



Bay Area Air Quality Management District

Grant Opportunity Announcement

Transportation Fund for Clean Air (TFCA)

Fiscal Year 2009/2010

Regional Fund

Application and Guidance

*Bay Area Air Quality Management District
939 Ellis Street, San Francisco, CA 94109*

November 2009

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REMINDERS

- Public agency applicants** must complete the FY 2009/10 TFCA Regional Fund Grant Application Form Parts 1 through 7. **Non-public entities** must complete Parts 1 through 6.
- In addition to hardcopy submittal, Parts 1, 2 and 6 must also be emailed to grants@baaqmd.gov.
- Visit www.baaqmd.gov/tfcaregional for schedule, program updates and other announcements.

OTHER AIR DISTRICT GRANT AND INCENTIVE PROGRAMS

In addition to the TFCA Regional Fund, the Air offers grants and incentives for the following projects types:

- | | |
|--|--|
| ▪ On and Off-Road Heavy-Duty Diesel Vehicles | ▪ Bicycle Projects |
| ▪ Locomotives | ▪ Light-Duty Vehicle Buy Back |
| ▪ Marine Vessels | ▪ Wood Stove and Fireplace Change-outs |
| ▪ Lower-Emission School Buses | ▪ Community Grants |

For more information on Air District Grants and Incentives contact us:

Website: www.baaqmd.gov/Divisions/Strategic-Incentives.aspx

Email grants@baaqmd.gov

Grants Information Request Line (415) 749-4994

SUMMARY OF CHANGES FOR THE FISCAL YEAR 2009/10 PROGRAM

Changes to the TFCA Regional Fund Program include the following:

Ongoing Call for Applications

Beginning in fiscal year (FY) 2009/10, the Air District will be accepting applications to the Regional Fund on an ongoing basis. Calls for applications will be phased in by project type from July through December 2009, as the Air District Board of Directors adopts policies and allocations specific to each project type. Air District will be considering approval of projects on a quarterly basis.

Eligible Project Types

Beginning in FY 2009/10, funding will be available for Alternative Fuel Heavy-Duty Service Vehicles (low-mileage utility trucks in idling service) and for Alternative Fuel Infrastructure.

Cost-effectiveness Criteria

The cost-effectiveness requirements were modified for some project types; see Appendices A and B for details. The Minimum Score also has changed to correspond with the revised cost-effectiveness levels.

INTRODUCTION

The Bay Area Air Quality Management District encompasses all of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, and Santa Clara Counties, and the southern parts of Solano and Sonoma Counties.

On-road motor vehicles, including cars, trucks, and buses, constitute the most significant source of air pollution in the Bay Area. Vehicle emissions contribute to unhealthful levels of ozone (summertime "smog") and particulate matter.

To protect public health, the State Legislature enacted the California Clean Air Act in 1988. As part of the requirements, the Air District prepared the *Bay Area 2005 Ozone Strategy* which includes transportation control measures (TCMs), defined as "any strategy to reduce vehicle trips, vehicle use, vehicle miles traveled, vehicle idling, or traffic congestion for the purpose of reducing motor vehicle emissions," and MSMs, which encourage the introduction of newer, cleaner motor vehicle technologies and the retirement of older, more polluting vehicles.

THE TFCA FUND

In 1996, the California State Legislature authorized the 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 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 Sections 44241 and 44242.

Sixty percent (60%) of TFCA funds are awarded directly by the Air District through a competitive grant program known as the Regional Fund. The remaining forty percent (40%) of TFCA funds are forwarded to the designated agency within each Bay Area county and distributed by these through the Program Manager program (see www.baaqmd.gov/tfca4pm for details).

THE TFCA REGIONAL FUND PROGRAM

Beginning in FY 2009/10, the program will be run with a continuous open call for projects. On a quarterly basis, Air District staff will be reviewing applications and selecting the most cost-effective projects for recommendation to the Air District Board of Directors.

Tentative Schedule for FY 2009/10 TFCA Regional Fund Cycle

April 1, 2009	Air District Board of Directors approved Regional Fund Policies and Evaluation Criteria for FY 2009/10.
May 6, 2009	Air District Board approved supplemental policies for alternative fuel vehicle and infrastructure projects.
July 2009	Call for projects opens for Shuttle, Vanpool and Regional Rideshare projects.
October 28, 2009	Call for projects opens for Alternative Fuel Vehicles and Infrastructure projects.
November 10, 2009	Application Workshop Alternative Fuel Vehicles & Infrastructure projects. Palo Alto City Hall, City Council Chambers 250 Hamilton Ave., Palo Alto, CA 94301 1:30pm – 3:30pm
November 12, 2009	Application Workshop Alternative Fuel Vehicles & Infrastructure projects. BAAQMD, Board Room 7 th floor 939 Ellis St., San Francisco, CA 94109 2:00pm – 4:30pm
December 14, 2009 (tentative)	Round One: Applications forwarded for review
February 2010 (tentative)	Air District Board of Directors considers awards for first round of projects.
March 2009 (tentative)	Funding agreements distributed for projects selected for award in first round.
See www.baaqmd.gov/tfcaregional for updates to the schedule, including workshops.	

Eligible Projects and Amount of Funding Allocated to Each Project Type

For FY 2009/10, an estimated \$10 million in total funds are available for distribution via the Regional Fund. Eligible project types for the Regional Fund will be phased in during FY 2009/10, as follows:

- *Beginning July 2009:*
 - Shuttles, vanpools, and Regional rideshare projects (up to \$4 million available)
- *Beginning October 2009*
 - Alternative-Fuel Vehicle and Infrastructure projects (up to \$5 million available)
- *Beginning mid-November 2009 (tentative)*
 - Vehicle-based advanced technology demonstrations (up to \$2 million available)
- See www.baaqmd.gov/tfcaregional for the updated list of eligible project types
- ***The following project types are not eligible for funding under TFCA:***

- *off-road vehicle and maritime vessel projects*
- *education projects*
- *planning activities*

Bicycle-related projects are also not eligible for funding via the Regional Fund; rather, applicants may apply for funding through the Air District’s Bicycle Facility Program. See www.baaqmd.gov/Divisions/Strategic-Incentives/Bicycle-Facility-Program.aspx for details. Bicycle facility projects may also be eligible for funding under the TFCA County Program Manager Fund.

Eligible Project Costs

Appendix C provides detailed guidance on eligible TFCA project costs. All project costs, including administrative costs and indirect costs, must be identified in the original grant application and must be included in the project budget in the TFCA funding agreement in order to be eligible for reimbursement.

Payment

Payments are made on a reimbursement basis, after project costs are incurred and documented. Costs incurred prior to the execution of the funding agreement are not eligible for reimbursement. 15% is withheld from each payment until the Air District receives and approves the Final Report and Final Invoice.

WORKSHOPS AND ASSISTANCE

Applicants are strongly encouraged to attend application workshops and to discuss their project with Air District staff prior to submitting an application. Visit the TFCA Regional Fund web page at www.baaqmd.gov/tfcaregional for workshop schedule. Attendance at a workshop is free and not required.

In addition, Air District staff is available to attend meetings of groups of project sponsors to discuss Air District grant opportunities. To schedule a meeting, please send an email to grants@baaqmd.gov.

For more information please contact us and let us know how we can assist you.

AIR DISTRICT TFCA PROGRAM CONTACTS

Topic	Contact	Contact Information
General Questions	Simrun Dhoot Air Quality Technician	sdhoot@baaqmd.gov (415) 749-5000, ext. 4058
Vehicle –Based Projects: <ul style="list-style-type: none"> • Alternative Fuel Vehicles and Infrastructure • Advanced Technology Demonstrations 	Michael Neward Administrative Analyst	mneward@baaqmd.gov (415) 749-4703
Trip Reduction Projects : <ul style="list-style-type: none"> • Shuttles and Vanpools • Regional Rideshare 	Deepti Jain Environmental Planner	djain@baaqmd.gov (415) 749-5075
<ul style="list-style-type: none"> • Bicycle Facility Projects 	Avra Goldman Environmental Planner	agoldman@baaqmd.gov (415) 749-5093
Arterial Management and Smart Growth	Deepti Jain Environmental Planner	djain@baaqmd.gov (415) 749-5075
Visit www.baaqmd.gov/tfcaregional for Regional Fund program updates.		

APPENDIX A: BOARD ADOPTED TFCA REGIONAL FUND POLICIES FOR FY 2009/2010

The following policies apply only 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 FY 2009/10.

Projects must achieve surplus emission reductions, that is, beyond what is currently required through regulations, contracts, or other legally binding obligations at the time the Air District Board of Directors approves a funding allocation and at the time of the execution of a funding agreement.

2. **TFCA Cost-Effectiveness and Minimum Score:** Projects must meet cost-effectiveness (C-E) levels and minimum scores established by the Air District’s Board of Directors.

- a. **Cost-Effectiveness:** The ratio of TFCA 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.

Cost-effectiveness levels are limited to the amounts set forth below.		
Project Type	Policy #	C-E level maximum (\$/weighted ton)
Alternative Fuel Light-Duty Vehicles	21	\$90,000
Alternative Fuel Heavy-Duty Service Vehicles (Low-mileage utility trucks in idling service)	22	\$90,000
Alternative Fuel Heavy-Duty Vehicles	23	\$90,000
Alternative Fuel Bus Replacements	24	\$90,000
Alternative Fuel Infrastructure	25	\$90,000
Advanced Technology Demonstration	26	\$500,000
Shuttle/Feeder Bus Service—Pilot	27	\$125,000
Regional Ridesharing	28	\$90,000

- b. **Minimum Score:** In addition, applicants must earn at least 60 percent of available points based upon the project evaluation and scoring criteria listed in the Board approved Regional Fund Evaluation Criteria.

3. **Consistent with Existing Plans and Programs:** With the exception of Clean Air Vehicle Projects and Advanced Technology Demonstration Projects, all other 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 State and national ozone standards and, when applicable, 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.

- 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, as described in HSC section 44241(b)7.
 - b. **Authority to Apply:** Applications must include either: 1) a signed letter of commitment from an individual with authority to enter into a funding agreement and carry out the project (e.g., Chief Executive or Financial Officer, Executive Director, City Manager, etc.), or 2) a signed resolution from the governing body (e.g., City Council, Board of Supervisors, Board of Directors, etc.) authorizing the submittal of the application and identifying the individual authorized to submit and carry out the project.
5. **Viable Project and Matching Funds:** Unless otherwise specified in the project category policies below, applications of \$150,000 or less do not require matching funds. Applications requesting greater than \$150,000 must provide matching funds from a non-Air District source, which equal or exceed 10% of the total project cost.
- Applications must identify sufficient resources to complete the respective project. The project sponsor shall not enter into a TFCA Regional Fund funding agreement until all non-Air District funding has been approved and secured.
6. **Minimum Grant Amount:** \$10,000 per project.
7. **Maximum Grant Amount:** Maximum award per calendar year:
- a. **Each public agency** may be awarded up to \$1,500,000, and
 - b. **Each non-public entity** may be awarded up to \$500,000.
8. **Readiness:** Projects must commence in calendar year 2010 or sooner. For purposes of this policy, “commence” means to receive delivery of vehicles, equipment, services, or to award a construction contract.
9. **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.
10. **Project Revisions:** Project revisions initiated by the project sponsor which significantly change the project before the allocation of funds by the Air District Board of Directors may not be accepted. Following Air District Board of Directors allocation of funds for a project, an applicant may request revisions to that project that the applicant deems necessary or advisable, based on information the applicant received after the Board’s allocation of funding. The District will consider only requests that are based on new information, are within the same eligible project category, and meet the same cost-effectiveness.

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. **Failed Audit:** 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. 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.
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. The Air District Board of Directors approval of an application 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 funds. The Air District may authorize an extension of up to a total period of 120 days from the transmittal because of circumstances beyond project sponsor's reasonable control and at the Air District's discretion.

Project sponsors who failed to return a funding agreement from a previous funding cycle are not eligible to apply for a 12-month period.

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.

INELIGIBLE PROJECTS

15. **Planning Activities:** Feasibility studies are not eligible for funding, nor are projects that only involve planning activities and that do not include an implementation phase. 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 applications are not eligible for TFCA funding.
17. **Duplication:** Projects that have previously received TFCA 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 for the funding of an eligible project. For the purpose of calculating the TFCA cost-effectiveness (Regional Fund Evaluation Criterion #1), 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:** Administrative costs (i.e., the costs associated with administering a TFCA grant) are limited to a maximum of five percent (5%) of total TFCA funds expended on a project. 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. Alternative Fuel Light-Duty Vehicles:

Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight rating (GVWR) of 8,500 lbs. or lighter. Light-duty vehicle types and equipment eligible for funding includes:

- a. New hybrid-electric, electric, fuel cell, and CNG/LNG vehicles certified by the 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. New electric neighborhood vehicles (NEV) as defined in the California Vehicle Code.
- c. CARB emissions compliant vehicle system retrofits that result in reduced petroleum use (e.g., plug-in hybrid systems).

Gasoline and diesel (non-hybrid) vehicles are not eligible for TFCA funding.

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/federal 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/or retrofit and its new conventional vehicle counterpart that meets, but does not exceed, 2009 emissions standards.

22. Alternative Fuel Heavy-Duty Service Vehicles (Low-mileage utility trucks in idling service):

Eligibility: For TFCA purposes, heavy-duty vehicles are on-road motor vehicles with a Gross Vehicle Weigh Rating (GVWR) of 10,001 pounds or heavier. This category includes only vehicles in which engine idling is required to perform the primary function (for example, crane or aerial bucket trucks). In order to qualify for this incentive, each new vehicle must be placed into a service route that has a minimum idling time of 520 hours/year, and a minimum mileage of 500 miles/year.

TFCA funds awarded may not exceed the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emissions standards and its new conventional vehicle counterpart that meets, but does not exceed, the emissions standards (incremental cost).

Scrapping Requirements: Project sponsors of heavy-duty clean air vehicles purchased or leased with TFCA funds that have model year 1997 or older heavy-duty diesel vehicles in their fleet are required to scrap one model year 1997 or older heavy-duty diesel vehicle for each new clean air vehicle purchased or leased with TFCA funds. Project sponsors with model year 1998 and newer heavy-duty diesel vehicles in their fleet may, but are not required to, meet this scrapping requirements. Applications that include scrapping components may receive additional credit towards the calculation of the overall cost effectiveness of the project. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

23. Alternative Fuel Heavy-Duty Vehicles (high mileage):

Eligibility: For TFCA purposes, light-heavy-duty vehicles (LHDV) are those with a GVWR between 8,501 lbs. and 14,000 lbs, medium-duty vehicles (MDV) are those with a GVWR between 14,001 lbs. and 33,000 lbs., and heavy-duty vehicles (HDV) are those with a GVWR equal to or greater than 33,001 lbs. LHDV, MDV and HDV types and equipment eligible for funding include:

- a. New hybrid-electric, electric, and CNG/LNG vehicles certified by the CARB and/or that are listed by the IRS as eligible for a federal tax credit pursuant to the Energy Policy Act of 2005.
- b. CARB emissions compliant vehicle system retrofits that result in reduced petroleum use.

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

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, 2009 emissions standards.

Scrapping Requirements: Project sponsors of heavy-duty clean air vehicles purchased or leased with TFCA funds that have model year 1997 or older heavy-duty diesel vehicles in their fleet are required to scrap one model year 1997 or older heavy-duty diesel vehicle for each new vehicle purchased or leased with TFCA funds. Project sponsors with model year 1998 and newer heavy-duty diesel vehicles in their fleet may, but are not required to, meet this scrapping requirement. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

24. Alternative Fuel Buses: Buses are subject to the same Eligibility and Scrapping requirements listed in Policy #23:

For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than fifteen (15) persons, including the driver. A vehicle designed, used, or maintained for carrying more than ten (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.

25. Alternative Fuel Infrastructure: Eligible refueling infrastructure projects include new dispensing facilities, or additional equipment or upgrades and improvements that expand access to existing alternative fuel refueling sites. This includes upgrading or modifying private fueling stations to allow public and/or shared fleet access. Funding may be used to purchase the cost of equipment and installation..

TFCA funded refueling infrastructure projects must be available to and accessible by the public. Refueling 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.

Applicants must provide data supporting the demand for the infrastructure (e.g., letters of support from potential users) and plans for maintaining the equipment in the future.

TFCA funding is limited to 50% of the total project cost and may not exceed a maximum award amount of \$200,000 per project sponsor.

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

26. **Advanced Technology Demonstration Projects:** Only vehicle-based advanced technology demonstration projects (i.e., technologies, motor vehicles and/or emission control devices not certified by CARB) not already implemented in the Bay Area are eligible for funding under this category. Applicants must clearly demonstrate the potential for concurrent or future emission reductions due to implementation of the project, and must provide estimates of emission reductions. All projects will require before and after evaluation data. TFCA funding for each project is limited to 25% of the total project cost, not to exceed \$500,000.

SHUTTLE/FEEDER BUS SERVICE PROJECTS

27. **Shuttle/Feeder Bus Service:** Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route to or from a rail station, airport, or ferry terminal. To be eligible, shuttle/feeder bus service schedules must be coordinated with connecting rail or ferry schedules.

Shuttle/feeder bus service applicants must either: a) be a public transit agency or, b) submit documentation from the General Manager of the transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency service.

All vehicles used in shuttle/feeder bus service must meet the applicable CARB standards for public transit fleets use one of the following types of shuttle/feeder bus vehicles:

- a. an alternative fuel vehicle (CNG, liquefied natural gas, propane, electric);
- b. a hybrid-electric vehicle;
- c. a post-1997 diesel vehicle with a CARB Verified Diesel Emission Control Strategy (e.g., retrofit);
or
- d. a post-1989 gasoline-fueled vehicle.

Pilot shuttle/feeder bus service projects are required to meet a cost-effectiveness of \$125,000/ton during the first two years of operation (see Policy #2). A pilot project is a defined route that is at least 70% unique and has not previously been funded through TFCA. Applicants must provide data supporting the demand for the service, letters of support from potential users and providers, and plans for financing the service in the future.

RIDESHARING PROJECTS

28. **Regional Ridesharing Projects:** For TFCA Regional Fund eligibility, ridesharing projects must be comprised of riders from at least three Bay Area counties. Applications for projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor are not eligible.
29. **Reserved.**
30. **Reserved.**

**APPENDIX B: BOARD ADOPTED TFCA REGIONAL FUND
EVALUATION CRITERIA FOR FY 2009/2010**

Grant applications must comply with the TFCA Regional Fund Policies, and also are evaluated based on six criteria.

Both public agencies and non-public entities are eligible to receive points under Criteria 1, 2, 3, 5, and 6. Only public agencies are eligible to receive points under Criterion 4. Clean air vehicle projects covered by Policies 21 – 24 are not eligible for points under Criterion 6. An applicant must achieve a minimum percentage of 60% of available points to be eligible for consideration for funding.

Projects will be ranked by calculating the percentage of total eligible points scored in descending order. In the event that two or more projects achieve an equal score, the project with the best TFCA cost-effectiveness will receive a higher ranking.

Available TFCA Regional Funds will be allocated to projects beginning with the highest ranking project and proceeding in sequence to lower ranking projects. If the TFCA Regional Fund is oversubscribed, the point where the next-ranked eligible project cannot be fully funded defines the cut-off point for the funding cycle, i.e., all projects above this point will be funded. If the Regional Fund is undersubscribed, any remaining funds are generally allocated to projects in the subsequent funding cycle. By mutual consent of the project sponsor and the Air District, grant awards may be reduced from the amount requested in the original application.

FY 2009/2010 TFCA Regional Fund Scoring Criteria

Criteria	Maximum Points
1. TFCA Funding Effectiveness	60
2. Greenhouse Gas Emission Reductions	10
3. Other Project Attributes	5
4. Clean Air Policies and Programs*	10
5. Sensitive and PM Impacted Communities	---
A. General	10
B. Highly-Impacted Communities	<i>High priority**</i>
6. Priority Development Areas***	5
Total	100

* Only public agencies eligible to receive points.

** High priority is defined per Criterion 5 below.

*** Not available to vehicle projects covered by Policies 21 – 24.

DISCUSSION

Criterion 1: TFCA Funding Effectiveness (maximum 60 points)

Measures the cost-effectiveness (C-E) of a project in reducing air pollutant emissions. Generally, applications that include higher rates of matching funds will score better than those that request higher percentage of TFCA funding. TFCA funds budgeted for the project (TFCA Regional Funds and TFCA County Program Manager Funds combined) will be divided by the estimated lifetime emission reductions for the project. The estimated lifetime emission reductions are the sum of reactive organic gases, oxides of nitrogen, and weighted particulate matter (PM)¹ that will be reduced over the life of the project. Air District staff will determine the estimated emission reductions and TFCA funding effectiveness for the project.

The point scales for awarding points for this criterion are presented below:

a. For projects that must achieve a C-E threshold of \$90,000/ton:

TFCA \$/Ton	Points	TFCA \$/Ton	Points
\$0 - \$19,999	60	\$56,000 - \$57,999	53
\$20,000 - \$21,999	60	\$58,000 - \$59,999	52.5
\$22,000 - \$23,999	60	\$60,000 - \$61,999	52
\$24,000 - \$25,999	59.75	\$62,000 - \$63,999	51.5
\$26,000 - \$27,999	59.5	\$64,000 - \$65,999	51
\$28,000 - \$29,999	59.25	\$66,000 - \$67,999	50.5
\$30,000 - \$31,999	59	\$68,000 - \$69,999	50
\$32,000 - \$33,999	58.75	\$70,000 - \$71,999	49.5
\$34,000 - \$35,999	58.5	\$72,000 - \$73,999	49
\$36,000 - \$37,999	58	\$74,000 - \$75,999	48.5
\$38,000 - \$39,999	57.5	\$76,000 - \$77,999	48
\$40,000 - \$41,999	57	\$78,000 - \$79,999	47.5
\$42,000 - \$43,999	56.5	\$80,000 - \$81,999	47
\$44,000 - \$45,999	56	\$82,000 - \$83,999	46.5
\$46,000 - \$47,999	55.5	\$84,000 - \$85,999	46
\$48,000 - \$49,999	55	\$86,000 - \$87,999	45.5
\$50,000 - \$51,999	54.5	\$88,000 - \$89,999	45
\$52,000 - \$53,999	54	\$90,000 - and above	0
\$54,000 - \$55,999	53.5		

¹ PM emissions include tailpipe PM, as well as brake particles, tire particles and re-entrained road dust. Consistent with California Air Resources Board methodology to calculate PM emission reductions for the Carl Moyer Program, weighted PM emissions will be calculated by adding the tailpipe PM multiplied by a factor of 20, plus the sum of tire, brake, and road dust PM.

b. For projects that must achieve a C-E threshold of \$125,000/ton (Pilot Shuttles):

TFCA \$/Ton		Points	TFCA \$/Ton		Points
\$0	- \$19,999	60	\$74,000	- \$76,999	53
\$20,000	- \$22,999	60	\$77,000	- \$79,999	52.5
\$23,000	- \$25,999	60	\$80,000	- \$82,999	52
\$26,000	- \$28,999	59.75	\$83,000	- \$85,999	51.5
\$29,000	- \$31,999	59.5	\$86,000	- \$88,999	51
\$32,000	- \$34,999	59.25	\$89,000	- \$91,999	50.5
\$35,000	- \$37,999	59	\$92,000	- \$94,999	50
\$38,000	- \$40,999	58.75	\$95,000	- \$97,999	49.5
\$41,000	- \$43,999	58.5	\$98,000	- \$100,999	49
\$44,000	- \$46,999	58	\$101,000	- \$103,999	48.5
\$47,000	- \$49,999	57.5	\$104,000	- \$106,999	48
\$50,000	- \$52,999	57	\$107,000	- \$109,999	47.5
\$53,000	- \$55,999	56.5	\$110,000	- \$112,999	47
\$56,000	- \$58,999	56	\$113,000	- \$115,999	46.5
\$59,000	- \$61,999	55.5	\$116,000	- \$118,999	46
\$62,000	- \$64,999	55	\$119,000	- \$121,999	45.5
\$65,000	- \$67,999	54.5	\$122,000	- \$124,999	45
\$68,000	- \$70,999	54	\$125,000	- and above	0
\$71,000	- \$73,999	53.5			

c. For projects that must achieve a C-E threshold of \$500,000/ton (Advanced Technology Demonstration):

TFCA \$/Ton		Points	TFCA \$/Ton		Points
\$0	- \$44,999	60	\$279,000	- \$291,999	50
\$45,000	- \$57,999	59.5	\$292,000	- \$304,999	49
\$58,000	- \$70,999	59	\$305,000	- \$317,999	48
\$71,000	- \$83,999	58.5	\$318,000	- \$330,999	47
\$84,000	- \$96,999	58	\$331,000	- \$343,999	46
\$97,000	- \$109,999	57.5	\$344,000	- \$356,999	45
\$110,000	- \$122,999	57	\$357,000	- \$369,999	44
\$123,000	- \$135,999	56.5	\$370,000	- \$382,999	43
\$136,000	- \$148,999	56	\$383,000	- \$395,999	42
\$149,000	- \$161,999	55.5	\$396,000	- \$408,999	41
\$162,000	- \$174,999	55	\$409,000	- \$421,999	40
\$175,000	- \$187,999	54.5	\$422,000	- \$434,999	39
\$188,000	- \$200,999	54	\$435,000	- \$447,999	38
\$201,000	- \$213,999	53.5	\$448,000	- \$460,999	37
\$214,000	- \$226,999	53	\$461,000	- \$473,999	36
\$227,000	- \$239,999	52.5	\$474,000	- \$486,999	35
\$240,000	- \$252,999	52	\$487,000	- \$499,999	34
\$253,000	- \$265,999	51.5	\$500,000	- and above	0
\$266,000	- \$278,999	51			

Criterion 2: Greenhouse Gas Emission Reductions (maximum 10 points)

Rewards projects that reduce greenhouse gas emissions. Awards a maximum of 10 points (on a sliding scale, 0 to 10 points) for projects that reduce emissions of greenhouse gases, predominately carbon dioxide. Generally, projects that promote alternative modes of transportation and reduce single occupant vehicle trips (e.g., transit, ridesharing, bicycling and walking), as well as projects that improve motor vehicle fuel economy, will reduce greenhouse gas emissions. TFCA funds budgeted for the project will be divided by the estimated lifetime emission reductions of greenhouse gases for the project. Air District staff will determine the estimated emission reductions, TFCA funding effectiveness for greenhouse gases, and the scale for awarding points.

Criterion 3: Other Project Attributes (maximum 5 points)

Provides a mechanism in the evaluation and scoring process to identify and assess desirable project that are not captured in the analysis of TFCA funding effectiveness. Projects may score points under this criterion based upon other project attributes identified for each project type. The specific project attributes for each project type will be identified after grant applications have been received and reviewed. Examples of Other Project Attributes will be provided in TFCA Guidance document.

Criterion 4: Clean Air Policies and Programs (maximum 10 points)

Recognizes and encourages the efforts of public agencies to implement policies and programs that promote the region's air-quality objectives, especially land use and transportation policies that help to reduce air pollution from motor vehicles.

To receive points for this criterion, the sponsoring agency must describe its policies and actions to implement the transportation control measures (TCMs) in the most recently adopted strategy(ies) for State and national ozone standards throughout the agency's jurisdiction. Points will be awarded based upon the performance of the project sponsor in implementing those elements of each TCM which are within the purview of the sponsor agency.

Non-public entities are not eligible for points under this criterion.

Criterion 5: Sensitive and Particulate Matter (PM) Impacted Communities (maximum 10 points)

Under Criterion 5, grant applications are eligible for credit under two sub-criteria.

- a. General: This sub-criterion will award a maximum of 10 points (on a sliding scale, 0-10 points) for projects that directly reduce emissions in communities with both high PM_{2.5} emissions and sensitive populations (i.e., children, seniors, those with low-incomes or elevated asthma rates).
- b. Highly Impacted Communities: Additional credit will be given to projects in these communities by providing them with the maximum score of 10 points in this Criterion and an additional 5 points under Criterion 3 "Other Project Attributes" provided that they meet a minimum percentage of operations in highly impacted communities. These communities have been identified by the Air District as having the most severe health risk and relatively low income levels.

Both sub-criteria 5A and 5B are based on data from the Air District's Community Air Risk Evaluation (CARE) Program; maps that identify these communities will be made available on the Air District's website. To qualify for points, a project must directly benefit one or more of these communities. The credit awarded will be determined by Air District staff, and will be based upon the percentage of project resources or services that would directly benefit the community, and the extent to which the project sponsor demonstrates this benefit.

Criterion 6: Priority Development Areas (maximum 5 points)

Awards additional points to projects located in concentrated areas identified for future growth near transit and in existing Bay Area communities. Funding projects operating in regionally approved Priority Development Areas (PDAs) will lead to reduced emissions in the region generally, and in PDAs in particular. Both public agencies and non-public entities are eligible for points under this criterion.

As with Criterion 5, to receive points for this criterion, the project must directly benefit one or more approved PDAs. The credit awarded will be determined by Air District staff, and will be based upon the percentage of project resources or services that would directly benefit the PDA, and the extent to which the project sponsor demonstrates this benefit.

Clean air vehicle projects covered by Polices 21 – 24 are not eligible for points under this criterion.

APPENDIX C: Guidelines for Eligible TFCA Reimbursable costs

The Transportation Fund for Clean Air (TFCA) enabling legislation allows the vehicle registration fees collected for the program to be used for project implementation costs, as well as administrative project costs. Both project implementation costs and administrative project costs may be further divided into direct and indirect costs. This appendix provides guidance differentiating direct and indirect project implementation costs from direct and indirect administrative costs, as well as guidance on reporting and calculating these costs. The Air District will use the definitions and interpretations discussed below in the financial accounting of the TFCA program. The Air District conducts periodic audits on TFCA-funded projects to ensure that the TFCA funds have been spent in accordance with the guidelines established in this appendix.

Although allowed, many project sponsors choose not to charge administrative project costs to the TFCA program. Project sponsors that choose to charge administrative project costs must comply with Health and Safety Code, Section 44233, as interpreted in this appendix and in the Board Adopted TFCA Policies. The Health and Safety Code states that not more than five percent (5%) of the TFCA funds distributed by the Air District can be used for administrative project costs.

Project Implementation Costs

Project implementation costs are charges associated with implementing a TFCA-funded project and can encompass both direct and indirect costs.

Direct Project Implementation Costs

Direct project implementation costs include the following:

- Documented hourly labor charges (salaries, wages, and benefits) directly and solely related to implementation of the TFCA project,
- Capital costs,
- Capital equipment installation costs,
- Equipment maintenance costs,
- Shuttle driver labor costs,
- Labor costs related to capital purchases,
- Operator or personnel training directly related to project implementation,
- Contractor labor charges related to the TFCA project, and
- Overhead costs associated with the previously mentioned costs.

The direct project implementation costs that are approved by the Air District will be outlined in Attachment A of the Funding Agreement. The project sponsor may seek reimbursement for these costs by providing proper documentation with project invoices. Such documentation must show how the direct project implementation costs were calculated, for example, by listing the date when the hours were worked, employee job title, employee hourly pay rates, tasks, and total charges. Documentation of hourly charges may be provided with time sheets or any other generally accepted accounting method to allocate and document staff time.

TFCA funds may be used to pay for travel and training costs only if these costs are directly related to the implementation of the TFCA-funded project. For example, the cost of training mechanics to service natural gas clean air vehicles is an allowable direct project implementation cost.

Indirect Project Implementation Costs

Indirect project implementation costs are the reasonable overhead costs incurred to provide a physical place of work and other general support services and oversight related to the implementation of the TFCA-funded project. Indirect project implementation costs associated with implementing the project might include rent, utilities, office supplies, computer, payroll, reproduction, mailroom support staff, and management oversight. Although the Health and Safety Code is silent on the issue of indirect project implementation costs, the Air District will reimburse project sponsors for these costs provided the project sponsor requests and justifies the reimbursement in the grant application (Regional

Fund) or Expenditure Program (County Program Manager Fund). The Air District guidance on calculating indirect project implementation costs are provided in the last section of this appendix. A project sponsor may choose not to charge any indirect project implementation costs to a TFCA project. The accounting methods used by many public agencies do not include identification of indirect project implementation costs or the application of an indirect cost rate. The agency may determine that it is not cost-effective to implement a new system.

Administrative Project Costs

Administrative project costs are the costs associated with the administration of a TFCA project, and do not include project capital or operating costs, as discussed above. The combined direct and indirect administrative project costs that are reimbursable to a project sponsor are limited to a maximum of five percent (5%) of the total TFCA funds received annually. For the County Program Manager program, the interest earned on prior DMV funds received shall not be included in the calculation of the administrative project costs.

All reimbursement of both direct and indirect administrative project costs must be requested and justified in writing in the project application (Regional Funds) or Expenditure Program (County Program Manager Funds). If administrative project costs are approved by the Air District, they will be identified in Attachment A of the Funding Agreement. The project sponsor may seek reimbursement for direct and indirect administrative project costs by providing proper documentation with project invoices. Documentation for direct administrative project costs will show how these costs were calculated by listing the date when the hours were worked, employees' job titles, employees' hourly pay rates, tasks being charged, and total charges. Documentation of hourly charges may be provided with time sheets or any other generally accepted accounting method to allocate and document staff time. The Air District recommends that documentation of indirect administrative project costs use the methodology provided at the end of this appendix.

Administrative project costs are limited to the following:

- Direct and indirect costs associated with entering into a TFCA Funding Agreement, including documented hourly labor and overhead costs (salaries, wages, and benefits). Hourly labor charges must be expressed on the basis of hours worked on the TFCA project. Note that costs incurred in the preparation of a TFCA application are not eligible for reimbursement;
- Accounting for TFCA funds; and
- Fulfilling all monitoring, reporting, and record-keeping requirements specified in the TFCA Funding Agreement, including the preparation of quarterly reports, invoices, and final reports.

Reporting and Calculating Direct and Indirect Project Costs

The following methodology is recommended to determine direct and indirect costs for both Project Implementation and administrative project costs. In general, when expenses are shared among programs or functions within an organization, they are defined as indirect costs. Indirect costs are shared among TFCA and other programs in an organization, so they are not charged to TFCA in full, but pro-rated among the programs. The project sponsor must determine the proportion of indirect costs that each program should bear. The Air District relies on OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments for determining appropriate indirect costs for TFCA projects. The Air District uses the following definition, consistent with the Circular: "indirect costs are the reasonable overhead costs incurred in providing a physical place of work and in performing general support services and oversight. Examples include rent, utilities, office supplies, computer, payroll, reproduction, mailroom support staff, and management oversight."

The District recommends that the indirect costs for a TFCA project be estimated based on actual indirect cost rates from the most recent fiscal audit of the agency. The following method is recommended:

1. From the most recent fiscal audit of the agency, identify all of the activities carried on by the project sponsor, and their costs.
2. Classify the activities as project implementation costs or administrative project costs, using the definitions provided above.

3. Classify the TFCA Implementation and Administrative activities and estimate their costs as direct or indirect costs. Refer to OMB Circular A-87 for assistance.
4. Direct project implementation costs may be charged to the Air District as line items in project invoices. Note that these costs must be documented as explained above.
5. Direct administrative project costs may be charged to the Air District as line items in project invoices. Note that these costs must be approved in advance by the Air District, must be documented as explained above, and when combined with indirect administrative project costs, as calculated in 7b below, may not exceed the five percent (5%) cap.
6. Indirect project implementation costs and indirect administrative project costs may be charged to the Air District as separate line items in project invoices by multiplying the indirect cost rate(s) calculated below by the direct project implementation costs and the direct administrative project costs.
7. Indirect project implementation costs and indirect administrative project costs may be determined using the following method. This method assumes that the ratio of the indirect costs to total personnel expenses for all of an agency's activities is the same as for implementation of the TFCA project(s) by that agency. The most recent agency financial audit should be used as the source of costs in calculating the indirect cost rate(s) below. The indirect cost rate(s) based on costs in the most recent audit are applied to the direct project implementation costs and direct administrative project costs to calculate the indirect project implementation costs and indirect administrative project costs.
 - a. The indirect project implementation costs and indirect administrative project cost rates may be calculated separately or the same rate may be used for both costs calculated from an agency's most recent financial audit and the following methodology:

Step 1 - Remove from the agency's total indirect costs any capital purchases or other unallowable costs. Unallowable costs include functions unrelated to the implementation of projects.

Step 2 - Calculate the agency's direct cost base as the total personnel expenses (all agency functions or programs) minus indirect personnel expenses (support functions or programs, unallowable personnel costs). Personnel expenses include salaries, wages, and benefits.

Step 3 - Divide the total remaining indirect costs by the direct cost base.

$$\text{Indirect Cost Rate} = \frac{\text{(Total Indirect Costs – Capital Purchases, External Contracts, and Unallowable Costs)}}{\text{(Total Personnel Expenses – Indirect Personnel Expenses)}}$$

- b. The TFCA direct project implementation costs and direct administrative project costs multiplied by the indirect cost rates will equal the amount of indirect costs recoverable as part of the TFCA project implementation costs and administrative project costs. Both the indirect project implementation costs and indirect administrative project costs may be charged to the Air District as line items in project invoices.

$$\text{Indirect Costs Recoverable From TFCA} = \text{TFCA Direct Costs} \times \text{Indirect Cost Rate (or Project Direct Costs)}$$

APPENDIX D: GRANT APPLICATION PROCESS AND INSTRUCTIONS

All **public agency applicants** must complete the FY 2009/10 TFCA Regional Fund Grant Application Form Parts 1 through 7. **Non-public entities** must complete Parts 1 through 6. Attach additional information as needed. An electronic version of the application form is available at www.baaqmd.gov/tfcaregional.

Applications will be accepted on an ongoing basis, with quarterly review and recommendation for award. Grant applications received on or before the quarterly deadline will be checked for content before being considered a complete submittal. Once submitted, applications may not be altered or revised without the consent of the Air District. The Air District may request additional information from the project sponsor for clarification purposes or to assist in analyzing the proposed project.

SUBMITTAL PROCESS:

- Complete Parts 1, 2 and 6 in Microsoft Excel and email to grants@baaqmd.gov.
- Submit two (2) hard copies of complete application (all Parts) by mail and/or hand-delivery to:
Karen M. Schkolnick
District Grant Programs Manager
Strategic Incentives Division
Bay Area Air Quality Management District
939 Ellis Street
San Francisco, CA 94109
- Other application materials including Parts 3-5 and 7 sent by email and/or by fax will not be accepted.

ADDITIONAL APPLICATION INSTRUCTIONS:

Part 1: Summary Information: (Excel Form) Provide all information requested.

Part 2: Project Budget: (Excel Form) A maximum of five percent (5%) of the total TFCA funds expended on a project may be used for TFCA administrative costs (i.e., the costs of administering the TFCA grant).

In the Summary of Funding Sources table, state the amount of TFCA Regional Funds requested and TFCA Program Manager Funds allocated to the project. Specify the amount and source of all other project funds.

Part 3: Project Description: Provide all information requested. Attach additional information (e.g., maps and diagrams) as appropriate.

Part 4: Project Information: Provide documentation authorizing the submittal of the application and identifies the individual authorized to submit and carry out the project. Applications must include either:

- a signed resolution from a governing body, or
- an authorizing letter of commitment from an individual with authority to enter into a funding agreement and carry out the project

Part 5: Certification: Initial and sign.

Part 6: Project Type-Specific Information: Complete and submit applicable Part.

Part 7: Clean Air Policies and Programs (Criterion #4) – Public Agencies Only: Evaluation Criterion #4 provides points to public agencies that have adopted policies and programs to implement the Transportation Control Measures (TCMs) in the current Regional Clean Air Plan. See the form for instructions.

APPENDIX E: INSURANCE GUIDELINES

This appendix provides guidance on the insurance coverage and documentation typically required for TFCA Regional Fund projects. Note that the Air District reserves the right to specify different types or levels of insurance in the funding agreement.

The typical funding agreement requires that each project sponsor provide documentation showing that the project sponsor meets the following requirements for each of its projects.

- a) **Liability Insurance** with a limit of not less than \$1,000,000 per occurrence, of the type usual and customary to the business of the Project Sponsor, and to the operation of the vehicles, vessels, engines or equipment operated by the Project Sponsor.
- b) **Property Insurance** in an amount of not less than the insurable value of Project Sponsor’s vehicles, engines or equipment funded under the Agreement, and covering all risks of loss, damage or destruction of such vehicles, vessels, engines or equipment.
- c) **Acceptability of Insurers:** Insurance is to be placed with insurers with a current A.M. Best’s rating of no less than A, VII. The Air District may, at its sole discretion, waive or alter this requirement or accept self-insurance in lieu of any required policy of insurance.

The table lists the types of insurance coverage generally required for each project type. The requirements may differ in specific cases. Project Sponsors should contact the Air District with questions, especially about unusual projects.

Activity	Insurance Required
Vehicle Purchase or Lease	Automobile Liability Automobile Physical Damage
Operation of shuttles from transit hubs	Commercial General Liability Automobile Liability Automobile Physical Damage
Bicycle and Pedestrian Facilities, including paths and bike lanes (either striping and signs or construction of roadway shoulders)	Commercial General Liability Automobile Liability (when construction or lane striping is done by truck)
Construction of a bike/pedestrian overpass	Commercial General Liability Automobile Liability Workers Compensation
Signal timing	Commercial General Liability