



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

SCOTT HAGGERTY - CHAIR
JOHN AVALOS
CAROLE GROOM
CAROL KLATT
LIZ KNISS

MARY PIEPHO – VICE CHAIR
TOM BATES
DAVID HUDSON
EDWIN LEE (ROGER KIM)

**THURSDAY
FEBRUARY 27, 2014
9:30 A.M.**

**7TH FLOOR BOARD 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 JANUARY 23, 2014**

4. **FISCAL YEAR ENDING (FYE) 2014 TRANSPORTATION FOR CLEAN AIR (TFCA)
REGIONAL FUND SHUTTLE AND RIDESHARE PROJECTS**

D. Breen/5041

dbreen@baaqmd.gov

The Committee will consider recommending Board of Directors' approval of Fiscal Year Ending (FYE) 2014 shuttle and rideshare projects, and authorization for the Executive Officer/APCO to execute grant agreements for the recommended projects.

5. **AIR DISTRICT GRANT PROGRAMS OVERVIEW**

D. Breen/5041

dbreen@baaqmd.gov

The Committee will receive an informational report on grant funds allocated by the Air District in calendar year 2013, and projected funding availability and proposed priorities for grant programs in calendar year 2014.

6. **ON-ROAD TRUCK REPLACEMENT FUNDING**

D. Breen/5041
dbreen@baaqmd.gov

The Committee will consider recommending Board of Directors' approval of a \$5 million allocation from the Transportation Fund for Clean Air (TFCA) Regional Fund to support truck replacement projects in the Bay Area, and authorization for the Executive Officer/APCO to execute grant agreements for the eligible projects.

7. **COMMITTEE MEMBER COMMENTS**

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

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

Thursday, April 24, 2014, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109 at 9:30 a.m.

9. **ADJOURNMENT**

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

(415) 749-5073
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

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

Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District's offices at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
FOR QUESTIONS PLEASE CALL (415) 749-5016 or (415) 749-4941

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

FEBRUARY 2014

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Stationary Source Committee <i>(Meets Quarterly – At the Call of the Chair)</i>	Monday	24	9:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i> - CANCELLED	Wednesday	26	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	27	9:30 a.m.	Board Room

MARCH 2014

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i> -CANCELLED	Wednesday	5	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	12	9:00 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	17	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	19	9:45 a.m.	Board Room
Board of Directors Climate Protection Committee <i>(Meets on the 3rd Thursday of Every Other Month)</i>	Thursday	20	9:30 a.m.	Board Room
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i>	Monday	24	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	26	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i> -CANCELLED	Thursday	27	9:30 a.m.	Board Room

APRIL 2014

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	2	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	9	9:00 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	16	9:45 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	21	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	23	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	24	9:30 a.m.	Board Room

MM – 2/19/14 (1:19 p.m.)

P/Library/Forms/Calendar/Calendar/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Scott Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: February 4, 2014

Re: Approval of the Minutes of January 23, 2014

RECOMMENDED ACTION

Approve attached draft minutes of the Mobile Source Committee meeting of January 23, 2014.

DISCUSSION

Attached for your review and approval are the draft minutes of the Mobile Source Committee meeting on January 23, 2014.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Rex Sanders

Attachment

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 749-5073

DRAFT MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
Thursday, January 23, 2014

1. Call to Order – Roll Call

Director Groom called the meeting to order at 9:35 a.m.

Present: Committee Chairperson Scott Haggerty; and Directors John Avalos, Carole Groom, David Hudson, Carol Klatt and Liz Kniss.

Absent: Vice-Chairperson Mary Piepho; and Directors Tom Bates and Roger Kim (on behalf of Edwin Lee).

Also Present: Board of Directors Chairperson Nate Miley.

2. Overview of Transportation Fund for Clean Air Policies (TFCA) [Agenda Item #6 Taken Out of Order]

Damian Breen, Deputy Air Pollution Control Officer, introduced Karen Schkolnick, Air Quality Program Manager of Strategic Incentives, who gave the staff presentation *Overview of TFCA Policies*, including background information, TFCA funding allocations from 1992 through 2013, summaries of key policies, a review of project useful life and cost-effectiveness, summaries of emissions standards for heavy-duty diesel vehicles and the effect of changing cost-effectiveness standards on projects.

NOTED PRESENT: Committee Chairperson Haggerty, Director Kniss and Board Chairperson Miley were noted present at 9:40 a.m.

Committee Comments:

The Mobile Source Committee (Committee) and staff discussed the surcharge, including whether there is a sunset, what an increase requires, and whether the Legislative Committee (LC) has taken this matter up.

Committee Chairperson Haggerty referred the matter to the LC.

The Committee and staff discussed where the funding is likely to be focused as the cost effectiveness of existing projects shifts, including whether and when shorepower will make the list, the pursuit of diesel engines in airport ground equipment, electric bus fleets, and the current status of the marine highway freight service project.

NOTED PRESENT: Director Avalos was noted present at 9:57 a.m.

Committee Chairperson Haggerty requested a staff report be presented to the Committee regarding an update on the marine highway project.

Public Comments: None.

Committee Action: None; informational only.

3. Public Comment Period: None.

4. Approval of Minutes of October 24, 2013 and December 5, 2013

Public Comments: None.

Committee Action:

Director Hudson made a motion to approve the Minutes of October 24, 2013 and December 5, 2013; and Director Kniss seconded.

Committee Comments: The Committee and staff discussed the amended Brown Act.

Committee Action (continued): The motion carried by the following vote of the Committee:

AYES: Avalos, Groom, Haggerty, Hudson, Klatt, Kniss and Miley.

NOES: None.

ABSTAIN: None.

ABSENT: Bates, Kim and Piepho.

5. Projects with Proposed Grant Awards Over \$100,000

Anthony Fournier, Acting Director of Strategic Incentives, introduced Judy Williams, Administrative Analyst of Strategic Incentives, who gave the staff presentation *Carl Moyer Program (CMP) Projects with Proposed Grant Awards over \$100,000*, including a brief overview of the CMP and Mobile Source Incentive Fund (MSIF) to date, detailings of the CMP/MSIF and Voucher Incentive Program funds awarded as of January 7, 2014 and as awarded CMP Years 11 through 15, and recommendations.

Committee Comments:

The Committee and staff discussed the scope and method of the public outreach process; the date ranges represented in the presentation pie graphs; the projects listed in Attachment 2 to the staff report that list counties outside of the Bay Area, including the reasoning for their eligibility, funding source and Air District tracking methods; and whether approval of a Southwest Airlines

project is ideal in light of the scale of their operations and the size of the Air District offering, why staff recommend its approval, and by what measure it will be considered a success story when complete.

Committee Chairperson Haggerty requested a staff report be presented to the Committee that explains why projects outside the Bay Area are eligible for funding.

Director Groom requested a copy of the next set of outreach materials at the launch of the call for applications.

Committee Chairperson Haggerty requested a Facebook-ready blurb be provided to the members of the Board of Directors (Board) at the launch of the next project, including eligibility information, for use in Directors' individual social media outreach programs.

Public Comments: None.

Committee Action:

Director Hudson made a motion, seconded by Director Groom, to recommend the Board:

1. Approve CMP projects with proposed grant awards over \$100,000; and
2. Authorize the Executive Officer/Air Pollution Control Officer (APCO) to enter into agreements for the recommended CMP projects.

The motion carried by the following vote of the Committee:

AYES: Avalos, Groom, Haggerty, Hudson, Klatt, Kniss and Miley.

NOES: None.

ABSTAIN: None.

ABSENT: Bates, Kim and Piepho.

6. Participation in Year 16 of the CMP

Mr. Fournier gave the staff presentation *Participation in Year 16 of the CMP*, including funding sources, Year 16 funding and implementation, and recommendations.

Committee Comments:

The Committee and staff discussed the idea of airports being treated as impacted communities and the outcome of past discussions with staff and members of the Airport Commission of the San Francisco International Airport (SFO).

Directors Avalos, Groom and Klatt committed to work with Air District staff on SFO outreach.

Public Comments: None.

Committee Action:

Director Hudson made a motion, seconded by Director Kniss, to recommend the Board:

1. Adopt a resolution authorizing the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board relating to the Air District’s receipt of CMP funds for fiscal year 2013-2014 (Program Year 16); and
2. Allocate \$5 million in MSIF to provide the required match funding and additional monies for projects eligible for funding under the CMP.

The motion carried by the following vote of the Committee:

AYES: Avalos, Groom, Haggerty, Hudson, Klatt, Kniss and Miley.

NOES: None.

ABSTAIN: None.

ABSENT: Bates, Kim and Piepho.

7. Committee Member Comments: None.

8. Time and Place of Next Meeting:

Thursday, February 27, 2014, Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, California 94109 at 9:30 a.m.

9. Adjournment: The meeting adjourned at 10:26 a.m.

Sean Gallagher
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Scott Haggerty and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 18, 2014

Re: Fiscal Year Ending (FYE) 2014 Transportation for Clean Air (TFCA) Regional
Fund Shuttle and Rideshare Projects

RECOMMENDATIONS:

Recommend the Board of Directors:

1. Approve awards for the TFCA Shuttle, Ridesharing and Vanpool projects listed in Attachment A.
2. Authorize the Executive Officer/APCO to enter into agreements for the recommended TFCA projects on Attachment A in the amount of \$3,732,038.

BACKGROUND

Since 1991, the Transportation Fund for Clean Air (TFCA) program has funded projects that achieve surplus emission reductions from on-road motor vehicles. Sixty percent (60%) of TFCA funds are awarded directly by the Air District to eligible programs implemented directly by the Air District (Spare the Air Program) and through a grant program known as the Regional Fund, which is allocated on a competitive basis to eligible projects proposed by project sponsors. Funding for the TFCA program is provided by a \$4 surcharge on motor vehicles registered within the San Francisco Bay Area as authorized by the California State Legislature. The statutory authority for the TFCA and requirements of the program are set forth in California Health and Safety Code Sections 44241 and 44242.

DISCUSSION

The Air District's Board of Directors allocated up to \$4 million for a Shuttle, Ridesharing, and Vanpool Program on June 5, 2013. The Board of Directors subsequently approved Policies and Evaluation Criteria for this program on November 6, 2013. The Air District opened a call for projects on November 20, 2013, and held grant application workshops in San Francisco on December 4, 2013, and in Oakland on December 10, 2013. The workshop held on December 4 was also broadcast as an online webinar.

The call for projects closed on December 30, 2013, and applications for 14 projects were received by the due date. Applications are evaluated for conformance with Board approved Policies and Evaluation Criteria and eligible projects were ranked based on their cost-

effectiveness. Additionally, 60% of funding was reserved for projects that are located in Highly Impacted Communities (HIC), as defined in the Air District's CARE Program, and in Priority Development Areas (PDA), and that reduce greenhouse gasses (GHG).

Of the 14 applications that were received, a total of ten projects were determined to meet Board-approved policies. Of these, seven projects are being recommended for award at the full request amount (totaling \$3,521,518) and three projects are recommend at a reduced award amount (totaling \$210,520) in order to meet the Board approved cost-effectiveness criteria. These ten projects will result in the combined reduction of over 66 tons of NOx, ROG and PM and 33,048 tons of greenhouse gas. Staff recommends awarding \$3,732,038 to these projects from FYE 2014 TFCA Regional Funds. Attachment A to this staff report provides additional information on these projects.

Four projects are not recommended for funding because 1) they are not cost-effective at any dollar amount, 2) the proposed service duplicates existing transit service, and/or 3) the cost-effectiveness could not be determined due to the application being incomplete. A listing of the projects that are not recommended for funding is included in Attachment B.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. The Air District distributes program monies as "pass-through" funds on a reimbursement basis. Administrative costs for project staffing are provided by the Air District's Transportation Fund for Clean Air.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Avra Goldman
Michael Neward
Reviewed by: Karen Schkolnick

Attachment A: Projects Recommended for Award - FYE 2014 Regional Fund TFCA Shuttle, Ridesharing and Vanpool

Attachment B: Projects Not Recommended for Award

ATTACHMENT A: Projects Recommended for Award - FYE 2014 Regional Fund TFCA Shuttle, Ridesharing, and Vanpool

Projects Recommended for Award														
Project #	Project Sponsor	Proposed Project Title	TFCA Regional Funds Requested	CE of Funds Requested	Proposed Award	PUL (Yrs.)	Est. C-E	ROG	NOx	PM	CO2	County	Project Type	CARE AREA
14R18	Associated Students, San Jose State University	SJSU Ridesharing & Trip Reduction Program	\$ 120,000	\$ 14,675	\$ 120,000	1	same	1.87	1.88	1.81	2,784	SC	RR	NO
14R17	Metropolitan Transportation Commission	511 Rideshare Program	\$ 1,000,000	\$ 22,361	\$ 1,000,000	1	same	10.42	9.48	11.33	16,437	REG	RR	NO
14R13	San Francisco Municipal Transportation Agency	82X Levi Express Shuttle	\$ 122,000	\$ 37,393	\$ 122,000	1	same	0.64	0.42	0.92	1,349	SF	S-E	YES
14R14	Peninsula Corridor Joint Powers Board	Caltrain Shuttle Program (28 Routes)	\$ 1,000,000	\$ 45,162	\$ 1,000,000	1	same	4.87	4.95	5.33	6,298	SM	S-E	NO
14R08	Presidio Trust	PresidiGo Downtown Shuttle	\$ 100,000	\$ 75,106	\$ 100,000	1	same	0.35	0.22	0.32	360	SF	S-E	YES
14R07	City of Oakland	Broadway Shuttle	\$ 219,518	\$ 75,637	\$ 219,518	1	same	0.68	0.58	0.67	961	ALA	S-E	YES
14R16	Santa Clara Valley Transportation Authority	ACE Shuttle Bus Program (8 Routes)	\$ 960,000	\$ 88,366	\$ 960,000	1	same	2.20	2.48	2.61	3,643	SC	S-E	NO
Projects Recommended for Reduced Award														
Project #	Project Sponsor	Proposed Project Title	TFCA Regional Funds Requested	CE of Funds Requested	Proposed Award	PUL (Yrs.)	Est. C-E	ROG	NOx	PM	CO2	County	Project Type	CARE AREA
14R12	Altamont Corridor Express	Routes 53 & 54 ¹ (2 Routes)	\$ 94,000	\$ 119,003	\$ 50,600	1	\$ 89,906	0.33	0.23	0.41	501	ALA	S-E	NO
14R09	Alameda County	Bay Fair BART Shuttle ¹	\$ 131,527	\$ 721,579	\$ 16,400	1	\$ 89,973	0.04	0.02	0.04	43	ALA	S-E	YES
14R11	City of Richmond	Commuter Shuttle ^{2,3} (2 Routes)	\$ 224,640	\$ 147,914	\$ 143,520	1	\$ 131,360	0.34	0.35	0.34	672	CC	S-Pilot	YES
Total			\$ 3,971,685		\$ 3,732,038			21.74	20.61	23.78	33,048			

Project Tyes: (RR) = Regional Rideshare, (S-E) = Existing Shuttle, (S-Pilot) = New Shuttle Service

¹ Reduced funding to make project C/E

² CARE Area Pilot Project

³ Partial funding - Portions of one route duplicate existing service

ATTACHMENT B: Projects Not Recommended for Award

Project Sponsor	Proposed Project Title	TFCA Regional Funds Requested	PUL (Yrs.)	C-E	ROG	NOx	PM	CO2	County	Project Type	CARE AREA
Town of Colma	Colma BART Shuttle ¹	\$ 26,814	1	\$ 105,450	0.06	0.06	0.06	87	SM	Pilot Shuttle Service	NO
Golden Gate Bridge, Highway & Transportation District	"The Wave" Ferry Feeder Service ²	\$ 168,100	1	\$ (562,606)	-0.04	-0.38	0.06	-27	MAR	Pilot Shuttle Service	NO
San Francisco Municipal Transportation Agency	University of California, San Francisco Mission Bay Shuttle ^{1,3}	\$ 190,000	1	CBD	-	-	-	-	SF	Pilot Shuttle Service	YES
San Francisco District Attorney's Office	Shuttle Service ^{1,3}	\$ 236,159	1	CBD	-	-	-	-	SF	Pilot Shuttle Service	YES

¹ Route does not meet the TFCA FYE 2012 Criteria - Duplication of Service.

² Not cost effective at any Regional Fund amount

³ Incomplete application - Cost effectiveness cannot be determined

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Scott Haggerty and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 20, 2014

Re: Air District Grant Programs Overview

RECOMMENDATIONS:

None. Informational item, receive and file.

BACKGROUND

As part of its efforts to reduce emissions from mobile sources, the Bay Area Air Quality Management District (Air District) allocated approximately \$80 million in funding during the 2013 calendar year. Approximately \$71 million of that funding was directly allocated by the Air District. The remaining \$9 million was distributed via the Transportation Fund for Clean Air (TFCA) County Program Manager program. The \$71 million allocated by the Air District came from four renewable funding sources: the California Goods Movement Bond, TFCA Regional Fund, Mobile Source Incentive Fund, and the Carl Moyer Program. These programs accumulate annually via fees and bond sales that are distributed to the Air District, and constitute the Air District's primary grant programs. Staff also seeks out additional funding opportunities to further reduce emissions from mobile sources in the Bay Area.

DISCUSSION

Since calendar year 2011, the Committee has received reports from staff on expenditures in various grant programs for the previous calendar year. This year's report is based on total dollar allocations and projected emissions reductions for calendar year 2013 projects. The intention of this report is to provide the Committee a better overall indication of the total flow of funding in and out of the primary grants programs. This methodology allows staff to align the grant funding with future compliance dates set in airborne toxic control measures adopted by the California Air Resources Board and to present to the Committee anticipated needs for grant funding for this calendar year. Staff will also discuss with the Committee the anticipated challenges and projected funding for each of the Air District primary grant programs in calendar year 2014.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Anthony Fournier
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Scott Haggerty and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 20, 2014

Re: On-Road Truck Replacement Funding

RECOMMENDATIONS:

Recommend the Board of Directors:

1. Approve changes to the FYE 2014 Transportation Fund for Clean Air (TFCA) Regional Fund Policies to include on-road truck replacement projects as an eligible project type.
2. Allocate \$5 million in TFCA Regional Funds for eligible projects submitted as part of the Year 4 Goods Movement Program.
3. Authorize the Executive Officer/APCO to enter into contracts for eligible projects.

BACKGROUND

In December of 2008, the California Air Resources Board (ARB) approved the Truck and Bus regulation to significantly reduce Particulate Matter (PM), and oxides of nitrogen (NOx) emissions from diesel vehicles operating in California. The regulation applies to nearly all diesel-fueled trucks and buses weighing more than 14,000 pounds that are privately owned and includes privately and publicly owned school buses.

The regulation has different compliance schedules for trucks depending on their weight. Lighter trucks and buses weighing 14,001 to 26,000 pounds do not have compliance requirements until 1/1/15. Heavier (26,001 + pounds) trucks and buses have been subject to compliance requirements since 1/1/12. Staff estimates that there are more than 34,000 trucks in the Bay Area weighing over 26,001 lbs.

The regulation identifies two options (Phase-in option or the Model Year option) for compliance for trucks weighing over 26,001 lbs in fleets with 4 or more. Under the phase-in option retrofits are required on 90% of a fleet's trucks by 1/1/14. Under the model year schedule, trucks with 1996 to 2006 model year engines have to install a retrofit device by 1/1/14.

For small fleets (1 to 3 trucks), retrofits are required on one truck by 1/1/14, the second truck (if applicable) by 1/1/15, and the third truck (if applicable) by 1/1/16. All trucks will be required to have engines meeting the 2010 emissions standard by 1/1/23. It is estimated that approximately 6,000 trucks owned by small fleet operators had to come into compliance by 1/1/14.

DISCUSSION

Since 2009, the Air District has implemented several incentive programs to reduce emissions from Bay Area trucks and buses. Over the past four years these programs have provided approximately \$31.7 million to on-road truck owners in Northern California reducing over ninety tons of PM emissions.

On 10/29/13, ARB issued an Executive Order making changes to the requirements for the Proposition 1B Goods Movement Program. These changes created funding opportunities for fleets of three or fewer trucks. The Executive Order allows projects to be completed during 2014; allows older trucks to participate in the Goods Movement Program; prioritizes funding for small fleet projects; and, extends the application period for small fleets. Additionally, ARB issued a regulatory advisory on 11/11/13 that provides flexibility for truckers that allows them to get time extensions on the regulatory deadline based on good faith effort to comply with the rule requirements.

The ARB awarded the Air District \$14.5 million for truck replacement projects as part of the Year 4 Goods Movement Program funding cycle. Between 8/26/13 and 12/12/13 the Air District received applications for close to 800 trucks, requesting more than \$31 million in funding. Approximately 50% of the applications submitted were from fleets of three or fewer trucks. Staff is currently in the process of reviewing applications for completeness and eligibility. Applications will then be prioritized by project type/ fleet size, ranked by ARB, and will be funded in rank order until all funds have been awarded. Contracting is expected to begin during the spring of 2014, and trucks will be on the road by 12/31/14.

The demand for grant funding far exceeds the total amount of funds awarded by the ARB for the Year 4 Goods Movement Program. While there is a possibility additional ARB funding may become available later in the implementation process, there still will not be enough funding to replace all the trucks that applied. In order to replace more trucks, staff is proposing the allocation of \$5 million from the TFCA Regional Fund to replace on-road, Bay Area registered trucks that applied for funding under the Year 4 solicitation, and meet the Goods Movement Program requirements. In order to make these funds available, staff has proposed revisions to the FYE2014 TFCA Regional Fund Policies to include on-road truck replacement projects as an eligible project type. The proposed revisions to the FYE2014 Regional Fund Policies (Attachment 1) were sent out for public comment on January 24, 2014 and no comments were received.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. The Air District receives funding for the administration of incentives under the TFCA program.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Anthony Fournier

Attachment 1: Proposed amendments to BAAQMD TFCA Regional Fund Policies

Attachment 1:

Proposed amendments to FYE2014 BAAQMD
TFCA Regional Fund Policies

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

BASIC ELIGIBILITY

1. **Eligible Projects:** Only projects that result in the reduction of motor vehicle emissions within the Air District’s jurisdiction are eligible.

Projects must conform to the provisions of the California Health and Safety Code (HSC) sections 44220 et seq. and Air District Board of Directors adopted TFCA Regional Fund Policies and Evaluation Criteria for FYE 2014.

Projects must achieve surplus emission reductions, i.e., reductions that are beyond what is required through regulations, contracts, and other legally binding obligations both a) at the time the Air District Board of Directors approves a funding allocation and b) at the time the Air District executes the project’s funding agreement.

Under certain circumstances following approval of the project by the Board of Directors, the Air District may approve modifications of the approved project or of the terms of the grant agreement. The Air District will evaluate whether the proposed modification will reduce the amount of emissions the originally-approved project was designed to achieve, will negatively affect the cost-effectiveness of the project or will otherwise render the project ineligible (“major modification”). The Air District may approve the proposed major modification if the Air District determines that the project, as modified, will continue to achieve surplus emission reductions, based on the regulations, contracts, and other legally-binding obligations in effect at the time of the proposed modification. The Air District may approve minor modifications, such as to correct mistakes in the grant agreement or to change the grantee, without a re-evaluation of the proposed modification in light of the regulations, contracts, and other legally-binding obligations in effect at the time of the proposed minor modification.

2. **TFCA Cost-Effectiveness:** Unless otherwise noted below, projects must not exceed a cost-effectiveness (C-E) of \$90,000 per ton. Cost-effectiveness is based on the ratio of TFCA-generated funds awarded divided by the sum total tons of reactive organic gases (ROG), oxides of nitrogen (NO_x), and weighted particulate matter 10 microns in diameter and smaller (PM₁₀) reduced (\$/ton).

Certain project categories further specify the eligible funding amount per item (for example, \$/vehicle) which is based on the cost-effectiveness levels below.

Project Category	Policy #	C-E Level Maximum (\$/weighted ton)
On-Road Truck Replacement Projects Reserved	21	\$90,000 Reserved
Reserved	22	Reserved
Reserved	23	Reserved
Reserved	24	Reserved
Reserved	25	Reserved
Reserved	26	Reserved
Shuttle/Feeder Bus Service—Existing	27	\$90,000
Shuttle/Feeder Bus Service—Pilot (outside CARE areas)	28	\$125,000
Shuttle/Feeder Bus Service—Pilot (in CARE areas)	28	\$500,000
Regional Ridesharing	29	\$90,000
Electronic Bicycle Lockers	30	\$90,000
Reserved	31	Reserved

3. **Consistent with Existing Plans and Programs:** All project categories must comply with the transportation control measures and mobile source measures included in the Air District’s most recently approved strategy(ies) for achieving and maintaining State and national ozone standards, those plans and programs established pursuant to California Health & Safety Code (HSC) sections 40233, 40717 and 40919, and, when specified, with other adopted State, regional, and local plans and programs.

4. **Eligible Recipients and Authority to Apply:** Grant recipients must be responsible for the implementation of the project, have the authority and capability to complete the project, and be an applicant in good standing with the Air District (Policies #11 and #12).
 - a. **Eligible Recipients:**
 - i. **Public agencies** are eligible to apply for all project categories.
 - ii. **Non-public entities** are only eligible to apply for new alternative-fuel (light, medium, and heavy-duty) vehicle projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241(b)(7).
 - b. **Authority to Apply:** Applications must include either: 1) a signed letter of commitment from the applicant's representative with authority to enter into a funding agreement and carry out the project (e.g., Chief Executive or Financial Officer, Executive Director, City Manager, etc.), or 2) a signed resolution from the governing body (e.g., City Council, Board of Supervisors, Board of Directors, etc.) authorizing the submittal of the application and authorizing the project to be carried out.
5. **Viable Project and Matching Funds:** Unless provided for otherwise in the policies and priorities for the specific project category (which are listed below), project applicants must include in the application evidence of available matching funds from a non-Air District source that equal or exceed at least 10% of the total eligible project costs.

The project must be financially viable, which means that the project sponsor has adequate funds to cover all stages of the project from its commencement through project completion. Applications must include evidence of financial resources sufficient to undertake and complete the project. The project sponsor shall not enter into a TFCA Regional Fund funding agreement until all non-Air District funding has been approved and secured.
6. **Minimum Grant Amount:** \$10,000 per project.
7. **Maximum Grant Amount:** Maximum award per calendar year:
 - a. **Each public agency** may be awarded up to \$1,500,000, and
 - b. **Each non-public entity** may be awarded up to \$500,000.
8. **Readiness:** Projects must commence by the end of calendar year 2014. "Commence" includes any preparatory actions in connection with the project's operation or implementation. For purposes of this policy, "commence" can mean the issuance of a purchase order to secure project vehicles and equipment; commencement of shuttle/feeder bus and ridesharing service; or the delivery of the award letter for a construction contract.
9. **Maximum Two Years Operating Costs:** Service-based projects such as shuttle/feeder bus and ridesharing programs, may receive TFCA Regional Funds for up to two (2) years of operation or implementation. Projects that request up to \$100,000 annually in TFCA Regional Funds are eligible to apply for two years of funding. Projects that request more than \$100,000 annually in TFCA Regional Funds are eligible for only one year of funding.
10. **Project Revisions:** Project revisions initiated by the project sponsor which significantly change the project before the allocation of funds by the Air District Board of Directors may not be accepted. Following Air District Board of Directors allocation of funds for a project, an applicant may request revisions to that project that the applicant deems necessary or advisable to carry out the purposes of the project, based on information the applicant received after the Board's allocation of funding. The Air District will consider only requests that are within the eligible project category as the original project, meet the same cost-effectiveness as that of the original project application, comply with all TFCA Regional Fund Policies applicable for the original project, and are in compliance with all federal and State laws applicable to the revised project and District rules and regulations.

APPLICANT IN GOOD STANDING

11. **In Compliance with Agreement Requirements:** Project sponsors who have failed to meet project implementation milestones or who have failed to fulfill monitoring and reporting requirements for any

project funded by the Air District may not be considered eligible for new funding until such time as all of the unfulfilled obligations are met.

- 12. Independent Air District Audit Findings and Determinations:** Project sponsors who have failed either a fiscal audit or a performance audit for a prior Air District funded project will be excluded from future funding for five (5) years from the date of the Air District's final determination in accordance with HSC section 44242. Additionally, project sponsors with open projects will not be reimbursed for those projects until all audit recommendations and remedies have been satisfactorily implemented.

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

Reimbursement is required where it has been determined that funds were expended in a manner contrary to the TFCA Regional Funds' requirements and requirements of HSC Code section 44220 et seq.; the project did not result in a reduction of air pollution from the mobile sources or transportation control measures pursuant to the applicable plan; the funds were not spent for reduction of air pollution pursuant to a plan or program to be implemented by the TFCA Regional Fund, or otherwise failed to comply with the approved project scope as set forth in the project funding agreement. An applicant who failed to reimburse such funds to the Air District from a prior Air District funded project will be excluded from future TFCA funding.

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

Project sponsors must sign a funding agreement within 60 days from the date it has been transmitted to them in order to remain eligible for award of TFCA Regional Funds. The Air District may authorize an extension of up to a total period of 180 days from the transmittal because of circumstances beyond project sponsor's reasonable control and at the Air District's discretion.

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

INELIGIBLE PROJECTS

- 15. Planning Activities:** Feasibility studies and other planning studies are not eligible for funding by the Air District. Funding may not be used for any planning activities that are not directly related to the implementation of a specific project or program. In addition, land use projects (i.e., Smart Growth, Traffic Calming, and Arterial Management) that have not completed the Preliminary Design phase are not eligible.
- 16. Cost of Developing Proposals and Grant Applications:** The costs to develop proposals or prepare grant applications are not eligible for TFCA Regional Funds.
- 17. Duplication:** Projects that have previously received TFCA-generated funds and therefore do not achieve additional emission reductions are not eligible.

Combining TFCA County Program Manager Funds with TFCA Regional Funds to achieve greater emission reductions for a single project is not considered project duplication.

USE OF TFCA FUNDS

- 18. Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds to fund a project that is eligible and meets the criteria for funding under both Funds. For the purpose of calculating the TFCA cost-effectiveness, the combined sum of TFCA County Program Manager Funds and TFCA Regional Funds shall be used to calculate the TFCA cost of the project.
- 19. Administrative Costs:** Unless provided for otherwise in the policies and priorities for the specific project category (which are listed below), administrative costs (i.e., the costs associated with administering a TFCA Regional Fund grant) are limited to a maximum of five percent (5%) of total TFCA Regional Funds

expended on a project and are only available to projects sponsored by public agencies. Electronic bicycle locker projects are not eligible for administrative costs. To be eligible for reimbursement, administrative costs must be clearly identified in the application project budget and in the funding agreement between the Air District and the project sponsor.

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

ELIGIBLE PROJECT CATEGORIES

Clean Diesel Projects

21. **On-Road Truck Replacement Projects:** Eligible projects will replace Class 6 , Class 7, or Class 8 (19,501 lb GVWR or greater) diesel-powered trucks with new or used trucks that have an engine certified to the 2010 California Air Resources Board (CARB) emissions standards or cleaner. The existing trucks must be registered with the California Department of Motor Vehicles (DMV) to a Bay Area address, and must be scrapped after replacement.

Clean Air Vehicle Projects

~~21. Reserved.~~

22. Reserved.

23. Reserved.

24. Reserved.

25. Reserved.

26. Reserved.

Shuttle/Feeder Bus Service Projects

27. **Shuttle/Feeder Bus Service:** These projects are intended to reduce single-occupancy vehicle commute-hour trips by providing the short-distance connection between a mass transit hub and one or more commercial or employment centers. All of the following conditions must be met for a project to be eligible for TFCA Regional Funds:

- a. The project's route must provide connections only between mass transit hubs, e.g., a rail or Bus Rapid Transit (BRT) station, ferry or bus terminal or airport, and distinct commercial or employment areas.
- b. The project's schedule must coordinate with the transit schedules of the connecting mass transit services.
- c. The project may not replace or duplicate existing local transit service or service that ceased to operate within the past five years. Any proposed service that would transport commuters along any segment of an existing or any such previous service is not eligible for funding.
- d. The project must include only commuter peak-hour service, i.e., 5:00-10:00 AM and/or 3:00-7:00 PM.

For shuttle/feeder bus service projects, the total project cost is the sum of direct operational costs (i.e., shuttle driver wages, fuel, and vehicle maintenance) and the administrative costs paid for by TFCA Regional Funds. Matching funds must be provided to cover at least 10% of the total project cost, and must include only direct operational costs. Administrative costs are not eligible for use as matching funds.

Shuttle/feeder bus service applicants must be either: (1) a public transit agency or transit district that directly operates the shuttle/feeder bus service, or (2) a city, county, or any other public agency.

Project applicants that were awarded FYE 2013 TFCA Regional Funds that propose identical routes in FYE 2014 may request an exemption from the requirements of Policy 27. c. These applicants would have to submit a plan demonstrating how they will come into compliance with this requirement within the next three years

28. **Pilot Shuttle/Feeder Bus Service:** Pilot projects are defined as new routes that are at least 70% unique and have not been in operation in the past five years. In addition to meeting the requirements listed in Policy #27 for shuttle/feeder bus service, pilot shuttle/feeder bus service project applicants must also comply with the following:
- Applicants must provide data supporting the demand for the service, including letters of support from potential users and providers;
 - Applicants must provide written documentation of plans for financing the service in the future;
 - Projects located in Highly Impacted Communities as defined in the Air District Community Air Risk Evaluation (CARE) Program must not exceed a cost-effectiveness of \$500,000/ton during the first year of operation, \$125,000/ton for the second year of operation, and \$90,000 by the end of the third year of operation (see Policy #2); and
 - Projects located in CARE areas may receive a maximum of three years of TFCA Regional Funds under the Pilot designation; projects located outside of CARE areas may receive a maximum of two years of TFCA Regional Funds under this designation. After these time periods, applicants must apply for subsequent funding under the shuttle/feeder bus service designation, described above.

Regional Ridesharing

29. **Regional Ridesharing Projects:** Eligible ridesharing projects provide carpool, vanpool or other rideshare services. For TFCA Regional Fund eligibility, ridesharing projects must be comprised of riders from at least five Bay Area counties, with no one county accounting for more than 80% of all riders, as verified by documentation submitted with the application.

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

Bicycle Facility Projects

30. **Electronic Bicycle Lockers:** TFCA Regional Funds are available for project sponsors to purchase and install new electronic bicycle lockers. Projects must be included in an adopted countywide bicycle plan, Congestion Management Plan (CMP), or the Metropolitan Transportation Commission's Regional Bicycle Plan and serve a major activity center (e.g. transit station, office building, or school).

Costs for maintenance, repairs, upgrades, rehabilitation, operations, and project administration are not eligible for TFCA Regional Funds.

The maximum award amount is based on the number of bicycles, at the rate of \$2,500 per bicycle accommodated by the lockers.

REGIONAL FUND EVALUATION CRITERIA:

- Shuttle/Feeder Bus Service and Ridesharing Projects:** Complete applications received by the submittal deadline will be evaluated based on the TFCA Regional Fund policies. All eligible projects will be ranked for funding based on cost-effectiveness. At least sixty percent (60%) of the funds will be reserved for eligible projects that meet one or more of the following District priorities:
 - Projects in Highly Impacted Communities as defined in the Air District Community Air Risk Evaluation (CARE) Program;
 - Priority Development Areas; and
 - Projects that significantly reduce greenhouse gasses (GHG).

The District will evaluate all shuttle/feeder bus service and ridesharing project applications received after the submittal deadline on a first-come-first-served basis, based on the TFCA Regional Fund policies .

2. **Electronic Bicycle Locker(s) Projects:** Applications will be evaluated on a first-come- first-served basis.