

**TFCA REGIONAL FUND POLICIES
AND EVALUATION CRITERIA FOR FYE 2016**

The following policies apply to the Transportation Fund for Clean Air (TFCA) Regional Fund for fiscal year ending (FYE) 2016.

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 2016.

Projects must achieve surplus emissions reductions within the Bay Area Air Quality Management District’s (Air District) jurisdiction, i.e., reductions that are beyond what is required by regulations, contracts, and other legally binding obligations at the time the Air District executes the project’s funding agreement.

2. **TFCA Cost-Effectiveness:** Projects must not exceed the maximum cost-effectiveness (C-E) noted in table 1. Cost-effectiveness (\$/weighted ton) is based on the ratio of TFCA fund awarded divided by the sum of surplus emissions reduced of reactive organic gases (ROG), nitrogen oxides (NO_x), and weighted PM₁₀ (particulate matter 10 microns in diameter and smaller).

Table 1: Maximum Cost-Effectiveness for FYE 2016 TFCA Regional Fund Projects

Policy #	Project Category	Maximum C-E (\$/weighted ton)
22	On-Road Truck Replacements	\$90,000
23	Light-Duty Zero and Partial-Zero Emissions Vehicles for Fleets	\$250,000
24	Heavy-Duty Zero Emissions Vehicles	\$250,000
25	Alternative Fuel Infrastructure (Hydrogen and CNG)	\$500,000
26	Reserved	Reserved
27	Reserved	Reserved
28	Shuttle/Feeder Bus Services	\$175,000; \$200,000 for services in CARE Areas or PDAs
29	Pilot Trip Reduction Services—in CARE areas or Priority Development Areas (PDAs)	\$200,000
30	Regional Ridesharing Services	\$90,000
31	Electronic Bicycle Lockers	\$90,000
32	Bicycle Facilities	\$90,000

3. **Consistent with Existing Plans and Programs:** All project categories must comply with the Transportation Control and Mobile Source Control 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, other adopted Federal, State, regional, and local plans and programs.
4. **Eligible Recipients and Authority to Apply:** Applicants must have the legal authority, as well as the financial and technical capability, to complete projects. Applicants must also be in good standing with the Air District (Policies #11, #12 and #13). In addition, the following conditions apply:
 - a. **Eligible Recipients:**
 - i. **Public agencies** are eligible to apply for all project categories.
 - ii. **Non-public entities** are only eligible to apply for Clean Air 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:** Applicants must demonstrate that they have adequate funds to cover all stages of projects from commencement through completion. Unless otherwise specified in policies # 22 through 32, project applicants must demonstrate evidence that they have at least 10% of the total eligible project costs (matching funds) from a non-Air District source available and ready to commit to the proposed projects.
6. **Minimum Grant Amount:** \$10,000 per project.
7. **Maximum Grant Amount:**
 - a. **Each public agency** may be awarded up to \$1,500,000 per calendar year; and
 - b. **Each non-public entity** may be awarded a total of up to \$500,000 per calendar year for projects in categories #22 –24. For applicants who propose projects in category # 25. Alternative Fuel Infrastructure, the maximum funding limit is increased up to \$1,250,000, however any additional funding requested above the \$500,000 limit may only be awarded to projects in category #25.
8. **Readiness:** Unless otherwise specified in policies # 22 through 32, projects must commence by the end of calendar year 2016. For purposes of this policy, “commence” includes a tangible preparatory action taken in connection with the projects’ operation or implementation, for which the Project Sponsors can provide documentation of the commencement date and action performed. “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:** FYE 2016 TFCA Regional Funds may be used to support up to two years of operating costs for service-based projects (i.e., Trip Reduction Services)
10. **Project Revisions:** The Air District will consider only requests for modifications to approved projects that are within the same project categories, achieve the same or better cost-effectiveness, comply with all TFCA Regional Fund Policies, and are in compliance with all applicable Federal and State laws, and District rules and regulations. The Air District may also approve minor modifications, such as to correct typographical mistakes in the grant agreements or to change the name of the grantees, without re-evaluating the proposed modification in light of the regulations, contracts, and other legally-binding obligations that are in effect at the time the minor modification was proposed.

APPLICANT IN GOOD STANDING

11. **In Compliance with Air Quality Regulations:** Applicants and projects sponsors who have an unresolved violation of District, state or Federal air quality rules or regulations are not eligible for funding. Project sponsors must remain in compliance with all District, state or Federal air quality rules or regulations throughout the term of the project.
12. **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.
13. **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.

Project sponsors must return funds that the Air District has determined were expended in a manner contrary to the TFCA Regional Funds' requirements and/or 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. Applicants who failed to reimburse such funds to the Air District from prior Air District funded projects will be excluded from future TFCA funding until corrected.

14. **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 or notices such as a transmittal letter announcing the proposed award do not constitute a final obligation on the part of the Air District to fund a project.

Applicants must sign funding agreements within 60 days from the date the agreements were transmitted to them in order to remain eligible for award of TFCA Regional Funds. Applicants may request, in writing, an extension of up to no more than 180 days from the transmittal date to sign the grant agreements, which includes the basis for an extended signature period. At its discretion, the Air District may authorize such an extension.

15. **Insurance:** Project sponsors must maintain general liability insurance and additional insurance that is appropriate for its specific project type throughout the life of the project, with coverage being no less than the amounts specified in the respective funding agreement. Project sponsors shall require their subcontractors to obtain and maintain such insurance of the type and in the amounts required by the grant agreements.

INELIGIBLE PROJECTS

16. **Planning Activities:** The costs of preparing or conducting feasibility studies for land use projects (i.e., Bicycle Facility, Smart Growth, Traffic Calming, and Arterial Management) that have not completed a Preliminary Design phase are not eligible. Other planning activities may be eligible, but only if the activities are both: 1) directly related to the implementation of a specific project or program, and 2) directly contribute to the project's emissions reductions.
17. **Cost of Developing Proposals and Grant Applications:** The costs to prepare grant applications are not eligible.
18. **Duplication:** Projects that have previously received TFCA Regional or County Program Manager funds that do not propose to achieve additional emission reductions are not eligible.

USE OF TFCA FUNDS

19. **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 TFCA Regional Fund project.
20. **Administrative Costs:** Unless otherwise specified in policies # 22 through 32, TFCA Regional Funds may not be used to pay for administrative costs (i.e., the costs associated with administering a TFCA Regional Fund grant). In cases where administrative costs may be paid for by TFCA Regional Funds, they 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. To be eligible for reimbursement, administrative costs must be clearly identified in the project budget at the time of application and in the funding agreement between the Air District and the project sponsor.

21. **Expend Funds within Two Years:** Project sponsors must expend the awarded funds within two (2) years of effective dates of grant agreements. Project sponsors may request a longer period in grant applications or after projects are approved and grant agreements are executed, before the end of the agreements’ second year. If the Air District approves a longer period, the parties shall memorialize the approval and length of the extension formally (i.e., in writing) in the grant agreement or in an amendment to the executed grant agreement.

ELIGIBLE PROJECT CATEGORIES

The TFCA Regional Fund provides funding for specific types of projects that fall within its funding categories. To be eligible for TFCA Regional funding, a proposed project must meet the purposes and requirements for the particular category’s type of project.

Clean Air Vehicle Projects

22. **On-Road Truck Replacements:** The project 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 an address within the Air District’s jurisdiction, and must be scrapped after replacement.

23. **Light-Duty Zero and Partial-Zero Emissions Vehicles for Fleets:** The project will accelerate the deployment of zero and partial zero-emissions light-duty vehicles in high-mileage fleets:
- a. Each project (fleet deployment) must consist of the purchase or lease of three or more vehicles registered to a single owner;
 - b. Each vehicle must be new (2015 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 achieve the minimum mileage requirement as shown in table 2;
 - 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; and
 - e. Project sponsors may request authorization for up to \$5,000 of the TFCA Funds awarded to each vehicle to pay for costs directly related to the purchase and installation of alternative fueling infrastructure and/or equipment used to power the vehicle.

Table 2: Maximum Award Amount per Vehicle

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	\$0	\$0	\$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

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

The amount of TFCA funds awarded may not exceed the “incremental cost” of the project after all other applicable manufacturer and local/state/federal rebates and discounts are applied. “Incremental cost” is the

difference in cost between the purchase or lease price of the new vehicle, which is the Project, and the Project’s new conventional vehicle counterpart, where the new vehicle must be cleaner than the current emission standards of its new conventional vehicle counterpart.

24. Heavy-Duty Zero Emissions Vehicles: The project will accelerate the deployment of zero emissions heavy-duty vehicles:

- a. Vehicles must be new (2015 model year or newer), and have a GVWR of greater than 14,000 lbs.;
- b. Vehicles may be purchased or leased;
- c. Each vehicle must be maintained and operated within the Air District’s jurisdiction for a minimum of three years and achieve the minimum mileage requirement as shown in table 3; and
- d. Eligible vehicle types include zero emissions (electric and fuel cell technologies) that are certified by the CARB.
- e. Project sponsors may request authorization for up to \$5,000 of the TFCA Funds awarded to each vehicle to pay for costs directly related to the purchase and installation of alternative fueling infrastructure and/or equipment used to power the vehicle.

Table 3: Maximum Award Amount per Vehicle

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

In addition, projects that seek to replace an equivalent weight-class model year 2000-2006 vehicle and have documented at least two years of annual mileage records, may qualify for up to an additional \$15,000 in TFCA funding. Costs related to the scrapping and/or dismantling of the existing vehicle are not eligible for reimbursement with TFCA funds.

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

The amount of TFCA funds awarded may not exceed the “incremental cost” of the project after all other applicable manufacturer and local/state/federal rebates and discounts are applied. “Incremental cost” is the difference in cost between the purchase or lease price of the vehicle, which is the Project and the Project’s new conventional vehicle counterpart, where the new vehicle must be cleaner than the current emission standards of its new conventional vehicle counterpart.

25. Alternative Fuel Infrastructure: The project will 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:

- 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 be approved by the local/state authority;
- c. Each station must be maintained and operated for a minimum of three years and achieve the minimum usage requirement;
- d. TFCA funding may not be used to pay for fuel or on-going operating and maintenance costs; and
- e. 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, proposed hydrogen stations must have received at least a passing score and/or received approval for funding from a State or Federal agency.

26. **Reserved.**

27. **Reserved.**

Trip Reduction Services

28. **Shuttle/Feeder Bus Services:** The project will 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:

- a. The service must provide direct service 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 area;
- b. The service's schedule must be aligned with the schedule of the corresponding mass transit service;
- c. The service must be available for use by all members of the public;
- d. TFCA Regional Funds may be used to fund only shuttle services to locations that are under-served and lack adequate transit service. For the purposes of this policy, "adequate transit service" means that there exists, either currently or within the last three years, a direct and publicly accessible service that brings passengers to within 0.5 miles of the proposed commercial or employment location from a mass transit hub with a frequency of service of 30 minutes or less. Projects that propose to increase service frequency to an area that has existing service may only be considered for funding if the proposed service increases frequency of service to less than 30 minutes.

For shuttle routes that serve more than one location, only the portion of service to locations determined to lack other adequate transit service are eligible for TFCA funding. Documentation showing the percentage of ridership using the service to reach those locations must be submitted along with the Application.

Shuttle/Feeder Bus Service projects that were awarded Regional Funds in FYE 2014 or FYE 2015 may request an exemption from the requirements of Policy 28.d until December 31, 2016, provided that they meet the following requirements:

- i. The proposed service must serve the identical transit hub and commercial or employment locations as the previously funded project;
 - ii. A plan to either achieve financial self-sufficiency from TFCA funds by January 1, 2017, or to come into compliance with Policy 28.d and all other eligibility criteria must be submitted along with the Application.
- e. TFCA Regional Funds may be used to fund services only during commuter peak-hours, i.e., 5:00-10:00 AM and/or 3:00-7:00 PM.
 - f. 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. 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.
 - g. 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.

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.

29. **Pilot Trip Reduction Services:** The project will reduce single-occupancy commute-hour vehicle trips by encouraging mode-shift to other forms of shared transportation. To be classified as a Pilot, projects must either significantly expand service to an existing area or provide service where no other similar service was

available within the past three years. Funding is designed to provide the necessary initial capital for the startup of Pilots, with the goal of transitioning the project to be self-sustaining financially within two years from the service's start date:

- a. The proposed service must 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);
 - b. Applicants must provide data and/or other evidence that demonstrates the project will reduce single-occupancy commute-hour vehicle trips and result in a reduction in emissions of criteria pollutants and data and/or other evidence demonstrating the public's need for the service, including a demand assessment survey and letters of support from potential users;
 - c. Applicants must demonstrate that they have attempted to have the service provided by the local transit agency. Applicants must provide the transit agency's evaluation of the need for service to the proposed area, and a letter denying service to the project's proposed area, including the basis for denial of service;
 - d. The proposed service must be available for use by all members of the public;
 - e. Applicants must attend a mandatory pre-application workshop to discuss their project with the Air District;
 - f. Applicants must provide a written plan documenting steps that would be taken to transition the service to be self-sustaining and/or to reduce reliance on TFCA funding; and
 - g. For proposed shuttle pilot projects, the proposed service must connect to a mass-transit hub e.g., a rail or Bus Rapid Transit (BRT) station, ferry or bus terminal, or airport.
30. **Regional Ridesharing Services:** The project will provide carpool, vanpool, and other rideshare services. For TFCA Regional Fund eligibility, ridesharing projects must be comprised of riders from at least five counties within Air District's jurisdiction, 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 Projects

31. **Electronic Bicycle Lockers:** The project will expand the public's access to new electronic bicycle lockers. The project must be included in an adopted countywide bicycle plan, Congestion Management Plan (CMP), or the Metropolitan Transportation Commission's Regional Bicycle Plan, and must 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 lockers, at the rate of \$2,500 per locker.

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.

32. **Bicycle Facilities:** The project will construct and/or install new bicycle facilities that are included in an adopted countywide bicycle plan, Congestion Management Plan (CMP), or the Metropolitan Transportation Commission's Regional Bicycle Plan.

Projects must reduce vehicle trips made for utilitarian purposes (e.g., work or school commuting) and cannot be used exclusively for recreational use.

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.

Projects must meet one of the following conditions:

- a. Be located within one-half mile of at least three major activity centers (e.g., transit stations, Bay Area Bike Share stations, office complexes, schools); or
- b. Provide a gap closure in, or an extension to, an existing bicycle network that already services at least three major activity centers.

Projects are limited to following types of bicycle facilities:

- a. New Class-1 bicycle paths;
- b. New Class-2 bicycle lanes;
- c. New Class-3 bicycle routes; or
- d. New Class-4 cycle tracks or separated bikeways.

DRAFT

REGIONAL FUND EVALUATION CRITERIA:

1. Up to sixty percent (60%) of TFCA Regional Funds will be prioritized for projects that meet one or more of the following criteria:
 - a. Projects in Highly Impacted Communities or Episodic Areas as defined in the Air District Community Air Risk Evaluation (CARE) Program;
 - b. Projects in Priority Development Areas (PDAs).
2. Projects must meet all of the applicable TFCA Regional Fund policies.
3. Projects will also be evaluated using the evaluation process listed in table 4:

Table 4: Evaluation Process by Project Category

Policy #	Project Category	Evaluation Process
22	On-Road Truck Replacements	Applications will be reviewed on a first-come, first-served basis, and eligible projects will be recommended for funding until funding has been depleted.
23	Light-Duty Zero and Partial-Zero Emissions Vehicles for Fleets	
24	Heavy-Duty Zero Emissions Vehicles	
25	Alternative Fuel Infrastructure (Hydrogen and CNG)	Applications will be reviewed after the submittal deadline and eligible projects will be ranked based on their cost-effectiveness score and responsiveness to Policy #24.
26	Reserved	Reserved
27	Reserved	Reserved
28	Shuttle/Feeder Bus Services	Applications will be reviewed after the submittal deadline and eligible projects will be ranked based on their cost-effectiveness score and responsiveness to their respective project specific Policy requirements.
29	Pilot Trip Reduction Services	
30	Regional Ridesharing Services	
31	Electronic Bicycle Lockers	Applications will be reviewed on a first-come, first-served basis, and eligible projects will be recommended for funding until funding has been depleted.
32	Bicycle Facilities	Applications will be reviewed after the submittal deadline and eligible projects will be ranked based on their cost-effectiveness score and responsiveness to Policy #31. Projects serving major regional transit stations/terminals (e.g., BART, Caltrain, Capitol Corridor, ferry terminals) and Bay Area Bike Share stations will be prioritized.