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## **Open Comment Period for TFCA REGIONAL FUND POLICIES and Evaluation Criteria FOR FYE 2024**

### Background

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

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 for the Transportation Fund for Clean Air (TFCA) and requirements of the program are set forth in the California Health and Safety Code (HSC) Sections 44241 and 44242.

Sixty percent of TFCA funds are awarded by the Air District through the TFCA Regional Fund, and to eligible programs implemented directly by the Air District, referred as Air District-sponsored programs. Each year, the Air District's Board of Directors considers and approves the allocation of new TFCA funds and updates to the TFCA Regional Fund Policies. Solicitations and Call-for-Projects are issued following the Board's approval.

### Draft TFCA Regional Fund Policies for Fiscal Year Ending (FYE) 2024

As an initial step to updating the policies for next fiscal year, the Air District is currently accepting public comments for the TFCA Regional Fund Policies and Evaluation Criteria for Fiscal Year Ending (FYE) 2024 ("FYE 2024 Policies"). Based on input from stakeholders, Air District staff will prepare a final draft of proposed updates to the FYE 2024 Policies for consideration by the Air District's Board of Directors at a meeting that is tentatively scheduled for May 2023. The adopted FYE 2024 Policies will govern the use of the TFCA Regional Funds from July 1, 2023 through June 30, 2024.

More information about TFCA Regional Fund program is available on the TFCA [Regional Fund webpage](#).

The Air District is considering the following proposed changes:

- Remove Policy #22, *On-Road Truck Replacements*. Because the Truck and Bus Regulation requires nearly all trucks and buses to have 2010 or newer model year engines by January 1, 2023, this project category would not provide any surplus emission reductions (Policy #1) beyond the January 1, 2023 date.
- Remove Policies #28-30, *Existing Last-Mile Commuter Connections*, *Pilot Trip Reduction*, and *Existing Regional Ridesharing Services*. Due to vehicle technology improvements resulting in a cleaner light-duty fleet in the Bay Area, these project categories may not be cost-effective. Air District staff recommends pausing these project categories to carefully assess whether these projects will result in surplus emission reductions by evaluating results from previously funded projects.

**TFCA REGIONAL FUND POLICIES  
AND EVALUATION CRITERIA FOR FYE 2024~~3~~**

The following policies apply to the Bay Area Air Quality Management District’s (Air District) Transportation Fund for Clean Air (TFCA) Regional Fund for fiscal year ending (FYE) 2024~~3~~.

**BASIC ELIGIBILITY**

- Eligible Projects:** 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 Air District Board of Directors adopted TFCA Regional Fund Policies and Evaluation Criteria.

Projects must achieve surplus emission reductions, i.e., reductions that are beyond what is required through regulations, contracts, and other legally binding obligations at the time the Air District executes the project’s funding agreement.

- TFCA Cost-Effectiveness:** Projects must not exceed the maximum cost-effectiveness (C-E) limit specified in Table 1, except for projects that are being co-funded by other Air District-administered programs (e.g., Carl Moyer Program). Emissions benefits for co-funded projects may be reported under other Air District-administered programs. 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).

**Table 1: Maximum Cost-Effectiveness for TFCA Regional Fund Projects**

Policy #	Project Category	Maximum C-E (\$/weighted ton)
<del>22</del>	<del>On-Road Truck Replacements</del>	<del>\$90,000</del>
23	On-Road Zero- and Partial- Zero- Emissions Vehicles	\$500,000
25	Hydrogen Stations	N/A*
26	Electric Vehicle Charging Infrastructure	N/A*
27	Vehicle Scrapping	\$50,000**
<del>28</del>	<del>Existing Last Mile Commuter Connections</del>	<del>Evaluated as part of the Spare the Air Program</del>
<del>29</del>	<del>Pilot Trip Reduction</del>	<del>\$500,000</del>
<del>30</del>	<del>Existing Regional Ridesharing Services</del>	<del>Evaluated as part of the Spare the Air Program</del>
31	Bicycle Parking	\$250,000
32	Bikeways	\$500,000
33	Infrastructure Improvements for Trip-Reduction	\$500,000

\* These projects provide electric vehicle charging/hydrogen refueling infrastructure needed to enable emission reductions from electric and fuel cell electric vehicles. To maximize emissions reductions and public health benefits, projects will be evaluated based on project characteristics including, but not limited to, cost of the project, anticipated equipment usage, and anticipated benefits to environmental justice communities and communities highly impacted by air pollution but shall not be subject to a maximum cost-effectiveness limit.

\*\* Maximum C-E for vehicle scrapping if entirely funded by TFCA. If TFCA is used as a match for state funds, all emissions reductions will be claimed by the state program.

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3. **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 California Health & Safety Code (HSC) sections 40233, 40717 and 40919; and, when specified, other adopted federal, State, regional, and local plans and programs.
  4. **Eligible Recipients and Authority to Apply:** Applicants must have the legal authority, as well as the financial and technical capability, to complete projects. In addition, the following conditions apply:
    - a. **Eligible Recipients:**
      - i. **Public agencies** are eligible to apply for all project categories.
      - ii. **Non-public entities** are eligible to apply for only Clean Air Vehicle Projects and advanced technology demonstrations that are permitted pursuant to HSC section 44241(b)(7).
    - b. **Authority to Apply:** Applicants must demonstrate that they have the authority to submit the application, to enter into a funding agreement, to carry out the project, and to bind the entity to perform these tasks by including either: 1) a signed letter of commitment from the applicant's representative with authority (e.g., Chief Executive or Financial Officer, Executive Director, or City Manager); or 2) a signed resolution from the governing body (e.g., City Council, Board of Supervisors, or Board of Directors).
  5. **Viable Project and Matching Funds:** Applicants must demonstrate that they have adequate funds to cover all stages of their proposed project(s) from commencement through completion. Unless otherwise specified in policies #22 through 33, project applicants must provide evidence that they have at least 10% of the total eligible project costs (matching funds) from a non-Air District source available and ready to commit to the proposed projects.
  6. **Minimum Grant Amount:** \$10,000 per project.
  7. **Maximum Grant Amount:** the maximum grant award amounts are:
    - a. Each public agency may be awarded up to a total award of \$5,500,000 per agency per year; and
    - b. Each non-public entity may be awarded up to a total award of \$5,000,000 per entity per year.
  8. **Readiness:** Unless otherwise specified in policies #22 through 33, projects must commence by the end of calendar year 2024~~3~~ or within 24 months from the date of execution of the funding agreement with the Air District, whichever is later. For purposes of this policy, "commence" means either (a) a discrete, necessary and tangible action, such as the issuance of a purchase order to secure project vehicles or equipment or the delivery of the award letter for a construction contract, taken for a project to begin implementation, or (b) commencement or continuation of transportation service, such as last-mile commuter connections or ridesharing service, for which the project sponsor can provide documentation of date the action occurred.
  9. **Maximum Two Years Operating Costs for Service-Based Projects:** Unless otherwise specified in policies #22 through 33, TFCA Regional Funds may be used to support up to two years of

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operating costs for service- based projects (i.e., Trip Reduction Projects).

10. **Project Revisions:** The Air District will consider only requests for modifications to approved projects that are within the same project categories, achieve the same or better cost-effectiveness, comply with all TFCA Regional Fund Policies, and are in compliance with all applicable federal and State laws, and Air District rules and regulations. The Air District may also approve minor modifications, such as to correct typographical mistakes in the grant agreements or to change the name of the grantees, without re-evaluating the proposed modification in light of the regulations, contracts, and other legally binding obligations that are in effect at the time the minor modification was proposed.

## **APPLICANT IN GOOD STANDING**

11. **In Compliance with Air Quality Regulations:** Applicants must certify that, at the time of the application and at the time of issuance of the grant, they are in compliance with all local, state, and federal air quality regulations. Applicants who are in compliance with those laws, rules and regulations, but who have pending litigation or who have unpaid civil penalties owed to the Air District, may be eligible for funding, following a review and approval by the Air District. The Air District may terminate a grant agreement and seek reimbursement of distributed funds from a project sponsor who was not eligible for funding at the time of the grant.
12. **In Compliance with Agreement Requirements:** Project sponsors who have failed to meet contractual requirements such as project implementation milestones or monitoring and reporting requirements for any project funded by the Air District may not be considered eligible for new funding until such time as all of the unfulfilled obligations are met.
13. **Independent Air District Audit Findings and Determinations:** Project sponsors who have failed either a fiscal audit or a performance audit for a prior Air District funded project will be excluded from future funding for three (3) years from the date of the Air District's final determination in accordance with HSC section 44242. Additionally, project sponsors with open projects will not be reimbursed until all audit recommendations and remedies have been satisfactorily implemented.

A failed fiscal audit means an uncorrected audit finding that confirms an ineligible expenditure of funds. A failed performance audit means an uncorrected audit finding that confirms a project was not implemented as set forth in the project funding agreement.

Project sponsors must return funds under any of the following circumstances:

- a. The funds were expended in a manner contrary to the TFCA Regional Funds' requirements and/or requirements of HSC Code section 44220 et seq;
- b. The project did not result in a surplus reduction of air pollution from the mobile sources or transportation control measures pursuant to the applicable plan;
- c. The funds were not spent for surplus reduction of air pollution pursuant to a plan or program to be implemented by the TFCA Regional Fund;
- d. The project sponsor failed to comply with the approved project scope, as set forth in the project funding agreement.

Applicants who failed to reimburse such funds to the Air District from prior Air District funded

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projects will be excluded from future TFCA funding.

14. **Executed Funding Agreement:** Only a fully executed funding agreement (i.e., signed by both the project sponsor and the Air District) constitutes the Air District's award of funds for a project. Approval of an application for the project by the Air District Board of Directors or Air District's notices such as a transmittal letter announcing the proposed award do not constitute a final obligation on the part of the Air District to fund a project.

Applicants must sign funding agreements within 60 days from the date the agreements were transmitted to them in order to remain eligible for award of TFCA Regional Funds. Applicants may request, in writing, an extension of up to no more than 180 days from the transmittal date to sign the grant agreements. The request shall include the basis for an extended signature period. At its discretion, the Air District may authorize such an extension.

15. **Maintain Appropriate Insurance:** Project sponsors must obtain and maintain general liability insurance and additional insurance that is appropriate for its specific project type throughout the life of the project, with coverage being no less than the amounts specified in the respective funding agreement. Project sponsors shall require their subcontractors to obtain and maintain such insurance of the type and in the amounts required by the grant agreements.

#### **INELIGIBLE PROJECTS**

16. **Planning Activities:** The costs of preparing or conducting feasibility studies are not eligible. Other planning activities may be eligible, but only if the activities are directly related to the implementation of a specific project or program.
17. **Cost of Developing Proposals and Grant Applications:** The costs to prepare proposals and/or grant applications are not eligible.
18. **Duplication:** Projects that have previously received any TFCA funds, e.g., TFCA Regional Funds or County Program Manager Funds, and that do not propose to achieve additional emission reductions are not eligible.

#### **USE OF TFCA FUNDS**

19. **Combined Funds:** Unless otherwise specified in policies #22 through 33, TFCA County Program Manager Funds may not be combined with TFCA Regional Funds to fund a TFCA Regional Fund project.
20. **Administrative Costs:** Unless otherwise specified in policies #22 through 33, TFCA Regional Funds may not be used to pay for administrative costs (i.e., the costs associated with administering a TFCA Regional Fund grant). In cases where administrative costs may be paid for by TFCA Regional Funds, they are limited to a maximum of 6.25% of total TFCA Regional Funds expended on a project and are only available to projects sponsored by public agencies. To be eligible for reimbursement, administrative costs must be clearly identified in the project budget at the time of application and in the funding agreement between the Air District and the project sponsor.
21. **Expend Funds within Two Years:** Project sponsors must expend the grant funding within two (2) years of the effective date of their grant agreement. Applicants may request a longer period in the application, by submitting evidence that a longer period is justified to complete the project

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due to its unique circumstance. Project sponsors may request a longer period before the end of the agreements' second year in the event that significant progress has been made in the implementation of the project. If the Air District approves a longer period, the parties shall memorialize the approval and length of the extension formally (i.e., in writing) in the grant agreement or in an amendment to the executed grant agreement.

## ELIGIBLE PROJECT CATEGORIES

**To be eligible for funding from the TFCA Regional Fund, a proposed project must meet the purpose and requirements for the applicable Project Category.**

### Clean Air Vehicle Projects

22. ~~Reserved. **On-Road Truck Replacements:** The project 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 California Air Resources Board (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.~~
23. **On-Road Zero- and Partial-Zero-Emissions Vehicles:** The project will help vehicle owners and operators achieve significant voluntary emission reductions by accelerating the deployment of zero- and partial-zero-emissions motorcycles, cars, light- and medium- duty vehicles, trucks, and buses:
  - a. Reserved.
  - b. Vehicles may be purchased or leased;
  - c. Eligible vehicle types are limited to plug-in hybrid-electric, plug-in electric, and fuel cell vehicles. Vehicles must also be approved by the CARB;
  - d. Project Sponsors 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;
  - e. Projects that seek to scrap and replace a vehicle may qualify for additional TFCA funding toward the purchase or lease of a new vehicle. Costs related to the scrapping and/or dismantling of the existing vehicle are not eligible for reimbursement with TFCA funds;
  - f. Vehicles that are solely powered by gasoline, natural gas, or diesel, and retrofit projects are not eligible; and
  - g. 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.
24. Reserved.
25. **Hydrogen Stations:** The project is intended to accelerate the deployment of hydrogen fueling stations. Funding may be used for the purchase and installation of equipment for new dispensing

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facilities and for upgrades and improvements that expand access to existing refueling sites. The following additional conditions must also be met:

- a. Stations must be located within the Air District's jurisdiction and be available and accessible to the public;
- b. Equipment and infrastructure must be designed, installed, and maintained as required by the existing recognized codes and standards and approved by the local/State authority;
- c. Each station must be maintained and operated for a minimum of three years;
- d. TFCA funding may not be used to pay for fuel or on-going operations or maintenance costs;
- e. TFCA funding is limited to 25% of the total eligible project cost and may not exceed a maximum award amount of \$250,000 per station; and
- f. Stations must have received a passing score and/or received approval for funding from a State or federal agency.

26. **Electric Vehicle Charging Infrastructure:** The project is intended to accelerate the adoption of zero- emissions vehicles through the deployment of new electric vehicle charging stations:

- a. Each station must be maintained and operated for a minimum of three years;
- b. Project equipment must be certified by Underwriters Laboratories, Inc. or equivalent safety standard; and
- c. TFCA funding may not be used to pay for on-going operations or maintenance costs.

27. **Vehicle Scrapping:** The project is intended to accelerate the removal of highly polluting vehicles from Bay Area roads. Funding will be provided to owners of on-road motor vehicles who voluntarily scrap vehicles that meet the following requirements:

- a. Vehicles must be roadworthy and pass an inspection by the Air District or its designee;
- b. Vehicles must be currently registered with the DMV to an address within the Air District's jurisdiction and have had continuous registration to the same owner for a minimum of two years; and
- c. Owners may receive up to the total incentive amount offered for this program from the TFCA only or a combination of TFCA and other Air District programs. Program participants may not apply for funding from any other public agencies for scrapping.

#### Trip Reduction Projects

28. Reserved.

~~Existing Last Mile Commuter Connections: The project will reduce single occupancy vehicle commute hour trips by providing the short distance connection between a mass transit hub and one or more definable commercial hubs or employment centers:~~

- ~~a. The project must provide local feeder bus or shuttle service 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 must be coordinated to have a timely connection with the corresponding mass transit service;~~

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- ~~e.—The service must be available for use by all members of the public;~~
  - ~~d.—TFCA Regional Funds may be used to fund only shuttle services to locations that are underserved 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.—TFCA Regional Funds may be used to fund services only during commuter peak hours, i.e., 5:00–10:00 AM and/or 3:00–7:00 PM;~~
  - ~~g.—Reserved.~~
  - ~~h.—Project Sponsors must be either: (1) a public transit agency or transit district that directly operates the shuttle/feeder bus service, or (2) a city, county, or any other public agency; and~~
  - ~~i.—Applicants 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.~~

29. Reserved.

**Pilot Trip Reduction:** The project will reduce single-occupancy commute-hour 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 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:

- ~~a.—Applicants must demonstrate the project will reduce single-occupancy commute-hour vehicle trips and result in a reduction in emissions of criteria pollutants (i.e., ROG, NO<sub>x</sub>, and PM<sub>10</sub>);~~
- ~~b.—The proposed service must be available for use by all members of the public;~~
- ~~e.—Applicants must provide a written plan documenting steps that would be taken to ensure that the project will be financially self-sustaining or require minimal public funds to maintain its operation by the end of the third year;~~
- ~~d.—If the local transit provider is not a partner, the applicant must demonstrate they have attempted to get 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;~~
- ~~e.—Applicants must provide data and/or other evidence demonstrating the public’s need for the service, including a demand assessment survey and letters of support from potential users; and~~
- ~~f.—Pilot trip reduction projects that propose to provide shuttle/feeder bus and ridesharing service projects must comply with all applicable requirements in policies #28 and #30.~~



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30. Reserved.

~~**Existing Regional Ridesharing Services:** The project will provide carpool, vanpool, and other rideshare services. For TFCRA Regional Fund eligibility, ridesharing projects must be comprised of riders from at least five counties within Air District's jurisdiction, with no one county accounting for more than 80% of all riders, as verified by documentation submitted with the application.~~

~~If a project includes ride-matching services, *only* ride-matches that are not already included in the Metropolitan Transportation Commission's (MTC) regional ridesharing program are eligible for TFCRA Regional Funds. Projects that provide a direct or indirect financial transit or rideshare subsidy are also eligible under this category. Applications for projects that provide a direct or indirect financial transit or rideshare subsidy *exclusively* to employees of the project sponsor are not eligible.~~

31. **Bicycle Parking:** The project will expand public access to new bicycle parking facilities. The project must be included in an adopted countywide bicycle plan, Congestion Management Plan (CMP), the MTC's Regional Bicycle Plan, or other similar plan, and serve a major activity center (e.g. transit station, office building, or school). The bicycle parking facility must be publicly accessible and available for use by all members of the public.

TFCRA Regional Funds may not be used to pay for costs related to maintenance, repairs, upgrades, rehabilitation, operations, or project administration.

Monies expended by the Project Sponsor to maintain, repair, upgrade, rehabilitate, or operate bicycle parking facilities are not eligible for use as matching funds.

32. **Bikeways:** The project will construct and/or install bikeways that are included in an adopted countywide bicycle plan, CMP, countywide transportation plan (CTP), city general plan or area-specific plan, the MTC's Regional Bicycle Plan, or other similar plan. To be eligible for funding, the purpose of bikeways that are included in an adopted city general plan or area-specific plan must be to reduce motor vehicle emissions or traffic congestion. Projects must have completed all applicable State and federal environmental reviews and either have been deemed exempt by the lead agency or have been issued the applicable negative declaration or environmental impact report or statement.

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.

Projects must reduce vehicle trips made for utilitarian purposes (e.g., work or school commuting) and cannot be used exclusively for recreational use. Projects must also meet at least one of the following conditions:

- a. Be located within one-half mile biking distance from the closer of a public transit station/stop (e.g., local, county- wide or regional transit stops/stations/terminals) or a bike share station;
- b. Be located within one-half mile biking distance from a major activity center that serves at least 2,500 people per day (e.g., employment centers, schools, business districts); or
- c. Be located within one-half mile biking distance from three activity centers (e.g., employment centers, schools, business districts).

Projects are limited to the following types of bikeways:

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- a. Class I Bikeway (Bike Path), new or upgrade improvement from Class II or Class III Bikeway;
  - b. New Class II Bikeway (Bike Lane);
  - c. New Class III Bikeway (Bike Route); or
  - d. Class IV Bikeway (Separated Bikeway), new or upgrade improvement from Class II or Class III bikeway.
33. **Infrastructure Improvements for Trip-Reduction:** The project will expand the public's access to alternative transportation modes through the design and construction by local public agencies of physical improvements that support development projects that achieve motor vehicle emission reductions. The projects and physical improvements shall be identified in an approved area-specific plan, redevelopment plan, general plan, or other similar plan.

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## **REGIONAL FUND EVALUATION CRITERIA:**

Applications may be reviewed on either a first-come, first-served basis or a competitive basis. Projects will be evaluated using the criteria listed below.

1. Eligible projects will be evaluated based on cost-effectiveness and conformity to additional specific requirements discussed in the adopted policies and project-specific solicitation guidance.
2. TFCA Regional Funds will be prioritized for projects that meet one or more of the following criteria:
  - a. Projects in Highly Impacted Communities or Episodic Areas as defined in the Air District's Community Air Risk Evaluation (CARE) Program, in other communities identified through the Assembly Bill (AB) 617 (2017) process, or that benefit Priority Populations as defined by SB 535 disadvantaged communities, AB 1550 low-income communities, and low-income households; and
  - b. Projects in Priority Development Areas (PDAs).