

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

BASIC ELIGIBILITY

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

Projects must conform to the provisions of the California Health and Safety Code (HSC) sections 44220 et seq. and Air District Board of Directors adopted TFCA Regional Fund Policies and Evaluation Criteria for FYE 2015.

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

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

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

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

| Project Category | Policy # | C-E Level Maximum (\$/weighted ton) |
|---|-----------------|--|
| On-Road Truck Replacement | 21 | \$90,000 |
| Light-Duty Zero and Partial-Zero Emissions Vehicles for Fleets | 22 | \$250,000 |
| Heavy-Duty Zero Emissions Vehicles | 23 | \$250,000 |
| Alternative Fuel Infrastructure (Hydrogen and CNG) | 24 | \$500,000 |
| Reserved | 25 | Reserved |
| Reserved | 26 | Reserved |
| Shuttle/Feeder Bus Service—Existing | 27 | \$125,000 |
| Shuttle/Feeder Bus Service—Pilot | 28 | Year 1 - \$200,000 Year 2 - \$125,000 |
| Shuttle/Feeder Bus Service—Pilot in CARE areas or Priority Development Areas (PDAs) | 28 | Year 1 - \$500,000 Year 2 - \$200,000 Year 3 - \$125,000 |
| Regional Ridesharing | 29 | \$90,000 |
| Electronic Bicycle Lockers | 30 | \$90,000 |
| Reserved | 31 | Reserved |

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

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

The project must be financially viable, which means that the project sponsor has adequate funds to cover all stages of the project from its commencement through project completion. Applications must include evidence of financial resources sufficient to undertake and complete the project. The project sponsor shall not enter into a TFCA Regional Fund funding agreement until all non-Air District funding has been approved and secured.
6. **Minimum Grant Amount:** \$10,000 per project.
7. **Maximum Grant Amount:** Maximum award per calendar year:
 - a. **Each public agency** may be awarded up to \$1,500,000, and
 - b. **Each non-public entity** may be awarded up to \$500,000, except for project sponsors who propose projects in category 24. Alternative Fuel Infrastructure Deployment, which may be awarded up to \$1,250,000.
8. **Readiness:** Projects must commence by the end of calendar year 2015. "Commence" includes any preparatory actions in connection with the project's operation or implementation. For purposes of this policy, "commence" can mean the issuance of a purchase order to secure project vehicles and equipment; commencement of shuttle/feeder bus and ridesharing service; or the delivery of the award letter for a construction contract.
9. **Maximum Two Years Operating Costs:** Service-based projects such as shuttle/feeder bus and ridesharing programs, may receive TFCA Regional Funds for up to two (2) years of operation or implementation. Projects that request up to \$100,000 annually in TFCA Regional Funds are eligible to apply for two (2) years of funding. Projects that request more than \$100,000 annually in TFCA Regional Funds are eligible for only one (1) year of funding.
10. **Project Revisions:** Project revisions initiated by the project sponsor that significantly change the project before the allocation of funds by the Air District Board of Directors may not be accepted. Following Air District Board of Directors allocation of funds for a project, an applicant may request revisions to that project that the applicant deems necessary or advisable to carry out the purposes of the project, based on information the applicant received after the Board's allocation of funding. The Air District will consider only requests that are within the eligible project category as the original project, meet the same cost-effectiveness as that of the original project application, comply with all TFCA Regional Fund Policies applicable for the original project, and are in compliance with all federal and State laws applicable to the revised project and District rules and regulations.

APPLICANT IN GOOD STANDING

- 11. In Compliance with Agreement Requirements:** Project sponsors who have failed to meet project implementation milestones or who have failed to fulfill monitoring and reporting requirements for any project funded by the Air District may not be considered eligible for new funding until such time as all of the unfulfilled obligations are met.
- 12. Independent Air District Audit Findings and Determinations:** Project sponsors who have failed either a fiscal audit or a performance audit for a prior Air District funded project will be excluded from future funding for five (5) years from the date of the Air District's final determination in accordance with HSC section 44242. Additionally, project sponsors with open projects will not be reimbursed for those projects until all audit recommendations and remedies have been satisfactorily implemented.

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

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

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

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

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

INELIGIBLE PROJECTS

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

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

USE OF TFCA FUNDS

- 18. Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds to fund a project that is eligible and meets the criteria for funding under both Funds. For the purpose of

calculating the TFCA cost-effectiveness, the combined sum of TFCA County Program Manager Funds and TFCA Regional Funds shall be used to calculate the TFCA cost of the project.

19. **Administrative Costs:** Unless provided for otherwise in the policies and priorities for the specific project category (which are listed below), administrative costs (i.e., the costs associated with administering a TFCA Regional Fund grant) are limited to a maximum of five percent (5%) of total TFCA Regional Funds expended on a project and are only available to projects sponsored by public agencies. Electronic bicycle locker projects are not eligible for administrative costs. To be eligible for reimbursement, administrative costs must be clearly identified in the application project budget and in the funding agreement between the Air District and the project sponsor.
20. **Expend Funds within Two Years:** Project sponsors must expend the awarded funds within two (2) years of the effective date of the funding agreement, unless a longer period is formally (i.e., in writing) approved in advance by the Air District in a funding agreement or as an amendment to the funding agreement.

ELIGIBLE PROJECT CATEGORIES

Clean Air Vehicle Projects

21. **On-Road Truck Replacement Projects:** Eligible projects will replace Class 6 , Class 7, or Class 8 (19,501 lb. GVWR or greater) diesel-powered trucks with new or used trucks that have an engine certified to the 2010 California Air Resources Board (CARB) emissions standards or cleaner. The existing trucks must be registered with the California Department of Motor Vehicles (DMV) to a Bay Area address, and must be scrapped after replacement.
22. **Light-Duty Zero and Partial-Zero Emissions Vehicles for Fleets:** These projects are intended to accelerate the deployment of high mileage zero and partial zero-emissions light-duty vehicles in medium- and large-sized fleets. The following additional conditions must also be met :
 - a. Each project (fleet deployment) must consist of the purchase or lease of five or more new vehicles registered to a single owner;
 - b. Each vehicle must be a 2014 model year or newer and have a gross vehicle weight rating (GVWR) of 14,000 lbs. or lighter;
 - c. Each vehicle must be maintained and operated within the Air District's jurisdiction for a minimum of three years and placed into a service route that meets the required minimum average annual mileage; and
 - d. Eligible vehicle types include the plug-in hybrid-electric, plug-in electric, and fuel cell certified by the CARB as meeting super-ultra low emission vehicle (SULEV) or zero-emission vehicle (ZEV) standard.

Non-plug-in hybrid gasoline, compressed natural gas, and diesel vehicles, and non-CARB approved or certified retrofit projects are not eligible.

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.

The maximum award amount per vehicle is listed below:

| GVWR | Vehicle Type | Average Annual Mileage/Vehicle | | | |
|------------------|--------------|--------------------------------|--------------------------------|--------------------------------|-------------------------------|
| | | 15,000 – 24,999 miles per year | 25,000 – 34,999 miles per year | 35,000 – 44,999 miles per year | 45,000 or more miles per year |
| 8,500 or lighter | SULEV | \$1,250 | \$2,500 | \$3,500 | \$4,500 |
| | ZEV | \$4,000 | \$6,500 | \$8,500 | \$10,500 |
| 8,501 – 14,000 | SULEV | \$6,000 | \$8,000 | \$10,000 | \$12,000 |
| | ZEV | \$10,000 | \$12,000 | \$14,000 | \$16,000 |

23. **Heavy-Duty Zero Emissions Vehicles:** These projects are intended to accelerate the deployment of high mileage zero emissions heavy-duty vehicles. The following additional conditions must also be met:

- a. Only new purchases or leases qualify;
- b. Each vehicle must be a 2014 model year or newer and have a GVWR of greater than 14,000 lbs.;
- c. Each vehicle must be maintained and operated within the Air District’s jurisdiction for a minimum of three years and placed into a service route that meets the required minimum average annual mileage; and
- d. Eligible vehicle types include zero emissions (electric or fuel cell technologies) that are certified by the CARB.

Gasoline, compressed natural gas, diesel, hybrid vehicles, and non-CARB approved or certified retrofit projects are not eligible.

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. **The maximum award amount per vehicle is listed below:**

| GVWR/Intended Service Class | Average Annual Mileage/Vehicle | | |
|-----------------------------|--------------------------------|--------------------------------|-------------------------------|
| | 15,000 – 29,999 miles per year | 30,000 – 44,999 miles per year | 45,000 or more miles per year |
| 14,001 – 33,000 | \$12,500 | \$25,000 | \$40,000 |
| 33,000+ | \$20,000 | \$40,000 | \$60,000 |
| URBAN BUS | \$15,000 | \$30,000 | \$45,000 |

24. **Alternative Fuel Infrastructure:** These projects are intended to accelerate the deployment of hydrogen and compressed natural gas (CNG) fueling stations. Funding may be used for the purchase and installation of equipment for new dispensing facilities and for upgrades and improvements that expand access to existing refueling sites. The following additional conditions must also be met:

- a. Stations must be located within the Air District’s jurisdiction and be available and accessible to the public;
- b. 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; and
- c. Each station must be maintained and operated for a minimum of three years.

TFCA funding may not be used to pay for fuel or on-going operations and maintenance costs.

TFCA funding is limited to 25% of the total project cost and may not exceed a maximum award amount of \$300,000 per station for hydrogen projects and \$200,000 per station for CNG projects.

Additionally, for hydrogen stations: Proposed stations must have received at least a passing score and/or received approval for funding from a State or Federal agency.

25. **Reserved.**

26. **Reserved.**

Shuttle/Feeder Bus Service Projects

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

- a. The project's route must provide connections only between mass transit hubs, e.g., a rail or Bus Rapid Transit (BRT) station, ferry or bus terminal, or airport, and distinct commercial or employment areas.
- b. The project's schedule must coordinate with the transit schedules of the connecting mass transit service.
- c. The service must be available for use by all members of the public.
- d. 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. The project must include only commuter peak-hour service, i.e., 5:00-10:00 AM and/or 3:00-7:00 PM.
- f. Applicants must submit a written transit service financial plan to achieve financial self-sufficiency or reduced reliance on TFCA funding within five years. The plan must document 1) the funding source(s) that will be targeted and the bases for eligibility of such funding, 2) 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.

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

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

Project applicants that were awarded FYE 2014 TFCA Regional Funds that propose identical routes in FYE 2015 may request an exemption from the requirements of Policy 27. D provided they meet the following requirements: (1) No further TFCA project funding as of January 2017; and (2) Submission of a financial plan to achieve financial self-sufficiency from TFCA funds within two years by demonstrating how they will come into compliance with this requirement or by securing non-TFCA Regional Funds. The plan must document: 1) the funding source(s) that will be targeted and the bases for eligibility of such funding, 2) 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.

28. **Pilot Shuttle/Feeder Bus Service:** Pilot projects are defined as routes that provide service to locations that are at least 70% unique and where no other service was provided within the past three years. In addition to meeting the requirements listed in Policy #27 for shuttle/feeder bus service, pilot shuttle/feeder bus service project applicants must also comply with the following:

- g. Applicants must 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;
- h. 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. .
- i. Applicants must provide written documentation of a financial plan for transitioning to a self-sustaining service and/or for reducing reliance on TFCA funding within five years. The plan needs to clearly identify 1) the funding source(s) that will be targeted, 2) the amounts from each source that will be pursued, 3) the process for securing each funding source, and 4) the status or timeline of the process for securing funds.
- j. 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 Regional Funds under the Pilot designation and must meet the following requirements:
 - i. During the first year of operation, projects must not exceed a cost-effectiveness of \$500,000/ton,
 - ii. By the end of the second year of operation, projects must not exceed a cost-effectiveness of \$200,000/ton, and
 - iii. By the end of the third year of operation, projects must not exceed a cost-effectiveness of \$125,000/ton (see Policy #2) and meet all of the requirements of Policy #27 (existing shuttles).
- k. Projects located outside of CARE areas and PDAs may receive a maximum of two years of TFCA Regional Funds under this designation and must meet the following requirements:
 - iv. By the end of the first year of operation, projects shall cost \$200,000 or less per ton (cost-effectiveness rating), and
 - v. By the end of the second year of operation, projects shall cost \$125,000 or less per ton (cost-effectiveness rating) (see Policy #2) and shall meet all of the requirements of Policy #27 (existing shuttles).

Regional Ridesharing

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

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

Bicycle Facility Projects

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

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

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

TFCA County Program Manager funds may not be used towards fulfilling the matching funds requirement. Monies expended for administrative costs (i.e., the costs associated with administering a TFCA Regional Fund grant) are eligible matching funds for electronic bicycle lockers. Monies expended by the Project Sponsor to maintain, repair, upgrade, rehabilitate, or operate the electronic lockers are not eligible as matching funds.

REGIONAL FUND EVALUATION CRITERIA:

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

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

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