## *THE TRANSPORTATION FUND FOR CLEAN AIR (TFCA) POLICIES*
## *Commencing Fiscal Year 2026-2027*

These Policies were established to guide the use of the Bay Area Air District's (Air District) Transportation Fund for Clean Air (TFCA) for both the TFCA 60% Fund that is administered by the Air District, and the 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 funding 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 in accordance with HSC section 44242 or for a 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 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 Funding Agreement or 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:** Only projects that result in the reduction of surplus on-road motor vehicle emissions within the Air District's jurisdiction are eligible. 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.

   Surplus emission reductions are 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. TFCA funds may not be granted to a project that has already commenced or would have commenced otherwise.

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. Cost-effectiveness ($/weighted ton) is the ratio of TFCA funds awarded to the sum of surplus emissions reduced, during a project's operational period, of reactive organic gases (ROG), nitrogen oxides (NOx), and weighted PM10 (particulate matter 10 microns in diameter and smaller). 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.

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

   This section does not apply to projects that are co-funded by other Air District administered programs (e.g., Carl Moyer Program) and the TFCA 60% Fund. Emissions benefits for these projects may be reported under other Air District- administered programs.

**Table 1: Maximum Cost-Effectiveness 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 are communities identified through the Assembly Bill (AB) 617 process; and Priority Populations as 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 defined as projects that serve an area where no similar service was available within the past three years or that will result in significantly expanded service to an existing area.
[4] The 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.
* The value for non-Priority Area projects may increase annually to align with adjustments made to the Carl Moyer Program Guidelines adopted by the California Air Resources Board (CARB). The value for Priority Area projects will be increased by 1.5 times.

**Table 2: Maximum Cost-Effectiveness 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[1]* |
| Clean Cars for All | $522,000* |
| Charge! | N/A[2] |

[1] Maximum C-E for vehicle scrapping if entirely funded by TFCA. If TFCA is used as a match for state funds, all emissions reductions will be claimed by the state program.
[2] 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 will be competitively evaluated using objective criteria. Cost-effectiveness factors will 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 cost-effectiveness threshold will apply.
*These values may increase annually to align the limit with adjustments made to the Carl Moyer Program Guidelines adopted by CARB.

8. **Consistent with existing plans and programs:** All projects must comply with the Transportation Control and Mobile Source Control Measures included in the Air District's most recently approved strategies for achieving 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 computers.
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.