THE TRANSPORTATION FUND FOR CLEAN AIR (TFCA) POLICIES
Commencing Fiscal Year 2026-2027
Amended November 4, 2026

These Policies were established to guide the use of the Bay Area Air District's (Air District) Transportation Fund for Clean Air (TFCA). The Air District's TFCA is comprised of the TFCA 60% Fund, which is administered by the Air District, and the TFCA 40% Fund, which is passed through and administered by the designated public agency in each of the nine Bay Area counties (collectively referred to as the "administering agencies"). Unless otherwise noted, these Policies are intended to oversee all TFCA administrators, recipients, projects, and programs.

ELIGIBLE RECIPIENTS:

1. **Eligible Applicants:** Pursuant to California Health and Safety Code (HSC) section 44241(c)(1), public agencies are eligible to apply for all project categories. Non-public entities are eligible to apply for only on-road zero-emissions vehicles and alternative fuel infrastructure projects that are permitted pursuant to HSC section 44241(b)(7).

2. **Authority and Capacity:** Grant recipients must be responsible for the implementation of the project and have the authority and capability, including funding, necessary to complete the project.

   Additionally, applicants of the TFCA 60% Fund must demonstrate that they have the authority to submit the application, to enter into a grant agreement, to carry out the project, and to bind the entity to perform all required tasks by including either: 1) a signed letter of commitment from the applicant's representative with authority (e.g., Chief Executive or Financial Officer, Executive Director, or City Manager); or 2) a signed resolution from the governing body (e.g., City Council, Board of Supervisors, or Board of Directors).

3. **Good Standing:** Grant recipients must be in good standing with the Air District. Grantees who have failed either the financial statement audit or the compliance audit for a prior TFCA-funded project awarded are excluded from receiving an award of any TFCA funds for three (3) years from the date of the Air District's final audit determination or for a duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to a grant recipient will not be released until all audit recommendations and remedies have been implemented satisfactorily, at the discretion of the Air District. A failed financial statement audit means a final audit report that includes an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed compliance audit means an uncorrected audit finding that confirms a program or project was not implemented in accordance with the applicable grant agreement.

   A failed financial statement or compliance audit of the administering agency or its grantee may subject the administering agency to a reduction of future revenue in an amount equal to the amount which was inappropriately expended pursuant to the provisions of HSC section 44242(c)(3).

4. **Viable project and matching funds:** Applicants must demonstrate that they have adequate funds to cover all stages of their proposed project(s) from commencement through completion. With the exception of public school districts, applicants of the TFCA

60% Fund must provide evidence that they have at least 10% of the total eligible project costs (matching funds) from a non-Air District source available and ready to commit to the proposed projects.

ELIGIBLE PROJECTS:

5. **Basic Requirements:** Projects must conform to the provisions of HSC sections 44220 et seq. and these Policies. On a case-by-case basis, agencies that administer the 40% Fund may receive approval by the Air District for projects that are authorized by HSC section 44241 and achieve Board-adopted TFCA cost-effectiveness but do not fully meet other Board-adopted Policies.

6. **Reduction of Air Pollution and Limitations on Pre-Award Activities:** Only projects that reduce surplus on-road motor vehicle emissions within the Air District's jurisdiction are eligible. Surplus emission reductions are air pollution emission reductions that exceed those required by federal, State or local air quality law; are not required by air pollution penalty settlement or air pollution mitigation agreements; and are not used to generate credits towards the State Implementation Plan or other federal, State or local air pollution emissions averaging, banking or credit programs. Any credits generated by a funded Project must be retired in accordance with HSC section 44229. Whether a project will generate surplus emission reductions is determined by the Air District prior to execution of a grant agreement, and Projects must continue to achieve surplus emission reductions if a grant agreement amendment modifies the project scope or extends the project completion deadline.

   Grant recipients may not receive vehicles, engines, equipment, or infrastructure, or begin project implementation activities, before a grant agreement is executed, unless the Air District or Administering Agency provides written notification to the grant recipient that funding is not guaranteed until execution of the grant agreement.

   Select fees (i.e., permits, inspections, design, engineering, site preparation) may be incurred before grant agreement execution.

7. **TFCA Cost-Effectiveness (C-E) by Eligible Project Category:** Projects must not exceed the maximum C-E limit specified in Tables 1 and 2. C-E ($/weighted ton) is calculated by dividing TFCA funds awarded by the total surplus emissions reductions achieved during a project's operational period, including reactive organic gases (ROG), nitrogen oxides (NOx), and weighted PM10 (particulate matter 10 microns in diameter and smaller). All TFCA funds associated with a project, including reprogrammed TFCA funds, must be included in the C-E calculation. For projects that include more than one independent component (e.g., multiple vehicles or shuttle routes), each component must meet the applicable C-E requirement.

   Administrative costs permitted pursuant to HSC section 44233 are excluded from the calculation of a project's TFCA C-E.

Table 1: Maximum C-E for TFCA Projects

Eligible Project Category pursuant to HSC section 44241(b)(1)-44241(b)(11)	**Maximum C-E ($/weighted ton)**	
	Does NOT provide emission reductions in Priority Areas[1]	**Provides emission reductions in Priority Areas[1]**

Clean Air Vehicle: The following project categories encourage the introduction of zero-emission vehicle technologies and/or the retirement of older, more polluting vehicles.		
Purchase or lease of **on-road zero-emissions vehicles** (i.e., hydrogen fuel cell, battery electric)	$522,000*	$783,000*
Installation of **alternative fuel infrastructure** that supports zero emission vehicles.	$500,000**	$750,000**
Trip Reduction: The following project categories encourage the reduction of vehicle trips, vehicle use, and vehicle miles traveled.		
Implementation of **existing ridesharing**[2] programs and **existing first- and last-mile connections**[4]	$300,000	$450,000
Provision of **pilots**[3]**: ridesharing**[2] programs; **first- and last-mile connections**[4]; **congestion pricing of highways, bridges, and public transit**	$500,000	$750,000
Implementation of **bicycle parking** (e-bike charging may be eligible as part of the creation of new bicycle parking)	$500,000	$750,000
Implementation of **bicycle facility improvement projects** (e.g., Class I-IV bikeways, bike loop detectors, bike share)	$1,000,000	$1,500,000
Implementation of **infrastructure improvements for trip reduction** (including **transit signal preemption** and **bus stop relocation**)	$500,000	$750,000
Implementation of demonstration projects in **telecommuting**	$300,000	$450,000
Implementation of **rail-bus integration and regional transit information systems**	$150,000	$225,000
Case-by-case approval	$250,000	$375,000

[1] Priority Areas include communities identified through the Assembly Bill (AB) 617 process and Priority Populations defined by SB 535 (disadvantaged communities) and AB 1550 (low-income communities).
[2] Ridesharing is defined as two or more persons traveling by any mode, including, but not limited to, carpooling, vanpooling, buspooling, taxipooling, jitney, and public transit.
[3] Pilot projects are projects that serve an area where no similar service has been available within the previous three years or that significantly expand service in an existing service area.
[4] Local feeder bus or shuttle service must provide direct connections between stations (e.g., rail stations, ferry stations, Bus Rapid Transit (BRT) stations, or airports) and a distinct commercial or employment location.
* For on-road zero-emission vehicle projects, the non-Priority Area C-E limit may be adjusted annually to align with updates to the Carl Moyer Program Guidelines adopted by the California Air Resources Board (CARB). The Priority Area C-E limit will be equal to 1.5 times the non-Priority Area limit.
**For alternative fuel infrastructure projects funded through the TFCA 60% Fund, the C-E limit shall follow the Carl Moyer Program Guidelines.

Table 2: Maximum C-E for TFCA Air District-Sponsored Programs

Project Category	Maximum C-E ($/weighted ton)
Spare the Air; Commuter Benefits	$500,000
Enhanced Mobile Source Inspections	$500,000
Vehicle Buy-Back	$60,000*
Clean Cars for All	See on-road zero-emissions vehicles in Table 1
Charge!	N/A[1]
Co-Funded Projects or Programs	N/A[2]

[1] These projects provide electric vehicle charging and/or hydrogen refueling infrastructure to support emission reductions from electric and fuel cell electric vehicles. To maximize emissions reductions and public health benefits, projects are competitively evaluated using objective criteria. C-E factors include total project cost, the amount of funding eligible under program rules, and projected emissions reductions based on anticipated equipment usage. Other evaluation factors may include benefits to environmental justice communities and communities disproportionately impacted by air pollution. No maximum C-E threshold applies.

[2] For projects or programs that receive funding from another state-funded Air District-administered program (e.g., Carl Moyer Program, Community Air Protection Program), no maximum C-E threshold for TFCA funds applies. Rather, funding will be determined using C-E factors such as total project cost and projected emissions reductions based on anticipated equipment usage, as well as benefits to environmental justice communities and communities disproportionately impacted by air pollution. Emissions reductions associated with co-funded projects or programs shall be claimed under the other Air District-administered funding program.

*These values may be adjusted annually to align with updates to the Carl Moyer Program Guidelines adopted by CARB.

8. **Consistent with existing plans and programs:** All projects must be consistent with the Transportation Control and Mobile Source Control Measures identified in the Air District's most recently approved strategies for attaining and maintaining State and national ozone standards (Clean Air Plan), those plans and programs established pursuant to HSC sections 40233, 40717, and 40919; and, when specified, other adopted federal, State, regional, and local plans and programs.

   For projects that will install **bikeways and bike parking,** pursuant to HSC section 44241(b)(10), the description of the projects must be included in an adopted countywide bicycle plan, congestion management program (CMP), countywide transportation plan (CTP), city plan, or the Metropolitan Transportation Commission's (MTC) Regional Bicycle Plan and/or Regional Active Transportation Plan. Projects that are included in an adopted city general plan, area-specific plan, community-based transportation plan, or similar plan must specify that the purpose of the bicycle facility is to reduce motor vehicle emissions or traffic congestion.

   For projects that involve the installation of **infrastructure for trip reduction projects**, pursuant to HSC section 44241(b)(11), a description of that project must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, pedestrian plan, traffic-calming plan, or other similar plan.

9. **Accessible and available to the public.** Projects that provide a service (i.e., ridesharing, first- and last-mile connections, bike share) must be made accessible and available to the general public.

ADMINISTRATION:

10. **Expend Funds within Two Years:** TFCA Funds must be expended within two (2) years of receipt of either (1) the first transfer of funds from the Air District to the administering agency in the applicable fiscal year for TFCA 40% Fund or (2) the effective date of the project sponsor's grant agreement for the TFCA 60% Fund, unless the administering agency or Air District has made the determination based on an application for funding that the eligible project will take longer than two years to implement. Additionally, for the TFCA 40% Fund, an administering agency may, if it finds that significant progress has been made on a project, approve no more than three one-year schedule extensions for a project. Any subsequent schedule extensions for projects can only be given on a case-by-case basis, if the Air District finds that significant progress has been made on a project. For the TFCA 60% Fund, the Air District may approve a longer period, if it finds that significant progress has been made on a project.
11. **Maintain Appropriate Insurance:** Both the administering agency and each grantee must obtain and maintain general liability insurance, workers compensation insurance, and additional insurance as appropriate for specific projects, with required coverage amounts provided in Air District guidance and final amounts specified in the respective grant agreements.

INELIGIBLE USES OF TFCA FUNDS:

12. **Planning activities:** Pursuant to HSC section 44241(c)(1), planning activities are not eligible unless they are directly related to the implementation of a specific project or program.
13. **Cost of developing proposals and grant applications:** The costs to prepare proposals and/or grant applications are not eligible.
14. **Employee subsidies:** Projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the grantee are not eligible.
15. **Personal computers purchase:** Pursuant to HSC section 44241(b)(6), TFCA may not be used to purchase personal computing equipment.
16. **Profit:** The sum of TFCA funds awarded plus all other grants and applicable manufacturer and local/state/federal rebates and discounts plus any applicable applicant cost share may not exceed total project costs.
17. **Remanufactured or refurbished vehicles, equipment, and parts:** Vehicles, equipment, and parts must be new.