



# Bay Area Air Quality Management District

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Grant Opportunity Announcement

# Transportation Fund for Clean Air (TFCA)

Fiscal Year 2010/2011

## Regional Fund

## Guidance

*Bay Area Air Quality Management District*

*939 Ellis Street, San Francisco, CA 94109*

July 2010

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**OTHER AIR DISTRICT GRANT AND INCENTIVE PROGRAMS**

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

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

**HOW TO LEARN ABOUT AIR DISTRICT GRANTS AND INCENTIVES:**

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Website: [www.baaqmd.gov/Divisions/Strategic-Incentives.aspx](http://www.baaqmd.gov/Divisions/Strategic-Incentives.aspx)

Email [grants@baaqmd.gov](mailto:grants@baaqmd.gov)

Grants Information Request Line (415) 749-4994



## **INTRODUCTION: THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

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The California Legislature created the Bay Area Air Quality Management District in 1955 as the first regional air pollution control agency in the country, recognizing that air emissions overflow political boundaries. The nine counties of the San Francisco Bay Area form a regional air basin, sharing common geographical features and weather patterns, and therefore similar air pollution burdens, which cannot be addressed by counties acting on their own.

The Air District is the public agency entrusted with regulating stationary sources of air pollution in the nine counties that surround San Francisco Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, southwestern Solano, and southern Sonoma counties.

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

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.

## **TRANSPORTATION FUND FOR CLEAN AIR (TFCA)**

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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](http://www.baaqmd.gov/tfca4pm) for details).

## **TFCA REGIONAL FUND PROGRAM**

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For FY 2010/11, an estimated \$8 million in funds are available for distribution via the Regional Fund. Solicitations for grant applications will be announced via the TFCA grants distribution e-mail list and posted on the Air District's website. To have your name added to the TFCA grants distribution list send an email to [grants@baaqmd.gov](mailto:grants@baaqmd.gov) including your name, title, name of organization, e-mail, phone number, and a brief description of funding area(s) of interest.

The following project types are not eligible for funding under TFCA:

- *education projects*
- *planning activities*
- *off-road vehicle, marine and locomotive projects*

## **TFCA REGIONAL FUND PROGRAM REQUIREMENTS**

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For a complete listing of TFCA Regional Fund program requirements, see APPENDIX A: Board Adopted TFCA Regional Fund Policies for FY 2010/2011.

### **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.

### **Eligible Project Costs**

Appendix B 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.

### **Monitoring and Reporting**

Projects will be required to monitor and report project status during the implementation and operational phases.

## **SUMMARY OF CHANGES FOR THE FISCAL YEAR 2010/11 PROGRAM**

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Changes to the TFCA Regional Fund Program include the following:

### **Evaluation Criteria**

Projects will be **evaluated and ranked** using Board Adopted TFCA Regional Fund Policies for FY 2010/2011 on a first-come-first-serve basis. Additionally, for Shuttle/Feeder Bus Services and Ridesharing Projects, 60% of funding available in this category will be reserved for:

- Projects in Highly Impacted Communities as defined in the Air District Community Air Risk Reduction plans.
- Priority Development Areas
- Projects that reduce green house gasses (GHG)

### **Matching Fund Requirement**

Applications to the TFCA Regional Fund program require at least a minimum 10% match from a non-Air District source. Certain project categories may require higher match amounts.

## **WORKSHOPS AND ASSISTANCE**

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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](http://www.baaqmd.gov/tfcaregional) and project specific websites for updated workshop schedules. Attendance at workshops is free of cost and not required for application.

In addition, Air District staff is available to attend meetings of groups of 10 or more to discuss Air District grant opportunities. To schedule a meeting, send an email to [grants@baaqmd.gov](mailto:grants@baaqmd.gov).

**APPENDIX A: BOARD ADOPTED TFCA REGIONAL FUND POLICIES FOR FY 2010/2011**

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

**BASIC ELIGIBILITY**

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

Projects must conform to the provisions of the California Health and Safety Code (HSC) sections 44220 et seq. and Air District Board of Directors adopted TFCA Regional Fund Policies and Evaluation Criteria for FY 2010/11.

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:** Unless otherwise noted below, projects must meet a cost-effectiveness (C-E) of \$90,000 per ton. Cost-effectiveness is based on the ratio of TFCA funds awarded divided by the sum total tons of reactive organic gases (ROG), oxides of nitrogen (NO<sub>x</sub>), and weighted particulate matter 10 microns in diameter and smaller (PM<sub>10</sub>) reduced (\$/ton).

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

Project Type	Policy #	C-E Level Maximum (\$/weighted ton)
Reserved	21	
Reserved	22	
Reserved	23	
Reserved	24	
Reserved	25	
Reserved	26	
Shuttle/Feeder Bus Service—Existing	27	\$90,000
Shuttle/Feeder Bus Service—Pilot	27	\$125,000
Regional Ridesharing	28	\$90,000
Bicycle Facility- Bicycle Lanes and Paths	29	See policy 29 for award amounts
Bicycle Facility –Bicycle Lockers/Racks	30	See policy 30 for award amounts

3. **Consistent with Existing Plans and Programs:** All project categories must comply with the transportation control measures and mobile source measures included in the Air District’s most recently approved strategy(ies) for 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 must provide matching funds from a non-Air District source, which equal or exceed at least 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 2011 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 Air 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. **Reserved.**
22. **Reserved.**
23. **Reserved.**
24. **Reserved.**
25. **Reserved.**



26. **Reserved.**

**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 (e.g. compressed natural gas, 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). Pilot projects are defined as new routes that are at least 70% unique and have not been in operation in the past five years.

Pilot shuttle/feeder project 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. Ride matching services must be coordinated with Metropolitan Transportation Commission's regional ridesharing program.

**BICYCLE FACILITY PROJECTS**

29. **Bikeways – Paths Lanes & Routes**

Bikeway projects include new:

- a. **Class I Bicycle Paths:** provide a separated right of way for the exclusive use of bicycles and pedestrians, in which motorized vehicles are prohibited and crossings by pedestrians and automobiles are minimized.
- b. **Class II Bicycle Lanes:** paved, on-road bikeways that separate bicyclists from vehicle traffic by a striped lane dedicated for one-way bicycle travel. Grant funding amounts for Continuous Construction and Standard Class-2 Bicycle Lanes may not be combined for the same segment.



- i. **Class-2 Bicycle Lane (Continuous Construction)** – must entail physical improvements (e.g., non-maintenance paving or the widening of a roadway shoulder) continuously over the length of the segment.
  - ii. **Class-2 Bicycle Lane (Standard)** –includes project elements other than Continuous Construction, such as striping, marking and loop detectors.
- c. **Class III Bicycle Routs:** indicate a preferred route for bicycle travel that is shared with motor vehicles. They follow roadways where traffic is relatively light and potential conflicts between bicycles and vehicles can be minimized. Street markings, traffic calming devices and barriers are eligible elements of a Class III project.

**Project-specific requirements:**

Projects must be included in an adopted countywide bicycle plan, Congestion Management Program (CMP), or the Metropolitan Transportation Commission’s Regional Bicycle Plan.

Projects must, where applicable, be consistent with design standards published in Chapter 1000 of the California Highway Design Manual.

**Bikeway projects must:**

- a. Reduce vehicle trips made for utilitarian purposes (e.g., work or school commuting), and
- b. Be one of the following:
  - i. Within one-half mile of at least three major activity centers (e.g., transit stations, office complexes, schools), or
  - ii. Provide a gap closure (e.g., a bridge over a roadway) in, or an extension to, an existing bicycle network that already services three major activity centers. The new segment must be within three contiguous bikeway miles of the requisite activity centers. Gap closure projects may apply for TFCA funding under the Smart Growth project type as well.

Pre and post-project bicycle counts must be conducted and reported for bikeways projects that are awarded more than \$100,000, in TFCA funds.

TFCA funding is limited to a maximum award amount of \$120,000 per project. Maximum funding amounts listed below are based on bikeways going in two directions; a bikeway going in a single direction would qualify for only one-half the stated amount\*.

Maximum funding amounts per project type:

<b>Project Type</b>	<b>Maximum \$ per Two-Way Segment*</b>
Class-1 Bicycle Path	\$115,000 per mile of path
Class-2 Bicycle Lane – Continuous Construction	\$ 85,000 per mile of roadway
Class-2 Bicycle Lane – Standard	\$ 30,000 per mile of roadway
Class-3 Bicycle Route	\$ 15,000 per mile of route

**30. Bicycle Parking**

**Bicycle Parking projects include new:**

- a. Bicycle racks (including those on streets, sidewalks, vehicles and vessels);
- b. Electronic and mechanical (including retrofit from mechanical to electronic) bicycle lockers; and

c. Secure bicycle parking (including bicycle cages and parking stations).

Project-specific requirements:

Projects must be included in an adopted countywide bicycle plan, Congestion Management Program (CMP), or the Metropolitan Transportation Commission’s Regional Bicycle Plan.

Specific locations for racks and lockers must be identified in applications for funding.

Stationary bicycle parking projects (including racks, lockers, cages, and parking stations) must be located at a major activity center (e.g., transit station, shopping center, office building, or school).

User data must be collected and reported for electronic bicycle locker projects that are awarded more than \$25,000, in TFCA funds.

TFCA funding is limited to a maximum award amount of \$120,000 per project.

Maximum funding amounts per project type:

Project Type	Maximum \$ per Unit
Bicycle Locker(s) – Electronic	\$ 2,500 per locker
Bicycle Locker(s) – Retrofit mechanical to electronic	\$ 650 per retrofit kit
Bicycle Locker(s) – Mechanical	\$ 900 per locker
Bicycle Rack(s)	\$ 60 per bicycle accommodated
Bicycle Rack(s) on Vehicles	\$ 750 per rack
Secure Bicycle Parking	\$ 130 per bicycle accommodated

**REGIONAL FUND EVALUATION CRITERIA**

TFCA projects will be evaluated on a first-come-first-serve basis. In order to address Air District priorities, funding available will be reserved as follows:

- a. **For Shuttle/Feeder Bus Services and Ridesharing Projects:** 60% of funding available in this category will be reserved for:
  - i. Projects in Highly Impacted Communities as defined in the Air District Community Air Risk Reduction plans.
  - ii. Priority Development Areas
  - iii. Projects that reduce green house gasses (GHG)
- b. **For Bicycle Facility Projects:** Funding will be available on a first-come-first-serve basis without funding reservations.

## APPENDIX B: 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 audits on TFCA-funded projects to ensure that the funds have been spent in accordance with the program guidelines and policies.

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 C: GRANT APPLICATION SUBMITTAL INSTRUCTIONS**

*INSTRUCTIONS*

In order to qualify for funding, projects must meet Transportation Fund for Clean Air (TFCA) Regional Fund policies and eligibility criteria approved by the Bay Area Air Quality Management District (BAAQMD) Board of Directors for FY 10/11.

BAAQMD staff may request additional documentation to verify the information provided in applications. Complete applications received after the initial review date will be evaluated on a first-come-first-serve basis.

*SUBMITTAL*

Submit copies of application materials as specified in the table below to the following address:

**Hardcopies:**     **Attn:** Karen Schkolnick, District Grant Programs Manager  
 Strategic Incentives Division  
 BAAQMD  
 939 Ellis Street, San Francisco, CA 94109

**Email:**                     [grants@baaqmd.gov](mailto:grants@baaqmd.gov)

<i>Part</i>	<i>Application Part</i>	<i>Applicable to</i>	<i>Required Document Format</i>	<i>Submittal Instructions</i>
1*	PROJECT DESCRIPTION	All Applicants	Microsoft Word document	Two (2) hard copies; mail or hand deliver
2	SUMMARY INFORMATION	All Applicants	Microsoft Excel spreadsheet	Two (2) hard copies, mail or hand deliver, <u>AND</u> email to <a href="mailto:grants@baaqmd.gov">grants@baaqmd.gov</a> .
3	PROJECT BUDGET	All Applicants	Microsoft Excel spreadsheet	Two (2) hard copies, mail or hand deliver, <u>AND</u> email to <a href="mailto:grants@baaqmd.gov">grants@baaqmd.gov</a> .
4*	PROJECT TYPE-SPECIFIC INFORMATION	All Applicants	Microsoft Word document	Two (2) hard copies; mail or hand deliver
5*	CERTIFICATION AND SURVEY	All Applicants	Microsoft Word document	Two (2) hard copies; mail or hand deliver
6*	CLEAN AIR POLICIES AND PROGRAMS	Public entities only	Microsoft Word document	Two (2) hard copies; mail or hand deliver

\* Parts 1, and 4 - 6 sent by email and/or by fax will not be accepted.

For more information about the **TFCA Regional Fund Program** visit: [www.baaqmd.gov/tfcaregional](http://www.baaqmd.gov/tfcaregional).

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

Website: [www.baaqmd.gov/Divisions/Strategic-Incentives.aspx](http://www.baaqmd.gov/Divisions/Strategic-Incentives.aspx)

Email [grants@baaqmd.gov](mailto:grants@baaqmd.gov)

Grants Information Request Line (415) 749-4994

**APPENDIX D: 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



**APPENDIX E: ATTRIBUTES OF APPLICATIONS THAT COMPETE WELL**

- √ Project is not subject to regulations - emissions reductions are voluntary and achieve early compliance
- √ Project will continue to operate over her a relatively longer duration of time Project Useful Life (PUL)
- √ Project provides service to relatively large high number of riders that otherwise would have driven alone (for shuttle/feeder bus service and ride sharing projects)
- √ Project purchases or provide service using best available technology and cleanest (zero or partial zero emission)
- √ High operational use - annual mileage / fuel use / hours (for vehicle-based projects)
- √ Applicant can achieve project in a cost-effective fashion, provides significant matching funds, and/or request relatively lower amount of grant funds for Project
- √ Applicant attends grant application workshops and/or has met with staff for pre-application consultation
- √ Application is complete and correct at the time of submittal (prevents delay in the evaluation process)
- √ Use of Zero Emission Vehicles and/or best available technology