BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

SCOTT HAGGERTY - CHAIR
TOM BATES
CAROL KLATT
MICHAEL SHIMANSKY

GAYLE B. UILKEMA – VICE CHAIR
YORIKO KISHIMOTO
MARK ROSS
BRAD WAGENKNECHT

THURSDAY
MARCH 26, 2009
9:30 a.m.

4TH 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 FEBRUARY 26, 2009**

4. **UPDATE ON TFCA REGIONAL FUND PROGRAM TRENDS**

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee will receive an update on the TFCA regional fund program trends.

5. **PROPOSED TRANSPORTATION FUND FOR CLEAN AIR REGIONAL FUND POLICIES AND EVALUATION CRITERIA FOR FISCAL YEAR 2009/2010 AND PROPOSED ALLOCATIONS FOR SPECIFIC PROJECT TYPES**

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee will consider recommendations for proposed Transportation Fund for Clean Air Regional Fund policies and evaluation criteria for Fiscal Year 2009/2010 and proposed allocations for specific project types.

6. **UPDATE ON THE CARL MOYER VOUCHER INCENTIVE PROGRAM**

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee will receive an update on the Carl Moyer Voucher Incentive Program.

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:** Thursday, April 23, 2009 at 9:30 a.m., 939 Ellis Street, 4th Floor Conference Room.

9. **ADJOURNMENT**

CONTACT EXECUTIVE OFFICE - 939 ELLIS STREET
SAN FRANCISCO, CA 94109

(415) 749-5127
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 Executive Office should be given at least three working days prior to the date of the meeting so that arrangements can be made accordingly.
- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District's offices at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body. Such writing(s) may also be posted on the District's website (www.baaqmd.gov) at that time.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
(415) 771-6000

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF DISTRICT MEETINGS

MARCH 2009

TYPE OF MEETING	DAY	DATE	TIME	ROOM
Board of Directors Regular Meeting *(Meets 1st & 3rd Wednesday of each Month)*	**Wednesday**	**18**	**9:45 a.m.**	**Board Room**
Joint Policy Committee	**Friday**	**20**	**10:00 a.m.**	**MTC Auditorium 101 8th Street Oakland, CA 94607**
Board of Directors Legislative Committee *(Meets 2nd Thursday of each Month)*	**Monday**	**23**	**9:30 a.m.**	**4th Floor Conf. Room**
Board of Directors Climate Protection Committee *(Meets 2nd Thursday each Month)*	**Monday**	**23**	**Immediately Following Legislative Cme. Meeting**	**4th Floor Conf. Room**
Board of Directors Public Outreach Committee ***(Meets 1st Thursday every other Month)***	**Wednesday**	**25**	**9:30 a.m.**	**4th Floor Conf. Room**
Board of Directors Mobile Source Committee *(Meets 4th Thursday of each month)*	**Thursday**	**26**	**9:30 a.m.**	**4th Floor Conf. Room**
Board of Directors Budget & Finance Committee *(Standing Committee Meeting Date Under Consideration)*	**Monday**	**30**	**9:30 a.m.**	**4th Floor Conf. Room**

APRIL 2009

TYPE OF MEETING	DAY	DATE	TIME	ROOM
Board of Directors Regular Meeting *(Meets 1st & 3rd Wednesday of each Month)*	**Wednesday**	**1**	**9:45 a.m.**	**Board Room**
Advisory Council Regular Meeting	**Wednesday**	**8**	**9:00 a.m.**	**Board Room**
Board of Directors Legislative Committee *(Meets 2nd Thursday of each Month)*	**Thursday**	**9**	**9:30 a.m.**	**4th Floor Conf. Room**
Board of Directors Climate Protection Committee ***(Meets 2nd Thursday each Month)***	**Thursday**	**9**	**Immediately Following Legislative Cme. Meeting**	**4th Floor Conf. Room**
Board of Directors Regular Meeting *(Meets 1st & 3rd Wednesday of each Month)*	**Wednesday**	**15**	**9:45 a.m.**	**Board Room**
Board of Directors Stationary Source Committee *(Meets 3rd Monday Quarterly)*	**Monday**	**20**	**9:30 a.m.**	**Board Room**
Board of Directors Mobile Source Committee – *(Meets 4th Thursday of each Month)*	**Thursday**	**23**	**9:30 a.m.**	**4th Floor Conf. Room**

MAY 2009

TYPE OF MEETING	DAY	DATE	TIME	ROOM
Board of Directors Regular Meeting *(Meets 1st & 3rd Wednesday of each Month)*	**Wednesday**	**6**	**9:45 a.m.**	**Board Room**
Board of Directors Public Outreach Committee ***(Meets 1st Thursday every other Month)***	**Thursday**	**7**	**9:30 a.m.**	**4th Floor Conf. Room**
Advisory Council Regular Meeting	**Wednesday**	**13**	**9:00 a.m.**	**Board Room**
Board of Directors Legislative Committee *(Meets 2nd Thursday of each Month)*	**Thursday**	**14**	**9:30 a.m.**	**4th Floor Conf. Room**
Board of Directors Climate Protection Committee ***(Meets 2nd Thursday each Month)***	**Thursday**	**14**	**Immediately Following Legislative Cme. Meeting**	**4th Floor Conf. Room**
Joint Policy Committee	**Friday**	**15**	**10:00 a.m.**	**MTC Auditorium 101 8th Street Oakland, CA 94607**
Board of Directors Regular Meeting *(Meets 1st & 3rd Wednesday of each Month)*	**Wednesday**	**20**	**9:45 a.m.**	**Board Room**
Board of Directors Mobile Source Committee – *(Meets 4th Thursday of each Month)*	**Thursday**	**28**	**9:30 a.m.**	**4th Floor Conf. Room**

HL – 3/17/09 (9:57 a.m.)
P/Library/Forms/Calendar/Calendar/Moncal

AGENDA: 3

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 18, 2009

Re: Mobile Source Committee Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Mobile Source Committee meeting of February 26, 2009.

DISCUSSION

Attached for your review and approval are the draft minutes of the February 26, 2009 Mobile Source Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

AGENDA: 3

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 749-5000

DRAFT MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
Thursday, February 26, 2009

CALL TO ORDER: Acting Chairperson Tom Bates called the meeting to order at 9:30 AM

Roll Call**:** Scott Haggerty, Chairperson; Gayle B. Uilkema, Vice Chairperson; Tom Bates, Carol Klatt, Mark Ross and Michael Shimansky

Absent: Yoriko Kishimoto and Brad Wagenknecht

Also Present: Chairperson Pamela Torliatt

PUBLIC COMMENTS: There were no public comments

COMMITTEE BUSINESS:

Approval of Minutes: Director Shimansky moved to approve the January 23, 2009 minutes; seconded by Director Klatt; carried unanimously without objection.

4. Vehicle Buyback Program – Recommended Actions:

- Receive and file the 2008 Vehicle Buy Back (VBB) Program Annual Report; and
- Recommend the Board of Directors authorize a) an increase in the amount paid, to up to $1000 per eligible vehicle, and b) an expansion in the range of eligible vehicles.

Staff Presentation by Supervising Environmental Planner David Wiley:

Background Information-VBB Program:

- Voluntary program began in June 1996 to provide financial incentive to retire older, higher-polluting vehicles;
- Retires older, more polluting vehicles and scraps model year 1987 and older light-duty vehicles;
- Pays $650 to qualifying vehicle owners
- Complies with California Air Resources Board regulations
- Funded by MSIF, Carl Moyer Program Funds, and Transportation for Clean Air (TFCA)
- Scrapping contractors:

- Qualify participants, file DMV paperwork, dismantle vehicles for emission reductions, reimburse vehicle owners, and advertise

Staff Recommended Changes to VBB Program:

- Board authorization of the following changes to increase vehicle scrapping rate by:
  a. Offering up to $1,000 per vehicle, and
  b. Expanding range of eligible vehicles.

Justification:

- To increase participation rate
- To align with other state and local programs

Committee Discussion:

- Ross: Clarified District program cannot fund vehicles that do not pass smog inspection.
- Bates: Suggested matter be referred to the Legislative Committee.
- Haggerty: Clarified the Bureau of Automotive Repair (BAR) can buy cars that do not pass smog.
- Torliatt: Clarified with staff that the BAR offers money for repairing or retiring vehicles that fail smog; District and BAR are working together on funding; $13 million statewide is available from AB 118 for the first year; BAR notices go to vehicles that are close to failing or fail smog check. The District's program focuses on all other vehicles and both programs coordinated; A certain percentage of individuals will purchase new vehicles resulting in offset in emissions gains; budget is $7 million with a $4-5 million participation rate.
- Haggerty: Suggested also working with auto dealerships to partner with the District.
- Shimansky: Clarified differences of Bay Area versus Los Angeles emissions and scrapping levels.
- Uilkema: Cost effectiveness in changing to $1,000 per vehicle. Mr. Wiley said given additional level, cost effectiveness may rise and should be limited to $16,000 to meet TFCA and other fund criteria.
- Torliatt & Haggerty: Discussed changing the model year from 1987 to 1989/1990 to promote more funding opportunities, stimulate economy and improve air quality.
- Ross: Clarified program applies to light duty passenger vehicles and some trucks.
- Haggerty: Asked that staff partner in the VBB Program with auto dealerships and for staff to further review expansion of vehicle model years while staying within funding thresholds of the program to ensure cost effectiveness.

Committee Action: Chair Torliatt made a motion to recommend that the Board of Directors discuss findings of staff regarding the effects of further expanding vehicle model years while staying within funding thresholds of the program prior to taking staff recommended action to 1) receive and file the 2008 Vehicle Buy Back (VBB) Program Annual Report; and 2) Consider recommended modifications to program guidelines to align with BAR's/ARB's programs, to include an increase in the amount paid up to $1,000 per eligible vehicle and an expansion in the range of eligible vehicles; Director Ross seconded the motion; which carried unanimously without objection.

5. Update on the Department of Finance (DOF) Audit of Carl Moyer Program – Recommended Actions:

- None; Receive and file the DOF Audit of Carl Moyer Program

Staff Presentation by Supervising Environmental Planner Anthony Fournier:

Background Information:

- June 2007-ARB conducted first audit of the Air District's Carl Moyer Program (CMP) and Lower Emission School Bus Program (LESBP)
- Audit identified deficiencies in program operation
- DOF identified a number of improvements that were needed
- Follow-up audit conducted in May-December 2008 to gauge District's progress
- September 2008-staff briefed Committee on results of audit

DOF Audit:

Focus on expenditures between July 1, 2006 and June 30, 2008

- District staff assisted DOF in fiscal review of CMP, LESBP and MSIF program expenditures
- DOF reviewed District processes, which led to a better understanding of audit process and fiscal state of District's funding programs.

Audit Results:

- DOF commended District on process and oversight improvements; report identified one observation and made one recommendation:
    - Observation: Funds were expended beyond the 2-year deadline: $257,590; $764,677; $3,933,098 of CMP Year 7 multi-district, Year 8 regular and Year 8 multi-district.
    - District Response: District made all payments identified by DOF in accordance with CMP guidelines and under advisement of the ARB.
    - Recommendation: DOF recommends the District institute policies and procedures to ensure projects are completed and funds expended within respective grace periods.
    - District Response: District hired a full-time financial analyst to ensure greater accuracy, tracking, reconciliation and control over program expenditures. District updated policies and procedures to ensure greater oversight/ tracking of expenditures.

Committee Discussion:

Shimansky: Confirmed the District is in complete compliance; no fines or penalties.

Committee Action: Director Uilkema moved to accept the Department of Finance (DOF) Audit update; Director Ross seconded the motion; carried unanimously without objection.

6. Update on Incentive Programs Expenditures – Recommended Action:

- None; Receive and file informational report.

Staff Presentation by Grants Manager Damian Breen:

Background Information:

- Expansive, doubling growth in District's incentives programs during past two years which is expected to continue in FY 09/10

- Projected to increase to $148 million due to influx of MTC 2035 RTP discretionary funds

Funding in FY 08/09:

Trucks - 46%	Arterial Management – 5%
Marine – 12%	Rideshare – 4%
Schoolbus – 11%	Vehicle Buyback – 4%
Locomotive – 5%	Shuttle Services – 3%

Truck Funding

- Projected $47 million in FY 08/09
- 80% of Bay Area health risk from Toxic air contaminants comes from DPM
- 85% of health risk in West Oakland community comes from trucks
- CARE has identified transportation corridors as major contributors to health risk from DPM
- CARE identified "Highly Impacted" communities all located adjacent to transportation corridors

Opportunities:

- RTP 2035 may provide up to $45 million to assist in truck replacements/retrofits
- District to seek additional DERA funding from USEPA ($30 million available in Region 9)
- TFCA funding could be focused on non-truck project categories such as:
- Trip Reduction/Shuttles
- Alternative Fuel Light-Duty vehicles
- Advanced Demonstration Projects (use with AB 118 funds)

Committee/Staff Discussion:

- Bates: Confirmed total of $22 million in TFCA program; 40% share of total goes to counties. Funds can be used for smart growth projects; VBB, bicycle/pedestrian projects, and staff will return and provide a presentation on shuttles.
- Torliatt: Asked staff to identify any remaining fund balances and to identify how all focused monies will be targeted at the next meeting.
- Uilkema: Confirmed Port of Oakland can apply for DERA funds, as well as other funds that address ports and airports.
- Torliatt: Requested an outline from staff of District investments and matching funds, and how they are leveraged.
- Bates: Specifically interested in the RTP and how expenditures coincide with what is being considered by the RTP.
- Haggerty: Reiterated the need for trip reduction and shuttles--connectivity is the key to mass transit.
- Broadbent: Confirmed staff was holding discussions with MTC.

Committee Action: None requested. Presentation for information only.

7. Update on Drayage Truck Retrofit Program - Recommended Action:

- Consider recommending Board of Directors' approval to suspend the expenditure of funds as part of the California Goods Movement Bond (I-Bond) for drayage truck retrofits

Staff Presentation by Executive Officer/APCO Jack Broadbent: Updated the Committee on Port meeting held on February 17, 2009 with Chair Torliatt, Directors Bates and Miley.

Port Meeting Summary:

- Port Commissioners discuss postponement of funds
- Air District staff updated Commissioners on proposed I-Bond guideline changes
- Port Commissioners to reconsider position on the retrofit program based on new information
- Air District staff presented alternative emissions reductions projects: shore power, marine highway, locomotive replacement
- Port and District staff to continue to work together to seek suitable project

Program Funding:

- December 23, 2008 – ARB requests District stop contracts and payments under I-Bond Program
- Funding unavailable due to State budget crisis and inability to float bonds
- Port funding also on hold
- Staff continued to do pre-contract work with retrofit eligible grantees using Administrative funds from I-Bond

Committee Comments:
Ross: Confirmed Beacon Study would be available in April and for Port Commission's decision in September.
Haggerty: Suggested use of South Coast's model.
Bates: Suggested receiving assurance that retrofitted trucks are used in the Bay Area.
Bates: Questioned and confirmed that retrofitted trucks after four years can operate in the Bay Area but not at the Port.
Haggerty: Questioned capability and authority for the District to implement mobile vehicle inspections of trucks.
Shimansky, Bates, & Ross: Cited cancer rates/health impacts of impacted communities and supported moving forward with retrofits.

Staff Comments (Broadbent):

- Discussed spending $2 million on shore side power, marine power projects, and locomotive replacement projects, as well as retrofitting barges; awaiting response from Port; 400 applications for retrofits in hand
- The recommendation by staff is to suspend temporarily where we are, seek DERA money which is potentially available through the Stimulus Package and return at the next meeting.
- State law requires January 1st emissions standard for all Port Drayage Trucks; District plans to enforce Rule but develop a plan to carry it out.

Public Comments:

Brad Edgar, President of CLEAIRE, retrofit manufacturers; promote installations, jobs and environmental benefits.

Doug Bloch, Change to Win, Director of Coalition for Clean and Safe Ports, gave update of the Port of Los Angeles' incentive program which resulted in 3,207 EPA compliant trucks.

Diane Bailey, Natural Resources Defense Council (NRDC), urged the Air District to move forward with the retrofit program, cited CARB regulations and the need to address emissions.

Committee Discussion:
Haggerty: Supported retrofit program moving forward; prefers using South Coast model.
Bates: Discussed numbers of applications, life of truck and confirmed 85% in emissions reductions over 2-3 years.
All Members: Primary concern - health impacts.
Ross/Haggerty: Suggested preparing correspondence/resolution to CARB regarding enforcement of January 1st deadline; asked for item to be considered at next Legislative Committee.

Staff Comments:
Bunger: Confirmed South Coast program is run by Port of Los Angeles through Port grant funding.

Staff Recommendation:
Executive Officer/APCO Broadbent:

- Suggested recommendation to move forward but first have staff complete survey of trucking companies;
- Staff review DERA funding and present results at the March 12, 2009 Ad Hoc Committee on Port Emissions;
- Formal request for funding to execute retrofits under the drayage truck retrofit program using TFCA dollars to be brought back to the March 18 Board meeting.

COMMITTEE MEMBER COMMENTS: None

Next Meeting: 9:30 AM, Thursday, March 26, 2009
939 Ellis Street, 4th Floor Conference Room

Adjournment: Meeting adjourned at 11:11 AM

Lisa Harper
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 18, 2009

Re: Update on TFCA Regional Fund Program Trends

RECOMMENDED ACTION

None. Receive and file the informational report on TFCA Regional Fund Program trends.

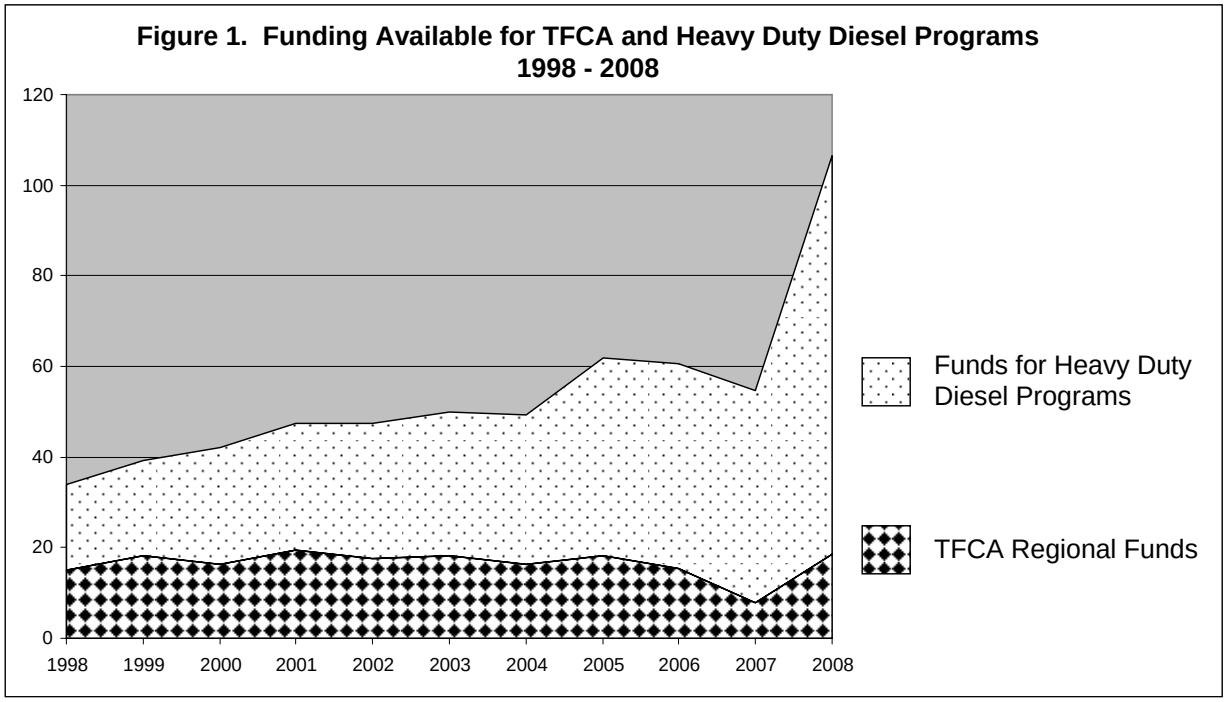
BACKGROUND

The past two years have seen expansive growth in the Air District's incentives programs. Funding levels approximately doubled from FY 07/08 to FY 08/09, and this trend is projected to continue in FY 09/10, where the funding is projected to increase to $148 million. This is due largely to an influx of money for heavy-duty diesel truck and other large engine projects. At the same time, funding level for light-duty alternative fuel vehicle and trip-reduction projects has remained constant.

The recent passage of the American Recovery and Reinvestment Act (ARRA) of 2009, provides supplemental monies to establish an Alternative Fuel and Advanced Technology Vehicles Pilot Grant Program. Potentially, this program may provide additional funding for large-scale, regional projects that expand the use of low-emission alternative fuel and advanced technology vehicles.

DISCUSSION

Historical data for the program shows the growth in the Air District's incentive funding over the period 1998 to present (represented in Figure 1 below). In the early years of the program (1992 to 1998), the Transportation Fund for Clean Air (TFCA) was the sole source of funding for school bus replacements, truck, light-duty vehicle, shuttle, ridesharing, bicycle, traffic calming and smart growth projects. This funding has been since augmented by the Carl Moyer Program (1998), Assembly Bill 923 which allowed the District to establish its Mobile Source Incentive Fund (MSIF) in 2004, and the 2007 California Goods Movement Bond (I-Bond) fund. Funding for heavy duty engine projects is expected to grow a further $45 million in 2009 based on the Metropolitan Transportation Commission 2035 Regional Transportation Plan's (2035 RTP) discretionary fund to replace on-road and port drayage trucks.



On February 26, 2009, the Mobile Source Committee received a presentation regarding the increase in funding available for heavy-duty diesel vehicles and large diesel-engine projects. A continuation of that presentation, focused on TFCA Regional Fund Program trends and an update on potential new funding opportunities for low-emission alternative fuel and advanced technology vehicles, will be provided at the March 26, 2009, meeting of the Mobile Source Committee.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. Administrative and incentive funds for Strategic Incentives Division programs come from four separate funding sources: CMP, TFCA, MSIF and I-Bond. Staff and project costs are provided for by these sources at no cost to the General Fund.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen M. Schkolnick
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 18, 2009

Re: Proposed Transportation Fund for Clean Air Regional Fund Policies and Evaluation Criteria for Fiscal Year 2009/2010 and Proposed Allocations for Specific Project Types

RECOMMENDED ACTIONS

Consider recommending Board of Directors' approval of the following:

1) The proposed Fiscal Year 2009/2010 TFCA Regional Fund Policies and Evaluation Criteria presented in Attachment A;
2) A shift to an ongoing-call for TFCA Regional Fund applications; and
3) The TFCA Regional Fund set-asides listed below. Any monies not spent in these categories within 12 months will revert back to the TFCA Regional Fund for re-allocation:
    a. Up to $4 Million for shuttles and rideshare projects,
    b. Up to $2 Million for vehicle-based advanced technology demonstration projects, and
    c. Up to $750,000 for new alternative-fuel/hybrid, heavy-duty trucks in low-mileage, idling service.

BACKGROUND

Each year, the Air District's Board of Directors adopts policies and evaluation criteria that govern the allocation of TFCA funds. Also, prior to each annual funding cycle, the Air District considers revisions to the TFCA policies and evaluation criteria.

On February 11, 2009, Air District staff issued a request for comments on proposed TFCA Regional Fund policies and evaluation criteria for FY 2009/2010. The deadline for interested parties to submit comments was March 2, 2009. The Air District received seven responses. A table summarizing the comments and Air District staff responses is provided in Attachment B.

DISCUSSION

Proposed changes to the TFCA Regional Fund Policies and Evaluation Criteria for FY 2009/2010 include:

- TFCA Cost-Effectiveness and Minimum Score, Policy #2:
    - Establish Cost-effectiveness level specific to each project category type.
    - Adjust Minimum Scores to correspond with revised cost-effectiveness levels

- Introduce a new eligible Project category (Policy #22) to fund the incremental cost of the purchase of heavy duty alternative fuel/hybrid service vehicles to reduce diesel emissions from idling.

Finally, staff recommends Air District Board's consideration of a shift to an "on-going" call for TFCA Regional Fund projects that would be phased-in, starting with the projects that are most dependent on timely notification of award (i.e., shuttles and rideshare projects). This change would allow for timely consideration and approval of projects dependent on grant funding.

The proposed TFCA Regional Fund Policies and Evaluation Criteria for FY 2009/2010 are provided in Attachment A. Attachment C provides a comparison between the proposed TFCA Regional Fund Policies and Evaluation Criteria for FY 2009/2010 and the FY 08/09 Board approved version.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen Schkolnick
Reviewed by: Jack M. Colbourn

PROPOSED TFCA REGIONAL FUND POLICIES AND EVALUATION CRITERIA FOR FY 2009/10

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

BASIC ELIGIBILITY

1. **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 for FY 2009/10.

   Projects must achieve surplus emission reductions, that is, beyond what is currently required through regulations, contracts, or other legally binding obligations at the time the Air District Board of Directors approves a funding allocation and at the time of the execution of a funding agreement.

2. **TFCA Cost-Effectiveness and Minimum Score:** Projects must meet cost-effectiveness (C-E) levels and minimum scores established by the Air District's Board of Directors.

   a. **Cost-Effectiveness:** The ratio of TFCA funds awarded divided by the sum total tons of reactive organic gases (ROG), oxides of nitrogen (NO_x), and weighted particulate matter 10 microns in diameter and smaller (PM_{10}) reduced ($/ton). Certain project categories further specify the eligible funding amount per item (for example, $/vehicle) which is based on the cost-effectiveness levels below.

Cost-effectiveness levels are limited to the amounts set forth below.		
Project Type	**Policy #**	**C-E level maximum ($/weighted ton)**
Shuttle/Feeder Bus Service—Established	27	$90,000
Shuttle/Feeder Bus Service—Pilot	27	$125,000
Regional Ridesharing	28	$90,000
(NEW) Heavy-Duty Alternative Fuel/ Hybrid Service Vehicles (Low-mileage utility trucks in idling service):	22	$90,000
Advanced Technology Demonstration	26	$500,000

   b. **Minimum Score:** In addition, applicants must earn a score of at least 60 points (out of a possible 100 points) for public agencies and 54 points (out of a possible 90 points) for non-public entities, based upon the project evaluation and scoring criteria listed in the FY 2009/10 TFCA Regional Fund Application Guidance document.

3. **Consistent with Existing Plans and Programs:** With the exception of Clean Air Vehicle Projects and Advanced Technology Demonstration Projects, all other project categories must comply with 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, regional, and local plans and programs.

4. **Eligible Recipients and Authority to Apply:** Grant recipients must be responsible for the implementation of the project, have the authority and capability to complete the project, and be an applicant in good standing.

    a. **Eligible Recipients**:

        i. **Public agencies** are eligible to apply for all project categories.

        ii. **Non-public entities** are only eligible to apply for new electric/alternative-fuel/hybrid heavy-duty vehicles, and advanced technology demonstrations, as described in HSC section 44241(b)7.

    b. **Authority to Apply**: Applications must include either: 1) a signed letter of commitment from an individual with authority to enter into a funding agreement and carry out the project (e.g., Chief Executive or Financial Officer, Executive Director, City Manager, etc.), or 2) a signed resolution from the governing body (e.g., City Council, Board of Supervisors, Board of Directors, etc.) authorizing the submittal of the application and identifying the individual authorized to submit and carry out the project.

5. **Viable Project and Matching Funds:** Unless otherwise specified in the project category policies below, applications of $150,000 or less do not require matching funds. Applications requesting greater than $150,000 must provide matching funds from a non-Air District source, which equal or exceed 10% of the total project cost.

    Applications must identify sufficient resources to complete the respective project. The project sponsor shall not enter into a TFCA Regional Fund funding agreement until all non-Air District funding has been approved and secured.

6. **Minimum Grant Amount:** $10,000 per project.

7. **Maximum Grant Amount:** Maximum award per calendar year:

    a. **Each public agency** may be awarded up to $1,500,000, and

    b. **Each non-public entity** may be awarded up to $500,000.

8. **Readiness:** Projects must commence in calendar year 2010 or sooner. For purposes of this policy, "commence" means to receive delivery of vehicles, equipment, services, or to award a construction contract.

9. **Maximum Two Years Operating Costs:** Projects that provide a service, such as ridesharing programs and shuttle and feeder bus projects, are eligible to apply for a period of up to two (2) years.

10. **Project Revisions:** Project revisions initiated by the project sponsor which significantly change the project before the allocation of funds by the Air District Board of Directors may not be accepted. Following Air District Board of Directors allocation of funds for a project, an applicant may request revisions to that project that the applicant deems necessary or advisable, based on information the applicant received after the Board's allocation of funding. The District will consider only requests that are based on new information, are within the same eligible project category, and meet the same cost-effectiveness.

APPLICANT IN GOOD STANDING

11. **In Compliance with Agreement Requirements:** Project sponsors who have failed to meet project implementation milestones or who have failed to fulfill 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.

12. **Failed Audit:** 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 five (5) years. Additionally, project sponsors with open projects will not be reimbursed for those projects 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 that a project was not implemented as set forth in the project funding agreement.

13. **Signed 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. The Air District Board of Directors approval of an application does not constitute a final obligation on the part of the Air District to fund a project.

    Project sponsors must sign a funding agreement within 60 days from the date it has been transmitted to them in order to remain eligible for award of TFCA funds. The Air District may authorize an extension of up to a total period of 120 days from the transmittal because of circumstances beyond project sponsor's reasonable control and at the Air District's discretion.

    Project sponsors who failed to return a funding agreement from a previous funding cycle are not eligible to apply for a 12-month period.

14. **Insurance:** Each project sponsor must maintain general liability insurance and such additional insurance that is appropriate for specific projects, with coverage amounts specified in the respective funding agreements.

INELIGIBLE PROJECTS

15. **Planning Activities:** Feasibility studies are not eligible for funding, nor are projects that only involve planning activities and that do not include an implementation phase. In addition, land-use projects (i.e., Smart Growth, Traffic Calming, and Arterial Management) that have not completed the Preliminary Design phase are not eligible.

16. **Cost of Developing Proposals and Grant Applications:** The costs to develop proposals or prepare applications are not eligible for TFCA funding.

17. **Duplication:** Projects that have previously received TFCA funds and therefore do not achieve additional emission reductions are not eligible. Combining TFCA County Program Manager Funds with TFCA Regional Funds to achieve greater emission reductions for a single project is not considered project duplication.

USE OF TFCA FUNDS

18. **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 the TFCA cost-effectiveness (Regional Fund Evaluation Criterion #1), the combined sum of TFCA County Program Manager Funds and TFCA Regional Funds shall be used to calculate the TFCA cost of the project.

19. **Administrative Costs:** Administrative costs (i.e., the costs associated with administering a TFCA grant) are limited to a maximum of five percent (5%) of total TFCA funds expended on a project. To be eligible for reimbursement, administrative costs must be clearly identified in the application project budget and in the funding agreement between the Air District and the project sponsor.

20. **Expend Funds within Two Years:** Project sponsors must expend the awarded funds within two (2) years of the effective date of the funding agreement, unless a longer period is formally (i.e., in writing) approved in advance by the Air District in a funding agreement or as an amendment to the funding agreement.

ELIGIBLE PROJECT CATEGORIES:

CLEAN AIR VEHICLE PROJECTS

21. **Reserved.**

22. **Heavy-Duty Alternative Fuel/ Hybrid Service Vehicles (Low-mileage utility trucks in idling service):**

    Eligibility: For TFCA purposes, heavy-duty vehicles are on-road motor vehicles with a Gross Vehicle Weigh Rating (GVWR) of 10,001 pounds or heavier. This category includes only vehicles in which engine idling is required to perform the primary function (for example, crane or aerial bucket trucks). In order to qualify for this incentive, each new vehicle must be placed into a service route that has a minimum idling time of 520 hours/year, and a minimum mileage of 1,000 miles/year.

    Maximum Award Amount (per vehicle): TFCA funds awarded may not exceed the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emissions standards and its new conventional vehicle counterpart that meets, but does not exceed, the emissions standards (incremental cost). Maximum funding is set forth below:

	Idling Time	
GVWR, lbs	**Average 2 - 4 hours/day**	**Average ≥ 4 hours/day**
10,001-33,000	$16,000	$20,000
Greater than 33,000	$25,000	$30,000
Additional funds for scrapping pre-1998 vehicles	+ $4000	+ $4000

    Scrapping Requirements: Project sponsors of heavy-duty clean air vehicles purchased or leased with TFCA funds that have model year 1997 or older heavy-duty diesel vehicles in their fleet are required to scrap one model year 1997 or older heavy-duty diesel vehicle for each new clean air vehicle purchased or leased with TFCA funds. Project sponsors with model year 1998 and newer heavy-duty diesel vehicles in their fleet may, but are not required to, meet this scrapping requirements. Applications that include scrapping components may receive additional credit towards the calculation of the overall cost effectiveness of the project. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

23. **Reserved.**

24. **Reserved.**

25. **Reserved.**

26. **Advanced Technology Demonstration Projects:** Only vehicle-based advanced technology demonstration projects (i.e., technologies, motor vehicles and/or emission control devices not certified by CARB) not already implemented in the Bay Area are eligible for funding under this category. Applicants must clearly demonstrate the potential for concurrent or future emission reductions due to implementation of the project, and must provide estimates of emission reductions. All projects will require before and after evaluation data. TFCA funding for each project is limited to 25% of the total project cost, not to exceed $500,000.

SHUTTLE/FEEDER BUS SERVICE PROJECTS

27. **Shuttle/Feeder Bus Service:** Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route to or from a rail station, airport, or ferry terminal. To be eligible, shuttle/feeder bus service schedules must be coordinated with connecting rail or ferry schedules.

    Shuttle/feeder bus service applicants must either: a) be a public transit agency or, b) submit 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 service.

    All vehicles used in shuttle/feeder bus service must meet the applicable CARB standards for public transit fleets use one of the following types of shuttle/feeder bus vehicles:

    a. an alternative fuel vehicle (CNG, liquefied natural gas, propane, electric);
    b. a hybrid-electric vehicle;
    c. a post-1997 diesel vehicle with a CARB Verified Diesel Emission Control Strategy (e.g., retrofit); or
    d. a post-1989 gasoline-fueled vehicle.

    Pilot shuttle/feeder bus service projects are required to meet a cost-effectiveness of $125,000/ton during the first two years of operation (see Policy #2). A pilot project is a defined route that is at least 70% unique and has not previously been funded through TFCA. Applicants must provide data supporting the demand for the service, letters of support from potential users and providers, and plans for financing the service in the future.

RIDESHARING PROJECTS

28. **Regional Ridesharing Projects:** For TFCA Regional Fund eligibility, ridesharing projects must be comprised of riders from at least three Bay Area counties. Applications for projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor are not eligible.

29. **Reserved.**

30. **Reserved.**

REGIONAL FUND EVALUATION CRITERIA

Grant applications must comply with the TFCA Regional Fund Policies, and also are evaluated based on six criteria.

Both public agencies and non-public entities are eligible to receive points under Criteria 1, 2, 3, 5, and 6. Only public agencies are eligible to receive points under Criterion 4. The maximum possible score for a public agency is 100 points and the maximum possible score for a non-public entity is 90 points. A public agency must achieve a minimum score of 60 points to be considered for funding while a non-public entity must achieve a minimum of 54 points to be considered for funding.

Projects will be ranked by calculating the percentage of total eligible points scored (100 for public agencies and 90 for non-public entities) in descending order. In the event that two or more projects achieve an equal score, the project with the best TFCA cost-effectiveness will receive a higher ranking.

Available TFCA Regional Funds will be allocated to projects beginning with the highest ranking project and proceeding in sequence to lower ranking projects. If the TFCA Regional Fund is oversubscribed, the point where the next-ranked eligible project cannot be fully funded defines the cut-off point for the funding cycle, i.e., all projects above this point will be funded. If the Regional Fund is undersubscribed, any remaining funds are generally allocated to projects in the subsequent funding cycle. By mutual consent of the project sponsor and the Air District; grant awards may be reduced from the amount requested in the original application.

FY 2009/2010 TFCA Regional Fund Scoring Criteria

Criteria	Maximum Points
1. TFCA Funding Effectiveness*	**60**
2. Greenhouse Gas Emission Reductions*	**10**
3. Other Project Attributes*	**5**
4. Clean Air Policies and Programs**	**10**
5. Sensitive and PM Impacted Communities*	**---**
A. General	**10**
B. Highly-Impacted Communities	***High priority******
6. Priority Development Areas*	**5**
Total	**100**

* Public agencies and non-public entities eligible to receive points.

** Only public agencies eligible to receive points.

***High priority is defined per Criterion 5 below.

DISCUSSION

Criterion 1: TFCA Funding Effectiveness (maximum 60 points)

Measures the cost-effectiveness (C-E) of a project in reducing air pollutant emissions. Generally, applications that include higher rates of matching funds will score better than those that request higher percentage of TFCA funding. TFCA funds budgeted for the project (TFCA Regional Funds and TFCA County Program Manager Funds combined) will be divided by the estimated lifetime emission reductions for the project. The estimated lifetime emission reductions are the sum of reactive organic gases, oxides of nitrogen, and weighted particulate matter (PM)[1] that will be reduced over the life of the project. Air District staff will determine the estimated emission reductions and TFCA funding effectiveness for the project.

The point scales for awarding points for this criterion are presented below:

a. For projects that must achieve a C-E threshold of $90,000/ton:

TFCA $/Ton	Points	TFCA $/Ton	Points
$0 - $19,999	60	$56,000 -$57,999	53
$20,000 - $21,999	60	$58,000 - $59,999	52.5
$22,000 - $23,999	60	$60,000 - $61,999	52
$24,000 - $25,999	59.75	$62,000 - $63,999	51.5
$26,000 - $27,999	59.5	$64,000 - $65,999	51
$28,000 - $29,999	59.25	$66,000 - $67,999	50.5
$30,000 - $31,999	59	$68,000 - $69,999	50
$32,000 - $33,999	58.75	$70,000 - $71,999	49.5
$34,000 - $35,999	58.5	$72,000 - $73,999	49
$36,000 - $37,999	58	$74,000 - $75,999	48.5
$38,000 - $39,999	57.5	$76,000 - $77,999	48
$40,000 - $41,999	57	$78,000 - $79,999	47.5
$42,000 - $43,999	56.5	$80,000 - $81,999	47
$44,000 - $45,999	56	$82,000 - $83,999	46.5
$46,000 - $47,999	55.5	$84,000 - $85,999	46
$48,000 - $49,999	55	$86,000 - $87,999	45.5
$50,000 - $51,999	54.5	$88,000 - $89,999	45
$52,000 - $53,999	54	$90,000 - and above	0
$54,000 - $55,999	53.5		

b. For Alternative Fuel/Hybrid Heavy-duty Clean Air Vehicles in Low Mileage Idling Service:

50 Points – (amount requested must be equal to or less than the allowable amounts listed in Policy 22.)

[1] PM emissions include tailpipe PM, as well as brake particles, tire particles and re-entrained road dust. Consistent with California Air Resources Board methodology to calculate PM emission reductions for the Carl Moyer Program, weighted PM emissions will be calculated by adding the tailpipe PM multiplied by a factor of 20, plus the sum of tire, brake, and road dust PM.

c. For projects that must achieve a C-E threshold of $125,000/ton (Pilot Shuttles):

TFCA $/Ton			Points	TFCA $/Ton			Points
$0	-	$19,999	60	$74,000	-	$76,999	53
$20,000	-	$22,999	60	$77,000	-	$79,999	52.5
$23,000	-	$25,999	60	$80,000	-	$82,999	52
$26,000	-	$28,999	59.75	$83,000	-	$85,999	51.5
$29,000	-	$31,999	59.5	$86,000	-	$88,999	51
$32,000	-	$34,999	59.25	$89,000	-	$91,999	50.5
$35,000	-	$37,999	59	$92,000	-	$94,999	50
$38,000	-	$40,999	58.75	$95,000	-	$97,999	49.5
$41,000	-	$43,999	58.5	$98,000	-	$100,999	49
$44,000	-	$46,999	58	$101,000	-	$103,999	48.5
$47,000	-	$49,999	57.5	$104,000	-	$106,999	48
$50,000	-	$52,999	57	$107,000	-	$109,999	47.5
$53,000	-	$55,999	56.5	$110,000	-	$112,999	47
$56,000	-	$58,999	56	$113,000	-	$115,999	46.5
$59,000	-	$61,999	55.5	$116,000	-	$118,999	46
$62,000	-	$64,999	55	$119,000	-	$121,999	45.5
$65,000	-	$67,999	54.5	$122,000	-	$124,999	45
$68,000	-	$70,999	54	$125,000	-	and above	0
$71,000	-	$73,999	53.5				

d. For projects that must achieve a C-E threshold of $500,000/ton (Advanced Technology Demonstration Projects):

TFCA $/Ton			Points	TFCA $/Ton			Points
$0	-	$44,999	60	$279,000	-	$291,999	50
$45,000	-	$57,999	59.5	$292,000	-	$304,999	49
$58,000	-	$70,999	59	$305,000	-	$317,999	48
$71,000	-	$83,999	58.5	$318,000	-	$330,999	47
$84,000	-	$96,999	58	$331,000	-	$343,999	46
$97,000	-	$109,999	57.5	$344,000	-	$356,999	45
$110,000	-	$122,999	57	$357,000	-	$369,999	44
$123,000	-	$135,999	56.5	$370,000	-	$382,999	43
$136,000	-	$148,999	56	$383,000	-	$395,999	42
$149,000	-	$161,999	55.5	$396,000	-	$408,999	41
$162,000	-	$174,999	55	$409,000	-	$421,999	40
$175,000	-	$187,999	54.5	$422,000	-	$434,999	39
$188,000	-	$200,999	54	$435,000	-	$447,999	38
$201,000	-	$213,999	53.5	$448,000	-	$460,999	37
$214,000	-	$226,999	53	$461,000	-	$473,999	36
$227,000	-	$239,999	52.5	$474,000	-	$486,999	35
$240,000	-	$252,999	52	$487,000	-	$499,999	34
$253,000	-	$265,999	51.5	$500,000	-	and above	0
$266,000	-	$278,999	51				

Criterion 2: Greenhouse Gas Emission Reductions (maximum 10 points)

Rewards projects that reduce greenhouse gas emissions. Awards a maximum of 10 points (on a sliding scale, 0 to 10 points) for projects that reduce emissions of greenhouse gases, predominately carbon dioxide. Generally, projects that promote alternative modes of transportation and reduce single occupant vehicle trips (e.g., transit, ridesharing, bicycling and walking), as well as projects that improve motor vehicle fuel economy, will reduce greenhouse gas emissions. TFCA funds budgeted for the project will be divided by the estimated lifetime emission reductions of greenhouse gases for the project. Air District staff will determine the estimated emission reductions, TFCA funding effectiveness for greenhouse gases, and the scale for awarding points.

Criterion 3: Other Project Attributes (maximum 5 points)

Provides a mechanism in the evaluation and scoring process to identify and assess desirable project attributes that are not captured in the analysis of TFCA funding effectiveness. Projects may score points under this criterion based upon other project attributes identified for each project type. The specific project attributes for each project type will be identified after grant applications have been received and reviewed. Examples of Other Project Attributes will be provided in TFCA Guidance document.

Criterion 4: Clean Air Policies and Programs (maximum 10 points)

Recognizes and encourages the efforts of public agencies to implement policies and programs that promote the region's air-quality objectives, especially land use and transportation policies that help to reduce air pollution from motor vehicles.

To receive points for this criterion, the sponsoring agency must describe its policies and actions to implement the transportation control measures (TCMs) in the most recently adopted strategy(ies) for State and national ozone standards throughout the agency's jurisdiction. Points will be awarded based upon the performance of the project sponsor in implementing those elements of each TCM which are within the purview of the sponsor agency.

Non-public entities are not eligible for points under this criterion.

Criterion 5: Sensitive and Particulate Matter (PM) Impacted Communities (maximum 10 points)

Under Criterion 5, grant applications are eligible for credit under two sub-criteria.

> A. General: This sub-criterion will award a maximum of 10 points (on a sliding scale, 0-10 points) for projects that directly reduce emissions in communities with both high $PM_{2.5}$ emissions and sensitive populations (i.e., children, seniors, those with low-incomes or elevated asthma rates).
>
> B. Highly Impacted Communities: Additional credit will be given to projects in these communities by providing them with the maximum score of 10 points in this Criterion and an additional 5 points under Criterion 3 "Other Project Attributes" provided that they meet a minimum percentage of operations in highly impacted communities. These communities have been identified by the Air District as having the most severe health risk and relatively low income levels.

Both sub-criteria 5A and 5B are based on data from the Air District's Community Air Risk Evaluation (CARE) Program; maps that identify these communities will be made available on the Air District's website. To qualify for points, a project must directly benefit one or more of these communities. The credit awarded will be determined by Air District staff, and will be based upon the percentage of project resources or services that would directly benefit the community, and the extent to which the project sponsor demonstrates this benefit.

Criterion 6: Priority Development Areas (maximum 5 points)

Awards additional points to projects located in concentrated areas identified for future growth near transit and in existing Bay Area communities. Funding projects operating in regionally approved Priority Development Areas (PDAs) will lead to reduced emissions in the region generally, and in PDAs in particular. Both public agencies and non-public entities are eligible for points under this criterion.

As with Criterion 5, to receive points for this criterion, the project must directly benefit one or more approved PDAs. The credit awarded will be determined by Air District staff, and will be based upon the percentage of project resources or services that would directly benefit the PDA, and the extent to which the project sponsor demonstrates this benefit.

COMMENTS RECEIVED AND STAFF RESPONSES:
DRAFT FY 2009/2010 TFCA REGIONAL FUND POLICIES AND EVALUATION CRITERIA

Draft Policy or Criterion	Comment	Staff Response	Commenter, Organization
Policy re: TFCA Cost-Effectiveness and Minimum Score	[Regarding the proposed increase in Cost-Effectiveness for Smart Growth and Traffic Calming from $90,000 to $180,000 and the proposed decrease in project useful life for these projects from 20 to 10 years:] Why not just leave it at $90K over 20 years if it's the same thing as $180K over 10 years. Most physical pedestrian improvements would last 20 years.	Air District Staff may propose to revise the cost-effectiveness to accommodate a corresponding shorter contractual period within the funding agreement (reduced from 20 years down to 5). Many projects typically will last longer than the funding agreement term.	Matt Nichols, Principal Transportation Planner, City of Berkeley
Policy re: TFCA Cost-Effectiveness and Minimum Score	[Commenter suggests that the TFCA cost-effectiveness (i.e., funding-effectiveness) levels be based on either reductions in emissions of criteria pollutants or greenhouse gas (GHG) reductions.]	Most projects funded by TFCA reduce vehicle travel and the use of petroleum fuel, and thus also GHGs. Based on the TFCA enabling legislation, reductions in criteria pollutants must remain the primary emphasis of the TFCA.	Sven Thesen, Communication and Technology Better Place
Policy re: TFCA Cost-Effectiveness and Minimum Score	Unless mandated by the State, we believe the Carl Moyer cost-effectiveness limit for heavy-duty clean air vehicles and diesel retrofits is too restrictive, assuming it is less than $30,000 per ton. Other project types have much higher limits, such as light-duty vehicles at $90,000 per ton. In addition, we are concerned that applicants may not be provided a methodology to precisely estimate cost-effectiveness in advance, and so may be "shooting in the dark." Please provide the actual dollar limit that will apply to these project types, and address the estimating concern.	Staff's analysis of previously funded projects shows that many heavy-duty vehicle projects met CMP Guidelines. In addition, aligning requirements of heavy duty vehicles with CMP requirements streamlines administration of vehicle projects.	Roger Hooson, Senior Planner, Landside Operations, San Francisco International Airport
Policy re: Cost-Effectiveness and Minimum Score (Pilot Shuttle projects, Shuttle/Feeder Bus Service)	This would raise the cost-effectiveness level maximum from $90,000/ton to $125,000/ton for pilot shuttle service projects which would create an unfair advantage over established shuttle service projects. Pilot shuttle service projects should have the same cost-effectiveness level maximum as the established shuttle service projects	The proposed increase in max. C-E level is in recognition that new shuttle services typically take one to two years to build ridership and that accurate ridership data may not be readily available.	Steve McClain, ACE Shuttle Program Manager, Santa Clara Valley Transportation Authority
Policy re: Eligible Recipient	[This policy] limits non-public entity grants. The examples given do not include new clean air vehicle deployments. Will these be allowed to the extent the emissions are surplus under CARB rules . . . ? We believe that non-public entities should be able to apply for grants for new clean air vehicles.	Staff has revised the wording of this policy in response to the comment, to clarify that non-public entities are eligible to apply for purchase of new heavy-duty vehicles.	Roger Hooson, Senior Planner, Landside Operations, San Francisco International Airport
Policy re: Eligible Recipient	TFCA grants may be awarded to non-public entities only for certain clean air vehicle projects including but not limited to engine repowers, engine retrofits, and advanced technology demonstrations as described in HSC Section 44241(b). What about the purchase of new or low-mileage vehicles? Even though it states "projects including but not limited to…" can you add purchase of new or low mileage vehicles?	Please see response immediately above. Additionally, staff is proposing finding for a new project category for low mileage "high idling" vehicles.	Ben Deal, Business Development Manager, Clean Energy Fuels

Policy re: Matching Funds	The 20% matching funds requirement is double the previous requirement and may have a considerable impact on our ACE shuttle service. This could necessitate a reduction of our shuttle service, which would increase motor vehicle emissions.	Air District staff is proposing to maintain the current 10% match requirement on requests above $150,000 and will review potential changes for the next funding cycle.	Steve McClain, Santa Clara Valley Transportation Authority
Policy re: Matching Funds	[Commenter suggested deleting the increased matching requirement for projects requesting more than $300,000.]	Please see the comment immediately above.	Sven Thesen, Better Place
Policy re: Matching Funds	There needs to be an option that addresses the potential of outside funding that may come in at a later date, e.g., federal funding. Project scope would be then defined under two or more funding scenarios based on additional funding from outside sources, with the potential for more funding from the district and applicant themselves.	Please see the comment immediately above.	Sven Thesen, Better Place
Policy re: Maximum Grant Amount	Commenter suggests increasing the proposed maximum grant amount per entity from [the draft amount of] $1,500,000 to $2,000,000.	Air District staff is proposing maximum awards per calendar year of $1,500,000 per public agency and $500,000 per non-public entity. Staff will continue to monitor this policy, and may propose changes in the future.	Sven Thesen, Better Place
Policy re: Maximum Grant Amount	We are concerned with the potential implication that the increase in the maximum funding cap for non-public entities from $500,000 to $1,500,000, could have on beneficial public transportation projects. . . . Current proposed TFCA emission criteria do not take into account the cumulative impacts if an existing service, such as Caltrain's shuttle program were discontinued or drastically reduced due to the potential loss of TFCA funds. The Caltrain shuttle program serves approximately 1.6 million riders annually and over 6,000 riders per average weekday w/ an average trip length of 26 miles from home to work. In addition to the potential increase of emissions that could result from an increase in car trips for those that would decide to drive as opposed to using CalTrain for their trip to work, the congestion on adjacent arterials and freeways . . . would increase significantly . . . The public sector . . . does not have the same ability to raise revenue as the private sector, which can raise fees/charges based on what the market will bear.	Please see the responses immediately above.	Anne Louise Rice, Deputy Director, Capital Program Support, San Mateo County Transit District
Policy re: Readiness	This [requirement that only projects that would commence in calendar year 2010 or sooner would be considered] seems too onerous. Readiness is not the same thing as a project initiation deadline. TFCA Funding Agreements are usually sent out in January, with a 60-day turn-around. So a project may not even be formally funded until March. Also, the funding agreement already requires completion within 2 years – so why have a project initiation deadline? Sometimes projects need development (engineering, [environmental]) prior to construction award, yet the project could still be completed on time.	Air District staff is proposing to maintain the current policy. Staff will continue to monitor this policy, and may propose changes in the future.	Matt Nichols, City of Berkeley

	In addition, private sector proposals such as clean air vehicle projects, are eligible for Federal tax credits, an additional financial benefit that is not available to public agencies. In order to more effectively distribute TFCA funds to a wider array of project sponsors, perhaps the Air District could net out the savings from eligible tax credits when awarding funds to private sponsors.	Staff will evaluate this suggestion and may propose changes in the future.	Anne Louise Rice, San Mateo County Transit District
Policy re: Duplication	Could you also please describe how applicants find out about "existing TFCA funded projects" (e.g., will there be a list?) Could you please describe or define somewhere what an "existing TFCA funded project" is and/or how a project becomes "existing"? For example, if a project can only be funded one year at a time, is it automatically an "existing" project if it has been funded in the previous year and is applying for funds in the upcoming year?	This information is available on-line and applicants are encouraged to contact Air District staff for additional information regarding project status. In addition, the continuation of a project that provides a service is not considered duplication.	Susan Heinrich, 511 Rideshare & Bicycling Coordinator, Metropolitan Transportation Commission (MTC)
Policy re: Duplication	If applications are submitted for projects that duplicate each other, and neither is an "existing TFCA funded project," how will the Air District determine which is duplicative?	In such a case, Air District staff would select the highest-scoring project and would not select the lower-scoring project. Applicants are encouraged to coordinate with potential partners, to avoid such situations.	Susan Heinrich, MTC
Policy re: Expend Funds within Two Years	Any public agency or non-public entity awarded a TFCA Regional Fund grant must expend the awarded funds within two (2) years of the effective date of the funding agreement…Does this mean that the cost effectiveness of the project is based on a 2-year life? Please clarify.	The authorizing legislation requires TFCA funds to be expended within two years. This policy does not apply to project useful life nor to cost-effectiveness.	Ben Deal, Clean Energy Fuels
Policy re: Light Duty Clean Air Vehicle	[Re: the definition of incremental cost as the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emissions standards and its new compliant conventional vehicle counterpart.] In assessing the eligibility of vehicles and calculating the emissions reductions, can there be greater incentives for measuring the emissions reductions based up on the vehicle they are replacing with a clean air vehicle rather than the new compliant conventional vehicle counterpart.	The draft policy follows a practice that is standard for CARB and for past TFCA awards. Staff will continue to monitor this policy, and may propose changes in the future.	Ben Deal, Clean Energy Fuels
Policy re: New Heavy-Duty Clean Air Vehicles	We do not favor application of stringent Carl Moyer [Program (CMP)] cost-effectiveness limits to TFCA-funded new heavy duty vehicles.	Staff's analysis of previously funded projects shows that many heavy-duty vehicle projects have been able to meet CMP Guidelines. In addition, aligning requirements of heavy duty vehicles with CMP requirements streamlines administration of vehicle projects. Staff will continue to monitor this policy, and may propose changes in the future.	Roger Hooson, San Francisco International Airport
Policy re: Reducing Emissions from Existing Heavy-Duty Diesel Engines	Is the mileage limit a typo? We don't understand why diesel emissions filters could only be funded on vehicles that operate 25,000 miles or less per year. Presumably, the higher the annual mileage, the more cost-effective the filter installation.	Generally, higher the annual mileage, the more cost-effective the vehicle project.	Roger Hooson, San Francisco International Airport
Policy re: Clean Air Vehicle Infrastructure	We strongly support the availability of TFCA funds for clean air vehicle infrastructure, as proposed	Staff appreciates the input, is evaluating policy options regarding infrastructure, and later this year, plans to propose infrastructure as a new category for funding.	Roger Hooson, San Francisco International Airport

Policy re: Clean Air Vehicle Infrastructure	[Commenter suggests increasing the maximum level of funding from $500,000 to $1,000,000 per project.]	Air District staff is proposing to maintain the current policy. Staff will continue to monitor this policy, and may propose changes in the future.	Sven Thesen, Better Place
Policy re: Clean Air Vehicle Infrastructure	This provision should explicitly include infrastructure enablement projects as well. These kinds of projects are essential for ensuring that large planned developments are ready to service alternative vehicles, this will reduce infrastructure costs and accelerate adoption rates in the long term.	The authorizing legislation requires TFCA projects to reduce emissions from motor vehicles. Later this year, staff plans to propose infrastructure as a new category for funding.	Sven Thesen,
Policy re: Advanced Technology Demonstration Projects	[Commenter suggests that policy apply to "vehicle-focused", versus "vehicle-based" projects.]	Staff will evaluate this suggestion and may propose changes in the future.	Better Place
Policy re: Advanced Technology Demonstration Projects	[Commenter suggests a funding limit not to exceed $1,000,000, versus $500,000.]	Air District staff is proposing to maintain the current policy in order to maximize the number of funding awards in the region. Staff will continue to monitor this policy, and may propose changes in the future.	Sven Thesen, Better Place
Policy re: Advanced Technology Demonstration Projects	We believe that the previous year's requirement (that applicants provide "best available data" to estimate project cost-effectiveness) is a more practical method of assessing a demonstration project's value. Thus we ask that the Air District provide more guidance on how an applicant can demonstrate future emissions reductions for projects like these.	Staff will provide more detail in the Application Guidance for assessing cost-effectiveness.	Sven Thesen, Better Place
Policy re: Smart Growth and Traffic Calming	You should give examples of pedestrian projects. TFCA wouldn't fund sidewalk repair. Would it fund curb cuts.	The Application Guidance will provide more details, e.g., that sidewalk repair is not TFCA-eligible.	Matt Nichols, City of Berkeley
Policy re: Smart Growth and Traffic Calming	So a bulb-out or traffic circle would need final 100% design prior to the TFCA application? That's not how things work – one might have 60%, or adopted standards, but it'd be rare to complete design without any funding in place.	Staff is proposing revised language to clarify this policy and to ensure that projects are viable.	Matt Nichols, City of Berkeley
Criterion #1: TFCA Funding Effectiveness, and Criterion #2: Greenhouse Gas Emission Reductions	[The commenter suggests including greenhouse gases as well as criteria pollutants, in the calculation of cost-effectiveness. This would include a new table listing points awarded for greenhouse gas cost-effectiveness.] In the Regional Fund Grant Application Guidance for Fiscal Year 2008/2009 document, include a new table (potentially called) "Point Scale for Greenhouse Gases" similar to the one and following the one on page 6 (Point Scale for Criterion 1) The objective here is to include metrics that puts GHG reductions on parity with criteria reductions.	Please see response to the comment from Better Place on Policy #3, above.	Sven Thesen, Better Place
Criterion #2: Greenhouse Gas Emission Reductions	Can you provide the TFCA funding effectiveness scale for awarding points for GHG [(greenhouse gas)] reductions?	As the GHG funding effectiveness varies widely by project and by year, staff proposes to continue to award points based on an analysis of the projects received, in order to differentiate relatively high-performing projects from low-performing ones.	Ben Deal, Clean Energy Fuels

~~BOARD ADOPTED~~PROPOSED TFCA REGIONAL FUND POLICIES AND EVALUATION CRITERIA FOR FY ~~2008/09~~ 2009/10

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

BASIC ELIGIBILITY

1. ~~**Reduction of Emissions:** A project must~~ **Eligible Projects:** Only projects that 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 legally binding obligations must achieve surplus emission reductions to be considered for TFCA funding. Surplus emission reductions are those that exceed the requirements of applicable regulations or other legally binding 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.~~.

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 for FY 2009/10.

Projects must achieve surplus emission reductions, that is, beyond what is currently required through regulations, contracts, or other legally binding obligations at the time the Air District Board of Directors approves a funding allocation and at the time of the execution of a funding agreement.

2. **TFCA Cost-Effectiveness and Minimum Score:** ~~The Air District Board of Directors will not approve any grant application for TFCA Regional Funds for a project that has: a) a TFCA cost-effectiveness (i.e., funding-effectiveness) level greater than $90,000 of TFCA funds per ton ($/ton) of total~~ Projects must meet cost-effectiveness (C-E) levels and minimum scores established by the Air District's Board of Directors.

a. **Cost-Effectiveness:** The ratio of TFCA funds awarded divided by the sum total tons of reactive organic gases (ROG), oxides of nitrogen (NO_x), and weighted particulate matter 10 microns in diameter and smaller (PM_{10}) ~~emissions~~ reduced~~; or b)~~ ($/ton). Certain project categories further specify the eligible funding amount per item (for example, $/vehicle) which is based on the cost-effectiveness levels below:

Cost-effectiveness levels are limited to the amounts set forth below.		
Project Type	**Policy #**	**C-E level maximum ($/weighted ton)**
Shuttle/Feeder Bus Service—Established	27	$90,000
Shuttle/Feeder Bus Service—Pilot	27	$125,000
Regional Ridesharing	28	$90,000
(NEW) Heavy-Duty Alternative Fuel/ Hybrid Service Vehicles (Low-mileage utility trucks in idling service):	22	$90,000
Advanced Technology Demonstration	26	$500,000

a.b. **Minimum Score:** In addition, applicants must earn a score of less than 40at least 60 points (out of a possible 100 points) for public agencies and less than 3654 points (out of a possible 90 points) for non-public entities, based upon the project evaluation and scoring criteria listed in the 2008FY 2009/10 TFCA Regional Fund Application Guidance document.

2.3. **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 With the exception of Clean Air Vehicle Projects and Advanced Technology Demonstration Projects, all other project categories must comply with 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, regional, and local plans and programs.

4. 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. **5. Eligible Recipients:** Public agencies and non-public entities are eligible for TFCA grants. **and Authority to Apply:** Grant recipients must be responsible for the implementation of the project and must , have the authority and capability to complete the project. , and be an applicant in good standing.

a. **Eligible Recipients**:

i.**Public agencies** are eligible to apply for all project categories.

i.ii.**Non-public entities** are only eligible for TFCA grants to implement certain Clean Air Vehicle projects to reduce mobile source emissions within the Air District's jurisdiction for the duration of the useful life of the vehicles or reduced emission equipment. Only public agencies, including public agencies applying on behalf of non-public entities, are eligible for TFCA grants for light-duty vehiclesto apply for new electric/alternative-fuel/hybrid heavy-duty vehicles, and advanced technology demonstrations, as described in HSC section 44241(b)7.

b. **Authority to Apply**: Applications must include either: a1) a signed letter of commitment from an individual with authority to enter into a funding agreement and carry out the project (e.g., Chief Executive or Financial Officer, Executive Director, City Manager, etc.), or b2) a signed resolution from the governing body (e.g., City Council, Board of Supervisors, Board of Directors, etc.) authorizing the submittal of the application and identifying the individual authorized to submit and carry out the project.

6. Public Agencies Applying on Behalf of Non-Public Entities: A public agency may apply for TFCA Regional Fund grants for clean air vehicles on behalf of a non-public entity. As a condition of receiving TFCA Regional 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 to operate the reduced emission equipment within the Air District's jurisdiction for the duration of the project life of the equipment as stated in the funding agreement between the Air District and the grant recipient.

5. **Viable Project and Matching Funds:** Unless otherwise specified in the project category policies below, applications of $150,000 or less do not require matching funds. Applications

requesting greater than $150,000 must provide matching funds from a non-Air District source, which equal or exceed 10% of the total project cost.

Applications must identify sufficient resources to complete the respective project. The project sponsor shall not enter into a TFCA Regional Fund funding agreement until all non-Air District funding has been approved and secured.

7. Matching Funds: The project sponsor shall not enter into a TFCA Regional Fund funding agreement until all non-Air District funding has been approved and secured. For grant applications requesting greater than $150,000 in TFCA Regional Funds, project sponsors must provide matching funds from non-Air District sources, which equal or exceed 10% of the total project cost. TFCA County Program Manager Funds do not count toward fulfilling the non-Air District matching funds requirement. Grant applications for TFCA Regional Funds of $150,000 or less may request 100% TFCA funding.

8. Documentation of Commitment to Implement Project: TFCA Regional Fund grant applications. If such documentation is not received within thirty (30) calendar days after the grant application submittal deadline, a grant application may be returned to the project sponsor and may not be scored.

6. **Minimum Grant Amount:** $10,000 per project.

9. Minimum Grant Amount: Only projects requesting $10,000 or more in TFCA Regional Funds will be considered for funding.

7. **Maximum Grant Amount:** Maximum award per calendar year:

a. **Each public agency** may be awarded up to $1,500,000, and

b. **Each non-public entity** may be awarded up to $500,000.

10. Maximum Grant Amount: No single public agency project may receive more than $1,500,000 in TFCA Regional Funds in any given funding cycle. No single non-public entity may be awarded more than $500,000 in TFCA Regional Funds, for any number of projects, in any given fiscal year.

3.8. **Readiness:** Projects must commence in calendar year 2010 or sooner. For purposes of this policy, "commence" means to order or accept receive 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, services, or to award a construction contract.

11. Readiness: A project will be considered for TFCA funding only if the project would commence in calendar year 2009 or sooner.

4.9. **12. Maximum Two Years Operating Costs:** TFCA grant applicationsProjects that request operating funds to provide a service, such as ridesharing programs and shuttle and feeder bus projects, are eligible for TFCA funding for to apply for a period of up to two (2) years. Grant applicants who seek TFCA funding for additional years must re-apply in the subsequent funding cycles.

5.10. **13. Project Revisions:** If revisions become necessary for a project that has been approved for TFCA funding by the Air District Board of Directors, the revised project must be within the same eligible project category and receive a point score higher than the funding cut-off

point, based upon the scoring criteria, for the funding cycle in which the project originally received a grant award. Project revisions initiated by the project sponsor which significantly change the project before the allocation of funds by the Air District Board of Directors may not be accepted. Following Air District Board of Directors allocation of funds for a project, an applicant may request revisions to that project that the applicant deems necessary or advisable, based on information the applicant received after the Board's allocation of funding. The District will consider only requests that are based on new information, are within the same eligible project category, and meet the same cost-effectiveness.

APPLICANT IN GOOD STANDING

6.11. **14. Monitoring and Reporting In Compliance with Agreement Requirements:** Project sponsors who have failed to meet project implementation milestones or who have failed to fulfill monitoring and reporting requirements for any previously project funded TFCA Regional Fund project will by the Air District may not be considered eligible for new funding for the current funding cycle, and until such time as all of the unfulfilled obligations are met.

7.12. **15. Failed Audit:** Project sponsors who have failed either the TFCA a fiscal audit or the a performance audit for a prior TFCA Air District funded project will be excluded from future funding for five (5) years, or a different period of time determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released . Additionally, project sponsors with open projects will not be reimbursed for those projects until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means an uncorrected TFCA audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that a project was not implemented as set forth in the project funding agreement.

13. **16. Signed Funding Agreement:** Only a fully executed funding agreement (i.e., signed by both the project sponsor and the Air District) constitutes a final approval and obligation on the part of the Air District to fund District's award of funds for a project. While the The Air District Board of Directors approval of grant awards is necessary for the funding of a project, such approval an application does not constitute a final obligation on the part of the Air District to fund a project.

Project sponsors must sign a funding agreement within two (2) months 60 days from the date it has been transmitted to them in order to remain eligible for the awarded award of TFCA grant. funds. The Air District may authorize extensions for just cause. Grant applications will not be considered an extension of up to a total period of 120 days from the transmittal because of circumstances beyond project sponsor's reasonable control and at the Air District's discretion.

Project sponsors who were awarded TFCA grants in failed to return a funding agreement from a previous funding cycle and have not signed a funding agreement with the Air District by the current TFCA Regional Fund grant application deadline.

17. Implementation: Project sponsors that have a signed funding agreement for a prior TFCA-funded project, but have not yet implemented that project by the current TFCA Regional Fund grant application deadline will not be considered for TFCA funding for any new project. The phrase "implemented that project" means that the project has moved beyond initial planning stages and the project is being implemented consistent with the implementation schedule specified in the project funding agreement. In addition, project sponsors that are not in compliance with the terms of an existing TFCA funding agreement (e.g., operating the equipment and services for the full term of

the agreement, and notifying the Air District of any change in operational status of equipment or service) may not be considered for TFCA funding for any new project.

18. Payments: 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 (i.e., an obligation was made to pay funds that cannot be refunded) 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)to apply for a 12-month period.

8.14. **19. Insurance:** Each project sponsor must maintain general liability insurance and such additional insurance as that is appropriate for specific projects, with coverage amounts specified in the respective funding agreements.

INELIGIBLE PROJECTS

15. **Planning Activities:** Feasibility studies are not eligible for funding, nor are projects that only involve planning activities and that do not include an implementation phase. In addition, land-use projects (i.e., Smart Growth, Traffic Calming, and Arterial Management) that have not completed the Preliminary Design phase are not eligible.

16. **Cost of Developing Proposals and Grant Applications:** The costs to develop proposals or prepare applications are not eligible for TFCA funding.

9.17. **20. Duplication:** Projects that have previously received TFCA funds Grant applications for projects that duplicate existing TFCA-funded projects and therefore do not achieve additional emission reductions will not be considered for fundingare not eligible. Combining TFCA County Program Manager Funds with TFCA Regional Funds to achieve greater emission reductions for a single project is not considered project duplication.

USE OF TFCA FUNDS

10.18. **21.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 the TFCA cost-effectiveness (Regional Fund Evaluation Criterion #1), the combined sum of TFCA County Program Manager Funds and TFCA Regional Funds shall be used to calculate the TFCA cost of the project.

22. Cost of Developing Proposals: The costs of developing proposals or grant applications for TFCA funding are not eligible to be reimbursed with TFCA funds.

11.19. **23. Administrative Costs:** Administrative costs (i.e., the costs associated with administering a TFCA grant) are limited to a maximum of five percent (5%) of total TFCA funds expended on a project. To be eligible for reimbursement, administrative costs must be clearly identified in the TFCA Regional Fund grant application project budget and in the funding agreement between the Air District and the project sponsor.

12.20. **24. Expend Funds within Two Years:** Any public agency or non-public entity awarded a TFCA Regional Fund grant Project sponsors must expend the awarded funds within two (2) years of the effective date of the funding agreement, unless a longer period is formally (i.e., in writing) approved in advance by the Air District in a funding agreement or as an amendment to the funding agreement.

ELIGIBLE PROJECT CATEGORIES:

CLEAN AIR VEHICLE PROJECTS

21. Reserved. ~~25. Light-Duty Clean Air Vehicles~~

~~**Eligibility:** For TFCA purposes, light-duty vehicles are those with a gross vehicle weight (GVW) of 10,000 pounds or lighter. Only public agencies, including public agencies applying on behalf of non-public entities, are eligible for TFCA grants for light-duty vehicles. New light-duty chassis 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. Hybrid-electric vehicles that meet the SULEV, PZEV, AT-PZEV, or ZEV standards are eligible for TFCA funding. Gasoline and diesel vehicles are not eligible for TFCA funding. Vehicle infrastructure is not eligible for TFCA funding except under policy #29.~~

~~**Funding participation:** Project sponsors may be awarded TFCA funds to cover no more than the incremental cost of a clean air vehicle. Incremental cost is~~

~~21.~~22. Heavy-Duty Alternative Fuel/ Hybrid Service (Low-mileage utility trucks in idling service):

Eligibility: For TFCA purposes, heavy-duty vehicles are on-road motor vehicles with a Gross Vehicle Weigh Rating (GVWR) of 10,001 pounds or heavier. This category includes only vehicles in which engine idling is required to perform the primary function (for example, crane or aerial bucket trucks). In order to qualify for this incentive, each new vehicle must be placed into a service route that has a minimum idling time of 520 hours/year, and a minimum mileage of 1,000 miles/year.

Maximum Award Amount (per vehicle): TFCA funds awarded may not exceed the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emissions standards and its new conventional vehicle counterpart that meets, but does not exceed, the emissions standards~~.~~ (incremental cost). Maximum funding is set forth below:

	Idling Time	
GVWR, lbs	**Average 2 - 4 hours/day**	**Average ≥ 4 hours/day**
10,001-33,000	$16,000	$20,000
Greater than 33,000	$25,000	$30,000
Additional funds for scrapping pre-1998 vehicles	+ $4000	+ $4000

Scrapping Requirements: Project sponsors of heavy-duty clean air vehicles purchased or leased with TFCA funds that have model year ~~1993~~1997 or older heavy-duty diesel vehicles in their fleet are required to scrap one model year ~~1993~~1997 or older heavy-duty diesel vehicle for each new clean air vehicle purchased or leased with TFCA funds. Project sponsors with model year ~~1994~~1998 and newer heavy-duty diesel vehicles in their fleet may, but are not required to, ~~scrap an existing operational model year 1994 or newer heavy-duty diesel vehicle within their fleet. Emission reductions associated with~~ meet this scrapping ~~an existing operational heavy-duty diesel~~

vehicle will be factored into the calculationsrequirements. Applications that include scrapping components may receive additional credit towards the calculation of the overall cost effectiveness of the project. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

22. 23. Reserved.26. New Heavy-Duty Clean Air Vehicles

Eligibility: For TFCA purposes, heavy-duty vehicles are on-road motor vehicles with a GVW of 10,001 pounds or heavier. Vehicle infrastructure is not eligible for TFCA funding except under policy #29.

Funding Participation may be awarded TFCA funds to cover no more than the incremental cost of the new clean air vehicle. This provision 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 that surpasses the applicable emissions standards and its new diesel counterpart that meets, but does not exceed, the emissions standards.

Scrapping Requirements: Project sponsors of heavy-duty clean air 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 heavy-duty diesel vehicle for each new clean air vehicle purchased or leased with TFCA funds. Project sponsors with model year 1994 and newer heavy-duty diesel vehicles in their fleet may, but are not required to, scrap an existing operational model year 1994 or newer heavy-duty diesel vehicle within their fleet. Emission reductions associated with scrapping an existing operational heavy-duty diesel vehicle will be factored into the of the overall cost effectiveness of the project. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

24. Reserved .27. Reducing Emissions from Existing Heavy-Duty Engines:

Options available to reduce emissions from existing heavy-duty 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 percent compared to the direct exhaust emission standards of the existing engine that will be replaced.

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

1) All control strategies must be verified 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 verified 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.

d)Replacement of Compressed Natural Gas (CNG) Fuel Tanks – The replacement of CNG fuel tanks will only be considered for projects that achieve surplus emissions via repowers or emission control strategies, described in a) and b) above.

22.**25. Reserved.** **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.

26. **29.Advanced Technology Demonstration Projects:** Only Vehicle- vehicle-based advanced technology demonstration projects (i.e., technologies, motor vehicles and/or emission control devices not certified by CARB) are eligible for TFCA funding.not already implemented in the Bay Area are eligible for funding under this category. Grant applications for such projects must include best available data that can be used to estimate the cost-effectiveness of such projects. For motor vehicles, only projects that achieve emissions performance beyond CARB's most stringent adopted regulatory requirements are eligible for funding under this category. For infrastructure projects, only applications that include vehicles and that include advanced technologies not currently being implemented in the Bay Area qualify for funding. Applicants must clearly demonstrate the potential for concurrent or future emission reductions due to implementation of the project, and must provide estimates of emission reductions. All projects will require before and after evaluation data. TFCA funding for each project is limited to 25% of the total project cost, not to exceed $500,000.

SHUTTLE/FEEDER BUS SERVICE PROJECTS

24.27. **30. 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: . To be eligible, shuttle/feeder bus service schedules must be coordinated with connecting rail or ferry schedules.

Shuttle/feeder bus service applicants must either: a) Be submitted by be a public transit agency; or, b) Be accompanied by submit 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 2007/08 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 use one of the following types of shuttle/feeder bus vehicles:

a. a) an alternative fuel vehicle (CNG, liquefied natural gas, propane, electric);

b. b) a hybrid-electric vehicle;

c. ~~c)~~ a post-~~1994 diesel vehicle and a diesel emission control strategy verified by CARB to reduce emissions from the relevant engine; or~~1997 diesel vehicle with a CARB Verified Diesel Emission Control Strategy (e.g., retrofit); or

d. ~~d)~~ a post-1989 gasoline-fueled vehicle.

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

Pilot shuttle/feeder bus service projects are required to meet a cost-effectiveness of $125,000/ton during the first two years of operation (see Policy #2). A pilot project is a defined route that is at least 70% unique and has not previously been funded through TFCA. Applicants must provide data supporting the demand for the service~~ projects.~~, letters of support from potential users and providers, and plans for financing the service in the future.

REGIONAL RIDESHARING PROJECTS

28. **Regional Ridesharing Projects:** For TFCA Regional Fund eligibility, ridesharing projects must be comprised of riders from at least three Bay Area counties. Applications for projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor ~~Grant applications 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.~~are not eligible.

~~ARTERIAL MANAGEMENT PROJECTS~~

~~31.~~ 29. Reserved. ~~**Arterial Management:** Arterial management grant 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~~

~~32.~~ 30. Reserved ~~**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 Priority Development Area, 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 of the 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.~~

~~BICYCLE PROJECTS (SEE SEPARATE BICYCLE FACILITY PROGRAM GUIDELINES.)~~

REGIONAL FUND EVALUATION CRITERIA

Grant applications must comply with the TFCA Regional Fund Policies, and also are evaluated based on six criteria. ~~New for FY2008/2009, grant applications that meet a threshold for emission reductions in six highly impacted communities listed under Criterion 5, Sensitive and PM Impacted Communities, will receive Top priority.~~

Both public agencies and non-public entities are eligible to receive points under Criteria 1, 2, 3, 5, and 6. Only public agencies are eligible to receive points under Criterion 4. The maximum possible score for a public agency is 100 points and the maximum possible score for a non-public entity is 90 points. A public agency must achieve a minimum score of ~~40~~60 points to be considered for funding while a non-public entity must achieve a minimum of ~~36~~54 points to be considered for funding.

Projects will be ranked by ~~1)~~ calculating the percentage of total eligible points scored (100 for public agencies and 90 for non-public entities) in descending order~~, and 2) providing first priority for projects operating in six highly impacted communities~~. In the event that two or more projects achieve an equal score, the project with the best TFCA ~~funding~~ cost-effectiveness ~~(Criterion 1)~~ will receive a higher ranking.

Available TFCA Regional Funds will be allocated to projects beginning with the highest ranking project and proceeding in sequence to lower ranking projects~~, to fund as many eligible projects as available funds can fully cover~~. If the TFCA Regional Fund is oversubscribed, the point where the next-ranked eligible project cannot be fully funded defines the cut-off point for the funding cycle, i.e., all projects above this point will be funded. ~~The Air District may maintain a list of eligible projects that may be funded if funds become available.~~ If the Regional Fund is undersubscribed, any remaining funds are generally allocated to projects in the subsequent funding cycle. ~~No partial grant awards will be made; however, grant awards may be reduced from the original application request by~~By mutual consent of the project sponsor and the Air District; grant awards may be reduced from the amount requested in the original application.

FY ~~2008/~~2009/2010 TFCA Regional Fund Scoring Criteria

Criteria	Maximum Points
1. TFCA Funding Effectiveness*	**60**
2. Greenhouse Gas Emission Reductions*	**10**
3. Other Project Attributes*	**5**
4. Clean Air Policies and Programs**	**10**
5. Sensitive and PM Impacted	**---**
A. General	**10**
B. Highly-Impacted Communities	***~~Top~~High priority****
6. Priority Development Areas*	**5**
Total	**100**

* Public agencies and non-public entities eligible to receive points.
** Only public agencies eligible to receive points.
***~~Top~~High priority is defined per Criterion 5 below.

DISCUSSION

Criterion 1: TFCA Funding Effectiveness (maximum 60 points)

~~This criterion is designed to measure~~Measures the cost-effectiveness of a project in reducing air pollutant emissions~~ and to encourage projects that contribute funding from other, non-TFCA sources in excess of required matching funds.~~. Generally, applications that include higher rates of matching funds will score better than those that request higher percentage of TFCA funding . TFCA funds budgeted for the project (TFCA Regional Funds and TFCA County Program Manager Funds combined) will be divided by the estimated lifetime emission reductions for the project. The estimated lifetime emission reductions ~~is~~are the sum of reactive organic gases, oxides of nitrogen, and weighted particulate matter (PM)[1] that will be reduced over the life of the project. Air District staff will determine the estimated emission reductions and TFCA funding effectiveness for the project.

The point scales for awarding points for this criterion ~~is~~are presented below.

~~**Point Scale for Criterion 1**~~

a. For projects that must achieve a C-E threshold of $90,000/ton:

TFCA $/Ton			Points	TFCA $/Ton			Points
$0	-	$19,999	60	$56,000	-	$57,999	~~41~~53
$20,000	-	$21,999	~~59~~60	$58,000	-	$59,999	~~40~~52.5
$22,000	-	$23,999	~~58~~60	$60,000	-	$61,999	~~39~~52
$24,000	-	$25,999	~~57~~59.75	$62,000	-	$63,999	~~38~~51.5
$26,000	-	$27,999	~~56~~59.5	$64,000	-	$65,999	~~37~~51
$28,000	-	$29,999	~~55~~59.25	$66,000	-	$67,999	~~36~~50.5
$30,000	-	$31,999	~~54~~59	$68,000	-	$69,999	~~35~~50
$32,000	-	$33,999	~~53~~58.75	$70,000	-	$71,999	~~34~~49.5
$34,000	-	$35,999	~~52~~58.5	$72,000	-	$73,999	~~33~~49
$36,000	-	$37,999	~~51~~58	$74,000	-	$75,999	~~32~~48.5
$38,000	-	$39,999	~~50~~57.5	$76,000	-	$77,999	~~31~~48
$40,000	-	$41,999	~~49~~57	$78,000	-	$79,999	~~30~~47.5
$42,000	-	$43,999	~~48~~56.5	$80,000	-	$81,999	~~29~~47
$44,000	-	$45,999	~~47~~56	$82,000	-	$83,999	~~28~~46.5
$46,000	-	$47,999	~~46~~55.5	$84,000	-	$85,999	~~27~~46
$48,000	-	$49,999	~~45~~55	$86,000	-	$87,999	~~26~~45.5
$50,000	-	$51,999	~~44~~54.5	$88,000	-	$89,999	~~25~~45
$52,000	-	$53,999	~~43~~54	$90,000	-	and above	0
$54,000	-	$55,999	~~42~~53.5				

b. For Heavy-Duty Alternative Fuel/ Hybrid Service Vehicles (Low-mileage utility trucks in idling service):

50 Points – (amount requested must be equal to or less than the allowable amounts listed in Policy 22.)

[1] PM emissions include tailpipe PM, as well as brake particles, tire particles and re-entrained road dust. Consistent with California Air Resources Board methodology to calculate PM emission reductions for the Carl Moyer Program, weighted PM emissions will be calculated by adding the tailpipe PM multiplied by a factor of 20, plus the sum of tire, brake, and road dust PM.

c. For projects that must achieve a C-E threshold of $125,000/ton (Pilot Shuttle/Feeder Bus Service):

$0-	$19,999	60	$74,000-		$76,999	53
$20,000	-$22,999	60	$77,000-		$79,999	52.5
$23,000	-$25,999	60	$80,000	-	$82,999	52
$26,000	-$28,999	59.75	$83,000	-	$85,999	51.5
$29,000	-$31,999	59.5	$86,000	-	$88,999	51
$32,000	-$34,999	59.25	$89,000	-	$91,999	50.5
$35,000	-$37,999	59	$92,000	-	$94,999	50
$38,000	-$40,999	58.75	$95,000	-	$97,999	49.5
$41,000	-$43,999	58.5	$98,000	-	$100,999	49
$44,000	-$46,999	58	$101,000	-	$103,999	48.5
$47,000	-$49,999	57.5	$104,000	-	$106,999	48
$50,000	-$52,999	57	$107,000	-	$109,999	47.5
$53,000	-$55,999	56.5	$110,000	-	$112,999	47
$56,000	-$58,999	56	$113,000	-	$115,999	46.5
$59,000	-$61,999	55.5	$116,000	-	$118,999	46
$62,000	-$64,999	55	$119,000	-	$121,999	45.5
$65,000	-$67,999	54.5	$122,000	-	$124,999	45
$68,000	-$70,999	54	$125,000	-	and above	0
$71,000	-$73,999	53.5				

d. For projects that must achieve a C-E threshold of $500,000/ton (Advanced Technology Demonstration Projects):

$0 -	$44,999	60	$279,000	-	$291,999	50
$45,000	- $57,999	59.5	$292,000	-	$304,999	49
$58,000	- $70,999	59	$305,000	-	$317,999	48
$71,000	- $83,999	58.5	$318,000	-	$330,999	47
$84,000	- $96,999	58	$331,000	-	$343,999	46
$97,000	- $109,999	57.5	$344,000	-	$356,999	45
$110,000	- $122,999	57	$357,000	-	$369,999	44
$123,000	- $135,999	56.5	$370,000	-	$382,999	43
$136,000	- $148,999	56	$383,000	-	$395,999	42
$149,000	- $161,999	55.5	$396,000	-	$408,999	41
$162,000	- $174,999	55	$409,000	-	$421,999	40
$175,000	- $187,999	54.5	$422,000	-	$434,999	39
$188,000	- $200,999	54	$435,000	-	$447,999	38
$201,000	-$213,999	53.5	$448,000	-	$460,999	37
$214,000	- $226,999	53	$461,000	-	$473,999	36
$227,000	- $239,999	52.5	$474,000	-	$486,999	35
$240,000	- $252,999	52	$487,000	-	$499,999	34
$253,000	- $265,999	51.5	$500,000	-	and above	0
$266,000	- $278,999	51				

Criterion 2: Greenhouse Gas Emission Reductions (maximum 10 points)

~~This criterion is designed to reward~~Rewards projects that ~~will~~ reduce greenhouse gas emissions. ~~It will award~~Awards a maximum of 10 points (on a sliding scale, 0 ~~–~~to 10 points) for projects that reduce

emissions of greenhouse gases, predominately carbon dioxide. ~~Inherently~~Generally, projects that promote alternative modes of transportation and reduce single occupant vehicle trips (e.g., transit, ridesharing, bicycling and walking), as well as projects that improve motor vehicle fuel economy, will reduce greenhouse gas emissions. TFCA funds budgeted for the project will be divided by the estimated lifetime emission reductions of greenhouse gases for the project. Air District staff will determine the estimated emission reductions, TFCA funding effectiveness for greenhouse gases, and the scale for awarding points.

Criterion 3: Other Project Attributes (maximum 5 points)

~~The purpose of this criterion is to provide~~Provides a mechanism in the evaluation and scoring process to identify and assess desirable project attributes that are not captured in the analysis of TFCA funding effectiveness. Projects may score points under this criterion based upon other project attributes identified for each project type. The specific project attributes for each project type will be identified after grant applications have been received and reviewed. Examples of Other Project Attributes will be provided in TFCA Guidance document.

Criterion 4: Clean Air Policies and Programs (maximum 10 points)

~~The purpose of this criterion is to recognize~~Recognizes and ~~encourage~~encourages the efforts of public agencies to implement policies and programs that promote the region's air~~-~~quality objectives, especially land use and transportation policies that help to reduce air pollution from motor vehicles.

To receive points for this criterion, the sponsoring agency must describe its policies and actions to implement the transportation control measures (TCMs) in the most recently adopted strategy(ies) for State and national ozone standards throughout the agency's jurisdiction. Points will be awarded based upon the performance of the project sponsor in implementing those elements of each TCM~~,~~ which are within the purview of the sponsor agency.

Non-public entities are not eligible for points under this criterion.

Criterion 5: Sensitive and Particulate Matter (PM) Impacted Communities (maximum 10 points)

Under Criterion 5, grant applications are eligible for credit under two sub-criteria.

A. General

: This sub-criterion will award a maximum of 10 points (on a sliding scale, 0-10 points) for projects that directly reduce emissions in communities with both high $PM_{2.5}$ emissions and sensitive populations (i.e., children, seniors, those with low-incomes or elevated asthma rates).

B. Highly Impacted Communities

~~New for FY 2008/2009, applications that meet thresholds for emission reductions in six highly impacted communities will receive priority over those applications that do not.~~

- ~~Top priority~~ : Additional credit will be given to projects in these communities by providing them with the maximum score of 10 points in this Criterion and an additional 5 points under Criterion 3 "Other Project Attributes" provided that they ~~operate at least 30% in highly impacted communities. This contrasts with previous years where~~ meet a ~~sliding 10-point scale was used~~

similar to the general category above. The sixminimum percentage of operations in highly impacted communities are:

-
- Eastern San Francisco
- West Oakland
- East Oakland/San Leandro
- Richmond
- San Jose
- Concord

. These six communities have been identified by the Air District as having the most severe health risk with a population in which more than 40% of the residents are under 185% of the federal poverty level.and relatively low income levels.

Both sub-criteria 5A and 5B are based on data from the Air District's Community Air Risk Evaluation (CARE) Program; maps that identify these communities will be made available on the Air District's website. To qualify for points, a project must directly benefit one or more of these communities. The grant applicant must: 1) clearly indicate the community that would benefit from the project; 2) specify the percentage of project resources or services that would be delivered to the identified community; and 3) provide a clear explanation as to how the project would directly benefit residents in that community. The credit awarded will be determined by Air District staff, and will be based upon the percentage of project resources or services that would directly benefit the community, and the extent to which the project sponsor demonstrates this benefit.

Criterion 6: Priority Development Areas (maximum 5 points)

The purpose of this criterion is Awards additional points to reduce emissions by encouraging the concentration of projects located in concentrated areas identified for future growth near transit and in existing Bay Area communities. Funding projects operating in regionally approved Priority Development Areas (PDAs) will lead to reduced emissions in the region generally, and in PDAs in particular. Both public agencies and non-public entities are eligible for points under this criterion.

As with Criterion 5, to receive points for this criterion, the project must directly benefit one or more approved PDA. The grant applicant must: 1) clearly indicate the PDA that would benefit from the project; 2) specify the percentage of project resources or services that would be delivered in the PDAs. The credit awarded will be determined by Air District staff, and will be based upon the percentage of project resources or services that would directly benefit the PDA, and the extent to which the project sponsor demonstrates this benefit.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 18, 2009

Re: Update on the Carl Moyer Voucher Incentive Program

RECOMMENDED ACTION

Staff requests that the Committee recommend the Board of Directors reserve up to $2 million in Mobile Source Incentive Funds (MSIF) to match $2 million in California Air Resources Board (CARB) funds to establish a Carl Moyer Voucher Incentive Program (VIP).

BACKGROUND

The Bay Area Air Quality Management District (Air District) has participated in the Carl Moyer Program (CMP), in cooperation with the CARB, since the program began in fiscal year (FY) 1998/1999. The CMP provides grants to public and private entities to reduce emissions of oxides of nitrogen (NOx), reactive organic gases (ROG) and particulate matter (PM) from existing heavy-duty engines by either replacing or retrofitting them.

In an effort to streamline the CMP, CARB has developed an on-road truck replacement VIP that would make participation easier for vehicle owners and program administration easier on the Air District. On February 4, 2009, the District's Board of Directors authorized the APCO/ Executive Officer to enter into agreements with vehicle scrappers and dealers to implement a VIP in accordance with the guidelines developed by CARB.

DISCUSSION

CARB is responsible for developing guidelines that air districts must follow in order to administer the VIP. CARB has taken the current criteria of the CMP Fleet Modernization program and streamlined the requirements for both participants and air districts. By streamlining the guideline requirements, the VIP will provide funding opportunities for small fleet (1 - 3 vehicles) owners that will allow them to replace their older heavy-duty diesel vehicles more quickly with cleaner vehicles. Small fleet owners that meet the minimum qualifications for participation summarized below may be eligible for funding as shown in Table 1 on a first-come, first-served basis. Once a vehicle is replaced the owner will be required to scrap the original vehicle.

Table 1: VIP Funding Amounts

Model Year of Existing Vehicle	New Vehicle in Operation by December 31 of:	Voucher Amount
1990 & older	2009	$35,000
1991-1993		$30,000
1990 & older	2010	$25,000
1991-1993		$20,000

Minimum Participation Criteria for Vehicle Owners:

- Only small fleets (1-3 diesel vehicles) can participate
- Existing vehicles must be 1993 or older
- Gross Combined Vehicle Weight Range greater than 60,000 lbs
- At least 75% operation within California, with at least 30,000 miles traveled per year, over the previous 2 years
- The replacement vehicle must have a 2007 or newer engine that is at or below 1.20 g/bhp-hr NOx and 0.01 g/bhp-hr PM
- Port trucks are not eligible for VIP funding

The Air District plans to apply to CARB for up to two million dollars in CMP Year 11 multi-district funding to start up the VIP and will be required to provide a match equal to the amount of funds awarded by CARB. This match will be met with funds from the Mobile Source Incentive Fund (MSIF) or from CMP Year 11 funds.

The Air District will have to enter into agreements with truck vendors and dismantlers to administer the VIP in accordance with the CARB guidelines. Unlike the CMP, the Air District may not set more stringent VIP requirements based upon local priorities. Not allowing the Air District to set more stringent standards means vehicle owners located outside the Air District's jurisdiction can submit applications for funding that the Air District cannot reject solely because of their location. However, as multiple other air districts are expected to enter the program, staff expects that the bulk of funding will be spent on vehicles within Air District boundaries.

BUDGET CONSIDERATION / FINANCIAL IMPACT

The CMP distributes "pass-through" funds from CARB to private companies and public agencies on an invoice basis. Staff costs for the administration of the CMP is included under Program 607 – Mobile Source Grants, in the current FY 2008/2009 budget and will be included in the upcoming FY 2009/2010 budget.

The Air District will be obligated to match the CMP multi-district funds in the amount up to the amount of funds awarded by CARB. The District will meet this requirement through the expenditure of motor vehicle surcharge revenues or CMP funds to eligible projects. As such, the local match requirement will have no impact on the Air District's budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Anthony Fournier
Reviewed by: Jack M. Colbourn