



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

TIM SMITH - CHAIR
TOM BATES
JERRY HILL
MICHAEL SHIMANSKY
PAMELA TORLIATT

JAKE McGOLDRICK – VICE CHAIR
SCOTT HAGGERTY
CAROL KLATT
JOHN SILVA

MONDAY
JANUARY 8, 2007
9:30 A.M.

FOURTH FLOOR CONFERENCE ROOM
DISTRICT OFFICES

AGENDA

1. **CALL TO ORDER - ROLL CALL**
2. **PUBLIC COMMENT PERIOD** (*Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3*) *Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee's subject matter jurisdiction. Speakers will be limited to three (3) minutes each.*
3. **APPROVAL OF MINUTES OF NOVEMBER 20, 2006**
4. **REPORT OF THE PERFORMANCE REVIEW OF SELECTED TRANSPORTATION FUND FOR CLEAN AIR (TFCA) PROJECT TYPES**
J. Colbourn/5192
jcolbourn@baaqmd.gov

A staff member from ICF Consulting, Inc. will present a report on the performance review of selected TFCA project types.

5. **STAFF RESPONSE TO THE RESULTS OF THE PERFORMANCE REVIEW OF SELECTED TRANSPORTATION FUND FOR CLEAN AIR (TFCA) PROJECT TYPES**
J. Colbourn/5192
jcolbourn@baaqmd.gov

Staff will report to the Committee on the recommended actions that the Air District could take based on results of the TFCA performance review and related input obtained from the CMAs and other interested parties.

6. **PROPOSED REVISIONS TO TRANSPORTATION FUND FOR CLEAN AIR (TFCA)
COUNTY PROGRAM MANAGER FUND POLICIES FOR FY 2007/2008**

J. Colbourn/5192
jcolbourn@baaqmd.gov

The Committee will consider recommending Board of Directors' approval of proposed revisions to TFCA County Program Manager Fund Policies to govern allocation of FY 2007/2008 TFCA funds.

7. **COMMITTEE MEMBER COMMENTS/OTHER BUSINESS**

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).

8. **TIME AND PLACE OF NEXT MEETING:** *At the Call of the Chair*

9. **ADJOURNMENT**

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

**(415) 749-4965
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov**

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities notification to the Clerk's Office should be given at least three working days prior to the date of the meeting so that arrangements can be made accordingly.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 20, 2006

Re: Mobile Source Committee Draft Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Mobile Source Committee meeting of November 20, 2006.

DISCUSSION

Attached for your review and approval are the draft minutes of the November 20, 2006, Mobile Source Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

**Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 771-6000**

DRAFT MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
9:30 a.m., Monday, November 20, 2006

1. **Call to Order – Roll Call:** Chairperson Tim Smith called the meeting to order at 9:35 a.m.

Present: Tim Smith, Chairperson; Jerry Hill, Carol Klatt, Jake McGoldrick (9:49 a.m.), Michael Shimansky, John Silva, Pamela Torliatt (9:40 a.m.).

Absent: Tom Bates, Scott Haggerty.

Also Present: Gayle B. Uilkema.

2. **Public Comment Period:** There were none.
3. **Approval of Minutes of October 16, 2006:** Director Shimansky moved approval of the minutes; seconded by Director Hill; carried unanimously without objection.
4. **Transportation Fund for Clean Air (TFCA) Regional Fund Grant Awards for Fiscal Year 2006/2007:** *The Committee considered recommending Board of Directors' approval to allocate available FY 2006/2007 TFCA Regional Funds.*

Jean Roggenkamp, Deputy APCO, introduced the item and noted that a revised Attachment 2 was at each Committee members' place. Ms. Roggenkamp stated that the projects listed on Attachment 2 were reevaluated and no change is being made regarding the staff's recommendation to not fund these projects.

David Wiley, Supervising Environmental Planner, presented the report and provided background information on the actions the Committee took at its October 16th meeting regarding the TFCA Regional Fund grant awards for fiscal year 2006/2007. Mr. Wiley explained the grant application evaluation process and noted that staff reevaluated applications, including all of those that were initially not recommended for funding. Staff did not consider or bring in new or modified information on the applications.

Project funding was discussed and there is \$12.5 million in TFCA Regional Funds available. Fifty-two projects are eligible for funding. These 52 projects will, over the life of the projects, reduce emissions by 587 tons of ozone precursors and particulate matter; and 60,909 tons of CO₂. Mr. Wiley reviewed the recommended funding by project type and noted that the majority of funding goes to diesel projects.

Staff recommended that the Committee recommend Board of Directors' approval of the staff recommendations for fiscal year 2006/2007 TFCA Regional Fund grant awards listed in Attachment 1, totaling \$12,350,489.

Director Pamela Torliatt arrived at 9:40 a.m.

In response to a question from Director Shimansky on the difference in funding for two projects, Ms. Roggenkamp stated that there may be differences in the equipment and other factors, such as use.

Director Uilkema requested that the county for Project 06R27 on Attachment 2 be changed from Contra Costa to Alameda.

The Committee discussed, at length, the issue of compressed natural gas (CNG) and clean diesel.

Director Jack McGoldrick arrived at 9:49 a.m.

There was discussion on long-term benefits, incentives for using CNG, infrastructure issues, and the California Air Resources Board's (CARB) two-tracked system. The Committee requested staff provide information on the technologies of CNG and clean diesel at a future meeting.

Jack Broadbent, Executive Officer/APCO, indicated that discussion of these issues could be part of the Board's annual Retreat.

Committee Action: Director Hill moved the staff recommendations; seconded by Director McGoldrick; carried unanimously without objection.

5. **Committee Member Comments/Other Business:** There were none.
6. **Time and Place of Next Meeting:** 9:30 a.m., Monday, December 18, 2006, 939 Ellis Street, San Francisco, CA 94109.
7. **Adjournment:** The meeting adjourned at 10:12 a.m.

Mary Romaidis
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 2, 2007

Re: Report on the Performance Review of Selected Transportation Fund for
Clean Air (TFCA) Project Types

RECOMMENDED ACTION:

None. Information only.

BACKGROUND

At the February 10, 2005 Mobile Source Committee (Committee) meeting, staff was directed to perform an in-depth review of certain project types, namely arterial management and pedestrian projects, funded by the Transportation Fund for Clean Air (TFCA).

As part of the in-depth evaluation of some project types funded by TFCA, the firm ICF Consulting, Inc. (contractor) was contracted by the Air District to: 1) conduct an assessment of the range of emissions reductions that can be achieved by specific project types, including bicycle and pedestrian projects; and 2) assess the emissions reductions and cost effectiveness of a representative sample of completed TFCA projects.

The final report on the first task of the contractor, a literature review on the transportation and emission reduction impacts of selected transportation control measures (TCMs), was presented by staff at the Board of Directors retreat on January 18, 2006. The literature review was focused on the following TCMs eligible for TFCA funding:

- Regional rideshare programs
- Vanpool/buspool programs
- Traffic signal timing
- Incident management
- Transit signal priority
- Bicycle paths, lanes, and routes
- Bicycle racks, lockers, and parking stations
- Bicycle racks on buses
- Pedestrian facility improvements
- Traffic calming

The literature review relied heavily on research by the Transportation Research Board (TRB)¹. This comprehensive report reviewed and summarized all relevant literature published before 2002 (more than 80 sources), and also adjusted estimated emission impacts from different studies so they are in comparable terms.

The literature review found evidence that the ten selected types of projects can reduce automobile use and associated emissions or, in the case of signal timing and incident management, reduce congestion and associated emissions. The literature review also indicated that additional research needs to be conducted to determine the cost effectiveness, based on emission reductions, of some TFCA project types, particularly transit signal priority, bicycle paths/lanes/routes, bicycle racks on buses, pedestrian facility improvements, and traffic calming.

The second task of the contractor was to independently evaluate the emission reduction impacts and cost effectiveness of completed TFCA projects for the following project types:

- Ridesharing projects (regional rideshare, local rideshare, vanpools, school carpool match)
- Bicycle projects (bicycle paths/lanes/routes, bicycle parking, bicycle racks on buses)
- Pedestrian projects (smart growth and traffic calming)
- Arterial traffic management projects (arterial signal timing and transit signal priority)

The contractor will present a summary of the results of their independent evaluation at the January 8, 2007 Committee meeting.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Joseph Steinberger
Reviewed by: Jack M. Colbourn

¹ Special Report 264, entitled *The Congestion Mitigation and Air Quality Improvement Program: Assessing 10 Years of Experience*

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 28, 2006

Re: Staff Response to the Results of the Performance Review of Selected
Transportation Fund for Clean Air (TFCA) Project Types

RECOMMENDED ACTIONS:

- Staff recommends continuing to fund all the project types included in the TFCA performance review. Staff will establish a streamlined program for some specific project types with funding caps and default values for evaluating projects.
- Staff will continue to research improved methodologies for evaluating the cost effectiveness and emission reductions achieved by project types that are eligible for TFCA funding.

BACKGROUND

At the February 10, 2005 Mobile Source Committee (Committee) meeting, staff was directed to perform an in-depth review of certain project types, namely arterial management and pedestrian projects, funded by the Transportation Fund for Clean Air (TFCA). On April 25, 2005 staff reported to the MSC on the strategy to comply with the Committee direction, which included a performance review of selected TFCA project types to be conducted by a contractor, and a workshop with the Congestion Management Agencies (CMAs). Both of these tasks have been completed. This is a report to the Committee on the potential actions based on the results of the TFCA performance review and related input obtained from the CMAs and other interested parties.

DISCUSSION

TFCA Performance Review

As part of the in-depth evaluation of some project types funded by TFCA, the firm ICF Consulting, Inc. (contractor) was contracted by the Air District to: 1) conduct an assessment of the range of emissions reductions that can be achieved by specific project types, including bicycle and pedestrian projects; and 2) assess the emissions reductions and cost effectiveness of a representative sample of completed TFCA projects.

The literature review found evidence that the selected types of projects can reduce automobile use and associated emissions or, in the case of signal timing and incident management, reduce congestion and associated emissions. The literature review also indicated that additional research

needs to be conducted to determine the cost effectiveness, based on emission reductions, of some TFCA project types, particularly transit signal priority, bicycle paths/lanes/routes, bicycle racks on buses, pedestrian facility improvements, and traffic calming.

The second task of the contractor was to independently evaluate the emission reduction impacts and cost effectiveness of completed TFCA projects for the following project types:

- Ridesharing projects (regional rideshare, local rideshare, vanpools, school carpool match)
- Bicycle projects (bicycle paths/lanes/routes, bicycle parking, bicycle racks on buses)
- Pedestrian projects (smart growth and traffic calming)
- Arterial traffic management projects (arterial signal timing and transit signal priority)

The results of the independent contractor's evaluation will be presented at the January 8, 2007 Committee meeting.

Conclusions

The following conclusions can be drawn from the TFCA performance review:

- The legislation that enables the TFCA program establishes the project types that can be funded with TFCA revenues; however, there is no legislative requirement to fund all eligible project types.
- The evaluated project types have been funded by TFCA for at least six years.
- Additional research needs to be conducted on the cost effectiveness of some TFCA project types, particularly transit signal priority, bicycle paths/lanes/routes, bicycle racks on buses, pedestrian facility improvements, and traffic calming.
- The evaluated project types have varying rates of cost effectiveness, but ultimately result in emission reduction benefits.
- There is not a high degree of certainty on the actual cost-effectiveness achieved by the evaluated projects that have been funded by TFCA.
- Post-project surveys can be onerous without necessarily providing relevant data.
- The input received indicates that there is a general support for TFCA to continue to fund the evaluated project types.

Options

Some potential options for the Air District, based on the TFCA performance review are listed below.

- Make no changes to the current system (status quo).
- Discontinue funding all or some of the project types included in the TFCA performance review.
- Fund all or some (e.g., bicycle and pedestrian projects) of the project types included in the TFCA performance review only via the TFCA County Program Manager Fund, but not via the TFCA Regional Fund.

- Continue to fund all or some of the project types included in the TFCA performance review, but establishing a cap per funding cycle for each specific project type.
- Continue to fund all or some of the project types included in the TFCA performance review, but establishing a specific streamlined program, with a cap, similar to the Air District's Vehicle Incentive Program.

RECOMMENDATIONS

- Staff recommends continuing to fund all the project types included in the TFCA performance review. Staff will establish a streamlined program for some specific project types with funding caps and default values for evaluating projects.
- Staff will continue to research improved methodologies for evaluating the cost effectiveness and emission reductions achieved by project types that are eligible for TFCA funding.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Joseph Steinberger
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 29, 2006

Re: Proposed Transportation Fund for Clean Air County Program Manager
Fund Policies for Fiscal Year 2007/2008

RECOMMENDED ACTION:

Recommend that the Board of Directors approve the proposed fiscal year (FY) 2007/2008 Transportation Fund for Clean Air (TFCA) County Program Manager Fund Policies, presented in Attachment A.

BACKGROUND

The Air District's Board of Directors has adopted policies and evaluation criteria that govern the allocation of TFCA funds to cost-effective projects. Prior to each annual funding cycle, the Air District considers revisions to the TFCA policies. Only proposed revisions to the TFCA County Program Manager Fund policies for the FY 2007/2008 funding cycle are being addressed at this time. Any revisions to the policies and evaluation criteria for the TFCA Regional Fund and the Vehicle Incentive Program will be addressed separately at a later time.

On December 7, 2006, Air District staff issued a request for comments on proposed revisions to the TFCA County Program Manager Fund policies for the FY 2007/2008 funding cycle. The deadline for interested parties to submit comments was December 21, 2006. Four interested parties submitted comments by letter or e-mail in response to the Air District's request for comments. A table summarizing the comments received and Air District staff responses is provided in Attachment C.

DISCUSSION

While many of the current TFCA County Program Manager Fund policies are proposed to remain unchanged, there are several substantive proposed revisions. Among the proposed revisions are changes in the policies to address amendments made to the TFCA-enabling legislation in 2005 via Assembly Bill (AB) 694. In addition, there are minor proposed administrative and editorial changes to improve clarity. The proposed FY 2007/2008 TFCA County Program Manager Fund Policies are found in Attachment A,

and Attachment B shows the changes between these currently proposed policies and the preceding Board-approved policies for the County Program Manager Fund, from FY 2005/2006.

The following is a summary of the major proposed changes to the FY 2007/2008 TFCA County Program Manager Fund Policies (references below apply to Attachment A):

- Policy #2, *TFCA Cost-Effectiveness*, would eliminate all exemptions from the cost-effectiveness requirement, except for TFCA County Program Manager administrative costs. This proposed change is in response to AB 694, regarding cost-effectiveness criteria that projects and programs under the TFCA County Program Manager Fund are required to meet.
- Policy #4, *Eligible Recipients*, would be expanded to allow TFCA County Program Managers to allow non-public entities to apply for TFCA funding, but only to implement eligible clean air vehicle projects. This change, which was incorporated into the TFCA Regional Fund Policies and Evaluation Criteria for FY 2006/2007, would also address the expansion in eligible TFCA grant applicants allowed by AB 694.
- Policy #8, *Maximum Two Year Operating Costs*, would allow TFCA funding for operating funds for services, such as ridesharing programs, and shuttle and feeder bus projects for up to two years.
- Policy #10, *Signed Funding Agreement*, would clarify that only a fully executed funding agreement (i.e., a contract signed by both the Air District and the corresponding TFCA County Program Manager) constitutes a final approval and obligation for the Air District to fund a project. In addition, payment requests would not be processed without a funding agreement in place, for costs incurred before the execution of a funding agreement, or if a project is no longer eligible for TFCA funding.
- Policy #16, *Expend Funds within Two Years*, would require that Program Managers notify the Air District upon the Program Manager's approval of up to two one-year extensions for each project.
- Policy #20, *Heavy-Duty Clean Air Vehicles*, would remove a cap of \$150,000 per bus for public transit agencies on the "alternative fuel" path under California Air Resources Board's (CARB's) urban transit bus regulation, and would note that cost-effectiveness requirements still apply. It also would require project sponsors with model year 1993 or older heavy-duty diesel vehicles in their fleet to scrap one such vehicle for each new vehicle purchased or leased with TFCA funds. Project sponsors with only model year 1993 or newer vehicles would be allowed, but not required, to scrap an existing operational diesel vehicle in their fleet, and associated emission reductions would be factored into the cost-effectiveness of the project.

- Policy #23, *Advanced Technology Demonstration Projects*, is proposed to be added, to address projects that promote advanced vehicle-based technologies that have not been formally approved by CARB. Such projects would be subject to the TFCA cost-effectiveness requirement.
- The policy on *Clean Air Vehicle Infrastructure* (Policy #25 in FY 2005/2006) would be deleted. The proposed deletion is in response both to AB 694, with its provision for a cost-effectiveness threshold that projects and programs funded by the TFCA County Program Manager Fund must meet, and to the difficulty in demonstrating cost-effectiveness for these projects. Clean air vehicle infrastructure projects would be eligible only as Advanced Technology Demonstration Projects under proposed Policy #23.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Approval of the recommended policy changes will have no material impact on the Air District's budget. TFCA revenues come from a dedicated external funding source. TFCA allocations do not impact the Air District's general fund or operating budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Wiley
Reviewed by: Jack M. Colbourn

Attachments

ATTACHMENT A

PROPOSED TFCA COUNTY PROGRAM MANAGER FUND POLICIES FOR FY 2007/2008

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

BASIC ELIGIBILITY

1. **Reduction of Emissions:** A project must result in the reduction of motor vehicle emissions within the Air District's jurisdiction to be considered eligible for TFCA funding. Projects that are subject to emission reduction regulations, contracts, or other legal obligations must achieve surplus emission reductions to be considered for TFCA funding. Surplus emission reductions are those that exceed the requirements of applicable State or federal regulations or other legal obligations at the time the Air District Board of Directors approves a grant award. Planning activities (e.g., feasibility studies) that are not directly related to the implementation of a specific project are not eligible for TFCA funding.
2. **TFCA Cost-Effectiveness:** The Air District will only approve grant awards for projects included in County Program Manager expenditure plans that achieve a TFCA cost-effectiveness, on an individual project basis, equal to or less than \$90,000 of TFCA funds per ton of total ROG, NO_x and weighted PM₁₀ emissions reduced (\$/ton). TFCA County Program Manager administrative costs are excluded from the calculation of TFCA cost-effectiveness.
3. **Viable Project:** Each grant application should clearly identify sufficient resources to complete the respective project. Grant applications that are speculative in nature, or contingent on the availability of unknown resources or funds, will not be considered for funding.
4. **Eligible Recipients:** TFCA grants may be awarded to public agencies and non-public entities. Eligible grant recipients must be responsible for the implementation of the project and have the authority and capability to complete the project. Non-public entities may only be awarded TFCA grants to implement clean air vehicle projects to reduce mobile source emissions within the Air District's jurisdiction for the duration of the useful life of the vehicle(s), including, but not limited to, engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstration projects.

As a condition of receiving TFCA funds for projects sponsored by non-public entities, a County Program Manager must provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s).

5. **Public Agencies Applying on Behalf of Non-Public Entities:** A public agency may apply for TFCA funds for clean air vehicles on behalf of a non-public entity. As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency shall enter into a funding agreement with the Air District and provide a written, binding

agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s).

6. **Consistent with Existing Plans and Programs:** All projects must conform to the types of projects listed in the California Health and Safety Code Section 44241 and the transportation control measures and mobile source measures included in the Air District's most recently approved strategy(ies) for State and national ozone standards and, when applicable, with other adopted State and local plans and programs.
7. **Readiness:** A project will be considered for TFCA funding only if the project will commence in calendar year 2008 or sooner. For purposes of this policy, "commence" means to order or accept delivery of vehicles or other equipment being purchased as part of the project, to begin delivery of the service or product provided by the project, or to award a construction contract.
8. **Maximum Two Year Operating Costs:** TFCA grant applications that request operating funds to provide a service, such as ridesharing programs, bicycle stations, and shuttle and feeder bus projects, are eligible for funding for up to two years. Applicants who seek TFCA funds for additional years must re-apply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

9. **Failed Audit:** Project sponsors who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project will be excluded from future funding for five (5) years, or another 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 implemented. A failed fiscal audit means an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the project was not implemented as set forth in the project funding agreement.
10. **Signed Funding Agreement:** Only a fully executed funding agreement (i.e., signed by both the Air District and the County Program Manager) constitutes a final approval and obligation on the part of the Air District to fund a project. While the Air District Board of Directors must approve the Air District staff's recommendation for TFCA grant awards, Board approval does not constitute a final obligation on the part of the Air District to fund a project. No payment requests associated with the implementation of a project will be processed if: a) the funding agreement for the project has not been fully and properly executed, b) the costs in the payment request were incurred before the date that the funding agreement was executed, or c) the project is no longer eligible for TFCA funding (e.g., due to additional information becoming available after grant award approval by the Air District Board of Directors).

INELIGIBLE PROJECTS

11. **Duplication:** Grant applications for projects that duplicate existing TFCA-funded projects and therefore do not achieve additional emission reductions will not be considered for funding. Combining TFCA County Program Manager Funds with TFCA Regional Funds to achieve greater emission reductions for a single project is not considered project duplication.

12. **Employee Subsidy:** Grant applications for projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor will not be considered for funding. For projects that provide such subsidies, the direct or indirect financial transit or rideshare subsidy must be available, in addition to the employees of the project sponsor, to employees other than those of the project sponsor.

USE OF TFCA FUNDS

13. **Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds for the funding of an eligible project. For the purpose of calculating TFCA cost-effectiveness, the combined sum of TFCA County Program Manager Funds and TFCA Regional Funds shall be used to calculate the TFCA cost of the project.
14. **Cost of Developing Proposals:** The costs of developing grant applications for TFCA funding are not eligible to be reimbursed with TFCA funds.
15. **Administrative Costs:** Administrative costs for TFCA County Program Manager Funds are limited to a maximum of five percent (5%) of the actual Department of Motor Vehicles (DMV) fee revenues that correspond to each county, received in a given year. Interest earned on prior DMV funds received shall not be included in the calculation of the administrative costs.

All reimbursement with TFCA funds of administrative costs (i.e., direct and indirect) must be requested and justified in writing in the project application or expenditure plan, and approved in advance and in writing by the Air District.

16. **Expend Funds within Two Years:**

County Program Manager Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program Manager in the applicable fiscal year, unless a longer period is formally (i.e., in writing) approved in advance by the County Program Manager. County Program Managers may approve no more than two (2) one-year (1-year) schedule extensions for a project, and must notify the Air District of each extension. Any subsequent schedule extensions for projects can only be given if written approval is received by the Program Manager from the Air District.

CLEAN AIR VEHICLE PROJECTS

17. **Non-public entities:** Non-public entities may only apply for funding for clean air vehicle projects. No single non-public entity may be awarded more than \$500,000 in TFCA County Program Manager Funds for clean air vehicle projects in each funding cycle.
18. **Light-Duty Clean Air Vehicle Eligibility:** For TFCA purposes, light-duty vehicles are those 10,000 pounds gross vehicle weight (GVW) or lighter. All light-duty chassis-certified vehicles certified by the California Air Resources Board (CARB) as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards are eligible for TFCA funding. Gasoline and diesel vehicles are not eligible for TFCA funding. Hybrid-electric vehicles that meet the SULEV, PZEV, AT-PZEV, or ZEV standards are eligible for TFCA funding.

- 19. Light-Duty Clean Air Vehicle Funding Participation:** For light-duty clean air vehicle projects for passenger cars, pick-up trucks, and vans, project sponsors may receive no more than the following funding incentive amounts:

Emission Rating	Vehicle Type	Incentive Amount
PZEV/SULEV	Hybrid electric	\$2,000
PZEV/SULEV	Natural gas / propane	\$4,000
ZEV	Highway battery electric	\$5,000
ZEV	City battery electric	\$3,000
ZEV	Neighborhood battery electric	\$1,000
ZEV	3-wheel battery electric	\$1,000

These incentive amounts above will be pro-rated for leased vehicles in those cases where the vehicle is available for purchase. The incentive amounts for partial zero emission vehicles (PZEV) and advanced technology-partial zero emission vehicles (AT-PZEV) are the same as for SULEV-rated vehicles.

20. Heavy-Duty Clean Air Vehicles

Eligibility: Heavy-duty vehicles are on-road motor vehicles with a GVW of 10,001 pounds or heavier. To qualify for TFCA funding, a heavy-duty vehicle project must provide surplus emission reductions beyond the requirements of any applicable State or federal standard, regulation, contract or other legal obligation. In addition, advanced technology heavy-duty vehicle projects can be funded with TFCA revenues.

Funding Participation: Project sponsors may be awarded TFCA funds to cover no more than the incremental cost of the new cleaner vehicle. This includes public transit agencies that have elected to pursue the “alternative fuel” path under CARB’s urban transit bus regulation. Incremental cost is the difference in the purchase or lease price of the new clean air vehicle and its new diesel counterpart. Compliance with the cost-effectiveness requirement is not waived or altered by this policy.

Scrapping Requirements: Project sponsors of heavy-duty vehicles purchased or leased with TFCA funds that have model year 1993 or older heavy-duty diesel vehicles in their fleet are required to scrap one model year 1993 or older vehicle for each new vehicle purchased or leased with TFCA funds. Project sponsors with only model year 1994 and newer vehicles in their fleet may, but are not required to, scrap an existing operational diesel vehicle within their fleet. Emission reductions associated with scrapping an existing operational diesel vehicle will be factored into the calculations of the overall emission reductions for the project. TFCA funds will not cover the cost of the scrapped vehicle.

21. Reducing Emissions from Existing Heavy-Duty Diesel Engines:

Options available to reduce emissions from existing heavy-duty diesel engines include:

- a) Repowers – To be eligible for TFCA funding, the new engine selected to repower an existing heavy-duty vehicle must reduce emissions by at least 15% compared to the direct exhaust emission standards of the existing engine that will be replaced.
- b) Diesel Emission Control Strategies – Diesel emission control strategies compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:

- 1) All control strategies must be approved by CARB to reduce emissions from the relevant engine;
 - 2) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the emission control strategy; and
 - 3) The project sponsor must install the highest level (i.e., most effective) diesel emission control strategy that is approved by CARB for the specific engine.
- c) Clean Fuels or Additives – Clean fuels or additives compatible with existing heavy-duty engines are eligible for TFCA funding, subject to the conditions described below:
- 1) All clean fuels or additives must be approved by CARB to reduce emissions and for use with the relevant engine; and
 - 2) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.
- 22. Bus Replacements:** For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than fifteen (15) persons, including the driver. A vehicle designed, used, or maintained for carrying more than ten (10) persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool vehicle is not considered a bus.
- 23. Advanced Technology Demonstration Projects:** Vehicle-based advanced technology demonstration projects are eligible for TFCA funding. Advanced technology demonstration projects are subject to the TFCA cost-effectiveness requirement, and grant applications for such projects must include best available data that can be used to estimate the cost-effectiveness of such projects.

SHUTTLE/FEEDER BUS SERVICE PROJECTS

- 24. Shuttle/Feeder Bus Service:** Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The service route must go to or from a rail station, airport, or ferry terminal, and the project must:
- a) Be submitted by a public transit agency; or
 - b) Be accompanied by documentation from the General Manager of the transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency revenue service.

All shuttle/feeder bus service to rail or ferry stations must be timed to meet the rail or ferry lines being served.

Independent (non-transit agency) shuttle/feeder bus projects that received TFCA funding prior to FY 2006/07 and obtained a letter of support from all potentially affected transit agencies need not comply with b) above unless funding is requested for a new or modified shuttle/feeder bus route.

All vehicles used in any shuttle/feeder bus service must meet the applicable CARB particulate matter (PM) standards for public transit fleets. For the purposes of TFCA funding, shuttle projects comply with these standards by using one of the following types of shuttle/feeder bus vehicles:

- a) an alternative fuel vehicle (CNG, LNG, propane, electric);
- b) a hybrid-electric vehicle;
- c) a post-1994 diesel vehicle and a diesel emission control strategy approved by CARB to reduce emissions from the relevant engine; or
- d) a post-1989 gasoline-fueled vehicle.

No other types of vehicles, except for those listed in a) through d) above, are eligible for funding as shuttle/feeder bus service projects.

BICYCLE PROJECTS

- 25. Bicycle Projects:** New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. For purposes of this policy, if there is no adopted countywide bicycle plan, the project must be in the county's CMP, or the responsible Congestion Management Agency must provide written intent to include the project in the next update of the CMP. Eligible projects are limited to the following types of bicycle facilities for public use: a) new Class-1 bicycle paths; b) new Class-2 bicycle lanes; c) new Class-3 bicycle routes; d) bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels; e) bicycle lockers; f) attended bicycle storage facilities; and g) development of a region-wide web-based bicycle trip planning system. All bicycle facility projects must, where applicable, be consistent with design standards published in Chapter 1000 of the California Highway Design Manual.

ARTERIAL MANAGEMENT PROJECTS

- 26. Arterial Management:** Arterial management project applications must specifically identify a given arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funding. Incident management projects on arterials are eligible to receive TFCA funding. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. For signal timing projects, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more.

SMART GROWTH PROJECTS

- 27. Smart Growth/Traffic Calming:** Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds subject to the following conditions: a) the development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, traffic-calming plan, or other similar plan; and b) the project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District strategy for State and national ozone standards. Pedestrian projects are eligible to receive TFCA funding. Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential and retail areas.

ATTACHMENT B

Please note: added text is underlined; deleted text is ~~lined-out~~.

~~BOARD-ADOPTED~~PROPOSED TFCA COUNTY PROGRAM MANAGER FUND POLICIES FOR FY ~~2005/06~~2007/2008

~~Policies may apply to one or more of the following funds/programs: Program Manager Funds, Regional Funds, and Vehicle Incentive Program (VIP). The funds/programs that each policy applies to are indicated in parentheses following the policy. Please note that many policies have been modified and/or renumbered since last year (FY 2004/05).~~

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

BASIC ELIGIBILITY

- ~~1. **Reduce**~~**Reduction of Emissions:** A project must result in the reduction of motor vehicle emissions within the Air District's jurisdiction to be considered eligible for TFCA ~~funds~~funding. Projects that are subject to emission reduction regulations, contracts, or other legal obligations must achieve surplus emission reductions to be considered for TFCA funding. Surplus emission reductions are those that exceed the requirements of applicable State or federal regulations or other legal obligations at the time the Air District Board of Directors approves a grant award. Planning activities (e.g., feasibility studies) that are not directly related to the implementation of a specific project are not eligible for TFCA ~~funds~~funding.
- ~~2. **TFCA Cost-Effectiveness and Minimum Score:**~~
The Air District will only approve grant awards for projects included in County Program Manager expenditure plans that achieve a TFCA cost-effectiveness, on an individual project basis, equal to or less than \$90,000 of TFCA funds per ton of total ROG, NOx and weighted PM₁₀ emissions reduced (\$/ton). ~~The following TFCA County Program Manager administrative costs are excluded from the calculation of TFCA cost-effectiveness: TFCA Program Manager administrative costs, alternative fuel infrastructure projects, light duty clean air vehicles with a gross vehicle weight (GVW) of 10,000 pounds or less, and TFCA Program Manager funds allocated for the Regional Rideshare Program.~~
TFCA County Program Manager administrative costs are excluded from the calculation of TFCA cost-effectiveness.
- ~~3. **Viable Project:**~~ Each project grant application should clearly identify sufficient resources to ~~accomplish~~complete the respective project. ~~Applications~~Grant applications that are speculative in nature, or ~~are~~ contingent on the availability of unknown resources or funds, will not be considered for funding.
- ~~4. **Responsible Public Agency**~~**Eligible Recipients:** TFCA ~~funds~~grants may ~~only~~ be awarded to public agencies. ~~These agencies~~ and non-public entities. Eligible grant

recipients must be responsible for the implementation of the project and have the authority and capability to complete the project. Non-public entities may only be awarded TFCA grants to implement clean air vehicle projects to reduce mobile source emissions within the Air District's jurisdiction for the duration of the useful life of the vehicle(s), including, but not limited to, engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstration projects.

~~5. **Non-Public Entities:** A public agency may apply for TFCA funds for clean air vehicles on behalf of a non-public entity when one or more of the following conditions are met:~~

- ~~— a) the non-public entity will use the vehicle(s) to provide, under permit or contract, an essential public service that would otherwise be provided directly by the public agency (e.g., refuse collection, street cleaning, school bus service, paratransit services for elderly or disabled people, etc.); or~~
- ~~— b) the non-public entity will use the vehicle(s) to provide to the general public, under permit or contract, transportation demand management services (e.g., vanpools, shuttles to transit stations, door-to-door airport shuttles, taxi services, etc.) or services that provide members of the public with an opportunity to use light-duty clean air vehicles eligible under Policy #28, e.g., through station car projects, car rental services, or car-sharing programs.~~

~~As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency~~ As a condition of receiving TFCA funds for projects sponsored by non-public entities, a County Program Manager must provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s). ~~In those situations where multiple non-public entities are under contract or permit to provide the service described in a) or b) above, the public agency must provide a written policy that demonstrates that the vehicle incentive funds will be offered on an equitable basis to all of the non-public entities which are providing the service.~~

~~6. **5. Public Agencies Applying on Behalf of Non-Public Entities:** A public agency may apply for TFCA funds for clean air vehicles on behalf of a non-public entity. As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency shall enter into a funding agreement with the Air District and provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s).~~

6. Consistent with Existing Plans and Programs: All projects must conform to the types of projects listed in the California Health and Safety Code Section 44241 and the transportation control measures and mobile source measures included in the Air District's most recently approved strategy(ies) for State and national ozone standards and, when applicable, with ~~the appropriate Congestion Management Program~~ other adopted State and local plans and programs.

~~117.~~ **Readiness:** ~~Projects~~ A project will be considered for TFCA funding only if the project will commence in calendar year ~~2006~~2008 or sooner. For purposes of this policy, “commence” means to order or accept delivery of vehicles or other equipment being purchased as part of the project, to begin delivery of the service or product provided by the project, or to award a construction contract.

8. **Maximum One Year Operating Costs:** TFCA grant applications that request operating funds to provide a service, such as ridesharing programs, bicycle stations, and shuttle and feeder bus projects, are eligible for funding on an annual basis: i.e., the Air District will approve funding for one (1) annual budget cycle. Applicants who seek TFCA funds for additional years must re-apply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

~~15.~~ **Failed Audit:** Project sponsors who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project ~~may, at the discretion of the Air Pollution Control Officer (APCO), will~~ be excluded from future funding ~~for five (5) years, or another duration determined by the Air District Air Pollution Control Officer (APCO).~~ Existing TFCA funds already awarded to the ~~agency~~ project sponsor will not be released until all audit recommendations and remedies have been implemented.

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

10. **Signed Funding Agreement:** Only a fully executed funding agreement (i.e., signed by both the Air District and the County Program Manager) constitutes a final approval and obligation on the part of the Air District to fund a project. While the Air District Board of Directors must approve the Air District staff's recommendation for TFCA grant awards, Board approval does not constitute a final obligation on the part of the Air District to fund a project. No payment requests associated with the implementation of a project will be processed if: a) the funding agreement for the project has not been fully and properly executed, b) the costs in the payment request were incurred before the date that the funding agreement was executed, or c) the project is no longer eligible for TFCA funding (e.g., due to additional information becoming available after grant award approval by the Air District Board of Directors).

INELIGIBLE PROJECTS

~~18~~11. **Duplication:** Applications Grant applications for projects ~~which that~~ duplicate existing TFCA-funded projects, ~~regardless of funding source, and therefore do not achieve additional emission reductions~~ will not be considered for funding. Combining TFCA County Program Manager Funds with TFCA Regional Funds ~~to achieve greater emission reductions~~ for a single project is not considered project duplication. ~~Applications requesting TFCA funding~~

12. **Employee Subsidy:** Grant applications for ~~project costs with duplicate funding sources~~ will not be considered for funding.

~~19. **Employee Subsidy:** Projects~~ projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor will not be considered for funding. For projects that provide such subsidies, the direct or indirect financial transit or rideshare subsidy must be available, in addition to the employees of the project sponsor, to employees other than those of the project sponsor.

USE OF TFCA FUNDS

2013. **Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds for the funding of an eligible project. For ~~purposes~~ the purpose of

calculating TFCA ~~funding cost~~-effectiveness ~~for, the combined sum of TFCA County Program Manager Funds and~~ TFCA Regional Funds (~~Evaluation Criterion #2~~), ~~the 40% County Program Manager Funds will be included in the calculation of~~ shall be used to calculate the TFCA cost of the project.

~~21~~**14. Cost of Developing Proposals:** The costs of developing ~~proposals~~ grant applications for TFCA funding are not eligible to be reimbursed with TFCA funds.

~~22~~**15. Administrative Costs:**

Administrative costs for TFCA County Program Manager Funds are limited to a maximum of five percent (5%) of the actual Department of Motor Vehicles (DMV) fee revenues that correspond to each county, received in a given year. Interest earned on prior DMV funds received shall not be included in the calculation of the administrative costs.

All reimbursement with TFCA funds of administrative costs (i.e., direct and indirect) must be requested and justified in writing in the project application or expenditure plan, and approved in advance and in writing by the Air District.

~~16. 23.~~ **Expend Funds within Two Years:** ~~In the case of the~~

County Program Manager Funds, ~~the funds~~ must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program Manager in the applicable fiscal year, unless a longer period is formally (i.e., in writing) approved in advance by the County Program Manager. ~~County~~ Program Managers may approve no more than two (2) one ~~(1)~~-year (1-year) schedule extensions for a project. ~~A third schedule~~, and must notify the Air District of each extension. Any subsequent schedule extensions for ~~a project~~ projects can only be given if written approval is received by the Program Manager from the Air District.

CLEAN AIR VEHICLE (CAV) PROJECTS

~~25.~~ **CLEAN AIR VEHICLE Infrastructure:** ~~The TFCA Program Manager Funds may be used for infrastructure to support electric vehicles recharging for transit agencies, natural gas vehicles and fuel cell vehicles. The infrastructure must be accessible, to the extent feasible, to other public agencies, private fleets, and the general public.~~ **PROJECTS**

~~26.~~ **17. Non-public entities:** Non-public entities may only apply for funding for clean air vehicle projects. No single non-public entity may be awarded more than \$500,000 in TFCA County Program Manager Funds for clean air vehicle projects in each funding cycle.

18. Light-Duty Clean Air Vehicle Weights: Eligibility: For TFCA purposes, light-duty vehicles are those 10,000 pounds gross vehicle weight (GVW) or lighter. ~~Heavy-duty vehicles are those 10,001 pounds GVW or heavier.~~

~~27.~~ **Light-Duty CAV Eligibility:** ~~All light-duty chassis-certified vehicles certified by the California Air Resources Board (CARB) as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards are eligible for TFCA funding. Gasoline and diesel vehicles are not eligible for TFCA funding. Hybrid-electric vehicles that meet the SULEV, PZEV, AT-PZEV, or ZEV standards are eligible for TFCA funding.~~

2819. Light-Duty CAV Clean Air Vehicle Funding Participation: For light-duty clean air vehicle projects for passenger cars, pick-up trucks, and vans, project sponsors may receive no more than the following funding incentive amounts:

Emission Rating	Vehicle Type	Incentive Amount
PZEV/SULEV	Hybrid electric	\$2,000
PZEV/SULEV	Natural gas / propane	\$4,000
ZEV	Highway battery electric	\$5,000
ZEV	City battery electric	\$3,000
ZEV	Neighborhood battery electric	\$1,000
ZEV	3-wheel battery electric	\$1,000

These incentive amounts above will be pro-rated for leased vehicles in those cases where the vehicle is available for purchase. The incentive amounts for partial zero emission vehicles (PZEV) and advanced technology-partial zero emission vehicles (AT-PZEV) are the same as for SULEV-rated vehicles.

~~29. New Heavy-Duty CAV Eligibility: To be eligible for TFCA funding, the engines of all new heavy-duty vehicles must be certified to CARB's optional reduced emission NO_x plus non-methane hydrocarbon (NMHC) standard for 2004 (1.8 g/bhp-hr), or lower. Emission reductions for~~

20. Heavy-Duty Clean Air Vehicles

Eligibility: Heavy-duty vehicles are on-road motor vehicles with a GVW of 10,001 pounds or heavier. To qualify for TFCA funding, a heavy-duty engine projects will be calculated by comparing the CARB certification level for the engine to the CARB emission standard or regulation that applies for the particular fleet or vehicle. To qualify for TFCA funding, the project must provide surplus emission reductions beyond the requirements of the any applicable CARB standard State or federal standard, regulation, contract or other legal obligation. In addition, advanced technology heavy-duty vehicle projects can be funded with TFCA revenues.

~~30. Heavy-Duty CAV Funding Participation: For heavy-duty clean air vehicle projects, project sponsors may receive be awarded TFCA funds to cover no more than the incremental cost of the new cleaner vehicle. This includes public transit agencies that have elected to pursue the "alternative fuel" path under CARB's urban transit bus regulation. Incremental cost is the difference in the purchase prices or lease price of the new clean air vehicle and its new diesel counterpart. However, public transit agencies, which have elected to pursue the "alternative fuel" path under CARB's urban transit bus regulation, may continue to apply for up to \$150,000 per alternative fuel transit bus (30ft. Compliance with the cost-effectiveness requirement is not waived or bigger) altered by this policy.~~

~~31. Heavy-Duty Vehicle Replacement: Sponsors~~ Scrapping Requirements: Project sponsors of heavy-duty vehicles purchased with TFCA funds must either:

- ~~a) replace an existing similar or equivalent registered and operational diesel vehicle within the applicable vehicle fleet, leased with TFCA funds that have model year 1993 or acquire and older heavy-duty diesel vehicles in their fleet are required to scrap an equivalent registered and operational vehicle from another fleet within the Bay Area.~~

~~The vehicle being replaced must be removed from service and destroyed (i.e., destruction of the engine block and frame/chassis), one model year 1993 or~~

~~b) — add a diesel emission control strategy to an existing similar older vehicle for each new vehicle purchased or equivalent registered and operational vehicle within the applicable vehicle fleet or within the fleet of the project sponsor. The control strategy must be certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine. This option requires the use of ultra low sulfur diesel leased with TFCA funds. Project sponsors with only model year 1994 and newer vehicles in their fleet may, but are not required to, scrap an existing operational diesel vehicle within their fleet. Emission reductions associated with scrapping an existing operational diesel vehicle will be factored into the calculations of the overall emission reductions for the project. TFCA funds will not cover the cost of the scrapped vehicle.~~

~~Applicants may request TFCA funds, pursuant to guidelines developed by Air District staff, to offset the cost of complying with this policy. If the applicant requests TFCA funds to cover these costs, the funds will be included in calculating the TFCA cost-effectiveness of the project application.~~

~~Note: a “registered and operational vehicle” is a vehicle that has been registered with the California Department of Vehicles as an operational vehicle within the jurisdiction of the Air District for at least two (2) years prior to the application date.~~

3221. Reducing Emissions from Existing Heavy-Duty Diesel Engines:

Options available to reduce emissions from existing heavy-duty diesel engines include:

a) Repowers – To be eligible for TFCA funding, the new engine selected to repower an existing heavy-duty vehicle must reduce ~~NO_x~~ emissions by at least 15% compared to the direct exhaust emission standards of the existing engine that will be replaced.

b) Diesel Emission Control Strategies – Diesel emission control strategies compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:

1) All control strategies must be ~~certified or verified~~ approved by CARB to reduce emissions ~~and be approved by CARB for use with~~ from the relevant engine.;

2) ~~The use of ultra low sulfur diesel (15 ppm sulfur, or less) is required in conjunction with all control strategies.~~

TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the emission control strategy.;

~~4) Diesel emissions control strategies must meet the applicable CARB standard for NO₂ emissions when the standard is put into effect and strategies are available that meet the standard.~~

3) The project sponsor must install the highest level (i.e., most effective) diesel emission control strategy that is ~~verified~~ approved by CARB for the specific engine ~~and which can be used without jeopardizing the original engine warranty in effect at the time of application.~~

c) Clean Fuels or Additives – Clean fuels or additives compatible with existing heavy-duty engines are eligible for TFCA funding, subject to the conditions described below:

- 1) All clean fuels or additives must be ~~certified or verified~~approved by CARB to reduce emissions and ~~be approved by CARB~~ for use with the relevant engine; and
- 2) ~~Ultra-low-sulfur diesel is not eligible for funding.~~
- 3) ~~TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.~~

22. Bus Replacements: For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than fifteen (15) persons, including the driver. A vehicle designed, used, or maintained for carrying more than ten (10) persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool vehicle is not considered a bus.

23. Advanced Technology Demonstration Projects: Vehicle-based advanced technology demonstration projects are eligible for TFCA funding. Advanced technology demonstration projects are subject to the TFCA cost-effectiveness requirement, and grant applications for such projects must include best available data that can be used to estimate the cost-effectiveness of such projects.

SHUTTLE/FEEDER BUS SERVICE PROJECTS

3424. Shuttle/Feeder Bus Service: Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The service route must go to or from a rail station, airport, or ferry terminal, and the project must:

- a) Be submitted by a public transit agency; or
- b) Be accompanied by documentation from the General Manager of the transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency revenue service.

All shuttle/feeder bus service to rail or ferry stations must be timed to meet the rail or ferry lines being served.

Independent (non-transit agency) shuttle/feeder bus projects that received TFCA funding prior to FY ~~2002/03~~2006/07 and obtained a letter of support from all potentially affected transit agencies need not comply with ~~“b”~~ above unless funding is requested for a new or modified shuttle/feeder bus route.

All vehicles used in any shuttle/feeder bus service must meet the applicable CARB particulate matter (PM) standards for public transit fleets. For the purposes of TFCA funding, shuttle projects comply with these standards by using one of the following types of shuttle/feeder bus vehicles:

- a) an ~~alternate~~alternative fuel vehicle (CNG, LNG, propane, electric);
- b) a hybrid-electric vehicle;
- c) a post-1994 diesel vehicle and a diesel emission control strategy ~~certified or verified~~approved by CARB to reduce emissions ~~and approved by CARB for use with~~from the relevant engine ~~(this option requires the use of ultra-low-sulfur diesel);~~ or
- d) a post-1989 gasoline-fueled vehicle.

No other types of vehicles, except for those listed in a) through d) above, are eligible for funding as shuttle/feeder bus service projects.

BICYCLE PROJECTS

35-25. Bicycle Projects: ~~Bicycle~~ New bicycle facility ~~improvement~~ projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. For purposes of this policy, if there is no adopted countywide bicycle plan, the project must be in the county's CMP, or the responsible Congestion Management Agency must provide written intent to include the project in the next update of the CMP. Eligible ~~bicycle~~ projects are limited to the following types of bicycle ~~improvement~~ facilities for public use: a) new Class-1 bicycle paths; b) new Class-2 bicycle lanes ~~(or widening of outside lanes to accommodate bicycles)~~; c) new Class-3 bicycle routes; d) bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels; e) bicycle lockers; f) attended bicycle storage facilities; and g) development of a region-wide web-based bicycle trip planning system. All bicycle facility ~~improvement~~ projects must, where applicable, be consistent with design standards published in Chapter 1000 of the California Highway Design Manual.

ARTERIAL MANAGEMENT PROJECTS

36-26. Arterial Management: Arterial management ~~projects~~ project applications must specifically identify a given arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funding. Incident management projects on arterials are eligible to receive TFCA funding. Transit improvement projects include, but are not limited to, bus rapid transit bus priority and bus stop relocation transit priority projects. For signal timing projects, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more.

SMART GROWTH PROJECTS

37-27. Smart Growth/Traffic Calming: Physical improvements that support development projects and/or calm traffic, resulting in ~~the achievement of~~ motor vehicle emission reductions, are eligible for TFCA funds subject to the following conditions: a) the development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, traffic-calming plan, or other similar plan; and b) the project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District strategy ~~(ies)~~ for State and national ozone standards ~~throughout the agency's jurisdiction~~. Pedestrian projects are eligible to receive TFCA funding. Traffic calming projects are limited to physical improvements that reduce vehicular speed by design. ~~Improvements that rely only on driving behavior modification are not eligible~~ and improve safety conditions for funding pedestrians, bicyclists or transit riders in residential and retail areas.

ATTACHMENT C
PROPOSED TFCA COUNTY PROGRAM MANAGER FUND
POLICIES FOR FY 2007/2008
COMMENTS RECEIVED AND STAFF RESPONSES

Signer and Agency/Entity	Comment	Staff Response
<p>José Luis Moscovich, Moderator of Bay Area Congestion Management Agency (CMA) Directors; Amber Elizabeth Crabbe, Senior Transportation Planner, San Francisco County Transportation Authority</p>	<p>Proposed Policy #1: Only Consider Surplus-Emission Projects The Air District needs to clarify whether this new policy would mean that TFCA funds can only be used to fund the surplus emission reductions, or whether the existence of surplus emissions would qualify the entire project for funding.</p>	<p>TFCA funds may only be used for the portions of projects that achieve surplus emission reductions. For example, if a project reduced emissions of two pollutants and one pollutant was subject to a regulation, then only the portion of the project reducing the unregulated pollutant could receive TFCA funding.</p>
<p>Matt Todd, Manager of Programming, Alameda County Congestion Management Agency</p>	<p>Proposed Policy #1: Surplus Emission Reductions The BAAQMD should not consider locally passed ordinances to determine if a project would be cost effective. This could create a situation where the same project would be eligible in one city, but not a neighboring city. Regulations or ordinances should apply across the entire BAAQMD region if they are to be a factor of a project's TFCA program eligibility.</p>	<p>Proposed Policy #1 has been revised to clarify that surplus emission reductions are those beyond State and federal regulations or other legal obligations.</p>

<p>Marcella M. Rensi, Manager, Programming and Grants, Santa Clara Valley Transportation Agency</p>	<p>Proposed Policy #1: [Reduction of Emissions] Emission reduction regulations are frequently enacted without funding mechanisms to help affected agencies comply. TFCA Program Manager funds can be a useful source of money that local agencies can use to pay for such compliance. Enacting this change removes this as a potential source and makes compliance even more challenging.</p>	<p>Please see the response immediately above, addressing this point.</p>
<p>Moscovich; Crabbe</p>	<p>Proposed Policy #2: Elimination of Cost-Effectiveness Calculation Exceptions Eliminating the exemptions of alternative fuel infrastructure and light-duty clean air vehicle projects from the cost-effectiveness calculation requirement will not result in more effective projects; it will only create more work for applicants and Program Managers.</p> <p>If the move is indeed mandated by AB 694, the Air District should work with Program Managers to develop standard methodology for determining cost-effectiveness for these projects.</p>	<p>The proposed policy change addresses a current requirement in the TFCA-enabling legislation. In addition, District staff believes that proposed Policy #2 will result in more cost-effective projects. Regarding a methodology for light-duty vehicles, the District has determined the cost-effectiveness of various funding incentive amounts for a range of eligible vehicle types. These maximum amounts are found in proposed Policy #19. Thus, TFCA Program Managers could use these figures and would not need to calculate cost-effectiveness for each light-duty vehicle project.</p> <p>Regarding alternative fuel infrastructure projects, under the proposed policies such projects could be considered only under proposed Policy #23, Advanced Technology Demonstration Projects. District staff will evaluate such projects on a case-by-case basis, and encourage Program Manager staff to contact District staff to discuss data needs (e.g., facility usage) in advance of the expenditure program deadline.</p>

<p>Todd</p>	<p>Proposed Policy #2: Elimination of Cost-Effectiveness Calculation Exceptions Eliminating the exemptions of alternative fuel infrastructure and light-duty clean air vehicle projects from the cost-effectiveness calculation requirement will not result in more effective projects; it will only create more work for applicants, Program Managers and the Air District.</p> <p>If the move is indeed mandated by AB 694, the Air District should work with Program Managers to amend the legislation that governs the program.</p>	<p>Please see the response immediately above, addressing this point.</p> <p>District staff is interested in working with TFCA Program Managers on all levels to further improve the TFCA program.</p>
<p>Moscovich</p>	<p>Proposed Policy #4: Non-Public Entities as Eligible Recipients of Local TFCA Funds Allowing non-public entities to apply for and receive local TFCA grants directly, without sponsorship by a public agency already familiar with the TFCA program, will likely result in inconsistent adherence to TFCA guidelines and related problems.</p>	<p>The eligibility of non-public entities to apply for TFCA funds for clean air vehicle projects is now part of the TFCA-enabling legislation. The actual inclusion of non-public entities in a proposed expenditure program is at the discretion of each TFCA Program Manager.</p>
<p>Moscovich; Crabbe</p>	<p>Proposed Policy #8: Limit Operating Project Requests to One Year of Funding It is unrealistic to limit these projects to one year of funding. This would only discourage project sponsors from applying for operating funds from the local TFCA program. Ridesharing and shuttle or feeder bus projects, in particular, require several months of work to get the service up and running, and several more months to draw a steady base of users. Without being guaranteed at least two years of funding, sponsors for these projects may not be willing to risk spending the effort to apply for a grant. Similar federally funded projects can be awarded up to three years' worth of funds. The Air District should continue to fund operating projects for at least two-year periods.</p>	<p>The proposed recommendation will provide that TFCA County Program Manger fund grant applications that request operating funds to provide a service, such as ridesharing programs, bicycle stations, and shuttle and feeder bus projects, be eligible for funding for up to two years.</p>

<p>Todd</p>	<p>Proposed Policy #8: Limit Operating Project Requests to One Year of Funding It is unrealistic to limit the operating projects to one year of funding. These projects can provide support for other transit investments in the region. The one year limitation only makes additional administrative work for sponsor, Program Manager and air district staff for projects that, in the past, have applied for and received funding for more multiple years. Similar federally funded projects can be awarded up to three years' worth of funds. The Air District should continue to fund operating projects for at least two-year periods.</p>	<p>Please see the response immediately above.</p>
<p>Rensi</p>	<p>Proposed Policy #8: [Maximum One Year Operating Costs] Existing law allows the Air District and Program Managers to fund multi-year operating projects, including shuttles and ridesharing programs. BAAQMD's own research has found that some of these are among the most cost-effective projects in the region. Forcing these projects to rely on annual programming creates unnecessary uncertainty and is counterproductive. VTA recommends no change to current policy.</p>	<p>Please see the response above.</p>
<p>Rensi</p>	<p>Proposed Policy #9: [Failed Audit] Please consider specifying how long the project sponsor would be barred from the TFCA program.</p>	<p>Proposed Policy #9 has been changed. The duration that an entity can be barred from TFCA funding under proposed Policy #9 would now be five years, unless another term is determined by the District's Executive Officer/APCO.</p>

<p>Moscovich</p>	<p>Proposed Policy #10: No Costs Incurred Before Funding Agreement Signed The Air District currently does not release or execute local TFCA Funding Agreements with the Program Managers on a predictable timeline. If the proposed policy is implemented, preventing costs from being incurred until the execution of a Funding Agreement, grants intended to continue existing service or an existing project may not be executed in time to prevent a lapse in funding and a potential suspension of service. The District needs to clarify how such situations will be addressed or commit to a timeline for executing funding agreements.</p>	<p>District staff is committed to avoiding any lapses in funding or disruptions in service. The requirement that only costs incurred after funding agreement execution can be repaid reflects a recent interpretation by the District’s Legal Counsel. The District interpretation is that only the District’s Executive Officer/APCO is authorized to enter into agreements that commit District-administered grant funds, and any costs incurred before the execution of a formal agreement could be considered an improper gift of government funds. Approval by the District’s Board of Directors is a necessary but, by itself, insufficient condition for commitment of District funds. District staff is taking steps to streamline the process for preparing and delivering funding agreements, and welcomes further suggestions about this process.</p>
<p>Rensi</p>	<p>Proposed Policy #10: [Signed Funding Agreement] VTA strongly recommends that the implementation of this proposal be contingent upon BAAQMD approval of the Program Manager projects and issuance of draft Master Funding Agreements prior to the beginning of the state fiscal year (July 1).</p> <p>Unless BAAQMD can guarantee timely and consistent program approvals and contract executions, this policy, in conjunction with proposed Policy #8 puts annual operating programs, such as shuttles, at risk of running out of money due to delayed administrative processing. This is actually occurring right now with the Regional fund and the ACE Shuttle program. BAAQMD’s program approval was delayed by a month, and consequently, BAAQMD and VTA are unable to execute</p>	<p>Please see response immediately above. In addition, District staff will consider this comment in revising grant program schedules for calendar year 2007.</p> <p>District staff shares the commenter’s concerns, and is working to avoid any delays or disruptions.</p>

	<p>the 2007 funding agreement before the current 2006 agreement expires on January 1, 2007.</p>	
<p>Todd</p>	<p>Proposed Policy #10: No Costs Incurred Before Funding Agreement Signed The ACCMA requests clarification on the proposed language specifying that the Air District Board of Directors must approve the Air District staff’s recommendations.</p> <p>It is also a concern that the guidelines state that the Air District Board of Director’s approval “does not constitute a final approval” and that Air District staff can subsequently disapprove a project.</p> <p>Also, how will the requirement to program all funds within 6 months of Air District program approval be applied if an Air District Board approved project is disapproved by the Air District staff?</p> <p>The Air District has not released or executed local TFCA Funding Agreements with the Program Managers on a consistent timeline over the last few years. If the proposed policy is implemented, preventing costs from being incurred until the execution of a Funding Agreement, grants intended to continue existing service or an existing project may not be executed in time to prevent a lapse in funding and a potential suspension of service.</p> <p>The revised [policy] 10 also states that no payment for a project will be processed “if the project is no longer eligible for TFCA funding”. We would like to confirm that a project will remain eligible for funding for the agreed upon scope included in a signed</p>	<p>As noted above, approval by the District’s Board of Directors is a necessary but insufficient condition for commitment of TFCA funds.</p> <p>District staff does not foresee many situations in which a project would not be continued after District’s Board of Directors approval. The proposed policy aligns with that for the TFCA Regional Fund. Also, it is possible that some additional information may come to light (e.g., an undisclosed contractual obligation that would eliminate the surplus emission reduction benefits of a project).</p> <p>The requirement to allocate TFCA County Program Manager funds within six months is a legislative one, and thus the District cannot alter or eliminate it.</p> <p>District staff shares the commenter’s concerns, and is working to avoid any delays or disruptions. In addition, District staff will consider this comment in revising grant program schedules for calendar year 2007.</p> <p>A project approved under one set of policies will remain eligible for that funding cycle, even if the eligible project types are changed for subsequent TFCA funding cycles.</p>

	<p>funding agreement even if the TFCA eligible project categories are modified after the execution of a TFCA project agreement.</p>	
<p>Moscovich; Crabbe; Todd</p>	<p>Proposed Policy #16: Elimination of Program Managers’ Ability to Grant Extensions Program Managers may currently grant up to two one-year extensions. This reflects the close working relationships most of us have with project sponsors. Program Managers can anticipate extension needs, and can easily gauge the reasonableness of such requests. The proposed policy change would create inefficiencies by requiring Air District staff to receive, review, discuss, consider, and respond to tens or even hundreds of such requests each year. The existing policy adequately balances the oversight responsibilities of the Air District with the flexibility needed by Program Managers to deliver TFCA projects. It should not be changed.</p>	<p>Proposed Policy #16 has been changed. It would still allow TFCA Program Managers to grant two one-year extensions without District approval, but would require the TFCA Program Managers to notify District staff when they approve each extension.</p>
<p>Rensi</p>	<p>Proposed Policy #16: [Expend Funds within Two Years] The proposed limitation on extensions is contrary to the language of Health and Safety Code Section 44242 (d) which states that: “Any agency which receives funds pursuant to Section 4421 shall encumber and expend the funds within two years of receiving the funds unless an application for funds pursuant to this chapter states that the project will take a longer period of time to implement and is approved by the district or the agency designated pursuant to subdivision (e) of Section 4421. In any other case, the district or agency may extend the time beyond two years, if the recipient of the funds applies for that extension and the district or agency, as the case may be, finds that significant progress has been made on the project for which the funds were granted.” While VTA recognizes BAAQMD’s concern with timely project delivery, this</p>	<p>Please see response immediately above.</p>

	<p>proposal expands BAAQMD’s ability to veto a project extension well beyond the authority granted by statute. VTA feels that the current policy is a reasonable compromise, and supports retaining it without changes.</p>	
Moscovich; Crabbe	<p>Proposed Policy #23: Advanced Technology Demonstration Projects We appreciate the Air District’s proposal of two new policies in response to the changing technologies and methods available to provide air quality benefits to the Bay Area. We encourage the Air District to continue encouraging creativity and innovation by taking action to expand the TFCA program whenever effective practices are identified. This new policy would provide some welcome elucidation on the Air District’s policies about pilot projects and would acknowledge the often difficult task of measuring their air quality benefits. Guidance would be needed from the Air District on what methodology will be accepted in applications for these types of projects.</p>	<p>District staff will consider advanced technology demonstration projects on a case-by-case basis. As noted by the commenters, by their nature, projects of this type typically do not lend themselves to established methodologies for calculating emission reductions. Thus, proposed Policy #23 calls for the best available data to support credible analysis. The District encourages Program Managers or their staff to contact District staff in advance of the expenditure program deadline to discuss data needs.</p>
Todd	<p>Proposed Policy #23: Advanced Technology Demonstration Projects We support this new guideline. We believe this guidance along with close and open communication between the Program Managers and the Air District regarding methods that can be used to measure project cost effectiveness that will be accepted in applications will improve the TFCA Program. We continue to support that the Air District encourage creativity and innovation in the TFCA program whenever effective practices are identified.</p>	<p>Please see response immediately above. District staff embraces open communication, appreciates the input, and reminds TFCA Program Managers and Project Sponsors that projects cannot be altered after application deadlines.</p>
Moscovich; Crabbe	<p>Proposed Policy #26: BRT [(Bus Rapid Transit)] and Transit Priority Projects Eligible for TFCA Funds We appreciate the Air District’s proposal of two new policies in response to the changing technologies and methods</p>	<p>District staff appreciates the input.</p>

	<p>available to provide air quality benefits to the Bay Area. We encourage the Air District to continue encouraging creativity and innovation by taking action to expand the TFCA program whenever effective practices are identified. . . .</p> <p>We applaud the proposal to include BRT and transit priority projects in the Arterial Management category. The expansion of this category would recognize the documented air quality benefits of these projects.</p>	
<p>Rensi</p>	<p>Proposed Policy #26: [Arterial Management]</p> <p>VTA applauds and supports staff’s recommendation to make incident management projects eligible for TFCA funding. Research shows that a surprisingly large percentage of congestion and related excess vehicle emissions come from non-recurring incidents.</p> <p>However, VTA strongly objects to the addition of "excluding expressways" in Proposed Policy #26. According to FHWA roadway classification, Santa Clara County's "expressways" fall under the "Principle Arterial" category. This terminology is used because the "expressways" operate as arterials -- they travel through city-incorporated areas with at-grade signalized intersections. FHWA writes:</p> <p style="padding-left: 40px;">The principal arterial system should carry the major portion of trips entering and leaving the urban area, as well as the majority of through movements desiring to bypass the central city. In addition, significant intra-area travel, such as between central business districts and outlying residential areas... between major inner city communities, or between major suburban centers should be served by this system. [See http://www.fhwa.dot.gov/planning/fcsec2_1.htm]</p> <p>Despite their name, Santa Clara County’s "expressways" are not the same type of facilities that exist in the eastern US, where</p>	<p>District staff appreciates the feedback.</p> <p>Regarding signal timing projects on “expressways and highways,” proposed Policy #26 has been changed back to the original language from fiscal year 2005/2006. Projects on expressways or highways would no longer be categorically excluded. However, TFCA Program Managers and project sponsors should note that signal timing projects can induce enough additional traffic volume to negate the air quality benefits of the project.</p>

	<p>the term "expressway" is used synonymously with "freeway." The Federal Surface Transportation Program (STP) Pavement Rehabilitation Program, administered by MTC, is for locally operated streets that are collectors and arterials in the federal classification system. Santa Clara County's "expressways" receive these funds because the county (a local agency) operates them and they are a type of arterial.</p> <p>References to street designations in TFCA Program Manager Policies should not be based on the street's name but on its roadway classification as specified by FHWA. The term "expressway" can be added to any street name (e.g., San Jose has "Southwest Expressway"). One of the County's "expressways" has a posted speed limit of 35 mph with a signal every 1/4-mile.</p> <p>The intent of the TFCA Arterial Management category is to reduce emissions by improving traffic flow on arterials and the County "expressways" are a major component of Santa Clara County's local arterial network. Therefore, VTA requests that BAAQMD remove the exclusion of "expressways" from the proposed changes or otherwise make clear that the "expressways" in Santa Clara County are eligible by using the FHWA roadway classification of "Principle Arterial" when describing eligible types of roads.</p>	
<p>Todd</p>	<p>Clean Air Vehicle Infrastructure With the deletion of the previous section 25 [(Policy 25 from the FY 2005/2006 policies, titled "Clean Air Vehicle Infrastructure")], we request clarification that clean air vehicle infrastructure will continue to be an eligible project.</p>	<p>Clean air infrastructure projects are not precluded, but would have to meet the requirements of advanced technology demonstration projects (proposed Policy #23) and of the cost-effectiveness criteria (proposed Policy #2).</p>