Appendix D: Board-Adopted TFCA County Program Manager Fund Policies for FYE 2017

Adopted November 18, 2015

The following Policies apply only to the Transportation Fund for Clean Air (TFCA) County Program Manager Fund.

BASIC ELIGIBILITY

1. **Reduction of Emissions**: Only projects that result in the reduction of motor vehicle emissions within the Air District's jurisdictio~~6~~n are eligible.

   Projects must conform to the provisions of the California Health and Safety Code (HSC) sections 44220 et seq. and these Air District Board of Directors adopted TFCA County Program Manager Fund Policies for FYE 2017.

   Projects must achieve surplus emission reductions, i.e., reductions that are beyond what is required through regulations, ordinances, contracts, and other legally binding obligations at the time of the execution of a grant agreement between the County Program Manager and the grantee. Projects must also achieve surplus emission reductions at the time of an amendment to a grant agreement if the amendment modifies the project scope or extends the project completion deadline.

2. **TFCA Cost-Effectiveness:** Projects must not exceed the maximum cost-effectiveness (C-E) limit noted in Table 1. Cost-effectiveness ($/weighted ton) is based on the ratio of TFCA funds awarded divided by the sum of surplus emissions reduced of reactive organic gases (ROG), nitrogen oxides (NOx), and weighted PM10 (particulate matter 10 microns in diameter and smaller) over a project's useful life. All TFCA-generated funds (e.g., reprogrammed TFCA funds) that are awarded or applied to a project must be included in the evaluation. For projects that involve more than one independent component (e.g., more than one vehicle purchased, more than one shuttle route), each component must achieve this cost-effectiveness requirement.

   County Program Manager administrative costs are excluded from the calculation of a project's TFCA cost-effectiveness.

Table 1: Maximum Cost-Effectiveness for FYE 2017 County Program Manager Fund Projects

Policy No.	Project Category	Maximum C-E ($/weighted ton)
22	Alternative Fuel Light-Duty Vehicles	250,000
23	Reserved	Reserved
24	Alternative Fuel Heavy-Duty Vehicles and Buses	250,000
25	Alternative Fuel Bus Replacement	250,000
26	Alternative Fuel Infrastructure	250,000

27	Ridesharing Projects	~~90,000~~150,000
28 A-H	Shuttle/Feeder Bus Service – Existing	~~175,000~~200,000; ~~200,000~~ 250,000 for services in CARE Areas or PDAs
28 I	Shuttle/Feeder Bus Service - Pilot	Year 1 - 200,000 Year 2 - 175,000
28 I	Shuttle/Feeder Bus Service – Pilot in CARE Areas or PDAs	Year 1 - 500,000 Year 2 - 200,000 Year 3 - 175,000
29	Bicycle Projects	250,000
30	Bay Area Bike Share	500,000
31	Arterial Management	175,000
32	Smart Growth/Traffic Calming	175,000

3. **Eligible Projects and Case-by-Case Approval**: Eligible projects are those that conform to the provisions of the HSC section 44241, Air District Board adopted policies and Air District guidance. On a case-by-case basis, County Program Managers must receive approval by the Air District for projects that are authorized by the HSC section 44241 and achieve Board-adopted TFCA cost-effectiveness but do not fully meet other Board-adopted Policies.

4. **Consistent with Existing Plans and Programs:** All projects must comply with the transportation control measures and mobile source measures included in the Air District's most recently approved plan for achieving and maintaining State and national ambient air quality standards, which are adopted pursuant to HSC sections 40233, 40717 and 40919, and, when specified, with other adopted State, regional, and local plans and programs.

5. **Eligible Recipients:** Grant recipients must be responsible for the implementation of the project, have the authority and capability to complete the project, and be an applicant in good standing with the Air District (Policies #8-10).

   A. Public agencies are eligible to apply for all project categories.

   B. Non-public entities are only eligible to apply for new alternative-fuel (light, medium, and heavy-duty) vehicle and infrastructure projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241(b)(7).

6. **Readiness:** Projects must commence by the end of calendar year 2017. “Commence” includes any preparatory actions in connection with the project’s operation or implementation. For purposes of this policy, “commence” can mean the issuance of a purchase order to secure project vehicles and equipment, commencement of shuttle/feeder bus and ridesharing service, or the delivery of the award letter for a construction contract.

7. **Maximum Two Years Operating Costs:** Projects that provide a service, such as ridesharing programs and shuttle and feeder bus projects, are eligible to apply for a period of up to two (2) years, except for bike share projects, which are eligible to apply for a period of up to five (5)

years. Grant applicants that seek TFCA funds for additional years must reapply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

8. **Independent Air District Audit Findings and Determinations:** Grantees who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project awarded by either County Program Managers or the Air District 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 in accordance with HSC section 44242, or duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means a final audit report that includes an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the program or project was not implemented in accordance with the applicable Funding Agreement or grant agreement.

   A failed fiscal or performance audit of the County Program Manager or its grantee may subject the County Program Manager 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).

9. **Authorization for County Program Manager to Proceed**: Only a fully executed Funding Agreement (i.e., signed by both the Air District and the County Program Manager) constitutes the Air District's award of County Program Manager Funds. County Program Managers may only incur costs (i.e., contractually obligate itself to allocate County Program Manager Funds) after the Funding Agreement with the Air District has been executed.

10. **Maintain Appropriate Insurance:** Both the County Program Manager and each grantee must 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 PROJECTS

11. **Duplication:** Duplicative projects are not eligible. Projects that propose to expand and achieve additional emission reductions of existing projects are eligible (e.g., shuttle service or route expansion, previously-funded project that has completed its Project Useful Life).

12. **Planning Activities:** A grantee may not use any TFCA funds for planning related activities unless they are directly related to the implementation of a project or program that result in emission reductions.

13. **Employee Subsidies**: Projects that provide a direct or indirect financial transit or rideshare subsidy or shuttle/feeder bus service exclusively to the grantee's employees are not eligible.

14. **Cost of Developing Proposals:** Grantees may not use TFCA funds to cover the costs of developing grant applications for TFCA funds.

USE OF TFCA FUNDS

15. **Combined Funds:** Unless otherwise specified in policies #22 through #32, TFCA County Program Manager Funds may not be combined with TFCA Regional Funds to fund a County Program Manager Fund project. Projects that are funded by the TFCA County Program Manager Fund are not eligible for additional funding from other funding sources that claim emissions credits. (For example, County Program Manager-funded projects are eligible for Congestion

Mitigation and Air Quality (CMAQ) funds because CMAQ does not require emissions reductions for funding eligibility.)

16. **Administrative Costs:** The County Program Manager may not expend more than five percent (5%) of its County Program Manager Funds for its administrative costs. The County Program Manager's costs to prepare and execute its Funding Agreement with the Air District are eligible administrative costs. Interest earned on County Program Manager Funds shall not be included in the calculation of the administrative costs. To be eligible for reimbursement, administrative costs must be clearly identified in the expenditure plan application and in the Funding Agreement, and must be reported to the Air District.

17. **Expend Funds within Two Years:** County Program Manager Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program Manager in the applicable fiscal year, unless a County Program Manager has made the determination based on an application for funding that the eligible project will take longer than two years to implement. Additionally, a County Program Manager may, if it finds that significant progress has been made on a project, approve no more than two 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, and the Funding Agreement is amended to reflect the revised schedule.

18. **Unallocated Funds:** Pursuant to HSC 44241(f), any County Program Manager Funds that are not allocated to a project within six months of the Air District Board of Directors approval of the County Program Manager's Expenditure Plan may be allocated to eligible projects by the Air District. The Air District shall make reasonable effort to award these funds to eligible projects in the Air District within the same county from which the funds originated.

19. **Incremental Cost (for the purchase or lease of new vehicles):** For new vehicles, TFCA funds awarded may not exceed the incremental cost of a vehicle after all rebates, credits, and other incentives are applied. Such financial incentives include manufacturer and local/state/federal rebates, tax credits, and cash equivalent incentives. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle, and the price of its new conventional vehicle counterpart that meets, but does not exceed, the most current emissions standards at the time that the project is evaluated.

20. **Reserved.**

21. **Reserved.**

ELIGIBLE PROJECT CATEGORIES

22. **Alternative Fuel Light-Duty Vehicles:**

    Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight rating (GVWR) of 14,000 lbs. or lighter. Eligible alternative light-duty vehicle types and equipment eligible for funding are:

    A. Purchase or lease of new hybrid-electric, electric, fuel cell, and CNG/LNG vehicles certified by the California Air Resources Board (CARB) as meeting established super ultra-low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards.

    B. Purchase or lease of new electric neighborhood vehicles (NEV) as defined in the California Vehicle Code.

Gasoline and diesel (non-hybrid) vehicles are not eligible for TFCA funds. Funds are not available for non-fuel system upgrades, such as transmission and exhaust systems, and should not be included in the incremental cost of the project.

23. **Reserved.**

24. **Alternative Fuel Heavy-Duty Vehicles and Buses:**

Eligibility: These projects are intended to accelerate the deployment of qualifying alternative fuel vehicles that operate within the Air District's jurisdiction. All of the following additional conditions must be met for a project to be eligible for TFCA Funds:

A. Vehicles purchased and/or leased either have a GVWR greater than 14,000lbs or are classified as urban buses; and

B. Are 2015 model year or newer hybrid-electric, electric, CNG/LNG, and hydrogen fuel cell vehicles certified by the CARB.

TFCA funds may not be used to pay for non-fuel system upgrades such as transmission and exhaust systems.

Scrapping Requirements: Grantees with a fleet that includes model year 1998 or older heavy-duty diesel vehicles must scrap one model year 1998 or older heavy-duty diesel vehicle for each new vehicle purchased or leased under this grant. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

25. **Alternative Fuel Bus Replacement:**

Eligibility: For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than 15 persons, including the driver. A vehicle designed, used, or maintained for carrying more than 10 persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool vehicle is not considered a bus. Buses are subject to the same eligibility requirements and the same scrapping requirements listed in Policy #24.

26. **Alternative Fuel Infrastructure:**

Eligibility: Eligible refueling infrastructure projects include new dispensing and charging facilities, or additional equipment or upgrades and improvements that expand access to existing alternative fuel fueling/charging sites (e.g., electric vehicle, CNG, hydrogen). This includes upgrading or modifying private fueling/charging sites or stations to allow public and/or shared fleet access. TFCA funds may be used to cover the cost of equipment and installation. TFCA funds may also be used to upgrade infrastructure projects previously funded with TFCA-generated funds as long as the equipment was maintained and has exceeded the duration of its years of effectiveness after being placed into service.

TFCA-funded infrastructure projects must be available to and accessible by the public. Equipment and infrastructure must be designed, installed and maintained as required by the existing recognized codes and standards and approved by the local/state authority.

TFCA funds may not be used to pay for fuel, electricity, operation, and maintenance costs.

27. **Ridesharing Projects:** Eligible ridesharing projects provide carpool, vanpool or other rideshare services. Projects that provide a direct or indirect financial transit or rideshare subsidy are also eligible under this category.

28. **Shuttle/Feeder Bus Service:**

    These projects are intended to reduce single-occupancy vehicle trips by providing short-distance connections. All of the following conditions must be met for a project to be eligible for TFCA funds:

    A. The service must provide direct connections between a mass transit hub (e.g., a rail or Bus Rapid Transit (BRT) station, ferry or bus terminal or airport) and a distinct commercial or employment location.

    B. The service's schedule must be coordinated to have a timely connection with corresponding mass transit service.

    C. The service must be available for use by all members of the public.

    D. TFCA funds may be used to fund only shuttle services to locations that are under-served and lack other comparable service. For the purposes of this policy, "comparable service" means that there exists, either currently or within the last three years, a direct, timed, and publicly accessible service that brings passengers to within one-third (1/3) mile of the proposed commercial or employment location from a mass transit hub. A proposed service will not be deemed "comparable" to an existing service that brings passengers from a mass transit hub to within 1/3 mile of the employment location or commercial hub if the passengers' proposed travel time will be at least 15 minutes less than and will be at least 33% shorter than the existing service's travel time to the proposed destination.

    E. Project applicants that were awarded FYE 2014 or FYE 2015 or FYE 2016 TFCA Funds that propose identical routes in FYE 2015 or in FYE 2016 or in FYE 2017 may request an exemption from the requirements of Policy 28.D. provided they meet the following requirements: 1) No further TFCA project funding as of January 1, 2017; 2) The proposed service must serve the identical transit hub and commercial or employment locations as the previously funded project; and 3) Submission of a plan to achieve financial self-sufficiency from TFCA funds by January 1, 2017, or a plan to come into compliance with Policy 28.D. and all other eligibility criteria.

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

    G. Shuttle/feeder bus service applicants must submit a letter of concurrence from the transit district or transit agency that provides service in the area of the proposed route, certifying that the service does not conflict with existing service.

    H. Existing projects must meet a cost-effectiveness of $~~175,000~~200,000 per ton of emissions reduced. Projects that would operate in Highly Impacted Communities or Episodic Areas as defined in the Air District Community Air Risk Evaluation (CARE) Program, or in Priority Development Areas (PDAs), may qualify for funding at a cost-effectiveness limit of $~~200,000~~250,000 per ton of emissions reduced.

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

i. Provide data and other evidence demonstrating the public's need for the service, including a demand assessment survey and letters of support from potential users. Project applicants must agree to conduct a passenger survey for each year of operation.

ii. Provide written documentation of plans for financing the service in the future;

iii. Provide a letter from the local transit agency denying service to the project's proposed service area, which includes the basis for denial of service to the proposed areas. The applicant must demonstrate that the project applicant has attempted to coordinate service with the local service provider and has provided the results of the demand assessment survey to the local transit agency. The applicant must provide the transit service provider's evaluation of the need for the shuttle service to the proposed area.

iv. Pilot projects located in Highly Impacted Communities as defined in the Air District Community Air Risk Evaluation (CARE) Program and/or a Planned or Potential Priority Development Area (PDA) may receive a maximum of three years of TFCA Funds under the Pilot designation. For these projects, the project applicants understand and must agree that such projects will be evaluated every year, and continued funding will be contingent upon the projects meeting the following requirements:

   a. During the first year of operation, projects must not exceed a cost-effectiveness of $500,000/ton,

   b. By the end of the second year of operation, projects must not exceed a cost-effectiveness of $200,000/ton, and

   c. By the end of the third year of operation, projects must not exceed a cost-effectiveness of $175,000/ton and meet all of the requirements of Policy #28.A-H (existing shuttles).

v. Projects located outside of CARE areas and PDAs may receive a maximum of two years of TFCA Funds under this designation. For these projects, the project applicants understand and must agree that such projects will be evaluated every year, and continued funding will be contingent upon the projects meeting the following requirements:

   a. By the end of the first year of operation, projects shall meet a cost-effectiveness of $200,000/ton, and

   By the end of the second year of operation, projects shall cost $175,000 or less per ton (cost-effectiveness rating) and shall meet all of the requirements of Policy #28.A-H (existing shuttles).

29. **Bicycle Projects:**

New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. Eligible projects are limited to the following types of bicycle facilities for public use that result in motor vehicle emission reductions:

A. New Class-1 bicycle paths;
B. New Class-2 bicycle lanes;
C. New Class-3 bicycle routes;

D. New Class-4 cycle tracks or separated bikeways;
E. Reserved.
F. Bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels;
G. Electronic bicycle lockers;
H. Capital costs for attended bicycle storage facilities; and
I. Purchase of two-wheeled or three-wheeled vehicles (self-propelled or electric), plus mounted equipment required for the intended service and helmets.
J. Reserved.

All bicycle facility projects must, where applicable, be consistent with design standards published in the California Highway Design Manual, or conform to the provisions of the Protected Bikeway Act of 2014.

30. **Bay Area Bike Share**

These projects make bicycles available to individuals for shared use for completing first- and last-mile trips in conjunction with regional transit and stand-alone short distance trips. To be eligible for TFCA funds, bicycle share projects must work in unison with the existing Bay Area Bike Share Project by either increasing the fleet size within the initial participating service areas or expanding the existing service area to include additional Bay Area communities. Projects must have a completed and approved environmental plan and a suitability study demonstrating the viability of bicycle sharing. Projects may be awarded TFCA funds to pay for up to five years of operations.

31. **Arterial Management:**

Arterial management grant applications must identify a specific arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funds. Incident management projects on arterials are eligible to receive TFCA funds. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. Signal timing projects are eligible to receive TFCA funds. Each arterial segment must meet the cost-effectiveness requirement in Policy #2.

32. **Smart Growth/Traffic Calming:**

Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds, subject to the following conditions:

A. The development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, pedestrian plan, traffic-calming plan, or other similar plan; and

B. The project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District plan for State and national ambient air quality standards. Pedestrian projects are eligible to receive TFCA funds.

C. The project must have a completed and approved environmental plan. If a project is exempt from preparing an environmental plan as determined by the public agency or lead agency, then that project has met this requirement.

Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential retail, and employment areas.