



BAY AREA  
AIR QUALITY  
MANAGEMENT

DISTRICT

BOARD OF DIRECTORS  
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

SCOTT HAGGERTY - CHAIR  
JENNIFER HOSTERMAN  
CAROL KLATT  
JOHANNA PARTIN

CAROLE GROOM – VICE CHAIR  
DAVE HUDSON  
NATE MILEY  
MARK ROSS  
BRAD WAGENKNECHT

THURSDAY  
JUNE 2, 2011  
9:30 A.M.

4<sup>TH</sup> FLOOR CONFERENCE ROOM  
939 ELLIS STREET  
SAN FRANCISCO, CA 94109

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 MAY 2, 2011**

4. **AUDIT OF TRANSPORTATION FUND FOR CLEAN AIR (TFCA) REGIONAL FUND PROJECTS AND REQUEST TO REALLOCATE FUNDS**

D. Breen/5041

[dbreen@baaqmd.gov](mailto:dbreen@baaqmd.gov)

*The Committee will discuss the results of TFCA Audit Report #12, an audit of TFCA Regional Fund projects, and will consider recommending Board of Directors approval to reallocate \$110,000 to execute record-keeping upgrades to improve program administration.*

5. **SELECTION OF AN AUDITOR FOR TRANSPORTATION FUND FOR CLEAN AIR (TFCA) REGIONAL AND COUNTY PROGRAM MANAGER (CPM) FUNDS**

D. Breen/5041

[dbreen@baaqmd.gov](mailto:dbreen@baaqmd.gov)

*The Committee will consider recommending Board of Directors approval of the selection of an auditor for the TFCA Regional and CPM funds.*

6. **WAIVER FOR SAN FRANCISCO MUNICIPAL TRANSPORTATION AUTHORITY (SFMTA) FOR A FISCAL YEAR ENDING (FYE) 2010 BICYCLE FACILITY PROGRAM (BFP) POLICY**

D. Breen/5041

[dbreen@baaqmd.gov](mailto:dbreen@baaqmd.gov)

*The Committee will consider recommending that the Board of Directors grant a waiver for SFMTA for the Bicycle Facility Program policy that requires contract agreements to be executed within 120 days.*

7. **LOWER EMISSION SCHOOL BUS PROGRAM (LESBP)**

**D. Breen/5041**  
[dbreen@baaqmd.gov](mailto:dbreen@baaqmd.gov)

*The Committee will receive an update on the LESBP and will consider recommending Board of Directors approval of a request to allocate an additional \$4.2 million in Mobile Source Incentive Funds for additional school bus replacements.*

8. **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).*

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

*9:30 A.M., Thursday, June 30, 2011; 939 Ellis Street, San Francisco, CA 94109*

10. **ADJOURNMENT**

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

**(415) 749-5130  
FAX: (415) 928-8560  
BAAQMD homepage:  
[www.baaqmd.gov](http://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](http://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**

**JUNE 2011**

<b><u>TYPE OF MEETING</u></b>	<b><u>DAY</u></b>	<b><u>DATE</u></b>	<b><u>TIME</u></b>	<b><u>ROOM</u></b>
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	1	9:45 a.m.	Board Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets 4<sup>th</sup> Thursday each Month)</i>	Thursday	2	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Public Outreach Committee</b> <i>(At the Call of the Chair)</i>	Monday	6	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Advisory Council Meeting</b>	Wednesday	8	9:00 a.m.	Board Room
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	15	9:45 a.m.	Board Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets 4<sup>th</sup> Thursday each Month)</i> - RESCHEDULED TO JUNE 2, 2011	Thursday	23	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets 4<sup>th</sup> Thursday each Month)</i>	Thursday	30	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room

**JULY 2011**

<b><u>TYPE OF MEETING</u></b>	<b><u>DAY</u></b>	<b><u>DATE</u></b>	<b><u>TIME</u></b>	<b><u>ROOM</u></b>
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	6	9:45 a.m.	Board Room
<b>Board of Directors Stationary Source Committee</b> <i>(At the Call of the Chair)</i>	Thursday	7	9:30 a.m.	Board Room
<b>Advisory Council Meeting</b>	Wednesday	13	9:00 a.m.	Board Room
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	20	9:45 a.m.	Board Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets 4<sup>th</sup> Thursday each Month)</i>	Thursday	28	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room

## AUGUST 2011

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	3	9:45 a.m.	Board Room
<b>Advisory Council Meeting</b>	Wednesday	10	9:00 a.m.	Board Room
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	17	9:45 a.m.	Board Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets 4<sup>th</sup> Thursday each Month)</i>	Thursday	25	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room

HL – 5/26/11 (9:26 a.m.)

P/Library/Forms/Calendar/Calendar/Moncal

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: May 24, 2011

Re: Mobile Source Committee Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Mobile Source Committee meeting of May 2, 2011.

DISCUSSION

Attached for your review and approval are the draft minutes of the May 2, 2011 Mobile Source Committee meeting.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Kris Krow  
Reviewed by: Rex Sanders

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

**DRAFT MINUTES**

Board of Directors  
Mobile Source Committee Meeting  
9:30 a.m. Monday, May 2, 2011

**1) Call to Order/Roll Call:** Chairperson Scott Haggerty called the meeting to order at 9:30 a.m.

**Present:** Directors Carol Klatt, David Hudson, Nate Miley, Mark Ross and Brad Wagenknecht. Director Jennifer Hosterman arrived after the roll had been called.

**Absent:** Vice Chairperson Carole Groom and Director Johanna Partin.

**2) Public Comment Period:** Chair Haggerty opened the public comment period. An exchange student, Christian Oestergaard, from Denmark attending San Francisco State University, appeared before the Committee and inquired about diesel emissions and particulate matter in San Francisco. Chair Haggerty referred the speaker to Deputy Air Pollution Control Officer Jean Roggenkamp for follow-up.

**3) Approval of Minutes of March 24, 2011**

Director Wagenknecht made a motion to approve the minutes of the March 24, 2011 meeting of the Mobile Source Committee. Director Hudson seconded the motion and it was carried unanimously without objection.

**4) Consideration of Projects with Proposed Grant Awards over \$100,000**

Director of Strategic Incentives, Damian Breen, introduced Administrative Analyst, Ms. Stacy Shull, who presented the staff report.

This is the 12<sup>th</sup> year of the Carl Moyer Program (CMP), which was created in 1998 to reduce emissions from heavy-duty engines, and to fund surplus emission reductions. This voluntary program is jointly administered by the California Air Resources Board (CARB) and the Air District. The Mobile Source Incentive Fund (MSIF) is an additional funding source, which is the result of AB 923 that allowed for an additional \$2 motor vehicle registration fee surcharge. CMP projects are eligible for MSIF funding.

On 3/17/10 the Board of Directors approved participation in the 12<sup>th</sup> year of the CMP, and authorized the Executive Officer/APCO to execute contracts and amendments up to \$100,000 in grant funds.

This round of allocations consists of 18 projects which will replace 41 pieces of off-road equipment and 11 marine engines. The total amount of the allocations is \$3,138,251. These projects will result in an emissions reduction of approximately 32 tons per year of criteria pollutants.

Ms. Shull presented a slide that showed the breakdown of the distribution of CMP funds by county for Year 12. The Committee was informed that there was additional detail about the distribution of funds included in their agenda packet.

Staff requested that the Committee approve the following recommendations to the Board of Directors: 1) Approve Carl Moyer Program projects with proposed grant awards over \$100,000, and; 2) Authorize the Executive Officer/APCO to enter into agreements for the recommended Carl Moyer Program projects.

Public Comments: None

Committee Member Comments:

Director Hudson noted that there was a large reduction in NOx and particulate matter.

Director Wagenknecht moved to recommend to the Board the approval of the Carl Moyer Program projects with proposed grant awards over \$100,000, and authorize the Executive Officer/APCO to enter into agreements for the recommended Carl Moyer Program projects. The motion was seconded by Director Hudson and was carried unanimously without objection.

#### **5) Consideration of Approximately \$20 Million in California Goods Movement Bond (I-Bond) Funding for Bay Area Ports**

Grants Manager, Mr. Anthony Fournier, presented the staff report. CARB shore power regulation requirements become effective January 1, 2014. The costs for electrification of the Port of Oakland are approximately \$90 million (excluding APL and Ports America). The Air District accepted \$20 million dollars of I-Bond funds on December 16, 2010.

Applications for projects were accepted from February 2, 2011 through March 15, 2011. Staff notified all Bay Area ports, terminals, and vessel operators. An applicant workshop was also held on February 18, 2011.

Projects submitted to the Air District included 7 berths submitted by the Port of Oakland and 1 berth submitted by Ports America. Totalling \$19,417,476 in allocations, the projects will reduce 47 tons of PM and 2,829 tons of NOx. These projects are to be completed by December 31, 2013. There are 2 additional berths submitted by the Port of Oakland that are ready for shore power when additional funds become available.

Mr. Fournier showed a map of the port locations and a table of berths showing emission reductions and cost effectiveness.

The I-Bond funding requires 10% more plug-ins than the shore power regulations. Grant recipients must demonstrate their financial ability to match grant funding. Each grant agreement will have

project milestones with specific completion dates and require quarterly reporting. I-Bond funding can be withdrawn if a grantee fails to meet the milestones.

If grantees fall behind, they can prepare a recovery plan that allows grantees to make up for missing milestone dates and to get back on schedule and not lose their funding. CARB and the Air District will determine whether the recovery plan is acceptable. I-Bond funds may be forfeited for projects not fully operational by December 31, 2013. Non-performance penalties up to 10% may be imposed. The Air District will offer grant funding to on-road trucks in the case of reallocation.

Staff requests that the Committee recommend Board of Directors approval of the proposed and alternate I-Bond shore power projects, and authorize the Executive Officer/APCO to enter into agreements for the proposed projects.

**Public Comments:** None

**Committee Member Comments:**

Director Miley anticipates approval of the shore power projects and asked how this funding award will be publicized.

Executive Officer/APCO, Jack Broadbent, said staff would develop a press release if the Board of Directors approves the recommendation at their next meeting. Mr. Broadbent also informed the Committee that Senior Maritime Projects Administrator, Ms. Delphine Prévost, of the Port of Oakland, was present at the meeting.

Director of Strategic Incentives, Damien Breen, said there is a press conference scheduled for May 26, at the Port of Oakland at which the funding of the shore power projects will be presented.

Director Miley asked that the Air District extend the invitation to elected officials, as this is very significant. Director Miley also asked how long it takes to complete the shore power project from start to finish and if the Air District is allowing enough time for completion. If a project is not done by 2013, are there extensions?

Mr. Fournier stated that it will take 2 to 4 years for projects to be completed.

Mr. Breen stated the Air District doesn't have much flexibility as the time requirements are set by the State. There is the possibility of extensions and there may be monetary fines up to 10%.

Director Miley expressed discomfort with the time constraints, and prefers that extensions be granted without penalties. In regards to the contracts for the work, Director Miley inquired whether the contracts are subject to the Port of Oakland rules and local business hiring policies.

Senior Maritime Projects Administrator, Ms. Delphine Prévost, said to the extent that Federal money is going toward the projects, the Port's local policies would not apply. For berths where there is Prop 1B money and State funding, the Port policies would apply. Disadvantaged Business Enterprise (DBE) programs are typically required with Federal funding and those programs provide outreach to small and local businesses. Ms. Prévost said the Port plans to do outreach within the community.

Mr. Breen stated that I-Bond guidelines request that notice be given to small and local contractors. The contract would be given to the most qualified contractor.

Director Miley would like local residents and local businesses to get some of the jobs at the Port.

Chair Haggerty would like the press release for the shore power funding to be a separate event.

Director Hosterman noted that 47 tons is impressive. Can you compare the amount of pollutants we are reducing with the amount of money we are spending?

Mr. Breen replied that ocean going vessels create 61 tons of PM annually. This project creates a 50% emissions reduction at the Port by 2013. The primary risk was drayage trucks, and those have been cleaned up with an 85% reduction in emissions last year. These two projects combined will reduce the risk in the Port area significantly.

Director Hudson thought that the non-performance penalties would cost jobs. If the jobs are coming in and the work is being produced, perhaps can we research latitude in giving extensions?

Mr. Breen stated that the Air District is subject to the guidelines and regulations of CARB in this instance. Staff will monitor the progress and as it gets closer to the deadline, extensions can be considered.

Chair Haggerty requested that staff provide updates every few months.

Ms. Prévost stated that the cost is approximately \$6.5 million per berth. She is expecting that there will be 2 to 3 contracts with multiple berths, totaling approximately \$2.5 million per berth.

Mr. Breen acknowledged to the Committee that this is a reimbursement program and projects must be completed, before receiving funds. There may be some flexibility to pay as each berth is completed.

Ms. Roggenkamp noted that the regulation requires shore power by January 2014. This funding is given to get the shore power done early. These are the constraints of the funding.

Director Ross inquired whether ships were equipped to plug in. What about non-compliance?

Mr. Breen responded that the fine is levied against the ship; the vessels get ticketed. If it is a problem, we can discuss why they are not meeting the requirements and work collaboratively.

Director Miley stated he would like the Air District to get credit for the project.

Director Wagenknecht said he appreciates staff getting this together. When does this begin and does the Air District have separate contracts for each berth?

Mr. Breen stated that the Air District will have two contracts, one with the Port of Oakland and one with the Ports of America. The Port enters into construction contracts.

Chair Haggerty asked if the Port had determined who would pay for the electricity used for the shore power. Ms. Prévost stated that the billing goes to the shipping line.

**Committee Action:**

Director Miley moved to recommend to the Board of Directors the approval of the proposed and alternate I-Bond shore power projects and authorize the Executive Officer/APCO to enter into agreements for the proposed projects. Director Hudson seconded the motion and it carried unanimously without objection.

**6) Consideration of Air District Participation in Lawn and Garden Equipment Replacement Project and Allocation of \$182,025 in Matching Funds**

Supervising Environmental Planner, David Wiley, presented the staff report.

The Lawn and Garden Equipment Replacement (LGER) Project is part of the Air Quality Improvement Program under AB 118. The Air District was allocated \$182,025 from CARB. Matching funds are required with a 1:1 match. Inclusion of LGER projects in the Carl Moyer Program Guidelines, will allow Mobile Source Incentive Funds to be used as a match. If the Air District accepts the CARB award, the LGER project would replace approximately 2,000 lawn mowers by providing a discount of \$145 to residents for a cordless electric lawn mower with the trade-in of a gasoline mower. Contractors would be selected by a Request for Proposals (RFP) process to accept and recycle used mowers, provide the discount, and sell and service the new replacement cordless electric mowers. There would be extensive public outreach and residents would be able to participate at several locations on a first-come, first-served basis.

Staff is requesting that the Committee recommend the Board of Directors adopt a resolution authorizing the Executive Officer/APCO to accept a \$182,025 grant from CARB and commit the Air District to comply with the LGER Project requirements, and allocate up to \$182,025 in Mobile Source Incentive Funding as matching funds; and authorize the Executive Officer/APCO to execute all necessary agreements with the CARB relating to the Air District's receipt of LGER Project funds for FYE 2011.

**Public Comments:** None

**Committee Member Comments:**

Committee members asked Mr. Breen to elaborate on the program. Mr. Breen said that the Air District will create the RFP and vendors will bid. It will be operated similar to the vehicle buyback program and the contractor will provide services. A scrap certificate and report would be provided to the Air District.

Director Wagenknecht asked staff who they expected to submit proposals for this project.

Mr. Wiley responded that it would likely be a manufacturer. Several brand name manufacturers are interested.

Director Hosterman asked how much the program will cost the Air District. Mr. Breen answered that administrative costs were 5%.

Director Wagenknecht moved that the Committee recommend the Board of Directors adopt a resolution authorizing the Executive Officer/APCO to accept a \$182,025 grant from CARB and commit the Air District to comply with the LGER Project requirements, and allocate up to \$182,025 in Mobile Source Incentive Funding as matching funds; and authorize the Executive Officer/APCO to execute all necessary agreements with the CARB relating to the Air District's receipt of LGER Project funds for FYE 2011. The motion was seconded by Director Ross and carried unanimously without objection.

**7) Consideration of Transportation Fund for Clean Air (TFCA) County Program Manager Expenditure Plans for FYE 2012, and Allocation of FYE 2008 TFCA Funds to the Napa County Program Manager**

Supervising Environmental Planner, David Wiley, presented the staff report.

The source for TFCA funds is a \$4 motor vehicle registration surcharge, of which 40% is designated for the Program Manager in each County. On December 1, 2010, the Board of Directors approved revisions to TFCA Program Manager Policies for FYE 2012. Each year, the Board of Directors approve Program Manager Expenditure Plans. Mr. Wiley showed the table of funds by County to the Committee.

<b>County Program Manager</b>	<b>Est. New FYE 2012 TFCA Funds</b>	<b>Total Funds to be Programmed in FYE 2012</b>
Alameda	\$1,754,911	\$1,927,591.72
Contra Costa	\$1,278,554	\$1,310,904.34
Marin	\$335,635	\$398,527.09
Napa	\$180,357	\$238,907.42
San Francisco	\$686,946	\$1,080,142.45
San Mateo	\$976,283	\$987,566.04
Santa Clara	\$2,148,196	\$2,302,585.80
Solano	\$291,092	\$294,747.25
Sonoma	\$551,523	\$558,598.93

Napa County was not able to allocate all its funds from FYE 2008. Projects have now been identified for Napa, and the funds can be allocated.

Director Ross moved to recommend that the Board of Directors approve the allocation of FYE 2012 TFCA County Program Manager Funds listed on Table 1; authorize the Executive Officer/APCO to enter into funding agreements with the County Program Managers for the total funds to be

programmed in FYE 2012, listed on Table 1, consistent with the Board-adopted TFCA Program Manager Fund Policies; and approve the allocation of \$68,020.50 in remaining FYE 2008 funds to the Napa County Transportation and Planning Agency, and authorize the Executive Officer/APCO to amend the funding agreement with the agency to include the additional allocation. The motion was seconded by Director Wagenknecht and carried unanimously without objection.

**8) Committee Member Comments / Other Business**

Director Hudson asked about the bike sharing program and when it would come before the Committee again.

Director Hosterman requested that the time of the Committee meeting be moved to later in the morning.

**9) Time and Place of Next Meeting**

9:30 a.m., Thursday, May 26, 2011, location to be determined. *(The meeting was later scheduled for 9:30 a.m., Thursday, June 2, 2011 at 939 Ellis Street, San Francisco, 94109)*

**10) Adjournment**

Chair Haggerty adjourned the meeting at 10:24 a.m.

Kris Perez Krow  
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: May 17, 2011

Re: Audit of Transportation Fund for Clean Air (TFCA) Regional Fund Projects and  
Request to Reallocate Funds

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RECOMMENDED ACTIONS:

Recommend Board of Directors:

1. Receive and file the results of TFCA Audit #12.
2. Recommend Board of Directors authorize the Executive Officer/APCO to amend the contract with Armanino McKenna, LLP, to include the review and modernization of TFCA County Program Manager Fund (CPM) grants at no additional cost.

BACKGROUND

California Health and Safety Code Section 44242 requires that the Air District perform an audit on each program or projects funded with motor vehicle registration fee surcharges collected under Section 44241. The Air District manages these revenues as the TFCA. Forty percent of this funding is distributed via the Air District's CPM program and 60% is administered directly by the Air District via its TFCA Regional Fund. The Air District is required to have an independent auditor examine both programs. The most recent audit (Audit #12) was conducted for TFCA Regional Fund projects.

DISCUSSION

The Air District retained the services of Gilbert Associates, Inc. to conduct the fiscal audits of closed (completed) TFCA Regional Fund projects that were completed as of June 30, 2009. The audits were conducted from December 2009 through April 2011. Gilbert Associates conducted field work and completed and issued audit reports to each organization audited, and to the Air District for its TFCA-funded programs (Spare the Air and the Smoking Vehicle Program). The auditors also prepared an Audit Summary Report (see Attachment 1), which is a compilation of the individual audit reports. A list of the audited projects is provided in Appendix B of Attachment 1. Each organization was provided an opportunity to respond in writing to any findings and those responses are included in the individual audit reports.

The Audit Summary Report contains nine sponsor findings and one oversight finding; all are being addressed. For Finding 2009-7 (a project involving the retrofit of heavy-duty trucks for Sysco Food systems), Air District staff is working with the project sponsor to fully address the finding.

In order to address the other findings in the audit report, the Air District is in the process of further strengthening its administrative operating procedures. This strengthening will include a mandatory education program for those project sponsors with repeated issues (i.e., late and inconsistent reporting, late invoices, records retention and notification issues, etc.), to be implemented in fall of 2011. The audit findings will be reviewed with the Committee at the June 2, 2011, meeting.

While there are still a number of reporting related findings identified, it should be noted that instances of these types of issues continues to decline when compared to previous audits. A key tool that has aided in this progress has been the modernization of the TFCA Regional Fund files and data. The modernization process was completed by Armanino McKenna, LLP, as part of a contract approved by the Board in September 2009 and has allowed Air District staff to perform better outreach to project sponsors with regard to reporting deadlines and invoice submittal.

In order to provide that the same level of service to CPM Administrators prior to the upcoming audit, staff is requesting that the Board authorize the Executive Officer/APCO to enter into an agreement with Armanino McKenna, LLP for an amount not to exceed \$110,000 to complete the modernization of the entire TFCA program. This funding is the remainder of \$200,000 in general fund monies set aside by the Board when Armanino McKenna, LLP was retained to modernize the TFCA Regional Fund grant files.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None. As required by California Health and Safety Code Section 44242(a), the costs of TFCA audits are taken from the TFCA motor vehicle registration fee surcharges. Resources for this TFCA audit were identified in the Air District's FYE 2011 budget.

Funding for the original Armanino McKenna, LLP contract was approved in the amount of \$200,000 by the Board of Directors on September 16, 2009, and the budget was amended to include the funds. At present, Armanino McKenna, LLP, has completed its work on the TFCA Regional Fund and \$110,000 of the original allocation is unspent.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: David Wiley  
Reviewed by: Damian Breen

Attachment: Transportation Fund for Clean Air Program Regional Fund: Audit Summary Report

**BAY AREA AIR QUALITY  
MANAGEMENT DISTRICT**

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

**AUDIT SUMMARY REPORT**

**PROJECT PERIOD ENDED JUNE 30, 2009**

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

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# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

### AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2009

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#### 1. INTRODUCTION

The Bay Area Air Quality Management District (Air District) was created by the California legislature in 1955. The Air District's structure, operating procedures and authority are established by Division 26 of the California Health and Safety Code.

The Air District includes seven counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo and Santa Clara and portions of two other counties, Southwestern Solano and Southern Sonoma. The Air District is governed by a twenty-two member Board of Directors that includes representatives from all of the above counties.

The Air District's jurisdiction is limited principally to policing non-vehicular sources of air pollution within the Bay Area, primarily industry pollution and burning. Any company wishing to build or modify a facility in the Bay area must first obtain a permit from the Air District to ensure that the facility complies with all applicable rules.

The Air District also acts as the program administrator for Transportation Fund for Clean Air (TFCA) funds and Mobile Source Incentive funds (MSIF) derived from Assembly Bill 434 and Assembly Bill 923 respectively. TFCA and MSIF funding comes from a \$4 and \$2 surcharge, respectively, on motor vehicles registered within the Air District. TFCA funding may only be used to fund eligible projects that reduce motor vehicle emissions and support the implementation of the transportation and mobile source control measures in the Clean Air Plan in place at time of award. All projects must fall within the categories listed in State Law (Health and Safety Code Section 44241).

The Health and Safety Code requires the Air District to pass-through no less than 40% of the TFCA revenues raised within a particular county, after audit and administrative costs, to that county's designated Program Manager. The remaining 60% is for Regional Fund grants and is being allocated to projects on a competitive basis. Projects are evaluated using the Air District's Board adopted evaluation and scoring criteria.

#### 2. PROGRAM DESCRIPTION

Health and Safety Code Sections 44223 and 44225 authorize a surcharge on the motor vehicle registration fee (surcharge) to be used by the Air District and local governments specifically for programs to reduce air pollution from motor vehicles. The Department of Motor Vehicles collects the surcharge and allocates the amounts to the Air District. The Air District administers these funds through the TFCA Program. Under the TFCA Program, money is allocated to two funds: (1) 60% is placed in the Regional Fund and allocated to entities on a competitive basis by the Air District and (2) 40% is placed in the Program Managers Fund and allocated to designated agencies. Allowable projects under Health and Safety Code Section 44241 include the following:

- Ridesharing programs
- Purchase or lease of clean fuel school and transit buses
- Feeder or shuttle bus service to rail and ferry stations and airports

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

### AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2009

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- Arterial traffic management
- Demonstrations in congestion pricing of highways, bridges and public transit
- Rail bus integration and regional transit information systems
- Low emission vehicle projects
- Bicycle facility improvement projects
- Physical improvements that support "Smart Growth" projects

State law requires that any agency receiving TFCA funding be subject to an audit, at least once every two years. Health and Safety Code Section 44242 provides the legal compliance guidelines for the Air District to follow in the event revenues are not spent appropriately or when projects do not result in emission reductions. Health and Safety Code Sections 44241 and 44242 are provided in Appendix A.

The Air District retained the firm of Gilbert Associates Inc. to conduct financial and compliance audits of completed projects funded through the Regional Fund for the project period ended June 30, 2009. These audits were conducted during the months of December 2009 through March 2011.

A total of 52 individual Sponsors and 83 projects were audited, with \$39,463,471 total funds awarded. A listing of the projects audited is provided in Appendix B.

### 3. AUDIT PROCESS

The audits were designed to address numerous financial and compliance objectives; however, the principal objectives of the audits were to (1) provide assurance that amounts reported in the Schedules of Expenditures are fairly stated, and (2) determine whether projects financed through the Air District's Regional Fund met funding agreement requirements. The audit procedures were specifically designed for TFCA financial and compliance requirements. The audit approach is described below:

#### *Auditing Standards and Specific Procedures*

The financial audits were performed in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States for the period ended June 30, 2009.

Procedures performed included, but were not limited to:

- Gaining an understanding of the project sponsors' internal controls over financial reporting of the TFCA program through observation, inquiry, and supporting documentation.
- Tracing expenditures related to the TFCA program to the Sponsor's accounting records.
- Validating TFCA expenditures related to vendor disbursements, payroll, and administrative charges to supporting documentation.

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

### AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2009

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- Conducting interviews with project sponsors to inquire about known, alleged or suspected fraud related to the program.

#### *Compliance Auditing Procedures*

The audits were performed in accordance with the requirements outlined in the Health and Safety Code, individual funding agreements and *Government Auditing Standards*. The principal focus of the compliance auditing procedures was to ensure TFCA expenditures were paid in accordance with the program's objectives (Health and Safety Code Sections 44241 and 44242). Detailed tests on select transactions were performed to verify compliance with the Health and Safety Code and individual funding agreements, but were not designed to provide assurance on overall project compliance.

Auditing procedures performed included, but were not limited to:

- Testing expenditures for allowable costs in accordance with Section 44241 of the Health and Safety Code.
- Verifying that the Sponsor used the TFCA funds for the reduction of emissions from motor vehicles.
- Determining that the Sponsor adopted appropriate resolutions authorizing the grant application or, where applicable, an authorizing letter of commitment.
- Verifying the expenditure of funds was within two years, unless a longer period was approved in writing by the Air District.
- Determining whether the Sponsor submitted to the Air District all required reports and that the reports contained all information required as specified on Attachment C of the funding agreement.
- Verifying the use of the Air District's approved logo or acknowledgment of the Air District in printed or electronic materials for public distribution.
- Determining if the Sponsor followed the indirect cost determination approach when allocating indirect costs to the project.
- Determining whether administrative costs were adequately supported and did not exceed 5% of the TFCA revenues.
- Determining whether other specific terms of the funding agreement were adhered to, such as additional reporting requirements.

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

### AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2009

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#### 4. SPONSOR FINDINGS

A summary of Sponsor audit findings is provided below.

**Finding 2009-1:** *Late Filing of Reports*

According to the funding agreement between the Air District and the Sponsors, Sponsors were required to submit to the Air District quarterly reports, a final report, and other reports specified in the Sponsor's funding agreements.

During the audit, we noted that the projects listed in Table 1 had one or more late reports. 33 Sponsors out of 52 (63.46%) and 38 projects out of the 83 audited (45.78%) had one or more late reports. The number of quarterly reports, final reports, and other reports submitted late are noted below:

	<u>Late Reports</u>	<u>Number of Sponsors</u>	<u>Number of Projects</u>
Quarterly reports	69	32	34
Final reports	18	16	18
Other reports:			
Semiannual report	<u>1</u>	1	1
Total late reports	<u>88</u>		

**Air District's Response to Finding 2009-1**

The Air District acknowledges this finding, and has taken significant steps to assist project sponsors with submitting reports on time. The District has revised and strengthened its Administrative Operating Procedure (AOP) for Regional Fund Administration, which includes sending reminders to all project sponsors in advance of report due dates, withholding payment until sponsors are current with their reporting, and making noncompliant grantees ineligible for future grants. The District also has streamlined reporting requirements by reducing the frequency of reports, from quarterly to semi-annual. Although the percentage of sponsors and of projects with late reports has decreased substantially since the last TFCA Audit, the District will continue to take efforts to help sponsors comply with reporting requirements through the improvement and execution of its procedures.

**Finding 2009-2:** *Unfiled Reports*

According to the funding agreement between the Air District and the Sponsors, Sponsors were required to submit to the Air District quarterly reports, a final report, and other reports specified in the Sponsor's funding agreements.

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

### AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2009

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During the audit, we noted that the projects listed in Table 2 had one or more unfiled reports. 16 Sponsors out of 51 (31.37%) and 16 projects out of the 82 audited (19.51%) had one or more unfiled reports. The number of unfiled reports is noted below:

	<u>Unfiled Reports</u>	<u>Number of Sponsors</u>	<u>Number of Projects</u>
Quarterly reports	40	16	16

#### Air District's Response to Finding 2009-2

The District acknowledges this finding, and, as with late reports, has taken significant steps to reduce the likelihood of sponsors missing reports. The District has revised and strengthened its AOP for Regional Fund Administration, which includes sending sponsors delinquent notices for unfiled reports in addition to all the steps described above for late reports. These efforts are having positive results, as evidenced by the percentage of sponsors and of projects with unfiled Quarterly or Semi-annual Reports decreasing substantially since the last TFCA Audit, and the lack of missing Final Reports. The District will continue to work to help sponsors comply with reporting requirements through the improvement and execution of its procedures.

#### Finding 2009-3: Late Final Invoices

According to the funding agreement between the Air District and the Sponsors, Sponsors were required to submit final invoices after submission of the final report. For project 06R66, Retrofit Five (5) Diesel Solid Waste Collection Vehicles, sponsored by the South San Francisco Scavenger Company, Inc. (SSFSC), the final report was due on October 1, 2007, and per the funding agreement, the invoice was due within ninety days of final report submission. The final invoice was submitted on May 20, 2009. SSFSC stated that they had submitted the final invoice with the final report, but had to resubmit the invoice at the Air District's request in May 2009. SSFSC was unable to provide documentation showing the invoice was submitted with the final report.

#### Air District's Response to Finding 2009-3

The Air District concurs with this finding. The District requires an invoice before releasing funds, and in this case District records show an invoice was not received until May 2009. The District will ensure that contracts and guidance are clear on this point, and will note it in the project sponsor workshops that it holds for each funding cycle.

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

### AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2009

#### **Finding 2009-4:** *Enforcement of Logo and Publicity Compliance*

According to the funding agreement between the Air District and the Sponsors, Sponsors were to acknowledge the Air District as a project funding source and use or display the Air District-approved logo so that it is visible to the public on any motor vehicles leased or purchased with TFCA funds, on any other property purchased with TFCA funds, on any printed or electronic material associated with the project that is distributed to the public, and in any project-related media events, articles, news releases, or other publicity materials.

During the audit, we noted that the projects listed below had missing logos or Air District acknowledgement. 3 Sponsors out of 51 (5.88%) and 3 projects out of the 82 audited (3.66%) had missing logos.

<b>Project Number</b>	<b>Project Sponsor</b>	<b>Project Description</b>
06R67	Blue Line Transfer, Inc.	Retrofit Three (3) Diesel Transfer Trucks
06R66	South San Francisco Scavenger Company, Inc.	Retrofit Five (5) Diesel Solid Waste Collection Vehicles
05R10	University of California – Berkeley Campus	Bicycle Parking Project

#### **Air District's Response to Finding 2009-4**

The District concurs with this finding, and has taken steps to ensure all sponsors properly credit the source of TFCA funds. The District will continue to emphasize this requirement in its guidance, contracts, and workshops that it holds for each funding cycle.

#### **Finding 2009-5:** *Time Extensions*

According to the funding agreement between the Air District and the Sponsors, Sponsors were to expend TFCA funds within two years of the effective dates of the agreement, unless the Air District approved a longer period in writing. During the audit, we noted that time extensions were not requested or granted for the following three projects that were not completed according to the timeline in the funding agreements:

<b>Project Number</b>	<b>Project Sponsor</b>	<b>Project Description</b>
06R61	North Bay Corporation	Retrofit Fifteen (15) Heavy Duty Diesel Trucks
04R08	City of Santa Rosa	Heavy-Duty Vehicle Retrofit - Retrofit 7 Existing Transit Buses with PM and NOx Emission Control Devices
05R49	West County Transportation	Repower Twelve (12) Heavy-Duty Diesel School Buses with New Diesel Engines

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

### AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2009

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#### Air District's Response to Finding 2009-5

The District concurs with this finding, and has taken steps to ensure that sponsors comply with project schedules. The District has substantially increased its monitoring of project progress and its communication about the importance of completing projects on schedule. In some cases, projects have been cancelled for lack of progress, and in other cases the scope of lagging projects has been reduced via contract amendments. The District will continue to emphasize this requirement in its guidance and contracts, and in the workshops it holds during each funding cycle.

#### **Finding 2009-6:** *Pre-Construction Counts*

According to a funding agreement between the Air District and the City of Cupertino (City), sponsor of project 04R51, Mary Avenue Gateway and Refuge Project, the City was required to include information on pedestrian, bicycle, transit riders, and motor vehicles in the project area from counts made no more than three months prior to the start of construction. During our testing of the City's compliance, these counts were not performed by the City, and instead the City submitted counts from an older study at an alternative location.

#### Air District's Response to Finding 2009-6

The Air District concurs with this finding. For projects that require pre-project monitoring, the District will emphasize this requirement in all applicable contracts and during the workshops it holds during each funding cycle.

#### **Finding 2009-7:** *Changes in Operational Status*

According to the funding agreement between the Air District and the Sponsors, Sponsors were to notify the Air District in writing of any change in the operational status of equipment or services purchased or funded under the agreement within thirty days of the occurrence of such a change in operational status. During our testing of a Sponsor's compliance, we noted that the retrofit devices purchased with TFCA funds had been moved to newer vehicles as the older vehicles were being retired, but the Sponsor, Sysco Food Services of San Francisco, project 06R69, Retrofit Twenty-one (21) Heavy Duty Diesel Delivery Trucks, was unable to provide documentation indicating that they had notified the Air District of the change.

#### Air District's Response to Finding 2009-7

This issue has been brought to the District's attention, and District staff is investigating this issue.

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

### AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2009

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#### **Finding 2009-8:** *Quarterly Report Format*

According to the funding agreement between the Air District and the Sponsors, Sponsors were to submit quarterly progress reports to the Air District during implementation of the project, and such quarterly reports shall be submitted based upon the format provided by the Air District. During our testing of a Sponsor's compliance, we noted that the Sponsor, West County Transportation Agency, sponsor of project 05R49, Repower Twelve (12) Heavy-Duty Diesel School Buses with New Diesel Engines, did not submit quarterly reports in the format provided by the Air District.

#### Air District's Response to Finding 2009-8

The District concurs with this finding, and has taken steps to prevent this from occurring in the future. The District has revised its AOPs for Regional Fund Administration to have staff return reports that are not compliant with content or format requirements. Also, the District now makes report formats available to sponsors in electronic format, making compliance easier.

#### **Finding 2009-9:** *Records Retention*

According to the funding agreement between the Air District and the Sponsors, Sponsors were to keep all necessary project records to document project activities and performance, including documentation of expenses and charges to support invoices submitted to the Air District and other project reporting requirements as described in Attachment C of the funding agreement. Additionally, the funding agreement states that the Sponsors will keep project records in one central location for a period of three years after the Air District's final payment of an approved invoice. During our testing of the compliance of a Sponsor, Oakland Unified School District, sponsor of project 05R11, Roosevelt Middle School Bicycle Cage and Bicycle Racks, we noted that while the Sponsor provided support for expenditures made with TFCA funds, it was unable to provide copies of reports submitted to the Air District. The Air District's payment to the Sponsor was made on November 19, 2008, and thus our request for project records occurred within the three-year period described in the funding agreement.

#### Air District's Response to Finding 2009-9

The District has taken steps to help project sponsors comply with records retention requirements. The District has revised and strengthened its AOPs for Regional Fund Administration and Project Closure. For example, the District lists the specific records retention requirements in the letter that is sent to the project sponsor at the closure of each project. In addition, the District will emphasize these requirements in the project sponsor workshops that it holds for each funding cycle. Although the number of sponsors with a records retention finding has decreased significantly since the last TFCA Audit, the District will continue to help sponsors comply with records retention requirements through the improvement and execution of its procedures.

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

### AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2009

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#### 5. OVERSIGHT FINDINGS

During our visits to the various Sponsors, we noted oversight issues that we believe should have been addressed by the Air District in accordance with its oversight responsibilities. A summary of Air District oversight findings are provided below.

##### Finding 2009-1: Late Filing or Unfiled Reports

According to the funding agreement between the Air District and the Sponsors, Sponsors were required to submit to the Air District reports specified in the Sponsor's grant agreement.

During the audit, we noted that the projects listed in Table 1 did not have documentation that one or more reports were submitted by the Air District deadline, and the projects listed in Table 2 did not have documentation that one or more reports were submitted to the Air District. 37 Sponsors out of 51 (72.55%) and 42 projects out of the 82 audited (51.22%) had one or more late or unfiled reports and/or documents.

##### Recommendation:

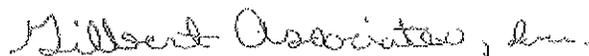
We recommend that the Air District work with Sponsors to develop a process to insure the timely submission of reports.

##### Air District's Response to Finding 2009-1

The Air District acknowledges this finding, and has taken significant steps to assist project sponsors with submitting all required reports, and submitting them on time. The District has revised and strengthened its Administrative Operating Procedure for Regional Fund Administration, which includes sending reminders to all project sponsors prior to report due dates, sending delinquent notices for unfiled reports, withholding payment until sponsors are current with their reporting, and making noncompliant grantees ineligible for future grants. The District also has streamlined reporting requirements by reducing the frequency of reports, from quarterly to semi-annual. Although the percentage of sponsors and of projects with late or unfiled reports has decreased substantially since the last TFCA Audit, the District will continue to work to help sponsors comply with reporting requirements through the improvement and execution of its procedures.

#### 6. CONCLUSION

This report completes our efforts in conducting a financial and compliance audit for the projects assigned. We would be pleased to discuss any aspects of our audit efforts.



GILBERT ASSOCIATES, INC.  
Sacramento, California

May 27, 2011

**TABLE 1**  
**SPONSORS WITH LATE REPORTS**

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

**TABLE 1 - SPONSORS WITH LATE REPORTS  
FOR THE PROJECT PERIOD ENDED JUNE 30, 2009**

<b>Project Number</b>	<b>Project Sponsor</b>	<b>Project Description</b>
06R67	Blue Line Transfer, Inc.	Retrofit Three (3) Diesel Transfer Trucks
05R40	California Department of Transportation	Retrofit 21 Heavy-Duty Diesel Vehicles
02R37	City and County of San Francisco - San Francisco Municipal Transportation Agency	Transit Bus Traffic Signal Prioritization
04R06	City and County of San Francisco - San Francisco Municipal Transportation Agency	Class 2 Bicycle Lanes - Alemany Boulevard
05R44	City and County of San Francisco - San Francisco Municipal Transportation Agency	Retrofit forty-five (45) Heavy-Duty Buses in the San Francisco MUNI Fleet
02R33	City of Concord	Neighborhood Traffic Calming
04R51	City of Cupertino	Mary Avenue Gateway and Refuge Project
07BFP14	City of Daly City	Callan Boulevard and Southgate Avenue Bicycle Route Improvements
05R74	City of Gilroy	Monterey Streetscape Improvements
03R49	City of Half Moon Bay	Class 1 Bicycle Path - Highway 1
05R36	City of San Jose	Retrofit Eighteen (18) Heavy-Duty Vehicles in the City of San Jose Department of General Services Fleet
05R39	City of San Jose	Retrofit Forty-Six (46) Heavy-Duty Solid Waste Collection Vehicles in the Norcal Waste Systems Fleet Serving the City of San Jose
05R23	City of San Rafael	San Rafael Bicycle Master Plan Implementation
04R08	City of Santa Rosa	Heavy-Duty Vehicle Retrofit - Retrofit 7 Existing Transit Buses with PM and NOx Emission Control Devices
05R09	City of Sunnyvale	Evelyn Avenue Class-2 Bicycle Lane: Phase 2
05R13	Contra Costa County	Bicycle Lockers for the Pleasant Hill Bart Station
05R35	Contra Costa County	Retrofit 21 Heavy-Duty Diesel Vehicles
07R70	Cooper Crane & Rigging, Inc.	Repower Two Heavy Duty Trucks - Reconditioned Engines
04R31	County of Alameda Public Works Agency	On-Street Class II Bicycle Lanes - East Castro Valley Blvd.
05R38	County of Solano	Retrofit Four (4) Heavy-Duty Dump Trucks in the Solano County Resource Management - Public Works Fleet
06R54	CUSA FL LLC	Retrofit Eighteen (18) Diesel Buses
06R55	Diamond Tank Lines	Retrofit Two Heavy-duty Diesel Trucks
05R75	Golden Gate Bridge, Highway and Transportation District	Golden Gate Bus Stop Improvements
06R58	Marin Airporter	Retrofit Five (5) Diesel Buses
03R58	Metropolitan Transportation Commission	Installation of Cleaire Longview Retrofit Devices on Transit Buses
05R65	Metropolitan Transportation Commission	Regional Rideshare
06R44	Milpitas Unified School District	Repower Two (2) Heavy-duty Diesel School Buses

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

**TABLE 1 - SPONSORS WITH LATE REPORTS  
FOR THE PROJECT PERIOD ENDED JUNE 30, 2009**

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<b>Project Number</b>	<b>Project Sponsor</b>	<b>Project Description</b>
06R61	North Bay Corporation	Retrofit Fifteen (15) Heavy Duty Diesel Trucks
05R11	Oakland Unified School District	Roosevelt Middle School Bicycle Cage and Bicycle Racks
04R24	Port of Oakland	Heavy-Duty Vehicle Replacement - Fifteen (15) Compressed Natural Gas Shuttle Vehicles
07BFP22	San Francisco State University	Bicycle U-Bike Parking at SF State
06R90	Santa Clara Valley Transportation Authority	Shuttle Bus Service - ACE Commuter Rail
06R40	Solano Garbage Company	Two Liquefied Natural Gas (LNG) Refuse Collection Vehicles
07BFP21	Sonoma County Junior College District	Secured Bicycle Facilities Program Phase I
06R66	South San Francisco Scavenger Company, Inc.	Retrofit Five (5) Diesel Solid Waste Collection Vehicles
06R69	Sysco Food Services of San Francisco	Retrofit Twenty-one (21) Heavy-duty Diesel Delivery Trucks
05R10	University of California - Berkeley Campus	Bicycle Parking Project
05R49	West County Transportation Agency	Repower Twelve (12) Heavy-Duty Diesel School Buses with New Diesel Engines

**TABLE 2**

**SPONSORS WITH UNFILED REPORTS**

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

**TABLE 2 - SPONSORS WITH UNFILED REPORTS  
FOR THE PROJECT PERIOD ENDED JUNE 30, 2009**

<b>Project Number</b>	<b>Project Sponsor</b>	<b>Project Description</b>
07R32	Apple Trucking	Retrofit One (1) Heavy Duty Truck - Level 3 Device
05R40	California Department of Transportation	Retrofit 21 Heavy-Duty Diesel Vehicles
05R36	City of San Jose	Retrofit Eighteen (18) Heavy-Duty Vehicles in the City of San Jose Department of General Services Fleet
05R09	City of Sunnyvale	Evelyn Avenue Class-2 Bicycle Lane: Phase 2
04R31	County of Alameda Public Works Agency	On-Street Class II Bicycle Lanes - East Castro Valley Blvd.
06R54	CUSA FL LLC	Retrofit Eighteen (18) Diesel Buses
07R35	Foster Farms Dairy	One PM/NOx Level 3 Retrofit Device
03R58	Metropolitan Transportation Commission	Installation of Cleaire Longview Retrofit Devices on Transit Buses
06R44	Milpitas Unified School District	Repower Two (2) Heavy-duty Diesel School Buses
03R27	Peninsula Corridor Joint Powers Board	Bicycle Storage Facility - 4th and King
04R24	Port of Oakland	Heavy-Duty Vehicle Replacement - Fifteen (15) Compressed Natural Gas Shuttle Vehicles
06R45	Ravenswood City School District	Repower Three (3) Heavy-duty Diesel School Buses
06R46	River Delta Unified School District	Repower 2 Heavy-Duty Diesel School Buses with Cleaner Diesel Engines.
06R40	Solano Garbage Company	Two Liquefied Natural Gas (LNG) Refuse Collection Vehicles
07BFP21	Sonoma County Junior College District	Secured Bicycle Facilities Program Phase I
06R69	Sysco Food Services of San Francisco	Retrofit Twenty-one (21) Heavy-duty Diesel Delivery Trucks

**APPENDIX A**  
**HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242**

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

### AUDIT SUMMARY REPORT

#### HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2009

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#### 44241

(a) Fee revenues generated under this chapter in the bay district shall be subvned to the bay district by the Department of Motor Vehicles after deducting its administrative costs pursuant to Section 44229.

(b) Fee revenues generated under this chapter shall be allocated by the bay district to implement the following mobile source and transportation control projects and programs that are included in the plan adopted pursuant to Sections 40233, 40717, and 40919:

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

(c) (1) Fee revenue generated under this chapter shall be allocated by the bay district for projects and programs specified in subdivision (b) to cities, counties, the Metropolitan Transportation Commission,

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

### AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2009

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transit districts, or any other public agency responsible for implementing one or more of the specified projects or programs. Fee revenue generated under this chapter may also be allocated by the bay district for projects and programs specified in paragraph (7) of subdivision (b) to entities that include, but are not limited to, public agencies, consistent with applicable policies adopted by the governing board of the bay district. Those policies shall include, but are not limited to, requirements for cost-sharing for projects subject to the policies. Fee revenues shall not be used for any planning activities that are not directly related to the implementation of a specific project or program.

(2) The bay district shall adopt cost-effectiveness criteria for fee revenue generated under this chapter that projects and programs are required to meet. The cost-effectiveness criteria shall maximize emissions reductions and public health benefits.

(d) Not less than 40 percent of fee revenues shall be allocated to the entity or entities designated pursuant to subdivision (e) for projects and programs in each county within the bay district based upon the county's proportionate share of fee-paid vehicle registration.

(e) In each county, one or more entities may be designated as the overall program manager for the county by resolutions adopted by the county board of supervisors and the city councils of a majority of the cities representing a majority of the population in the incorporated area of the county. The resolution shall specify the terms and conditions for the expenditure of funds. The entities so designated shall be allocated the funds pursuant to subdivision (d) in accordance with the terms and conditions of the resolution.

(f) Any county, or entity designated pursuant to subdivision (e), that receives funds pursuant to this section, at least once a year, shall hold one or more public meetings for the purpose of adopting criteria for expenditure of the funds and to review the expenditure of revenues received pursuant to this section by any designated entity. If any county or entity designated pursuant to subdivision (e) that receives funds pursuant to this section has not allocated all of those funds within six months of the date of the formal approval of its expenditure plan by the bay district, the bay district shall allocate the unallocated funds in accordance with subdivision (c).

#### 44242

(a) Any agency which receives funds pursuant to Section 44241 shall, at least once every two years, undertake an audit of each program or project funded. The audit shall be conducted by an independent auditor selected by the bay district in accordance with Division 2 (commencing with Section 1100) of the Public Contract Code. The district shall deduct any audit costs which will be incurred pursuant to this section prior to distributing fee revenues to cities, counties, or other agencies pursuant to Section 44241.

(b) Upon completion of an audit conducted pursuant to subdivision (a), the bay district shall do both of the following:

(1) Make the audit available to the public and to the affected agency upon request.

# BAY AREA AIR QUALITY MANAGEMENT DISTRICT

## TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

### AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2009

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- (2) Review the audit to determine if the fee revenues received by the agency were spent for the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717.
- (c) If, after reviewing the audit, the bay district determines that the revenues from the fees may have been expended in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to that plan, the district shall do all of the following:
- (1) Notify the agency of its determination.
  - (2) Within 45 days of the notification pursuant to paragraph (1), hold a public hearing at which the agency may present information relating to expenditure of the revenues from the fees.
  - (3) After the public hearing, if the district determines that the agency has expended the revenues from the fees in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717, the district shall withhold these revenues from the agency in an amount equal to the amount which was inappropriately expended. Any revenues withheld pursuant to this paragraph shall be redistributed to the other cities within the county, or to the county, to the extent the district determines that they have complied with the requirements of this chapter.
- (d) Any agency which receives funds pursuant to Section 44241 shall encumber and expend the funds within two years of receiving the funds, unless an application for funds pursuant to this chapter states that the project will take a longer period of time to implement and is approved by the district or the agency designated pursuant to subdivision (e) of Section 44241. In any other case, the district or agency may extend the time beyond two years, if the recipient of the funds applies for that extension and the district or agency, as the case may be, finds that significant progress has been made on the project for which the funds were granted.

**APPENDIX B**  
**LISTING OF AUDITED PROJECTS**

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
**TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND**

**APPENDIX B**  
**FOR THE PROJECT PERIOD ENDED JUNE 30, 2009**

<b>Project Number</b>	<b>Project Sponsor</b>	<b>Project Description</b>	<b>Funds Awarded</b>
05R61	Alameda County Congestion Management Agency	Travel Choice	\$ 135,000
07R32	Apple Trucking	Retrofit One (1) Heavy Duty Truck - Level 3 Device	23,567
06R00	Bay Area Air Quality Management District	Administration Costs	1,300,992
06R01	Bay Area Air Quality Management District	Smoking Vehicle Program	775,424
06R02	Bay Area Air Quality Management District	Vehicle Buy Back Program	7,386,585
06R03	Bay Area Air Quality Management District	Spare The Air	1,429,349
06R04	Bay Area Air Quality Management District	Vehicle Incentive Program	600,000
07R00	Bay Area Air Quality Management District	Administration Costs	1,629,196
07R01	Bay Area Air Quality Management District	Smoking Vehicle Program	1,008,902
07R02	Bay Area Air Quality Management District	Vehicle Buy Back Program	7,431,411
07R03	Bay Area Air Quality Management District	Spare The Air	1,761,961
06R67	Blue Line Transfer, Inc.	Retrofit Three (3) Diesel Transfer Trucks	68,501
07R33	C&A Trucking	Retrofit Six Heavy Duty Trucks: Level 3 Devices	141,400
05R40	California Department of Transportation	Retrofit 21 Heavy-Duty Diesel Vehicles	911,070
02R37	City and County of San Francisco - San Francisco Municipal Transportation Agency	Transit Bus Traffic Signal Prioritization	150,000
04R06	City and County of San Francisco - San Francisco Municipal Transportation Agency	Class 2 Bicycle Lanes - Alemany Boulevard	26,500
05R07	City and County of San Francisco - San Francisco Municipal Transportation Agency	25th Avenue Road Diet	80,000
05R44	City and County of San Francisco - San Francisco Municipal Transportation Agency	Retrofit forty-five (45) Heavy-Duty Buses in the San Francisco MUNI Fleet	506,250
02R33	City of Concord	Neighborhood Traffic Calming	150,000
04R51	City of Cupertino	Mary Avenue Gateway and Refuge Project	100,000
05R18	City of Daly City	Lake Merced Boulevard Bicycle Lane	60,000
05R19	City of Daly City	Southgate Avenue Bicycle Lane	50,000
07BFP14	City of Daly City	Callan Boulevard and Southgate Avenue Bicycle Route Improvements	15,000
05R74	City of Gilroy	Monterey Streetscape Improvements	405,000
03R49	City of Half Moon Bay	Class 1 Bicycle Path - Highway 1	280,000
05R36	City of San Jose	Retrofit Eighteen (18) Heavy-Duty Vehicles in the City of San Jose Department of General Services Fleet	206,550
05R39	City of San Jose	Retrofit Forty-Six (46) Heavy-Duty Solid Waste Collection Vehicles in the Norcal Waste Systems Fleet	483,000
05R60	City of San Leandro	Shuttle Bus Service - San Leandro LINKS	57,770

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
**TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND**  
**APPENDIX B**  
**FOR THE PROJECT PERIOD ENDED JUNE 30, 2009**

<b>Project Number</b>	<b>Project Sponsor</b>	<b>Project Description</b>	<b>Funds Awarded</b>
05R23	City of San Rafael	San Rafael Bicycle Master Plan Implementation	\$ 150,000
04R08	City of Santa Rosa	Heavy-Duty Vehicle Retrofit - Retrofit 7 Existing Transit Buses with PM and NOx Emission Control Devices	22,500
05R09	City of Sunnyvale	Evelyn Avenue Class-2 Bicycle Lane: Phase 2	35,900
06R51	Coach 21	Claire Longview retrofit systems	240,909
05R13	Contra Costa County	Bicycle Lockers for the Pleasant Hill Bart Station	20,400
05R35	Contra Costa County	Retrofit 21 Heavy-Duty Diesel Vehicles	262,500
06R15	Contra Costa County	North Richmond Area Bikeway Lanes	65,000
07R46	Cooper Crane & Rigging, Inc.	Retrofit One Heavy Duty Truck - Level 3 Device	17,680
07R70	Cooper Crane & Rigging, Inc.	Repower Two Heavy Duty Trucks - Reconditioned Engines	62,456
04R31	County of Alameda Public Works Agency	On-Street Class II Bicycle Lanes - East Castro Valley Blvd.	45,000
05R14	County of Alameda Public Works Agency	South Livermore Ave./ Tesla Rd Bicycle Lane Gap Closure	165,000
07R28	County of San Francisco	51 Light-duty Hybrid Electric Vehicles	107,100
05R38	County of Solano	Retrofit Four (4) Heavy-Duty Dump Trucks in the Solano County Resource Management - Public Works Fleet	58,000
06R54	CUSA FL LLC	Retrofit Eighteen (18) Diesel Buses	430,619
06R55	Diamond Tank Lines	Retrofit Two Heavy-duty Diesel Trucks	42,793
07R35	Foster Farms Dairy	One PM/NOx Level 3 Retrofit Device	22,917
05R75	Golden Gate Bridge, Highway and Transportation District	Golden Gate Bus Stop Improvements	36,000
06R58	Marin Airporter	Retrofit Five (5) Diesel Buses	122,341
03R58	Metropolitan Transportation Commission	Installation of Claire Longview Retrofit Devices on Transit Buses	357,442
05R65	Metropolitan Transportation Commission	Regional Rideshare	1,000,000
06R44	Milpitas Unified School District	Repower Two (2) Heavy-duty Diesel School Buses	95,326
06R61	North Bay Corporation	Retrofit Fifteen (15) Heavy Duty Diesel Trucks	288,849
05R11	Oakland Unified School District	Roosevelt Middle School Bicycle Cage and Bicycle Racks	20,000
03R27	Peninsula Corridor Joint Powers Board	Bicycle Storage Facility - 4th and King	100,000
05R55	Peninsula Corridor Joint Powers Board	Shuttle Bus Service - Caltrain Stations	1,000,000
05R56	Peninsula Corridor Joint Powers Board	Shuttle Bus Service - Tamien Weekend Shuttle	26,442
05R57	Peninsula Corridor Joint Powers Board	Shuttle Bus Service - New Broadway Shuttle	32,955
06R83	Peninsula Corridor Joint Powers Board	Caltrain Weekday Shuttle Bus Service	1,034,355

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
**TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND**

**APPENDIX B**  
**FOR THE PROJECT PERIOD ENDED JUNE 30, 2009**

<b>Project Number</b>	<b>Project Sponsor</b>	<b>Project Description</b>	<b>Funds Awarded</b>
04R24	Port of Oakland	Heavy-Duty Vehicle Replacement - Fifteen (15) Compressed Natural Gas Shuttle Vehicles	\$ 323,625
06R86	Presidio Trust	PresidiGo Downtown Shuttle Service	125,000
06R45	Ravenswood City School District	Repower Three (3) Heavy-duty Diesel School Buses	142,989
06R46	River Delta Unified School District	Repower 2 Heavy-Duty Diesel School Buses with Cleaner Diesel Engines	95,326
05R20	San Francisco Bay Area Rapid Transit District	Electronic Bike Lockers for BART Stations	241,560
03R48	San Francisco International Airport	Heavy Duty Vehicle Replacement - Eight (8) Compressed Natural Gas Vehicles	175,875
06R48	San Francisco International Airport	Retrofit Twenty-seven (27) Diesel Shuttle Vehicles	609,711
04R11	San Francisco International Airport	Heavy Duty Vehicle Replacement - Eight (8) Compressed Natural Gas Shuttle Vehicles	157,920
05R41	San Francisco International Airport	Twelve (12) Compressed Natural Gas Shuttle Buses	277,200
06R32	San Francisco International Airport	Purchase Fourteen (14) Compressed Natural Gas Heavy-duty Shuttle Buses	198,000
07BFP22	San Francisco State University	Bicycle U-Bike Parking at SF State	12,000
05R52	San Joaquin Regional Rail Commission	Shuttle Bus Service - Pleasanton ACE and Dublin/Pleasanton BART Stations	44,000
05R53	San Joaquin Regional Rail Commission	Shuttle Bus Service - Pleasanton ACE to Stoneridge Business Park	44,000
06R87	San Joaquin Regional Rail Commission	Shuttle Bus Service - Pleasanton ACE to Stoneridge Business Park	36,439
06R88	San Joaquin Regional Rail Commission	Shuttle Bus Service - Pleasanton ACE and Dublin/Pleasanton BART Stations	50,000
06R89	San Jose State University - Associated Students	San Jose State University's Trip Reduction Program	100,000
05R50	Santa Clara Valley Transportation Authority	Shuttle Bus Service - ACE Commuter Rail	950,000
06R90	Santa Clara Valley Transportation Authority	Shuttle Bus Service - ACE Commuter Rail	950,000
06R40	Solano Garbage Company	Two Liquefied Natural Gas (LNG) Refuse Collection Vehicles	68,452
07BFP21	Sonoma County Junior College District	Secured Bicycle Facilities Program Phase I	50,000
06R66	South San Francisco Scavenger Company,	Retrofit Five (5) Diesel Solid Waste Collection Vehicles	55,125
06R69	Sysco Food Services of San Francisco	Retrofit Twenty-one (21) Heavy-duty Diesel Delivery Trucks	374,588
06R41	Tri-Ced Community Recycling	Ten Compressed Natural Gas Recycling Trucks	500,000
05R10	University of California - Berkeley Campus	Bicycle Parking Project	47,750

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
**TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND**  
**APPENDIX B**  
**FOR THE PROJECT PERIOD ENDED JUNE 30, 2009**

<b>Project Number</b>	<b>Project Sponsor</b>	<b>Project Description</b>	<b>Funds Awarded</b>
06R20	University of California, San Francisco	Mt. Zion Medical Center Bike & Ride Secure Bicycle Parking	\$ 39,999
06R42	Waste Management of Alameda County, Inc.	Purchase Fourteen (14) Liquefied Natural Gas Recycling Trucks	500,000
05R49	West County Transportation Agency	Repower Twelve (12) Heavy-Duty Diesel School Buses with New Diesel Engines	258,000
Total Funds Awarded			\$ 39,463,471
Total Sponsors Audited			52
Total Projects Audited			83

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: May 24, 2011

Re: Selection of an Auditor for Transportation Fund for Clean Air (TFCA) Regional  
and County Program Manager (CPM) Funds

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RECOMMENDED ACTIONS:

Recommend Board of Directors:

1. Approve the selection of Gilbert Associates, Inc. to conduct TFCA Audit #13; and
2. Authorize the Executive Officer/APCO to execute a contract with Gilbert Associates, Inc. for audit services, in an amount that shall not exceed \$228,600.

BACKGROUND

California Health and Safety Code Section 44242 requires that the Air District perform an audit of each program or projects funded with motor vehicle registration fee surcharges collected under Section 44241. The Air District manages these revenues as the TFCA. Forty percent of this funding is distributed via the Air District's CPM program and 60% is administered directly by the Air District via its TFCA Regional Fund. The Air District is required to have an independent auditor examine both programs. In the past, audits of the Regional Fund and CPM Fund have been conducted in alternate years. To date there have been 12 such audits.

Based on the modernization of the TFCA Program, staff is implementing a new auditing procedure. This new auditing methodology will require that projects closing in both programs (TFCA Regional and CPM Funds) be examined each calendar year. The purpose of this new methodology is twofold: 1) it addresses records retention findings in previous audits and 2) it allows the Air District to interact with project sponsors while their knowledge of project parameters is current.

If approved by the Board of Directors, the selected contractor will begin work on the thirteenth TFCA audit on both programs in July 2011, with an expected date of completion and submission of all reports by December 2011. Staff's evaluation of the audit proposals and recommended selection is presented below.

## DISCUSSION

### **Request for Proposals**

On February 23, 2011, the Air District issued a Request for Proposals (RFP) to perform the thirteenth audit of projects funded by the TFCA Program. The Air District forwarded the RFP to 13 public accounting firms, posted it to a statewide website for CPA firms, and posted it on the Air District's website. The deadline to submit proposals was March 14, 2011. This process was performed in compliance with the Air District's Administrative Code Division II, Section 4.6, and with applicable portions of the California Public Contract Code Section 1100 et seq.

The Air District received proposals from the following three companies by the deadline: Armanino McKenna LLP; Gilbert Associates, Inc.; and Macias, Gini & O'Connell LLP (MGO).

### **Evaluation of Proposals**

A panel, comprising a grants section manager, the Finance Manager, and two technical representatives from the TFCA Program, conducted the evaluation and scoring of the proposals. The panel relied on the RFP's listed five criteria to evaluate and score the proposals. The individual scores were then averaged to determine the recommended firm. Table 1 below shows each firm's scores:

**Table 1: Scoring of Proposals**

<b>Criteria</b>	<b>Max. Pts.</b>	<b>Armanino McKenna</b>	<b>Gilbert Associates</b>	<b>MGO</b>
1. Technical expertise: size/structure of firm and personnel; firm's ability to perform and complete work in a professional and timely manner	30	23	28	28
2. Past experience of the firm and team on projects of similar scope for governmental agencies	20	15	18	17
3. Responsiveness of the proposal, stating a clear understanding of the work to be performed	20	14	19	17
4. Proposed cost	20	14	19	10
5. References, and Green/Local Business	10	8	5	7
<b>Total</b>	<b>100</b>	<b>74</b>	<b>89</b>	<b>79</b>

Based on the scores above and adherence to the evaluation criteria, staff is recommending Gilbert Associates, Inc. for a contract not to exceed \$228,600 to conduct the thirteenth audit of TFCA programs and projects. This firm had the highest overall score, and scored highest on the criteria related to past experience and responsiveness of the proposal. Additionally, the Board will have the ability to extend the contract with Gilbert Associates, Inc. for up to an additional two years under the terms of the current RFP.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None. As required by Health and Safety Code Section 44242(a), the costs of the TFCA audit are taken from the TFCA motor vehicle registration fee surcharges. The Air District's budget for TFCA administration identifies funds to conduct this audit.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: David Wiley  
Reviewed by: Damian Breen

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: May 24, 2011

Re: Waiver for San Francisco Municipal Transportation Authority (SFMTA) for a  
Fiscal Year Ending (FYE) 2010 Bicycle Facility Program (BFP) Policy

RECOMMENDATION:

Recommend the Board of Directors:

1. Waive the requirement of Policy #9 of the BFP for FYE 2010 that project sponsors sign and return funding agreements within 120 days of transmittal of the agreement for three SFMTA projects.

BACKGROUND

FYE 2010 Policies for the BFP were approved by the Air District Board on July 1, 2009. Policy #9 requires Project Sponsors to sign and return funding agreements to the Air District within 60 days from the date an agreement is transmitted. This policy also allows the Air District to authorize an extension of up to 120 days from the date of transmittal for return of a signed funding agreement. Such an extension is granted only in cases where circumstances have been demonstrated to the Air District that such a delay is beyond the Project Sponsor's reasonable control. This policy is in place to ensure that funds are spent in a timely fashion on viable projects.

As part of the FYE 2010 BFP, three projects from the SFMTA, one to install bicycle racks citywide (09BFP12) and two others to install Class II bicycle lanes on John Muir Drive (09BFP13) and the Great Highway (09BFP15), were issued contracts in the first quarter of the calendar year 2010.

DISCUSSION

After the funding agreements were sent to SFMTA, they and Air District staff engaged in extensive negotiations over several contract terms, including the duration of the projects. In addition, further delays in contract execution were experienced as a result of SFMTA's internal process of taking these projects to the San Francisco Board of Supervisors for approval. As a result, signed contracts were only recently received from SFMTA, well past the 120 days allowed by the FYE 2010 BFP policies.

Staff recognizes that the current time period allotted by the BFP policies may be insufficient for some jurisdictions to complete negotiations and internal approval processes. Staff is exploring options to allow for more flexibility on contract execution. Any policy modifications will be presented to the Committee and the Board for approval as part of the FYE 2012 BFP Policies in fall 2011.

Staff believes that the SFMTA bicycle projects in question have great merit due to the fact that they will deploy over 1,400 separate bicycle parking spaces in San Francisco and create two additional bicycle lanes that extend and connect the city's current network. Staff is therefore requesting that Committee recommend that the Board waive BFP Policy #9 for these three SFMTA projects.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Geraldina Grünbaum  
Reviewed by: Damian Breen

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: May 12, 2011

Re: Lower Emissions School Bus Program (LESBP)

RECOMMENDATIONS:

Recommend Board of Directors:

1. Receive and file an information update on the LESBP.
2. Allocate \$4.2 million in Mobile Source Incentive Funding (MSIF) to fund school bus replacement projects under the LESBP.

BACKGROUND

The Air District has participated in the LESBP since its creation in fiscal year ending (FYE) 2001 by the California Air Resources Board (CARB). The program is currently subject to the CARB's 2008 LESBP guidelines. These guidelines provide for:

- The replacement of 1986 model year and older public school buses, in order of oldest first, and;
- The retrofitting of 1987 model year and newer school buses with particulate matter (PM) emission control devices.

These guidelines also require a school district match of \$25,000 per bus and impose a cost cap of \$140,000 per bus on the amount of total funds that can be provided. Similarly, school bus retrofit funds are capped at \$20,000 per bus which may include the cost of filter maintenance and any necessary electrical infrastructure. Since 2008, the Air District Board has approved the allocation of MSIF to serve as the local match requirement for school districts. As part of this report, staff will update the Committee on the previous grant cycle, the current program solicitation and request an additional \$4.2 million in MSIF funding for the current program.

## DISCUSSION

### ***Previous Grant Cycle***

Between August 1, 2008, and September 30, 2008, Air District staff solicited applications for school bus retrofit and replacement projects. As a result of augmenting California Goods Movement Bond (I-Bond) funding with MSIF funds, all eligible applicants from this call for applications have been awarded funding. Specifically, as shown in Attachment 1, over \$4.9 million in I-Bond funding have been allocated to retrofit 264 school buses serving public schools in the Bay Area. Also shown in Attachment 2, nearly \$7 million have been paid out to replace 47 dirty public school buses, over half of which were at least 25 years old.

### ***Current Solicitation***

Based on allocations of I-Bond and MSIF funding, the Air District currently has approximately \$8 million available for retrofit and replacement projects (\$3 million in I-Bond funding for retrofits and replacements and \$5 million in MSIF funding for replacements only). To award these funds, the Air District issued a call for retrofit and replacement applications from March 2 through April 29, 2011.

This resulted in the receipt of 41 applications, requesting over \$22.6 million in funding. Of these applications, 12 were for \$1.8 million to retrofit 94 school buses (Attachment 3) and 29 were for \$20 million to replace 135 public school buses (Attachment 4).

Based on preliminary evaluation of the applications received, the Air District expects to provide retrofit funding to all buses requesting it (94 buses requesting just over \$1.8 million) as well as to replace all 1986 model year and older school buses for which funds were requested (29 buses requesting just over \$4.5 million). This funding allocation is in keeping with the funding priority prescribed by the 2008 LESBP Guidelines.

After this preliminary allocation, approximately \$1.7 million would remain to address requests for over \$15 million to replace over one hundred (100) 1986-1993 model year school buses. Staff is currently working with applicants to determine if any are willing to retrofit rather than replace their equipment. This would increase the impact of currently available funding and maximize the emissions reductions benefits for school children. For applicants that choose not to retrofit, any remaining MSIF funds would be prioritized to replace the oldest school buses, with preference given to those operating in Highly Impacted Communities.

In order to increase the number of replacements available to school districts, staff is recommending that an additional \$4.2 million in MSIF funding be allocated to the LESBP. This funding is the available balance of unspent funds allocated to the joint Carl Moyer/MSIF program in FYE 2011. While this funding can in no way address the requests for replacement buses submitted, it is hoped that by using this funding and the remaining I-Bond funding all applicants can upgrade (retrofit or replace) their vehicles ahead of impending CARB requirements.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None. Both MSIF and I-Bond funding comes with administrative funding to cover staff time associated with the program. The 2008 LESBP Guidelines allow two percent (2%) for administrative costs (\$170,464), plus an additional five percent (5%) in administrative costs for funds designated to retrofit projects.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Geraldina Grünbaum  
Reviewed by: Damian Breen

- Attachment 1: 2008 Solicitation Retrofits Performed with I-Bond Funding
- Attachment 2: 2008 Solicitation Replacements Performed with MSIF Funding
- Attachment 3: 2011 Solicitation Retrofit Funding Requests
- Attachment 4: 2011 Solicitation Replacement Funding Requests

**Attachment 1: 2008 Solicitation Retrofits Performed with I-Bond Funding**

<b>Project Number</b>	<b>School District</b>	<b>City</b>	<b>County</b>	<b># Retrofit Devices</b>	<b>TOTAL Award</b>
08SBPM01	Novato Unified School District	Novato	Marin	14	\$280,000.00
08SBPM02	Shoreline Unified School District	Tomales	Marin	9	\$175,470.00
08SBPM03	Dixie School District	San Rafael	Marin	3	\$45,256.22
08SBPM05	Petaluma Joint Union High School District	Petaluma	Sonoma	8	\$160,000.00
08SBPM06	Fairfield-Suisun Unified School District	Fairfield	Solano	8	\$154,077.24
08SBPM07	Milpitas Unified School District	Milpitas	Santa Clara	5	\$140,000.00
08SBPM08	Liberty Union High School	Brentwood	Contra Costa	9	\$175,189.42
08SBPM09	Michaels Transportation	Vallejo	Alameda, Contra Costa, Marin, Solano	40	\$697,627.80
08SBPM11	Antioch Unified School District	Antioch	Contra Costa	8	\$152,755.35
08SBPM12	Pacifica School District	Pacifica	San Mateo	1	\$20,000.00
08SBPM14	Bolinas/Stinson Union School District	Bolinas	Marin	2	\$39,439.64
08SBPM15	West County Transportation Agency	Santa Rosa	Sonoma	5	\$82,508.64
08SBPM21	Hayward Unified School District	Hayward	Alameda	2	\$40,000.00
08SBPM22	Mountain View Whisman School District	Mountain View	Santa Clara	5	\$100,000.00
08SBPM23	Campbell Union High School District	San Jose	Santa Clara	1	\$16,777.89
08SBPM24	First Student	Richmond, San Francisco, San Jose, Santa Rosa	Contra Costa, San Francisco, Sonoma, Santa Clara	144	\$2,658,969.54
<b>TOTALS:</b>				<b>264</b>	<b>\$4,938,071.74</b>
<b>16 : number of projects</b>					

**Attachment 2: 2008 Solicitation Replacements Performed with MSIF Funding**

<b>School District/Joint Powers Authority</b>	<b>City</b>	<b>County</b>	<b>Type</b>	<b># Buses</b>	<b>Total Paid</b>
Fremont Unified School District	Fremont	Alameda	Diesel	3	\$464,063
San Lorenzo Unified School District	San Lorenzo	Alameda	Diesel	1	\$146,987
New Haven Unified School District	Union City	Alameda	Diesel	2	\$290,286
Hayward Unified School District	Hayward	Alameda	Diesel	5	\$803,131
Antioch Unified School District	Antioch	Contra Costa	Diesel	8	\$992,718
Pope Valley Union School District	Pope Valley	Napa	Propane	2	\$261,945
Calistoga Joint Unified School District	Calistoga	Napa	Diesel	2	\$288,316
Napa Valley Unified School District	Napa	Napa	Hybrid	1	\$140,065
Jefferson Union High School District	Daly City	San Mateo	Diesel	4	\$562,389
Campbell Union High School District	San Jose	Santa Clara	Diesel	1	\$140,182
Morgan Hill Unified School District	Morgan Hill	Santa Clara	Diesel	6	\$861,600
Campbell Union School District	Campbell	Santa Clara	CNG	3	\$510,000
Travis Unified School District	Fairfield	Solano	Diesel	3	\$442,644
Sonoma Valley Unified School District	Sonoma	Sonoma	Diesel	1	\$147,727
West County Transportation Agency	Santa Rosa	Sonoma	CNG	5	\$850,000

**15 : # of projects**

**Totals: 47 \$6,902,053**

**Attachment 3: 2011 Solicitation Retrofit Funding Requests**

<b>Project Number</b>	<b>School District/Transportation Company</b>	<b>City</b>	<b>County</b>	<b># Retrofit Devices</b>	<b>TOTAL Funds</b>
08SBPM25	Gilroy Unified School District	Gilroy	SC	17	\$339,963.47
08SBPM26	Moreland School District	San Jose	SC	6	\$114,564.50
08SBPM27	River Delta Unified School District	Rio Vista	SOL	15	\$287,344.80
08SBPM28	Fairfield-Suisun Unified School District	Fairfield	SOL	2	\$36,740.28
08SBPM29	Windsor Unified School District	Windsor	SON	8	\$171,966.10
08SBPM30	Solano County Office of Education	Fairfield	SOL	3	\$50,437.33
08SBPM31	West County Transportation Agency	Santa rosa	SON	7	\$125,074.64
08SBPM32	CYO Transportation	San Francisco	SF	15	\$292,828.00
08SBPM33	Knightsen Elementary	Knightsen	CC	2	\$43,770.00
08SBPM34	Palo Alto Unified School District	Palo Alto	SC	2	\$37,365.00
08SBPM36	San Ramon Valley Unified School District	Danville	CC	16	\$307,081.00
08SBPM37	Morgan Hill Unified School District	Morgan Hill	SC	1	\$20,000.00

**12 : # of applications**

**94**

**\$1,827,135.12**

**Attachment 4: 2011 Solicitation Replacement Funding Requests**

Project Number	School District/JPA	City	County	# NG	# Diesel	# Hybrid/ Electric	Total requested
08LESBP23	Moreland School District	San Jose	SC	0	2	0	\$329,966.68
08LESBP25	Antioch Unified School District	Antioch	CC	0	4	0	\$591,315.17
08LESBP26	San Ramon Valley Unified School District	Danville	CC	0	5	0	\$654,361.00
08LESBP27	Hayward Unified School District	Hayward	ALA	0	3	0	\$493,001.07
08LESBP28	Fremont Unified School District	Fremont	ALA	0	6	0	\$993,992.46
08LESBP29	Petaluma Joint Union High School District	Petaluma	SON	0	1	0	\$164,984.85
08LESBP30	Franklin-McKinley School District	San Jose	SC	0	6	0	\$808,220.24
08LESBP31	Shoreline Unified School District	Tomales	MAR	0	2	0	\$329,931.02
08LESBP32	San Lorenzo Unified School District	San Lorenzo	ALA	0	3	0	\$495,000.00
08LESBP33	Cupertino Union School District	Cupertino	SC	0	4	0	\$657,691.56
08LESBP34	San Mateo Union High School District	San Mateo	SM	0	2	0	\$146,747.18
08LESBP35	Loma Prieta Joint Union School District	Los Gatos	SC	0	1	0	\$122,630.94
08LESBP36	Liberty Union High School District	Brentwood	CC	0	5	0	\$760,624.98
08LESBP37	Windsor Unified School District	Windsor	SON	4	0	0	\$679,966.00
08LESBP38	Dixie School District	San Rafael	MAR	0	2	0	\$252,188.63
08LESBP39	Sonoma Valley Unified School District	Sonoma	SON	0	4	0	\$659,129.56
08LESBP40	Mountain View Whisman School District	Mountain View	SC	0	6	0	\$758,057.79
08LESBP41	Pittsburg Unified School District	Pittsburg	CC	0	3	0	\$364,183.63
08LESBP42	Solano County Office of Education	Fairfield	SOL	0	2	0	\$169,598.70
08LESBP43	West County Transportation Agency	Santa Rosa	SON	7	0	0	\$1,190,000.00
08LESBP44	Santa Clara Unified School District	Santa Clara	SC	0	8	0	\$1,315,383.12
08LESBP45	San Jose Unified School District	San Jose	SC	3	4	0	\$1,167,678.71
08LESBP46	Alum Rock Union School District	San Jose	SC	0	6	0	\$831,239.88
08LESBP47	Napa Valley Unified School District	Napa	NAP	0	0	20	\$3,400,000.00
08LESBP48	Mount Diablo Unified School District	Concord	CC	13	0	0	\$2,209,985.83
08LESBP49	Palo Alto Unified School District	Palo Alto	SC	2	0	0	\$188,623.40
08LESBP50	Berkeley Unified School District	Berkeley	ALA	0	3	0	\$468,689.68
08LESBP51	Morgan Hill Unified School District	Morgan Hill	SC	0	2	0	\$273,406.42
08LESBP52	Campbell Union High School District	San Jose	SC	0	2	0	\$323,671.70

**29 : # of applications**

**29**

**86**

**20**

**\$20,800,270.20**

**Total: 135**