



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

BOARD OF DIRECTORS  
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

SCOTT HAGGERTY - CHAIR  
JOHN AVALOS  
CAROLE GROOM  
CAROL KLATT  
ROGER KIM

MARY PIEPHO – VICE CHAIR  
TOM BATES  
DAVID HUDSON  
LIZ KNISS

**THURSDAY  
DECEMBER 18, 2014  
9:30 A.M.**

**7<sup>TH</sup> FLOOR BOARD ROOM  
939 ELLIS STREET  
SAN FRANCISCO, CA 94109**

**AGENDA**

1. **CALL TO ORDER - ROLL CALL**

*The Committee Chair shall call the meeting to order and the Clerk of the Boards shall take roll of the Committee members.*

2. **PUBLIC COMMENT ON NON-AGENDA MATTERS**

*(Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3) Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee's subject matter jurisdiction. Speakers will be limited to three (3) minutes each.*

3. **APPROVAL OF THE MINUTES OF NOVEMBER 13, 2014**

*The Committee will consider approving the attached draft minutes of the Mobile Source Committee meeting of November 13, 2014.*

4. **ACCEPTANCE OF FUNDS FROM THE NATIONAL FISH AND WILDLIFE FOUNDATION (NFWF) FOR A COMMERCIAL LAWN AND GARDEN EQUIPMENT REPLACEMENT PROGRAM**

A. Fournier/4961  
[afournier@baaqmd.gov](mailto:afournier@baaqmd.gov)

*The Committee will consider recommending Board of Directors' acceptance of \$470,000 from the National Fish & Wildlife Foundation for a project that would replace commercial internal combustion lawn & garden equipment with cordless, battery-electric, zero-emission, and low-emission lawn & garden equipment in Alameda and Contra Costa Counties.*

5. **CONSIDERATION OF AMENDMENTS TO THE FISCAL YEAR ENDING (FYE) 2015  
TRANSPORTATION FUND FOR CLEAN AIR (TFCA) REGIONAL FUND POLICIES**

A. Fournier/4961  
[afournier@baaqmd.gov](mailto:afournier@baaqmd.gov)

*The Committee will consider amendments to the Fiscal Year Ending (FYE) 2015 TFCA Regional Fund Policies to include light-duty zero and partial zero emissions vehicles for fleets, heavy-duty zero emissions vehicles, and alternative fuel infrastructure (hydrogen and CNG) projects as eligible project types.*

6. **TRANSPORTATION FUND FOR CLEAN AIR (TFCA) COST-EFFECTIVENESS REPORT**

A. Fournier/4961  
[afournier@baaqmd.gov](mailto:afournier@baaqmd.gov)

*The Committee will receive an informational report on the expenditures and cost-effectiveness of Regional Fund projects and Air District-sponsored programs that closed in FYE 2014.*

7. **COMMITTEE MEMBER COMMENTS**

*Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)*

8. **TIME AND PLACE OF NEXT MEETING**

*Thursday, January 22, 2015, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109 at 9:30 a.m.*

9. **ADJOURNMENT**

*The Committee meeting shall be adjourned by the Committee Chair.*

**CONTACT:**

**MANAGER, EXECUTIVE OPERATIONS**  
**939 ELLIS STREET, SAN FRANCISCO, CA 94109**  
**[mmartinez@baaqmd.gov](mailto:mmartinez@baaqmd.gov)**

**(415) 749-5016**  
**FAX: (415) 928-8560**  
**BAAQMD homepage:**  
**[www.baaqmd.gov](http://www.baaqmd.gov)**

- To submit written comments on an agenda item in advance of the meeting. Please note that all correspondence must be addressed to the "Members of the Committee" and received at least 24 hours prior, excluding weekends and holidays, in order to be presented at that Committee meeting. Any correspondence received after that time will be presented to the Committee at the following meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities notification to the Clerk's Office should be given in a timely manner, so that arrangements can be made accordingly.

Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District's offices at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
**939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109**  
**FOR QUESTIONS PLEASE CALL (415) 749-5016 or (415) 749-4941**

**EXECUTIVE OFFICE:**  
**MONTHLY CALENDAR OF AIR DISTRICT MEETINGS**

**DECEMBER 2014**

<b><u>TYPE OF MEETING</u></b>	<b><u>DAY</u></b>	<b><u>DATE</u></b>	<b><u>TIME</u></b>	<b><u>ROOM</u></b>
<b>Board of Directors Executive Committee</b> <i>(Meets on the 3<sup>rd</sup> Monday of each Month) - CANCELLED</i>	Monday	15	9:30 a.m.	Board Room
<b>Board of Directors Personnel Committee</b> <i>(Meets At the Call of the Chair)</i>	Monday	15	9:30 a.m.	Board Room
<b>Board of Directors Ad Hoc Building Committee</b> <i>(At the Call of the Chair)</i>	Monday	15	11:00 a.m.	Board Room
<b>Board of Directors Regular Meeting</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	17	9:45 a.m.	Board Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets on the 4<sup>th</sup> Thursday of each Month)</i>	Thursday	18	9:30 a.m.	Board Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets on the 4<sup>th</sup> Wednesday of each Month) - CANCELLED</i>	Wednesday	24	9:30 a.m.	Board Room

**JANUARY 2015**

<b><u>TYPE OF MEETING</u></b>	<b><u>DAY</u></b>	<b><u>DATE</u></b>	<b><u>TIME</u></b>	<b><u>ROOM</u></b>
<b>Board of Directors Regular Meeting</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	7	9:45 a.m.	Board Room
<b>Advisory Council Special Meeting/Retreat</b> <i>(Meets on the 2<sup>nd</sup> Wednesday of each Month)</i>	Wednesday	14	9:00 a.m.	Board Room
<b>Board of Directors Climate Protection Committee</b> – <i>(Meets 3<sup>rd</sup> Thursday every other Month)</i>	Thursday	15	9:30 a.m.	Board Room
<b>Board of Directors Executive Committee</b> <i>(Meets on the 3<sup>rd</sup> Monday of each Month)</i>	Monday	19	9:30 a.m.	Board Room
<b>Board of Directors Special Meeting/Retreat</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	21	9:45 a.m.	Board Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets on the 4<sup>th</sup> Thursday of each Month)</i>	Thursday	22	9:30 a.m.	Board Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets on the 4<sup>th</sup> Wednesday of each Month)</i>	Wednesday	28	9:30 a.m.	Board Room

# FEBRUARY 2015

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Regular Meeting</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	4	9:45 a.m.	Board Room
<b>Advisory Council Mtg.</b> <i>(Meets on the 2<sup>nd</sup> Wednesday of each Month)</i>	Wednesday	11	9:00 a.m.	Board Room
<b>Board of Directors Executive Committee</b> <i>(Meets on the 3<sup>rd</sup> Monday of each Month)</i>	Monday	16	9:30 a.m.	Board Room
<b>Board of Directors Regular Meeting</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	18	9:45 a.m.	Board Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets on the 4<sup>th</sup> Wednesday of each Month)</i>	Wednesday	25	9:30 a.m.	Board Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets on the 4<sup>th</sup> Thursday of each Month)</i>	Thursday	26	9:30 a.m.	Board Room

HL – 12/8/14 (9:40 a.m.)

P/Library/Forms/Calendar/Calendar/Moncal

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
Memorandum

To: Chairperson Scott Haggerty and Members  
of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/Air Pollution Control Officer

Date: December 4, 2014

Re: Approval of the Minutes of November 13, 2014

RECOMMENDED ACTION

Approve attached draft minutes of the Mobile Source Committee meeting of November 13, 2014.

DISCUSSION

Attached for your review and approval are the draft minutes of the Mobile Source Committee meeting on November 13, 2014.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Sean Gallagher  
Reviewed by: Maricela Martinez

Attachment: Draft Minutes of the Mobile Source Committee meeting of November 13, 2014

Draft Minutes – Mobile Source Committee Meeting of November 13, 2014

Bay Area Air Quality Management District  
939 Ellis Street  
San Francisco, California 94109  
(415) 749-5073

**DRAFT MINUTES**

Summary of Board of Directors  
Mobile Source Committee Meeting  
Thursday, November 13, 2014

**1. Call to Order – Roll Call**

Director David Hudson called the meeting to order at 9:30 a.m.

Present: Mobile Source Committee (Committee) Chairperson Scott Haggerty; and Directors John Avalos, Tom Bates, David Hudson, Roger Kim (on behalf of Edwin Lee) and Liz Kniss.

Absent: Vice-Chairperson Mary Piepho; and Directors Carole Groom and Carol Klatt.

Also Present: Board of Directors (Board) Chairperson Nate Miley.

**2. Update on the Regional Bicycle Share Pilot Project (Out of Order Agenda #5)**

Anthony Fournier, Director of Strategic Incentives, introduced Patrick Wenzinger, Acting Grants Manager, who gave the staff presentation *Update on the Regional Bicycle Share Pilot Project* through slide #11, *Next Steps Data Analysis and Planning for System Expansion*, including bicycle sharing and pilot project backgrounds; outreach campaigns, promotions and data challenge; safety measures; system results from August 2013 through August 2014; and next steps.

Mr. Wenzinger introduced Ursula Vogler, Climate Initiatives Outreach Program Manager, Metropolitan Transportation Commission (MTC), who presented slides #12, *Next Steps for the Region*, and 13, *East Bay Expansion*.

NOTED PRESENT: Director Bates was noted present at 9:38 a.m.

Mobile Source Committee (Committee) Comments:

The Committee and staff discussed who is performing the operational work related to the pilot program and system expansion; steps being taken to secure station locations for system expansion; what, if any, aspects of the program address the provision of helmets and how; what technologies are being utilized and developed for loss prevention and travel pattern data; how program utilization compares to others nationally; whether and how contractor bankruptcies have impacted the program and future plans; the adequacy of the current fleet size for current usage; whether and what rider income data is available; whether any funds do or can go towards

supporting the Senate Bill 1339 Commuter Benefits Program; whether the system will have the capability to merge with publicly- or privately-funded local programs; expansion funding details relative to the City of Palo Alto; the state of discussions about a sponsorship component; whether communities will eventually be able to buy into the system; explanations for the difference in ridership between San Francisco and the rest of the current system and why efforts continue at establishing a broader program; the importance of focusing on the goal of getting people out of their cars throughout the Bay Area; and rates of membership in Alameda and San Mateo counties.

NOTED PRESENT: Director Kniss was noted present at 9:53 a.m., Committee Chairperson Haggerty and Board Chairperson Miley were noted present at 9:57 a.m., and Director Avalos was noted present at 10:02 a.m.

Public Comments: No requests received.

Committee Action: None; receive and file.

**3. Public Comment Period (Agenda Item #2):** No requests received.

**4. Approval of Minutes of September 25, 2014 (Agenda Item #3)**

Committee Comments: None.

Public Comments: No requests received.

Committee Action:

Director Hudson made a motion, seconded by Director Kniss, to approve the Minutes of September 25, 2014; and the motion carried by the following vote of the Committee:

AYES:	Avalos, Bates, Haggerty, Hudson, Kim, Kniss and Miley.
NOES:	None.
ABSTAIN:	None.
ABSENT:	Groom, Klatt, and Piepho.

**5. Projects and Contracts with Proposed Grant Awards Over \$100,000 (Agenda Item #4)**

Mr. Fournier introduced Geraldina Grunbaum, Administrative Analyst of Strategic Incentives, who gave the staff presentation *Projects with Proposed Awards over \$100,000*, including brief overviews of the Carl Moyer and Mobile Source Incentive Fund (MSIF) programs; a summary of Carl Moyer Program (CMP) Year 16; detailings of the CMP, MSIF and Voucher Incentive Program (VIP) funds awarded as of October 6, 2014; CMP, MSIF and VIP funds awarded during CMP years 11 through 16; and recommendations.

Committee Comments:

The Committee and staff discussed why project # 16MOY14 is recommended when it is listed as being in Monterey County, how the information used to make staff's determination was obtained and verified, and whether the Monterey Bay Unified Air Pollution Control District is contributing a portion of the award.

Public Comments: No requests received.

Committee Action:

Director Bates made a motion, seconded by Director Hudson, to recommend the Board:

1. Approve CMP and Transportation Fund for Clean Air (TFCA) projects with proposed grant awards over \$100,000; and
2. Authorize the Executive Officer/Air Pollution Control Officer (APCO) to enter into agreements for the projects.

The motion carried by the following vote of the Committee:

AYES: Avalos, Bates, Haggerty, Hudson, Kim, Kniss and Miley.  
NOES: None.  
ABSTAIN: None.  
ABSENT: Groom, Klatt, and Piepho.

**6. Transportation Fund for Clean Air (TFCA) County Program Manager Fund Policies for Fiscal Year Ending (FYE) 2016**

Mr. Fournier introduced Michael Neward, Administrative Analyst of Strategic Incentives, who gave the staff presentation *TFCA County Program Manager Fund Policies for FYE 2016*, including background; summary of and process for generating revisions to FYE 2016 policies; and recommendations.

Committee Comments: None.

Public Comments: No requests received.

Committee Action:

Director Bates made a motion, seconded by Director Hudson, to recommend the Board approve the proposed FYE 2016 TFCA County Program Manager Fund Policies as attached to the Committee staff report.

The motion carried by the following vote of the Committee:

AYES: Avalos, Bates, Haggerty, Hudson, Kim, Kniss and Miley.  
NOES: None.

ABSTAIN: None.

ABSENT: Groom, Klatt, and Piepho.

**7. Consideration of FYE 2015 Transportation Fund for Clean Air (TFCA) Regional Fund Shuttle and Rideshare Projects**

Mr. Fournier introduced Kenneth Mak, Air Quality Technician of Strategic Incentives, who gave the staff presentation *FYE 2015 TFCA Regional Fund Shuttle and Rideshare Program*, including background; FYE 2015 policies and evaluation criteria; recommended change to policy #2; evaluation results; FYE 2015 projects recommended for award; summary of FYE 2015 projects summary awards by county; FYE 2015 projects not recommended for award; and recommendations.

Committee Comments:

The Committee and staff discussed how and why a change in the cost-effectiveness threshold impacts the award amounts; the need for alternative support options for shuttle and rideshare projects; and the importance of communicating with local agencies about exploring transitional forms of funding as the Air District becomes unable to provide support for shuttle and rideshare projects.

Public Comments:

Dan Leavin, San Joaquin Regional Rail Commission, addressed the Committee in support of the staff recommendation and to share current ridership statistics and future growth plans.

Steve McClain, Santa Clara Valley Transit Authority, addressed the Committee in support of the staff recommendation and to share current ridership statistics.

Peter Shinner, Peninsula Corridor Joint Powers Board, addressed the Committee in support of the staff recommendation, to share current ridership statistics and to request future improvement to the duplication of service provision of the policies.

Committee Action:

Director Bates made a motion, seconded by Director Hudson, to recommend the Board:

1. Approve a proposed change to FYE 2015 TFCA Regional Fund Policy #2 to increase the cost-effectiveness limit to \$175,000/ton of emissions reduced for existing shuttle projects, year 2 pilot shuttle projects, and year 3 pilot shuttle projects in Community Air Risk Evaluation and/or Priority Development Area areas;
2. Approve proposed awards for the TFCA Shuttle and Ridesharing projects listed in Attachment A of the Committee staff report at the revised cost-effectiveness limit of \$175,000/ton of emissions reduced; and
3. Authorize the Executive Officer/APCO to enter into agreements for the recommended TFCA projects in Attachment A of the Committee staff report.

Committee Comments (continued):

The Committee and staff discussed the impact of newer, cleaner vehicle engines on this program; expectations about when the state regulations that affect the program guidelines will be updated; the importance of engaging MTC in a discussion about last mile solutions instead of the Air District trying to address the issue alone; and the possibility of a coordinated effort by the Air District, MTC and local transit operators to consider the same and the likely co-benefit of the coordination being the discovery of other common issues that would benefit from joint discussion.

Committee Action (continued):

The motion carried by the following vote of the Committee:

AYES: Avalos, Bates, Haggerty, Hudson, Kim, Kniss and Miley.  
NOES: None.  
ABSTAIN: None.  
ABSENT: Groom, Klatt, and Piepho.

**8. Committee Member Comments:**

Director Hudson explained the reasoning behind calling the meeting to order in the absence of the Committee Chairperson.

**9. Time and Place of Next Meeting:**

Thursday, December 18, 2014, Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, California 94109 at 9:30 a.m.

**10. Adjournment:** The meeting adjourned at 10:55 a.m.

Sean Gallagher  
Clerk of the Boards

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

Memorandum

To: Chairperson Scott Haggerty and Members  
of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: November 26, 2014

Re: Acceptance of Funds from the National Fish and Wildlife Foundation (NFWF)  
for a Commercial Lawn and Garden Equipment Replacement Program

RECOMMENDATIONS

Recommend Board of Directors:

1. Accept \$470,000, in funds from the NFWF to implement a commercial lawn and garden equipment replacement program in Alameda and Contra Costa Counties.
2. Authorize the Executive Officer/APCO to enter into all necessary agreements to implement the program and expend the \$470,000, in funds from the NFWF for a commercial lawn and garden equipment replacement program.

BACKGROUND

Funding for a commercial lawn and garden equipment replacement program was made available as a result of a plea bargain by Shoreline Terminals LLC with the U.S. Attorney's Office for the Northern District of California. The plea bargain sentencing, which occurred in 2009, was for a Title V violation by Shoreline LLC for its Selby Terminal in Contra Costa County resulting from a truck loading rack vapor recovery unit that was not operating properly. The plea bargain set aside funding for the NFWF to administer a project "for the improvement of air quality in the Bay Area, and in particular, Contra Costa and Alameda counties." Representatives from the Contra Costa and Alameda County Health Departments approached the Air District and requested a draft proposal for the implementation of a commercial lawn and garden equipment replacement program. The Air District submitted a proposal to the NFWF on October 23, 2014, to implement a commercial lawn and garden equipment replacement program and was awarded a grant of \$470,000.

Lawn and garden equipment replacement programs provide a streamlined approach to reducing emissions by replacing existing gasoline lawn and garden equipment with cordless, zero/low-emission equipment. There are approximately one million pieces of lawn and garden equipment in Alameda and Contra Costa Counties which daily produce 2.1 tons of reactive organic gases (ROG), 0.7 tons of oxides of nitrogen (NOx), 0.15 tons of particulate matter (PM), and 116 tons of carbon dioxide (CO<sub>2</sub>). Replacement programs provide real emission benefits by providing commercial lawn and garden equipment owners the incentivized option of purchasing zero/low-

emission equipment instead of higher polluting gasoline equipment. Zero/low-emission lawn and garden equipment are not required by regulation, so all emissions reduced by equipment “change outs” are surplus.

## DISCUSSION

The project will replace commercial internal combustion lawn and garden equipment with cordless, battery-electric, zero-emission, and low-emission lawn and garden equipment in Alameda and Contra Costa Counties. Among the equipment targeted are lawn mowers, leaf blowers, sweepers, chainsaws, line trimmers, and hedge trimmers. In addition to funding the purchase of equipment, funds will be available for the purchase of two batteries for each piece of electric equipment and one battery charger. The Air District would act as the lead agency with support from staff at the Alameda and Contra Costa County Health Departments. A metal recycling facility will be contracted to recycle the equipment being replaced under this project.

If approved, the project will be launched in February 2015 and be completed by October 2015. The project will first prioritize funding of lawn and garden equipment replacements at school districts, then municipalities, and finally commercial enterprises. Projects will be ranked based on childhood asthma rates in the communities.

Municipal public works departments and commercial enterprises may only submit one application for up to \$10,000 toward the replacement of eligible conventional lawn and garden equipment with zero/low-emission equipment. If residual funds remain at the end of the project in October 2015, the project may be extended for a short term and entities that received prior awards, as well as new applicants, will be allowed to submit applications for equipment until all funds are exhausted.

This priority was established to provide the greatest protection from air emissions at schools, then allow increased access to these funds by other municipal agencies to test and deploy the equipment, and finally to commercial enterprises to expand the use of this lower emission technology in the commercial realm. The project is expected to replace about 450 pieces of equipment and reduce emissions of ROG by 0.21 tons/year, NO<sub>x</sub> by 0.64 tons/year, PM by 0.13 tons/year, and CO<sub>2</sub> by 103 tons/year.

Of the \$470,000, available from the NFWF, the Air District will use 10% of the funds for administering the project, or \$47,000. The remaining \$423,000, will be used to purchase equipment. The funds for purchasing equipment will be divided equally for distribution between the Alameda and Contra Costa Counties, with \$211,500 going to each county.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. The Air District administrative funding for this project will come from the NFWF award.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Joseph Steinberger  
Reviewed by: Anthony Fournier

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

Memorandum

To: Chairperson Scott Haggerty and Members  
of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: December 8, 2014

Re: Consideration of Amendments to the Fiscal Year Ending (FYE) 2015 Transportation  
Fund for Clean Air (TFCA) Regional Fund Policies

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RECOMMENDATIONS

Recommend the Board of Directors:

1. Approve changes to the FYE 2015 Transportation Fund for Clean Air (TFCA) Regional Fund Policies to include light-duty zero and partial zero emissions vehicles for fleets, heavy-duty zero emissions vehicles, and alternative fuel infrastructure (hydrogen and CNG) projects as eligible project types.
2. Authorize the Executive Officer/APCO to enter into contracts for eligible projects.

BACKGROUND

In 1991, the California State Legislature authorized the Bay Area Air Quality Management District (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 (HSC) Sections 44241 and 44242.

Sixty percent of TFCA funds are awarded by the Air District's Board of Directors to eligible programs and projects implemented directly by the Air District (e.g., the Smoking Vehicle, Enhanced Mobile Source Enforcement, Spare the Air, and Bicycle Facility Programs) and through a grant program known as the Regional Fund. The remaining forty percent of TFCA funds are forwarded to a designated agency within each Bay Area county to be distributed via the County Program Manager Fund.

Each year the Air District Board of Directors is required to adopt policies for the TFCA Programs that maximize emissions reductions and public health benefits. On June 4, 2014, the Board adopted policies for the FYE 2015 TFCA Regional Fund that includes requirements for the following project types: Shuttle/Feeder Bus Service, Regional Ridesharing, Electronic Bicycle Lockers, and On-Road Truck Replacements.

In this report, staff will discuss the proposed update to the FYE 2015 TFCA Regional Fund Policies that seeks to expand the list of eligible project categories to include requirements for light-duty zero and partial zero emissions vehicles for fleets, heavy-duty zero emissions vehicles, and alternative fuel infrastructure (hydrogen and CNG) projects.

## DISCUSSION

### ***Alternative Fuels Program***

On June 5, 2013, the Board approved the allocation of \$2 million in funding for the Alternative Fuels Program to help advance deployment of natural gas and hydrogen infrastructure in the region. Both of these fuels are key to achieving long term regional reductions of criteria pollutants and greenhouse gases from heavy-duty vehicles (via nitrogen oxides and particulate matter emissions reductions, including black carbon, from freight transportation) and from light duty vehicles (in support of ARB's Advanced Clean Cars initiative).

On September 22, 2014, representatives from the Air Resources Board and the CEC made a joint presentation to the Air District's Mobile Source Committee to discuss the status of the deployment of Bay Area hydrogen stations and vehicles including information about the two stations that are currently open and the 14 stations that are planned to be deployed by 2017. Although CEC funding covers ~65%-75% of the hydrogen fueling station costs, given the high cost to deploy stations (\$2.5 - \$3 million) additional funding is necessary to supplement the CEC funds to ensure the Bay Area's stations are completed.

Staff is therefore recommending an update to the FYE 2015 TFCA regional fund policies that introduces Policy #24 that would provide up to \$300,000 for hydrogen station deployment. Given that there are currently very few entities that deploy hydrogen stations, staff is also proposing a modification to Policy #7 to increase the maximum amount of funding (up to \$1,250,000) that could be awarded to non-public entities for applicants applying for alternative fuel infrastructure project funding.

### ***Zero Emissions Vehicles Program***

On June 5, 2013, and on May 21, 2014, the Board approved the allocation of more than \$6 million in funding for deployment of zero emission vehicles. A streamlined grant program that provides rebate funding to public entities for the purchase of light-duty zero emission vehicles opened in March of 2014. That program, which only provides funding to public agencies, was recently expanded to provide rebate funding for the purchase of zero emission motorcycles and medium and heavy-duty vehicles. As part of this report, staff is recommending an update to the FYE 2015 TFCA Regional Fund Policies to add Policy #22 and #23 to provide funding to non-public entities for the purchase of light-duty zero and partial zero emissions vehicles in fleets and heavy-duty zero emissions vehicles.

The proposed updated policies are based on input received over this last year from the Air District Board of Directors (Board), members of the public, and industry leaders. On October 16, 2014, Air District staff issued a request for public comments on the proposed update to the FYE 2015 TFCA Regional Fund Policies and hosted a stakeholder workshop in San Francisco on October 29, 2014, to discuss the proposed policy updates. The workshop was also accessible via

an online webinar. During the workshop, Air District staff fielded several questions about the TFCA policies and the structure of award amounts. A copy of those questions and the Air District's responses are included in Attachment C. No other questions or comments were submitted by a November 10, 2014, deadline for additional input.

Attachment A contains the proposed update to FYE 2015 Policies and Attachment B shows the changes (redlined version) between the proposed Policies and the previously approved June 4, 2014, Board Adopted Policies.

Also, in accordance with the authorization granted to the Executive Officer/APCO on May 21, 2014, projects with individual grant awards up to \$100,000 will be executed by the Executive Officer/ APCO, and reported to the Mobile Source Committee (MSC) on at least a quarterly basis. Eligible projects with individual grant awards over \$100,000 will also be brought to the MSC for consideration at least quarterly.

#### BUDGET CONSIDERATION/FINANCIAL IMPACT

None. The Air District distributes program monies as "pass-through" funds on a reimbursement basis. Administrative costs for project staffing are provided by the Air District's Transportation Fund for Clean Air.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Michael Neward  
Reviewed by: Karen Schkolnick

Attachments:

- A. Proposed Updates to TFCA Regional Fund Policies for FYE 2015
- B. Proposed Updates to TFCA Regional Fund Policies for FYE 2015 as a redlined version of Board-approved policies
- C. Comments Received on Proposed Updates to TFCA Regional Fund Policies for FYE 2015

## TFCA REGIONAL FUND POLICIES AND EVALUATION CRITERIA FOR FYE 2015

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

### BASIC ELIGIBILITY

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

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

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

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

2. **TFCA Cost-Effectiveness:** Unless otherwise noted below, projects must not exceed a cost-effectiveness (C-E) of \$90,000 per ton. Cost-effectiveness is based on the ratio of TFCA-generated funds awarded divided by the sum total tons of reactive organic gases (ROG), oxides of nitrogen (NO<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 Category	Policy #	C-E Level Maximum (\$/weighted ton)
On-Road Truck Replacement	21	\$90,000
Light-Duty Zero and Partial-Zero Emissions Vehicles for Fleets	22	\$250,000
Heavy-Duty Zero Emissions Vehicles	23	\$250,000
Alternative Fuel Infrastructure (Hydrogen and CNG)	24	\$500,000
Reserved	25	Reserved
Reserved	26	Reserved
Shuttle/Feeder Bus Service—Existing	27	\$175,000
Shuttle/Feeder Bus Service—Pilot	28	Year 1 - \$200,000 Year 2 - \$175,000
Shuttle/Feeder Bus Service—Pilot in CARE areas or Priority Development Areas (PDAs)	28	Year 1 - \$500,000 Year 2 - \$200,000 Year 3 - \$175,000
Regional Ridesharing	29	\$90,000
Electronic Bicycle Lockers	30	\$90,000
Reserved	31	Reserved

3. **Consistent with Existing Plans and Programs:** All project categories must comply with the transportation control measures and mobile source measures included in the Air District's most recently approved strategy(ies) for achieving and maintaining State and national ozone standards, those plans and programs established pursuant to California Health & Safety Code (HSC) sections 40233, 40717 and 40919, and, when specified, with other adopted State, regional, and local plans and programs.
4. **Eligible Recipients and Authority to Apply:** Grant recipients must be responsible for the implementation of the project, have the authority and capability to complete the project, and be an applicant in good standing with the Air District (Policies #11 and #12).
  - a. **Eligible Recipients:**
    - i. **Public agencies** are eligible to apply for all project categories.
    - ii. **Non-public entities** are only eligible to apply for new alternative-fuel (light, medium, and heavy-duty) vehicle projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241b(7).
  - b. **Authority to Apply:** Applications must include either: 1) a signed letter of commitment from the applicant's representative with authority to enter into a funding agreement and to carry out the project (e.g., Chief Executive or Financial Officer, Executive Director, or City Manager), or 2) a signed resolution from the governing body (e.g., City Council, Board of Supervisors, or Board of Directors) authorizing the submittal of the application and authorizing the project to be carried out.
5. **Viable Project and Matching Funds:** Unless provided for otherwise in the policies and priorities for the specific project category (which are listed below), project applicants must include in the application evidence of available matching funds from a non-Air District source that equal or exceed at least 10% of the total eligible project costs.

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

effectiveness as that of the original project application, comply with all TFCA Regional Fund Policies applicable for the original project, and are in compliance with all federal and State laws applicable to the revised project and District rules and regulations.

#### APPLICANT IN GOOD STANDING

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

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

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

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

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

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

#### INELIGIBLE PROJECTS

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

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

**USE OF TFCA FUNDS**

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

**ELIGIBLE PROJECT CATEGORIES**

Clean Air Vehicle Projects

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

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

TFCA funds awarded may not exceed incremental cost after all other applicable manufacturer and local/state rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle and its new conventional vehicle counterpart that meets, but does not exceed, current emissions standards.

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

GVWR	Vehicle Type	Average Annual Mileage/Vehicle			
		15,000 – 24,999 miles per year	25,000 – 34,999 miles per year	35,000 – 44,999 miles per year	45,000 or more miles per year
8,500 or lighter	SULEV	\$1,250	\$2,500	\$3,500	\$4,500

	<b>ZEV</b>	\$4,000	\$6,500	\$8,500	\$10,500
<b>8,501 – 14,000</b>	<b>SULEV</b>	\$6,000	\$8,000	\$10,000	\$12,000
	<b>ZEV</b>	\$10,000	\$12,000	\$14,000	\$16,000

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

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

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

TFCA funds awarded may not exceed incremental cost after all other applicable manufacturer and local/state rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the vehicle and/or retrofit and its new conventional vehicle counterpart that meets, but does not exceed, current emissions standards.

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

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

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

- a. Stations must be located within the Air District’s jurisdiction and be available and accessible to the public;
- b. Equipment and infrastructure must be designed, installed, and maintained as required by the existing recognized codes and standards and approved by the local/state authority; and
- c. Each station must be maintained and operated for a minimum of three years.

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

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

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

25. **Reserved.**

26. **Reserved.**

### Shuttle/Feeder Bus Service Projects

27. **Shuttle/Feeder Bus Service:** These projects are intended to reduce single-occupancy vehicle commute-hour trips by providing the short-distance connection between a mass transit hub and one or more definable commercial hub or employment centers. All of the following conditions must be met for a project to be eligible for TFCA Regional Funds:
- a. The project's route must provide connections only between mass transit hubs, e.g., a rail or Bus Rapid Transit (BRT) station, ferry or bus terminal, or airport, and distinct commercial or employment areas.
  - b. The project's schedule must coordinate with the transit schedules of the connecting mass transit service.
  - c. The service must be available for use by all members of the public.
  - d. The project may not duplicate existing local transit service or service that existed along the project's route within the last three years. "Duplication" of service means establishing a shuttle route where there is an existing transit service stop within 0.5 miles of the commercial hub or business center and that can be reached by pedestrians in 20 minutes or less. Projects that propose to increase service frequency to an area that has existing service may be considered for funding if the increased frequency would reduce the commuter's average transit wait time to thirty minutes or less.
  - e. The project must include only commuter peak-hour service, i.e., 5:00-10:00 AM and/or 3:00-7:00 PM.
  - f. Applicants must submit a written transit service financial plan to achieve financial self-sufficiency or reduced reliance on TFCA funding within five years. The plan must document 1) the funding source(s) that will be targeted and the bases for eligibility of such funding, 2) the amounts from each funding source for which the applicant is eligible and that will be pursued, (3) the schedule (timeline) from application to receipt of such funds, 4) the process for securing each funding source, and 5) the specific efforts taken by the applicant to be eligible for such funds, and the status of the applicants' application for securing funds.

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

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

*Project applicants that were awarded FYE 2014 TFCA Regional Funds that propose identical routes in FYE 2015 may request an exemption from the requirements of Policy 27. D provided they meet the following requirements: (1) No further TFCA project funding as of January 2017; and (2) Submission of a financial plan to achieve financial self-sufficiency from TFCA funds within two years by demonstrating how they will come into compliance with this requirement or by securing non-TFCA Regional Funds. The plan must document: 1) the funding source(s) that will be targeted and the bases for eligibility of such funding, 2) the amounts from each funding source for which the applicant is eligible and that will be pursued, (3) the schedule (timeline) from application to receipt of such funds, 4) the process for securing each funding source, and 5) the specific efforts taken by the applicant to be eligible for such funds, and the status of the applicants' application for securing funds.*

28. **Pilot Shuttle/Feeder Bus Service:** Pilot projects are defined as routes that provide service to locations that are at least 70% unique and where no other service was provided within the past three years. In addition to meeting the requirements listed in Policy #27 for shuttle/feeder bus service, pilot shuttle/feeder bus service project applicants must also comply with the following:
- a. Applicants must provide data and other evidence demonstrating the public's need for the service, including a demand assessment survey and letters of support from potential users;
  - b. A letter from the local transit agency denying service to the project's proposed service area, which includes the basis for denial of service to the proposed areas. The applicant must demonstrate that the project applicant has attempted to coordinate service with the local service provider and has provided

the results of the demand assessment survey to the local transit agency. The applicant must provide the transit service provider's evaluation of the need for the shuttle service to the proposed area. .

- c. Applicants must provide written documentation of a financial plan for transitioning to a self-sustaining service and/or for reducing reliance on TFCA funding within five years. The plan needs to clearly identify 1) the funding source(s) that will be targeted, 2) the amounts from each source that will be pursued, 3) the process for securing each funding source, and 4) the status or timeline of the process for securing funds.
- d. Projects located in Highly Impacted Communities as defined in the Air District Community Air Risk Evaluation (CARE) Program and/or a Planned or Potential Priority Development Area (PDA) may receive a maximum of three years of TFCA Regional Funds under the Pilot designation and must meet the following requirements:
  - i. During the first year of operation, projects must not exceed a cost-effectiveness of \$500,000/ton,
  - ii. By the end of the second year of operation, projects must not exceed a cost-effectiveness of \$200,000/ton, and
  - iii. By the end of the third year of operation, projects must not exceed a cost-effectiveness of \$175,000/ton (see Policy #2) and meet all of the requirements of Policy #27 (existing shuttles).
- e. Projects located outside of CARE areas and PDAs may receive a maximum of two years of TFCA Regional Funds under this designation and must meet the following requirements:
  - i. By the end of the first year of operation, projects shall cost \$200,000 or less per ton (cost-effectiveness rating), and
  - ii. By the end of the second year of operation, projects shall cost \$175,000 or less per ton (cost-effectiveness rating) (see Policy #2) and shall meet all of the requirements of Policy #27 (existing shuttles).

#### Regional Ridesharing

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

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

#### Bicycle Facility Projects

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

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

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

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

Sponsor to maintain, repair, upgrade, rehabilitate, or operate the electronic lockers are not eligible as matching funds.

**REGIONAL FUND EVALUATION CRITERIA:**

1. **Shuttle/Feeder Bus Service and Ridesharing Projects:** The Air District will evaluate complete applications received by the submittal deadline based on the TFCA Regional Fund policies. All eligible projects will be ranked for funding based on cost-effectiveness. At least sixty percent (60%) of the funds will be reserved for eligible projects that meet one or more of the following District priorities:

- a. Projects in Highly Impacted Communities or Episodic Areas as defined in the Air District Community Air Risk Evaluation (CARE) Program;
- b. Priority Development Areas.

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

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

## TFCA REGIONAL FUND POLICIES AND EVALUATION CRITERIA FOR FYE 2015

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

### BASIC ELIGIBILITY

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

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

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

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

- TFCA Cost-Effectiveness:** Unless otherwise noted below, projects must not exceed a cost-effectiveness (C-E) of \$90,000 per ton. Cost-effectiveness is based on the ratio of TFCA-generated funds awarded divided by the sum total tons of reactive organic gases (ROG), oxides of nitrogen (NO<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 Category	Policy #	C-E Level Maximum (\$/weighted ton)
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<u>Light-Duty Zero and Partial-Zero Emissions Vehicles for Fleets</u> <del>Reserved</del>	22	<del>\$250,000</del> Reserved
<u>Heavy-Duty Zero Emissions Vehicles</u> <del>Reserved</del>	23	<del>\$250,000</del> Reserved
<u>Alternative Fuel Infrastructure (Hydrogen and CNG)</u> <del>Reserved</del>	24	<del>\$500,000</del> Reserved
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Shuttle/Feeder Bus Service—Existing	27	\$175,000
Shuttle/Feeder Bus Service—Pilot	28	Year 1 - \$200,000 Year 2 - \$175,000
Shuttle/Feeder Bus Service—Pilot in CARE areas or Priority Development Areas (PDAs)	28	Year 1 - \$500,000 Year 2 - \$200,000 Year 3 - \$175,000
Regional Ridesharing	29	\$90,000
Electronic Bicycle Lockers	30	\$90,000
Reserved	31	Reserved

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Proposed update to FYE 2015 Transportation Fund for Clean Air (TFCA) Regional Fund Policies

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3. **Consistent with Existing Plans and Programs:** All project categories must comply with the transportation control measures and mobile source measures included in the Air District's most recently approved strategy(ies) for achieving and maintaining State and national ozone standards, those plans and programs established pursuant to California Health & Safety Code (HSC) sections 40233, 40717 and 40919, and, when specified, with other adopted State, regional, and local plans and programs.
4. **Eligible Recipients and Authority to Apply:** Grant recipients must be responsible for the implementation of the project, have the authority and capability to complete the project, and be an applicant in good standing with the Air District (Policies #11 and #12).
  - a. **Eligible Recipients:**
    - i. **Public agencies** are eligible to apply for all project categories.
    - ii. **Non-public entities** are only eligible to apply for new alternative-fuel (light, medium, and heavy-duty) vehicle projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241b(7).
  - b. **Authority to Apply:** Applications must include either: 1) a signed letter of commitment from the applicant's representative with authority to enter into a funding agreement and to carry out the project (e.g., Chief Executive or Financial Officer, Executive Director, or City Manager), or 2) a signed resolution from the governing body (e.g., City Council, Board of Supervisors, or Board of Directors) authorizing the submittal of the application and authorizing the project to be carried out.
5. **Viable Project and Matching Funds:** Unless provided for otherwise in the policies and priorities for the specific project category (which are listed below), project applicants must include in the application evidence of available matching funds from a non-Air District source that equal or exceed at least 10% of the total eligible project costs.

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

Field Code Changed

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**Proposed update to FYE 2015 Transportation Fund for Clean Air (TFCA) Regional Fund Policies**

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effectiveness as that of the original project application, comply with all TFCA Regional Fund Policies applicable for the original project, and are in compliance with all federal and State laws applicable to the revised project and District rules and regulations.

**APPLICANT IN GOOD STANDING**

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

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

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

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

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

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

**INELIGIBLE PROJECTS**

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

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

**USE OF TFCA FUNDS**

**Proposed update to FYE 2015 Transportation Fund for Clean Air (TFCA) Regional Fund Policies**

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

**ELIGIBLE PROJECT CATEGORIES**

Clean Air Vehicle Projects

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

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

TFCA funds awarded may not exceed incremental cost after all other applicable manufacturer and local/state rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle and its new conventional vehicle counterpart that meets, but does not exceed, current emissions standards.

The maximum award amount per vehicle is listed below:

GVWR	Vehicle Type	Average Annual Mileage/Vehicle			
		15,000 – 24,999 miles per year	25,000 – 34,999 miles per year	35,000 – 44,999 miles per year	45,000 or more miles per year
8,500 or lighter	SULEV	\$1,250	\$2,500	\$3,500	\$4,500

**Proposed update to FYE 2015 Transportation Fund for Clean Air (TFCA) Regional Fund Policies**

	<u>ZEV</u>	<u>\$4,000</u>	<u>\$6,500</u>	<u>\$8,500</u>	<u>\$10,500</u>
<u>8,501 – 14,000</u>	<u>SULEV</u>	<u>\$6,000</u>	<u>\$8,000</u>	<u>\$10,000</u>	<u>\$12,000</u>
	<u>ZEV</u>	<u>\$10,000</u>	<u>\$12,000</u>	<u>\$14,000</u>	<u>\$16,000</u>

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

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

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

TFCA funds awarded may not exceed incremental cost after all other applicable manufacturer and local/state rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the vehicle and/or retrofit and its new conventional vehicle counterpart that meets, but does not exceed, current emissions standards.

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

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

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

- a. Stations must be located within the Air District’s jurisdiction and be available and accessible to the public;
- b. Equipment and infrastructure must be designed, installed, and maintained as required by the existing recognized codes and standards and approved by the local/state authority; and
- c. Each station must be maintained and operated for a minimum of three years.

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

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

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

25. **Reserved.**

26. **Reserved.**

Shuttle/Feeder Bus Service Projects

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

- a. The project's route must provide connections only between mass transit hubs, e.g., a rail or Bus Rapid Transit (BRT) station, ferry or bus terminal, or airport, and distinct commercial or employment areas.
- b. The project's schedule must coordinate with the transit schedules of the connecting mass transit service.
- c. The service must be available for use by all members of the public.
- d. The project may not duplicate existing local transit service or service that existed along the project's route within the last three years. "Duplication" of service means establishing a shuttle route where there is an existing transit service stop within 0.5 miles of the commercial hub or business center and that can be reached by pedestrians in 20 minutes or less. Projects that propose to increase service frequency to an area that has existing service may be considered for funding if the increased frequency would reduce the commuter's average transit wait time to thirty minutes or less.
- e. The project must include only commuter peak-hour service, i.e., 5:00-10:00 AM and/or 3:00-7:00 PM.
- f. Applicants must submit a written transit service financial plan to achieve financial self-sufficiency or reduced reliance on TFCA funding within five years. The plan must document 1) the funding source(s) that will be targeted and the bases for eligibility of such funding, 2) the amounts from each funding source for which the applicant is eligible and that will be pursued, (3) the schedule (timeline) from application to receipt of such funds, 4) the process for securing each funding source, and 5) the specific efforts taken by the applicant to be eligible for such funds, and the status of the applicants' application for securing funds.

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

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

*Project applicants that were awarded FYE 2014 TFCA Regional Funds that propose identical routes in FYE 2015 may request an exemption from the requirements of Policy 27. D provided they meet the following requirements: (1) No further TFCA project funding as of January 2017; and (2) Submission of a financial plan to achieve financial self-sufficiency from TFCA funds within two years by demonstrating how they will come into compliance with this requirement or by securing non-TFCA Regional Funds. The plan must document: 1) the funding source(s) that will be targeted and the bases for eligibility of such funding, 2) the amounts from each funding source for which the applicant is eligible and that will be pursued, (3) the schedule (timeline) from application to receipt of such funds, 4) the process for securing each funding source, and 5) the specific efforts taken by the applicant to be eligible for such funds, and the status of the applicants' application for securing funds.*

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

- a. Applicants must provide data and other evidence demonstrating the public's need for the service, including a demand assessment survey and letters of support from potential users;
- b. A letter from the local transit agency denying service to the project's proposed service area, which includes the basis for denial of service to the proposed areas. The applicant must demonstrate that the project applicant has attempted to coordinate service with the local service provider and has provided

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**Proposed update to FYE 2015 Transportation Fund for Clean Air (TFCA) Regional Fund Policies**

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- the results of the demand assessment survey to the local transit agency. The applicant must provide the transit service provider's evaluation of the need for the shuttle service to the proposed area.
- c. Applicants must provide written documentation of a financial plan for transitioning to a self-sustaining service and/or for reducing reliance on TFCA funding within five years. The plan needs to clearly identify 1) the funding source(s) that will be targeted, 2) the amounts from each source that will be pursued, 3) the process for securing each funding source, and 4) the status or timeline of the process for securing funds.
  - d. Projects located in Highly Impacted Communities as defined in the Air District Community Air Risk Evaluation (CARE) Program and/or a Planned or Potential Priority Development Area (PDA) may receive a maximum of three years of TFCA Regional Funds under the Pilot designation and must meet the following requirements:
    - i. During the first year of operation, projects must not exceed a cost-effectiveness of \$500,000/ton,
    - ii. By the end of the second year of operation, projects must not exceed a cost-effectiveness of \$200,000/ton, and
    - iii. By the end of the third year of operation, projects must not exceed a cost-effectiveness of \$175,000/ton (see Policy #2) and meet all of the requirements of Policy #27 (existing shuttles).
  - e. Projects located outside of CARE areas and PDAs may receive a maximum of two years of TFCA Regional Funds under this designation and must meet the following requirements:
    - i. By the end of the first year of operation, projects shall cost \$200,000 or less per ton (cost-effectiveness rating), and
    - ii. By the end of the second year of operation, projects shall cost \$175,000 or less per ton (cost-effectiveness rating) (see Policy #2) and shall meet all of the requirements of Policy #27 (existing shuttles).

#### Regional Ridesharing

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

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

#### Bicycle Facility Projects

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

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

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

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

Field Code Changed

Sponsor to maintain, repair, upgrade, rehabilitate, or operate the electronic lockers are not eligible as matching funds.

**REGIONAL FUND EVALUATION CRITERIA:**

1. **Shuttle/Feeder Bus Service and Ridesharing Projects:** The Air District will evaluate complete applications received by the submittal deadline based on the TFCA Regional Fund policies. All eligible projects will be ranked for funding based on cost-effectiveness. At least sixty percent (60%) of the funds will be reserved for eligible projects that meet one or more of the following District priorities:
  - a. Projects in Highly Impacted Communities or Episodic Areas as defined in the Air District Community Air Risk Evaluation (CARE) Program;
  - b. Priority Development Areas.The Air District will evaluate all shuttle/feeder bus service and ridesharing project applications received after the submittal deadline on a first-come, first-served basis, based on the TFCA Regional Fund policies.
2. **Electronic Bicycle Locker(s) Projects: Applications will be evaluated on a first-come, first-served basis.**

**Workshop: FYE 2015 Policies for Zero, Partial Zero Emissions and Alternative Fuel Vehicle Infrastructure Programs**

Date of Webinar: October 29, 2014

Questions & Comments

**1) In reference to funding awards under Policy #24 (Alternative Fuel Vehicle Infrastructure), the maximum award per project is \$300,000? If you had two projects, the maximum funding you could receive is \$1.25 million?**

*Non-public entities applying alternative fuel infrastructure projects that support hydrogen fuel stations would qualify for up to \$300,000 per station. If a project sponsor proposed two hydrogen stations, either as a single application or as two separate applications, the maximum award amount for that non-public applicant would be \$600,000.*

**2) Why are there minimum mileage requirements for vehicle projects?**

*The proposed Policies #22 and 23 are designed to simplify the application process by proactively identifying the maximum funding that can be awarded to an applicant for each vehicle depending on their vehicle usage (mileage). The proposed award amounts directly relate to the cost-effectiveness of the emissions reductions obtained from the project, which determine the amount of funding that can be awarded. This approach is consistent with the approach taken by the Air District's public sector PEV Rebate Program and the California Air Resources Board's California Vehicle Rebate Project (CRVP) and Hybrid Vehicle Incentive Program (HVIP).*

**3) Why must applicants apply for the purchase of a minimum of 5 vehicles to qualify for funding?**

*A minimum vehicle purchase requirement applies to only light-duty zero and light-duty partial-zero emissions vehicles for fleets.*

***Please note that the minimum purchase requirement for fleet purchases was reduced down to three vehicles to maximize the opportunity for program participation by eligible entities.***

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

Memorandum

To: Chairperson Scott Haggerty and Members  
of the Mobile Source Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: December 4, 2014

Re: Transportation Fund for Clean Air (TFCA) Cost-Effectiveness Report

RECOMMENDATION

None. Receive and file the TFCA Report on Expenditures and Effectiveness of Regional Fund and Air District-Sponsored Programs and Projects Closing in Fiscal Year Ending (FYE) 2014 (Attachment 1).

BACKGROUND

In 1991, the California State Legislature authorized the Bay Area Air Quality Management District (Air District) to impose a \$4 surcharge on motor vehicles registered within its nine-county jurisdiction to fund projects that reduce on-road motor vehicle emissions. The Air District allocates these funds to eligible projects through the Transportation Fund for Clean Air (TFCA). The statutory authority for the TFCA and requirements of the program are set forth in California Health and Safety Code (HSC) Sections 44241, and 44242.

Sixty percent of TFCA funds are awarded by the Air District to eligible programs implemented directly by the Air District (e.g., the Enhanced Mobile Source Inspections/Smoking Vehicle and the Spare the Air Programs) and through a grant program known as the Regional Fund. The remaining forty percent of TFCA funds are forwarded to a designated agency within each Bay Area county to be distributed via the County Program Manager Fund.

HSC Section 44241, requires that the Air District Board of Directors hold an annual public hearing to review the expenditure of TFCA funds to determine their effectiveness in improving air quality.

DISCUSSION

The TFCA Report on Expenditures and Effectiveness of Regional Fund and Air District-sponsored programs and projects closing in FYE 2014 (report), provided in Attachment 1, summarizes the expenditures and effectiveness of the projects and programs that concluded during FYE 2014. The following are the key findings of the report:

- TFCA funds were allocated to eligible projects and programs, consistent with the legislation that authorizes the TFCA program.

- The TFCA expenditures for projects and programs that concluded in FYE 2014, totaled \$8.84 million. This includes \$4.46 million in Regional Fund projects, \$3.58 million in Air District-sponsored programs, and \$803,192 in administrative and indirect costs.
- These projects and programs reduced criteria pollutant emissions over their lifetimes by an estimated 229.57 tons, including 72.83 tons of reactive organic gases (ROG), 92.30 tons of nitrogen oxides (NOx), and 64.45 tons of particulate matter (PM10). The lifetime reduction of carbon dioxide (CO2), a greenhouse gas, is estimated to be over 116,327 tons.
- These projects and programs achieved a combined (average) cost-effectiveness of \$39,332 per ton of criteria pollutant emissions reduced.

A discussion of the expenditures, emission reductions, and cost-effectiveness of the TFCA Regional Fund and Air District-sponsored programs and projects closing in FYE 2014 will be presented to the Mobile Source Committee. This information is also available in Attachment 1.

#### BUDGET CONSIDERATION/FINANCIAL IMPACT

None. The Air District distributes program monies as “pass-through” funds on a reimbursement basis. Administrative costs for project staffing are provided by the Air District’s Transportation Fund for Clean Air.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Linda Hui  
Reviewed by: Karen Schkolnick

Attachment 1: TFCA Report on Expenditures and Effectiveness of Regional Fund and Air District-Sponsored Programs and Projects Closing in FYE 2014



**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

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

**REPORT ON EXPENDITURES AND EFFECTIVENESS  
OF REGIONAL FUND AND AIR DISTRICT-  
SPONSORED PROGRAMS AND PROJECTS  
CLOSING IN  
FISCAL YEAR ENDING (FYE) 2014**

939 Ellis Street, San Francisco, CA 94109  
[www.baaqmd.gov](http://www.baaqmd.gov)

December 2014

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# THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT

The California Legislature created the Bay Area Air Quality Management District (Air 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.

## BACKGROUND

On-road motor vehicles, including cars, trucks, and buses, constitute the most significant source of air pollution in the San Francisco Bay Area. Vehicle emissions contribute to unhealthy levels of ozone (summertime "smog"), particulate matter, and greenhouse gases. Because of this, emission reductions from the on-road transportation sector are essential to helping the Bay Area attain State and Federal ambient air quality standards and meet greenhouse gas reduction commitments.

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 *2010 Clean Air Plan (CAP)* 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 mobile source measures (MSMs), which encourage the introduction of newer, cleaner motor vehicle technologies and the retirement of older, more polluting vehicles.

## THE TRANSPORTATION FUND FOR CLEAN AIR (TFCA)

In 1991, 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) 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 of TFCA funds are awarded by the Air District's Board of Directors to eligible programs and projects implemented directly by the Air District (e.g., the Enhanced Mobile Source Inspections/Smoking Vehicle, Vehicle Buy-Back, Spare the Air, and Bicycle Facility Programs) and through a grant program known as the Regional Fund. The remaining forty percent of TFCA funds are forwarded to a designated agency within each Bay Area county to be distributed via the County Program Manager Fund.

Each year, the Air District Board of Directors adopts criteria for the evaluation and ranking of project applications for the TFCA Program. Cost-effectiveness, expressed in terms of TFCA dollars per ton of reduced emissions, is the most important criterion for ranking projects.

TFCA-funded projects have many benefits, including the following:

- Reducing air pollution, including toxic particulate matter;
- Conserving energy and helping to reduce emissions of carbon dioxide (CO<sub>2</sub>), a greenhouse gas;
- Reducing traffic congestion; and
- Improving physical fitness and public safety by facilitating pedestrian and other car-free modes of travel.

**State legislation restricts TFCA funding to the following 11 types of projects:**

- Implementation of ridesharing programs
- Clean fuel school and transit bus purchases or leases
- Feeder bus or shuttle service to rail and ferry stations and to airports
- Arterial traffic management
- Rail-bus integration and regional transit information systems
- Demonstrations in congestion pricing of highways, bridges and public transit
- Low-emission vehicle projects
- Smoking vehicles program
- Vehicle buy-back scrappage program
- Bicycle facility improvement projects
- Physical improvements that support “smart growth” projects

This report summarizes expenditures and effectiveness of the TFCA Regional Fund projects and Air District-sponsored programs that concluded during fiscal year ending (FYE) 2014.

**Key Highlights**

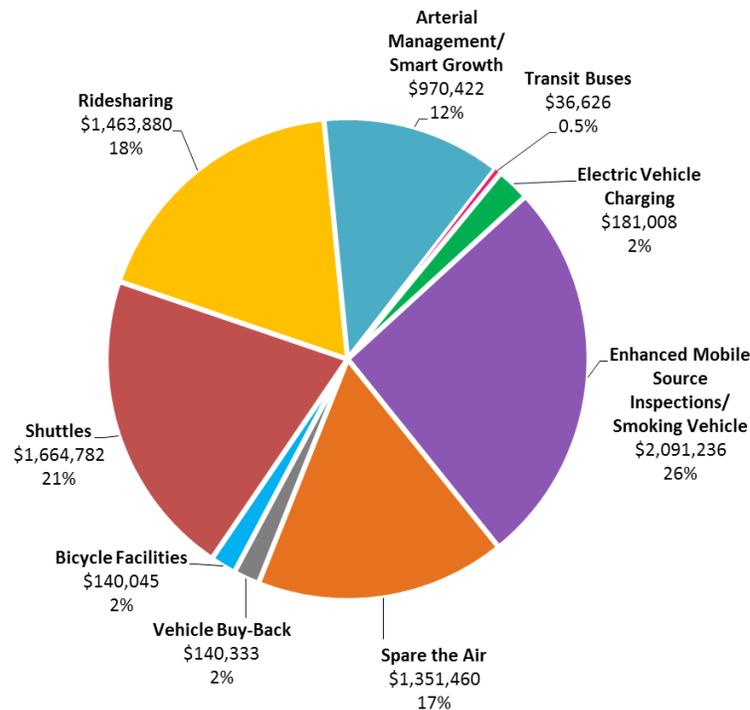
- TFCA funds were allocated to eligible projects and programs, consistent with the legislation that authorizes the TFCA program.
- The TFCA expenditures for projects and programs that concluded in FYE 2014, totaled \$8.84 million. This includes \$4.46 million in Regional Fund projects, \$3.58 million in Air District-sponsored programs, and \$803,192 in administrative and indirect costs.
- These projects and programs reduced criteria pollutant emissions over their lifetimes by an estimated 229.57 tons, including 72.83 tons of reactive organic gases (ROG), 92.30 tons of nitrogen oxides (NO<sub>x</sub>), and 64.45 tons of particulate matter (PM<sub>10</sub>). The lifetime reduction of carbon dioxide (CO<sub>2</sub>), a greenhouse gas, is estimated to be over 116,327 tons.
- These projects and programs achieved a combined (average) cost-effectiveness of \$39,332 per ton of criteria pollutant emissions reduced.

# EXPENDITURES

The expenditure of TFCA Regional Fund and Air District-sponsored projects and programs that concluded in FYE 2014 totaled \$8.84 million. This total includes \$3.58 million for the programs administered directly by the Air District and \$4.46 million in Regional Fund grants to other organizations. In addition, the Air District expended \$803,192 in administrative and audit costs associated with the oversight of these projects and programs.<sup>1</sup> **Appendix A** lists expenditure details.

A summary of the expenditures for the TFCA Regional Fund projects and Air District-sponsored programs that concluded in FYE 2014 is shown in **Figure 1**.

**Figure 1. Expenditures for Projects and Programs Closing in FYE 2014**



# EFFECTIVENESS

The cost-effectiveness of TFCA projects and programs is calculated by dividing the TFCA funds allocated or awarded by the lifetime criteria pollutant emissions reductions (ROG, NO<sub>x</sub>, and weighted PM<sub>10</sub> combined). The result is TFCA dollars per ton of reduced emissions.

Projects and programs concluding in FYE 2014 are anticipated to reduce criteria pollutant emissions over their lifetimes by an estimated total of 229.57 tons. This total is the sum of ozone precursors (72.83 tons of ROG and 92.30 tons of NO<sub>x</sub>) and particulate matter (64.45 tons of PM<sub>10</sub>). The lifetime reduction of CO<sub>2</sub> is estimated to be over 116,327 tons.<sup>2</sup>

<sup>1</sup> In FYE 2014, total TFCA revenues, for both the Regional Fund and County Program Manager Fund, were \$23.26 million. Administrative and audit costs across both programs totaled \$1.34 million.

<sup>2</sup> Lifetime reduction in carbon dioxide from the Enhanced Mobile Source Inspections/Smoking Vehicle and Vehicle Buy-Back Programs are not included in the total amount.

The Regional Fund projects and Air District-sponsored programs that concluded in FYE 2014 achieved a combined (average) cost-effectiveness of \$39,332 per ton of criteria pollutant emissions reduced.

A summary of expenditures, emission reductions, and cost-effectiveness values by program category is provided in **Table 1**.

**Table 1: Emission Reductions and Cost-Effectiveness (C/E) by Program Category for Projects and Programs Concluding in FYE 2014**

Category	# of Projects	TFCA \$ Expended	% of TFCA \$ Expended	Emissions Reduced (tons) <sup>a</sup>	% of Emissions Reduced	C/E - Weighted (\$/tons) <sup>b</sup>
Bicycle Facilities	3	\$140,045	1.74%	1.75 <sup>c</sup>	0.76%	\$90,000
Shuttles	7	\$1,664,782	20.71%	15.70	6.84%	\$80,104 <sup>d</sup>
Ridesharing	3	\$1,463,880	18.21%	59.91	26.10%	\$19,100
Arterial Management/Smart Growth	5	\$970,422	12.07%	16.24	7.07%	\$26,721 <sup>e</sup>
Transit Buses	1	\$36,626	0.46%	0.44	0.19%	\$78,220
Electric Vehicle Charging	3	\$181,008	2.25%	0.54	0.23%	\$78,312
Enhanced Mobile Source Inspections/Smoking Vehicle Program	1	\$2,091,236	26.01%	4.89	2.13%	\$277,346 <sup>f</sup>
Spare the Air Program	1	\$1,351,460	16.81%	122.72	53.46%	\$37,813 <sup>g</sup>
Vehicle Buy-Back Program	1	\$140,333 <sup>h</sup>	1.75%	7.38 <sup>i</sup>	3.22%	\$6,089
<b>Total for Projects and Programs<sup>j</sup></b>	<b>25</b>	<b>\$8,039,794</b>	<b>100%</b>	<b>229.57</b>	<b>100%</b>	<b>\$39,332</b>
<b>Administration</b>		<b>\$803,192</b>				

(a) Lifetime emission reductions of ROG, NO<sub>x</sub>, and PM<sub>10</sub> combined.

(b) Consistent with the current California Air Resources Board methodology to calculate cost-effectiveness for the Carl Moyer Program (CMP), PM emissions were weighted by a factor of 20 to account for their harmful impacts on human health.

(c) Emissions reduced from the bicycle facility projects were determined using the default cost-effectiveness value of \$90,000 per ton of emissions reduced.

(d) Three of seven projects met the established cost-effectiveness cap, and four projects did not.

(e) Two of five projects met the established cost-effectiveness cap, and three projects did not. Cost-effectiveness for one project could not be determined.

(f) The resulting cost-effectiveness value was higher than \$90,000/tons of reduced emissions.

(g) In FYE 2014, the resulting C/E was \$37,813/tons of reduced emissions compared to \$140,430/tons of reduced emissions in FYE. This difference is due to major changes in program evaluation where emissions were calculated based on episodes for FYE 2013, and emissions were calculated based on year-long trip reduction activities for FYE 2014.

(h) Total FYE 2014 program cost was \$5,476,225.44, which includes funds from CMP, Mobile Source Incentive Fund (MSIF), and TFCA.

(i) Emission reductions were proportioned based on the proportion of TFCA dollars spent on the program.

(j) Total may vary due to rounding.

Eight of the 25 projects and programs listed in Table 1 achieved lower-than originally estimated emissions reductions. The following sections provide further analysis of the Enhanced Mobile Source Inspection/Smoking Vehicle, Shuttle, and Arterial Management/Smart Growth Programs.

## ENHANCED MOBILE SOURCE INSPECTION/SMOKING VEHICLE PROGRAM

In FYE 2014, this program achieved a final cost-effectiveness of \$277,236 per tons of emissions reduced. This result is based on the completed repair of 88 vehicles (31 diesel vehicles and 57 gasoline vehicles). The program also logged 21,240 hours of patrol; however, patrol work does not currently factor into the cost-effectiveness calculation. In comparison, for FYE 2013 the program completed the repair of 211 vehicles (2

buses, 85 diesel vehicles, and 124 gasoline vehicles) and achieved a cost-effectiveness of \$57,257 per tons of emissions reduced.

While the program's scope has expanded since FYE 2013, the cost-effectiveness methodology is still tied to the number of repaired vehicles. Staff is exploring options to refine this methodology in order to ensure all emission reductions are captured.

## SHUTTLE PROGRAM

The Shuttle Program, consisting of seven projects that closed in FYE 2014, achieved a total cost-effectiveness of \$80,104 per ton of emissions reduced.

Three of the seven projects in this category met the established cost-effectiveness cap for the program and four projects did not.<sup>3</sup> The major reasons for projects exceeding the cost-effectiveness threshold are: 1) pre-project assumptions differed significantly from post-project results (e.g., ridership and survey data), and 2) as engines become cleaner over time,<sup>4</sup> the baseline of emissions reduced has fallen making shuttle projects less cost-effective over time.

In response to these issues, staff is exploring the option of having a third-party vendor conduct surveys of funded shuttle projects. This would streamline and standardize the data collection process and the data collected would also help to inform potential pilot-project sponsors' default assumptions during the pre-project application process. In addition, staff is also exploring options to refine the pre- and post-evaluation methodology in order to ensure all emission reductions are captured.

## ARTERIAL MANAGEMENT/SMART GROWTH PROGRAM

The Arterial Management/Smart Growth Program, consisting of five projects that closed in FYE 2014, achieved a total cost-effectiveness of \$26,721 per ton of emissions reduced.

Two of the five projects in this category met the \$90,000 per ton of emissions reduced cost-effectiveness cap for the program, two projects did not, and one project's cost-effectiveness could not be determined. Similar to the Shuttle Program, the major reasons for projects exceeding the cost-effectiveness threshold are: 1) pre-project assumptions differ significantly from post-project results, and 2) post-project results do not reflect realized benefits, since traffic counts were completed immediately after project completion. In other words, people need time to change their travel behavior, which may take a few years after project is completed. Finally, the cost-effectiveness for one project cannot be determined due to an environmental factor that appears to have affected the results; data was collected on a day when a nearby bikeway was temporarily closed (bicycle counts collected may be a direct result from both the closure as well as the project).

In response to these issues, staff is exploring the option to having a third-party vendor conduct surveys of funded arterial management/smart growth projects. This would streamline and standardize the data collection process and the data collected would also help to inform potential pilot-project sponsors' default assumptions during the pre-project application process.

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<sup>3</sup> For the purpose of this report, the shuttle projects that closed in FYE 2014 had a cost-effectiveness cap of \$90,000 per ton of emissions reduced for existing projects and a cap of \$125,000 per ton of emissions reduced for pilot projects.

<sup>4</sup> This is due to changes in Air Resources Board regulations and changes in engine emissions standards.

## APPENDIX A: TFCA REGIONAL FUND PROJECTS AND AIR DISTRICT PROGRAMS CONCLUDING IN FYE 2014

Project #	Sponsor	Project Title	C/E - Weighted (\$/tons)	TFCA \$ Expended
03R24	City of Oakland	Coliseum Transit Hub Streetscape Improvements	\$153,433	\$303,188.00
06R07	City of El Cerrito	San Pablo Avenue Transit, Streetscape, Bicycle and Pedestrian Access Improvements	cannot be determined	\$172,441.47
07BFP24	San Francisco Recreation and Parks Dept.	Marina Pedestrian and Bicycle Improvement Project	\$90,000	\$40,045.00
07R65	City of Burlingame	Bayshore Highway Corridor Interconnect	\$162,890	\$105,642.86
08BFP03	County of Sonoma	County of Sonoma Electronic Bicycle Locker Program	\$90,000	\$70,000.00
08R71	City of San Ramon	Crow Canyon Rd. Signal Timing	\$7,468	\$124,700.00
08R72	City of San Ramon	Bollinger Canyon Road Signal Timing Project	\$15,561	\$264,450.00
08R76	Solano Transportation Authority	Safe Route to School Program	\$77,963	\$399,999.56
09BFP16	Alameda County Public Works Agency	Class II Bicycle Lane on Greenville Road	\$90,000	\$30,000.00
09R24	UC Davis Fleet	(1) CNG Bus	\$78,220	\$36,625.88
09R32	City & County of San Francisco	(60) Electric Vehicle Charging Spots	\$69,305	\$84,206.70
09R35	County of Santa Clara	(40) Electric Vehicle Charging Spots	\$89,952	\$12,858.00
09R39	County of Alameda	(40) Electric Vehicle Charging Spots	\$88,044	\$83,943.62
11R05	Metropolitan Transportation Commission	511 Rideshare Program	\$15,468	\$943,880.93
11R12	City of Richmond	Transmetro (Richmond Circular and Marina Bay Shuttle Routes)	\$1,356,566 <sup>a</sup>	\$313,036.00
11R16	City of Alameda	Estuary Crossing Bicycle/College Shuttle	\$640,106 <sup>a</sup>	\$104,402.54
12R06	San Joaquin Regional Rail Commission	Shuttle Route 53	\$57,344	\$44,000.00
12R07	City of Redwood City	Midpoint Caltrain Shuttle	\$73,061	\$17,673.52
12R08	San Joaquin Regional Rail Commission	Shuttle Route 54	\$158,332	\$50,000.00
12R12	Associated Students, San Jose State University	SJSU Ridesharing & Trip Reduction	\$11,437	\$120,000.00
12R15	Santa Clara Valley Transportation Authority	ACE Shuttles	\$55,285	\$958,368.17
12R18	City of Oakland	Oakland "B" Shuttle	\$102,550	\$177,302.00
<b>22 Projects</b>			<b>Subtotal Projects:</b>	<b>\$4,456,764.25</b>
FYE 2014	BAAQMD	Enhanced Mobile Source Inspections /Smoking Vehicle Program	\$277,346	\$2,091,235.79
FYE 2014	BAAQMD	Spare the Air	\$37,813	\$1,351,460.31
FYE 2014	BAAQMD	Vehicle Buy-Back <sup>b</sup>	\$6,089	\$140,333.44
<b>3 Programs</b>			<b>Subtotal Air District Programs:</b>	<b>\$3,583,029.54</b>
FYE 2014	BAAQMD	TFCA Regional Fund Administration <sup>c</sup>	N/A	\$803,192.39
<b>Subtotal TFCA Regional Fund Administration:</b>				<b>\$803,192.39</b>
<b>GRAND TOTAL:</b>				<b>\$8,842,986.18</b>

(a) The C/E threshold for these pilots was \$125,000. All other projects and programs must meet a C/E of \$90,000.

(b) Total FYE 2014 program cost (which includes funds from CMP, MSIF, and TFCA) was \$5,476,225.44.

(c) Sixty percent of the total administrative and audit costs expended in FYE 2014.