



BOARD OF DIRECTORS
MOBILE SOURCE AND CLIMATE IMPACTS COMMITTEE

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

COMMITTEE MEMBERS

MYRNA MELGAR – CHAIR
JOHN GIOIA
LYNDA HOPKINS
OTTO LEE
SHAMANN WALTON

SERGIO LOPEZ – VICE CHAIR
JUAN GONZALEZ
DAVID HUDSON
RAY MUELLER
STEVE YOUNG

**MEETING LOCATION(S) FOR IN-PERSON ATTENDANCE BY
COMMITTEE MEMBERS AND MEMBERS OF THE PUBLIC**

**Bay Area Metro Center
1st Floor Yerba Buena Room
375 Beale Street
San Francisco, CA 94105**

**Office of Contra Costa County
Supervisor John Gioia
Conference Room
11780 San Pablo Ave., Suite D
El Cerrito, CA 94530**

**Office of Santa Clara County
Supervisor Otto Lee
70 W Hedding St
East Wing, 10th Floor
San Jose, CA 95110**

THE FOLLOWING STREAMING OPTIONS WILL ALSO BE PROVIDED

These streaming options are provided for convenience only. In the event that streaming connections malfunction for any reason, the Mobile Source and Climate Impacts Committee reserves the right to conduct the meeting without remote webcast and/or Zoom access.

The public may observe this meeting through the webcast by clicking the link available on the air district's agenda webpage at www.baaqmd.gov/bodagendas.

Members of the public may participate remotely via Zoom at <https://bayareametro.zoom.us/j/81441887252>, or may join Zoom by phone by dialing (669) 900-6833 or (408) 638-0968. The Webinar ID for this meeting is: 814 4188 7252

Public Comment on Agenda Items: The public may comment on each item on the agenda as the item is taken up. Members of the public who wish to speak on a matter on the agenda will have two minutes each to address the Committee on that agenda item, unless a different time limit is established by the Chair. No speaker who has already spoken on an item will be entitled to speak to that item again.

The Committee welcomes comments, including criticism, about the policies, procedures, programs, or services of the District, or of the acts or omissions of the Committee. Speakers shall not use threatening, profane, or abusive language which disrupts, disturbs, or otherwise impedes the orderly conduct of a Committee meeting. The District is committed to maintaining a workplace free of unlawful harassment and is mindful that District staff regularly attend Committee meetings. Discriminatory statements or conduct that would potentially violate the Fair Employment and Housing Act – i.e., statements or conduct that is hostile, intimidating, oppressive, or abusive – is *per se* disruptive to a meeting and will not be tolerated.

MOBILE SOURCE AND CLIMATE IMPACTS COMMITTEE MEETING AGENDA

WEDNESDAY, OCTOBER 11, 2023

1:00 PM

1. Call to Order - Roll Call

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

2. Pledge of Allegiance

CONSENT CALENDAR (Item 3)

3. Approval of the Draft Minutes of the Mobile Source and Climate Impacts Committee Meeting of June 14, 2023

The Committee will consider approving the Draft Minutes of the Mobile Source and Climate Impacts Committee meeting of June 14, 2023.

ACTION ITEM(S)

4. Projects and Contracts with Proposed Grant Awards Over \$500,000

The Committee will consider recommending the Board of Directors approve the award of state and local incentive funding to four projects with proposed grant awards in excess of \$500,000 and authorize the Executive Officer/APCO to execute grant agreements for the recommended projects. This item will be presented by Clair Keleher, Senior Staff Specialist in the Strategic Incentives Division.

5. Participation in 2023-2024 Funding Agricultural Reduction Measures for Emissions Reductions Incentive Program

The Committee will consider recommending the Board of Directors authorize the Air District to participate in Fiscal Year 2023-2024 of the FARMER program; adopt a resolution to authorize the Air District's participation in the program; and authorize the Executive Officer/APCO to enter into all necessary agreements to accept, obligate, and expend program funds. This item will be presented by Adriana Kolev, Senior Staff Specialist in the Strategic Incentives Division.

6. Updates to the Transportation Fund for Clean Air 40% Fund Policies for Fiscal Year Ending (FYE) 2025 and a Request from Alameda County Transportation Commission for Approval of a Cost-Effectiveness Limit for a FYE 2024 project

The Committee will consider recommending the Board of Directors approve proposed updates to the Transportation Fund for Clean Air 40% Fund Policies for Fiscal Year Ending (FYE) 2025. The Committee will also consider recommending the Board of Directors approve a request from Alameda County Transportation Commission for approval of a cost-effectiveness limit that would enable the Commission to fund a project with FYE 2024 funds. This item will be presented by Minda Berbeco, PhD., Manager in the Strategic Incentives Division.

OTHER BUSINESS

7. Public Comment on Non-Agenda Matters

Pursuant to Government Code Section 54954.3, members of the public who wish to speak on matters not on the agenda will be given an opportunity to address the Committee. Members of the public will have two minutes each to address the Committee, unless a different time limit is established by the Chair. The Committee welcomes comments, including criticism, about the policies, procedures, programs, or services of the District, or of the acts or omissions of the Committee. Speakers shall not use threatening, profane, or abusive language which disrupts, disturbs, or otherwise impedes the orderly conduct of a Committee meeting. The District is committed to maintaining a workplace free of unlawful harassment and is mindful that District staff regularly attend Committee meetings. Discriminatory statements or conduct that would potentially violate the Fair Employment and Housing Act – i.e., statements or conduct that is hostile, intimidating, oppressive, or abusive – is per se disruptive to a meeting and will not be tolerated.

8. Committee Member Comments

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

9. Time and Place of Next Meeting

November 8, 2023, at 1:00 p.m. at 375 Beale Street, San Francisco, CA 94105. The meeting will be in-person for the Mobile Source and Climate Impacts Committee members and members of the public will be able to either join in-person or via webcast.

10. Adjournment

The Committee meeting shall be adjourned by the Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
375 BEALE STREET, SAN FRANCISCO, CA 94105
vjohnson@baaqmd.gov

(415) 749-4941
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- 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 Air 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, Suma Peesapati, at (415) 749-4967 or by email at speesapati@baaqmd.gov.

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

**EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS**

OCTOBER 2023

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Stationary Source and Climate Impacts Committee	Wednesday	11	10:00 a.m.	1 st Floor, Yerba Buena Room
Board of Directors Mobile Source and Climate Impacts Committee	Wednesday	11	1:00 p.m.	1 st Floor, Yerba Buena Room
Board of Directors Meeting - CANCELLED	Wednesday	18	9:00 a.m.	1 st Floor Board Room
Board of Directors Special Finance and Administration Committee	Wednesday	18	10:00 a.m.	1 st Floor Board Room
Board of Directors Community Equity, Health and Justice Committee	Wednesday	18	1:00 p.m.	1 st Floor Board Room

NOVEMBER 2023

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Meeting	Wednesday	1	9:00 a.m.	1 st Floor Board Room
Board of Directors Finance and Administration Committee	Wednesday	1	1:00 p.m.	1 st Floor Board Room
Board of Directors Stationary Source and Climate Impacts Committee	Wednesday	8	10:00 a.m.	1 st Floor, Yerba Buena Room
Board of Directors Mobile Source and Climate Impacts Committee	Wednesday	8	1:00 p.m.	1 st Floor, Yerba Buena Room
Board of Directors Meeting	Wednesday	15	9:00 a.m.	1 st Floor Board Room
Board of Directors Community Equity, Health and Justice Committee	Wednesday	15	1:00 p.m.	1 st Floor Board Room
Community Advisory Council Meeting	Thursday	16	6:00 p.m.	1 st Floor, Yerba Buena Room

MV 10/3/2023 – 11:50 a.m.

G/Board/Executive Office/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Myrna Melgar and Members
of the Mobile Source and Climate Impacts Committee

From: Philip M. Fine
Executive Officer/APCO

Date: October 11, 2023

Re: Approval of the Draft Minutes of the Mobile Source and Climate Impacts Committee
Meeting of June 14, 2023

RECOMMENDED ACTION

Approve the Draft Minutes of the Mobile Source and Climate Impacts Committee meeting of
June 14, 2023.

BACKGROUND

None.

DISCUSSION

Attached for your review and approval are the Draft Minutes of the Mobile Source and Climate
Impacts Committee meeting of June 14, 2023.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

ATTACHMENTS:

1. Draft Minutes of the Mobile Source and Climate Impacts Committee Meeting of June 14, 2023

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

Mobile Source & Climate Impacts Committee
Wednesday, June 14, 2023

DRAFT MINUTES

This meeting was webcast, and a video recording is available on the website of the Bay Area Air Quality Management District at www.baaqmd.gov/bodagendas

CALL TO ORDER

1. **Opening Comments:** Mobile Source & Climate Impacts Committee (Committee) Chairperson, Myrna Melgar, called the meeting to order at 1:01 p.m.

Roll Call:

Present, In-Person (Bay Area Metro Center (375 Beale Street, Yerba Buena Room, San Francisco, California, 94105): Chairperson Myrna Melgar; Vice Chairperson Sergio Lopez; and Directors Juan Gonzalez, and Ray Mueller,

Present, In-Person Satellite Location (Office of Contra Costa County Supervisor John Gioia, Conference Room, 11780 San Pablo Ave., Suite D, El Cerrito, California 94530): Directors John Gioia and Steve Young.

Present, In-Person Satellite Location (Office of Santa Clara County Supervisor Otto Lee, 70 W Hedding Street, East Wing, 10th Floor, San Jose, California 95110): Director Otto Lee.

Absent: Board Chairperson John J. Bauters; Directors Lynda Hopkins, David Hudson, and Shamann Walton.

2. **PLEDGE OF ALLEGIANCE**

CONSENT CALENDAR

3. **APPROVAL OF THE DRAFT MINUTES OF THE MOBILE SOURCE AND CLIMATE IMPACTS COMMITTEE MEETING OF MAY 10, 2023**

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Director Gonzalez made a motion, seconded by Vice Chair Lopez, to **approve** the Minutes of the Mobile Source and Climate Impacts Committee meeting of May 10, 2023; and the motion **carried** by the following vote of the Committee:

AYES: Gioia, Gonzalez, Lee, Lopez, Melgar, Young.
NOES: None.
ABSTAIN: None.
ABSENT: Bauters, Hopkins, Hudson, Mueller, Walton.

ACTION ITEMS

4. **SOLICITATION FOR ELECTRIC CHARGING INFRASTRUCTURE FOR MEDIUM- AND HEAVY-DUTY VEHICLES AND EQUIPMENT**

Dr. Minda Berbeco, Manager in the Strategic Incentives Division, gave the staff presentation *Solicitation for Electric Charging Infrastructure for Medium- and Heavy-duty Vehicles and Equipment*, including: action item; outline; background; program attributes; eligible categories; proposed selection criteria; tentative timeline; and recommendation.

Public Comments

No requests received.

Committee Comments

The Board and staff discussed obstacles to applicants that resulted from the former solicitation process (for medium and heavy-duty battery electric zero-emission equipment), and how the new solicitation process will address those obstacles; whether applications from the public and private sectors will be scored in the same way; concerns that this new solicitation is limited to only certain parts of the Bay Area, and whether other communities could be considered eligible if applications in the priority areas are undersubscribed; whether non-profit organizations may apply; whether this program applies to light-duty vehicles; whether CalEnviroScreen is used to identify disadvantaged communities; and whether CalEnviroScreen's list of disadvantaged communities aligns with that of the Community Air Protection Program's (Assembly Bill 617).

Committee Action

Director Lee made a motion, seconded by Director Gonzalez, to recommend the Board **approve** the process and selection criteria for a new competitive solicitation for electric charging infrastructure for medium-and heavy-duty vehicles and equipment; and the motion **carried** by the following vote of the Committee:

AYES: Gioia, Gonzalez, Lee, Lopez, Melgar, Young.
NOES: None.
ABSTAIN: None.
ABSENT: Bauters, Hopkins, Hudson, Mueller, Walton.

5. **PROJECTS AND CONTRACTS WITH PROPOSED GRANT AWARDS OVER \$500,000**

Jessica DePrimo, Supervising Staff Specialist, gave the staff presentation *Projects and Contracts with Proposed Awards Over \$500,000*, including; outcome; outline; Carl Moyer Program/Obile Source Incentive Fund (CMP/MSIF), Community Air Protection Program (CAPP), and Funding Agricultural Replacement Measures for Emission Reductions (FARMER); Transportation Fund for Clean Air (TFCA); proposed projects; incentive funds awarded and remaining since July 2022 by project category and county; benefits to priority areas; and actions requested.

NOTED PRESENT: Director Mueller was noted present at 1:27 p.m.

Public Comments

Public comments were given by Jan Warren, Interfaith Climate Action Network of Contra Costa County.

Committee Comments

The Committee and staff discussed why diesel tractor replacement projects would be considered eligible projects.

Committee Action

Director Gonzalez made a motion, seconded by Vice Chair Lopez, to recommend the Board **approve** the award of incentive funding to projects with proposed grant awards in excess of \$500,000 and **authorize** the Executive Officer/Air Pollution Control Officer to execute grant agreements for the recommended project; and the motion **carried** by the following vote of the Committee:

AYES: Gioia, Gonzalez, Lee, Lopez, Melgar, Mueller, Young.
NOES: None.
ABSTAIN: None.
ABSENT: Bauters, Hopkins, Hudson, Walton.

OTHER BUSINESS

6. **PUBLIC COMMENT ON NON-AGENDA MATTERS**

No requests received.

7. **COMMITTEE MEMBER COMMENTS**

None.

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

At the end of the meeting, the next meeting was to be held at the Call of the Chair. After the meeting adjourned, the next meeting was scheduled on Wednesday, October 11, 2023, at 1:00 p.m. at 375 Beale Street, San Francisco, CA 94105. The meeting will be in-person for the Committee members and members of the public will be able to either join in-person or via webcast.

9. **ADJOURNMENT**

The meeting was adjourned at 1:36 p.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Myrna Melgar and Members
of the Mobile Source and Climate Impacts Committee

From: Philip M. Fine
Executive Officer/APCO

Date: October 11, 2023

Re: Projects and Contracts with Proposed Grant Awards Over \$500,000

RECOMMENDED ACTION

Recommend the Board of Directors:

1. Approve recommended projects with proposed grant awards over \$500,000 as shown in Attachment 2; and
2. Authorize the Executive Officer/Air Pollution Control Officer to enter into all necessary agreements with applicants for the recommended projects.

BACKGROUND

Carl Moyer Program and Mobile Source Incentive Fund

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 nitrogen oxides (NOx), reactive organic gases (ROG), and particulate matter (PM) from existing heavy-duty engines by either replacing or retrofitting them. Projects eligible under the CMP guidelines include heavy-duty diesel engine applications such as on-road trucks and buses, off-road construction, agricultural equipment, marine vessels, locomotives, stationary agricultural pump engines, and refueling or recharging infrastructure that supports the deployment of new zero-emission vehicles and equipment. Per AB 1390, at least 50% of CMP funds must be awarded to projects that benefit communities with the most significant exposure to air contaminants or localized air contaminants.

Assembly Bill (AB) 923 (Firebaugh), enacted in 2004 (codified as Health and Safety Code (HSC) Section 44225), authorized local air districts to increase motor-vehicle-registration surcharges by up to \$2 additional per vehicle and use the revenue to fund projects eligible under the CMP guidelines. AB 923 revenue is deposited in the Air District's Mobile Source Incentive Fund (MSIF).

The Board of Directors (Board) authorizes the Air District's participation in each cycle of the CMP, including an allocation of MSIF revenue as match funds.

Community Air Protection Program - Incentives

In 2017, AB 617 directed CARB, in conjunction with local air districts to establish a new community-focused action framework to improve air quality and reduce exposure to criteria air pollutants and toxic air contaminants in communities most impacted by air pollution. The AB 617 initiative calls for the development of community-identified strategies to address air quality issues in impacted communities, including community-level monitoring, uniform emission reporting across the state, stronger regulation of pollution sources, and incentives for reducing air pollution and public health impacts from mobile and stationary sources.

Beginning in the fiscal year ending (FYE) 2018, the California Legislature approved funding from the State's Greenhouse Gas Reduction Fund (GGRF), which is used to reduce criteria pollutants, toxic air contaminants, and greenhouse gases for the Community Air Protection Program (CAPP). CAPP Incentives funds may be used to fund projects eligible under the CMP and on-road truck replacements under the Proposition 1B Goods Movement Emission Reduction Program. Following additional approvals from CARB, CAPP Incentive funds may also potentially be used to fund other types of projects that have been identified and prioritized by communities with an approved Community Emissions Reduction Program, pursuant to HSC Section 44391.2. At least 80% of CAPP Incentives funds must be allocated to projects that benefit disadvantaged communities (Senate Bill (SB)535), and low-income communities (AB 1550).

Funding Agricultural Replacement Measures for Emission Reductions

In February 2018, CARB developed the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines that outline requirements for eligible agricultural equipment replacement projects evaluated under the CMP guidelines, including harvesting equipment, pump engines, tractors, and other equipment used in agricultural operations. Subsequent updates to the FARMER guidelines expanded eligible projects to include zero-emission demonstration projects and added flexibility for funding zero-emission equipment. Under the California State Budget, GGRF funds are appropriated to CARB for each new cycle of the FARMER program for the continued reduction of criteria, toxic, and greenhouse gas emissions from the agricultural sector.

Transportation Fund for Clean Air

In 1991, the California State Legislature authorized the 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 and requirements for the Transportation Fund for Clean Air (TFCA) are set forth in HSC Sections 44241 and 44242. Sixty percent of TFCA monies are awarded by the Air District to eligible projects and programs implemented directly by the Air District (e.g., Spare the Air program) and to a program referred to as the Regional Fund. The legislation also requires the remaining forty percent, referred to as the TFCA County Program Manager Fund, to be allocated by formula to the nine designated Bay Area transportation agencies, who in turn award these monies to eligible projects within their county. Each year, the Board allocates funding and adopts policies and

evaluation criteria that govern the expenditure of TFCA monies. On April 5, 2023, the Board authorized funding allocations of the sixty-percent portion of the TFCA revenue for use in FYE 2024, and cost-effectiveness limits for Air District-sponsored programs that will be implemented during FYE 2024. On May 17, 2023, the Board adopted policies and evaluation criteria that will govern use of the 60% portion during FYE 2024. This report discusses only the 60% Funds that are awarded directly by the Air District.

Program Revenues, Project Selection, and Results

Attachment 1 shows a list of the Air District's sources of new revenue, including CMP, TFCA, CAPP, MSIF and FARMER, by funding cycle, that is anticipated to be available for award to incentive projects in FYE 2024. Funding from each cycle must be awarded and liquidated (paid out) within two to four years of the date of award/receipt, depending on the source. As new projects are recommended for award, staff works to obligate (encumber) the oldest source/cycle of funding for which a specific project is eligible. For this reason, a portion of the oldest funding shown in Attachment 1 may have been awarded to projects in the previous fiscal year, and some of the newer funding may remain unallocated during the current year and will be awarded in future years.

Applications for grant funding received by the Air District are reviewed and evaluated for eligibility under the respective governing policies and guidelines established by each funding source, e.g., CARB, the Board. At least quarterly, staff provides updates to the Mobile Source and Climate Impacts Committee or Board of Directors on the status of the CMP, TFCA, CAPP, MSIF and FARMER incentive funding for the current fiscal year, including:

- The total amount of funds awarded to date and amount of funding awarded to projects that will achieve emissions reductions in impacted communities, including AB 617 communities, disadvantaged SB 535 communities, low-income AB 1550 communities, Air District-identified Community Air Risk Evaluation (CARE) areas and, awards to low-income residents;
- The amount of remaining funds available for award; and
- A summary of total funds allocated/awarded by county and by equipment category type.

The reported award/allocations and emissions reduction benefits to impacted communities and counties, which are based on information provided by each applicant, does not include "regional" projects, where all communities receive benefits, or projects where the location of the benefit has not yet been determined.

On April 6, 2022, the Board authorized the Air Pollution Control Office (APCO)/Executive Officer to approve projects with awards up to \$500,000. For all CMP, TFCA, CAPP, MSIF and FARMER projects with proposed awards greater than \$500,000, staff bring recommendations of these projects to the Board for consideration.

Other Sources of Co-funding

The Air District also administers other sources of funding that may be used as co-funding for projects that are awarded funds discussed in this report. The Bay Area Clean Air Foundation (Foundation) is a nonprofit support organization for the Air District. As part of its operation, the

Foundation applies for and accepts grant funding from various sources to reduce emissions within the Air District's jurisdiction. Under the terms of an executed contract between the Air District and the Foundation, Air District staff administer grant programs and revenues awarded to the Foundation. On December 5, 2017, the Foundation entered into a contract with the Reformulated Gas Settlement Fund (RFG) administrators to receive approximately \$1.2 million in project funding for a Zero-Emission Grant Program to expedite reductions in petroleum usage in and around West Oakland and adjacent AB 617 communities, including Richmond and Western Alameda County. Funding from this source was awarded to eligible projects between 2018 and 2020. Due to fallout from canceled projects, as of 2023 approximately \$400,000 was available for award.

DISCUSSION

As of July 1, 2023, the Air District had approximately \$145 million available in CMP, MSIF, CAPP Incentives, FARMER, TFCA, and RFG funds for eligible projects from new revenue and prior year funds. The mobile source projects that are currently recommended for award were evaluated through a solicitation that opened September 19, 2022, and closed on June 8, 2023. Under this solicitation, applications were accepted on a rolling basis and evaluated on a first-come, first-served basis. Between August 18, 2023, and September 7, 2023, staff completed evaluations of four applications that were received by June 8th, that had proposed awards of over \$500,000. These four projects will:

- install 295 electric charging stations and associated infrastructure to support electric school buses operating in Alameda and San Francisco counties,
- replace 27 diesel-powered heavy-duty trucks with electric trucks and install 27 electric charging stations and associated infrastructure, and,
- replace 13 large-spark ignition airport ground support equipment units with 13 zero-emissions units at San Francisco International Airport.

The proposed projects are estimated to reduce over 1.3 tons of NO_x, ROG, and PM emissions per year. All four projects will provide emissions benefits in priority areas. Staff recommend approval of the allocation of up to \$9,120,905 for these projects from a combination of CMP, MSIF, CAPP Incentives, TFCA, and RFG revenue. Attachment 2 provides additional information on the recommended projects.

Attachment 3, updated at least quarterly, lists all eligible projects that have been either recommended for award or awarded by the Air District between July 1, 2023, and September 7, 2023, including information about project equipment, award amounts, project locations, estimated emissions reductions, and whether the project will benefit air quality in priority communities. As of September 7, 2023, nearly \$40.4 million has been awarded or recommended, of which \$3.1 million was allocated to "regional" projects that benefit all communities or where the benefit has not yet been determined. Of the remaining \$37.3 million, over 81% has been awarded or allocated to projects that reduce emissions in disadvantaged SB 535 communities, low-income AB 1550 communities, and/or CARE communities, or to low-income residents. The percentage value will change over time as the remaining funds are awarded later in the fiscal year and as more complete information about the location of projects and program participants

becomes available. Attachment 4 contains charts and graphs summarizing the results, including information about funding allocations by county and equipment category as of May 12, 2023.

A new competitive solicitation for electric infrastructure projects opened on July 19, 2023, and closed on September 12th. Staff is currently reviewing the applications received and a recommendation to award the highest ranked applications is anticipated to occur by early 2024. A solicitation for other types of project categories is currently under development and anticipated to open later this calendar year.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The Air District distributes the CMP, MSIF, CAPP Incentive, FARMER, TFCA, and RFG funding to project sponsors on a reimbursement basis. The four recommended projects listed on Attachment 1 will be awarded a total of \$9,120,905 that will be paid for by one or more of these state and local incentive fund sources upon project completion, expected within the next one to three years. Funding for administrative costs to implement these programs, including evaluating, contracting, and monitoring projects for multiple years, is provided by each funding source.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Daniel Langmaid and Linda Hui
Reviewed by: Alona Davis and Karen Schkolnick

ATTACHMENTS:

- 1. Sources of New Funding Revenue
- 2. Recommended Projects with grant awards greater than \$500,000 (evaluated 8/18/23 to 9/7/23)
- 3. All projects - awarded, allocated, and recommended (7/1/23 to 9/7/23)
- 4. Funding Facts and Figures (7/1/23 through 9/7/23)

Attachment 1

Sources of Incentive Program Revenue (FYE 2024)*

Funding Source Cycle**	\$ for Projects and Programs (in Millions)	Award Date	Source
CMP Year 24	\$ 26.7***	3/16/2022	CARB
CMP Year 24 State Reserve	\$ 4.5	6/3/2022	CARB
CMP Year 25	\$ 13.6	2/22/2023	CARB
CMP Year 25 State Reserve	\$ 2.8	5/19/2023	CARB
CAPP Incentives Year 5	\$ 35.4***	6/23/2022	CARB
CAPP Incentives Year 6	\$ 32.7	12/27/2022	CARB
FARMER Year 5	\$ 2.4***	12/14/2022	CARB
TFCA Regional Fund FYE 2024	\$ 13.5	accrues monthly	\$4 DMV fees
Mobile Source Incentive Fund	\$ 11.2	accrues monthly	\$2 DMV fees
Total	\$142.8		

* This is not a complete listing of all sources of incentive funds managed by the Air District but covers the sources that are discussed in this report.

** Includes Carl Moyer Program (CMP), Community Air Protection Program (CAPP), Funding Agricultural Replacement Measures for Emissions Reduction (FARMER), and Transportation Fund for Clean Air (TFCA).

*** Some revenues were partially obligated to projects in fiscal year ending (FYE) 2023 and therefore full amounts may not be available for award to projects in FYE 2024.

ATTACHMENT 2

Recommended projects with grant awards greater than \$500k (Evaluated between 8/18/23 and 9/7/23)

Carl Moyer Program, Transportation Fund for Clean Air, Mobile Source Incentive Fund, FARMER, and Community Air Protection Program

Project #	Applicant Name	Project Category	Project Description	Proposed Contract Award	Total Project Cost	Emission Reductions (tons per year)			County	Benefits Priority Area(s)
						NO _x	ROG	PM		
23SBP167	Zum Services, Inc	School/ Infrastructure	Install 221 electric charging stations and associated infrastructure to support electric school buses.	\$1,000,000	\$7,411,623	n/a	n/a	n/a	San Francisco	Yes
23SBP171*	Zum Services, Inc	School/ Infrastructure	Install 74 electric charging stations and associated infrastructure to support electric school buses.	\$985,930	\$2,590,001	n/a	n/a	n/a	Alameda	Yes
23MOY152**	US Foods, Inc.	On-Road	Replace 27 diesel-powered heavy-duty trucks with electric trucks and install 27 electric charging stations and associated infrastructure.	\$6,449,000	\$15,110,801	1.024	0.069	0.002	Alameda	Yes
23MOY174**	Swissport USA Inc.	Off-Road	Replace 13 large-spark ignition airport ground support units with 13 zero-emissions units.	\$685,975	\$949,900	0.066	0.150	0.030	San Mateo	Yes
4	Projects			Totals	\$9,120,905	\$26,062,325	1.090	0.219	0.032	

* This project will be co-funded using Carl Moyer Program/Community Air Protection funds and Reformulated Gasoline Funds.

**Final project approval is pending a case-by-case approval from CARB.

ATTACHMENT 3

Data in this table are updated quarterly. Funds awarded or allocated after the date range below will be reflected in the next quarterly update.

CMP/MSIF, TFCA, FARMER and Community Air Protection Program projects (awarded and allocated between 7/1/23 and 9/7/23)

Project #	Project Category	Project Description	Number of Engines	Proposed Contract Award	Applicant Name	Emission Reductions (tons per year)			County	Board/APCO Approval Date	Benefits Priority Area(s)	Projected Funding Source ¹
						NOx	ROG	PM				
24R01	Trip Reduction	Enhanced Mobile Source & Commuter Benefits Enforcement	n/a	\$ 150,000	BAAQMD	TBD ¹	TBD ¹	TBD ¹	Regional	6/7/2023 ²	N/A	1
24R02	Light Duty (LD) Vehicles	Vehicle Buy Back Program Implementation	n/a	\$ 700,000	BAAQMD	N/A	N/A	N/A	Regional	6/7/2023 ²	N/A	1
24R03	Trip Reduction	Spare The Air/ Intermittent Control/ Flex Your Commute Programs	n/a	\$ 2,290,000	BAAQMD	TBD ¹	TBD ¹	TBD ¹	Regional	6/7/2023 ²	N/A	1
23SBP53	School Bus + Infrastructure	Replace 14 diesel school buses with 14 new electric school buses, and install 11 chargers.	14	\$ 4,822,770	Safrans Transportation, Inc.	0.739	0.040	0.004	Santa Clara	7/19/23	Yes	1, 2
23MOY44	Off-Road	Repower two Tier-1, one Tier-4 Interim, and two Tier-4 final diesel-powered rubber-tired gantry cranes (RTGs) with five Hybrid, diesel-electric Tier-4 final RTGs.	5	\$ 1,065,200	Everport Terminal Services	3.707	0.308	0.051	Alameda	7/19/23	Yes	2
23MOY119	Locomotive	Replace one Tier-0 diesel-powered locomotive with a Tier-4 final diesel-powered locomotive.	1	\$ 828,000	Richmond Pacific Railroad	2.501	0.431	0.124	Contra Costa	7/19/23	Yes	2
23MOY62	Ag/ off-road	Replace two Tier-0 with two Tier-4 diesel-powered agriculture loaders	2	\$ 88,000	BIS Ranch	0.140	0.024	0.017	Marin	7/14/23	Yes	2
23MOY155	Ag/ off-road	Replace three Tier-1 with three Tier-4 diesel-powered agriculture tractors, and two Tier-2 with two Tier-4 diesel-powered agriculture tractor	3	\$ 232,950	Kistler Vineyards LLC	0.609	0.085	0.066	Sonoma	7/24/23	Yes	2
23MOY93	Ag/ off-road	Replace one Tier-2 with one Tier-4 diesel-powered agriculture tractor	1	\$ 58,250	Massa LLC	0.091	0.005	0.005	Napa	7/24/23	No	2
23MOY118	Ag/ off-road	Replace two Tier-1 to two Tier-4 diesel-powered agriculture tractor/crawler	2	\$ 147,600	Renteria Vineyard Management, LLC	0.239	0.045	0.035	Napa	7/26/23	Yes	2
23MOY96	Ag/ off-road	Replace one Tier-0 with one Tier-4 diesel-powered agriculture tractor/crawler, and one Tier-0 with one Tier-4 diesel-powered agriculture tractor	2	\$ 60,600	T and M Agricultural Services LLC	0.052	0.046	0.012	Napa	7/26/23	No	2
23MOY98	Ag/ off-road	Replace one Tier-0 with one Tier-4 diesel-powered agriculture tractor	1	\$ 73,900	Fiorio Farm, Inc	0.588	0.076	0.044	Santa Clara	8/4/23	No	2
23MOY116	Ag/ off-road	Replace one Tier-0 with one Tier-4 diesel-powered agriculture tractor	1	\$ 21,000	Tru2Earth Farm LLC	0.029	0.024	0.006	Santa Clara	8/10/23	Yes	2
23MOY74	Ag/ off-road	Replace one Tier-1 with one Tier-4 diesel-powered agriculture other equipment	1	\$ 45,000	Sequoia Grove Vineyards, LP	0.036	0.007	0.005	Napa	8/15/23	No	2
23MOY166	Ag/ off-road	Replace one Tier-0 with one Tier-4 diesel-powered agriculture tractor, and one Tier-1 with one Tier-4 diesel-powered agriculture tractor	2	\$ 145,600	V. Sattui Winery	0.274	0.045	0.033	Napa	8/16/23	No	2
23MOY132	Ag/ off-road	Replace two Tier-0 with two Tier-4 diesel-powered agriculture other equipment	2	\$ 182,500	Dotto Bros. LLC	0.352	0.045	0.028	Sonoma	8/16/23	No	2
23MOY126	Ag/ off-road	Replace one Tier-0 with one Tier-4 diesel-powered agriculture tractor	1	\$ 76,300	Krasilsa Pacific Farms, LLC	0.134	0.016	0.011	Sonoma	8/18/23	No	2
23MOY108	Ag/ off-road	Replace one Tier-1 with one Tier-4 diesel-powered agriculture tractor	1	\$ 62,900	Rocca Family Vineyards	0.130	0.033	0.026	Napa	8/21/23	No	2

ATTACHMENT 3

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CMP/MSIF, TFCA, FARMER and Community Air Protection Program projects (awarded and allocated between 7/1/23 and 9/7/23)

Project #	Project Category	Project Description	Number of Engines	Proposed Contract Award	Applicant Name	Emission Reductions (tons per year)			County	Board/APCO Approval Date	Benefits Priority Area(s)	Projected Funding Source ¹
						NOx	ROG	PM				
23MOY121	Marine	Repower one Tier-0 with one Tier-3 diesel-powered engine on a commercial fishing boat	1	\$ 78,100	Crowl Holdings, LLC	0.205	-0.005	0.009	Marin / San Francisco	8/4/23	Yes	2
23MOY128	Marine	Replace two Tier-2 with two Tier-3 diesel-powered auxiliary engines on an excursion vessel	2	\$ 15,750	Golden Gate Scenic Steamship	0.052	0.009	0.003	Alameda/ Marin/ San Francisco	8/4/23	Yes	2
23SBP54	School Bus	Replace 2 compressed natural gas school buses with 2 electric school buses	2	\$ 847,000	Sunnyvale School District	0.078	0.004	0.000	Santa Clara	TBD	Yes	1, 2
23MOY150 ³	EV Trucks + Infrastructure	Replace 18 diesel-powered heavy heavy-duty trucks with 18 electric heavy heavy-duty trucks and install 23 electric vehicle charging stations	18	\$ 4,595,084	Sysco	0.967	0.064	0.002	Alameda	TBD	No	1,2
23SBP10	School Bus + Infrastructure	Replace 8 diesel school buses with 8 electric school buses and associated infrastructure	8	\$ 2,749,666	San Mateo Union High School District	0.295	0.017	0.005	San Mateo	TBD	Yes	1,2
23MOY52	Locomotive	Replace 7 switcher locomotives with 3 switcher locomotives using two 3-for-1 replacements and one 1-for-1 replacement	7	\$ 3,345,000	Napa Valley Wine Train	11.878	1.204	0.417	Napa	TBD	Yes	2
23MOY12	Marine	Repower two Tier 0 engines to Tier 4 engines on a commercial fishing vessel	1	\$ 867,000	Brian Collier	2.554	0.119	0.077	Alameda/ Contra Costa	TBD	Yes	2
23MOY145 ³	Marine	Repower two 2018 Tier 3 main engines to 2023 Tier 4 diesel engines on the tug boat Revolution	1	\$ 2,900,000	Amnav Maritime, LLC	15.478	1.935	0.302	Alameda / Contra Costa / San Francisco / San Mateo / Solano	TBD	Yes	2
23MOY146 ³	Marine	Repower two 2018 Tier 3 main engines to 2023 Tier 4 diesel engines on the tug boat Sandra Hugh	1	\$ 3,150,000	Amnav Maritime, LLC	16.885	2.110	0.330	Alameda / Contra Costa / San Francisco / San Mateo / Solano	TBD	Yes	2
23MOY130	Ag/ off-road	Replace one Tier-0 with Tier-4 diesel-powered agriculture tractor/crawler	1	\$ 31,400	Ramaiah Ale	0.049	0.007	0.004	Contra Costa	8/24/23	Yes	2
23MOY66	Ag/ off-road	Replace one Tier-0 with Tier-4 diesel-powered agriculture excavator	1	\$ 172,400	Cobb Creek Holdings, LLC DBA CCH Ag Services	0.119	0.020	0.014	Napa	8/28/23	No	2
23MOY113	Ag/ off-road	Replace one Tier-0 with Tier-4 diesel-powered agriculture tractor	1	\$ 351,400	E & M Deniz Dairy	0.788	0.076	0.041	Sonoma	8/30/23	No	2
23MOY176	Ag/ off-road	Replace two Tier-2 with Tier-4 diesel-powered agriculture tractor, and two Tier-3 with Tier-4 diesel-powered agriculture tractor	4	\$ 295,600	Dirt Farmer & Company, A California Corporation	0.572	0.041	0.036	Sonoma	8/30/23	No	2
23MOY117	Ag/ off-road	Replace one Tier-2 with Tier-4 diesel-powered agriculture tractor	1	\$ 39,400	Heritage Vineyard Management, Inc	0.035	0.003	0.005	Napa	8/30/23	No	2
23MOY90	Ag/ off-road	Replace three Tier-0 to Tier-4 diesel-powered agriculture equipment, including one tractor, one tractor/crawler, and one loader/backhoe	3	\$ 172,400	Ilsey Brothers Farming, LLC	0.163	0.068	0.026	Napa	9/1/23	No	2
23MOY136	Ag/ off-road	Replace two Tier-1 with Tier-4 diesel-powered agriculture equipment, including one tractor, and one tractor/crawler	2	\$ 121,150	Barbour Vineyards Management LLC	0.180	0.031	0.023	Napa	9/5/23	No	2
23MOY177	Ag/ off-road	Replace one Tier-1 with Tier-4 diesel-powered agriculture tractor, and one Tier-0 with Tier-4 diesel-powered agriculture tractor	2	\$ 88,600	A Cut Above Viticulture Service inc.	0.127	0.038	0.019	Napa	9/6/23	No	2

ATTACHMENT 3

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CMP/MSIF, TFCA, FARMER and Community Air Protection Program projects (awarded and allocated between 7/1/23 and 9/7/23)

Project #	Project Category	Project Description	Number of Engines	Proposed Contract Award	Applicant Name	Emission Reductions (tons per year)			County	Board/APCO Approval Date	Benefits Priority Area(s)	Projected Funding Source ¹
						NOx	ROG	PM				
23MOY127	Ag/ off-road	Replace one Tier-1 with Tier-4 diesel-powered agriculture tractor	1	\$ 85,200	Circle R Ranch Management LLC	0.135	0.021	0.016	Napa	9/6/23	No	2
23MOY129	Ag/ off-road	Replace one Tier-1 with one Tier-4 diesel-powered agriculture other equipment	1	\$ 93,700	Tim McDonald	0.082	0.019	0.015	Napa	9/12/23	No	2
23SBP172	School Bus Infrastructure	Install 13 electric charging stations and associated infrastructure to support electric school buses	0	\$ 225,000	Zum Services	0.000	0.000	0.000	Alameda	9/13/23	Yes	2
23SBP167	School Bus Infrastructure	Install 221 electric charging stations and associated infrastructure to support electric school buses	0	\$ 1,000,000	Zum Services Inc	0.000	0.000	0.000	San Francisco	TBD	Yes	2
23SBP171	School Bus Infrastructure	Install 74 electric charging stations and associated infrastructure to support electric school buses	0	\$ 985,930	Zum Services Inc	0.000	0.000	0.000	Alameda	TBD	Yes	2, 3
23MOY152 ³	EV Trucks + Infrastructure	Replace 27 diesel-powered heavy-duty trucks with electric trucks and install 27 electric charging stations and associated infrastructure	27	\$ 6,449,000	US Foods, Inc.	1.024	0.069	0.002	Alameda	TBD	Yes	1, 2
23MOY174 ³	Off-Road	Replace 13 large-spark ignition airport ground support equipment units with 13 zero-emissions units	13	\$ 685,975	Swissport USA Inc.	0.662	0.151	0.031	San Mateo	TBD	Yes	2
TOTALS		42 Projects	137	\$ 40,395,325		61.9	7.2	1.8				

† Projected Funding Source includes (1) Transportation Fund for Clean Air; (2) CMP/MSIF, FARMER and Community Air Protection Program; (3) Reformulated Gasoline Fund. At the time of award, this funding source is assigned based on funding availability and project eligibility. However, the actual funding source used to pay out a project may be different from the Projected Funding Source due to a variety of factors such as delays in project implementation or other funding sources becoming available.

¹ Funds have been allocated to these programs and projects and results will be determined at the end of project period.

² Date when BOD approved the program budget for FYE 2024

³ Final project approval is pending Board of Director approval and a case-by-case approval by the California Air Resources Board.

ATTACHMENT 4

Funding Facts and Figures

7/1/23 through 9/7/23

Funding Sources Reported: Transportation Fund for Clean Air (TFCA), Carl Moyer Program (CMP), Community Air Protection Program (CAPP), Mobile Source Incentive Fund (MSIF), and Funding Agricultural Replacement Measures for Emission Reductions (FARMER)

Figure 1. Status of FYE 2024 funding

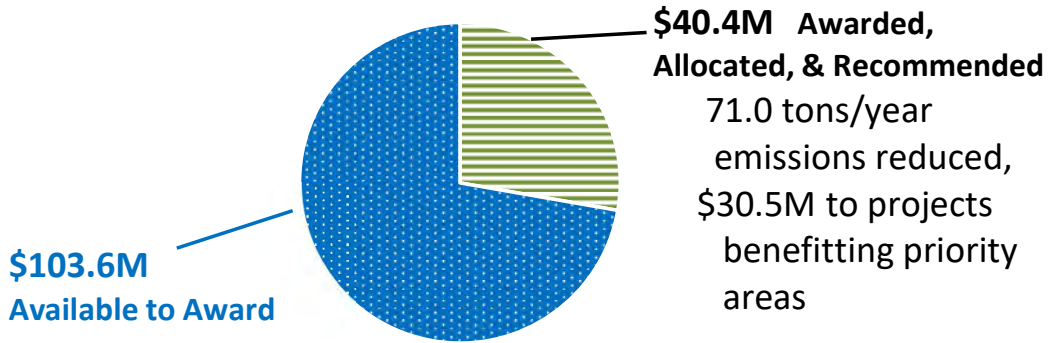


Figure 2. Funding Awarded by County in FYE 2024

includes funds allocated, awarded, & recommended for award

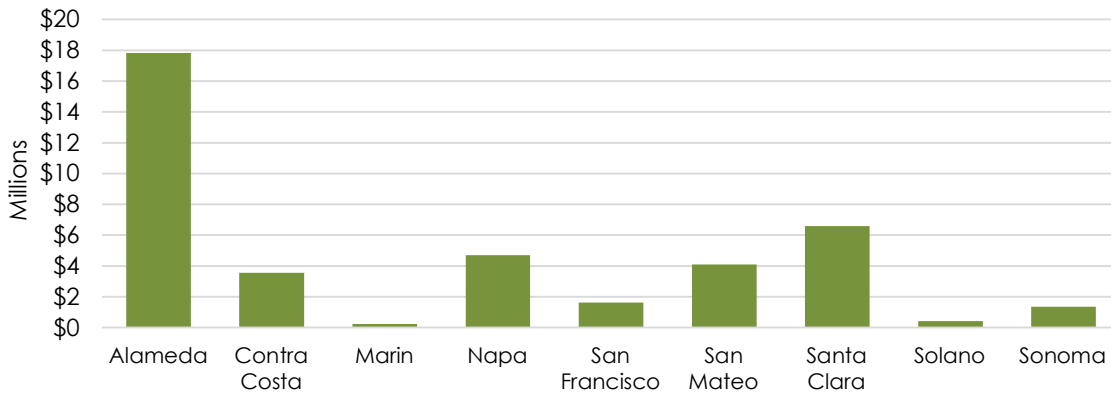
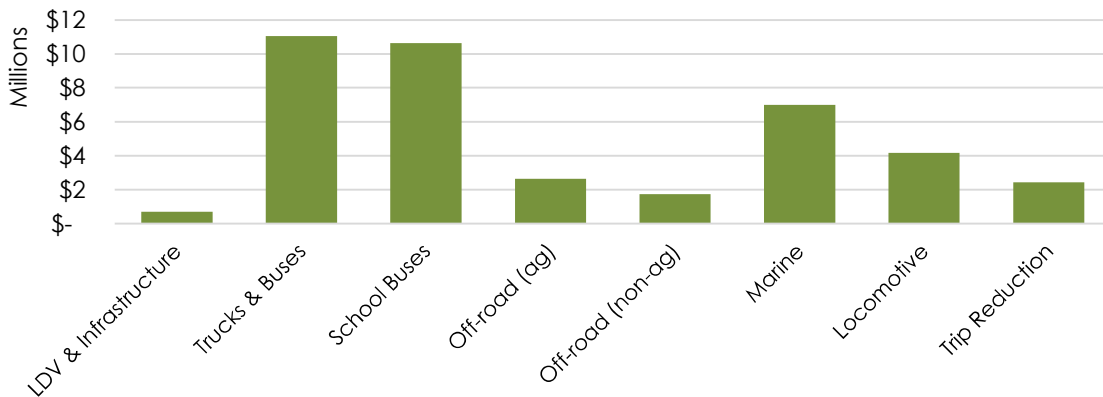


Figure 3. Funding Awarded by Project Category in FYE 2024

includes funds allocated, awarded, & recommended for award



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Myrna Melgar and Members
of the Mobile Source and Climate Impacts Committee

From: Philip M. Fine
Executive Officer/APCO

Date: October 11, 2023

Re: Participation in 2023-2024 Funding Agricultural Reduction Measures for Emissions
Reductions Incentive Program

RECOMMENDED ACTION

Recommend the Board of Directors:

1. Authorize the Bay Area Air Quality Management District (Air District) to accept, obligate, and expend up to \$3.4 million in new fiscal year 2023-2024 State funds from California Air Resources Board (CARB) for the Funding Agricultural Reduction Measures for Emission Reductions (FARMER) Program;
2. Adopt a resolution authorizing the Air District's participation in the FARMER program; and
3. Authorize the Executive Officer/APCO to enter into all agreements necessary to accept, obligate, and expend this funding, and to execute grant agreements and amendments for projects with individual grant award amounts up to \$500,000.

BACKGROUND

The Air District has participated in the FARMER Program since its inception in 2017. CARB developed the FARMER Program to meet the Legislature's objectives for the continued reduction of criteria, toxic, and greenhouse gas emissions from the agricultural sector, in service of the State's emission reduction goals.

This program provides funding 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 FARMER projects include agricultural vehicle and equipment replacements that meet the qualifications for the Carl Moyer Program (CMP), such as mobile off-road farm equipment replacements, agricultural irrigation pump replacements, replacements with zero-emission agricultural equipment, and heavy-duty truck replacements and advanced technology demonstration projects that are engaged in agricultural operations. The agricultural equipment replacement project category, eligible under FARMER, has historically resulted in the most cost-effective reduction of NOx emissions,

reducing incidence of ozone and respiratory disease triggers throughout the Bay Area. These projects also cost-effectively reduce unregulated and high levels of harmful diesel PM emissions that directly impact agricultural workers in closest proximity to the operating equipment.

The 2023 California State Budget appropriated \$75 million in statewide Greenhouse Gas Reduction Fund (GGRF) funds to CARB for the FARMER Program.

Table 1 summarizes the amount of FARMER Program funds awarded to the Air District since the program’s first cycle in 2018. In 2021, the allocation of Year 4 funding was higher than in previous years because it contained two fiscal years’ worth of funding. In 2022, the allocation for Year 5 was also higher than any single year’s worth of funding due to a change in the State’s allocation formula based on the 2021 California agricultural equipment emissions inventory (AG2021). This next cycle is anticipated to be lower due to an overall decrease in the amount of funding allocated to the FARMER program by the state in the current fiscal year. To date, the Air District has awarded 77 emissions reduction projects in the Bay Area under the FARMER program, totaling nearly \$9.4 million.

Table 1
Air District’s FARMER Allocation by Cycle (Program Year)

Program Year/Cycle	CARB Fiscal Year	\$Allocation
1	2017-2018	\$1,990,800
2	2018-2019	\$1,922,690
3	2019-2020	\$ 808,162
4	2020- 2021 & 2021-2022	\$3,756,900
5	2022-2023	\$2,649,900
6	2023-2024	between \$1.3 million (M) and \$3.4M

DISCUSSION

On August 7, 2023, the Air District was notified by CARB that it was tentatively allocated \$1.3 million in the next (sixth) cycle of the FARMER Program. The actual amount to be allocated may be higher or lower, depending on how many other districts apply for this funding and the availability of funds for this program. In September 2023, the Air District submitted an application for up to \$3.4 million, of which up to 6.25% of the total funds awarded to the Air District may be used to pay for administrative expenses related to the implementation of this program. If the Board approves participation in the program, and following execution of a grant agreement with CARB, staff anticipate that FARMER funding may be available for award as early as spring 2024. Eligible projects will be evaluated under the most recent version of FARMER Program Guidelines approved by CARB and applications will be reviewed on a first-come first-served basis.

Staff are requesting a continuation of the Board’s direction to grant the Executive Officer/APCO authorization to execute contracts and amendments for projects with individual grant awards up to \$500,000. Projects with recommended award amounts over \$500,000 are brought to the Mobile Source and Climate Impacts Committee for consideration at least quarterly.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Revenue from FARMER Year 6 is anticipated to be between \$1.3 million and \$3.4 million. At least 93.75% of the funding allocated will be distributed to grantees on a reimbursement basis for direct project expenses, and up to 6.25% of the revenue will be used by the Air District for its own administrative costs. These revenues will be budgeted in FYE 24 and future years, as needed.

Each cycle of grant funding that is accepted by the Air District creates an obligation of effort that has a typical duration of between ten to fourteen years, whereby the majority of work occurs in the first four years, involving project solicitation and outreach, awarding, contracting, inspections, and reimbursements, as well as project monitoring and reporting to CARB. Future years work includes continued project monitoring, reporting to CARB, and enforcement action when needed.

The Air District has been accepting FARMER funds since 2017 and has been running the program using existing staff resources. Given that this revenue source is relatively small compared to some of the larger annual state revenues, and that work required for this program leverages effort from other existing programs, there is no negative impact anticipated due to acceptance of these funds and these new FARMER funds can continue to be managed using existing staff.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Adriana Kolev
Reviewed by: Alona Davis and Karen Schkolnick

ATTACHMENTS:

- 1. Resolution Accepting Fiscal Year 2023-24 “Funding Agricultural Reduction Measures for Emission Reductions” Program Funding from the California Air Res

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2023 -

Resolution Accepting Fiscal Year 2023-24 “Funding Agricultural Reduction Measures for Emission Reductions” Program Funding from the California Air Resources Board

WHEREAS, the California Air Resources Board (CARB) developed the Funding Agricultural Reduction Measures for Emission Reductions (FARMER) Program to meet the Legislature’s objectives and help meet the State’s criteria, toxic, and greenhouse gas emission reduction goals from the agricultural sector;

WHEREAS, the Bay Area Air Quality Management District (District) has successfully implemented the FARMER Program since its inception in 2017;

WHEREAS, the District submitted an application requesting up to \$3.4 million in FARMER funds to implement the sixth cycle of the FARMER Program beginning in Fiscal Year (FY) 2023-2024;

WHEREAS, eligible projects include agricultural vehicle and equipment replacements that meet the qualifications for the Carl Moyer Program, such as mobile off-road farm equipment replacements, agricultural irrigation pump replacements, replacements with zero-emission agricultural equipment, and heavy-duty truck replacements and advanced technology demonstration projects that are engaged in agricultural operations;

WHEREAS, the District will follow the most recent version of the FARMER Guidelines released by CARB in the implementation of FARMER funds;

WHEREAS, the District may use up to 6.25 percent of the funds it receives to pay the reasonable costs of implementing the incentive program.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby approves the District’s acceptance of FY 2023-2024 FARMER funds to be awarded to eligible projects in accordance with legislative and applicable program requirements.

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 CARB, individual grant awards valued at \$500,000 or less each, 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 _____, 2023, by the following vote of the Board:

AYES:

NOES:

ABSENT:

John Bauters
Chairperson of the Board of Directors

ATTEST:

Lynda Hopkins
Secretary of the Board of Directors

DRAFT

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Myrna Melgar and Members
of the Mobile Source and Climate Impacts Committee

From: Philip M. Fine
Executive Officer/APCO

Date: October 11, 2023

Re: Updates to the Transportation Fund for Clean Air 40% Fund Policies for Fiscal Year Ending (FYE) 2025 and a Request from Alameda County Transportation Commission for Approval of a Cost-Effectiveness Limit for a FYE 2024 project

RECOMMENDED ACTION

Action item for the Committee to consider recommending to the Board of Directors to:

1. Approve the proposed Transportation Fund for Clean Air (TFCA) 40% Fund Policies for Fiscal Year Ending 2025 as shown in Attachment 1; and
2. Approve the proposed cost-effectiveness limit to enable Alameda County Transportation Commission (Alameda CTC) to award FYE 2024 TFCA 40% funds to an arterial management project, as shown in Table 1.

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 Air District's jurisdiction to fund projects that reduce on-road motor vehicle emissions. This surcharge is used to fund eligible projects through the Air District's Transportation Fund for Clean Air (TFCA) program. 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.

Forty percent of TFCA revenue is passed through to the nine counties in the Air District's jurisdiction, based on each county's proportionate share of vehicle registration fees. The county's designated agency (i.e., administering agency) then awards the funds to eligible projects in their county. Each year the Air District Board of Directors adopts proposed updates to the TFCA 40% Fund Policies (also called the County Program Manager Fund) to maximize emissions reductions and public health benefits.

Policy #3 of the FYE 2024 Policies for the 40% Fund, adopted by the Board on December 7, 2022, allows administering agencies to seek the Air District's approval on a case-by-case basis for projects that are authorized by HSC section 44241, achieve Board-adopted TFCA cost-effectiveness limits, but not explicitly allowed in the current-year Board-adopted policies.

DISCUSSION

Board Consideration of TFCA 40% Fund Policies for Fiscal Year Ending 2025

The process of annually reviewing and updating the Policies for the 40% Fund began earlier this year and involves Air District staff developing draft recommended revisions that reflect the recently adopted policy updates to the TFCA Regional Fund, and input received during the past year from the administering agencies, the Board, and the public. On May 31, 2023, Air District staff issued a draft of the FYE 2025 Policies with the recommended updates to the administering agency liaisons for comment. The liaisons also distributed the draft for input and feedback from stakeholders within their respective jurisdictions. Written comments were submitted by three of the nine administering agencies.

In addition to minor text revisions to provide clarification, the following is a high-level summary of key proposed updates to the TFCA 40% Fund Policies for FYE 2025:

- Include a cost-effectiveness limit for projects that request a case-by-case review under Policy #3.
- Remove *On-Road Truck Replacement* (policy #25), given that this category no longer provides surplus emission reductions because it is already mandated in the Truck and Bus Regulation, which requires nearly all trucks and buses to have 2010 or newer model year engines by January 1, 2023.
- Define and expand Priority Areas to include, not only Highly Impacted Communities or Episodic Areas as defined by the Air District's Community Air Risk Evaluation (CARE) Program, but also Assembly Bill 617 communities and Priority Populations defined by SB 535 disadvantaged communities and AB 1550 low-income communities.
- Continue providing subgrantees with an extended 24 months to commence their projects (policy #6) and clarify that this time allowance also applies to projects that are directly sponsored by the administering agencies.
- Simplify the design guidelines so that local and state standards would need to be followed for bikeways (policy #30); and allow upgrades from either a Class III or Class II (non-buffered) bikeway to a Class II buffered bike lane.
- Clarify what qualifies as an *Infrastructure Improvement for Trip Reduction* project (policy #33).

The proposed updates to the TFCA 40% Fund Policies for FYE 2025 are shown in Attachment 1 and a redlined version is shown in Attachment 2. Attachment 3 shows the written comments received and the responses from staff.

Equity

On November 17, 2021, the Board approved the formation of a Community Advisory Council (CAC), consisting of 17 community members from across the Bay Area. The CAC advises the Board on environmental justice and equity-based policy and provides input on key Air District initiatives. While the TFCA 40% monies are passed through to county agencies for award locally, the Air District may add requirements that promote equity and inclusion. At the request of the CAC members, Air District staff presented an update on the TFCA 40% Fund at the CAC's May 18, 2023, meeting. CAC member feedback and questions included a request for meetings between CAC members and the administering agencies, and for greater transparency around questions including: projects funded, process for awarding funds, how equity is addressed, and opportunities for community participation.

As a follow-up to these requests, staff raised the topic of equity and inclusion with the administering agencies at a workgroup meeting held on July 26, 2023. The administering agencies were open to receiving input from CAC members and providing more information about how they use the 40% and local funds, the process they use to make decisions about awards, and how they address equity in their funding decisions. Meetings with CAC members, administering agencies, and the Air District, to begin these conversations are scheduled in September and October.

Additionally, as part of this next cycle (FYE 25) staff will be working with the administering agencies to add new reporting requirements to obtain information about equity, opportunities for community input on the types of projects that would be funded, and the location of awarded projects, and to make that information available publicly.

Request for a Project Approval and Cost-effectiveness Limit

Board-adopted Policy #3 allows administering agencies to seek approval on a case-by-case basis for projects that are authorized by HSC section 44241, achieve Board-adopted cost-effectiveness limits, but not explicitly allowed in the current-year Board-adopted policies. The administering agency in Alameda County, Alameda CTC, is requesting consideration of an arterial management project that will be sponsored by the City of Hayward that will deploy adaptive/actuated signal timing coordination along two corridors in the City of Hayward: Winton Avenue/D Street (1.2 miles from Santa Clara Street to Atherton Street) and Tennyson Road (2.1 miles from Sleepy Hollow Avenue to Dixon Street).

Although arterial management projects are not included in the list of eligible project types in the FYE 2024 Board-adopted Policies, they are allowed by the authorizing legislation. Because no cost-effectiveness limit exists for this project category, staff is requesting Board approval of a limit so that this project may be eligible. Staff evaluated the proposed project and determined that the project's cost-effectiveness would be \$249,608 per ton-of-emissions-reduced. The previous year's Board-adopted cost-effectiveness limit for this project type was \$250,000 per ton-of-emissions-reduced.

Therefore, staff is requesting Board consideration of the proposed cost-effectiveness limit of \$250,000 per ton-of-emissions-reduced to allow this project to be eligible, as allowed by Policy #3.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. The recommended policy updates and approval of a cost-effectiveness limit have no impact on the Air District's budget.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Hannah Cha
Reviewed by: Karen Schkolnick, Minda Berbeco, and Linda Hui

ATTACHMENTS:

1. Proposed TFCA 40% Fund Policies for FYE 2025 (clean version)
2. Proposed TFCA 40% Fund Policies for FYE 2025 (redlined version of Board-approved TFCA 40% Fund Policies for FYE 2024)
3. Comments Received from the Administering Agencies on the Draft Proposed Updates

**PROPOSED UPDATES TO THE
TFCA 40% FUND POLICIES FOR FYE 2025**

The following Policies apply to the Bay Area Air Quality Management District’s (Air District) Transportation Fund for Clean Air (TFCA) 40% Fund, also referred to as the County Program Manager Fund, for fiscal year ending (FYE) 2025.

BASIC ELIGIBILITY

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

Projects must conform to the provisions of the California Health and Safety Code (HSC) sections 44220 et seq. and these Air District Board of Directors adopted TFCA 40% Fund Policies.

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

- TFCA Cost-Effectiveness:** Projects must not exceed the maximum cost-effectiveness (C-E) limit specified in Table 1. Cost-effectiveness (\$/weighted ton) is the ratio of TFCA funds awarded to the sum of surplus emissions reduced, during a project’s operational period, of reactive organic gases (ROG), nitrogen oxides (NOx), and weighted PM10 (particulate matter 10 microns in diameter and smaller). All TFCA-generated funds (e.g., reprogrammed TFCA funds) that are awarded or applied to a project must be included in the evaluation. For projects that involve more than one independent component (e.g., more than one vehicle purchased, more than one shuttle route), each component must achieve this cost-effectiveness requirement.

Administering agencies’ administrative costs are excluded from the calculation of a project’s TFCA cost-effectiveness.

Table 1: Maximum Cost-Effectiveness for TFCA 40% Fund Projects

Policy No.	Project Category	Maximum C-E (\$/weighted ton)
3	Case-by-Case Approval	250,000
22	Alternative Fuel Light- and Medium-Duty Vehicles	500,000
23	Reserved	Reserved
24	Alternative Fuel Heavy-Duty Trucks and Buses	500,000
25	Reserved	Reserved
26	Alternative Fuel Infrastructure	500,000
27	Ridesharing Projects – Existing	150,000

**Attachment 1
Proposed TFCA 40% Fund Policies for FYE 2025 (clean version)**

28	First- and Last-Mile Connections – Existing	250,000
29.a.	First- and Last-Mile Connections – Pilot projects not in Priority Areas ¹ or Priority Development Areas ² (PDAs). <i>These projects will be evaluated every year.</i>	Year 1 - 500,000 Year 2 and beyond - see Policy #28 service is considered existing
	First- and Last-Mile Connections – <i>Pilot shuttle projects located in Highly Impacted Communities as defined in the Air District Priority Areas and/or a Planned or Potential PDA may receive TFCA Funds under the Pilot designation. These projects will be evaluated every year.</i>	Years 1 & 2 - 500,000 Year 3 and beyond - see Policy #28 service is considered existing
29.b.	Pilot Trip Reduction	500,000
30.a.	Bicycle Parking	250,000
30.b.	Bikeways	500,000
31	Bike Share	500,000
32	Reserved	Reserved
33	Infrastructure Improvements for Trip Reduction	500,000
34	Telecommuting	150,000

¹ Priority Areas include Highly Impacted Communities or Episodic Areas as defined in the Air District’s Community Air Risk Evaluation (CARE) Program; communities identified through the Assembly Bill (AB) 617 (2017) process; and Priority Populations as defined by SB 535 disadvantaged communities and AB 1550 low-income communities.

² Priority Development Areas are designated areas within existing communities and near public transit that are planned for new homes, jobs, and community amenities. These areas have been identified and approved by local cities or counties for future growth and have been identified in the region’s long-range plan, developed by the Association of Bay Area Governments and the Metropolitan Transportation Commission.

3. **Eligible Projects and Case-by-Case Approval:** Eligible projects are those that conform to the provisions of the HSC section 44241, Air District Board-adopted policies, and Air District guidance. On a case-by-case basis, agencies that administer the 40% funds may receive approval by the Air District for projects that are authorized by the HSC section 44241 and achieve Board-adopted TFCA cost-effectiveness but do not fully meet other Board-adopted Policies.
4. **Consistent with Existing Plans and Programs:** All projects must comply with the Transportation Control and Mobile Source Control Measures included in the Air District's most recently approved strategies for achieving and maintaining State and national ozone standards ([2017 Clean Air Plan](#)), those plans and programs established pursuant to HSC sections 40233, 40717, and 40919; and, when specified, other adopted federal, State, regional, and local plans and programs.

Attachment 1
Proposed TFCA 40% Fund Policies for FYE 2025 (clean version)

5. **Eligible Recipients:** Grant recipients must be responsible for the implementation of the project, have the authority and capability to complete the project, and be an applicant in good standing with the Air District (Policies #8-10).
 - a. **Public agencies** are eligible to apply for all project categories.
 - b. **Non-public entities** are eligible to apply for only new alternative-fuel (light, medium, and heavy-duty) vehicle and infrastructure projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241(b)(7).
6. **Readiness:** Projects must commence by the end of calendar year 2025 or within 24 months from the date of execution of the funding agreement with the subgrantee. If the project is sponsored directly by the agency that administers the 40% funds, the project must commence within 24 months from the date of the agency's project allocation. For purposes of this policy, "commence" means a tangible preparatory action taken in connection with the project's operation or implementation, for which the grantee can provide documentation of the commencement date and action performed. "Commence" includes, but is not limited to, the issuance of a purchase order to secure project vehicles and equipment, commencement of first- and last-mile connections and ridesharing service, or the delivery of the award letter for a construction contract.

Prior to contract execution with the subgrantee, projects must have completed all applicable environmental reviews and must have been either deemed exempt by the lead agency or issued the applicable negative declaration, environmental impact report, or statement.
7. **Maximum Two Years Operating Costs for Service-Based Projects:** Unless otherwise specified in policies #22 through #33, TFCA 40% Funds may be used to support up to two years of operating costs for service-based projects (e.g., ridesharing, first- and last-mile connections service). Grant applicants that seek TFCA funds for additional years must reapply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

8. **Independent Air District Audit Findings and Determinations:** Grantees who have failed either the financial statement audit or the compliance audit for a prior TFCA-funded project awarded are excluded from receiving an award of any TFCA funds for three (3) years from the date of the Air District's final audit determination in accordance with HSC section 44242 or for a duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed financial statement audit means a final audit report that includes an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed compliance audit means an uncorrected audit finding that confirms a program or project was not implemented in accordance with the applicable Funding Agreement or grant agreement.

A failed financial statement or compliance audit of the administering agency or its grantee may subject the administering agency to a reduction of future revenue in an amount equal to the amount which was inappropriately expended pursuant to the provisions of HSC section 44242(c)(3).
9. **Authorization for Administering Agency to Proceed:** Only a fully executed Funding Agreement (i.e., signed by both the Air District and the administering agency) constitutes the Air District's award of TFCA 40% Funds. Agencies may incur costs (i.e., contractually obligate itself to allocate the 40% Funds) only after the Funding Agreement with the Air District has been executed.

Attachment 1
Proposed TFCA 40% Fund Policies for FYE 2025 (clean version)

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

INELIGIBLE PROJECTS

11. **Duplication:** Projects that have previously received any TFCA funds, e.g., TFCA Regional Funds or TFCA 40% Funds, and that do not propose to achieve additional emission reductions are not eligible.
12. **Planning Activities:** The costs of preparing or conducting feasibility studies are not eligible. Planning activities are not eligible unless they are directly related to the implementation of a specific project or program.
13. **Reserved.**
14. **Cost of Developing Proposals and Grant Applications:** The costs to prepare proposals and/or grant applications are not eligible.

USE OF TFCA FUNDS

15. **Combined Funds:** TFCA 40% Funds may not be combined with TFCA Regional Funds to fund a project. Projects that are funded by the TFCA 40% Fund are not eligible for additional funding from other funding sources that claim emissions reduction credits. However, TFCA 40% fund projects may be combined with funds that do not require emissions reductions for funding eligibility.
16. **Administrative Costs:** The administering agency may not expend more than 6.25 percent of its TFCA 40% Funds for its administrative costs. The agency's costs to prepare and execute its Funding Agreement with the Air District are eligible administrative costs. Interest earned on TFCA 40% Funds shall not be included in the calculation of the administrative costs. To be eligible for reimbursement, administrative costs must be clearly identified in the expenditure plan application and in the Funding Agreement, and must be reported to the Air District.
17. **Expend Funds within Two Years:** TFCA 40% Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the administering agency in the applicable fiscal year, unless it has made the determination based on an application for funding that the eligible project will take longer than two years to implement. Additionally, an administering agency may, if it finds that significant progress has been made on a project, approve no more than two one-year schedule extensions for a project. Any subsequent schedule extensions for projects can only be given on a case-by-case basis, if the Air District finds that significant progress has been made on a project.
18. **Unallocated Funds:** Pursuant to HSC 44241(f), any TFCA 40% Funds that are not allocated to a project within six months of the Air District Board of Directors approval of the administering agency's Expenditure Plan may be allocated to eligible projects by the Air District. The Air District shall make reasonable effort to award these funds to eligible projects in the Air District within the same county from which the funds originated.
19. Reserved.
20. Reserved.
21. Reserved.

ELIGIBLE PROJECT CATEGORIES

Attachment 1
Proposed TFCA 40% Fund Policies for FYE 2025 (clean version)

Clean Air Vehicle Projects

22. Alternative Fuel Light- and Medium-Duty Vehicles:

These projects are intended to accelerate the deployment of zero- and partial-zero emissions motorcycles, cars, and light-duty vehicles. All of the following conditions must be met for a project to be eligible for TFCA funds:

- a. Vehicles must have a gross vehicle weight rating (GVWR) of 8,500 lbs. or lower;
- b. Vehicles may be purchased or leased;
- c. Eligible vehicle types include plug-in hybrid-electric, plug-in electric, fuel cell vehicles, and neighborhood electric vehicles (NEV) as defined in the California Vehicle Code. Vehicles must also be approved by the CARB;
- d. Vehicles that are solely powered by gasoline, diesel, or natural gas, and retrofit projects are not eligible;
- e. The total amount of TFCA funds awarded may not exceed 90% of the project's eligible cost; the sum of TFCA funds awarded with all other grants and applicable manufacturer and local/state/federal rebates and discounts may not exceed total project costs;
- f. Grantees may request authorization of up to 100% of the TFCA Funds awarded for each vehicle to be used to pay for costs directly related to the purchase and installation of alternative fueling infrastructure and/or equipment used to power the new vehicle; and
- g. Projects that seek to scrap and replace a vehicle in the same weight-class as the proposed new vehicle may qualify for additional TFCA funding. Costs related to the scrapping and/or dismantling of the existing vehicle are not eligible for reimbursement with TFCA funds.

23. Reserved.

24. Alternative Fuel Heavy-Duty Trucks and Buses:

These projects are intended to accelerate the deployment of qualifying alternative fuel vehicles that operate within the Air District's jurisdiction by encouraging the replacement of older, compliant trucks and buses with the cleanest available technology. If replacing heavy-duty vehicles and buses with light-duty vehicles, light-duty vehicles must meet Policy #22. All of the following conditions must be met for a project to be eligible for TFCA Funds:

- a. Each vehicle must be new and have a GVWR greater than 8,500 lbs.;
- b. Vehicles may be purchased or leased;
- c. Eligible vehicle types include plug-in hybrid, plug-in electric, and fuel cell vehicles. Vehicles must also be approved by the CARB;
- d. Vehicles that are solely powered by gasoline, diesel, or natural gas and retrofit projects are not eligible;
- e. The total amount of TFCA funds awarded may not exceed 100% of the project's eligible cost for School Buses and 90% of the project's eligible cost for all other vehicle types; the sum of TFCA funds awarded combined with all other grants and applicable manufacturer and local/state/federal rebates and discounts may not exceed total project costs;

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Proposed TFCA 40% Fund Policies for FYE 2025 (clean version)

- f. Grantees may request authorization of up to 100% of the TFCA Funds awarded for each vehicle to be used to pay for costs directly related to the purchase and installation of alternative fueling infrastructure and/or equipment used to power the new vehicle; and
- g. Projects that seek to scrap and replace a vehicle in the same weight-class as the proposed new vehicle may qualify for additional TFCA funding. Costs related to the scrapping and/or dismantling of the existing vehicle are not eligible for reimbursement with TFCA funds.

25. Reserved.

- 26. Alternative Fuel Infrastructure:** These projects are intended to accelerate the adoption of zero-emissions vehicles through the deployment of alternative fuel infrastructure, i.e., electric vehicle charging sites, hydrogen fueling stations.

Eligible refueling infrastructure projects include new dispensing and charging facilities, or additional equipment or upgrades and improvements that expand access to existing alternative fuel fueling/charging sites. This includes upgrading or modifying private fueling/charging sites or stations to allow public and/or shared fleet access. TFCA funds may be used to cover the cost of equipment and installation. TFCA funds may also be used to upgrade infrastructure projects previously funded with TFCA funds as long as the equipment was maintained and has exceeded the duration of its useful life after being placed into service.

Equipment and infrastructure must be designed, installed, and maintained as required by the existing recognized codes and standards and as approved by the local/state authority.

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

Trip Reduction Projects

- 27. Existing Ridesharing Services:** The project provides carpool, vanpool, or other rideshare services. Projects that provide a direct or indirect financial transit or rideshare subsidy are also eligible under this category. Projects that provide a direct or indirect financial transit or rideshare subsidy *exclusively* to employees of the grantee are not eligible.

28. Existing First- and Last-Mile Connections:

The project reduces single-occupancy vehicle trips by providing short-distance connections between mass transit and commercial hubs or employment centers. All the following conditions must be met for a project to be eligible for TFCA funds:

- a. The service must provide direct connections between stations (e.g., rail stations, ferry stations, Bus Rapid Transit (BRT) stations, or airports) and a distinct commercial or employment location.
- b. The service's schedule, which is not limited to commute hours, must be coordinated to have a timely connection with corresponding mass transit service.
- c. The service must be available for use by all members of the public.
- d. TFCA funds may be used to fund only shuttle services to locations that are under-served and lack other comparable service. For the purposes of this policy, "comparable service" means that there exists, either currently or within the last three years, a direct, timed, and publicly accessible service that brings passengers to within one-third (1/3) mile of

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Proposed TFCA 40% Fund Policies for FYE 2025 (clean version)

the proposed commercial or employment location from a mass transit hub. A proposed service will not be deemed “comparable” to an existing service if the passengers’ proposed travel time will be at least 15 minutes shorter and at least 33% shorter than the existing service’s travel time to the proposed destination.

- e. Reserved.
- f. Grantees must be either: (1) a public transit agency or transit district that directly operates the service; or (2) a city, county, or any other public agency.
- g. If an applicant is not the only transit agency serving the area, the applicant(s) must submit a letter of concurrence from all transit districts or transit agencies that provide service in the area of the proposed route, certifying that the service does not conflict with existing service.
- h. Each route must meet the cost-effectiveness requirement in Policy #2.

29. Pilot Projects:

a. Pilot First- and Last-Mile Connections:

The project provides new first- and last-mile connections service that is at least 70% unique and operates where no other service was provided within the past three years. In addition to meeting the conditions listed in Policy #28 for First- and Last-Mile Connections, project applicants must also comply with the following application criteria and agree to comply with the project implementation requirements:

- i. Demonstrate the project will reduce single-occupancy vehicle trips and result in a reduction in emissions of criteria pollutants.
- ii. Provide data and/or other evidence demonstrating the public’s need for the service, such as a demand assessment survey and letters of support from potential users.
- iii. Provide a written plan showing how the service will be financed in the future and require minimal, if any, TFCA funds to maintain its operation after the pilot period.
- iv. If the local transit provider is not a partner, the applicant must demonstrate that they have attempted to have the service provided by the local transit agency. The transit provider must have been given the first right of refusal and determined that the proposed project does not conflict with existing service;
- v. Projects located in the Air District *Priority Areas* and/or a Planned or Potential PDA may receive a maximum of two years of TFCA 40% Funds under the Pilot designation. For these projects, the project applicants understand and must agree that such projects will be evaluated every year, and continued funding will be contingent upon the projects meeting the following requirements:
 - 1. During the first year and by the end of the second year of operation, projects must not exceed a cost-effectiveness of \$500,000/ton
 - 2. Projects entering a third year of operation and beyond are subject to all of the requirements, including cost-effectiveness limit, of Policy #28 (existing First- and Last-Mile Connections).

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Proposed TFCA 40% Fund Policies for FYE 2025 (clean version)

- vi. Projects located outside of *Priority Areas* and PDAs may receive a maximum of two years of TFCA 40% Funds under this designation. For these projects, the project applicant understands and must agree that such projects will be evaluated every year, and continued funding will be contingent upon the projects meeting the following requirements:
 - 1. By the end of the first year of operation, projects shall meet a cost-effectiveness of \$500,000/ton, and
 - 2. By the end of the second year of operation, projects shall meet all of the requirements, including cost-effectiveness limit, of Policy #28 (existing First- and Last-Mile Connections).

b. Pilot Trip Reduction:

The project reduces single-occupancy commute vehicle trips by encouraging mode-shift to other forms of shared transportation. Pilot projects are defined as projects that serve an area where no similar service was available within the past three years, or that will result in significantly expanded service to an existing area. Funding is designed to provide the necessary initial capital to a public agency for the start-up of a pilot project so that by the end of the third year of the trip reduction project's operation, the project will be financially self-sustaining or require minimal public funds, such as grants, to maintain its operation.

- i. Applicants must demonstrate the project will reduce single-occupancy commute vehicle trips and result in a reduction in emissions of criteria pollutants;
- ii. The proposed service must be available for use by all members of the public;
- iii. Applicants must provide a written plan showing how the service will be financed in the future and require minimal, if any, TFCA funds to maintain its operation by the end of the third year;
- iv. If the local transit provider is not a partner, the applicant must demonstrate that they have attempted to have the service provided by the local transit agency. The transit provider must have been given the first right of refusal and determined that the proposed project does not conflict with existing service;
- v. Applicants must provide data and any other evidence demonstrating the public's need for the service, such as a demand assessment survey and letters of support from potential users;
- vi. Pilot trip reduction projects that propose to provide ridesharing service projects must comply with all applicable requirements in policy #27.

30. Bicycle Projects:

These projects expand public access to bicycle facilities. New bicycle facility projects or upgrades to an existing bicycle facility that are included in an adopted countywide bicycle plan, Congestion Management Program (CMP), countywide transportation plan (CTP), city plan, or the Metropolitan Transportation Commission's (MTC) Regional Bicycle Plan and/or Regional Active Transportation Plan are eligible to receive TFCA funds. Projects that are included in an adopted city general plan or area-specific plan must specify that the purpose of the bicycle facility is to reduce motor vehicle emissions or traffic congestion.

a. Bicycle Parking:

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Proposed TFCA 40% Fund Policies for FYE 2025 (clean version)

The project expands the public's access to new bicycle parking facilities (e.g., electronic bicycle lockers, bicycle racks), which must be publicly accessible and available for use by all members of the public. Eligible projects are limited to the purchase and installation of the following types of bike parking facilities that result in motor vehicle emission reductions:

- i. Bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels;
- ii. Electronic bicycle lockers; and
- iii. Capital costs for attended bicycle storage facilities.

b. Bikeways:

The project constructs and/or installs bikeways for the purpose of reducing motor vehicle emissions or traffic congestion. Bikeways for exclusively recreational use are ineligible. Projects are limited to the following types of bikeways:

- i. Class I Bikeway (e.g., bike path, multi-use path), new or upgrade improvement from Class II or Class III bikeway;
- ii. New Class II Bikeway (e.g., bike lane, buffered bike lane) or upgrade improvement from either a Class III or a Class II (non-buffered) to a Class II buffered bike lane;
- iii. New Class III Bikeway (e.g., bike route, bicycle boulevards); and
- iv. Class IV Bikeway (e.g., separated bikeway, protected bikeway), new or upgrade improvement from Class II or Class III bikeway.

All bikeway projects must follow applicable local and state standards.

31. Bike Share:

Projects that make bicycles available to individuals for shared use for completing first- and last-mile trips in conjunction with regional transit and stand-alone short distance trips are eligible for TFCA funds, subject to all the following conditions:

- a. Projects must either increase the fleet size of existing service areas or expand existing service areas to include new Bay Area communities.
- b. Projects must have a completed a suitability study demonstrating the viability of bicycle sharing.
- c. Projects must have shared membership and/or be interoperable with the Bay Area Bike Share (BABS) project when they are placed into service, in order to streamline transit for end users by reducing the number of separate operators that would comprise bike trips. Projects that meet one or more of the following conditions are exempt from this requirement:
 - i. Projects that do not require membership or any fees for use;
 - ii. Projects that were provided funding under MTC's Bike Share Capital Program to start a new or expand an existing bike share program; or

Attachment 1
Proposed TFCA 40% Fund Policies for FYE 2025 (clean version)

- iii. Projects that attempted to coordinate with, but were refused by, the current BABS operator to have shared membership or be interoperable with BABS. Applicants must provide documentation showing proof of refusal.

TFCA funds may be awarded to pay for up to five years of operations, including the purchase of bicycles or tricycles (self-propelled or electric), plus mounted equipment required for the intended service and helmets.

32. Reserved

33. Infrastructure Improvements for Trip Reduction:

Projects that achieve motor vehicle emission reductions that expand the public's access to alternative transportation modes through the design and construction of physical improvements.

- a. The project must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, pedestrian plan, traffic-calming plan, or other similar plan.
- b. The project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District plan for State and national ambient air quality standards.
- c. The project must have a completed and approved environmental plan. If a project is exempt from preparing an environmental plan as determined by the public agency or lead agency, then that project has met this requirement. Examples of projects that are eligible under this policy include but are not limited to installation of new ferry terminal stations or berths, and construction for improving pedestrian access (e.g., sidewalks, overpasses).

- 34. Telecommuting:** Implementation of demonstration projects in telecommuting. No funds expended under this policy shall be used for the purchase of personal computing equipment for an individual's home use.

**PROPOSED UPDATES TO THE
TFCA 40% FUND POLICIES FOR FYE 2025**

The following Policies apply to the Bay Area Air Quality Management District’s (Air District) Transportation Fund for Clean Air (TFCA) ~~County Program Manager~~40% Fund, also referred to as the County Program Manager Fund, for fiscal year ending (FYE) ~~2024~~2025.

BASIC ELIGIBILITY

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

Projects must conform to the provisions of the California Health and Safety Code (HSC) sections 44220 et seq. and these Air District Board of Directors adopted TFCA ~~County Program Manager~~40% Fund Policies.

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

- TFCA Cost-Effectiveness:** Projects must not exceed the maximum cost-effectiveness (C-E) limit specified in Table 1. Cost-effectiveness (\$/weighted ton) is the ratio of TFCA funds awarded to the sum of surplus emissions reduced, during a project’s operational period, of reactive organic gases (ROG), nitrogen oxides (NOx), and weighted PM10 (particulate matter 10 microns in diameter and smaller). All TFCA-generated funds (e.g., reprogrammed TFCA funds) that are awarded or applied to a project must be included in the evaluation. For projects that involve more than one independent component (e.g., more than one vehicle purchased, more than one shuttle route), each component must achieve this cost-effectiveness requirement.

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

Table 1: Maximum Cost-Effectiveness for TFCA ~~County Program Manager~~40% Fund Projects

Policy No.	Project Category	Maximum C-E (\$/weighted ton)
3	Case-by-Case Approval	250,000
22	Alternative Fuel Light- and Medium-Duty Vehicles	500,000
23	Reserved	Reserved
24	Alternative Fuel Heavy-Duty Trucks and Buses	500,000
25	On-Road Truck Replacements Reserved	90,000 Reserved
26	Alternative Fuel Infrastructure	500,000

Attachment 2
Proposed TFCA 40% Fund Policies for FYE 2025
(redlined version of Board-approved TFCA 40% Fund Policies for FYE 2024)

27	Ridesharing Projects – Existing	150,000
28	First- and Last-Mile Connections – Existing	250,000
29.a.	First- and Last-Mile Connections – Pilot projects not in CARE -Priority Areas ¹ or Priority Development Areas ² (PDAs). <i>These projects will be evaluated every year.</i>	Year 1 - 500,000 Year 2 and beyond - see Policy #28 service is considered existing
	First- and Last-Mile Connections – <i>Pilot shuttle projects located in Highly Impacted Communities as defined in the Air District CARE-Program Priority Areas and/or a Planned or Potential PDA may receive TFCA Funds under the Pilot designation. These projects will be evaluated every year.</i>	Years 1 & 2 - 500,000 Year 3 and beyond - see Policy #28 service is considered existing
29.b.	Pilot Trip Reduction	500,000
30.a.	Bicycle Parking	250,000
30.b.	Bikeways	500,000
31	Bike Share	500,000
32	Reserved	Reserved
33	Infrastructure Improvements for Trip Reduction	500,000
34	Telecommuting	150,000

¹ Priority Areas include Highly Impacted Communities or Episodic Areas as defined in the Air District’s Community Air Risk Evaluation (CARE) Program; communities identified through the Assembly Bill (AB) 617 (2017) process; and Priority Populations as defined by SB 535 disadvantaged communities and AB 1550 low-income communities.

² Priority Development Areas are designated areas within existing communities and near public transit that are planned for new homes, jobs, and community amenities. These areas have been identified and approved by local cities or counties for future growth and have been identified in the region’s long-range plan, developed by the Association of Bay Area Governments and the Metropolitan Transportation Commission.

- 3. Eligible Projects and Case-by-Case Approval:** Eligible projects are those that conform to the provisions of the HSC section 44241, Air District Board-adopted policies, and Air District guidance. On a case-by-case basis, ~~County Program Managers agencies that administer the 40% funds~~ **must** ~~may~~ receive approval by the Air District for projects that are authorized by the HSC section 44241 and achieve Board-adopted TFCA cost-effectiveness but do not fully meet other Board-adopted Policies.
- 4. Consistent with Existing Plans and Programs:** All projects must comply with the Transportation Control and Mobile Source Control Measures included in the Air District's most recently approved strategies for achieving and maintaining State and national ozone standards ([2017 Clean Air Plan](#)),

Attachment 2

Proposed TFCA 40% Fund Policies for FYE 2025

(redlined version of Board-approved TFCA 40% Fund Policies for FYE 2024)

those plans and programs established pursuant to HSC sections 40233, 40717, and 40919; and, when specified, other adopted federal, State, regional, and local plans and programs.

5. **Eligible Recipients:** Grant recipients must be responsible for the implementation of the project, have the authority and capability to complete the project, and be an applicant in good standing with the Air District (Policies #8-10).
 - a. **Public agencies** are eligible to apply for all project categories.
 - b. **Non-public entities** are eligible to apply for only new alternative-fuel (light, medium, and heavy-duty) vehicle and infrastructure projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241(b)(7).
6. **Readiness:** Projects must commence by the end of calendar year ~~2024~~2025 or within 24 months from the date of execution of the funding agreement with the subgrantee. If the project is sponsored directly by the agency that administers the 40% funds, the project must commence within 24 months from the date of the agency's project allocation. For purposes of this policy, "commence" means a tangible preparatory action taken in connection with the project's operation or implementation, for which the grantee can provide documentation of the commencement date and action performed. "Commence" includes, but is not limited to, the issuance of a purchase order to secure project vehicles and equipment, commencement of first- and last-mile connections and ridesharing service, or the delivery of the award letter for a construction contract.

Prior to contract execution with the subgrantee, projects must have completed all applicable environmental reviews and must have been either deemed exempt by the lead agency or issued the applicable negative declaration, environmental impact report, or statement.

7. **Maximum Two Years Operating Costs for Service-Based Projects:** Unless otherwise specified in policies #22 through #33, TFCA ~~County Program Manager~~40% Funds may be used to support up to two years of operating costs for service-based projects (e.g., ridesharing, first- and last-mile connections service). Grant applicants that seek TFCA funds for additional years must reapply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

8. **Independent Air District Audit Findings and Determinations:** Grantees who have failed either the financial statement audit or the compliance audit for a prior TFCA-funded project awarded ~~by either County Program Managers or the Air District~~ are excluded from receiving an award of any TFCA funds for three (3) years from the date of the Air District's final audit determination in accordance with HSC section 44242 or for a duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed financial statement audit means a final audit report that includes an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed compliance audit means an uncorrected audit finding that confirms a program or project was not implemented in accordance with the applicable Funding Agreement or grant agreement.

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

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9. **Authorization for ~~County Program Manager Administering Agency~~ to Proceed:** Only a fully executed Funding Agreement (i.e., signed by both the Air District and the ~~County administering agency Program Manager~~) constitutes the Air District's award of ~~TFCA County Program Manager 40%~~ Funds. ~~Agencies County Program Managers~~ may incur costs (i.e., contractually obligate itself to allocate ~~the County Program Manager 40%~~ Funds) only after the Funding Agreement with the Air District has been executed.
10. **Maintain Appropriate Insurance:** Both the ~~administering agency County Program Manager~~ and each grantee must obtain and maintain general liability insurance, workers compensation insurance, and additional insurance as appropriate for specific projects, with required coverage amounts provided in Air District guidance and final amounts specified in the respective grant agreements.

INELIGIBLE PROJECTS

11. **Duplication:** Projects that have previously received any TFCA funds, e.g., TFCA Regional Funds or ~~TFCA County Program Manager 40%~~ Funds, and that do not propose to achieve additional emission reductions are not eligible.
12. **Planning Activities:** The costs of preparing or conducting feasibility studies are not eligible. Planning activities are not eligible unless they are directly related to the implementation of a specific project or program.
13. **Reserved.**
14. **Cost of Developing Proposals and Grant Applications:** The costs to prepare proposals and/or grant applications are not eligible.

USE OF TFCA FUNDS

15. **Combined Funds:** TFCA ~~County Program Manager 40%~~ Funds may not be combined with TFCA Regional Funds to fund a ~~County Program Manager Fund~~ project. Projects that are funded by the TFCA ~~County Program Manager 40%~~ Fund are not eligible for additional funding from other funding sources that claim emissions reduction credits. However, ~~TFCA County Program Manager 40% fund-funded~~ projects may be combined with funds that do not require emissions reductions for funding eligibility.
16. **Administrative Costs:** The ~~administering agency County Program Manager~~ may not expend more than 6.25 percent of its ~~County Program Manager TFCA 40%~~ Funds for its administrative costs. The ~~County Program Manager's agency's~~ costs to prepare and execute its Funding Agreement with the Air District are eligible administrative costs. Interest earned on ~~County Program Manager TFCA 40%~~ Funds shall not be included in the calculation of the administrative costs. ~~To be eligible for reimbursement, administrative costs must be clearly identified in the expenditure plan application and in the Funding Agreement, and must be reported to the Air District.~~
17. **Expend Funds within Two Years:** ~~County Program Manager TFCA 40%~~ Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the ~~administering agency County Program Manager~~ in the applicable fiscal year, unless ~~it a County Program Manager~~ has made the determination based on an application for funding that the eligible project will take longer than two years to implement. Additionally, an ~~administering agency County Program Manager~~ may, if it finds that significant progress has been made on a project, approve no more than two one-year schedule extensions for a project. Any subsequent schedule extensions for projects

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can only be given on a case-by-case basis, if the Air District finds that significant progress has been made on a project.

18. **Unallocated Funds:** Pursuant to HSC 44241(f), any ~~County Program Manager~~ TFCA 40% Funds that are not allocated to a project within six months of the Air District Board of Directors approval of the ~~County Program Manager~~ administering agency's Expenditure Plan may be allocated to eligible projects by the Air District. The Air District shall make reasonable effort to award these funds to eligible projects in the Air District within the same county from which the funds originated.

19. Reserved.

20. Reserved.

21. Reserved.

ELIGIBLE PROJECT CATEGORIES

Clean Air Vehicle Projects

22. Alternative Fuel Light- and Medium-Duty Vehicles:

These projects are intended to accelerate the deployment of zero- and partial-zero emissions motorcycles, cars, and light-duty vehicles. All of the following conditions must be met for a project to be eligible for TFCA funds:

- a. Vehicles must have a gross vehicle weight rating (GVWR) of 8,500 lbs. or lower;
- b. Vehicles may be purchased or leased;
- c. Eligible vehicle types include plug-in hybrid-electric, plug-in electric, fuel cell vehicles, and neighborhood electric vehicles (NEV) as defined in the California Vehicle Code. Vehicles must also be approved by the CARB;
- d. Vehicles that are solely powered by gasoline, diesel, or natural gas, and retrofit projects are not eligible;
- e. The total amount of TFCA funds awarded may not exceed 90% of the project's eligible cost; the sum of TFCA funds awarded with all other grants and applicable manufacturer and local/state/federal rebates and discounts may not exceed total project costs;
- f. Grantees may request authorization of up to 100% of the TFCA Funds awarded for each vehicle to be used to pay for costs directly related to the purchase and installation of alternative fueling infrastructure and/or equipment used to power the new vehicle; and
- g. Projects that seek to scrap and replace a vehicle in the same weight-class as the proposed new vehicle may qualify for additional TFCA funding. Costs related to the scrapping and/or dismantling of the existing vehicle are not eligible for reimbursement with TFCA funds.

23. **Reserved.**

24. Alternative Fuel Heavy-Duty Trucks and Buses:

These projects are intended to accelerate the deployment of qualifying alternative fuel vehicles that operate within the Air District's jurisdiction by encouraging the replacement of older, compliant trucks and buses with the cleanest available technology. If replacing heavy-duty vehicles and buses

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with light-duty vehicles, light-duty vehicles must meet Policy #22. All of the following conditions must be met for a project to be eligible for TFCA Funds:

- a. Each vehicle must be new and have a GVWR greater than 8,500 lbs.;
 - b. Vehicles may be purchased or leased;
 - c. Eligible vehicle types include plug-in hybrid, plug-in electric, and fuel cell vehicles. Vehicles must also be approved by the CARB;
 - d. Vehicles that are solely powered by gasoline, diesel, or natural gas and retrofit projects are not eligible;
 - e. The total amount of TFCA funds awarded may not exceed 100% of the project's eligible cost for School Buses and 90% of the project's eligible cost for all other vehicle types; the sum of TFCA funds awarded combined with all other grants and applicable manufacturer and local/state/federal rebates and discounts may not exceed total project costs;
 - f. Grantees may request authorization of up to 100% of the TFCA Funds awarded for each vehicle to be used to pay for costs directly related to the purchase and installation of alternative fueling infrastructure and/or equipment used to power the new vehicle; and
 - g. Projects that seek to scrap and replace a vehicle in the same weight-class as the proposed new vehicle may qualify for additional TFCA funding. Costs related to the scrapping and/or dismantling of the existing vehicle are not eligible for reimbursement with TFCA funds.
25. ~~**Reserved. On-Road Truck Replacements:** These projects will replace Class 6, Class 7, and Class 8 diesel powered trucks that have a gross vehicle weight rating (GVWR) of 19,501 lbs. or greater (per vehicle weight classification definition used by Federal Highway Administration (FHWA) with new or used trucks that have an engine certified to the 2010 CARB emissions standards or cleaner. The existing truck(s) to be replaced must be registered with the California Department of Motor Vehicles (DMV) to an address within the Air District's jurisdiction and must be scrapped after replacement.~~

26. **Alternative Fuel Infrastructure:** These projects are intended to accelerate the adoption of zero-emissions vehicles through the deployment of alternative fuel infrastructure, i.e., electric vehicle charging sites, hydrogen fueling stations.

Eligible refueling infrastructure projects include new dispensing and charging facilities, or additional equipment or upgrades and improvements that expand access to existing alternative fuel fueling/charging sites. This includes upgrading or modifying private fueling/charging sites or stations to allow public and/or shared fleet access. TFCA funds may be used to cover the cost of equipment and installation. TFCA funds may also be used to upgrade infrastructure projects previously funded with TFCA funds as long as the equipment was maintained and has exceeded the duration of its useful life after being placed into service.

Equipment and infrastructure must be designed, installed, and maintained as required by the existing recognized codes and standards and as approved by the local/state authority.

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

Trip Reduction Projects

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27. Existing Ridesharing Services: The project provides carpool, vanpool, or other rideshare services. Projects that provide a direct or indirect financial transit or rideshare subsidy are also eligible under this category. Projects that provide a direct or indirect financial transit or rideshare subsidy *exclusively* to employees of the grantee are not eligible.

28. Existing First- and Last-Mile Connections:

The project reduces single-occupancy vehicle trips by providing short-distance connections between mass transit and commercial hubs or employment centers. All the following conditions must be met for a project to be eligible for TFCA funds:

- a. The service must provide direct connections between stations (e.g., rail stations, ferry stations, Bus Rapid Transit (BRT) stations, or airports) and a distinct commercial or employment location.
- b. The service's schedule, which is not limited to commute hours, must be coordinated to have a timely connection with corresponding mass transit service.
- c. The service must be available for use by all members of the public.
- d. TFCA funds may be used to fund only shuttle services to locations that are under-served and lack other comparable service. For the purposes of this policy, "comparable service" means that there exists, either currently or within the last three years, a direct, timed, and publicly accessible service that brings passengers to within one-third (1/3) mile of the proposed commercial or employment location from a mass transit hub. A proposed service will not be deemed "comparable" to an existing service if the passengers' proposed travel time will be at least 15 minutes shorter and at least 33% shorter than the existing service's travel time to the proposed destination.
- e. Reserved.
- f. Grantees must be either: (1) a public transit agency or transit district that directly operates the service; or (2) a city, county, or any other public agency.
- g. If an applicant is not the only transit agency serving the area, the applicant(s) must submit a letter of concurrence from all transit districts or transit agencies that provide service in the area of the proposed route, certifying that the service does not conflict with existing service.
- h. Each route must meet the cost-effectiveness requirement in Policy #2.

29. Pilot Projects:

a. Pilot First- and Last-Mile Connections:

The project provides new first- and last-mile connections service that is at least 70% unique and operates where no other service was provided within the past three years. In addition to meeting the conditions listed in Policy #28 for First- and Last-Mile Connections, project applicants must also comply with the following application criteria and agree to comply with the project implementation requirements:

- i. Demonstrate the project will reduce single-occupancy vehicle trips and result in a reduction in emissions of criteria pollutants.

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- ii. Provide data and/or other evidence demonstrating the public's need for the service, such as a demand assessment survey and letters of support from potential users.
- iii. Provide a written plan showing how the service will be financed in the future and require minimal, if any, TFCA funds to maintain its operation after the pilot period.
- iv. If the local transit provider is not a partner, the applicant must demonstrate that they have attempted to have the service provided by the local transit agency. The transit provider must have been given the first right of refusal and determined that the proposed project does not conflict with existing service;
- v. Projects located in ~~Highly Impacted Communities as defined in~~ the Air District ~~Priority Areas CARE Program~~ and/or a Planned or Potential PDA may receive a maximum of two years of TFCA ~~County Program Manager~~40% Funds under the Pilot designation. For these projects, the project applicants understand and must agree that such projects will be evaluated every year, and continued funding will be contingent upon the projects meeting the following requirements:
 1. During the first year and by the end of the second year of operation, projects must not exceed a cost-effectiveness of \$500,000/ton
 2. Projects entering a third year of operation and beyond are subject to all of the requirements, including cost-effectiveness limit, of Policy #28 (existing First- and Last-Mile Connections).
- vi. Projects located outside of ~~Priority Areas CARE areas~~ and PDAs may receive a maximum of two years of TFCA ~~County Program Manager~~40% Funds under this designation. For these projects, the project applicant understands and must agree that such projects will be evaluated every year, and continued funding will be contingent upon the projects meeting the following requirements:
 1. By the end of the first year of operation, projects shall meet a cost-effectiveness of \$500,000/ton, and
 2. By the end of the second year of operation, projects shall meet all of the requirements, including cost-effectiveness limit, of Policy #28 (existing First- and Last-Mile Connections).

b. Pilot Trip Reduction:

The project reduces single-occupancy commute vehicle trips by encouraging mode-shift to other forms of shared transportation. Pilot projects are defined as projects that serve an area where no similar service was available within the past three years, or that will result in significantly expanded service to an existing area. Funding is designed to provide the necessary initial capital to a public agency for the start-up of a pilot project so that by the end of the third year of the trip reduction project's operation, the project will be financially self-sustaining or require minimal public funds, such as grants, to maintain its operation.

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- i. Applicants must demonstrate the project will reduce single-occupancy commute vehicle trips and result in a reduction in emissions of criteria pollutants;
- ii. The proposed service must be available for use by all members of the public;
- iii. Applicants must provide a written plan showing how the service will be financed in the future and require minimal, if any, TFCA funds to maintain its operation by the end of the third year;
- iv. If the local transit provider is not a partner, the applicant must demonstrate that they have attempted to have the service provided by the local transit agency. The transit provider must have been given the first right of refusal and determined that the proposed project does not conflict with existing service;
- v. Applicants must provide data and any other evidence demonstrating the public's need for the service, such as a demand assessment survey and letters of support from potential users;
- vi. Pilot trip reduction projects that propose to provide ridesharing service projects must comply with all applicable requirements in policy #27.

30. Bicycle Projects:

These projects expand public access to bicycle facilities. New bicycle facility projects or upgrades to an existing bicycle facility that are included in an adopted countywide bicycle plan, Congestion Management Program (CMP), countywide transportation plan (CTP), city plan, or the Metropolitan Transportation Commission's (MTC) Regional Bicycle Plan and/or Regional Active Transportation Plan are eligible to receive TFCA funds. Projects that are included in an adopted city general plan or area-specific plan must specify that the purpose of the bicycle facility is to reduce motor vehicle emissions or traffic congestion.

a. Bicycle Parking:

The project expands the public's access to new bicycle parking facilities (e.g., electronic bicycle lockers, bicycle racks), which must be publicly accessible and available for use by all members of the public. Eligible projects are limited to the purchase and installation of the following types of bike parking facilities that result in motor vehicle emission reductions:

- i. Bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels;
- ii. Electronic bicycle lockers; and
- iii. Capital costs for attended bicycle storage facilities.

b. Bikeways:

The project constructs and/or installs bikeways for the purpose of reducing motor vehicle emissions or traffic congestion. Bikeways for exclusively recreational use are ineligible. Projects are limited to the following types of bikeways:

- i. Class I Bikeway (e.g., bike path, multi-use path), new or upgrade improvement from Class II or Class III bikeway;

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- ii. New Class II Bikeway (e.g., bike lane, buffered bike lane), ~~new~~ or upgrade improvement from ~~Class II or Class III bikeway either a Class III or a Class II (non-buffered) to a Class II buffered bike lane~~;
- iii. New Class III Bikeway (e.g., bike route, bicycle boulevards); and
- iv. Class IV Bikeway (e.g., separated bikeway, protected bikeway), new or upgrade improvement from Class II or Class III bikeway.

All bikeway projects must, ~~where applicable, be consistent with design standards published in the California Highway Design Manual or conform to the provisions of the Protected Bikeway Act of 2014~~ follow applicable local and state standards.

31. Bike Share:

Projects that make bicycles available to individuals for shared use for completing first- and last-mile trips in conjunction with regional transit and stand-alone short distance trips are eligible for TFCA funds, subject to all the following conditions:

- a. Projects must either increase the fleet size of existing service areas or expand existing service areas to include new Bay Area communities.
- b. Projects must have a completed ~~a~~ suitability study demonstrating the viability of bicycle sharing.
- c. Projects must have shared membership and/or be interoperable with the Bay Area Bike Share (BABS) project when they are placed into service, in order to streamline transit for end users by reducing the number of separate operators that would comprise bike trips. Projects that meet one or more of the following conditions are exempt from this requirement:
 - i. Projects that do not require membership or any fees for use;
 - ii. Projects that were provided funding under MTC's Bike Share Capital Program to start a new or expand an existing bike share program; or
 - iii. Projects that attempted to coordinate with, but were refused by, the current BABS operator to have shared membership or be interoperable with BABS. Applicants must provide documentation showing proof of refusal.

TFCA funds may be awarded to pay for up to five years of operations, including the purchase of bicycles or tricycles (self-propelled or electric), plus mounted equipment required for the intended service and helmets.

32. Reserved

33. Infrastructure Improvements for Trip Reduction:

~~The project expands~~ Projects that achieve motor vehicle emission reductions that expand the public's access to alternative transportation modes through the design and construction of physical improvements ~~that support development projects that achieve motor vehicle emission reductions.~~

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

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- b. The project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District plan for State and national ambient air quality standards. ~~Pedestrian projects are eligible to receive TFCA funds.~~
 - c. The project must have a completed and approved environmental plan. If a project is exempt from preparing an environmental plan as determined by the public agency or lead agency, then that project has met this requirement. Examples of projects that are eligible under this policy include but are not limited to installation of new ferry terminal stations or berths, and construction for improving pedestrian access (e.g., sidewalks, overpasses).
34. **Telecommuting:** Implementation of demonstration projects in telecommuting. No funds expended under this policy shall be used for the purchase of personal computing equipment for an individual's home use.

Committer and Organization	Comments received from the administering agencies between May 31, 2023 – August 1, 2023	Air District Staff's Responses
<p>Jacki Taylor, Alameda County Transportation Commission</p>	<p>Policy 2. Cost Effectiveness</p> <p>a) Support the proposed expansion of the Air District-defined Priority Areas to include CARE Program, Assembly Bill 617 communities, Priority Populations defined by SB 535 disadvantaged communities and AB 1550 low-income communities and low-income households. If there are MTC-defined Equity Priority Communities (EPCs) that fall outside any of the aforementioned qualifying Priority Areas, would suggest including EPCs as well.</p> <p>b) Regarding Air District staff recently mentioning that they are looking into ways to incorporate a stronger equity lens into the TFCA policies, in an effort to expand TFCA-funded investments in the Air District-defined Priority Areas, suggest setting a higher cost-effectiveness threshold for certain project types located within the defined Priority Areas, directly increasing the amount of TFCA CPM funds that may be awarded to these communities.</p>	<p>a) Staff reviewed MTC's Equity Priority Communities and recognizes that there is significant overlap between that and the State's Priority Populations. Because the Air District Board has already prioritized areas for TFCA funding, no changes were made.</p> <p>b) Staff will follow up with the commenter to discuss this idea at a future work-group meeting.</p>
	<p>Policy 6. Readiness</p> <p>Thank you for including this requested clarification. Suggest modifying the proposed language as follows to clarify the 24-month period starts from the date the funding is approved. Replacing "award" with "funding" will eliminate any confusion with contract award activities: "If the project is sponsored directly by the County Program Manager, the project must commence within 24 months from the date of award funding approval".</p>	<p>Noted. Staff updated the policy to incorporate this feedback.</p>
	<p>Policy 9. Authorization for County to Proceed</p> <p>The annual master agreement between the Air District and CPMs identifies a term with a start date of July 1st... Can the Policy 9 language be updated to clarify that once executed, CPMs may reimburse project costs retroactive to the start date of the master agreement term (i.e., July 1st). This detail is important for programs and shuttle operations projects that typically run July 1st – June 30th.</p>	<p>This policy doesn't preclude paying for projects that began after the new fiscal year but before the Air District agreement is executed. However, administering agencies can't contract with sub-awardees before the Air District's agreement is executed.</p>

Committer and Organization	Comments received from the administering agencies between May 31, 2023 – August 1, 2023	Air District Staff's Responses
	<p>Policy 30. Bicycle Projects</p> <p>a) Support the inclusion of the proposed clarifying language. Additionally, for proposed upgrades to existing bicycle facilities, request adding language to Policy 30 to allow upgrades to existing facilities to be evaluated as new facilities, under certain circumstances, such as:</p> <ul style="list-style-type: none"> • Upgrades to facilities that are no longer up to current design/safety standards, especially for bicycle facilities that have not previously been funded with TFCA or other funding sources that claimed vehicle emission reduction benefits, and • Upgrades to facilities that were originally funded with TFCA that have exceeded their minimum required useful life <p>This approach is consistent with the evaluation of alternative fuel infrastructure projects for TFCA, where equipment upgrades can be funded at the same level as new projects, once the useful life/performance period established for the original TFCA project has been completed.</p> <p>b) Although currently eligible in Policy 30, upgrades to existing facilities are severely restricted in the accompanying TFCA CPM Guidance document to receiving just 10% of the funding that would be available for a new bicycle facility. Removing this 10% restriction for upgrades, especially for bicycle facilities that have not previously claimed any emission reduction benefits or that have completed the established TFCA useful life, would help jurisdictions implement Vision Zero and All Ages and Abilities policies by upgrading substandard facilities using current best practices.</p> <p>In the past, requested increases to the amount of TFCA funding that can be awarded to upgrade bicycle facilities have been declined due to a lack of evidence that upgrades increase facility usage. On the contrary, it's generally accepted that high-quality bikeways, including upgrades, that are appropriate for the stress level of the roadway, are an important component of preventing injuries and fatalities and encouraging sustainable mode shift. Revising how bicycle facility upgrades are</p>	<p>a) Projects must achieve surplus emission reductions. Surplus means that emissions reductions are above what is required by law, regulation, or contract; any reductions that aren't surplus would have occurred without funding. Staff will follow up with commenter to discuss this idea at a future workgroup meeting.</p> <p>b) The 10% number is derived from staff analysis of upgrade impacts; however, project applicants may use alternate trip reduction numbers if they provide data that supports those numbers. Staff will provide additional clarification in the Guidance that is issued to administering agencies later this year.</p>

Committer and Organization	Comments received from the administering agencies between May 31, 2023 – August 1, 2023	Air District Staff's Responses
	<p>evaluated for TFCA would help implement much needed improvements to bicycle facilities, including those located in Air District-defined Priority Areas.</p>	
	<p>Policy 33. Infrastructure Improvements for Trip Reduction</p> <p>When arterial management/signal timing projects were removed as an eligible project type a few years ago, it was my understanding that they could still be eligible under Policy 33 if they were cost-effective and identified in a qualifying plan. Additionally, I believe it's the Air District's intention for pedestrian projects to be eligible without the improvements needing to be part a development project. For example, capital improvements near schools that facilitate walking. Lastly, regarding development projects, as with other TFCA project categories, as long as a project is cost-effective for TFCA, should it matter whether or not it is directly tied to a development project? Suggest incorporating the below modifications into the existing Policy 33 language, as follows:</p> <p><i>33. Infrastructure Improvements for Trip Reduction:</i> The project <i>Projects that achieve motor vehicle emission reductions, such as arterial management projects, pedestrian projects, projects that expands expand the public's access to alternative transportation modes through the design and construction of physical improvements, and projects that support development projects that achieve motor vehicle emission reductions.</i></p> <p><i>a. The development project and the physical improvement project must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, pedestrian plan, traffic-calming plan, or other similar plan.</i></p> <p><i>b. The project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District plan for State and national ambient air quality standards. Pedestrian projects are eligible to receive TFCA funds.</i></p>	<p>Because arterial management projects have short-term vehicle emission reduction benefits, this project category was removed last year. Removal of this category makes room for projects that have lengthier emission reduction benefits. This policy still allows for pedestrian projects that meet the TFCA policies. With that said, this policy was updated to clarify what is a permissible project under this policy.</p>

Committer and Organization	Comments received from the administering agencies between May 31, 2023 – August 1, 2023	Air District Staff's Responses
	<p><i>c. The project must have a completed and approved environmental plan. If a project is exempt from preparing an environmental plan as determined by the public agency or lead agency, then that project has met this requirement.</i></p>	
<p>Mike Pickford, San Francisco County Transportation Authority</p>	<p>Policy 2. TFCA Cost-Effectiveness</p> <p>New “Priority Areas” designation encompassing CARE areas, Assembly Bill 617 communities, Priority Populations defined by SB 535 disadvantaged communities, and AB 1550 low-income communities: We support the proposed “Priority Areas” designation, as the expanded definitions of eligible areas will allow for increased flexibility for project locations.</p>	<p>Noted.</p>
	<p>Policy 28. Existing First- and Last-Mile Connections (section d)</p> <p>We recommend expanding the definition of the project types that are eligible under this policy to include micro mobility projects. Currently micro mobility projects are only eligible under Policy 29 a. Expanding the definition of eligible project types could encourage innovative project proposals that utilize new modes of transportation to improve first and last mile connections. We have made this comment in previous years and still believe this would improve the TFCA CPM program.</p>	<p>Staff reviewed the policy and confirmed that projects funded under this category are limited to shuttle services. Micro-mobility projects may qualify under <i>Pilot Trip Reduction</i> (Policy #29.b.).</p>
	<p>Policy 29. Pilot Projects (section a)</p> <p>We recommend removing the requirement that “service is at least 70% unique” as it is unclear how agencies are to measure uniqueness and there are many other policy constraints ensuring that any project must reduce car trips in order to be an eligible and cost effective TFCA project. We have made this comment in previous years and still believe this would improve the TFCA CPM program.</p>	<p>The purpose of this requirement is to ensure that Policy #28 be used to evaluate new projects, whereas Policy #29 is intended to be used to evaluate existing (not new) projects. Staff has provided clarification on this requirement in the Guidance.</p>
	<p>Policy 30. Bicycle Projects (section b)</p>	<p>Noted.</p>

Attachment 3
 Comments Received and Staff's Responses to the Draft Proposed FYE 2025 TFCA 40% Fund Policies

Committer and Organization	Comments received from the administering agencies between May 31, 2023 – August 1, 2023	Air District Staff's Responses
	<p>We support the proposed changes to eligible bikeway projects types. We appreciate the updated language that we believe will support more project flexibility and allow projects to be responsive to their local context.</p>	
<p>Dulce Jimenez, Solano Transportation Authority</p>	<p>Trip Reduction Projects One of our priorities is to continue to provide our countywide Employer Commuter Programs, in which TFCA funds are a vital fund source that keeps the program running.</p>	<p>Noted.</p>
	<p>Policy 30. Bicycle Projects TFCA funds have been vital in funding our bicycle and trip reduction/traffic calming projects so the expansion to Policy #30b is much appreciated.</p>	<p>Noted.</p>