and conducting public education and outreach. Through the Budget and Finance Committee, staff will propose five new FTEs: 1 Senior Staff Specialist, 2 Staff Specialists, and 2 Assistant Staff Specialists

Technology Implementation Office: As part of the Clean Air Plan's vision for a post-carbon Bay Area by 2050, the Air District established the TIO in 2016 to scale up technologies that reduce greenhouse gas (GHG) emissions, and currently includes 5 FTEs. The TIO plans to incentivize stationary sources of GHG emissions to incorporate low-carbon intensity practices across Bay Area industries. The TIO also supports deployment of zero emissions energy generation, zero emissions vehicles and infrastructure, efficiency technologies, and new smart/connected technologies, leveraging technology and innovation opportunities from the Bay Area whenever feasible. Through the Budget and Finance Committee, staff will propose four new FTEs: 3 Staff Specialists, and 1 Assistant Staff Specialist.

BUDGET CONSIDERATION / FINANCIAL IMPACT

The Carl Moyer budget in the FYE 2018 budget will increase by \$50 million. Administrative costs for these programs are provided by each funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen Schkolnick and Ranyee Chiang
Reviewed by: Damian Breen and Jeff McKay

Attachment A: Board Resolution to accept, obligate, and expend \$50 million in funds from ARB

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2017 -

Resolution Accepting AB 134 Incentive Funding From the California Air Resources Board

WHEREAS, AB 134 Amends the 2017 Budget Act to add provisions related to the 2017 Greenhouse Gas Expenditure Plan, which appropriates \$900 million in Greenhouse Gas Reduction Fund revenue to the California Air Resources Board (ARB) for an array of programs, including \$250 million for Carl Moyer program funding for the South Coast, San Joaquin Valley, and Bay Area Air Quality Management District (District);

WHEREAS, 20 percent, or \$50 million, of the \$250 million in funding shall be distributed to the District to implement projects pursuant to the Carl Moyer Memorial Air Quality Attainment Program;

WHEREAS, the District may allocate up to 40 percent of the funds it receives to incentivize clean trucks in accordance with the ARB's Proposition 1B Guidelines;

WHEREAS, the District may use up to 6.25 percent of the funds it receives to pay the reasonable costs of administering the incentive programs;

WHEREAS, the goal of the funding is to provide near-term targeted deployment within impacted communities and focus on reducing emissions from mobile sources and equipment that spend a substantial amount of time within impacted communities;

WHEREAS, the predominant emission reductions from the funded projects occurring in the most impacted communities will also contribute to progress on meeting regional clean air standards.

WHEREAS, to meet the goals and objectives of the funding, the District would:

1. Distribute the funding to projects as expeditiously as possible to provide an immediate opportunity to reduce emissions in impacted communities and demonstrate the importance of continued funding, and
2. Focus projects in "no regrets" communities, which are known to have some of the greatest exposure burdens and will be supported by the environmental justice community.

WHEREAS, there are specific legislative requirements (e.g., expenditure record, quantification methodology, annual reporting, and disadvantaged/low income community investments) of the cap and trade proceeds that the District will need to adhere to;

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby approves the District's acceptance of the AB 134 funds to be awarded to eligible projects in accordance with the legislative and applicable program requirements.

BE IT FURTHER RESOLVED, the District will commit to working with the environmental justice community on recommended spending priorities within its region.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is hereby authorized and empowered to execute on behalf of the District grant agreements with ARB and all other necessary documents to implement and carry out the purposes of this resolution.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the ____ day of _____, 2017, by the following vote of the Board:

AYES:

NOES:

ABSENT:

Liz Kniss
Chairperson of the Board of Directors

ATTEST:

Katie Rice
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Karen Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 20, 2017

Re: Update on Efforts to Further Reduce Emissions at the Port of Oakland and Former
Oakland Army Base

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Port of Oakland (Port) is the fifth largest container port in the United States and the second largest in the State of California behind the combined ports of Los Angeles and Long Beach. Established in 1927, the Port is home to 18 ship berths, 36 container cranes, two rail yards, approximately 500 pieces of cargo handling equipment and approximately 2,500 trucks. In 2016, the Port moved 2.37 million 20-foot equivalent units (TEU) in to and out of the Bay Area. This flow of containers is associated with over \$600 billion in goods that are linked to approximately 32% of the jobs in the Bay Area.

The Port and former Oakland Army Base redevelopment project (OAB) border the West Oakland and in 2008, the California Air Resources Board (ARB) in partnership with the Bay Area Air Quality Management District (Air District) conducted a health risk assessment (HRA) to determine what emission sources were contributing to poor air quality in that community. That HRA indicated that the health risk from toxic air pollution (primarily diesel particulate matter, or DPM) in West Oakland was three times higher than any other community in the Bay Area. Based on the results of the HRA, the Air District Board of Director's instructed staff to utilize all available options at its disposal to reduce this health risk. The Air District in partnership with the ARB, United States Environmental Protection Agency, Port, industry, and local community instituted policies and actions which:

- Devised the Marine Air Quality Improvement Plan which targets an 85% reduction in DPM emissions by 2020;
- Instituted and enforced regulations on drayage trucks, harbor craft, off-road equipment, oceangoing vessels and cargo handling equipment;
- Instituted and enforced a noncompliant truck ban under the Port's authority;
- Performed real-time monitoring of emissions in the West Oakland community;
- Invested \$33 million in grant funding to initially retrofit 1,319 trucks and to subsequently replace an additional 627 trucks;

- Invested \$24.5 million to install shore side power at 15 berths at the Port.

These efforts, in combination with implementation of ARB regulations requiring emissions reductions from cargo handling equipment, drayage trucks, refrigerated transportation units, oceangoing vessels, harbor craft and ships at berth, have significantly reduced DPM emissions from marine operations (by possibly as much as 76% according to latest inventory produced by the Port). Additionally, ARB regulations have led to significant emissions reductions from on-road truck traffic using the highways surrounding the West Oakland community.

While this is good news, the science around the health risk posed by DPM has changed significantly since 2008. Recent changes to the guidelines governing the assessment of health risk, developed by the California Office of Environmental Health Hazard Assessment (OEHHA), have increased the health risk from DPM by a factor of approximately 3 to 4 times of those originally used in the 2008 HRA. This means that while DPM emissions have been reduced significantly, remaining emissions have a greater impact on the community's health than what was previously understood.

DISCUSSION

Recognizing that there is an increased health risk from DPM and that the Air District's Community Air Risk Evaluation (CARE) current regional risk projections show that West Oakland remains the most highly impacted community in the Bay Area relative to exposure to toxic air contaminants, Air District staff initiated an inquiry during summer 2016 to assess how emissions might be further reduced from Port maritime operations.

This effort included updating the equipment inventories for the Port, trying to understand what may be developed at OAB, reviewing the planning frameworks at the local, state and federal levels to determine how an equipment replacement project integrates with those plans, examining how the authorities of the various regulatory agencies (Port, City of Oakland, ARB, etc.) might be used to reduce emissions, looking at initiatives at other California ports and conducting a comprehensive evaluation of feasible technologies that can be employed to get further emissions reductions. As part of this effort the Air District met with representatives from the City of Oakland, Port, ARB, Metropolitan Transportation Commission, Alameda County Transportation Commission and the Alameda County Health Department for their input.

While the Air District did this work, the former OAB continued to be redeveloped. This new activity triggers California Environmental Quality Act (CEQA) mitigation requirements for the developer, City of Oakland and Port. It is important that these requirements be effectively implemented to adequately address the possible impacts that additional DPM from this project may have on the West Oakland community.

As part of this report staff will update the Committee on the results of its evaluation of feasible technologies that can be employed to get further emissions reductions, efforts to ensure DPM reductions from the current development at the OAB and next steps to engage the community and industry to finalize an expenditure plan targeted at reducing health risk from mobile sources operating in and around the Port of Oakland and OAB.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen Schkolnick
Reviewed by: Damian Breen