



BOARD OF DIRECTORS
MOBILE SOURCE AND CLIMATE IMPACTS COMMITTEE

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

COMMITTEE MEMBERS

MYRNA MELGAR – CHAIR
JOHN GIOIA
LYNDA HOPKINS
OTTO LEE
SHAMANN WALTON

SERGIO LOPEZ – VICE CHAIR
JUAN GONZALEZ
DAVID HUDSON
RAY MUELLER
STEVE YOUNG

**MEETING LOCATION(S) FOR IN-PERSON ATTENDANCE BY
COMMITTEE MEMBERS AND MEMBERS OF THE PUBLIC**

**Bay Area Metro Center
1st Floor Yerba Buena Room
375 Beale Street
San Francisco, CA 94105**

**Office of Santa Clara County
Supervisor Otto Lee
70 W Hedding St
East Wing, 10th Floor
San Jose, CA 95110**

**Office of Contra Costa County
Supervisor John Gioia
Conference Room
11780 San Pablo Ave., Suite D
El Cerrito, CA 94530**

THE FOLLOWING STREAMING OPTIONS WILL ALSO BE PROVIDED

These streaming options are provided for convenience only. In the event that streaming connections malfunction for any reason, the Mobile Source and Climate Impacts Committee reserves the right to conduct the meeting without remote webcast and/or Zoom access.

The public may observe this meeting through the webcast by clicking the link available on the air district's agenda webpage at www.baaqmd.gov/bodagendas.

Members of the public may participate remotely via Zoom at <https://bayareametro.zoom.us/j/89471614709>, or may join Zoom by phone by dialing (669) 900-6833 or (408) 638-0968. The Webinar ID for this meeting is: 894 7161 4709

Public Comment on Agenda Items: The public may comment on each item on the agenda as the item is taken up. Members of the public who wish to speak on a matter on the agenda will have two minutes each to address the Committee on that agenda item, unless a different time limit is established by the Chair. No speaker who has already spoken on an item will be entitled to speak to that item again.

The Committee welcomes comments, including criticism, about the policies, procedures, programs, or services of the District, or of the acts or omissions of the Committee. Speakers shall not use threatening, profane, or abusive language which disrupts, disturbs, or otherwise impedes the orderly conduct of a Committee meeting. The District is committed to maintaining a workplace free of unlawful harassment and is mindful that District staff regularly attend Committee meetings. Discriminatory statements or conduct that would potentially violate the Fair Employment and Housing Act – i.e., statements or conduct that is hostile, intimidating, oppressive, or abusive – is *per se* disruptive to a meeting and will not be tolerated.

MOBILE SOURCE AND CLIMATE IMPACTS COMMITTEE MEETING AGENDA

WEDNESDAY, NOVEMBER 8, 2023

1:00 PM

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. Pledge of Allegiance

CONSENT CALENDAR (Item 4)

3. Approval of the Draft Minutes of the Mobile Source and Climate Impacts Committee Meeting of October 11, 2023

The Mobile Source and Climate Impacts Committee will consider approving the Draft Minutes of the Mobile Source and Climate Impacts Committee Meeting of October 11, 2023.

ACTION ITEM(S)

4. Projects and Contracts with Proposed Grant Awards Over \$500,000 and Acceptance of New State Monies

The Committee will consider recommending the Board of Directors approve the award of state and local incentive funding to one project with a proposed grant award in excess of \$500,000 and authorize the Executive Officer/APCO to execute a grant agreement for the recommended project; adopt resolutions to authorize the Air District's participation in Fiscal Year 2023-2024 of the Carl Moyer and Community Air Protection Incentives Programs and authorize the Executive Officer/APCO to enter into all necessary agreements to accept, obligate, and expend program funds. This item will be presented by Chengfeng Wang, Manager in the Strategic Incentives Division.

INFORMATIONAL ITEM(S)

5. Transportation Fund for Clean Air 60% Fund Grant Program Guidance

Staff will present an informational item regarding the Transportation Fund for Clean Air Regional Fund (60% fund), including a summary of eligible projects and programs and how funds have been awarded over the past 5 years and how this funding source complements and leverages other funding sources. Staff will also present options for the allocation of funds beginning in FYE 2025 for the Committee to discuss and provide input. Based on the Committee's guidance, staff will return in Spring 2024 with recommendations on how to best leverage and utilize the Transportation Fund for Clean Air Funds in the coming years. This item will be presented by Minda Berbeco, PhD., Manager in the Strategic Incentives Division.

6. Transportation Fund for Clean Air Program Audit #24 Results

This is an informational item for the Committee's review regarding the results of Audit #24 of the Transportation Fund for Clean Air. This item will be presented by Clair Keleher, Senior Staff Specialist in the Strategic Incentives Division.

7. Clean Cars for All Program Update

Staff will present an informational item with an update on the Air District's Clean Cars for All Program and upcoming program changes. This item will be presented by Deanna Yee, Staff Specialist.

OTHER BUSINESS

8. Public Comment on Non-Agenda Matters

Pursuant to Government Code Section 54954.3, members of the public who wish to speak on matters not on the agenda will be given an opportunity to address the Committee. Members of the public will have two minutes each to address the Committee, unless a different time limit is established by the Chair. The Committee welcomes comments, including criticism, about the policies, procedures, programs, or services of the District, or of the acts or omissions of the Committee. Speakers shall not use threatening, profane, or abusive language which disrupts, disturbs, or otherwise impedes the orderly conduct of a Committee meeting. The District is committed to maintaining a workplace free of unlawful harassment and is mindful that District staff regularly attend Committee meetings. Discriminatory statements or conduct that would potentially violate the Fair Employment and Housing Act – i.e., statements or conduct that is hostile, intimidating, oppressive, or abusive – is per se disruptive to a meeting and will not be tolerated.

9. Committee Member Comments

Any member of the Committee, 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)

10. Time and Place of Next Meeting

Wednesday, December 13, 2023, at 1:00 p.m. at 375 Beale Street, San Francisco, CA 94105. The meeting will be in-person for the Mobile Source and Climate Impacts Committee members and members of the public will be able to either join in-person or via webcast.

11. Adjournment

The Committee meeting shall be adjourned by the Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
375 BEALE STREET, SAN FRANCISCO, CA 94105
vjohnson@baaqmd.gov

(415) 749-4941
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- 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 Air District's offices at 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

Accessibility and Non-Discrimination Policy

The Bay Area Air Quality Management District (Air District) does not discriminate on the basis of race, national origin, ethnic group identification, ancestry, religion, age, sex, sexual orientation, gender identity, gender expression, color, genetic information, medical condition, or mental or physical disability, or any other attribute or belief protected by law.

It is the Air District's policy to provide fair and equal access to the benefits of a program or activity administered by Air District. The Air District will not tolerate discrimination against any person(s) seeking to participate in, or receive the benefits of, any program or activity offered or conducted by the Air District. Members of the public who believe they or others were unlawfully denied full and equal access to an Air District program or activity may file a discrimination complaint under this policy. This non-discrimination policy also applies to other people or entities affiliated with Air District, including contractors or grantees that the Air District utilizes to provide benefits and services to members of the public.

Auxiliary aids and services including, for example, qualified interpreters and/or listening devices, to individuals who are deaf or hard of hearing, and to other individuals as necessary to ensure effective communication or an equal opportunity to participate fully in the benefits, activities, programs and services will be provided by the Air District in a timely manner and in such a way as to protect the privacy and independence of the individual. Please contact the Non-Discrimination Coordinator identified below at least three days in advance of a meeting so that arrangements can be made accordingly.

If you believe discrimination has occurred with respect to an Air District program or activity, you may contact the Non-Discrimination Coordinator identified below or visit our website at www.baaqmd.gov/accessibility to learn how and where to file a complaint of discrimination.

Questions regarding this Policy should be directed to the Air District's Non-Discrimination Coordinator, Suma Peesapati, at (415) 749-4967 or by email at speesapati@baaqmd.gov.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
375 BEALE STREET, SAN FRANCISCO, CA 94105
FOR QUESTIONS PLEASE CALL (415) 749-4941**

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

NOVEMBER 2023

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Meeting	Wednesday	1	9:00 a.m.	1 st Floor Board Room
Board of Directors Finance and Administration Committee	Wednesday	1	1:00 p.m.	1 st Floor Board Room
Board of Directors Stationary Source and Climate Impacts Committee	Wednesday	8	10:00 a.m.	1 st Floor, Yerba Buena Room
Board of Directors Mobile Source and Climate Impacts Committee	Wednesday	8	1:00 p.m.	1 st Floor, Yerba Buena Room
Board of Directors Meeting	Wednesday	15	9:00 a.m.	1 st Floor Board Room
Board of Directors Community Equity, Health and Justice Committee	Wednesday	15	1:00 p.m.	1 st Floor Board Room
Community Advisory Council Meeting	Thursday	16	6:00 p.m.	1 st Floor, Yerba Buena Room
Board of Directors Legislative Committee Meeting	Wednesday	29	10:00 a.m.	1 st Floor Board Room

DECEMBER 2023

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Nominating Committee	Wednesday	6	8:45 a.m.	1 st Floor Board Room
Board of Directors Meeting	Wednesday	6	9:00 a.m.	1 st Floor Board Room
Board of Directors Finance and Administration Committee	Wednesday	6	1:00 p.m.	1 st Floor Board Room

DECEMBER 2023

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Stationary Source and Climate Impacts Committee	Wednesday	13	10:00 a.m.	1 st Floor, Yerba Buena Room
Board of Directors Mobile Source and Climate Impacts Committee	Wednesday	13	1:00 p.m.	1 st Floor, Yerba Buena Room
Board of Directors Meeting	Wednesday	20	9:00 a.m.	1 st Floor Board Room
Board of Directors Community Equity, Health and Justice Committee	Wednesday	20	1:00 p.m.	1 st Floor Board Room

MV 10/26/2023 – 12:02 p.m.

G/Board/Executive Office/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Myrna Melgar and Members
of the Mobile Source and Climate Impacts Committee

From: Philip M. Fine
Executive Officer/APCO

Date: November 8, 2023

Re: Approval of the Draft Minutes of the Mobile Source and Climate Impacts Committee
Meeting of October 11, 2023

RECOMMENDED ACTION

Approve the Draft Minutes of the Mobile Source and Climate Impacts Committee Meeting of October 11, 2023

BACKGROUND

None.

DISCUSSION

Attached for your review and approval are the Draft Minutes of the Mobile Source and Climate Impacts Committee Meeting of October 11, 2023.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

ATTACHMENTS:

1. Draft Minutes of the Mobile Source and Climate Impacts Committee Meeting of October 11, 2023

Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, CA 94105
(415) 749-5073

Mobile Source & Climate Impacts Committee
Wednesday, October 11, 2023

DRAFT MINUTES

This meeting was webcast, and a video recording is available on the website of the Bay Area Air Quality Management District at www.baaqmd.gov/bodagendas

CALL TO ORDER

1. **Opening Comments:** Mobile Source & Climate Impacts Committee (Committee) Chairperson, Myrna Melgar, called the meeting to order at 1:01 p.m.

Roll Call:

Present, In-Person (Bay Area Metro Center (375 Beale Street, Yerba Buena Room, San Francisco, California, 94105): Chairperson Myrna Melgar; Vice Chairperson Sergio Lopez; and Directors Juan Gonzalez, Lynda Hopkins, and Ray Mueller.

Present, In-Person Satellite Location (Office of Contra Costa County Supervisor John Gioia, Conference Room, 11780 San Pablo Ave., Suite D, El Cerrito, California 94530): Director John Gioia.

Present, In-Person Satellite Location (Office of Santa Clara County Supervisor Otto Lee, 70 W Hedding Street, East Wing, 10th Floor, San Jose, California 95110): Director Otto Lee.

Absent: Board Chairperson John J. Bauters; and Directors David Hudson, Shamann Walton, and Steve Young.

2. **PLEDGE OF ALLEGIANCE**

CONSENT CALENDAR

3. **APPROVAL OF THE DRAFT MINUTES OF THE MOBILE SOURCE AND CLIMATE IMPACTS COMMITTEE MEETING OF JUNE 14, 2023**

Public Comments

No requests received.

Committee Comments

Director Gonzalez noted that Item 5, Projects And Contracts With Proposed Grant Awards Over \$500,000, stated, “Carl Moyer Program/Obile Source...” but should be changed to “Carl Moyer Program/Mobile Source...”. The Clerk stated that that correction would be made.

Committee Action

Director Gonzalez made a motion, seconded by Director Hopkins, to **approve** the amended Minutes of the Mobile Source and Climate Impacts Committee meeting of June 14, 2023; and the motion **carried** by the following vote of the Committee:

- AYES: Gioia, Gonzalez, Hopkins, Lee, Lopez, Melgar, Mueller.
- NOES: None.
- ABSTAIN: None.
- ABSENT: Bauters, Hudson, Walton, Young.

ACTION ITEMS

4. **PROJECTS AND CONTRACTS WITH PROPOSED GRANT AWARDS OVER \$500,000**

Clair Keleher, Senior Staff Specialist, gave the staff presentation *Projects and Contracts with Proposed Awards Over \$500,000*, including; outcome; outline; Carl Moyer Program/Mobile Source Incentive Fund (CMP/MSIF), Community Air Protection Program (CAPP), and Funding Agricultural Replacement Measures for Emission Reductions (FARMER); Transportation Fund for Clean Air (TFCA); Reformulated Gas Settlement Funds (RFG) Zero-Emission Grant Program; proposed projects; incentive funds awarded and remaining since July 2023 by project category and county; benefits to priority areas since July 2023; and actions requested.

Public Comments

Public comments were given by Jan Warren, Interfaith Climate Action Network of Contra Costa County.

Committee Comments

The Committee and staff discussed the desire to see funding allocations more geographically balanced in the future; the manner in which low-income areas are prioritized into the application evaluation process; whether applicants have access to matching funds for their projects; and whether the motor vehicle registration surcharge fee with 40% of funds distributed to the nine Bay Area congestion management agencies includes electric vehicles (EV) or solely combustion vehicles.

Committee Action

Director Gonzalez made a motion, seconded by Director Hopkins, to recommend the Board **approve** recommended projects with proposed grant awards over \$500,000; and **authorize** the Executive Officer/Air Pollution Control Officer (APCO) to enter into all necessary agreements with applicants for the recommended projects; and the motion **carried** by the following vote of the Committee:

AYES: Gioia, Gonzalez, Hopkins, Lee, Lopez, Melgar, Mueller.
NOES: None.
ABSTAIN: None.
ABSENT: Bauters, Hudson, Walton, Young.

5. **PARTICIPATION IN 2023-2024 FUNDING AGRICULTURAL REDUCTION MEASURES FOR EMISSIONS REDUCTIONS (FARMER) INCENTIVE PROGRAM**

Adriana Kolev, Senior Staff Specialist, gave the staff presentation *Participation in FARMER Incentive Program Year 23-24*, including; action items; outline; FARMER Program; FARMER Year 23-24; and funding; requested actions.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed whether the FARMER program is the only funding program that requires an Air District resolution authorizing the Air District's participation (accepting State funds), or whether that is required for all funding programs.

Committee Action

Director Mueller made a motion, seconded by Director Hopkins, to recommend the Board **authorize** the Air District to accept, obligate, and expend up to \$3.4 million in the new Fiscal Year 2023-2024 State funds from the California Air Resources Board (CARB) for the FARMER program; **adopt** a resolution to authorize the Air District's participation in the FARMER program; and **authorize** the Executive Officer/APCO to enter into all agreements necessary to accept, obligate, and expend this funding, and to execute grant agreements and amendments for projects with individual grant award amounts up to \$500,000; and the motion **carried** by the following vote of the Committee:

AYES: Gioia, Gonzalez, Hopkins, Lee, Lopez, Melgar, Mueller.
NOES: None.
ABSTAIN: None.
ABSENT: Bauters, Hudson, Walton, Young.

6. **UPDATES TO THE TRANSPORTATION FUND FOR CLEAN AIR 40% FUND POLICIES FOR FISCAL YEAR ENDING (FYE) 2025 AND A REQUEST FROM ALAMEDA COUNTY TRANSPORTATION COMMISSION FOR APPROVAL OF A COST-EFFECTIVENESS LIMIT FOR A FYE 2024 PROJECT**

Dr. Minda Berbeco, Manager in the Strategic Incentives Division, gave the staff presentation *Proposed Updates to the Transportation Fund for Clean Air 40% Fund Policies for Fiscal Year Ending 2025*, including; action item; outline; background; timeline for update to FYE 2025 policies; equity; summary of proposed updates for FYE 2025; next steps for future cycles; request for consideration of a cost-effectiveness limit (Policy #3); and recommendation.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed the advantages and disadvantages of providing subgrantees (including projects that are directly sponsored by the administering agencies) with an extended 24 months to commence their projects (policy #6); regarding Alameda County Transportation Commission & City of Hayward’s Request for Consideration of a Cost Effectiveness Limit of \$250,000/ton (Policy #3), whether other programs have other values for cost effectiveness measures and how the value of \$250,000 was determined); reasons for removing and then adding back the consideration for cost-effectiveness; emissions reduction that are anticipated from arterial management/signal synchronization projects; concern about whether the aforementioned project in Hayward conflicts with the Air District’s objectives; Policy #3 (Eligible Projects and Case-by-Case Approval) and whether Bay Area counties may bring forth requested project exemptions; and the desire for a metric for long-term health and wellness benefits for bike and pedestrian transit (provide additional valuations beyond cost effectiveness).

Committee Action

Director Gonzalez made a motion, seconded by Vice Chair Lopez, to recommend the Board **approve** proposed updates to the Transportation Fund for Clean Air 40% Fund Policies for Fiscal Year Ending (FYE) 2025; and **approve** the proposed cost-effectiveness limit to enable Alameda County Transportation Commission (Alameda CTC) to award FYE 2024 TFCA 40% funds to an arterial management project; and the motion **carried** by the following vote of the Committee:

- AYES: Gioia, Gonzalez, Hopkins, Lopez, Melgar, Mueller.
- NOES: None.
- ABSTAIN: None.
- ABSENT: Bauters, Hudson, Lee, Walton, Young.

OTHER BUSINESS

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

No requests received.

8. **COMMITTEE MEMBER COMMENTS**

None.

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

Wednesday, November 8, 2023, at 1:00 p.m. at 375 Beale Street, San Francisco, CA 94105. The meeting will be in-person for the Committee members and members of the public will be able to either join in-person or via webcast.

10. **ADJOURNMENT**

The meeting was adjourned at 1:58 p.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Myrna Melgar and Members
of the Mobile Source and Climate Impacts Committee

From: Philip M. Fine
Executive Officer/APCO

Date: November 8, 2023

Re: Projects and Contracts with Proposed Grant Awards Over \$500,000 and Acceptance
of New State Monies

RECOMMENDED ACTION

Recommend the Board of Directors:

1. Approve the recommended project with a proposed grant award over \$500,000 as shown in Attachment 1 and authorize the Executive Officer/APCO to enter into all necessary agreements with the applicant for the recommended project;
2. Authorize the Bay Area Air Quality Management District to accept, obligate, and expend new fiscal year 2023-2024 State funds from the California Air Resources Board including:
 - a. Up to \$50 million in Community Air Protection Program, or CAPP, Incentives funds, and
 - b. Up to \$24.4 million in Carl Moyer Program Year 26 funds;
3. Allocate up to \$3.3 million in Mobile Source Incentive Funds to provide the required match funding required to participate in the Carl Moyer program; and
4. Adopt resolutions authorizing the Air District's participation in the fiscal year 2023-2024 Carl Moyer and CAPP Incentives programs.

BACKGROUND**Carl Moyer Program and Mobile Source Incentive Fund**

The Bay Area Air Quality Management District (Air District) has participated in the Carl Moyer Program (CMP), in cooperation with the California Air Resources Board (CARB), since the program began in 1998. The CMP provides grants to public and private entities to reduce emissions of nitrogen oxides (NO_x), reactive organic gases (ROG), and particulate matter (PM) from existing heavy-duty engines by either replacing or retrofitting them. Projects eligible under the CMP guidelines include heavy-duty diesel engine applications such as on-road trucks and buses, off-road construction, agricultural equipment, marine vessels, locomotives, stationary agricultural pump engines, and refueling or recharging infrastructure that supports the

deployment of new zero-emission vehicles and equipment. Per AB 1390, at least 50 percent of CMP funds must be awarded to projects that benefit communities with the most significant exposure to air contaminants or localized air contaminants.

Assembly Bill (AB) 923 (Firebaugh), enacted in 2004 (codified as Health and Safety Code (HSC) Section 44225), authorized local air districts to increase motor-vehicle-registration surcharges by up to \$2 additional per vehicle and use the revenue to fund projects eligible under the CMP guidelines. AB 923 revenue is deposited in the Air District's Mobile Source Incentive Fund (MSIF).

Community Air Protection Program - Incentives

In 2017, AB 617 directed CARB, in conjunction with local air districts to establish a new community-focused action framework to improve air quality and reduce exposure to criteria air pollutants and toxic air contaminants in communities most impacted by air pollution. The AB 617 initiative calls for the development of community-identified strategies to address air quality issues in impacted communities, including community-level monitoring, uniform emission reporting across the State, stronger regulation of pollution sources, and incentives for reducing air pollution and public health impacts from mobile and stationary sources.

Beginning in the fiscal year ending (FYE) 2018, the California Legislature approved funding from the State's Greenhouse Gas Reduction Fund (GGRF), which is used to reduce criteria pollutants, toxic air contaminants, and greenhouse gases for the Community Air Protection Program (CAPP). CAPP Incentives funds may be used to fund projects that are eligible under the CMP and on-road truck replacements under the Proposition 1B Goods Movement Emission Reduction Program. Following additional approvals from CARB, CAPP Incentive funds may also potentially be used to fund other types of projects that have been identified and prioritized by communities with an approved Community Emissions Reduction Program, pursuant to HSC Section 44391.2. At least 80% of CAPP Incentives funds must be allocated to projects that benefit disadvantaged communities (Senate Bill (SB) 535), and low-income communities (AB 1550).

Funding Agricultural Replacement Measures for Emission Reductions

In February 2018, CARB developed the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines that outline requirements for eligible agricultural equipment replacement projects evaluated under the CMP guidelines, including harvesting equipment, pump engines, tractors, and other equipment used in agricultural operations. Subsequent updates to the FARMER guidelines expanded eligible projects to include zero-emission demonstration projects and added flexibility for funding zero-emission equipment. Under the California State Budget, GGRF funds are appropriated to CARB for each new cycle of the FARMER program for the continued reduction of criteria, toxic, and greenhouse gas emissions from the agricultural sector.

Transportation Fund for Clean Air

In 1991, the California State Legislature authorized the Air District to impose a \$4 surcharge on motor vehicles registered within the nine-county Bay Area to fund projects that reduce on-road motor vehicle emissions within the Air District's jurisdiction. The statutory authority and requirements for the Transportation Fund for Clean Air (TFCA) are set forth in HSC Sections 44241 and 44242. Sixty percent of TFCA monies are awarded by the Air District to eligible projects and programs implemented directly by the Air District (e.g., Spare the Air program) and to a program referred to as the Regional Fund. The legislation also requires the remaining forty percent to be allocated by formula to the nine designated Bay Area transportation agencies, who in turn award these monies to eligible projects within their county. Each year, the Air District's Board of Directors (Board) allocates funding and adopts policies and evaluation criteria that govern the expenditure of TFCA monies. On April 5, 2023, the Board authorized funding allocations of the sixty-percent portion of the TFCA revenue for use in FYE 2024, and cost-effectiveness limits for Air District-sponsored programs that will be implemented during FYE 2024. On May 17, 2023, the Board adopted policies and evaluation criteria that will govern use of the 60% portion during FYE 2024. This report discusses only the 60% Funds, which is the portion that is awarded directly by the Air District.

Program Revenues, Project Selection, and Results

Attachment 4 shows a list of the Air District's sources of new revenue, including CMP, TFCA, CAPP, MSIF and FARMER, by funding cycle, that are anticipated to be available for award to eligible projects in FYE 2024. These funding sources must be awarded (obligated) and paid to grantees (liquidated) after approved project work has been completed within two to four years from the date of award to the Air District. As new projects are recommended for award, staff work to obligate the oldest source/cycle of funding for which a specific project is eligible. For this reason, a portion of the oldest funding shown in Attachment 4 may have been awarded to projects in the previous fiscal year, and some of the newer funding may remain unallocated during the current year and will be awarded in future years.

Applications for grant funding received by the Air District are reviewed and evaluated for eligibility under the respective governing policies and guidelines established by each funding source, e.g., CARB, the Board. At least quarterly, staff provides updates to the Mobile Source and Climate Impacts Committee or Board of Directors on the status of the CMP, TFCA, CAPP, MSIF and FARMER incentive funding for the current fiscal year, including:

- The total amount of funds awarded to date and amount of funding awarded to projects that will achieve emissions reductions in impacted communities, including AB 617 communities, disadvantaged SB 535 communities, low-income AB 1550 communities, Air District-identified Community Air Risk Evaluation (CARE) areas and, awards to low-income residents;
- The amount of remaining funds available for award; and
- A summary of total funds allocated/awarded by county and by equipment category type.

The reported award/allocations and emissions reduction benefits to impacted communities and counties, which are based on information provided by each applicant, do not include “regional” projects, where all communities receive benefits, or projects where the location of the benefit has not yet been determined.

On April 6, 2022, the Board authorized the Air Pollution Control Office (APCO)/Executive Officer to approve projects with awards up to \$500,000. For all CMP, TFCA, CAPP, MSIF and FARMER projects with proposed awards greater than \$500,000, staff bring recommendations of these projects to the Board for consideration.

DISCUSSION

A solicitation for mobile source projects was conducted between September 19, 2022, and June 8, 2023, and applications were accepted on a rolling basis and evaluated on a first-come, first-served basis. As of July 1, 2023, the Air District had approximately \$145 million available in CMP, MSIF, CAPP Incentives, FARMER, and TFCA funds for eligible projects from a combination of new and prior year funds. Between September 7, 2023, and October 5, 2023, staff completed the evaluation of one application that was received by June 8th, that has a proposed award of over \$500,000. This project will repower one propulsion and four auxiliary diesel engines of a marine excursion vessel and will replace these with a diesel-electric hybrid system.

The recommended project is estimated to reduce over 2.4 tons of NO_x, ROG, and PM emissions per year. The project will provide emissions benefits in priority areas. Staff recommend approval of the allocation of up to \$1,085,00 for this project from a combination of CMP, MSIF, and CAPP Incentives revenues. Attachment 1 provides additional information on the recommended project.

Attachment 2 lists all eligible projects that have been either recommended for award or awarded by the Air District between July 1, 2023, and October 5, 2023, including information about project equipment, award amounts, project locations, estimated emissions reductions, and whether the project will benefit air quality in priority communities. As of October 5, 2023, over \$42.8 million has been awarded or recommended, of which \$3.1 million was allocated to “regional” projects that benefit all communities or where the benefit has not yet been determined. Of the remaining \$39.7 million, over 80 percent of these funds have been awarded or allocated to projects that reduce emissions in disadvantaged SB 535 communities, low-income AB 1550 communities, and/or CARE communities, or to low-income residents. The percentage will change over time as the remaining funds are awarded later in the fiscal year and as more complete information about the location of projects and program participants becomes available.

The charts in Attachment 3 show the status of FYE 2024 incentive funding, distribution of funding by county, and distribution by project category, and are updated at least quarterly.

A competitive solicitation for electric infrastructure to support heavy-duty vehicles and equipment opened on July 19, 2023, and closed on September 12th. Staff are currently reviewing the applications received and will be bringing recommendations for awards to the highest ranked

projects by early 2024. A solicitation for other types of project categories is currently under development and anticipated to open later this calendar year.

New State Monies – Fiscal Year 2023-2024

CARB requires the Air District's Board to authorize participation through the adoption of a resolution for both the CMP and CAP Incentive programs. Participation in the CMP also requires the Air District to commit match funds of at least 15 percent. Up to 6.25 percent of the total funds awarded to the Air District may be used to pay for administrative expenses related to the implementation of these programs.

CMP Year 26

The 2023-2024 California State Budget allocated approximately \$123 million for CARB to distribute to local air districts under the Carl Moyer program for the fiscal year (FY) 2023-2024. The Air District plans to apply for up to \$22 million for the implementation of CMP Year 26 and up to \$2.4 million in funding under the State Reserve Portion of the Carl Moyer Program. In addition, the acceptance of CMP funds requires a minimum of 15 percent in matching funds from local districts and staff are recommending the allocation of up to \$3.3 million in MSIF as match funds for the CMP Year 26 funding cycle.

CAPP Incentives Program

The 2023-2024 California State Budget appropriated \$250 million in Greenhouse Gas Reduction Funds statewide for the CAPP Incentives. The Air District will apply for up to \$50 million of CAP (Year 7) funds for the implementation of programs to provide incentives for eligible projects.

If the Board approves participation in the CMP and CAPP Incentives programs, and following execution of the respective grant agreements with CARB, Air District staff expect to begin accepting applications under these funding cycles in calendar year 2024 for projects eligible under the most current CARB-approved CMP and CAPP Guidelines and any subsequent updates. Applications for eligible projects may be solicited and evaluated competitively or on a first-come, first-served basis. The Air District prioritizes funding for projects that reduce emissions in its priority areas, including AB 617 communities, and disadvantaged and low-income communities.

Each cycle of grant funding that is accepted by the Air District creates an obligation of effort that has a typical duration of between ten to fourteen years, whereby most of the work occurs in the first four to five years, involving project solicitation and outreach, awarding, contracting, inspections, reimbursements, project monitoring, cooperation in audits, and reporting to CARB. Future years work includes continued project monitoring, reporting to CARB, and enforcement action when needed.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The Air District distributes the CMP, MSIF, CAPP Incentive, FARMER, and TFCA funding to project sponsors on a reimbursement basis after the grantee completes all approved project work, which typically takes between 12 months to 3 years. The recommended project listed on Attachment 1 will be awarded a total of \$1,085,000 that will be paid for by one or more of these state and local incentive fund sources upon project completion. Funding for administrative costs to implement these programs, including evaluating, contracting, and monitoring projects for multiple years, is provided by each funding source.

Revenue from CMP Year 26 (including state reserve funds) and CAP Year 7 is anticipated to be up to \$74.4 million. At least 92.75 percent of the funding awarded will be distributed to grantees on a reimbursement basis for direct project expenses, and up to 6.25 percent of the revenue will be used by the Air District for its own administrative costs to implement the programs. These revenues will be budgeted in FYE 25 and future years, as needed. MSIF funds allocated for the CMP Year 26 match will also be budgeted in FYE 25 and future years, as needed.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Adriana Kolev, Daniel Langmaid, and Linda Hui
Reviewed by: Minda Berbeco, Alona Davis, Chengfeng Wang, and Karen Schkolnick

ATTACHMENTS:

1. Recommended Projects with grant awards greater than \$500,000 (evaluated 9/7/23 to 10/5/23)
2. All projects - awarded, allocated, and recommended (7/1/23 to 10/5/23)
3. Funding Facts and Figures 7/1/23 through 9/7/23
4. Sources of Incentive Program Revenue (FYE 2024)
5. Board Resolution CMP FY 2023-2024 (Year 26)
6. Board Resolution CAP FY 2023-2024 (Year 7)
7. FYE 2024 Grant Awards Over 500k and Acceptance of State Monies Presentation

ATTACHMENT 1

Recommended projects with grant awards greater than \$500k (Evaluated between 9/7/23 and 10/5/23)

Carl Moyer Program, Transportation Fund for Clean Air, Mobile Source Incentive Fund, FARMER, and Community Air Protection Program

Project #	Applicant Name	Project Category	Project Description	Proposed Contract Award	Total Project Cost	Emission Reductions (tons per year)			County	Benefits Priority Area(s)
						NO _x	ROG	PM		
23MOY183	Fathom Ventures, LLC	Marine	Repower one propulsion and four auxiliary marine diesel engines to a marine diesel-electric hybrid system in a registered historic survey-capable excursion vessel.	\$1,085,000	\$4,700,124	2.239	0.141	0.082	Alameda / San Francisco / Contra Costa / Solano / Marin	Yes
1	Project			Totals	\$1,085,000	\$4,700,124	2.239	0.141	0.082	

ATTACHMENT 2

Data in this table are updated quarterly. Funds awarded or allocated after the date range below will be reflected in the next quarterly update.

CMP/MSIF, TFCA, FARMER and Community Air Protection Program projects (awarded and allocated between 7/1/23 and 10/5/23)

Project #	Project Category	Project Description	Number of Engines	Proposed Contract Award	Applicant Name	Emission Reductions (tons per year)			County	Board/APCO Approval Date	Benefits Priority Area(s)	Projected Funding Source ¹
						NOx	ROG	PM				
24R01	Trip Reduction	Enhanced Mobile Source & Commuter Benefits Enforcement	n/a	\$ 150,000	BAAQMD	TBD ¹	TBD ¹	TBD ¹	Regional	6/7/2023 ²	N/A	1
24R02	Light Duty (LD) Vehicles	Vehicle Buy Back Program Implementation	n/a	\$ 700,000	BAAQMD	N/A	N/A	N/A	Regional	6/7/2023 ²	N/A	1
24R03	Trip Reduction	Spare The Air/ Intermittent Control/ Flex Your Commute Programs	n/a	\$ 2,290,000	BAAQMD	TBD ¹	TBD ¹	TBD ¹	Regional	6/7/2023 ²	N/A	1
23SBP53	School Bus + Infrastructure	Replace 14 diesel school buses with 14 new electric school buses, and install 11 chargers.	14	\$ 4,822,770	Safrans Transportation, Inc.	0.739	0.040	0.004	Santa Clara	7/19/23	Yes	1, 2
23MOY44	Off-Road	Repower two Tier-1, one Tier-4 Interim, and two Tier-4 final diesel-powered rubber-tired gantry cranes (RTGs) with five Hybrid, diesel-electric Tier-4 final RTGs.	5	\$ 1,065,200	Everport Terminal Services	3.707	0.308	0.051	Alameda	7/19/23	Yes	2
23MOY119	Locomotive	Replace one Tier-0 diesel-powered locomotive with a Tier-4 final diesel-powered locomotive.	1	\$ 828,000	Richmond Pacific Railroad	2.501	0.431	0.124	Contra Costa	7/19/23	Yes	2
23MOY62	Ag/ off-road	Replace two Tier-0 with two Tier-4 diesel-powered agriculture loaders	2	\$ 88,000	B/S Ranch	0.140	0.024	0.017	Marin	7/14/23	Yes	2
23MOY155	Ag/ off-road	Replace three Tier-1 with three Tier-4 diesel-powered agriculture tractors, and two Tier-2 with two Tier-4 diesel-powered agriculture tractor	3	\$ 232,950	Kistler Vineyards LLC	0.609	0.085	0.066	Sonoma	7/24/23	Yes	2
23MOY93	Ag/ off-road	Replace one Tier-2 with one Tier-4 diesel-powered agriculture tractor	1	\$ 58,250	Massa LLC	0.091	0.005	0.005	Napa	7/24/23	No	2
23MOY118	Ag/ off-road	Replace two Tier-1 to two Tier-4 diesel-powered agriculture tractor/crawler	2	\$ 147,600	Renteria Vineyard Management, LLC	0.239	0.045	0.035	Napa	7/26/23	Yes	2
23MOY96	Ag/ off-road	Replace one Tier-0 with one Tier-4 diesel-powered agriculture tractor/crawler, and one Tier-0 with one Tier-4 diesel-powered agriculture tractor	2	\$ 60,600	T and M Agricultural Services LLC	0.052	0.046	0.012	Napa	7/26/23	No	2
23MOY98	Ag/ off-road	Replace one Tier-0 with one Tier-4 diesel-powered agriculture tractor	1	\$ 73,900	Fiorio Farm, Inc	0.588	0.076	0.044	Santa Clara	8/4/23	No	2
23MOY116	Ag/ off-road	Replace one Tier-0 with one Tier-4 diesel-powered agriculture tractor	1	\$ 21,000	Tru2Earth Farm LLC	0.029	0.024	0.006	Santa Clara	8/10/23	Yes	2
23MOY74	Ag/ off-road	Replace one Tier-1 with one Tier-4 diesel-powered agriculture other equipment	1	\$ 45,000	Sequoia Grove Vineyards, LP	0.036	0.007	0.005	Napa	8/15/23	No	2
23MOY166	Ag/ off-road	Replace one Tier-0 with one Tier-4 diesel-powered agriculture tractor, and one Tier-1 with one Tier-4 diesel-powered agriculture tractor	2	\$ 145,600	V. Sattui Winery	0.274	0.045	0.033	Napa	8/16/23	No	2
23MOY132	Ag/ off-road	Replace two Tier-0 with two Tier-4 diesel-powered agriculture other equipment	2	\$ 182,500	Dottu Bros. LLC	0.352	0.045	0.028	Sonoma	8/16/23	No	2
23MOY126	Ag/ off-road	Replace one Tier-0 with one Tier-4 diesel-powered agriculture tractor	1	\$ 76,300	Krasilsa Pacific Farms, LLC	0.134	0.016	0.011	Sonoma	8/18/23	No	2
23MOY108	Ag/ off-road	Replace one Tier-1 with one Tier-4 diesel-powered agriculture tractor	1	\$ 62,900	Rocca Family Vineyards	0.130	0.033	0.026	Napa	8/21/23	No	2

ATTACHMENT 2

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CMP/MSIF, TFCA, FARMER and Community Air Protection Program projects (awarded and allocated between 7/1/23 and 10/5/23)

Project #	Project Category	Project Description	Number of Engines	Proposed Contract Award	Applicant Name	Emission Reductions (tons per year)			County	Board/APCO Approval Date	Benefits Priority Area(s)	Projected Funding Source ¹
						NOx	ROG	PM				
23MOY121	Marine	Repower one Tier-0 with one Tier-3 diesel-powered engine on a commercial fishing boat	1	\$ 78,100	Crowl Holdings, LLC	0.205	-0.005	0.009	Marin / San Francisco	8/4/23	Yes	2
23MOY128	Marine	Replace two Tier-2 with two Tier-3 diesel-powered auxiliary engines on an excursion vessel	2	\$ 15,750	Golden Gate Scenic Steamship	0.052	0.009	0.003	Alameda/ Marin/ San Francisco	8/4/23	Yes	2
23SBP54	School Bus	Replace 2 compressed natural gas school buses with 2 electric school buses	2	\$ 847,000	Sunnyvale School District	0.078	0.004	0.000	Santa Clara	9/20/23	Yes	1, 2
23MOY150	EV Trucks + Infrastructure	Replace 18 diesel-powered heavy heavy-duty trucks with 18 electric heavy heavy-duty trucks and install 23 electric vehicle charging stations	18	\$ 4,595,084	Sysco	0.967	0.064	0.002	Alameda	9/20/23	No	1,2
23SBP10	School Bus + Infrastructure	Replace 8 diesel school buses with 8 electric school buses and associated infrastructure	8	\$ 2,749,666	San Mateo Union High School District	0.295	0.017	0.005	San Mateo	9/20/23	Yes	1,2
23MOY52	Locomotive	Replace 7 switcher locomotives with 3 switcher locomotives using two 3-for-1 replacements and one 1-for-1 replacement	7	\$ 3,345,000	Napa Valley Wine Train	11.878	1.204	0.417	Napa	9/20/23	Yes	2
23MOY12	Marine	Repower two Tier 0 engines to Tier 4 engines on a commercial fishing vessel	1	\$ 867,000	Brian Collier	2.554	0.119	0.077	Alameda/ Contra Costa	9/20/23	Yes	2
23MOY145	Marine	Repower two 2018 Tier 3 main engines to 2023 Tier 4 diesel engines on the tug boat Revolution	1	\$ 2,900,000	Amnav Maritime, LLC	15.478	1.935	0.302	Alameda / Contra Costa / San Francisco / San Mateo / Solano	9/20/23	Yes	2
23MOY146	Marine	Repower two 2018 Tier 3 main engines to 2023 Tier 4 diesel engines on the tug boat Sandra Hugh	1	\$ 3,150,000	Amnav Maritime, LLC	16.885	2.110	0.330	Alameda / Contra Costa / San Francisco / San Mateo / Solano	9/20/23	Yes	2
23MOY130	Ag/ off-road	Replace one Tier-0 with Tier-4 diesel-powered agriculture tractor/crawler	1	\$ 31,400	Ramaiah Ale	0.049	0.007	0.004	Contra Costa	8/24/23	Yes	2
23MOY66	Ag/ off-road	Replace one Tier-0 with Tier-4 diesel-powered agriculture excavator	1	\$ 172,400	Cobb Creek Holdings, LLC DBA CCH Ag Services	0.119	0.020	0.014	Napa	8/28/23	No	2
23MOY113	Ag/ off-road	Replace one Tier-0 with Tier-4 diesel-powered agriculture tractor	1	\$ 351,400	E & M Deniz Dairy	0.788	0.076	0.041	Sonoma	8/30/23	No	2
23MOY176	Ag/ off-road	Replace two Tier-2 with Tier-4 diesel-powered agriculture tractor, and two Tier-3 with Tier-4 diesel-powered agriculture tractor	4	\$ 295,600	Dirt Farmer & Company, A California Corporation	0.572	0.041	0.036	Sonoma	8/30/23	No	2
23MOY117	Ag/ off-road	Replace one Tier-2 with Tier-4 diesel-powered agriculture tractor	1	\$ 39,400	Heritage Vineyard Management, Inc	0.035	0.003	0.005	Napa	8/30/23	No	2
23MOY90	Ag/ off-road	Replace three Tier-0 to Tier-4 diesel-powered agriculture equipment, including one tractor, one tractor/crawler, and one loader/backhoe	3	\$ 172,400	Isley Brothers Farming, LLC	0.163	0.068	0.026	Napa	9/1/23	No	2
23MOY136	Ag/ off-road	Replace two Tier-1 with Tier-4 diesel-powered agriculture equipment, including one tractor, and one tractor/crawler	2	\$ 121,150	Barbour Vineyards Management LLC	0.180	0.031	0.023	Napa	9/5/23	No	2
23MOY177	Ag/ off-road	Replace one Tier-1 with Tier-4 diesel-powered agriculture tractor, and one Tier-0 with Tier-4 diesel-powered agriculture tractor	2	\$ 88,600	A Cut Above Viticulture Service inc.	0.127	0.038	0.019	Napa	9/6/23	No	2
23MOY127	Ag/ off-road	Replace one Tier-1 with Tier-4 diesel-powered agriculture tractor	1	\$ 85,200	Circle R Ranch Management LLC	0.135	0.021	0.016	Napa	9/6/23	No	2

ATTACHMENT 2

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CMP/MSIF, TFCA, FARMER and Community Air Protection Program projects (awarded and allocated between 7/1/23 and 10/5/23)

Project #	Project Category	Project Description	Number of Engines	Proposed Contract Award	Applicant Name	Emission Reductions (tons per year)			County	Board/APCO Approval Date	Benefits Priority Area(s)	Projected Funding Source ¹
						NOx	ROG	PM				
23MOY129	Ag/ off-road	Replace one Tier-1 with one Tier-4 diesel-powered agriculture other equipment	1	\$ 93,700	Tim McDonald	0.082	0.019	0.015	Napa	9/12/23	No	2
23SBP172	School Bus Infrastructure	Install 13 electric charging stations and associated infrastructure to support electric school buses	0	\$ 225,000	Zum Services	0.000	0.000	0.000	Alameda	9/13/23	Yes	2
23SBP167	School Bus Infrastructure	Install 221 electric charging stations and associated infrastructure to support electric school buses	0	\$ 1,000,000	Zum Services Inc	0.000	0.000	0.000	San Francisco	TBD	Yes	2
23SBP171	School Bus Infrastructure	Install 74 electric charging stations and associated infrastructure to support electric school buses	0	\$ 985,930	Zum Services Inc	0.000	0.000	0.000	Alameda	TBD	Yes	2, 3
23MOY152	EV Trucks + Infrastructure	Replace 27 diesel-powered heavy-duty trucks with electric trucks and install 27 electric charging stations and associated infrastructure	27	\$ 6,449,000	US Foods, Inc.	1.024	0.069	0.002	Alameda	TBD	Yes	1, 2
23MOY174 ³	Off-Road	Replace 13 large-spark ignition airport ground support equipment units with 13 zero-emissions units	13	\$ 685,975	Swissport USA Inc.	0.662	0.151	0.031	San Mateo	TBD	Yes	2
23MOY182	On-road Infrastructure	Install 16 electric charging stations and associated infrastructure.	0	\$ 330,000	City of Fairfield	0.000	0.000	0.000	Solano	9/19/23	Yes	2
23MOY107	Off-Road	Replace two Tier-0 with Tier-4 diesel-powered agriculture equipment, including one tractor and one tractor/loader	2	\$ 144,100	Brisa Ranch, LLC	0.325	0.049	0.029	San Mateo	9/22/23	No	2
23MOY122	On-road Infrastructure	Install 40 electric charging stations and associated infrastructure.	0	\$ 495,000	FM Greenville	0.000	0.000	0.000	San Mateo	9/25/23	No	2
23MOY160	Off-Road	Replace two Tier-0 with Tier-4 diesel-powered agriculture tractors.	2	\$ 162,900	Bains Farms LLC	0.395	0.057	0.039	Solano	9/28/23	No	2
23MOY151	Off-Road	Replace one Tier-1 with a Tier-4 diesel-powered agriculture tractor/loader.	1	\$ 103,400	Napa Select Vineyard Services, Inc.	0.093	0.021	0.017	Napa	9/29/23	No	2
23MOY144	Off-Road	Replace one Tier-1 with a Tier-4 diesel-powered agriculture tractor/loader.	1	\$ 100,500	Moraga Organic Farms LLC	0.136	0.031	0.025	Alameda	9/29/23	No	2
23MOY183	Marine	Repower one propulsion and four auxiliary marine engines to a marine diesel-electric hybrid system in a registered historic survey-capable excursion vessel.	5	\$ 1,085,000	Fathom Ventures, LLC	2.239	0.141	0.082	Alameda / San Francisco / Contra Costa / Solano / Marin	TBD	Yes	2

TOTALS **49 Projects** **148** **\$** **42,816,225** **65.1** **7.5** **2.0**

† Projected Funding Source includes (1) Transportation Fund for Clean Air; (2) CMP/MSIF, FARMER and Community Air Protection Program; (3) Reformulated Gasoline Fund. At the time of award, this funding source is assigned based on funding availability and project eligibility. However, the actual funding source used to pay out a project may be different from the Projected Funding Source due to a variety of factors such as delays in project implementation or other funding sources becoming available.

¹ Funds have been allocated to these programs and projects and results will be determined at the end of project period.

² Date when BOD approved the program budget for FYE 2024

³ Final project approval is pending case-by-case approval by the California Air Resources Board.

ATTACHMENT 3

Funding Facts and Figures 7/1/23 through 9/7/23 (updated quarterly)

Funding Sources Reported: Transportation Fund for Clean Air (TFCA), Carl Moyer Program (CMP), Community Air Protection Program (CAPP), Mobile Source Incentive Fund (MSIF), and Funding Agricultural Replacement Measures for Emission Reductions (FARMER)

Figure 1. Status of FYE 2024 funding

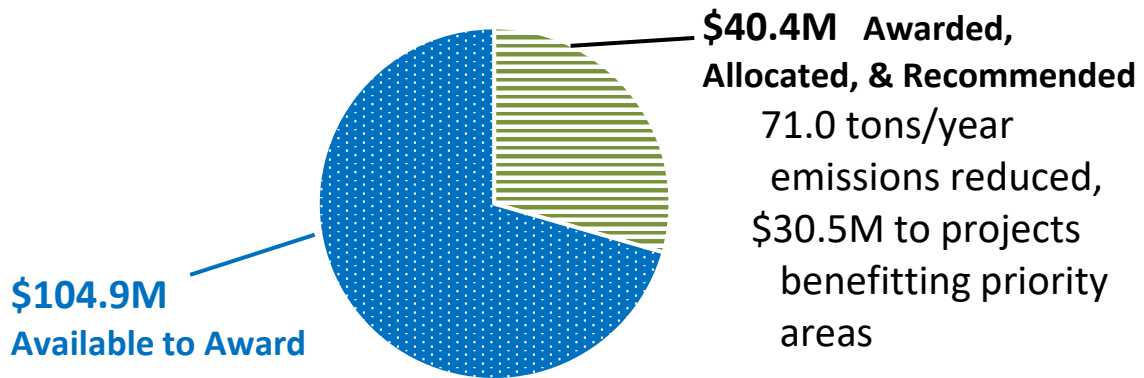


Figure 2. Funding Awarded by County in FYE 2024
includes funds allocated, awarded, & recommended for award

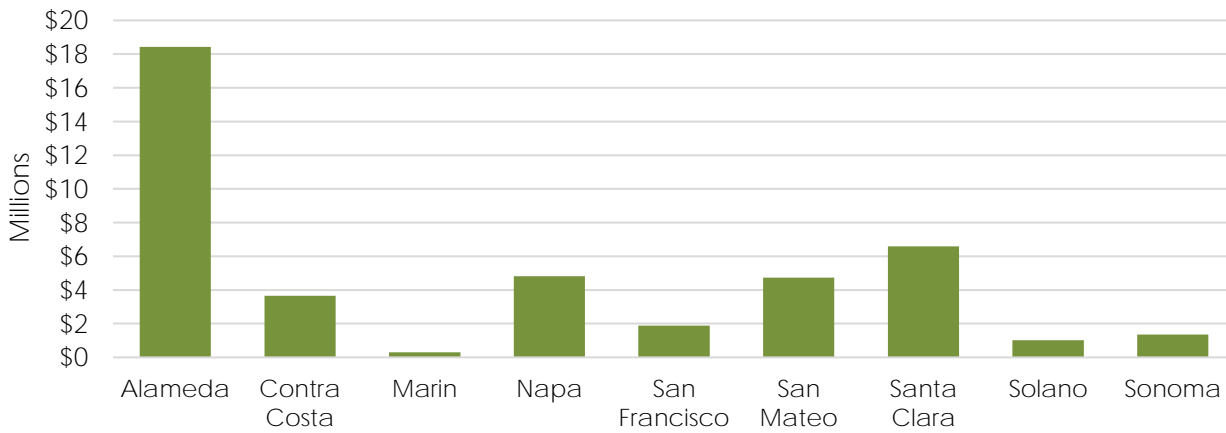
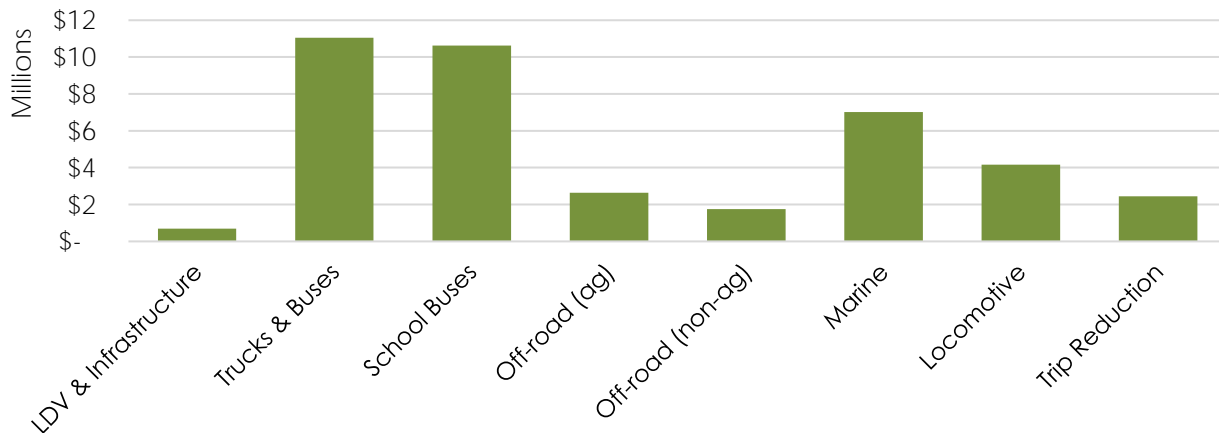


Figure 3. Funding Awarded by Project Category in FYE 2024
includes funds allocated, awarded, & recommended for award



Attachment 4

Sources of Incentive Program Revenue (FYE 2024)*

Funding Source Cycle**	\$ for Projects and Programs (in Millions)	Award Date	Source
CMP Year 24	\$ 26.7***	3/16/2022	CARB
CMP Year 24 State Reserve	\$ 4.5	6/3/2022	CARB
CMP Year 25	\$ 13.6	2/22/2023	CARB
CMP Year 25 State Reserve	\$ 2.8	5/19/2023	CARB
CAPP Incentives Year 5	\$ 35.4***	6/23/2022	CARB
CAPP Incentives Year 6	\$ 32.7	12/27/2022	CARB
FARMER Year 5	\$ 2.4***	12/14/2022	CARB
TFCA 60% Fund FYE 2024	\$ 13.5	accrues monthly	\$4 DMV fees
Mobile Source Incentive Fund FYE 2024	\$ 11.2	accrues monthly	\$2 DMV fees
<i>CMP Year 26</i>	<i>Up to \$22</i>	<i>TBD FYE 2024</i>	<i>CARB</i>
<i>CMP Year 26 State Reserve</i>	<i>Up to \$2.4</i>	<i>TBD FYE 2024</i>	<i>CARB</i>
<i>CAPP Incentives Year 7</i>	<i>Up to \$50</i>	<i>TBD FYE 2024</i>	<i>CARB</i>
<i>FARMER Year 6</i>	<i>Up to \$3.4</i>	<i>TBD FYE 2024</i>	<i>CARB</i>
Total Incentive Revenue Awarded by CARB to Air District	\$142.8		

* This is not a complete listing of all sources of incentive funds managed by the Air District but covers the sources that are discussed in this report.

** Includes Carl Moyer Program (CMP), Community Air Protection Program (CAPP), Funding Agricultural Replacement Measures for Emissions Reduction (FARMER), and Transportation Fund for Clean Air (TFCA).

*** Some revenues were partially obligated to projects in fiscal year ending (FYE) 2023 and therefore full amounts may not be available for award to projects in FYE 2024.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2023 -

**Resolution Accepting Year 26 Carl Moyer Program Funds
From the California Air Resources Board**

WHEREAS, California Health and Safety Code Division 26, Part 5, Chapter 9, empowers the California Air Resources Board (CARB) to allocate Carl Moyer Program funds to local air quality districts to provide financial incentives to both the public and private sectors to implement eligible projects to reduce emissions of oxides of nitrogen (NO_x), reactive organic gases (ROG), and particulate matter (PM) from existing heavy-duty engines by either replacing or retrofitting them;

WHEREAS, California Health and Safety Code section 44287, authorizes CARB to provide an air district with funds if that district provides matching funds in an amount established by ARB;

WHEREAS, the Bay Area Air Quality Management District (District) has successfully implemented the Carl Moyer Program since its inception in 1998;

WHEREAS, the District will be submitting applications to CARB requesting up to \$22 million in Carl Moyer Program funds and up to \$2.4 million in Carl Moyer Program State Reserve funds to implement the Carl Moyer Program within the District for the fiscal year (FY) 2023-2024 (Year 26) cycle;

WHEREAS, the District proposes to commit up to \$3.3 million in matching funds from the District's Mobile Source Incentive Fund (MSIF) as part of the Year 26 Carl Moyer Program cycle, in accordance with the requirements of California Health and Safety Code section 44287;

WHEREAS, eligible projects include vehicle and equipment replacements or retrofits from on-road, marine, locomotive, agricultural, and off-road engines, and infrastructure to support zero-emission equipment;

WHEREAS, the District may consider projects that qualify for grant funds under the requirements for the State Reserve portion of Carl Moyer Program funds;

WHEREAS, the District will follow the most recent version of the Carl Moyer Program Guidelines for the Year 26 CMP cycle, in the implementation of Carl Moyer Year 26 and MSIF funds;

WHEREAS, the District may use up to 6.25 percent of the funds it receives to pay the reasonable costs of implementing the incentive program.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby approves the District's acceptance of FY 2023-2024 CMP funds, including the State Reserve portion thereof, to be awarded to eligible District projects in accordance with legislative and applicable program requirements.

BE IT FURTHER RESOLVED, the District will provide the required matching funds for District projects by allocating local MSIF revenues to eligible emission reduction projects that qualify for Carl Moyer Program matching purposes.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is hereby authorized and empowered to execute on behalf of the District grant agreements with CARB and all other necessary documents to implement and carry out the purposes of this resolution.

The foregoing resolution was duly and regularly introduced, passed, and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the ____ day of _____, 2023, by the following vote of the Board:

AYES:

NOES:

ABSENT:

John J. Bauters
Chairperson of the Board of Directors

ATTEST:

Lynda Hopkins
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2023 -

**Resolution Accepting Fiscal Year 2023-2024
Community Air Protection Incentives Program Grant Funding
from the California Air Resources Board**

WHEREAS, Assembly Bill (AB) 617 directed the California Air Resources Board (ARB), in conjunction with local air districts, to establish the Community Air Protection (CAP) Incentives Program in order to provide a community-focused framework to improve air quality and reduce exposure to criteria air pollutants and toxic air contaminants in communities most impacted by air pollution;

WHEREAS, the Bay Area Air Quality Management District (District) has successfully implemented the CAP Incentives Program since its inception in 2017;

WHEREAS, the District will apply for up to \$50 million in CAP Incentives Program funds to implement the Fiscal Year (FY) 2023-2024 cycle of the CAP program.;

WHEREAS, eligible projects include mobile sources that meet eligibility requirements of the Carl Moyer Program and California Goods Movement Bond Program, stationary source equipment replacement projects that reduce emissions, and community-identified projects consistent with the applicable community emission reduction program pursuant to Section 44391.2 of the CA Health and Safety Code;

WHEREAS, the District will implement emission reduction projects pursuant to the CAP Incentives Guidelines, allocating funding to projects consistent with priorities identified by affected communities in a transparent, meaningful public process;

WHEREAS, the District may use up to 6.25 percent of the funds it receives to pay the reasonable costs of administering the incentive program.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby approves the District's acceptance of FY 2023-2024 CAP Incentives Program funds to be awarded to eligible projects in accordance with legislative and applicable program requirements.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is hereby authorized and empowered to execute on behalf of the District grant agreements with ARB and all other necessary documents to implement and carry out the purposes of this resolution.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District

on the Motion of Director _____, seconded by Director _____,
on the ____ day of _____, 2023, by the following vote of the Board:

AYES:

NOES:

ABSENT:

John J. Bauters
Chairperson of the Board of Directors

ATTEST:

Lynda Hopkins
Secretary of the Board of Directors

DRAFT

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Myrna Melgar and Members
of the Mobile Source and Climate Impacts Committee

From: Philip M. Fine
Executive Officer/APCO

Date: November 8, 2023

Re: Transportation Fund for Clean Air 60% Fund Grant Program Guidance

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

In 1991, the California State Legislature authorized the Department of Motor Vehicles to impose a \$4 surcharge on motor vehicles registered within the nine-county Bay Area to allow the Air District to fund projects that reduce motor vehicle emissions within its jurisdiction. The statutory authority and requirements are set forth in the Health and Safety Code (HSC) Sections 44241 and 44242, and these monies accrue into a fund referred to as the Air District's Transportation Fund for Clean Air (TFCA). Sixty percent of TFCA monies (TFCA 60% Fund) are awarded by the Air District to eligible projects and programs implemented directly by the Air District (e.g., Spare the Air) and to a program referred to as the Regional Fund. The HSC also stipulates that at least forty percent of TFCA monies (TFCA 40% Fund) be passed on to the nine designated transportation agencies. This memo discusses the background and potential opportunities for future uses of the 60% TFCA Funds.

The HSC specifies 11 project categories that are eligible for funding, as shown in Attachment 1, and further specifies that TFCA funds may only be used to fund eligible *mobile source* and *transportation control measures*. *Mobile source measures* encourage the introduction of newer, cleaner motor vehicle technologies and the retirement of older, more polluting vehicles, while *transportation control measures* are strategies to reduce vehicle trips, vehicle use, vehicle miles traveled, vehicle idling, or traffic congestion for reducing motor vehicle emissions. Public agencies are eligible to apply for all project categories, whereas non-public entities are only eligible to apply for vehicle-based projects, such as the installation of charging infrastructure or purchase of new vehicles.

The HSC specifies that the Air District's Board of Directors (Board) must adopt policies for the use of the funds to **maximize emissions reductions and public health benefits**, which are calculated as the cost-effectiveness of reducing air pollution through funds invested. A project's cost-effectiveness is calculated by dividing the amount of TFCA funds awarded by the sum of criteria

pollutant emissions (including reactive organic gases, nitrogen oxides, and particulate matter), reduced by the project during its grant operational period (i.e., project useful life), as shown below:

$$\text{Cost Effectiveness} = \frac{\text{TFCA Funds Awarded}}{\text{Emissions}_{\text{without project}} - \text{Emissions}_{\text{with project}}}$$

A project that has a relatively low cost-effectiveness value means that fewer TFCA funds are needed to reduce one ton of weighted criteria emissions and a project is referred to as being cost-effective if it meets or has a value that is less than the Board cost-effectiveness limit for its specific project category. Typically, a cost-effective project is characterized as having a combination of positive factors, such as high mileage and/or ridership, operation of zero-emission vehicles, a longer project life, and/or relatively high percentages of matching (non-TFCA) funds.

The Board is also required to annually review the expenditure of revenues received to determine their effectiveness in improving air quality. The HSC stipulates that the Air District must expend funds within two years from the date it receives funds from the DMV, although it may grant extensions for projects that take a longer time to implement, such as infrastructure projects. The intent of this requirement is to maximize emissions reductions and public health benefits by ensuring that the approved project is still voluntary and the benefits are surplus to any future regulatory requirements. The Air District must also conduct an independent audit of each project or program at least every two years to ensure that funds awarded have been expended on eligible projects that reduce air pollution from motor vehicles in a manner that is consistent with the HSC.

Each cycle of a TFCA funding program begins early in the calendar year with a presentation to the Committee that summarizes the results of all incentive programs over the prior year, discusses proposed priorities for the coming year, and gathers feedback from Committee members. Based on this input, staff returns with recommendations for Committee consideration of the proposed allocation of the available TFCA 60% Fund monies, followed by the proposed TFCA 60% Fund Policies for the coming fiscal year. Following Board approval of the program policies, staff open solicitations to accept applications later in the calendar year, typically in the Fall. This year we are starting the process early, sharing an update specifically focused on the TFCA program for the purpose of obtaining Board input on guiding principles that the staff will use in the development of FYE 2025 and future TFCA program cycles.

A Brief History of the TFCA and Air District Incentive Funds

1991-2006. The TFCA was the Air District’s first incentive program. The original law only allowed award of monies to public agencies who sponsored any of the 11 eligible project categories. TFCA was used to fund projects sponsored by public agencies including *mobile source measures*, which included conversions to natural gas for high-mileage taxis, heavy-duty trucks, buses, and vans; upgrading heavy-duty vehicles to cleaner diesel; and upgrading light-duty vehicles to hybrid and natural gas technology. TFCA was also used to fund *transportation control measures*, which included all eligible categories, except for congestion pricing demonstrations (which weren’t common at the time). Around 2006, the HSC was amended to allow the Air District to award private entities TFCA monies for vehicle-based projects, such as the repowering

of heavy-duty diesel engines and installation of diesel particulate filters for heavy-duty trucks, including drayage trucks operating in and out of the Port of Oakland.

The Air District began participating in the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer), in cooperation with the California Air Resources Board (CARB), in fiscal year 1998-1999. Subsequently, Assembly Bill (AB) 923 (Firebaugh), enacted in 2004 (codified as HSC Section 44225), authorized local air districts to increase motor-vehicle-registration surcharges by up to \$2 additional per vehicle and use the revenue to fund projects eligible under the Moyer guidelines. This revenue is deposited in the Air District's Mobile Source Incentive Fund (MSIF) and began accruing in 2006.

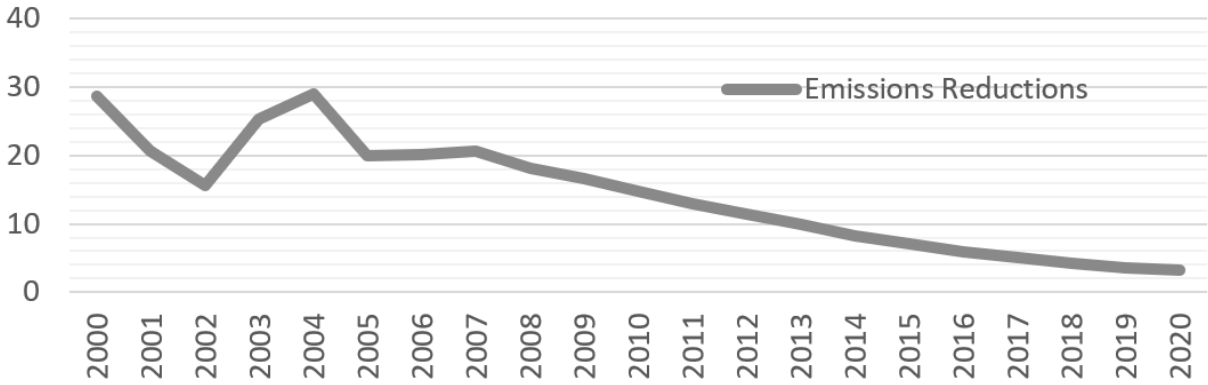
Since 1998 and 2006 respectively, Moyer and MSIF funds have supplemented and complemented the TFCA program by expanding project eligibility and allowing the award of funds to both on and off-road projects.

2007-2023. From 2007 to present, the Air District has continued to add to its portfolio of programs to incentivize mobile source emissions reduction projects. Today, the TFCA 60% Fund now represents only 9% of the monies available for incentivizing mobile source emissions reduction projects.

Due to the phasing in of regulations that require cleaner emission standards and zero-emission technology beginning around 10 years ago, many categories that were originally authorized in 1991 are no longer cost-effective today. For example, over the past several decades, the emissions of personal passenger cars have reduced or improved at a much faster pace than for heavy-duty shuttle and transit vehicles. As a result, the cost-effectiveness limit of this project category had to be raised on multiple occasions to allow funding for this category to continue. Furthermore, projects that have a short project useful life by funding operations rather than infrastructure also struggle to meet cost-effectiveness limits, whereas a project such as a bikeway might have longer-term benefits, well beyond the contractual life of the project.

In the five years between 2013-2017, the emissions reduction benefits of shuttle projects decreased by nearly 46%, and as a result, even with increases to the cost-effectiveness limit, the number of routes that remained eligible for funding decreased from approximately 45 to 24, a 46% reduction. Figure 1 shows the diminishing air quality benefits when replacing 50 passenger cars with one shuttle bus.

Figure 1. Tons of Emissions Reduced by Replacing 50 cars with One Shuttle Bus



Recent regulations adopted by CARB, including the *Advanced Clean Fleets* and *Innovative Clean Transit* regulations, require a percentage of new vehicle purchases by public and private fleet owners to be zero-emission. This makes it increasingly challenging to help fund the transition of medium and heavy-duty vehicles to zero-emissions as compliance deadlines requiring these types of upgrades are phased in. For any fleets that are still eligible, such as smaller transit fleets, cost-effectiveness will continue to be negatively impacted as the project useful life period that can be used for evaluating a project continues to be reduced.

Figures 2 and 3 show the distribution of TFCA 60% Funds awarded by the Board among the remaining eligible project categories and programs over the past five years.

Figure 2. Board Awards by Project Type, FYE 2019-2023

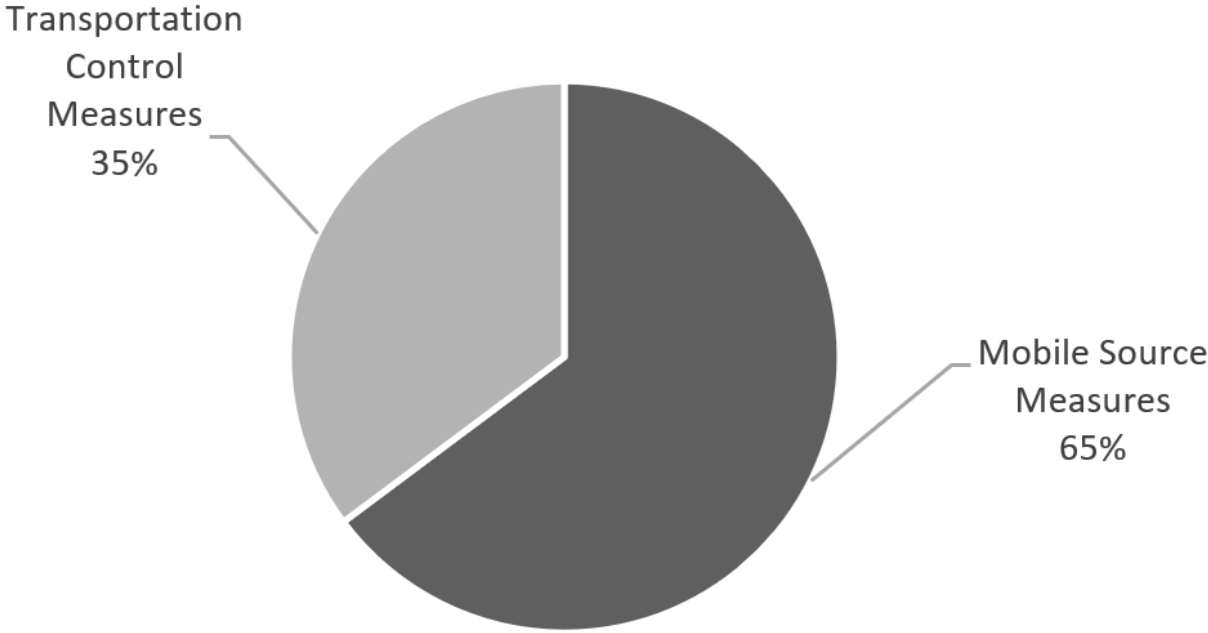
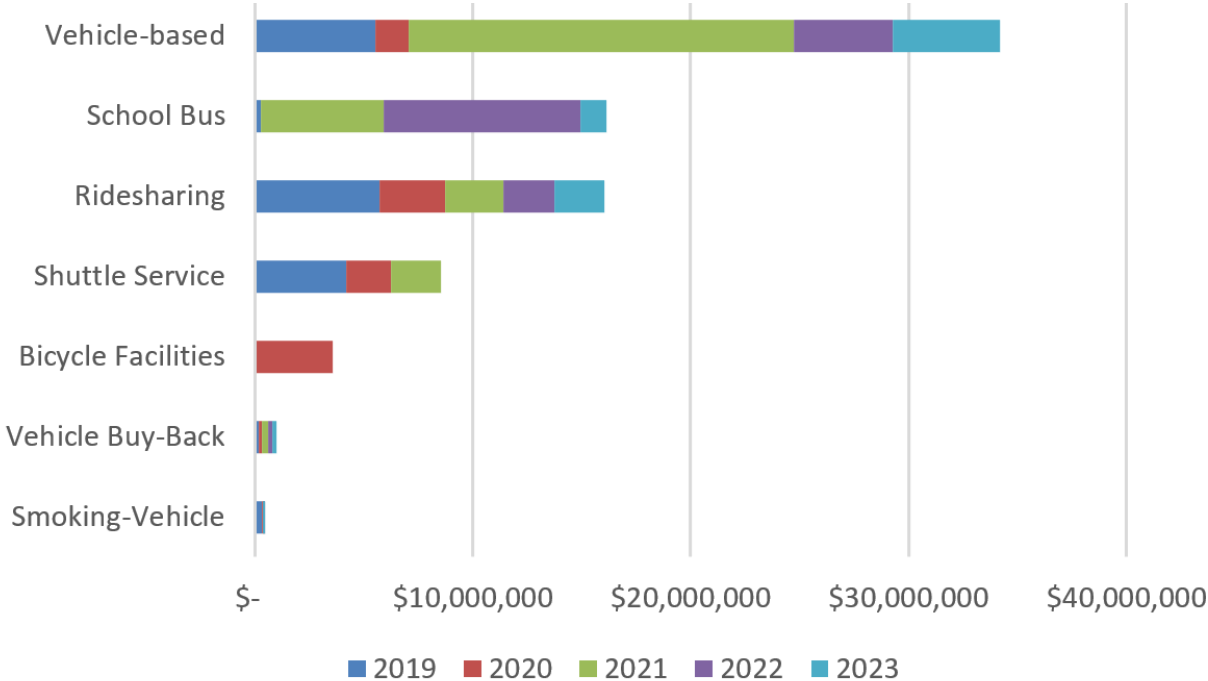


Figure 3. Board Awards by Project Category and by Year, FYE 2019-2023



Development of each project category can take between 18 months and three years, depending on the level of complexity, as it requires a specific program to be developed that may include development of guidelines or policies, an application intake or data management system, program materials including guidelines and outreach strategy, contract templates, evaluation methodologies, and a solicitation process. By leveraging existing resources available for certain categories, such as on-road heavy-duty truck and bus categories and the vehicle buy back program, the Air District can successfully award out funding to eligible projects over a shorter period. This is reflected in the breakdown of project types funded in Figure 3.

DISCUSSION

Attributes of Eligible Categories

Attachment 1 shows a matrix of attributes for each category including average cost-effectiveness, the extent to which the project or program leverages other mobile source emissions reduction incentive programs managed by the Air District (e.g., Moyer, Clean Cars for All), the estimated residual life after the project useful life/grant operational period has been completed, and whether the category provides other benefits (e.g., community and physical health benefits) aside from air quality improvements.

The following is a discussion of each category and its attributes:

- **Vehicle-based projects:** Given the gradual phasing of regulations and rules requiring the clean-up of heavy- and light-duty vehicle engines, this category now can only fund zero-

emission technologies, such as the purchase or lease of zero-emission vehicles and installation of supporting infrastructure. Emission reductions are achieved through replacing (and scrapping) an existing vehicle with a cleaner vehicle. TFCA funds have also been successfully used for more than 12 years to support the installation of light-duty infrastructure stations and a program that today is referred to as Charge! The Air District also recently conducted its first solicitation for charging stations that will support the deployment of heavy-duty vehicles. Going forward, the cost-effectiveness of many vehicle-based projects is expected to decline due to recently adopted regulations by CARB that will over time require most fleet operators to purchase only zero-emissions vehicles, except for school buses. For schoolbuses, TFCA funds have been used to cover costs above that which is allowed by the Moyer program guidelines, such that the Air District can often offer up to 100% funding to public school districts. As a result of this program, the Bay Area has achieved one of the cleanest fleets of school buses in the nation. Although school buses are typically operated less than other types of vehicles (like transit or delivery trucks), they are exempt from the regulations requiring transition to zero-emissions. So, while the cost-effectiveness rate of these projects is typically high, they do not have the diminishing surplus emissions problem that is inherent in all other categories. The Air District has been successful at efficiently awarding TFCA funds to many heavy-duty vehicle project categories, including trucks and buses, by leveraging the materials, systems, and processes used by other funding programs (Moyer, etc.).

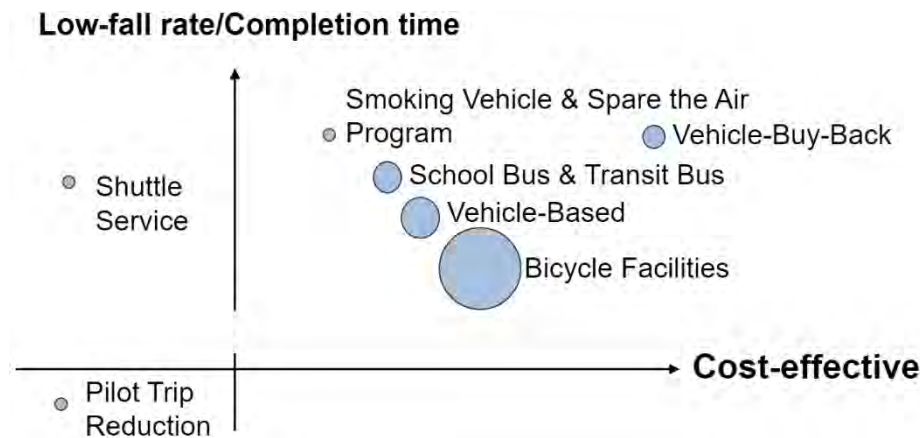
- **A vehicle buy-back scrappage program:** The Vehicle Buy-Back Program follows the vehicle accelerated retirement requirements of the CARB's Moyer program. Historically, it has been one of the Air District's most cost-effective and popular incentive programs and is also one of the few that is available to the public, i.e., residents. Participation rates in this program have been as high as 7,000 cars scrapped annually, but has fallen to below 2,000 cars annually over the past few years. Increasing the participation rate would require a significant program reboot involving research and evaluation of options to potentially change the amount of funds paid per vehicle and/or increase the model year eligibility in coordination with CARB, and an update to vendor contracts and outreach materials. Staff are planning to issue a Request for Proposals by early 2024 for dismantling and direct mail services as the contracts for those services will expire in June 2024.
- **Implementation of ridesharing and feeder bus and shuttle service to rail/ferry stations and airports:** These projects get their emission reduction benefits by encouraging people to mode shift and/or take transit instead of driving their personal cars. As mentioned previously, they are generally no longer able to meet the Board's adopted cost-effectiveness limit, and during the pandemic they were evaluated as a temporary measure under the Spare the Air program. Unlike vehicle-based projects, these projects do not leverage existing programs and require extensive staff support for unique solicitations and one-off reviews of materials. Other projects that have been funded under this category include pilot and alternative trip-reduction mobility solutions. Many of the pilot projects funded in the past five years also either never signed an agreement with the Air District after Board approval or terminated early, requiring these funds to be awarded out again to other eligible project categories.

- **Arterial traffic management, including signal timing:** Traffic signal timing projects aim to achieve emission reductions by increasing the steady flow of vehicles and therefore minimizing stop-and-go traffic (idling). Experience has shown that arterials need to be retimed after a few years to maintain free-flow traffic. Therefore, these projects frequently result in short-term emission reduction benefits and, in many (but not all) cases, may not have long-term benefits. For this reason, the Air District hasn't offered funding from its portion of TFCA 60% Funds for these types of projects over 10 years and there is currently no process or system available to accept applications for projects in this category.
- **Rail-bus integration and regional transit information systems:** As there are already existing web tools that provide this information, the cost-effectiveness of this category would be very low and difficult to assess. For this reason, the Air District hasn't offered funding from its portion of TFCA 60% Funds for this project category in over 10 years and there is currently no process or system to accept applications for projects in this category.
- **Demonstration of congestion pricing of highways, bridges, and public transit:** Although this category is technically eligible in the HSC, it is not a category that has been funded by the TFCA 60% Fund and there is currently no process or system to accept applications for projects in this category.
- **Bicycle facility improvement:** This category includes the construction of new or upgraded bikeways and installation of new bike parking (e.g., rack, e-lockers). These projects tend to take more than two years to complete, and similar to other transportation control measures, and the cost-effectiveness of these projects has worsened over time as the light duty fleet continues to be clearer. Although the project useful life of bikeways is set at 7 years, these projects typically have a long residual life, meaning there is a high likelihood that the bikeways will continue to be used and generate additional emissions reductions for more than 20 years, well after the end of the contracted (seven years) project useful life. Additionally, these projects provide other known benefits, such as improving public safety and physical fitness by encouraging walking and cycling. The Air District has a long history of funding this category and last offered funding from its portion of TFCA 60% Funds for bikeways and bike parking approximately five years ago. Revamping this program would require additional resources and time to update guidelines and to develop a process or system to accept applications for projects in this category.
- **Physical improvements that support "smart growth":** This category includes improvements such as pedestrian bulb-outs, crosswalks, pedestrian streetlights, landscaping, new sidewalks, and public art to facilitate walking, biking, and taking transit. Like bikeways, these projects have a long residual life, provide other public health benefits, tend to take significantly more than two years to complete, require additional staff support for unique solicitations and one-off reviews of materials, and provide other public health benefits. The Air District last offered funding from its portion of TFCA 60% Funds for smart growth over 10 years ago. Revamping this program would require additional resources and time to update guidelines and to develop a process or

system to accept applications for projects in this category.

Figure 4 shows where projects fall in terms of the degree to which projects can be completed successfully within two years (y-axis), how cost-effective a project is (x-axis), and the residual life (size of dots) of the project. The data used to create this figure can be viewed in Attachment 1: Matrix Showing Attributes of Eligible Project Categories.

Figure 4. Low Fall Out Rate vs. Cost-Effectiveness vs. Residual Life



Note: Arterial management, regional transit information, demonstration of congestion pricing, and physical improvements that support “smart growth” projects are not shown because the Air District has not provided funding for these categories in more than 10 years.

Guiding Principles for Committee Discussion and Consideration

The following approaches are offered for discussion and the input will be used to inform the development of solicitations beginning in FYE 2025:

- Prioritize funds to the most cost-effective project categories.
- Offer funding to other types of non-vehicle-based categories, alternating or phased-in over multiple years.
- Prioritize funding to projects that provide benefits to priority communities, including AB617, impacted, and low-income communities.
- A combination of these options.

In advance of bringing recommendations for allocation of funding, policies, and cost-effectiveness limits, during this Committee meeting, staff will be discussing how funding has been used over time, categories that continue to be feasible under the TFCA 60% Fund, the benefits, and considerations for each category, and seek input from the Committee regarding guiding principles for development of future incentive program solicitations.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None, this report is informational only. The Air District distributes the TFCA funding to project sponsors on a reimbursement basis. The funding source provides up to 6.25% administrative cost recovery to implement these programs.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Linda Hui
Reviewed by: Minda Berbeco and Karen Schkolnick

ATTACHMENTS:

1. Matrix Showing Attributes of Eligible Project Categories
2. TFCA Program Guidance - Presentation

Attachment 1. Matrix Showing Attributes of Eligible Categories

	Eligible Category	Examples of TFCA-Funded Projects	Average Cost-Effectiveness (\$/ton)	Efficiency/Ability to Leverage Existing Air District Programs	Residual Life (years)	Community & Other Public Health Benefits
Mobile Source Measures	1. Vehicle-based projects	Charging infrastructure, zero-emission light-duty vehicles, zero-emission heavy-duty trucks	281,022**	High	> 8	
	2. A smoking-vehicle program	Enhanced Mobile Source Inspection	Not determined ⁱ	Low	0	
	3. A vehicle buy-back scrappage program	Vehicle Buyback	\$13,003 ^{i,ii}	High	N/A	
	4. Clean fuel school and transit bus purchases or leases	Zero-emission school buses, zero-emission transit buses	397,064 ^{i,iii}	High	> 8	
Transportation Control Measures	5. Implementation of ridesharing programs	Spare The Air; 511 Regional Vanpool and Carpool program; Commuter Benefits	57,440**	Low	0 ^{iv}	✓
	6. Feeder bus and shuttle service to rail/ferry stations and airports	Operation of shuttles, on-demand micro-transit, bikeshare	744,498 ^v	Low	0	✓
	7. Arterial traffic management	Traffic signal timing, transit bus priority	N/A*	Low	0	
	8. Rail-bus integration and regional transit information systems	Bay Area TravInfo	N/A*	Low	N/A	
	9. Demonstration of congestion pricing of highways, bridges, and public transit	N/A	N/A*	Low	0	
	10. Bicycle facility improvement projects	Bikeways, bike parking	121,151**	Low	> 20	✓
	11. Physical improvements that support “smart growth” projects	Traffic calming, streetscape	N/A*	Low	> 20	✓

* Cost-effectiveness value is not available because the category has not been funded with the TFCA 60% Fund recently.

** From the *FYE 2022 TFCA Expenditure and Effectiveness Report*.

ⁱ Emission reductions are credited to the Moyer Program.

ⁱ Cost-effectiveness cannot be determined due to no survey responses during the pandemic.

ⁱⁱ Data from FYE 2020; cost-effectiveness is calculated by dividing the total funds from Moyer, MSIF, and TFCA by the total emissions reduced.

ⁱⁱⁱ Cost-effectiveness calculation includes Moyer funds only.

^{iv} Both *Spare the Air* and the *Bay Area Commuter Benefits* programs have a project useful life of one year. However, *Spare the Air* has transitioned its focus away from promoting clean air behaviors on only episodic days to one that promotes clean air choices every day resulting in additional emissions reductions benefits beyond the project useful life.

^v Cost-effectiveness is calculated from shuttle projects in FYE 2022 only. These projects were not cost-effective and exceeded the cost-effectiveness threshold of \$250,000/ton. Projects that involve alternative trip-reduction mobility solutions were mostly terminated or withdrawn were not included in the cost-effectiveness calculation.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Myrna Melgar and Members
of the Mobile Source and Climate Impacts Committee

From: Philip M. Fine
Executive Officer/APCO

Date: November 8, 2023

Re: Transportation Fund for Clean Air Program Audit #24 Results

RECOMMENDED ACTION

None; receive and file.

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 nine-county Bay Area to fund projects that reduce on-road motor vehicle emissions. Since 1992, the Air District has allocated these funds to its Transportation Fund for Clean Air (TFCA) Program to fund eligible projects and programs. 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 projects and programs implemented directly by the Air District (e.g., Spare the Air) and through a grant program known as the Regional Fund. The remaining 40% of TFCA funds are passed-through by formula to a designated agency within each of the nine Bay Area counties through a program referred to as the TFCA 40% Fund.

HSC Section 44242 requires that the Air District conduct an audit of projects and programs funded with TFCA monies, at least once every two years. The Air District typically conducts an audit of Regional Fund projects and Air District-Sponsored programs annually and 40% Fund projects biennially. On July 6, 2022, the Air District's Board of Directors (Board) approved the award of a contract to Simpson & Simpson, LLP for up to a five-year term for audit services, including a financial and compliance review of TFCA-funded projects and programs.

DISCUSSION

The *Audit Summary Report*, included as Attachment 1, summarizes the results of Audit #24 conducted by Simpson & Simpson covering the Regional Fund and Air District-sponsored projects completed prior to June 30, 2022, and a review of Air District's administrative expense of TFCA funds incurred between July 1, 2021, and June 30, 2022. Projects are considered

“completed” after the Air District has approved a project sponsor’s final invoice, which documents the project sponsor’s expenditure of all eligible project funds and the completion of transportation services or all initial project milestones. ***For the audit, no financial findings were identified, and no compliance findings were identified.*** A list of the projects and programs that were reviewed for Audit #24 is available in Appendix B of Attachment 1.

Audit field work was conducted by Simpson & Simpson, LLP during the months of March 2023 through September 2023. Following the completion of field work, Simpson & Simpson, LLP issued a draft audit report to each of the project sponsors and offered an opportunity to those with any preliminary findings to provide a management response.

Results for TFCA Regional Fund and Air District-Sponsored Programs

The *Audit Summary Report* for the TFCA Regional Fund and Air District-Sponsored Programs is included as Attachment 1. Appendix B of this report contains a list of the projects and programs that were audited. ***There were no reported findings.***

The results of the audit of Regional Fund and Air District-Sponsored projects reflects an overall improvement in the Air District’s adherence to program requirements and is the result of actions taken by Air District staff over the years to improve and strengthen its own administrative processes.

Agreed-Upon Procedures

In addition to conducting the financial and compliance audits, Simpson & Simpson, LLP also performed a review of Agreed-Upon Procedures (AUP) to verify project sponsors’ compliance with other aspects of the TFCA Funding Agreement, including that:

- 1. Expenditures are properly supported;
- 2. Administrative expenses are appropriately documented;
- 3. Use of an indirect cost rate is consistent with the Air District Guidelines;
- 4. Appropriate resolutions authorizing the grant application are adopted or, where applicable, an authorizing letter of commitment is included;
- 5. Required reports are submitted on time and contained all information required;
- 6. The Air District is acknowledged as a project funder; and
- 7. Matching Funds requirements are met or exceeded.

The AUP results are currently being reviewed internally and will be used by staff to further improve its administration of the TFCA program.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Administrative costs for the TFCA audit and staff are provided by the funding source.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Clair Keleher
Reviewed by: Karen Schkolnick and Minda Berbeco

ATTACHMENTS:

1. TFCA Regional Fund and Air District-sponsored programs Audit #24 Summary Report
2. TFCA Audit 24 Presentation

**11/08/2023 MOBILE SOURCE AND CLIMATE
IMPACTS COMMITTEE MEETING**

ATTACHMENT 1

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

**TRANSPORTATION FUND
FOR CLEAN AIR PROGRAM**

**REGIONAL FUND AND
AIR DISTRICT-SPONSORED PROGRAMS**

AUDIT NO. 24 SUMMARY REPORT



**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS**

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**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Audit No. 24 Summary Report**

1 – INTRODUCTION

The Bay Area Air Quality Management District (Air District) was created by the California legislature in 1955. The Air District's structure, operating procedures and authority are established by Division 26 of the California Health and Safety Code.

The Air District includes seven counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo and Santa Clara and portions of two other counties, Southwestern Solano and Southern Sonoma. The Air District is governed by a twenty-two-member Board of Directors that includes representatives from all of the above counties.

The Air District's jurisdiction is limited principally to policing non-vehicular sources of air pollution within the Bay Area, primarily industry pollution and burning. Any company wishing to build or modify a facility in the Bay area must first obtain a permit from the Air District to ensure that the facility complies with all applicable rules.

The Air District also acts as the program administrator for Transportation Fund for Clean Air (TFCA) funds and Mobile Source Incentive funds (MSIF) derived from Assembly Bill 434 and Assembly Bill 923 respectively. TFCA and MSIF funding comes from a \$4 and \$2 surcharge, respectively, on motor vehicles registered within the Air District. TFCA funding may only be used to fund eligible projects that reduce motor vehicle emissions and support the implementation of the transportation and mobile source control measures in the Clean Air Plan in place at time of award. All projects must fall within the categories listed in State Law (Health and Safety Code Section 44241).

The Health and Safety Code requires the Air District to pass-through no less than 40% of the TFCA revenues raised within a particular county, after audit and administrative costs, to that county's designated Program Manager. The remaining 60% is for Regional Fund grants and is being allocated to projects on a competitive basis. Projects are evaluated using the Air District's Board adopted evaluation and scoring criteria.

2 – PROGRAM DESCRIPTION

Health and Safety Code Section 44223 and 44225 authorize a surcharge on the motor vehicle registration fee (surcharge) to be used by the Bay Area Air Quality Management District (Air District) and local governments specifically for programs to reduce air pollution from motor vehicles. The Department of Motor Vehicles collects the surcharge and allocates the amounts to the Air District. The Air District administers these funds through the Transportation Fund for Clean Air (TFCA) Program. Under the TFCA Program, money is allocated to two funds: (1) 60% is placed in the Regional Fund and allocated to agencies on a competitive basis by the Air District and (2) 40% is placed in the Program Manager Fund and allocated to designated agencies. Allowable projects under Health and Safety Code Section 44241 include the following:

- The implementation of ridesharing programs.
- The purchase or lease of clean fuel buses for school districts and transit operators.
- The provision of local feeder bus or shuttle service to rail and ferry stations and to airports.
- Implementation and maintenance of local arterial traffic management, including, but not limited to, signal timing, transit signal preemption, bus stop relocation and “smart streets.”

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Audit No. 24 Summary Report**

2 – PROGRAM DESCRIPTION (continued)

- Implementation of rail-bus integration and regional transit information systems.
- Implementation of demonstration projects in telecommuting and in congestion pricing of highways, bridges, and public transit.
- Implementation of vehicle-based projects to reduce mobile source emissions, including, but not limited to, engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations.
- Implementation of a smoking vehicles program.
- Implementation of an automobile buy-back scrappage program operated by a governmental agency.
- Implementation of bicycle facility improvement projects that are included in an adopted countywide bicycle plan or congestion management program.
- The design and construction by local public agencies of physical improvements that support development projects that achieve motor vehicle emission reductions. The projects and the physical improvements shall be identified in an approved area-specific plan, redevelopment plan, general plan, or other similar plans.

State law requires that any agency receiving TFCA funding be subject to an audit, at least once every two years. Health and Safety Code Section 44242 provides the legal compliance guidelines for the Air District to follow in the event revenues are not spent appropriately or when projects do not result in emission reductions. Health and Safety Code Sections 44241 and 44242 are provided in Appendix A.

The Air District retained the firm of Simpson and Simpson LLP to conduct TFCA financial and compliance Audit No. 24, which included Regional Fund projects and Air District-sponsored programs completed prior to June 30, 2022. These audits were conducted during the months of March 2023 through September 2023.

A total of 24 individual project sponsors and 30 projects were audited, with \$10,612,590.44 total funds expended for projects included in Audit No. 24. A listing of the projects audited is provided in Appendix B. Unmodified opinions were issued on all 27 financial audit reports.

3 – AUDIT PROCESS

The audits were designed to address numerous financial and compliance objectives; however, the principal objectives of the audits were to (1) provide assurance that amounts reported in the Schedules of Expenditures are fairly stated, and (2) determine whether projects financed through the Air District's Regional Fund met funding agreement requirements. The audit procedures were specifically designed for TFCA financial and compliance requirements, which are described below:

Audit of the Schedules of Expenditures

The financial audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Audit No. 24 Summary Report**

3 – AUDIT PROCESS (continued)

Procedures performed included, but were not limited to:

- Gaining an understanding of the project sponsors' internal controls over the financial reporting of the TFCA program through observation, inquiry, and supporting documentation.
- Tracing expenditures related to the TFCA program to the project sponsor's accounting records.
- Validating TFCA expenditures related to vendor disbursements, payroll, and administrative charges to supporting documentation.
- Conducting interviews with project sponsors to inquire about known, alleged, or suspected fraud related to the program.

Compliance Auditing Procedures

The audits were performed in accordance with the requirements outlined in the Health and Safety Code, individual funding agreements, and Government Auditing Standards. The principal focus of the compliance auditing procedures was to ensure TFCA expenditures were paid in accordance with the program's objectives (Health and Safety Code Section (HSC) 44241). Compliance audits were planned and performed to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to in the HSC could have a direct and material effect on projects reported in the Schedules occurred.

The audit includes examining, on a test basis, evidence about the project sponsor's compliance with those requirements and performing such other procedures as considered necessary in the circumstances.

Auditing procedures performed included, but were not limited to:

- Testing expenditures for allowable costs in accordance with Section 44241 of the Health and Safety Code.
- Verifying that the project sponsor used the TFCA funds for the reduction of emissions from motor vehicles.

4 – PROJECT SPONSOR FINDINGS

Audit of the Schedules of Expenditures

No project sponsor findings were identified for the projects audited as part of Audit No. 24.

Compliance Auditing Procedures

No project sponsor findings were identified for the projects audited as part of Audit No. 24.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Audit No. 24 Summary Report**

5 – OTHER PROGRAM COMPLIANCE REVIEW

An Agreed Upon Procedures (AUP) engagement was performed to test the project sponsor's compliance with other aspects of the TFCA Funding Agreement. These procedures were determined and prepared by the Air District for the auditors to perform.

The auditors issued a separate AUP Report on the results of the procedures performed.

APPENDIX A

HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Appendix A - Health and Safety Code Sections 44241 and 44242
For Audit No. 24**

44241

- (a) Fee revenues generated under this chapter in the bay district shall be subvned to the bay district by the Department of Motor Vehicles after deducting its administrative costs pursuant to Section 44229.
- (b) Fee revenues generated under this chapter shall be allocated by the bay district to implement the following mobile source and transportation control projects and programs that are included in the plan adopted pursuant to Sections 40233, 40717, and 40919:
 - (1) The implementation of ridesharing programs.
 - (2) The purchase or lease of clean fuel buses for school districts and transit operators.
 - (3) The provision of local feeder bus or shuttle service to rail and ferry stations and to airports.
 - (4) Implementation and maintenance of local arterial traffic management, including, but not limited to, signal timing, transit signal preemption, bus stop relocation and "smart streets."
 - (5) Implementation of rail-bus integration and regional transit information systems.
 - (6) Implementation of demonstration projects in telecommuting and in congestion pricing of highways, bridges, and public transit. No funds expended pursuant to this paragraph for telecommuting projects shall be used for the purchase of personal computing equipment for an individual's home use.
 - (7) Implementation of vehicle-based projects to reduce mobile source emissions, including, but not limited to, engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations.
 - (8) Implementation of a smoking vehicles program.
 - (9) Implementation of an automobile buy-back scrappage program operated by a governmental agency.
 - (10) Implementation of bicycle facility improvement projects that are included in an adopted countywide bicycle plan or congestion management program.
 - (11) The design and construction by local public agencies of physical improvements that support development projects that achieve motor vehicle emission reductions. The projects and the physical improvements shall be identified in an approved area-specific plan, redevelopment plan, general plan, or other similar plan.

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Appendix A - Health and Safety Code Sections 44241 and 44242
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44241 (continued)

- (c) (1) Fee revenue generated under this chapter shall be allocated by the bay district for projects and programs specified in subdivision (b) to cities, counties, the Metropolitan Transportation Commission, transit districts, or any other public agency responsible for implementing one or more of the specified projects or programs. Fee revenue generated under this chapter may also be allocated by the bay district for projects and programs specified in paragraph (7) of subdivision (b) to entities that include, but are not limited to, public agencies, consistent with applicable policies adopted by the governing board of the bay district. Those policies shall include, but are not limited to, requirements for cost-sharing for projects subject to the policies. Fee revenues shall not be used for any planning activities that are not directly related to the implementation of a specific project or program.
- (2) The bay district shall adopt cost-effectiveness criteria for fee revenue generated under this chapter that projects and programs are required to meet. The cost-effectiveness criteria shall maximize emissions reductions and public health benefits.
- (d) Not less than 40 percent of fee revenues shall be allocated to the entity or entities designated pursuant to subdivision (e) for projects and programs in each county within the bay district based upon the county's proportionate share of fee-paid vehicle registration.
- (e) In each county, one or more entities may be designated as the overall program manager for the county by resolutions adopted by the county board of supervisors and the city councils of a majority of the cities representing a majority of the population in the incorporated area of the county. The resolution shall specify the terms and conditions for the expenditure of funds. The entities so designated shall be allocated the funds pursuant to subdivision (d) in accordance with the terms and conditions of the resolution.
- (f) Any county, or entity designated pursuant to subdivision (e), that receives funds pursuant to this section, at least once a year, shall hold one or more public meetings for the purpose of adopting criteria for expenditure of the funds, if those criteria have been modified in any way from the previous year. Any county, or entity designated pursuant to subdivision (e), that receives funds pursuant to this section, at least once a year, shall also hold one or more public meetings to review the expenditure of revenues received pursuant to this section by any designated entity. If any county or entity designated pursuant to subdivision (e) that receives funds pursuant to this section has not allocated all of those funds within six months of the date of the formal approval of its expenditure plan by the bay district, the bay district shall allocate the unallocated funds in accordance with subdivision(c).

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TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
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Appendix A - Health and Safety Code Sections 44241 and 44242
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44242

- (a) Any agency which receives funds pursuant to Section 44241 shall, at least once every two years, undertake an audit of each program or project funded. The audit shall be conducted by an independent auditor selected by the bay district in accordance with Division 2 (commencing with Section 1100) of the Public Contract Code. The district shall deduct any audit costs which will be incurred pursuant to this section prior to distributing fee revenues to cities, counties, or other agencies pursuant to Section 44241.

- (b) Upon completion of an audit conducted pursuant to subdivision (a), the bay district shall do both of the following:
 - (1) Make the audit available to the public and to the affected agency upon request.

 - (2) Review the audit to determine if the fee revenues received by the agency were spent for the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717.

- (c) If, after reviewing the audit, the bay district determines that the revenues from the fees may have been expended in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to that plan, the district shall do all of the following:
 - (1) Notify the agency of its determination.

 - (2) Within 45 days of the notification pursuant to paragraph (1), hold a public hearing at which the agency may present information relating to expenditure of the revenues from the fees.

 - (3) After the public hearing, if the district determines that the agency has expended the revenues from the fees in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717, the district shall withhold these revenues from the agency in an amount equal to the amount which was inappropriately expended. Any revenues withheld pursuant to this paragraph shall be redistributed to the other cities within the county, or to the county, to the extent the district determines that they have complied with the requirements of this chapter.

- (d) Any agency which receives funds pursuant to Section 44241 shall encumber and expend the funds within two years of receiving the funds, unless an application for funds pursuant to this chapter states that the project will take a longer period of time to implement and is approved by the district or the agency designated pursuant to subdivision (e) of Section 44241. In any other case, the district or agency may extend the time beyond two years, if the recipient of the funds applies for that extension and the district or agency, as the case may be, finds that significant progress has been made on the project for which the funds were granted.

APPENDIX B
LISTING OF AUDITED PROJECTS

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
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Appendix B – Listing of Audited Projects
For Audit No. 24**

TFCA Project Number	Project Sponsor	Project Title	Final Project Expenditures through 6/30/2022
16EV016	City of Vallejo	Project Sponsor shall install and operate 5 dual-port level 2 charging stations at one destination facility in Vallejo.	\$ 30,000.00
16EV024	City of Palo Alto	Project Sponsor shall install and operate thirteen dual-port level 2 charging stations at three destination facilities in Palo Alto.	78,000.00
16EV039	City of Lafayette	Project Sponsor shall install and operate two single-port and 1 dualport level 2 charging stations at two destination facilities in Lafayette.	12,000.00
18EV008	Contra Costa Community College District	Project Sponsor shall install and operate 15 dual-port level 2 (high) and 4 single port Level 2 (high) charging stations at 3 workplace facilities in San Pablo, San Ramon, and Pleasant Hill.	72,000.00
18EV038	Solar Action Network, LLC	Project Sponsor shall install and operate 1 single-port level 2 (high) and 1 DC Fast charging stations with a 11,650 W solar array at 1 transportation corridor facility in Petaluma.	25,900.00
18EV039	West Valley-Mission Community College District	Project Sponsor shall install and operate 144 single-port level 2 (high) and 4 DC Fast charging stations at 2 destination facilities in Saratoga and Santa Clara.	500,000.00
19EV002	San Rafael Airport, LLC	Project Sponsor shall install and operate 20 dual-port level 2 (high) charging stations with a 1,012,480 watt solar array at 1 destination facility in San Rafael.	84,000.00
19EV006	EVgo Services LLC	Project Sponsor shall install and operate 20 DC Fast charging stations at 6 transportation corridor facilities in Novato, San Francisco, Belmont and Millbrae.	500,000.00
19EV013	Abrahams Farm LLC	Project Sponsor shall install and operate 1 DC Fast and 1 singleport level 2 (high) charging stations with a 9.1 kW solar array at 1 Transportation Corridor facility in Glen Ellen.	32,000.00
19EV015	Metropolitan Transportation Commission	Project Sponsor shall install and operate 1 dual-port Level 2 (low) and 2 single-port Level 2 (high) charging stations at 1 public transit parking facility in Albany.	8,500.00
19EV033	City of Napa	Project Sponsor shall install and operate 2 dual-port and 2 singleport level 2 (high) charging stations at one workplace facility in Napa.	14,000.00
19EV050	Warm Springs Realty Holdings LLC	Project Sponsor shall install and operate 5 dual-port level 2 (high) charging stations at 4 multidwelling unit facilities in Rohnert Park and Santa Rosa.	40,000.00
19EV077	EVgo Services LLC	Project Sponsor shall install and operate 40 DC Fast charging stations at 10 transportation corridor facilities in Antioch, Castro Valley, Daly City, Millbrae, Newark, San Francisco, San Jose, San Mateo, San Ramon, and Santa Rosa.	1,000,000.00
2103-17527	EVmatch, Inc.	Project Sponsor shall install and operate 3 Level 2 (high) single port chargers at 2 multi-unit dwelling facilities in Oakland.	12,439.00

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Appendix B – Listing of Audited Projects
For Audit No. 24**

TFCFA Project Number	Project Sponsor	Project Title	Final Project Expenditures through 6/30/2022
17R23	East Bay Regional Park District	East Bay Regional Park District Bikeway Project	246,552.00
17R28	City of San Jose	San Jose Electronic Bicycle Locker Project	208,000.00
18R17	East Bay Regional Park District	East Bay Regional Park District Bikeway Project	138,669.00
19R17	Metropolitan Transportation Commission	Bay Area Carpool and Vanpool Programs	2,997,645.40
19RFG24	Alameda County	Alameda County Electric Vehicles Project	34,486.00
20R06	Presidio Trust	PresidiGO Downtown Shuttle	120,000.00
20R15	City of San Leandro	Install 0.26 miles of Class IV bikeway in San Leandro	220,000.00
20R18	Associated Students, San Jose State University	SJSU Ridesharing & Trip Reduction	98,100.00
20R22	City of Berkeley	Install and maintain 20 electronic bicycle lockers at the Berkeley Marina Mall	50,000.00
20R25	Santa Clara Valley Transportation Authority	Altamont Commuter Express (ACE) Shuttle Bus Program	909,330.00
20R27	City of Alameda	Electronic Bicycle Lockers at the Seaplane Lagoon Ferry Terminal, Harbor Ferry Terminal and Alameda City Hall	88,000.00
21SBP211	Menlo Park City School District	School Bus Replacement	732,552.00
22R00	Bay Area Air Quality Management District	Administration	888,914.00
22R01	Bay Area Air Quality Management District	Enhanced Mobile Source Inspections/ Commuter Benefits Program	10,555.00
22R02	Bay Area Air Quality Management District	Vehicle Buy Back Program	73,535.04
22R03	Bay Area Air Quality Management District	Spare the Air/Intermittent Control Programs	1,387,413.00
Final Project Expenses			\$ 10,612,590.44
Total Projects			30
Total Project Sponsors			24

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Myrna Melgar and Members
of the Mobile Source and Climate Impacts Committee

From: Philip M. Fine
Executive Officer/APCO

Date: November 8, 2023

Re: Clean Cars for All Program Update

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The transportation sector is the largest source of greenhouse gases in the Bay Area, accounting for nearly 40 percent of all greenhouse gas emissions. Wide-scale adoption of zero-emission vehicles (ZEVs) and electrification of all types of transportation are essential to achieving local, state, and federal emission reduction targets for greenhouse gases and criteria pollutants. California has set a goal of five million ZEVs sold by 2030, and the Bay Area has set a target of 90 percent of vehicles in the Bay Area being ZEVs by 2050. The Bay Area and California also share the goal to cut greenhouse gas emissions to 80 percent below 1990 levels by 2050. Additionally, Governor Newsom's 2020 Executive Order N-79-20 sets a goal for 100 percent of in-state sales of new passenger cars and trucks to be zero-emission by 2035, which was included as part of the California Air Resources Board (CARB) Advanced Clean Cars II Regulation.

At the end of 2022, there were a total of 340,162 registered ZEVs driving on Bay Area roads, representing 6.2 percent of the region's light-duty fleet and nearly 31 percent of the CA ZEV population, according to data from the California Energy Commission. Of the ZEVs registered in the Bay Area, 72 percent were battery electric vehicles (BEVs), 27 percent were plug-in hybrid electric vehicles (PHEVs), and 1 percent were fuel cell electric vehicles (FCEVs). In the second quarter of 2023, California set a record for new ZEV sales where one out of every four new cars sold within the state were ZEVs.

Through the Clean Cars for All Program (Program or CCFA), the Air District provides incentives for low-income households (up to 400 percent of the Federal Poverty Level) to retire older, high-polluting vehicles and replace them with a newer, cleaner vehicle or with mobility options (e.g. public transit card or e-bikes). Participants may purchase or lease a new or used hybrid electric vehicle, PHEV, BEV or FCEV. A rebate to install a home charger or to purchase a portable charger is available for participants that purchase a PHEV or BEV through CCFA. Alternatively, participants may opt to retire their vehicle in exchange for a pre-paid card to use

towards public transit or an electric bike. The Program reduces criteria pollutants and greenhouse gas emissions throughout the Bay Area and supports the goal of equitable access to electric vehicles and clean transportation.

DISCUSSION

The Bay Area CCFA Program began in 2019 with \$5 million and has grown to \$73 million in total funding from a variety of state and local funds. The program continues to be a popular and beneficial program providing opportunities for clean transportation for residents. The Air District administers the CCFA Program along with its partners – CARB, GRID Alternatives, a network of 84 vehicle dealerships, and two auto dismantlers (six locations across the Bay Area). CARB requires participating air districts focus California Climate Investment Program funding in overburdened communities (based on CalEnviroScreen 3.0) which limits program eligibility to 76 zip codes in the Bay Area.

As of October 2023, almost 3,800 applications have been awarded in the Bay Area since the Program started. Over 70 percent of applicants opted to trade in their existing vehicle for a PHEV or BEV, with about 24 percent of applicants choosing hybrid vehicles. Of those that purchased vehicles through the Program, 66 percent purchased new while 34 percent purchased used vehicles. About 62 percent of applicants reside in "disadvantaged" or low-income communities (AB1550 areas). Over 75 percent of the awards made were to applicants with household income less than 225 percent of the FPL. Finally, 64 percent of participants live in single-family homes and 26 percent live in apartments or condos.

An effective and adaptive outreach campaign is essential to the success of the CCFA Program. Working with various stakeholders, staff has participated in 51 in-person and virtual events since 2019, and the Program has been promoted throughout the region in numerous media placements and in a range of languages. A recent highlight was EV Week 2023 in late September, where staff promoted the CCFA Program at community events in East Palo Alto, Richmond, San Francisco, and Santa Rosa and featured Program partners and EV incentives and educational resources on social media. Additionally, staff have utilized DMV registration data to send out targeted mailers to residents in qualifying zip codes who have a vehicle that's eligible for the Program. Participant zip code data was also used to identify geographical gaps in participation and staff has targeted social media ads and educational posts to these areas. Finally, to better serve applicants who speak a language other than English, website and program materials are translated into multiple languages and staff provide interpreter services throughout the application process.

Staff tracks applicant data to gauge program demand, identify gaps in participating group demographics and locations, and to evaluate the effectiveness of outreach methods. Staff pull these data monthly for review, tracking and analysis. Based on these data, staff can adjust outreach methods to attempt to increase demand in underserved communities or participant groups. In response to areas with lower application submission rates, staff may increase social media advertising and in-person events. Staff is always available to work with interested groups/stakeholders and consistently look for new outreach methods to engage and better serve local communities.

Additional program details will be provided as part of the staff presentation.

New Program Changes

In June 2023, the Air District signed a grant agreement with CARB that provides \$28 million in additional funding for CCFA Program. This funding is available as part of the Fiscal Year 2022-23 Funding Plan for Clean Transportation Incentives which has a total FY 2022-2023 statewide CCFA Program allocation of \$80 million. This funding allows the Air District to continue providing incentives to low-income residents in overburdened communities to increase access to clean transportation to more residents.

The new grant agreement has several program changes that will impact the future implementation of the Program. Some of those changes include: increased incentive amounts and up to \$2,000 more for participants who live in overburdened community census tracts; expansion to include residents who live in non-overburdened community areas; focus on the lowest-income residents (<300 percent of FPL); and updates to survey and data collection processes. The Air District will also increase the retired vehicle model year eligibility from 2005 to 2007 and older. Additionally, CARB is in the process of expanding the Program to the rest of the state in areas that currently do not have a local CCFA program. The statewide program will complement the existing CCFA programs that are administered by five local air districts.

The Air District is incorporating these changes into the 2023-2024 CCFA Program that is expected to launch in late 2023. The relaunch of the Program will focus on overburdened communities, while also expanding to the entire Bay Area in 2024. In preparation for the relaunch, staff will communicate program changes and discuss outreach opportunities with stakeholders, including dealerships, non-profits, and community-based organizations. In addition to existing outreach strategies, the Air District plans to strengthen our partnerships with local community groups who can engage their communities to assist with targeted CCFA Program outreach and EV education for identified gaps in the Program.

BUDGET CONSIDERATION/FINANCIAL IMPACT

CARB CCFA Program funding is considered “pass-through” funding, which is offered to grantees directly or to reduce the purchase or lease costs for vehicles. Up to 10 percent of the CARB funds awarded can be used for Air District administrative costs.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Deanna Yee
Reviewed by: Anthony Fournier and Tin Le

ATTACHMENTS:

- 1. Clean Cars for All Program Update - Presentation