



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

SCOTT HAGGERTY - CHAIR
JOHN AVALOS
DAVID J. CANEPA
ROGER KIM
KAREN MITCHOFF

JAN PEPPER – VICE CHAIR
TOM BATES
DAVID E. HUDSON
NATE MILEY

**THURSDAY
OCTOBER 22, 2015
9:30 A.M.**

**7TH FLOOR BOARD ROOM
939 ELLIS STREET
SAN FRANCISCO, CA 94109**

AGENDA

1. **CALL TO ORDER - ROLL CALL – PLEDGE OF ALLEGIANCE**

The Committee Chair shall call the meeting to order and the Clerk of the Boards shall take roll of the Committee members. The Committee Chair shall lead the Pledge of Allegiance.

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.

Staff/Phone (415) 749-

3. **APPROVAL OF THE MINUTES OF SEPTEMBER 24, 2015** Clerk of the Boards/5073

The Committee will consider approving the attached draft minutes of the Mobile Source Committee meeting of September 24, 2015.

4. **OVERVIEW OF THE AIR DISTRICT'S TRIP REDUCTION PROGRAMS**

K. Schkolnick/5070
kschkolnick@baaqmd.gov

Staff will present an overview of trip reduction programs and projects being implemented in the region by the Air District and the Metropolitan Transportation Commission.

5. **CONSIDERATION OF FISCAL YEAR ENDING (FYE) 2016 TRANSPORTATION FUND FOR CLEAN AIR (TFCA) REGIONAL FUND SHUTTLE AND RIDERSHARE PROJECTS**

K. Schkolnick/5070
kschkolnick@baaqmd.gov

The Committee will consider recommending Board of Directors' approval of \$3,242,400 in FYE 2016 TFCA Regional Funds for shuttle and rideshare projects and authorization for the Executive Officer/APCO to execute grant agreements for the recommended projects.

6. **TRANSPORTATION FUND FOR CLEAN AIR (TFCA) COUNTY PROGRAM MANAGER (CPM) FUND POLICIES FOR FISCAL YEAR ENDING (FYE) 2017 AND MODIFICATION TO FYE 2016 TFCA CPM FUND POLICIES**

K. Schkolnick/5070
kschkolnick@baaqmd.gov

The Committee will consider recommending Board of Directors' approval of the proposed fiscal year ending (FYE) 2017 Transportation Fund for Clean Air (TFCA) County Program Manager Fund policies and a proposed modification to Policy #28 for FYE 2016 Polices.

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, November 26, 2015, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109 at 9:30 a.m.

9. **ADJOURNMENT**

The Committee meeting shall be adjourned by the Committee Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
939 ELLIS STREET, SAN FRANCISCO, CA 94109
mmartinez@baaqmd.gov

(415) 749-5016
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting. Please note that all correspondence must be addressed to the “Members of the Mobile Source Committee” and received at least 24 hours prior, excluding weekends and holidays, in order to be presented at that Committee meeting. Any correspondence received after that time will be presented to the Committee at the following meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities notification to the Clerk’s Office should be given in a timely manner, 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

OCTOBER 2015

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i> - CANCELLED	Monday	19	9:30 a.m.	Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i> - CANCELLED	Monday	19	10:30 a.m.	Board Room
Board of Directors Nominating Committee <i>(At the Call of the Chair)</i>	Wednesday	21	9:30 a.m.	Room 716
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	21	9:45 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	22	9:30 a.m.	Board Room
Board of Directors Public Engagement Committee <i>(Meets at the Call of the Chair)</i>	Monday	26	9:30 a.m.	Board Room
Board of Directors Legislative Committee <i>(Meets at the Call of the Chair)</i>	Monday	26	10:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i> - CANCELLED	Wednesday	28	9:30 a.m.	Board Room

NOVEMBER 2015

<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	4	9:45 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	16	9:30 a.m.	Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	16	10:30 a.m.	Board Room
Board of Directors Nominating Committee <i>(At the Call of the Chair)</i> - CANCELLED	Wednesday	18	9:30 a.m.	Room 716
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	18	9:45 a.m.	Board Room
Board of Directors Climate Protection Committee <i>(Meets 3rd Thursday of every other Month)</i>	Thursday	19	9:30 a.m.	Board Room

NOVEMBER 2015

Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	25	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	26	9:30 a.m.	Board Room

DECEMBER 2015

<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
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.	Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	21	10:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	23	9:30 a.m.	Board 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

MV – 10/14/15 (2.53.p.m.)

G/Board/ExecutiveOffice/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: October 8, 2015

Re: Approval of the Minutes of September 24, 2015

RECOMMENDED ACTION

Approve attached draft minutes of the Mobile Source Committee (Committee) meeting of September 24, 2015.

DISCUSSION

Attached for your review and approval are the draft minutes of the Committee meeting of September 24, 2015.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Maricela Martinez

Attachment: Draft Minutes of the Committee Meeting of September 24, 2015

AGENDA 3 – ATTACHMENT

Draft Minutes – Mobile Source Committee Meeting of September 24, 2015

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, September 24, 2015

1. CALL TO ORDER – ROLL CALL

Mobile Source Committee (Committee) Chairperson Scott Haggerty called the meeting to order at 9:45 a.m.

Present: Committee Chairperson Scott Haggerty; and Directors John Avalos, Tom Bates, David Hudson, Roger Kim (on behalf of Edwin Lee), Nate Miley and Karen Mitchoff.

Absent: Vice-Chairperson Jan Pepper and Director David J. Canepa.

Also Present: None.

2. **PUBLIC COMMENT ON NON-AGENDA MATTERS:** No requests received.

3. **APPROVAL OF MINUTES OF JULY 2, 2015**

Committee Comments: None.

Public Comments: No requests received.

Committee Action:

Director Hudson made a motion, seconded by Director Avalos, to approve the Minutes of July 2, 2015; and the motion carried by the following vote of the Committee:

AYES: Avalos, Bates, Haggerty, Hudson, Kim and Miley.
NOES: None.
ABSTAIN: None.
ABSENT: Canepa, Mitchoff and Pepper.

4. **PROJECTS AND CONTRACTS WITH PROPOSED GRANT AWARDS OVER \$100,000**

Jack Broadbent, Executive Officer/Air Pollution Control Officer (APCO), introduced Karen Schkolnick, Acting Director of the Strategic Incentives Division, who introduced Adam Shapiro,

Administrative Analyst of the Strategic Incentives Division, who gave the staff presentation *Projects and Contracts with Proposed Awards over \$100,000* through slide 11, *TFCA [Transportation Fund for Clean Air]*, including brief overviews of the Carl Moyer and Mobile Source Incentive Fund (MSIF) programs; a summary of Carl Moyer Program (CMP) Year 17; detailings of the CMP and MSIF funds awarded as of September 7, 2015; CMP and MSIF funds awarded since 2009; CMP outreach efforts; off-road equipment vendors; truck/retrofit vendors; Air District surveys; and TFCA approvals by the Board and project recommendations over \$100,000.

NOTED PRESENT: Director Mitchoff was noted present at 9:50 a.m.

Mr. Shapiro introduced Chengfeng Wang, Supervising Air Quality Specialist of the Strategic Incentives Division, who gave the remainder of the staff presentation *Projects and Contracts with Proposed Awards over \$100,000*, including TFCA funds by project category and by county for eligible projects evaluated between July 2014 and September 2015; TFCA outreach efforts; and recommendations.

Committee Comments:

The Committee and staff discussed the newly included presentation component regarding outreach and the awards granted for airport-related activities.

Public Comments: No requests received.

Committee Action:

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

1. Approve CMP and TFCA projects with proposed grant awards over \$100,000 as shown in Attachment 1 to the Committee staff memorandum; and
2. Authorize the Executive Officer/APCO to enter into agreements for the recommended projects.

The motion carried by the following vote of the Committee:

AYES: Avalos, Bates, Haggerty, Hudson, Kim, Miley and Mitchoff.
NOES: None.
ABSTAIN: None.
ABSENT: Canepa and Pepper.

5. PARTICIPATION IN YEAR FIVE OF THE CALIFORNIA GOODS MOVEMENT BOND (I-BOND) PROGRAM

Ms. Schkolnick introduced Tina McRee, Environmental Planner in the Strategic Incentives Division, who gave the staff presentation *Participation in Year 5 of the I-Bond Program*, including background; eligible equipment categories and California Air Resources Board (ARB) priorities; program application details and schedule; and recommendations.

Committee Comments:

The Committee and staff discussed the participation of drayage trucks in the program and the viability of adding a condition that prohibits projects involving in transporting coal into the Bay Area for export.

Public Comments: No requests received.

Committee Action:

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

1. Adopt a resolution in support of the Air District’s application for Year 5 I-Bond funding;
2. Authorize the Executive Officer/APCO to enter into agreements with the ARB related to the acceptance of I-Bond funding; and
3. Authorize the Executive Officer/ APCO to appropriate I-Bond funding and to enter into agreements with eligible applicants for projects ranked and approved by the ARB.

The motion carried by the following vote of the Committee:

AYES: Avalos, Bates, Haggerty, Hudson, Kim, Miley and Mitchoff.
NOES: None.
ABSTAIN: None.
ABSENT: Canepa and Pepper.

6. ALLOCATION TO SUPPORT GREENHOUSE GAS EMISSION REDUCTION FUND (GGRF) PROJECTS

Ms. Schkolnick introduced Joseph Steinberger, Principal Environmental Planner of the Strategic Incentives Division, who gave the staff presentation *Allocation to Support GGRF Projects*, including background; Zero-Emission Drayage Truck Demonstration Project; Multi-Source Facility Demonstration Project; Air District commitments; and recommendations.

Committee Comments:

The Committee and staff discussed the commitments specific to the zero-emission drayage truck demonstration project and multi-source facility demonstration project.

Public Comments: No requests received.

Committee Action:

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

1. Adopt a resolution in support of the Air District’s application for ARB Low Carbon Transportation GGRF;
2. Allocate up to \$4.65 million in TFCA funding as match for GGRF projects using a project cost-effectiveness of \$500,000 per ton of emissions reduced;
3. Authorize the Executive Officer/APCO to enter into agreements with the ARB and partners related to the acceptance of GGRF funds; and
4. Authorize the Executive Officer/APCO to appropriate GGRF funds and to enter into agreements with project participants.

The motion carried by the following vote of the Committee:

AYES: Avalos, Bates, Haggerty, Hudson, Kim and Miley.
NOES: None.
ABSTAIN: None.
ABSENT: Canepa, Mitchoff and Pepper.

7. COMMITTEE MEMBER COMMENTS:

The Committee commended staff for improving conditions in and around the Port of Oakland; noted the work by staff at the City of Berkeley and City and County of San Francisco to require labelling of gasoline pumps so as to indicate that their content is a scientifically proven contributor to global warming; and the staff’s assistance with preparing a presentation for delivery to the Farm Bureau and wine growers of Alameda County.

8. TIME AND PLACE OF NEXT MEETING

Thursday, October 22, 2015, 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 10:18 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: October 6, 2015

Re: Overview of the Air District's Trip Reduction Programs

RECOMMENDATIONS

None; receive and file.

BACKGROUND

In 1991, the California State Legislature authorized the Bay Area Air Quality Management District (Air District) to impose a \$4 surcharge on motor vehicles registered within the nine-county Bay Area to fund projects that reduce on-road motor vehicle emissions. Since 1992, the Air District has allocated these funds to its Transportation Fund for Clean Air (TFCA) Program to fund eligible projects. The statutory authority for the TFCA and requirements of the program are set forth in California Health and Safety Code (HSC) Sections 44241 and 44242.

Sixty percent of TFCA funds are awarded by the Air District to eligible programs and projects implemented directly by the Air District (e.g., the Smoking Vehicle, Enhanced Mobile Source Enforcement, Spare the Air, and Bicycle Facility Programs) and through a grant program known as the Regional Fund. The remaining forty percent of TFCA funds are forwarded to a designated agency within each Bay Area county to be distributed via the County Program Manager Fund.

With more than 5.5 million on-road motor vehicles in the region, tailpipe emissions account for more than 40% of the criteria air pollutants and about 36% greenhouse gases (GHGs) generated in the Bay Area^{1, 2}. For this reason, emission reductions from the on-road transportation sector are essential to attaining State and Federal ambient air quality standards and to meeting the region's GHG reduction commitments. Reducing motor vehicle trips is a key strategy to reducing mobile source emissions.

DISCUSSION

Since the inception of the TFCA program in 1992, the Air District has allocated \$80 million

¹ BAAQMD, [Bay Area Emissions Inventory Summary Report: Criteria Air Pollutants Base Year 2011](#), May 2014.

² BAAQMD, [Bay Area Emissions Inventory Summary Report: Greenhouse Gases Base Year 2011](#), January 2015.

(approximately 43%) to trip reduction projects. The Air District's TFCA has provided funding for a wide-variety of programs and projects including the regional rideshare and guaranteed ride home programs, vanpools and carpool matching, bicycle projects, shuttle services, rail-bus integration, and transit information. For the past six years, the TFCA Regional Fund has primarily provided funding for shuttle and rideshare projects that achieve emission reductions from eliminated single-occupant vehicle (SOV) commute trips, while the County Manager Program has continued to provide funding for all eligible trip-reduction project types.

Over time, the cost-effectiveness of trip reduction projects has been (negatively) affected; as the Bay Area's fleet becomes increasingly cleaner, it has become increasingly difficult to provide the same amount of funding for on-going shuttle and rideshare projects without increasing the cost-effectiveness limit. For more than two years, Air District staff has conducted extensive outreach to solicit input from trip-reduction project stakeholders and interested parties to obtain their feedback on options for meeting this challenge. Based on this feedback, staff proposed that a new program category be added to the Regional Fund portfolio to allow for innovative and cost-effective projects that provide first- and last-mile connections. In May of this year, the Board approved \$4.36 million in TFCA funds to be allocated to the Trip Reduction Program, which will provide funding for both existing shuttle and regional rideshare programs and a new pilot trip reduction program, which is scheduled to open in early 2016.

In addition to the Air District's efforts, the Metropolitan Transportation Commission (MTC) also implements projects and programs in the Bay Area to reduce on-road motor vehicle trips, and thereby reduce emissions from these vehicles. Among the programs implemented by MTC, through transportation control measures (TCMs) are: voluntary trip reduction programs; improvements to area-wide transit service, regional rail service, access to rail and ferries interregional rail service, ferry service, bicycle access and facilities; youth transportation; construction of carpool/express bus lanes on freeways; transit use incentives; rideshare/vanpool services and incentives; and pedestrian improvements. The Air District works closely with MTC in the preparation of the Clean Air Plans to implement all feasible trip reduction measures and on the development and implementation of numerous trip reduction incentive programs.

Staff will present an overview of trip reduction measures that are being implemented by the Air District and MTC, including background information related to the different trip reduction programs and projects.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Joseph Steinberger
Reviewed by: Chengfeng Wang

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: October 6, 2015

Re: Consideration of Fiscal Year Ending (FYE) 2016 Transportation Fund for Clean Air
(TFCA) Regional Fund Shuttle and Rideshare Projects

RECOMMENDATIONS

Recommend Board of Directors:

1. Approve the proposed awards for the seven TFCA projects listed in Attachment A; and
2. Authorize the Executive Officer/APCO to enter into agreements for the recommended TFCA projects in Attachment A.

BACKGROUND

In 1991, the California State Legislature authorized the Bay Area Air Quality Management District (Air District) to impose a \$4 surcharge on motor vehicles registered within the nine-county Bay Area to fund projects that reduce on-road motor vehicle emissions. Since 1992, the Air District has allocated these funds to its Transportation Fund for Clean Air (TFCA) Program to fund eligible projects. The statutory authority for the TFCA and requirements of the program are set forth in California Health and Safety Code (HSC) Sections 44241 and 44242.

Sixty percent of TFCA funds are awarded by the Air District to eligible programs and projects implemented directly by the Air District (e.g., the Smoking Vehicle, Enhanced Mobile Source Enforcement, Spare the Air, and Bicycle Facility Programs) and through a grant program known as the Regional Fund. The remaining 40% of TFCA funds are forwarded to a designated agency within each Bay Area county to be distributed via the County Program Manager Fund.

Staff will present an overview of the Fiscal Year Ending (FYE) 2016 TFCA Regional Fund Shuttle /Feeder Bus Service and Regional Rideshare Projects policies and evaluation criteria, project evaluation results, and recommendations for grant awards for the eligible FYE 2016 shuttle and rideshare projects.

DISCUSSION

On May 6, 2015, the Air District's Board of Directors allocated up to \$4.36 million for the

TFCA FYE 2016 Trip Reduction Program, which included funding for shuttle, regional rideshare, and pilot trip reduction projects. Later, on July 29, 2015, Air District's Board of Directors approved the Regional Fund Policies and Evaluation Criteria for the FYE 2016 cycle. Staff opened a call for the Shuttle and Regional Rideshare Programs on August 4, 2015, and held a grant application workshop via webinar on August 11, 2015.

Eight applications for FYE 2016 funding were received by September 1, 2015, and one application was received after the September 1 deadline, on September 2, 2015. Of the nine applications received, seven applications were for shuttle projects (totaling 38 routes) and two were for regional ridesharing projects. All projects were evaluated for conformance with Board-approved Policies and Evaluation Criteria and staff worked with all applicants over the review phase to ensure that all information received was accurate and complete.

Based on a cost-effectiveness threshold of \$200,000/ton of emissions reduced for projects in highly impacted communities, and a threshold of \$175,000/ton of emissions reduced for all other projects, five projects are recommended for award at the full requested amount (totaling \$2,280,000). Two other projects, the City of Oakland's Broadway Shuttle and portions of the Peninsula Corridor Joint Powers Board's Caltrain Shuttle Program, are recommended at a reduced award amount in order to meet the Board-approved cost-effectiveness criteria.

Staff recommends awarding \$3,242,400 in FYE 2016 TFCA Regional Funds to these seven projects, leaving a balance of approximately \$1.12 million available for the Pilot Trip Reduction Program. In total, the recommended projects will result in the combined reduction of over 47 tons of criteria pollutants (ROG, NOx, and PM), and 18,210 tons of greenhouse gases.

The Board-approved Policies also require that 60% of funding be reserved for projects that are located in Highly Impacted Communities (HIC), as defined by the Air District's Community Air Risk Evaluation (CARE) program and by Priority Development Areas (PDA). Over 77% (\$2,503,946) of the funds being recommended for award are for projects that reduce emissions in these highly impacted Bay Area communities.

Two projects and portions of the Peninsula Corridor Joint Powers Board's Caltrain Shuttle Program are not recommended for award because they are not cost-effective at any funding amount based on their low ridership numbers and these project sponsors notified by the Air District of this determination. 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: Ken Mak
Reviewed by: Chengfeng Wang

Attachment A: Projects Recommended for Award – FYE 2016 Regional Fund TFCA Shuttle and Ridesharing

Attachment B: Projects Not Recommended for Award – FYE 2016 Regional Fund TFCA Shuttle and Ridesharing

ATTACHMENT A: Projects Recommended for Award - FYE 2016 Regional Fund TFCA Shuttle and Ridesharing

FYE 2016 Shuttle and Ridesharing Applications, Projects Recommended for Funding											
Project #	Project Sponsor	Project Title	Recommended Award (total project)	Est C-E (total project)	Total Project Cost	Route	Recommended Award (route)	Est C-E (route)	Criteria Pollutants (tons)	CO2 (tons)	CARE Area or PDA
16R11	Metropolitan Transportation Commission	511 Regional Carpool Program	\$ 1,000,000	\$ 49,848	\$ 1,600,000	-	\$ 1,000,000	\$ 49,848	21.34	4383	YES
16R12	Associated Students, San Jose State University	SJSU Ridesharing & Trip Reduction	\$ 140,000	\$ 25,139	\$ 164,707	-	\$ 140,000	\$ 25,139	5.19	2758	YES
16R15	San Joaquin Regional Rail Commission	ACE Shuttle 53 & 54	\$ 80,000	\$ 64,630	\$ 297,297	Route 53	\$ 50,000	\$ 50,395	0.94	569	YES
						Route 54	\$ 30,000	\$ 122,129	0.23	193	YES
16R17	Presidio Trust	PresidiGo Shuttle	\$ 100,000	\$ 88,689	\$ 452,779	PresidiGo Shuttle	\$ 100,000	\$ 88,689	1.10	480	YES
16R18	City of Oakland	Broadway Shuttle	\$ 186,500	\$ 199,553	\$ 410,000	Broadway Shuttle	\$ 186,500	\$ 199,553	0.87	481	YES
16R19	Peninsula Corridor Joint Powers Board	Caltrain Shuttle Program	\$ 775,900	\$ 106,066	\$ 3,502,200	Bayshore/Brisbane-Commute	\$ 22,900	\$ 199,228	0.11	55	YES
						Bayshore East - Mtn View	\$ 46,600	\$ 199,983	0.23	86	YES
						Bayshore West - Mtn View	\$ 92,300	\$ 199,985	0.44	231	YES
						Bayside – Burlingame	\$ 30,600	\$ 174,474	0.17	67	NO
						Belmont / Hillsdale	\$ 11,600	\$ 173,618	0.07	20	NO
						Broadway / Millbrae	\$ 10,500	\$ 173,777	0.06	28	NO
						Duane Avenue - Mtn View	\$ 34,700	\$ 199,546	0.17	87	YES
						Lincoln Centre - Foster City	\$ 51,100	\$ 174,945	0.28	130	NO
						Marguerite – Stanford Combined	\$ 195,000	\$ 50,692	3.59	1960	NO
						Mariners Island - San Mateo	\$ 28,200	\$ 174,899	0.16	68	NO
						Mary Moffett - Google - Mtn View	\$ 13,400	\$ 199,783	0.07	19	YES
						Mission College – Sunnyvale	\$ 82,100	\$ 199,865	0.39	209	YES
						Oracle - Redwood Shores	\$ 20,400	\$ 174,982	0.12	54	NO
						Pacific Shores - Redwood City	\$ 76,900	\$ 122,884	0.59	292	NO
Sierra Point (Millbrae) – Brisbane	\$ 41,600	\$ 174,692	0.22	124	NO						
Twin Dolphin - RW Shores	\$ 18,000	\$ 174,855	0.10	51	NO						
16R20	Santa Clara Valley Transportation Authority	ACE Shuttle Bus Program	\$ 960,000	\$ 85,678	\$ 1,361,152	Brown	\$ 95,781	\$ 66,899	1.34	755	YES
						Gray	\$ 160,498	\$ 78,500	1.92	1068	YES
						Green	\$ 93,538	\$ 118,572	0.74	412	NO
						Orange	\$ 89,263	\$ 90,087	0.93	520	YES
						Purple	\$ 97,507	\$ 94,732	0.97	538	YES
						Red	\$ 160,057	\$ 82,856	1.82	1008	YES
						Violet	\$ 102,339	\$ 115,924	0.83	454	YES
						Yellow	\$ 161,016	\$ 75,824	1.99	1111	NO
TOTAL:			\$ 3,242,400	\$ 68,549	\$ 7,788,134	28 Shuttle Routes; 2 Ridesharing			47.01	18,210	

ATTACHMENT B: Projects Not Recommended for Award - FYE 2016 Regional Fund TFCA Shuttle and Ridesharing

FYE 2016 Shuttle and Ridesharing Applications, Projects Not Recommended for Funding									
Project #	Project Sponsor	Project Title	Total Project Cost	Route	Requested Amount	Est C-E (route)	Criteria Pollutants (tons)	CO2 (tons)	Reason for Rejection
16R13	County of Alameda	Embarcadero Cove Shuttle Project	\$ 84,783	Embarcadero Cove	\$ 71,060	\$ 1,607,436	0.06	40	Not Cost-effective at any dollar amount
16R14	City of Richmond	Commuter Shuttle	\$ 249,600	Route I	\$ 112,320	\$ (7,831,900)	-0.01	-20	
				Route II	\$ 112,320	\$ (5,084,851)	-0.02	-22	
16R19	Peninsula Corridor Joint Powers Board	Caltrain Shuttle Program	\$ 785,000	Bowers / Walsh - Sunnyvale	\$ 15,000	\$ 498,969	0.03	9	
				Campus Drive - San Mateo (Hillsdale)	\$ 25,000	\$ 348,235	0.03	8	
				Clipper - RW Shores	\$ 25,000	\$ 14,558,907	0.01	-2	
				Electronic Arts - Redwood Shores	\$ 70,000	\$ 426,158	0.05	9	
				Embarcadero - Palo Alto	\$ 60,000	\$ 394,253	0.06	15	
				Marsh Road - Menlo Park	\$ 35,000	\$ 387,881	0.04	13	
		Willow Road	\$ 25,000	\$ 404,925	0.01	-3			
TOTAL:			\$ 1,119,383	10 Shuttle Routes	\$ 550,700	\$ 3,109,425	0.26	46.25	

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: October 6, 2015

Re: Transportation Fund for Clean Air (TFCA) County Program Manager (CPM) Fund
Policies for Fiscal Year Ending (FYE) 2017 and Modification to FYE 2016 TFCA
CPM Fund Policies

RECOMMENDATIONS

Recommend Board of Directors:

1. Approve the proposed FYE 2017 TFCA CPM Fund Policies; and
2. Approve a proposed change to FYE 2016 TFCA CPM Fund Policy #28 to increase the cost-effectiveness limit to \$175,000/ton of emissions reduced for shuttle projects to align it with the FYE 2015 TFCA Regional Fund cost-effectiveness limit.

BACKGROUND

In 1991, the California State Legislature authorized the Bay Area Air Quality Management District (Air District) to impose a \$4 surcharge on motor vehicles registered within the San Francisco Bay Area to fund projects that reduce on-road motor vehicle emissions. The Air District has allocated these funds through its TFCA program to fund eligible projects. The statutory authority for the TFCA and requirements of the program are set forth in California Health and Safety Code Sections 44241 and 44242.

By law, forty percent of these revenues are distributed to designated CPMs in each of the nine counties within the Air District's jurisdiction. Each year the Air District Board of Directors (Board) is required to adopt policies to allocate these funds to maximize emissions reductions and public health benefits. During the Committee meeting, staff will present an overview of the proposed changes to the TFCA CPM Fund Policies for FYE 2017 and public input process.

DISCUSSION

The proposed FYE 2017 TFCA CPM Fund Policies are based on revisions to the prior year's Policies to ensure consistency with Health and Safety Code requirements and to reflect input received over the last year from the Board, CPM representatives, and members of the public.

On July 16, 2015, staff issued a request for comments on the draft proposed FYE 2017 Policies to the nine Bay Area CPMs and four workgroup meetings were held with CPM representatives to

discuss the proposed policy updates (on May 27th, July 7th, July 27th, and September 9th of 2015.) By the September 16, 2015 deadline, comments were received from three of the nine CPMs, the City of Cupertino, and the County of Santa Clara County. Based on the feedback and comments received during the past year and during the public comment period, staff updated the Policies to include the following changes:

- Streamlined and improved wording to clarify and to ensure adherence to state statute;
- Revised policy language related to shuttle projects to align it with the Board-adopted FYE 2016 TFCA Regional Fund Policies;
- Removed Annual Daily Traffic (ADT) and Peak Hour Traffic requirements for arterial management projects;
- Included language to require an environmental review for bicycle facility projects;
- Increased the cost-effectiveness limit for alternative fuel vehicle and infrastructure, smart growth, shuttle, arterial management, and bicycle facility projects to align it with the Board-adopted FYE 2016 TFCA Regional Fund Policies; and
- Clarified that TFCA CPM Funds may not be combined with TFCA Regional Funds unless the project scope is broadened.

Attachment A contains the proposed FYE 2017 Policies, Attachment B shows the changes between the proposed Policies and the previous year's Policies, and Attachment C contains a listing of the comments received and the responses from staff.

Staff is also recommending a change to FYE 2016 TFCA CPM Fund Policy #28 to increase the cost-effectiveness limit for shuttle projects to align it with the limit set in the FYE 2015 Regional Fund.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. The recommended policy changes have no impact on the Air District's budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Linda Hui
Reviewed by: Karen Schkolnick

Attachment A: Proposed TFCA County Program Manager Fund Policies for FYE 2017

Attachment B: Proposed TFCA County Program Manager Fund Policies for FYE 2017 Policies as a redlined version of Board-approved TFCA County Program Manager Fund Policies for FYE 2016 Policies

Attachment C: Comments Received from County Program Managers on Proposed Policies and Air District Staff Responses

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

BASIC ELIGIBILITY

1. **Reduction of Emissions:** 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 these Air District Board of Directors adopted TFCA County Program Manager Fund Policies for FYE 2017.

Projects must achieve surplus emission reductions, i.e., reductions that are beyond what is required through regulations, ordinances, contracts, and other legally binding obligations at the time of the execution of a grant agreement between the County Program Manager and the grantee. Projects must also achieve surplus emission reductions at the time of an amendment to a grant agreement if the amendment modifies the project scope or extends the project completion deadline.

2. **TFCA Cost-Effectiveness:** Projects must not exceed the maximum cost-effectiveness (C-E) limit noted in Table 1. Cost-effectiveness (\$/weighted ton) is based on the ratio of TFCA funds awarded divided by the sum of surplus emissions reduced of reactive organic gases (ROG), nitrogen oxides (NOx), and weighted PM10 (particulate matter 10 microns in diameter and smaller) over a project’s useful life. All TFCA-generated funds (e.g., reprogrammed TFCA funds) that are awarded or applied to a project must be included in the evaluation. For projects that involve more than one independent component (e.g., more than one vehicle purchased, more than one shuttle route), each component must achieve this cost-effectiveness requirement.

County Program Manager administrative costs are excluded from the calculation of a project’s TFCA cost-effectiveness.

Table 1: Maximum Cost-Effectiveness for FYE 2017 County Program Manager Fund Projects

Policy No.	Project Category	Maximum C-E (\$/weighted ton)
22	Alternative Fuel Light-Duty Vehicles	250,000
23	Reserved	Reserved
24	Alternative Fuel Heavy-Duty Vehicles and Buses	250,000
25	Alternative Fuel Bus Replacement	250,000
26	Alternative Fuel Infrastructure	250,000
27	Ridesharing Projects	90,000
28 A-H	Shuttle/Feeder Bus Service – Existing	175,000; 200,000 for services in CARE Areas or PDAs
28 I	Shuttle/Feeder Bus Service - Pilot	Year 1 - 200,000 Year 2 - 175,000
28 I	Shuttle/Feeder Bus Service – Pilot in CARE Areas or PDAs	Year 1 - 500,000 Year 2 - 200,000 Year 3 - 175,000
29	Bicycle Projects	250,000

30	Bay Area Bike Share	500,000
31	Arterial Management	175,000
32	Smart Growth/Traffic Calming	175,000

3. **Eligible Projects and Case-by-Case Approval:** Eligible projects are those that conform to the provisions of the HSC section 44241, Air District Board adopted policies and Air District guidance. On a case-by-case basis, County Program Managers must receive approval by the Air District for projects that are authorized by the HSC section 44241 and achieve Board-adopted TFCA cost-effectiveness but do not fully meet other Board-adopted Policies.
4. **Consistent with Existing Plans and Programs:** All projects must comply with the transportation control measures and mobile source measures included in the Air District's most recently approved plan for achieving and maintaining State and national ambient air quality standards, which are adopted pursuant to HSC sections 40233, 40717 and 40919, and, when specified, with other adopted State, regional, and local plans and programs.
5. **Eligible Recipients:** 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 #8-10).
 - A. Public agencies are eligible to apply for all project categories.
 - B. Non-public entities are only eligible to apply for new alternative-fuel (light, medium, and heavy-duty) vehicle and infrastructure projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241(b)(7).
6. **Readiness:** Projects must commence by the end of calendar year 2017. "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.
7. **Maximum Two Years Operating Costs:** Projects that provide a service, such as ridesharing programs and shuttle and feeder bus projects, are eligible to apply for a period of up to two (2) years, except for bike share projects, which are eligible to apply for a period of up to five (5) years. Grant applicants that seek TFCA funds for additional years must reapply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

8. **Independent Air District Audit Findings and Determinations:** Grantees who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project awarded by either County Program Managers or the Air District are excluded from receiving an award of any TFCA funds for three(3) years from the date of the Air District's final audit determination in accordance with HSC section 44242, or duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means a final audit report that includes an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the program or project was not implemented in accordance with the applicable Funding Agreement or grant agreement.

A failed fiscal or performance audit of the County Program Manager or its grantee may subject the County Program Manager to a reduction of future revenue in an amount equal to the amount which was inappropriately expended pursuant to the provisions of HSC section 44242(c)(3).

9. **Authorization for County Program Manager to Proceed:** Only a fully executed Funding Agreement (i.e., signed by both the Air District and the County Program Manager) constitutes the Air District's award of County Program Manager Funds. County Program Managers may only incur costs (i.e., contractually obligate itself to allocate County Program Manager Funds) after the Funding Agreement with the Air District has been executed.
10. **Maintain Appropriate Insurance:** Both the County Program Manager and each grantee must maintain general liability insurance, workers compensation insurance, and additional insurance as appropriate for specific projects, with required coverage amounts provided in Air District guidance and final amounts specified in the respective grant agreements.

INELIGIBLE PROJECTS

11. **Duplication:** Duplicative projects are not eligible. Projects that propose to expand and achieve additional emission reductions of existing projects are eligible (e.g., shuttle service or route expansion, previously-funded project that has completed its Project Useful Life).
12. **Planning Activities:** A grantee may not use any TFCA funds for planning related activities unless they are directly related to the implementation of a project or program that result in emission reductions.
13. **Employee Subsidies:** Projects that provide a direct or indirect financial transit or rideshare subsidy or shuttle/feeder bus service exclusively to the grantee's employees are not eligible.
14. **Cost of Developing Proposals:** Grantees may not use TFCA funds to cover the costs of developing grant applications for TFCA funds.

USE OF TFCA FUNDS

15. **Combined Funds:** Unless otherwise specified in policies #22 through #32, TFCA County Program Manager Funds may not be combined with TFCA Regional Funds to fund a County Program Manager Fund project. Projects that are funded by the TFCA County Program Manager Fund are not eligible for additional funding from other funding sources that claim emissions credits. (For example, County Program Manager-funded projects are eligible for Congestion Mitigation and Air Quality (CMAQ) funds because CMAQ does not require emissions reductions for funding eligibility.)
16. **Administrative Costs:** The County Program Manager may not expend more than five percent (5%) of its County Program Manager Funds for its administrative costs. The County Program Manager's costs to prepare and execute its Funding Agreement with the Air District are eligible administrative costs. Interest earned on County Program Manager Funds shall not be included in the calculation of the administrative costs. To be eligible for reimbursement, administrative costs must be clearly identified in the expenditure plan application and in the Funding Agreement, and must be reported to the Air District.
17. **Expend Funds within Two Years:** County Program Manager Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program Manager in the applicable fiscal year, unless a County Program Manager has made the determination based on an application for funding that the eligible project will take longer than two years to implement. Additionally, a County Program Manager may, if it finds that significant progress has been made on a project, approve no more than two one-year schedule extensions for a project. Any subsequent schedule extensions for projects can only be given on a case-by-case basis, if the Air District finds that significant progress has been made on a project, and the Funding Agreement is amended to reflect the revised schedule.
18. **Unallocated Funds:** Pursuant to HSC 44241(f), any County Program Manager Funds that are not allocated to a project within six months of the Air District Board of Directors approval of the County Program Manager's Expenditure Plan may be allocated to eligible projects by the Air District. The Air District shall make reasonable effort to award these funds to eligible projects in the Air District within the same county from which the funds originated.

19. **Incremental Cost (for the purchase or lease of new vehicles):** For new vehicles, TFCA funds awarded may not exceed the incremental cost of a vehicle after all rebates, credits, and other incentives are applied. Such financial incentives include manufacturer and local/state/federal rebates, tax credits, and cash equivalent incentives. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle, and the price of its new conventional vehicle counterpart that meets, but does not exceed, the most current emissions standards at the time that the project is evaluated.

20. **Reserved.**

21. **Reserved.**

ELIGIBLE PROJECT CATEGORIES

22. Alternative Fuel Light-Duty Vehicles:

Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight rating (GVWR) of 14,000 lbs. or lighter. Eligible alternative light-duty vehicle types and equipment eligible for funding are:

- A. Purchase or lease of new hybrid-electric, electric, fuel cell, and CNG/LNG vehicles certified by the California Air Resources Board (CARB) as meeting established super ultra-low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards.
- B. Purchase or lease of new electric neighborhood vehicles (NEV) as defined in the California Vehicle Code.

Gasoline and diesel (non-hybrid) vehicles are not eligible for TFCA funds. Funds are not available for non-fuel system upgrades, such as transmission and exhaust systems, and should not be included in the incremental cost of the project.

23. **Reserved.**

24. Alternative Fuel Heavy-Duty Vehicles and Buses:

Eligibility: These projects are intended to accelerate the deployment of qualifying alternative fuel vehicles that operate within the Air District's jurisdiction. All of the following additional conditions must be met for a project to be eligible for TFCA Funds:

- A. Vehicles purchased and/or leased either have a GVWR greater than 14,000lbs or are classified as urban buses; and
- B. Are 2015 model year or newer hybrid-electric, electric, CNG/LNG, and hydrogen fuel cell vehicles certified by the CARB.

TFCA funds may not be used to pay for non-fuel system upgrades such as transmission and exhaust systems.

Scrapping Requirements: Grantees with a fleet that includes model year 1998 or older heavy-duty diesel vehicles must scrap one model year 1998 or older heavy-duty diesel vehicle for each new vehicle purchased or leased under this grant. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

25. Alternative Fuel Bus Replacement:

Eligibility: For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than 15 persons, including the driver. A vehicle designed, used, or maintained for carrying more than 10 persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool

vehicle is not considered a bus. Buses are subject to the same eligibility requirements and the same scrapping requirements listed in Policy #24.

26. Alternative Fuel Infrastructure:

Eligibility: Eligible refueling infrastructure projects include new dispensing and charging facilities, or additional equipment or upgrades and improvements that expand access to existing alternative fuel fueling/charging sites (e.g., electric vehicle, CNG, hydrogen). This includes upgrading or modifying private fueling/charging sites or stations to allow public and/or shared fleet access. TFCA funds may be used to cover the cost of equipment and installation. TFCA funds may also be used to upgrade infrastructure projects previously funded with TFCA-generated funds as long as the equipment was maintained and has exceeded the duration of its years of effectiveness after being placed into service.

TFCA-funded infrastructure projects must be available to and accessible by the public. Equipment and infrastructure must be designed, installed and maintained as required by the existing recognized codes and standards and approved by the local/state authority.

TFCA funds may not be used to pay for fuel, electricity, operation, and maintenance costs.

- 27. Ridesharing Projects:** Eligible ridesharing projects provide carpool, vanpool or other rideshare services. Projects that provide a direct or indirect financial transit or rideshare subsidy are also eligible under this category.

28. Shuttle/Feeder Bus Service:

These projects are intended to reduce single-occupancy vehicle trips by providing short-distance connections. All of the following conditions must be met for a project to be eligible for TFCA funds:

- A. The service must provide direct connections between a mass transit hub (e.g., a rail or Bus Rapid Transit (BRT) station, ferry or bus terminal or airport) and a distinct commercial or employment location.
- B. The service's schedule must be coordinated to have a timely connection with the corresponding mass transit service.
- C. The service must be available for use by all members of the public.
- D. TFCA funds may be used to fund only shuttle services to locations that are under-served and lack other comparable service. For the purposes of this policy, "comparable service" means that there exists, either currently or within the last three years, a direct, timed, and publicly accessible service that brings passengers to within one-third (1/3) mile of the proposed commercial or employment location from a mass transit hub. A proposed service will not be deemed "comparable" to an existing service that brings passengers from a mass transit hub to within 1/3 mile of the employment location or commercial hub if the passengers' proposed travel time will be at least 15 minutes less than and will be at least 33% shorter than the existing service's travel time to the proposed destination.
- E. Project applicants that were awarded FYE 2014 or FYE 2015 or FYE 2016 TFCA Funds that propose identical routes in FYE 2015 or in FYE 2016 or FYE 2017 may request an exemption from the requirements of Policy 28.D. provided they meet the following requirements: 1) No further TFCA project funding as of January 1, 2017; 2) The proposed service must serve the identical transit hub and commercial or employment locations as the previously funded project; and 3) Submission of a plan to achieve financial self-sufficiency from TFCA funds by January 1, 2017, or a plan to come into compliance with Policy 28.D. and all other eligibility criteria.
- F. 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.

- G. Shuttle/feeder bus service applicants must submit a letter of concurrence from the transit district or transit agency that provides service in the area of the proposed route, certifying that the service does not conflict with existing service.
- H. Existing projects must meet a cost-effectiveness of \$175,000 per ton of emissions reduced. Projects that would operate in Highly Impacted Communities or Episodic Areas as defined in the Air District Community Air Risk Evaluation (CARE) Program, or in Priority Development Areas (PDAs), may qualify for funding at a cost-effectiveness limit of \$200,000 per ton of emissions reduced.
- I. Pilot Shuttle/Feeder Bus Service: Pilot shuttle/feeder bus service projects are defined as routes that are at least 70% unique and where no other service was provided within the past three years. In addition to meeting the conditions listed in Policy #28.A-H for shuttle/feeder bus service, pilot shuttle/feeder bus service, project applicants must also comply with the following application criteria and agree to comply with the project implementation requirements:
 - i. Provide data and other evidence demonstrating the public’s need for the service, including a demand assessment survey and letters of support from potential users. Project applicants must agree to conduct a passenger survey for each year of operation.
 - ii. Provide written documentation of plans for financing the service in the future;
 - iii. Provide a letter from the local transit agency denying service to the project’s proposed service area, which includes the basis for denial of service to the proposed areas. The applicant must demonstrate that the project applicant has attempted to coordinate service with the local service provider and has provided the results of the demand assessment survey to the local transit agency. The applicant must provide the transit service provider’s evaluation of the need for the shuttle service to the proposed area.
 - iv. Pilot projects located in Highly Impacted Communities as defined in the Air District Community Air Risk Evaluation (CARE) Program and/or a Planned or Potential Priority Development Area (PDA) may receive a maximum of three years of TFCA Funds under the Pilot designation. For these projects, the project applicants understand and must agree that such projects will be evaluated every year, and continued funding will be contingent upon the projects meeting the following requirements:
 - a. During the first year of operation, projects must not exceed a cost-effectiveness of \$500,000/ton,
 - b. By the end of the second year of operation, projects must not exceed a cost-effectiveness of \$200,000/ton, and
 - c. By the end of the third year of operation, projects must not exceed a cost-effectiveness of \$175,000/ton and meet all of the requirements of Policy #28.A-H (existing shuttles).
 - v. Projects located outside of CARE areas and PDAs may receive a maximum of two years of TFCA Funds under this designation. For these projects, the project applicants understand and must agree that such projects will be evaluated every year, and continued funding will be contingent upon the projects meeting the following requirements:
 - a. By the end of the first year of operation, projects shall meet a cost-effectiveness of \$200,000/ton, and

By the end of the second year of operation, projects shall cost \$175,000 or less per ton (cost-effectiveness rating) and shall meet all of the requirements of Policy #28.A-H (existing shuttles).

29. Bicycle Projects:

New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. Projects must also have a completed and approved environmental plan. If a project is exempt from preparing an environmental plan as determined by the public agency or lead agency, then that project has met this requirement. Eligible projects are limited to the following types of bicycle facilities for public use that result in motor vehicle emission reductions:

- A. New Class-1 bicycle paths;
- B. New Class-2 bicycle lanes;
- C. New Class-3 bicycle routes;
- D. New Class-4 cycle tracks or separated bikeways;
- E. Reserved.
- F. Bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels;
- G. Electronic bicycle lockers;
- H. Capital costs for attended bicycle storage facilities; and
- I. Purchase of two-wheeled or three-wheeled vehicles (self-propelled or electric), plus mounted equipment required for the intended service and helmets.
- J. Reserved.

All bicycle facility projects must, where applicable, be consistent with design standards published in the California Highway Design Manual, or conform to the provisions of the Protected Bikeway Act of 2014.

30. Bay Area Bike Share

These projects make bicycles available to individuals for shared use for completing first- and last-mile trips in conjunction with regional transit and stand-alone short distance trips. To be eligible for TFCA funds, bicycle share projects must work in unison with the existing Bay Area Bike Share Project by either increasing the fleet size within the initial participating service areas or expanding the existing service area to include additional Bay Area communities. Projects must have a completed and approved environmental plan and a suitability study demonstrating the viability of bicycle sharing. Projects may be awarded TFCA funds to pay for up to five years of operations.

31. Arterial Management:

Arterial management grant applications must identify a specific arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funds. Incident management projects on arterials are eligible to receive TFCA funds. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. Signal timing projects are eligible to receive TFCA funds. Each arterial segment must meet the cost-effectiveness requirement in Policy #2.

32. Smart Growth/Traffic Calming:

Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds, subject to the following conditions:

- A. The development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, pedestrian plan, traffic-calming plan, or other similar plan; and
- B. The project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District plan for State and national ambient air quality standards. Pedestrian projects are eligible to receive TFCA funds.

- C. The project must have a completed and approved environmental plan. If a project is exempt from preparing an environmental plan as determined by the public agency or lead agency, then that project has met this requirement.

Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential retail, and employment areas.

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

BASIC ELIGIBILITY

1. **Reduction of Emissions:** 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 these Air District Board of Directors adopted TFCA County Program Manager Fund Policies for FYE 2017.

Projects must achieve surplus emission reductions, i.e., reductions that are beyond what is required through regulations, ordinances, contracts, and other legally binding obligations at the time of the execution of a grant agreement between the County Program Manager and the grantee. Projects must also achieve surplus emission reductions at the time of an amendment to a grant agreement if the amendment modifies the project scope or extends the project completion deadline.

2. **TFCA Cost-Effectiveness:** Projects must ~~achieve TFCA cost effectiveness, on an individual project basis, equal to or less than \$90,000 of TFCA funds per ton of total weighted emissions reduced, unless a different value is specified in the policy for that project type. (See “Eligible Project Categories” below.) not exceed the maximum cost-effectiveness (C-E) limit noted in Table 1.~~ Cost-effectiveness (\$/weighted ton) is based on the ratio of TFCA funds awarded divided by the sum ~~of surplus emissions reduced total tons~~ of reactive organic gases (ROG), ~~nitrogen oxides of nitrogen~~ (NOx), and weighted ~~PM10~~ (particulate matter 10 microns in diameter and smaller) ~~over a project’s useful life~~ reduced (\$/ton). All TFCA-generated funds (e.g., ~~TFCA Regional Funds~~, reprogrammed TFCA funds) that are awarded or applied to a project must be included in the evaluation. For projects that involve more than one independent component (e.g., more than one vehicle purchased, more than one shuttle route), each component must achieve this cost-effectiveness requirement.

County Program Manager administrative costs are excluded from the calculation of a project’s TFCA cost-effectiveness.

Table 1: Maximum Cost-Effectiveness for FYE 2017 County Program Manager Fund Projects

<u>Policy No.</u>	<u>Project Category</u>	<u>Maximum C-E (\$/weighted ton)</u>
<u>22</u>	<u>Alternative Fuel Light-Duty Vehicles</u>	<u>250,000</u>
<u>23</u>	<u>Reserved</u>	<u>Reserved</u>
<u>24</u>	<u>Alternative Fuel Heavy-Duty Vehicles and Buses</u>	<u>250,000</u>
<u>25</u>	<u>Alternative Fuel Bus Replacement</u>	<u>250,000</u>
<u>26</u>	<u>Alternative Fuel Infrastructure</u>	<u>250,000</u>
<u>27</u>	<u>Ridesharing Projects</u>	<u>90,000</u>
<u>28 A-H</u>	<u>Shuttle/Feeder Bus Service – Existing</u>	<u>175,000;</u> <u>200,000 for services in CARE Areas or PDAs</u>
<u>28 I</u>	<u>Shuttle/Feeder Bus Service - Pilot</u>	<u>Year 1 - 200,000</u> <u>Year 2 - 175,000</u>
<u>28 I</u>	<u>Shuttle/Feeder Bus Service – Pilot in CARE Areas or PDAs</u>	<u>Year 1 - 500,000</u> <u>Year 2 - 200,000</u>

		<u>Year 3 - 175,000</u>
<u>29</u>	<u>Bicycle Projects</u>	<u>250,000</u>
<u>30</u>	<u>Bay Area Bike Share</u>	<u>500,000</u>
<u>31</u>	<u>Arterial Management</u>	<u>175,000</u>
<u>32</u>	<u>Smart Growth/Traffic Calming</u>	<u>175,000</u>

3. **Eligible Projects and Case-by-Case Approval:** Eligible projects are those that conform to the provisions of the HSC section 44241, Air District Board adopted policies and Air District guidance. On a case-by-case basis, County Program Managers must receive approval by the Air District for projects that are authorized by the HSC section 44241 and achieve Board-adopted TFCA cost-effectiveness but do not fully meet other Board-adopted Policies.
4. **Consistent with Existing Plans and Programs:** All projects must comply with the transportation control measures and mobile source measures included in the Air District's most recently approved plan for achieving and maintaining State and national ambient air quality standards, which are adopted pursuant to HSC sections 40233, 40717 and 40919, and, when specified, with other adopted State, regional, and local plans and programs.
5. **Eligible Recipients:** 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 ~~iesy~~ #8-10).
 - A. Public agencies are eligible to apply for all project categories.
 - B. Non-public entities are only eligible to apply for new alternative-fuel (light, medium, and heavy-duty) vehicle and infrastructure projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241(b)(7).
6. **Readiness:** Projects must commence by the end of calendar year 201~~6~~7. “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.
7. **Maximum Two Years Operating Costs:** Projects that provide a service, such as ridesharing programs and shuttle and feeder bus projects, are eligible to apply for a period of up to two (2) years, except for bike share projects, which are eligible to apply for a period of up to five (5) years. Grant applicants that seek TFCA funds for additional years must reapply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

8. **Independent Air District Audit Findings and Determinations:** Grantees who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project awarded by either County Program Managers or the Air District are excluded from receiving an award of any TFCA funds for ~~three~~five (3~~5~~) years from the date of the Air District’s final audit determination in accordance with HSC section 44242, or duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means a final audit report that includes an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the program or project was not implemented in accordance with the applicable Funding Agreement or grant agreement.

A failed fiscal or performance audit of the County Program Manager or its grantee may subject the County Program Manager to a reduction of future revenue in an amount equal to the amount which was inappropriately expended pursuant to the provisions of HSC section 44242(c)(3).

9. **Authorization for County Program Manager to Proceed:** Only a fully executed Funding Agreement (i.e., signed by both the Air District and the County Program Manager) constitutes the Air District's award of County Program Manager Funds. County Program Managers may only incur costs (i.e., contractually obligate itself to allocate County Program Manager Funds) after the Funding Agreement with the Air District has been executed.
10. **Maintain Appropriate Insurance:** Both the County Program Manager and each grantee must maintain general liability insurance, workers compensation insurance, and additional insurance as appropriate for specific projects, with required coverage amounts provided in Air District guidance and final amounts specified in the respective grant agreements.

INELIGIBLE PROJECTS

11. **Duplication:** ~~Duplicative projects are not eligible. Projects that propose to expand and achieve additional emission reductions of existing projects are eligible (e.g., shuttle service or route expansion, previously-funded project that has completed its Project Useful Life). Grant applications for projects that provide additional TFCA funding for existing TFCA-funded projects (e.g., Bicycle Facility Program projects) that do not achieve additional emission reductions are ineligible. Combining TFCA County Program Manager Funds with other TFCA-generated funds that broaden the scope of the existing project to achieve greater emission reductions is not considered project duplication.~~
12. **Planning Activities:** A grantee may not use any TFCA funds for planning related activities unless they are directly related to the implementation of a project or program that result in emission reductions.
13. **Employee Subsidies:** Projects that provide a direct or indirect financial transit or rideshare subsidy or shuttle/feeder bus service exclusively to the grantee's employees are not eligible.

USE OF TFCA FUNDS

14. **Cost of Developing Proposals:** Grantees may not use TFCA funds to cover the costs of developing grant applications for TFCA funds.

14. USE OF TFCA FUNDS

15. **Combined Funds:** ~~Unless otherwise specified in policies #22 through #32, TFCA County Program Manager Funds may not be combined with TFCA Regional Funds to fund a County Program Manager Fund project. Projects that are funded by the TFCA County Program Manager Fund are not eligible for additional funding from other funding sources that claim emissions credits. (-For example, County Program Manager-funded projects are eligible for i.e., TFCA funds may be combined with funding sources that do not claim emissions credits, such as Congestion Mitigation and Air Quality (CMAQ) funds because CMAQ does not require claim-emissions reductions for funding eligibility.); TFCA funds may be combined with other grants (e.g., with TFCA Regional Funds or State funds) to fund a project that is eligible and meets the criteria for all funding sources, unless it is otherwise prohibited (e.g., in the project-specific policies). For the purpose of calculating the TFCA cost-effectiveness, the TFCA's portion of the project cost is the sum of TFCA County Program Manager Funds and TFCA Regional Funds.~~
16. **Administrative Costs:** The County Program Manager may not expend more than five percent (5%) of its County Program Manager Funds for its administrative costs. The County Program Manager's costs to prepare and execute its Funding Agreement with the Air District are eligible administrative costs. Interest earned on County Program Manager Funds shall not be included in the calculation of the administrative costs. To be eligible for reimbursement, administrative costs must be clearly identified in the expenditure plan application and in the Funding Agreement, and must be reported to the Air District.

17. **Expend Funds within Two Years:** County Program Manager Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program Manager in the applicable fiscal year, unless a County Program Manager has made the determination based on an application for funding that the eligible project will take longer than two years to implement. Additionally, a County Program Manager may, if it finds that significant progress has been made on a project, approve no more than two one-year schedule extensions for a project. Any subsequent schedule extensions for projects can only be given on a case-by-case basis, if the Air District finds that significant progress has been made on a project, and the Funding Agreement is amended to reflect the revised schedule.
18. **Unallocated Funds:** Pursuant to HSC 44241(f), any County Program Manager Funds that are not allocated to a project within six months of the Air District Board of Directors approval of the County Program Manager's Expenditure Plan may be allocated to eligible projects by the Air District. The Air District shall make reasonable effort to award these funds to eligible projects in the Air District within the same county from which the funds originated.
19. **Incremental Cost (for the purchase or lease of new vehicles):** For new vehicles, TFCA funds awarded may not exceed the incremental cost of a vehicle after all rebates, credits, and other incentives are applied. Such financial incentives include manufacturer and local/state/federal rebates, tax credits, and cash equivalent incentives. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle, and the price of its new conventional vehicle counterpart that meets, but does not exceed, the most current emissions standards at the time that the project is evaluated.
20. **Reserved.**
21. **Reserved.**

ELIGIBLE PROJECT CATEGORIES

22. **Alternative Fuel Light-Duty Vehicles:**

Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight rating (GVWR) of 14,000 lbs. or lighter. Eligible alternative light-duty vehicle types and equipment eligible for funding are:

- A. Purchase or lease of new hybrid-electric, electric, fuel cell, and CNG/LNG vehicles certified by the California Air Resources Board (CARB) as meeting established super ultra-low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards.
- B. Purchase or lease of new electric neighborhood vehicles (NEV) as defined in the California Vehicle Code.

Gasoline and diesel (non-hybrid) vehicles are not eligible for TFCA funds. Funds are not available for non-fuel system upgrades, such as transmission and exhaust systems, and should not be included in the incremental cost of the project. ~~TFCA funds awarded may not exceed incremental cost after all other applicable manufacturer and local/state rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle and its new conventional vehicle counterpart that meets, but does not exceed, current emissions standards.~~

~~Vehicles that are funded by the TFCA County Program Manager Fund are not eligible for additional funding from the TFCA Regional Fu~~

23. **Reserved.**
24. **Alternative Fuel Heavy-Duty Replacement Vehicles and Buses (high mileage):**

Eligibility: These projects are intended to accelerate the deployment of qualifying alternative fuel vehicles that operate within the Air District’s jurisdiction. All of the following additional conditions must be met for a project to be eligible for TFCA Funds:

- A. Vehicles purchased and/or leased either have a GVWR greater than 14,000lbs or are classified as urban buses; and
- B. Are ~~2014~~2015 model year or newer hybrid-electric, electric, CNG/LNG, and hydrogen fuel cell vehicles certified by the CARB.

TFCA funds may not be used to pay for non-fuel system upgrades such as transmission and exhaust systems.

Scrapping Requirements: Grantees with a fleet that includes model year 1998 or older heavy-duty diesel vehicles must scrap one model year 1998 or older heavy-duty diesel vehicle for each new vehicle purchased or leased under this grant. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

~~TFCA funds awarded may not exceed incremental cost after all other applicable manufacturer and local/state rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the vehicle and/or retrofit and its new conventional vehicle counterpart that meets, but does not exceed, current emissions standards.~~

~~Vehicles that are funded by the TFCA County Program Manager Fund are not eligible for additional funding from the TFCA Regional Fund or other funding sources that claim emissions credits.~~

25. Alternative Fuel Bus Replacement:

Eligibility: For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than 15 persons, including the driver. A vehicle designed, used, or maintained for carrying more than 10 persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool vehicle is not considered a bus. Buses are subject to the same eligibility requirements and the same scrapping requirements listed in Policy #24.

~~Vehicles that are funded by the TFCA County Program Manager Fund are not eligible for additional funding from the TFCA Regional Fund or other funding sources that claim emissions credits.~~

26. Alternative Fuel Infrastructure:

Eligibility: Eligible refueling infrastructure projects include new dispensing and charging facilities, or additional equipment or upgrades and improvements that expand access to existing alternative fuel fueling/charging sites (e.g., electric vehicle, CNG, hydrogen). This includes upgrading or modifying private fueling/charging sites or stations to allow public and/or shared fleet access. TFCA funds may be used to cover the cost of equipment and installation. TFCA funds may also be used to upgrade infrastructure projects previously funded with TFCA-generated funds as long as the equipment was maintained and has exceeded the duration of its years of effectiveness after being placed into service.

TFCA-funded infrastructure projects must be available to and accessible by the public. Equipment and infrastructure must be designed, installed and maintained as required by the existing recognized codes and standards and approved by the local/state authority.

TFCA funds may not be used to pay for fuel, electricity, operation, and maintenance costs.

~~Projects that are funded by the TFCA County Program Manager Fund are not eligible for additional funding from the TFCA Regional Fund.~~

27. **Ridesharing Projects:** Eligible ridesharing projects provide carpool, vanpool or other rideshare services. Projects that provide a direct or indirect financial transit or rideshare subsidy are also eligible under this category.

28. **Shuttle/Feeder Bus Service:**

These projects are intended to reduce single-occupancy vehicle ~~trips~~ ~~commute-hour trips~~ by providing ~~the short-distance connections between a mass transit hub and one or more commercial hub or employment centers.~~ All of the following conditions must be met for a project to be eligible for TFCA funds:

- A. The ~~service~~~~project's route~~ must provide direct connections ~~only~~ between a mass transit hub~~s~~; (e.g., a rail or Bus Rapid Transit (BRT) station, ferry or bus terminal or airport); and a distinct commercial or employment location~~areas~~.
- B. The ~~project's service's~~ schedule must be coordinated to have a timely connection with the corresponding with the transit schedules of the connecting mass transit services.
- C. The service must be available for use by all members of the public.
- D. TFCA funds may be used to fund only shuttle services to locations that are under-served and lack other comparable service. For the purposes of this policy, "comparable service" means that there exists, either currently or within the last three years, a direct, timed, and publicly accessible service that brings passengers to within one-third (1/3) mile of the proposed commercial or employment location from a mass transit hub. A proposed service will not be deemed "comparable" to an existing service that brings passengers from a mass transit hub to within 1/3 mile of the employment location or commercial hub if the passengers' proposed travel time will be at least 15 minutes less than and will be at least 33% shorter than the existing service's travel time to the proposed destination. The project may not duplicate existing local transit service or service that existed along the project's route within the last three years. "Duplication" of service means establishing a shuttle route where there is an existing transit service stop within 0.5 miles of the commercial hub or business center and that can be reached by pedestrians in 20 minutes or less. Projects that propose to increase service frequency to an area that has existing service may be considered for funding if the increased frequency would reduce the commuter's average transit wait time to thirty minutes or less.
- E. Project applicants that were awarded FYE 2014 or FYE 2015 or FYE 2016 TFCA Funds that propose identical routes in FYE 2015 or in FYE 2016 or FYE 2017 may request an exemption from the requirements of Policy 28.D. Provided they meet the following requirements: 1) No further TFCA project funding as of January 1, 2017; 2) The proposed service must serve the identical transit hub and commercial or employment locations as the previously funded project; and 3) Submission of a financial plan to achieve financial self-sufficiency from TFCA funds by January 1, 2017, or within two years by demonstrating how they will a plan to come into compliance with Policy 28.D. this requirement and all other eligibility criteria. or by securing non TFCA Funds. The plan must document: i) the funding source(s) that will be targeted and the bases for eligibility of such funding, ii) the amounts from each funding source for which the applicant is eligible and that will be pursued; 3) the schedule (timeline) from application to receipt of such funds; 4) the process for securing each funding source; and 5) the specific efforts taken by the applicant to be eligible for such funds, and the status of the applicants' application for securing funds.
- F. 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.

G. Shuttle/feeder bus service applicants must submit a letter of concurrence from the transit district or transit agency that provides service in the area of the proposed route, certifying that the service does not conflict with existing service.

~~E.H.~~ Existing projects must meet a cost-effectiveness of \$~~1725~~,000 per ton of emissions reduced. Projects that would operate in Highly Impacted Communities or Episodic Areas as defined in the Air District Community Air Risk Evaluation (CARE) Program, or in Priority Development Areas (PDAs), may qualify for funding at a cost-effectiveness limit of \$200,000 per ton of emissions reduced.

~~F.I.~~ Pilot Shuttle/Feeder Bus Service: Pilot shuttle/feeder bus service projects are defined as routes that are at least 70% unique and where no other service was provided within the past three years. In addition to meeting the conditions listed in Policy #28.A-~~HF~~ for shuttle/feeder bus service, pilot shuttle/feeder bus service, project applicants must also comply with the following application criteria and agree to comply with the project implementation requirements:

- i. Provide data and other evidence demonstrating the public’s need for the service, including a demand assessment survey and letters of support from potential users. Project applicants must agree to conduct a passenger survey for each year of operation.
- ii. Provide written documentation of plans for financing the service in the future;
- iii. Provide a letter from the local transit agency denying service to the project’s proposed service area, which includes the basis for denial of service to the proposed areas. The applicant must demonstrate that the project applicant has attempted to coordinate service with the local service provider and has provided the results of the demand assessment survey to the local transit agency. The applicant must provide the transit service provider’s evaluation of the need for the shuttle service to the proposed area.
- iv. Pilot projects located in Highly Impacted Communities as defined in the Air District Community Air Risk Evaluation (CARE) Program and/or a Planned or Potential Priority Development Area (PDA) may receive a maximum of three years of TFCA Funds under the Pilot designation. For these projects, the project applicants understand and must agree that such projects, will be evaluated every year, and continued funding will be contingent upon the projects ~~must~~ meeting the following requirements:
 - a. During the first year of operation, projects must not exceed a cost-effectiveness of \$500,000/ton,
 - b. By the end of the second year of operation, projects must not exceed a cost-effectiveness of \$200,000/ton, and
 - c. By the end of the third year of operation, projects must not exceed a cost-effectiveness of \$~~1725~~,000/ton and meet all of the requirements of Policy #28.A-~~HF~~ (existing shuttles).
- v. Projects located outside of CARE areas and PDAs may receive a maximum of two years of TFCA Funds under this designation. For these projects, the project applicants understand and must agree that such projects, will be evaluated every year, and continued funding will be contingent upon the projects ~~must~~ meeting the following requirements:
 - a. By the end of the first year of operation, projects shall meet a cost-effectiveness of \$200,000/ton, and
 - ~~b.~~ By the end of the second year of operation, projects shall cost \$~~1725~~,000 or less per ton (cost-effectiveness rating) and shall meet all of the requirements of Policy #28.-A-~~HF~~ (existing shuttles).

29. Bicycle Projects:

New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. Projects must also have a completed and approved environmental plan. If a project is exempt from preparing an environmental plan as determined by the public agency or lead agency, then that project has met this requirement. Eligible projects are limited to the following types of bicycle facilities for public use that result in motor vehicle emission reductions:

- A. New Class-1 bicycle paths;
- B. New Class-2 bicycle lanes;
- C. New Class-3 bicycle routes;
- D. New Class-4 cycle tracks or separated bikeways;
- E. ~~New bicycle boulevards;~~Reserved.
- F. Bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels;
- G. ~~Electronic B~~bicycle lockers;
- H. Capital costs for attended bicycle storage facilities; and
- I. Purchase of two-wheeled or three-wheeled vehicles (self-propelled or electric), plus mounted equipment required for the intended service and helmets. ~~;~~ and
- J. ~~Development of a region wide web based bicycle trip planning system~~Reserved.

All bicycle facility projects must, where applicable, be consistent with design standards published in the California Highway Design Manual, or conform to the provisions of the Protected Bikeway Act of 2014.

30. Bay Area Bike Share

These projects make bicycles available to individuals for shared use for completing first- and last-mile trips in conjunction with regional transit and stand-alone short distance trips. To be eligible for TFCA funds, bicycle share projects must work in unison with the existing Bay Area Bike Share Project by either increasing the fleet size within the initial participating service areas or expanding the existing service area to include additional Bay Area communities. Projects must have a completed and approved environmental plan and a suitability study demonstrating the viability of bicycle sharing. Projects must meet a cost-effectiveness of \$500,000/ton. Projects may be awarded TFCA funds to pay for up to five years of operations.

31. Arterial Management:

Arterial management grant applications must identify a specific arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funds. Incident management projects on arterials are eligible to receive TFCA funds. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. ~~For s~~Signal timing projects are eligible to receive TFCA funds, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more (counting volume in both directions). Each arterial segment must meet the cost-effectiveness requirement in Policy #2.

32. Smart Growth/Traffic Calming:

Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds, subject to the following conditions:

- A. The development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, pedestrian plan, traffic-calming plan, or other similar plan; and

- B. The project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District plan for State and national ambient air quality standards. Pedestrian projects are eligible to receive TFCA funds.
- C. The project must have a completed and approved environmental plan. If a project is exempt from preparing an environmental plan as determined by the public agency or lead agency, then that project has met this requirement.

Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential retail, and employment areas.

Committer and Organization	Comments received from County Program Managers (CPMs) between July 16 - September 16, 2015	Air District Staff's Responses
<p>Bill Hough Santa Clara Valley Transportation Authority</p>	<p>Increasingly stringent Cost Effectiveness methodologies are making it difficult to comply with policy #2 which states that <i>Projects must achieve TFCA cost-effectiveness, on an individual project basis, equal to or less than \$90,000 of TFCA funds per ton of total weighted emissions reduced, unless a different value is specified in the policy for that project type.</i></p> <p>As vehicles become cleaner, the Air District tightens up the cost-effectiveness methodology and revises the spreadsheets to, in effect, make it more difficult for a given project to justify emission reductions at \$90,000/ton. For example, in Santa Clara County, an arterial management project that was approved at \$67,824/ton with the 2013 cost effectiveness spreadsheet comes in at \$290,988 under the current methodology.</p> <p>We have reached a time in the 20 year old TFCA program where the CPMs will find it increasingly difficult to <i>Allocate (program) all new TFCA funds within six months of the date of the Air District Board of Director's approval of the Expenditure Plan</i> because of the increasing difficulty in meeting the \$90,000 threshold. As vehicles become cleaner and the CE standards tighten, VTA suggests relaxing the CE requirement to a more reasonable amount. This suggestion takes on extra urgency if the useful life of certain types of projects is to be reduced by BAAQMD.</p>	<p>The proposed Policies have been revised to address these concerns by increasing the cost-effectiveness limits for alternative fuel vehicle and infrastructure, smart growth, arterial management, shuttle, and bicycle facility projects to better align with the TFCA Regional Fund Program.</p>
	<p>There is an inherent conflict between policy 2 which mandates a TFCA cost-effectiveness figure of \$90,000/ton on an individual project basis and policies 6 and 18 which together impose "timely use of funds" requirements.</p> <p>The problem with CE remaining at \$90,000/ton as discussed above sets up a conflict with the policy #6 requirement that <i>Projects must commence by the end of calendar year 2017</i> and policy #18 which states that <i>any County Program Manager Funds that are not allocated to a project within six months of the Air District Board of Directors approval of the County Program Manager's Expenditure Plan may be allocated to eligible projects by the Air District.</i> Effectively, as the CE rules tighten, the Program Manager must scramble to use its yearly TFCA allotment and sometimes funding less-than-optimal projects simply to use all of the money. Excessive amounts of staff time must be spent trying to justify projects into the ever-more-stringent CE requirements. Eventually, it will no longer be possible for Program Managers to expend all their funds every year because projects cannot meet the CE threshold.</p>	<p>See above.</p>

Committer and Organization	Comments received from County Program Managers (CPMs) between July 16 - September 16, 2015	Air District Staff's Responses
	<p>VTA strongly supports the revision to policy #29 that states that Projects must also have a completed and approved environmental plan. Similar requirements exist in the TDA Article 3 program and they serve to screen out projects that are not “ready to go.” To get around the timely use of funds requirements discussed above, project sponsors have brought forward projects that were not ready to start construction. Eventually, this requires approving multiple time extensions and/or ultimately cancelling the project. Because some of the pushback against this change involves agency reluctance to doing additional and unnecessary environmental reviews, it is important to emphasize that if a project is exempt from preparing an environmental plan as determined by the public agency or lead agency, then that project has met this requirement. VTA recognizes that there will be concerns about adding this language to policy #29 and emphasizes that the cost effectiveness requirements need to be relaxed at the same time in order for this to work. Please refer to comment #1 above.</p>	<p>Staff has included this requirement for Bicycle Projects (Policy #29) and has clarified the meaning in the Guidance. Staff will discuss refining this language at the next workgroup meeting.</p>
	<p>VTA completely agrees with simplifying policy 31. Removing Average Daily Traffic and Peak Hour Traffic requirements for arterial management projects will make it easier to fund these projects.</p>	<p>Noted.</p>
	<p>The revisions to the TFCA Bicycle Facility Assumptions distributed by BAAQMD partially address the comment that I submitted on August 7 regarding TFCA policy #2. The new cost-effectiveness numbers are in line with what I was suggesting when I wrote that <i>VTA suggests relaxing the CE requirement to a more reasonable amount.</i></p> <p>However, we need to keep the “balanced approach” that currently exists within the TFCA program. VTA staff feels that all currently-eligible TFCA project types benefit air quality in Santa Clara County and therefore feels that only changing the CE threshold for bike projects unfairly discriminates against other useful project types. Accordingly, VTA recommends that revised CE thresholds for the other project types need to be introduced at the same time as the new bicycle CE numbers in order to maintain fairness.</p>	<p>The proposed Policies have been revised to address these concerns by increasing the cost-effectiveness limits for alternative fuel vehicle and infrastructure, smart growth, arterial management, shuttle, and bicycle facility projects to better align with the TFCA Regional Fund Program.</p>
	<p>VTA was disappointed to review the August 26 revisions to the Draft FYE 2017 TFCA County Program Manager Policies. Although the relaxed CE threshold for bike projects is a welcome change, VTA is disappointed that CE requirements for other projects, most notably smart growth and arterial management, were not revised in a similar manner. The increasingly stringent Cost Effectiveness methodologies are making it difficult to comply with policy #2's \$90,000 CE threshold.</p>	<p>See above.</p>
	<p>If BAAQMD refuses to relax the CE requirements for all project categories, VTA requests relief from policies 6 and 18 which together impose “timely use of funds” requirements. With more stringent CE requirements, it is becoming more difficult to program eligible projects in a timely manner and the policies need to reflect this new reality.</p>	<p>See above.</p>

Committer and Organization	Comments received from County Program Managers (CPMs) between July 16 - September 16, 2015	Air District Staff's Responses
<p style="text-align: center;">Aruna Bodduna Santa Clara County</p>	<p>Bullet 15 [Policy 15] – Combined Funds (under “Use of TFCA Funds”) (Page 3) – County requests the current language remain unchanged. It does protect from double credit for the same emission reductions and is clear that the applicant can leverage various funding sources to create a full funding package for projects.</p>	<p>Staff has included language to clarify that funding from sources that do not claim emissions credits can be combined with TFCA funds (Policy #15).</p>
	<p>Bullet 19 [Policy 29] – Bicycle Projects (Page 7) – County requests to change this item to “Bicycle and Pedestrian Projects” and add the following item under types of eligible projects - Pedestrian crosswalk safety/timing improvements</p>	<p>Pedestrian projects are eligible under Policy #32 Smart Growth/Traffic Calming.</p>
<p style="text-align: center;">David Stillman <i>City of Cupertino</i></p>	<p>With respect to Item #29, “Bicycle Projects”, I urge you to consider including enhancements to existing bike lanes as eligible projects. Studies have shown that enhanced or protected Class-2 bicycle lanes provide a greater comfort level, and hence attract a greater ridership, than unenhanced or unprotected facilities. Clearly there is an air quality to benefit to enhancing an existing Class-2 facility, that is currently unrecognized in the proposed TFCA policy. By limiting eligible projects to new facilities only, local jurisdictions are denied an opportunity to seek funding assistance for some bikeway projects that will unquestionably result in motor vehicle emission reductions.</p> <p>Please consider incorporating a provision to include bikeway enhancements as eligible for funding through the TFCA program.</p>	<p>Currently, TFCA funding policy is focused on expanding the region’s current bicycle network and infrastructure. There appears to be little quantitative data on the benefits of repainting bicycle paths or lanes. However, the Air District will continue to evaluate this project category.</p>
<p style="text-align: center;">Jacki Taylor <i>Alameda County Transportation Commission</i></p>	<p>Policy 2. TFCA Cost-effectiveness</p> <p>In general, staff supports the proposed increases to the cost-effectiveness maximums. Staff requests also including the identified/proposed “useful life” for each project type, so that CPMs have an opportunity to review and comment on proposed changes to these values. Changes to the useful life are a concern because although reducing the useful life for a project is beneficial – and supported - from an administrative stand point, it can also reduce the overall cost effectiveness of a project, which in turn lowers the amount of TFCA funding that can be awarded. Staff requests that future changes to established cost-effectiveness maximums and “useful life” periods be proposed in such a way that avoids a resultant decrease in the levels of TFCA funding for projects that achieve a consistent number of eliminated SOV trips from year to year.</p>	<p>Staff provided information regarding cost-effectiveness and project useful life changes in correspondence sent on 8/14/2015, 9/3/2015, and conference calls held on 7/27/2015, 9/9/2015. Staff has provided this information in a separate table in the Guidance.</p>

Committer and Organization	Comments received from County Program Managers (CPMs) between July 16 - September 16, 2015	Air District Staff's Responses
	<p>Policy 28/28A. Shuttle/Feeder Bus Service</p> <p>Staff suggests revising the first sentence in Policy 28 and Policy 28A so they are consistent with each other and to clarify that a single shuttle route may serve one or more mass transit hubs as well as one or more employment locations. As proposed, the revised language may limit the ability of a single shuttle route to provide connections between multiple mass transit hubs and multiple employment centers.</p>	<p>Staff has revised the language for consistency.</p>
	<p>Policy 28D. Shuttle/Feeder Bus Service – Duplication of service</p> <p>In general, staff believes that Policy 28D continues to be too restrictive and may limit the ability of CPMs to fund shuttles in their respective counties that are cost-effective, reduce SOV trips and promote last-mile connections. It's understood that the Policies for the Regional and County programs can differ and that not all changes to the Regional Policies need to be incorporated into the CPM Policies.</p>	<p>The duplication language, which aligns with the TFCA Regional Fund Program, serves to maximize access to transit. Recognizing that funding shuttle projects in urban areas may be difficult, CPMs may request to waive this policy requirement, which will require Board approval. Given that some CPMs are supportive of this language, staff will discuss any refinements at the next workgroup meeting.</p>
	<p>Policy 28G. Shuttle/Feeder Bus Service – Concurrence</p> <p>Policy 28G appears to be expanding the requirement for new/pilot shuttles to obtain concurrence from a transit agency that serves the area to also apply to existing shuttle service. Staff requests that the required concurrence from a transit agency be limited to new/pilot routes and that the language under Policy 28G be moved to the section for new/pilot shuttles, Policy 28I.</p>	<p>This requirement aligns with the TFCA Regional Fund Program. Given that some CPMs are supportive of this language, staff will discuss any refinements at the next workgroup meeting.</p>
	<p>Policy 29. Bicycle Projects – Environmental Plan</p> <p>Staff requests removing the new requirement for bike projects to have “a completed and approved environmental plan” in order to be awarded TFCA funding. In our County the proposed language may limit our ability to fund the design phase of small Class 2 bike lane projects, which often begins prior to completion of the environmental phase. Counties that have had issues in the past with delays to the environmental phase can choose to restrict TFCA funding to the construction phase. If the requirement cannot be removed altogether from the Policies, staff requests adding clarification as to what constitutes “a completed and approved environmental plan”.</p>	<p>Staff has included environmental review requirements for Bicycle Projects (Policy #29) and has clarified the meaning in the Guidance. Staff will discuss refining this language at the next workgroup meeting.</p>

Committer and Organization	Comments received from County Program Managers (CPMs) between July 16 - September 16, 2015	Air District Staff's Responses
Chad Rathmann San Francisco County Transportation Authority	1. Please consider defining/adding to the Glossary of Terms 'useful life' and 'years effectiveness' relative to the policies and cost effectiveness forms. Similarly, defining 'contract term' per the funding agreement may also be useful. Overall, we feel that these clarifications would help applicants and county program managers better understand roles and expectations.	Staff has defined these terms in the Guidance.
	2. Please also confirm that the number of years effective of non-capital projects (e.g., TDM) would rarely, if ever, exceed the term of the funding agreement since most TFCA-funded non-capital projects reimburse operations that occur over a limited time within the term of the funding agreement as well as associated materials and collateral that have no inherent useful lives of their own.	Staff responded to Mr. Rathmann via telephone call on 10/1/2015. Staff has also defined the years of effectiveness in the Guidance.
	Policy 11. Duplication: We support clarification of this policy.	Noted.
	Policy 15. Combined Funds: 3. Include a 'Changes from Last Year' section in the Guidance document to detail substantive changes in the FYE 2017 policies, including changes to Policy 15.	Staff will include this section in the Guidance.
	Policy 28. Shuttles/Feeder Bus Service: We support the revised definition of 'comparable service' over past year definitions. We continue to support language that would allow for the cost effectiveness of a shuttle project to speak for its eligibility as opposed to the 'comparable service' language, which we feel is more confusing and may not allow for full shuttle project context. We feel it would also be useful to define 'under-served' locations.	Noted.
	Policy 29. Bicycle Projects: We support the elimination of the 'new bicycle boulevards' category as they are likely to be included under other existing bicycle facility categories.	Noted.
	Policy 31. Arterial Management: We support the removal of language specifying that eligible projects must have ADT of 20,000 or more or average peak hour traffic of 2,000 or more. This allows for more flexibility in project applications and allows cost effectiveness to speak more directly to project benefits.	Noted.
Policies 29 and 32. Bicycle Projects and Smart Growth/Traffic Calming: We oppose the requirement that these project types must have a completed and approved environmental plan. This requirement should not be used as a screening requirement, and requiring completion of environmental phase before application, award, or project start should be left to the discretion of county program	Staff has included this requirement for Bicycle Projects (Policy #29) and has clarified the meaning in the Guidance. Staff will discuss refining this language	

Committer and Organization	Comments received from County Program Managers (CPMs) between July 16 - September 16, 2015	Air District Staff's Responses
	managers. If the environmental plan requirement remains in these two policies, please consider specifying what is meant by 'environmental plan' (e.g., CEQA and NEPA clearance) and timing of the approval relative to the TFCA annual program schedule.	at the next workgroup meeting.