

**TFCA REGIONAL FUND POLICIES  
AND EVALUATION CRITERIA FOR FYE 2017**

The following policies apply to the Bay Area Air Quality Management District’s (Air District) Transportation Fund for Clean Air (TFCA) Regional Fund for fiscal year ending (FYE) 2017.

**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 2017.

Projects must achieve surplus emission reductions, i.e., reductions that are beyond what is required through 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) limit 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 (NOx), and weighted PM10 (particulate matter 10 microns in diameter and smaller) over a project’s useful life.

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

<b>Policy #</b>	<b>Project Category</b>	<b>Maximum C-E (\$/weighted ton)</b>
22	On-Road Truck Replacements	\$90,000
23	Light-Duty Zero- and Partial-Zero Emissions Vehicles for Fleets	\$250,000
24	Heavy-Duty Zero- and Partial-Zero- Emissions Vehicles	\$250,000
25	Reserved	Reserved
26	Reserved	Reserved
27	Reserved	Reserved
28	Existing Shuttle/Feeder Bus Services	\$200,000; \$250,000 for services in CARE Areas or PDAs
29	Pilot Trip Reduction —in CARE areas or Priority Development Areas (PDAs)	\$250,000
30	Existing Regional Ridesharing Services	\$150,000
31	Electronic Bicycle Lockers	250,000
32	Bikeways	250,000

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. 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:** Applicants must demonstrate that they have the authority to submit the application, to enter into a funding agreement, to carry out the project, and to bind the entity to perform these tasks by including either: 1) a signed letter of commitment from the applicant's representative with authority (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).
5. **Viable Project and Matching Funds:** Applicants must demonstrate that they have adequate funds to cover all stages of their proposed project(s) 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:** Unless otherwise specified in policies #22 through 32, the maximum grant award amounts are:
  - a. Each public agency may be awarded up to \$1,500,000 per calendar year; and
  - b. Each non-public entity may be awarded up to \$500,000 per calendar year.
8. **Readiness:** Unless otherwise specified in policies #22 through 32, projects must commence by the end of calendar year 2017. For purposes of this policy, "commence" means a tangible preparatory action taken in connection with the projects' operation or implementation, for which the project sponsor 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 2017 TFCA Regional Funds may be used to support up to two years of operating costs for service-based projects (i.e., Trip Reduction Projects)
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 Air 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 must certify that, at of the time of the application and at the time of issuance of the grant, they are in compliance with all local, State, and federal air quality regulations. Applicants who have an unresolved violation of Air District, state or federal air quality rules or regulations are not eligible for funding. The Air District may terminate a grant agreement and seek reimbursement of distributed funds from project sponsors who were not eligible for funding at the time of the grant.
12. **In Compliance with Agreement Requirements:** Project sponsors who have failed to meet contractual requirements such as project implementation milestones or 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 three (3) 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 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 surplus reduction of air pollution from the mobile sources or transportation control measures pursuant to the applicable plan; the funds were not spent for surplus 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.

14. **Executed 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. **Maintain Appropriate Insurance:** Project sponsors must obtain and maintain 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 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 and 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:** TFCA grant funding must be spent within two (2) years from the effective date of a grant agreement. Applicants may request a longer period in the Application, by

submitting evidence that a longer period is justified to complete the project due to its unique circumstance. Project sponsors may request a longer period before the end of the agreements' second year in the event that significant progress has been made in the implementation of the project. 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**

**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 diesel-powered trucks that have a gross vehicle weight rating (GVWR) of 19,501 lbs. or greater (per vehicle weight classification definition used by Federal Highway Administration (FHWA)) 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:
- 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 (2016 model year or newer) and have a 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 of 15,000 miles;
  - d. Eligible vehicle types include plug-in hybrid-electric, plug-in electric, and fuel cell vehicles approved for on-road use by the CARB; and
  - e. Project Sponsors may request authorization of up to 50% of the TFCA Funds awarded to each vehicle to be used to pay for costs directly related to the purchase and installation of alternative fueling infrastructure and/or equipment used to power the new vehicle.

New vehicles that are solely powered by gasoline, natural gas, or diesel, and retrofit projects are not eligible.

The amount of TFCA funds awarded may not exceed the vehicle's cost after all other applicable manufacturer and local/state/federal rebates and discounts are applied.

24. **Heavy-Duty Zero- and Partial-Zero-Emissions Vehicles:** The project will help fleet operators achieve significant voluntary emission reductions by encouraging the replacement of older, compliant vehicles with the cleanest available technology, and to help fleet operators who are expanding their fleet to choose the cleanest available technology:
- a. Vehicles must be new (2016 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 of 15,000 miles;
  - d. Eligible vehicle types include zero-emissions (electric and fuel cell technologies) vehicles that are approved by the CARB; and
  - e. Project Sponsors may request authorization of up to of the TFCA Funds awarded to each vehicle to be used to pay for costs directly related to the purchase and installation of alternative fueling infrastructure and/or equipment used to power the new vehicle.

In addition, projects that seek to replace a vehicle in the same weight-class as the proposed new vehicle may qualify for additional TFCA funding. Costs related to the scrapping and/or dismantling of the existing vehicle are not eligible for reimbursement with TFCA funds.

New vehicles that are solely powered by gasoline, natural gas, or diesel, and retrofit projects are not eligible.

The amount of TFCA funds awarded may not exceed a vehicle's cost after all other applicable manufacturer and local/state/federal rebates and discounts are applied.

25. **Reserved.**

26. **Reserved.**

27. **Reserved.**

Trip Reduction Projects

28. **Existing 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 connections between a mass transit hub (e.g., a rail or Bus Rapid Transit (BRT) station, ferry or bus terminal, or airport) and a distinct commercial or employment location;
- b. The service's schedule must be coordinated to have a timely connection with the corresponding mass transit service;
- c. The service must be available for use by all members of the public;
- d. TFCA Regional Funds may be used to fund only shuttle services to locations that are under-served and lack other comparable service. For the purposes of this policy, "comparable service" means that there exists, either currently or within the last three years, a direct, timed, and publicly accessible service that brings passengers to within one-third (1/3) mile of the proposed commercial or employment location from a mass transit hub. A proposed service will not be deemed "comparable" to an existing service that brings passengers from a mass transit hub to within 1/3 mile of the employment location or commercial hub if the passengers' proposed travel time will be at least 15 minutes less than and will be at least 33% shorter than the existing service's travel time to the proposed destination;
- e. **Reserved.**
- f. 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;
- g. 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 and fuel) and the administrative costs paid for by TFCA Regional Funds;
- h. 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; and
- i. Shuttle/feeder bus service applicants must submit a letter of concurrence from the transit district or transit agency that provides service in the area of the proposed route, certifying that the service does not conflict with existing service.

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 higher cost-effectiveness limit (see Policy #2).

29. **Pilot Trip Reduction:** The project will reduce single-occupancy commute-hour vehicle trips by encouraging mode-shift to other forms of shared transportation. Pilot projects are defined as projects that serve an area where no similar service was available within the past three years, or will result in

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

- a. The proposed project must be located in a Highly Impacted Community or Episodic Area as defined in the Air District Community Air Risk Evaluation (CARE) Program, or in a Priority Development Area (PDA);
- b. Applicants must demonstrate the project will reduce single-occupancy commute-hour vehicle trips and result in a reduction in emissions of criteria pollutants;
- c. The proposed service must be available for use by the public;
- d. Applicants must attend a mandatory pre-application workshop to discuss their proposed project with the Air District; and
- e. Applicants must provide a written plan documenting steps that would be taken to ensure that the project will be financially self-sustaining within three years.

In addition, for pilot service projects:

- f. 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;
- g. Applicants must provide 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;
- h. Pilot shuttle/feeder bus and ridesharing service projects must comply with all applicable requirements in policies #28 and #30.

30. **Existing 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 by Project Sponsors for administrative costs (i.e., the costs associated with administering a TFCA Regional Fund grant) are eligible for use as matching funds. Monies expended by the Project Sponsor to maintain, repair, upgrade, rehabilitate, or operate the electronic lockers are not eligible for use as matching funds.

32. **Bikeways:** The project will construct and/or install new bikeways that are included in an adopted countywide bicycle plan, Congestion Management Plan (CMP), or the Metropolitan Transportation

Commission's Regional Bicycle Plan. Projects must also either have a completed and approved environmental plan or be determined by the public or lead agency to be exempt from preparing an environmental plan.

All bikeway 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 reduce vehicle trips made for utilitarian purposes (e.g., work or school commuting) and cannot be used exclusively for recreational use. Projects must also meet one of the following conditions:

- a. Be located within one-half mile (1/2) from a public transit station/stop (e.g., local, county- wide or regional transit stops/stations/terminals, Bay Area Bike Share); or
- b. Be located within one-half mile (1/2) from a major activity center that serves at least 2,500 people per day (e.g., employment centers, schools, business districts); or
- c. Be located within one-half mile (1/2) from three activity center(s) (e.g., employment centers, schools, business districts); or
- d. Provide a gap closure in, or an extension to, an existing bicycle network located within one-half mile (1/2) from a public transit station/stop (e.g., local, county- wide or regional transit stops, stations, terminals, Bay Area Bike Share); a major activity center that serves at least 2,500 people per day (e.g., employment centers, schools, business districts); or from three activity center(s) (e.g., employment centers, schools, business districts).

Projects are limited to the following types of bikeways:

- a. New Class-I bicycle paths;
- b. New Class-II bicycle lanes;
- c. New Class-III bicycle routes; or
- d. New Class-IV cycle tracks or separated bikeways.

**REGIONAL FUND EVALUATION CRITERIA:**

1. Projects must meet all of the applicable TFCA Regional Fund policies.
2. Applications will also be evaluated using the evaluation process listed in Table 2:

**Table 2: Evaluation Process by Project Category**

<b>Policy #</b>	<b>Project Category</b>	<b>Evaluation Process</b>
22	On-Road Truck Replacements	Applications will be reviewed on a first-come, first-served basis, and funding amounts for eligible projects will be determined based on a project’s cost-effectiveness and responsiveness to their respective project specific Policy requirements.
23	Light-Duty Zero- and Partial-Zero-Emissions Vehicles for Fleets	
24	Heavy-Duty Zero- and Partial-Zero- Emissions Vehicles	
25	Reserved	
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	
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	Bikeways	Applications will be reviewed after the submittal deadline and eligible projects will be ranked based on their cost-effectiveness score and responsiveness to Policy #32. Projects that serve regional or county-wide transit stops/stations/terminals (e.g., BART, Caltrain, Capitol Corridor, ferry terminals) or Bay Area Bike Share stations will receive a higher priority.

3. Up to sixty percent (60%) of TFCA Regional Funds will receive a higher priority 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).