

BAY AREA
AIR QUALITY



TRANSPORTATION
FUND FOR
CLEAN AIR

Transportation **F**und for **C**lean **A**ir

Regional Fund Grant Application Guidance for Fiscal Year 2008/2009

**Bay Area Air Quality Management District
939 Ellis Street, San Francisco, CA 94109
April 2008**

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SUMMARY OF FISCAL YEAR 2008/09 CHANGES

Grant application Deadline: All fiscal year (FY) 2008/09 TFCA Regional Fund grant applications must be received by the Bay Area Air Quality Management District (Air District) by **5:00 PM on Monday, June 30, 2008.**

Revised TFCA Regional Fund Policies and Evaluation Criteria: TFCA Regional Fund policies for FY 2008/09 are presented in Appendix A. Please note that some policies have been revised. Significant policy changes are outlined below:

- A new Policy #19, *Insurance*, formalizes the current Air District practice of requiring insurance on all grant projects.
- Evaluation Criterion #5, *Sensitive and PM Impacted Communities*, now awards up to an additional five points to applications that both meet a threshold for operations in designated Sensitive and PM Impacted Communities, and reduce emissions in one of the following six designated Highly Impacted Communities: Eastern San Francisco; West Oakland; East Oakland/San Leandro; Richmond; San Jose; and Concord.
- A new Criterion #6, *Priority Development Areas*, awards up to five points for projects that reduce emissions in regionally approved Priority Development Areas. The available points under Criterion #3, *Other Project Attributes*, were reduced from 10 to five.

ADVISORY ON PORT TRUCKS

Trucks serving ports and intermodal rail yards may be eligible for funding under the new Goods Movement Program (GMP). See separate application and guidance at http://www.baaqmd.gov/pln/grants_and_incentives/gm/index.htm.

◆ Port truck **retrofit** projects can qualify for a maximum of \$5,000 per installation from Goods Movement Bond. Additional TFCA Regional Funds (up to \$5,000) and funds from the Port of Oakland in State funds may become available for this program. Port truck retrofit applicants must complete the separate application at the link above.

◆ For Port truck **repower** projects, applicants have a choice and can currently qualify for up to 100% of the cost of the repower under the TFCA program but only up to \$20,000 per engine under the GMP. Applicants should note that Retrofits are also generally required on all TFCA repower projects.

◆ Again for **New port truck purchase** projects, applicants have a choice. Applicants can qualify for up to \$50,000 under the GMP—significantly more than under TFCA. See separate application at the link above.

REMINDER CHECKLIST

- Read through this Grant Application Guidance booklet, including the evaluation criteria in Section II and the policies in Appendix A.
- Attend a grant application workshop. In addition to the workshop listed below, workshops will be scheduled at other times in other locations. Consult the TFCA Regional Fund web page at <http://www.baaqmd.gov/tfcaregional> for details. Attendance at a workshop is free and is not required to apply for funds.
 - A joint TFCA Regional Fund / Bicycle Facility Program / Port Truck grant application workshop at **9:30 AM on Friday, May 16, 2008 at the Air District**. The workshop is especially recommended for new grant applicants. Directions to the Air District are available on our website at: <http://www.baaqmd.gov/dst/directions/index.htm>.
- Grant applicants are strongly encouraged to discuss their project with Air District staff prior to submitting a grant application (see staff contact list in Section I).
- Grant application must include Parts 1-7, plus the applicable Supplementary Project Information Sheet(s), Parts 8-14, for your project type.

I. REGIONAL FUND SUMMARY

Transportation Fund for Clean Air

This document describes the Transportation Fund for Clean Air (TFCA) Regional Fund and explains how to apply for a grant in the FY 2008/09 funding cycle. This guidance covers only the TFCA Regional Fund process; other guidance materials (e.g., for the TFCA County Program Manager Fund) are found in separate documents; see http://www.baaqmd.gov/pln/grants_and_incentives/tfca/index.htm for more information.

The Bay Area Air Quality Management District (Air District), in conjunction with the Department of Motor Vehicles (DMV), receives a \$4 surcharge on motor vehicle registrations paid within the Air District's jurisdiction. The surcharge provides funding for the Air District's Transportation Fund for Clean Air. TFCA funds are distributed to public agencies and non-public entities to implement projects to reduce air pollution from motor vehicles in accordance with the requirements of State law and the Air District's *Bay Area 2005 Ozone Strategy*.

The statutory authority for the TFCA, the eligible types of projects, and the requirements that govern administration of the program are set forth in California Health and Safety Code Sections 44241 and 44242.

The Air District's objectives for the TFCA are to fund the most cost-effective projects that reduce motor vehicle emissions, and to support implementation of the transportation control measures (TCMs) and mobile source measures in the [Bay Area 2005 Ozone Strategy](#).

Schedule for FY 2008/09 TFCA Regional Fund Cycle

(All dates are 2008)

April 30	Call for projects
Friday, May 16	Workshop for grant applicants at the Air District at 9:30 AM . Other workshops are planned; see website for details.
Monday, June 30	Deadline to submit Regional Fund grant applications, 5 PM
September	Proposed grants reviewed by Air District's Mobile Source Committee (tentative)
October	Grant allocations approved by Air District Board of Directors (tentative)
By November 28	Draft funding agreements provided for signature (target)

Who Can Apply

Any public agency sponsoring an eligible project within the jurisdiction of the Air District is eligible to apply for TFCA Regional Fund grants. Eligible public agencies include cities, counties, transit districts, school districts, and other special purpose agencies. Non-public entities can also apply for TFCA grants, directly or via a public agency, to sponsor and implement certain clean air vehicle projects only. The Air District encompasses all of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, and Santa Clara Counties, and the southern parts of Solano and Sonoma Counties.

Eligible Project Types

The following project types are eligible for funding under the Regional Fund:

Ridesharing: The implementation of ridesharing programs.¹

- **Heavy-Duty Clean Air Buses:** The purchase or lease of clean fuel buses for school districts and transit operators.
- **Shuttle/Feeder Bus Service:** The provision of local feeder bus or shuttle service to rail and ferry stations and to airports.
- **Arterial Management:** Implementation and maintenance of local arterial traffic management, including, but not limited to, signal timing, transit signal preemption, bus stop relocation and "smart streets."
- **Transit Information and Integration:** Implementation of rail-bus integration and regional transit information systems.
- **Telecommuting/Congestion Pricing:** Implementation of demonstration projects in telecommuting projects 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.
- **Vehicle-Based Projects:** Implementation of vehicle-based projects to reduce mobile source emissions, including, but not limited to, engine repowers (i.e., engine replacements), engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations. The purchase or lease of new vehicles that achieve surplus emission reductions is eligible.
- **Smart Growth/Traffic Calming:** 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, traffic calming plan, or other similar plan (e.g., bicycle plan or pedestrian plan). (Note: these projects are usually referred to as the "smart growth" project type.)

The following project types **are not eligible** for funding under the Regional Fund: off-road vehicles; maritime vessels; fuel production; education; planning; and (with the exception of advanced technology demonstration projects under Policy 29 in Appendix A) fueling infrastructure. Bicycle facility projects are no longer eligible for funding under the Regional Fund cycle. They instead are eligible for funding under the Air District's Bicycle Facility Program. See http://www.baaqmd.gov/pln/grants_and_incentives/bfp/index.htm for details.

Available Funds

For FY 2008/09, an estimated \$12 million in funds are available for distribution via the competitive Regional Fund process. However, the Air District's may choose to reserve Regional Funds to match State funds for Goods Movement Program projects at a future date and this may reduce this amount by up to \$5 million. The minimum Regional Fund grant for a

¹ For purposes of TFCA Regional Fund applications, "ridesharing" means carpooling, vanpooling, or transit.

single project is \$10,000 and the maximum grant is \$1.5 million for public agencies and \$500,000 (single grant or combined grants) for non-public entities.

Funding Agreements

Project sponsors will be notified after projects are preliminarily approved for funding by the Air District Board of Directors. However, final approval for funding occurs only when a signed funding agreement has been executed by both the project sponsor and the Air District.

Air District staff will prepare project funding agreements that set forth the terms, conditions, and monitoring and reporting requirements of each TFCA grant. The project sponsor shall not enter into a funding agreement for an approved TFCA grant until all project funding has been approved and secured. **Upon execution of the funding agreements, project sponsors are legally bound to meet certain requirements**, including operating the project for the specified project life, notifying the Air District of any change in operation, making periodic reports, and providing certificates of insurance. If a project sponsor does not comply with all the terms and conditions of a funding agreement, the sponsor may have to repay a portion or all of the funds granted, and may be barred from future Air District grants. In addition, the project sponsor should expect that each project will be audited at least once over the lifetime of the project.

How Grant Recipients Will Receive Funds

The payment schedule will be established in the funding agreement for each project. No funds will be released until the funding agreement has been signed by the project sponsor and the Air District (i.e., until the agreement is fully executed). In general, payments will be made on a reimbursement basis, after project costs are incurred and documented.

Eligible Project Costs

Appendix C provides additional guidance explaining eligible TFCA project costs. Please note that all project costs, including administrative costs and indirect costs, must be identified in the original grant application and must be included in the project budget in the TFCA funding agreement, in order to be eligible for reimbursement.

Project sponsors may incur project costs only as of the date of the execution of a funding agreement (i.e., the date an agreement is signed by both the project sponsor and the Air District). The Air District will not fund any portion of the cost of preparing and submitting a grant application. Any project sponsor receiving funds must expend the funds within two years of the effective date of the funding agreement, unless a longer period is requested in writing by the project sponsor and approved in advance by the Air District. **Administrative costs are limited by law to a maximum of five percent (5%) of total TFCA funds expended on a project.**

Considerations for Clean-Air Vehicle Projects

The California Air Resources Board (CARB) has adopted a Drayage Truck Rule requiring drayage trucks to take certain actions by December 31, 2009. In addition, CARB staff has proposed an In-Use On-Road Fleet Rule that would require all remaining medium-heavy and

heavy-heavy-duty trucks to reduce emissions by a series of deadlines, beginning at the end of 2010. **The Drayage Truck Rule and, if adopted, the On-Road Rule will significantly limit the ability of on-road vehicle projects to win TFCA grants**, particularly as the deadlines phase in over time. The reason is that these rules mandate emission reductions, and TFCA funds are available only for reductions that are not required. For links to CARB rules, see www.baaqmd.gov/tfcaregional.

Also, note that the **maximum TFCA funding level** for vehicle projects is:

- New vehicles (heavy-duty and light-duty) – the incremental cost of the new clean air vehicle. Incremental cost is the *difference* in the purchase or lease price of the new clean air vehicle that *surpasses* the current emissions standards and its new diesel counterpart that *meets, but does not exceed*, the current emissions standards. Thus, TFCA can pay at most a small portion of the full purchase/lease price.
- Repowers (engine replacements) – up to 100%. Repower projects *must include* a verified diesel emission control system (VDECS, or retrofit), unless the replacement engine is model-year 2005 or newer and no VDECS is available.
- Retrofits – up to 100% for VDECS.

Air District Staff Contacts

Grant applicants are strongly encouraged to discuss their grant applications with Air District staff prior to submittal. Air District staff can provide assistance in preparing grant applications, and in identifying necessary data to evaluate the potential emission reductions for the project. Please direct your questions to the Air District contact for your type of project.

Project Type	Contact	Telephone	E-mail Address
Retrofit of Heavy-Duty Diesel Vehicles: Sponsor Name Begins With Letters A-L	Andrea Gordon	(415) 749-4940	agordon@baaqmd.gov
Letters M-Z	Michael Neward	(415) 749-4703	mneward@baaqmd.gov
Repower + Retrofit of Heavy-Duty Diesel Vehicles	Avra Goldman	(415) 749-5093	agoldman@baaqmd.gov
Purchases/Lease of New Heavy-Duty Vehicles	Avra Goldman	(415) 749-5093	agoldman@baaqmd.gov
Light-Duty Vehicle Purchases	Michael Neward	(415) 749-4703	mneward@baaqmd.gov
Shuttles/Feeder Bus Service, Rideshare Programs, Transit Information/Integration	Andrea Gordon	(415) 749-4940	agordon@baaqmd.gov
Arterial Management, Smart Growth/Traffic Calming, Telecommuting/Congestion Pricing	Deepti Jain	(415) 749-5075	djain@baaqmd.gov

II. EVALUATION CRITERIA AND SCORING

Grant applications must comply with the TFCA Regional Fund Policies, and also are evaluated based on six criteria. New for FY2008/2009, grant applications that meet a threshold for emission reductions in six highly impacted communities listed under Criterion 5, Sensitive and PM Impacted Communities, will receive top priority.

Both public agencies and non-public entities are eligible to receive points under Criteria 1, 2, 3, 5, and 6. Only public agencies are eligible to receive points under Criterion 4. The maximum possible score for a public agency is 100 points and the maximum possible score for a non-public entity is 90 points. A public agency must achieve a minimum score of 40 points to be considered for funding while a non-public entity must achieve a minimum of 36 points to be considered for funding.

Projects will be ranked by 1) calculating the percentage of total eligible points scored (100 for public agencies and 90 for non-public entities) in descending order, and 2) providing first priority for projects operating in six highly impacted communities. In the event that two or more projects achieve an equal score, the project with the best TFCA funding effectiveness (Criterion 1) will receive a higher ranking.

Available TFCA Regional Funds will be allocated to projects beginning with the highest ranking project and proceeding in sequence to lower ranking projects, to fund as many eligible projects as available funds can fully cover. If the TFCA Regional Fund is oversubscribed, the point where the next-ranked eligible project cannot be fully funded defines the cut-off point for the funding cycle, i.e., all projects above this point will be funded. The Air District may maintain a list of eligible projects that may be funded if funds become available. If the Regional Fund is undersubscribed, any remaining funds are generally allocated to projects in the subsequent funding cycle. No partial grant awards will be made; however, grant awards may be reduced from the original application request by mutual consent of the project sponsor and the Air District.

FY 2008/2009 TFCA Regional Fund Scoring Criteria

Criteria	Maximum Points
1. TFCA Funding Effectiveness*	60
2. Greenhouse Gas Emission Reductions*	10
3. Other Project Attributes*	5
4. Clean Air Policies and Programs**	10
5. Sensitive and PM Impacted Communities*	---
A. General	10
B. Highly-Impacted Communities	<i>Top priority***</i>
6. Priority Development Areas*	5
Total	100

* Public agencies and non-public entities eligible to receive points

** Only public agencies eligible to receive points

***Top priority is defined per Criterion 5 below

DISCUSSION

- **Criterion 1: TFCA Funding Effectiveness (maximum 60 points)**

This criterion is designed to measure the cost-effectiveness of a project in reducing air pollutant emissions and to encourage projects that contribute funding from other, non-TFCA sources in excess of required matching funds. TFCA funds budgeted for the project (TFCA Regional Funds and TFCA County Program Manager Funds combined) will be divided by the estimated lifetime emission reductions for the project. The estimated lifetime emission reductions is the sum of reactive organic gases, oxides of nitrogen, and weighted particulate matter (PM)² that will be reduced over the life of the project. Air District staff will determine the estimated emission reductions and TFCA funding effectiveness for the project.

The point scale for awarding points for this criterion is presented below.

Point Scale for Criterion 1

TFCA \$/Ton		Points	TFCA \$/Ton		Points		
\$0	-	\$19,999	60	\$56,000	-	\$57,999	41
\$20,000	-	\$21,999	59	\$58,000	-	\$59,999	40
\$22,000	-	\$23,999	58	\$60,000	-	\$61,999	39
\$24,000	-	\$25,999	57	\$62,000	-	\$63,999	38
\$26,000	-	\$27,999	56	\$64,000	-	\$65,999	37
\$28,000	-	\$29,999	55	\$66,000	-	\$67,999	36
\$30,000	-	\$31,999	54	\$68,000	-	\$69,999	35
\$32,000	-	\$33,999	53	\$70,000	-	\$71,999	34
\$34,000	-	\$35,999	52	\$72,000	-	\$73,999	33
\$36,000	-	\$37,999	51	\$74,000	-	\$75,999	32
\$38,000	-	\$39,999	50	\$76,000	-	\$77,999	31
\$40,000	-	\$41,999	49	\$78,000	-	\$79,999	30
\$42,000	-	\$43,999	48	\$80,000	-	\$81,999	29
\$44,000	-	\$45,999	47	\$82,000	-	\$83,999	28
\$46,000	-	\$47,999	46	\$84,000	-	\$85,999	27
\$48,000	-	\$49,999	45	\$86,000	-	\$87,999	26
\$50,000	-	\$51,999	44	\$88,000	-	\$89,999	25
\$52,000	-	\$53,999	43	\$90,000	-	and above	0
\$54,000	-	\$55,999	42				

- **Criterion 2: Greenhouse Gas Emission Reductions (maximum 10 points)**

This criterion is designed to reward projects that will reduce greenhouse gas emissions. It will award a maximum of 10 points (on a sliding scale, 0 - 10 points) for projects that reduce emissions of greenhouse gases, predominately carbon dioxide. Inherently,

² PM emissions include tailpipe PM, as well as brake particles, tire particles and re-entrained road dust. Consistent with California Air Resources Board methodology to calculate PM emission reductions for the Carl Moyer Program, weighted PM emissions will be calculated by adding the tailpipe PM multiplied by a factor of 20, plus the sum of tire, brake, and road dust PM.

projects that promote alternative modes of transportation and reduce single occupant vehicle trips (e.g., transit, ridesharing, bicycling and walking), as well as projects that improve motor vehicle fuel economy, will reduce greenhouse gas emissions. TFCA funds budgeted for the project will be divided by the estimated lifetime emission reductions of greenhouse gases for the project. Air District staff will determine the estimated emission reductions, TFCA funding effectiveness for greenhouse gases, and the scale for awarding points.

- **Criterion 3: Other Project Attributes (maximum 5 points)**

The purpose of this criterion is to provide a mechanism in the evaluation and scoring process to identify and assess desirable project attributes that are not captured in the analysis of TFCA funding effectiveness. Projects may score points under this criterion based upon other project attributes identified for each project type. The specific project attributes for each project type will be identified after grant applications have been received and reviewed.

- **Criterion 4: Clean Air Policies and Programs (maximum 10 points)**

The purpose of this criterion is to recognize and encourage the efforts of public agencies to implement policies and programs that promote the region's air quality objectives, especially land use and transportation policies that help to reduce air pollution from motor vehicles.

To receive points for this criterion, the sponsoring agency must describe its policies and actions to implement the transportation control measures (TCMs) in the most recently adopted [strategy\(ies\) for State and national ozone standards](#) throughout the agency's jurisdiction. Points will be awarded based upon the performance of the project sponsor in implementing those elements of each TCM, which are within the purview of the sponsor agency. Non-public entities are not eligible for points under this criterion.

- **Criterion 5: Sensitive and Particulate Matter (PM) Impacted Communities (maximum 10 points)**

Under Criterion 5, grant applications are eligible for credit under two sub-criteria.

A. General

This sub-criterion will award a maximum of 10 points (on a sliding scale, 0-10 points) for projects that directly reduce emissions in communities with both high PM_{2.5} emissions and sensitive populations (i.e., children, seniors, those with low-incomes or elevated asthma rates).

B. Highly Impacted Communities

New for FY 2008/2009, applications that meet thresholds for emission reductions in six highly impacted communities will receive priority over those applications that do not.

Top priority will be given to projects in these communities by providing them with the maximum score of 10 points in this Criterion and an additional 5 points under Criterion 3 "Other Project Attributes" provided that they operate at least 30% in highly impacted communities. This contrasts with previous years where a sliding 10-point scale was used similar to the general category above. The six highly impacted communities are:

Eastern San Francisco
West Oakland
East Oakland/San Leandro
Richmond
San Jose
Concord

These six communities have been identified by the Air District as having the most severe health risk with a population in which more than 40% of the residents are under 185% of the federal poverty level.

Both sub-criteria 5A and 5B are based on data from the Air District's Community Air Risk Evaluation (CARE) Program; maps that identify these communities will be made available on the Air District's website. To qualify for points, a project must directly benefit one or more of these communities. The grant applicant must: 1) clearly indicate the community that would benefit from the project; 2) specify the percentage of project resources or services that would be delivered to the identified community; and 3) provide a clear explanation as to how the project would directly benefit residents in that community. The credit awarded will be determined by Air District staff, and will be based upon the percentage of project resources or services that would directly benefit the community, and the extent to which the project sponsor demonstrates this benefit.

- **Criterion 6: Priority Development Areas (maximum 5 points)**

The purpose of this criterion is to reduce emissions by encouraging the concentration of future growth near transit and in existing Bay Area communities. Funding projects operating in regionally approved Priority Development Areas (PDAs) will lead to reduced emissions in the region generally, and in PDAs in particular. Both public agencies and non-public entities are eligible for points under this criterion.

As with Criterion 5, to receive points for this criterion, the project must directly benefit one or more approved PDA. The grant applicant must: 1) clearly indicate the PDA that would benefit from the project; and 2) specify the percentage of project resources or services that would be delivered in the PDAs. The credit awarded will be determined by Air District staff, and will be based upon the percentage of project resources or services that would directly benefit the PDA, and the extent to which the project sponsor demonstrates this benefit.

III. GUIDELINES FOR SPECIFIC PROJECT TYPES

This section provides guidelines and tips for some of the eligible project types. Bicycle facility projects are no longer eligible for funding under the main Regional Fund process described in this guidance, and instead are eligible for funding under the Air District's Bicycle Facility Program (BFP). Under each project type listed below, **Basic Eligibility** identifies the applicable policies, and **Strengthening Your Grant Application** specifies project characteristics that Air District staff has determined improve cost-effectiveness. This information is advisory in nature. The specific cost-effectiveness of each project will be determined on a case-by-case basis. Please note that there are project types eligible for TFCA funding for which no information is provided under **Strengthening Your Grant Application** because projects in these categories vary so significantly or so little that guidelines do not apply.

Shuttle/Feeder Bus Service

Basic Eligibility: Grant applications for shuttle/feeder bus projects must meet applicable requirements outlined in TFCA Policies #12 and #30, Appendix A.

Strengthening Your Grant Application: Projects with the following characteristics are typically more cost-effective in reducing emissions:

- Shuttle operates during the peak-period only
- Shuttle route serves a large business park or employment hub
- Service is provided using clean fuel, low-emission vehicles (electric, hybrid electric, or, to some extent, natural gas). Use of alternative fuel shuttle vehicles is not a requirement, provided that applicant demonstrates compliance with the particulate matter standard as outlined in Policy #30, Appendix A
- At least 50% of the shuttle cost is paid through a non-TFCA funding source (e.g., private sector)

Ridesharing and Transit Information/Integration

Basic Eligibility: Grant applications for ridesharing, rail-bus integration, and regional transit information projects must meet the requirements outlined in TFCA Policies #12 and #30, Appendix A.

Strengthening Your Grant Application: Grant applications should demonstrate a strong potential to shift trips from single occupant vehicles to an alternative mode of transportation in a cost-effective manner. Projects with the following characteristics are typically more cost-effective in reducing emissions:

- Transit Information: Project will provide transit information for the nine Bay Area counties
- Rail-Bus Integration: Project will facilitate transfers between regional and local transportation systems

Heavy-Duty Clean Air Vehicles

Basic Eligibility: Grant applications from both public agencies and non-public entities for heavy-duty clean air vehicles must meet the applicable requirements outlined in TFCA Policies #26 and #27, Appendix A. For new vehicles, TFCA funds can cover only a small portion of the total cost—at most the difference between the price of the new cleaner-than-required vehicle and its new diesel counterpart.

Strengthening Your Grant Application: Grant applicants with only model-year 1994 and newer vehicles in their fleet are encouraged to scrap an existing operational diesel vehicle in their fleet, because the emission reductions associated with scrapping will be accounted for in calculating the overall cost effectiveness for the project.

Light-Duty Clean Air Vehicles

Basic Eligibility: Grant applications from public agencies for new light-duty clean air vehicles must meet the applicable requirements outlined in TFCA Policy #25, Appendix A. Agencies applying for light-duty clean air vehicle on behalf of a non-public fleet operator must comply with TFCA Policy #6, Appendix A.

Strengthening Your Grant Application: In general, a light-duty vehicle project will only be cost-effective if the vehicle's service is high-mileage or requires a relatively heavy light-duty vehicle. Regarding annual mileage, documentation should be provided to show: 1) the annual mileage for equivalent vehicles in the existing fleet; and 2) that the new light-duty clean air vehicle will be used in the same service or capacity.

Smart Growth/Traffic Calming

Basic Eligibility: Grant applications for smart growth and traffic calming must meet the requirements outlined in TFCA Policy #32, Appendix A.

Strengthening Your Grant Application: Grant applications should demonstrate a strong potential to reduce motor vehicle trips by improving mobility via walking, bicycling, and transit. Projects with the following characteristics are typically more cost-effective in reducing emissions:

- Project is located along high volume transit corridors
- Project is associated with a multi-modal transit center
- Project supports high-density mixed-use development
- Project will redevelop or infill existing high-density communities
- Project is located near major activity centers such as schools, transit centers, civic or retail centers
- Project is supported by the affected neighborhood community

Street and building beautification projects that are not likely to directly reduce motor vehicle emissions will not compete successfully for TFCA funds.

Site-specific traffic calming projects are eligible to receive TFCA funds only if they are part of an approved area-specific plan.

Arterial Management

Basic Eligibility: Grant applications for arterial management must meet the requirements outlined in TFCA Policy #31, Appendix A.

For projects that include pedestrian elements, see the section on *Smart Growth/Traffic Calming* above.

Strengthening Your Grant Application: Arterial management grant applications should demonstrate a strong potential to reduce motor vehicle trips by improving transit, bicycling, and pedestrian mobility. Grant applications are encouraged for arterial management projects that will:

- Reduce transit headways and speed transit service
- Promote mode shift from motor vehicles to transit, bicycling or walking
- Incorporate means to reduce delays to transit, bicycles, pedestrians, and motor vehicles

Projects to perform routine maintenance of signal systems are not eligible for TFCA funding. Projects that increase vehicle speeds above 30 miles per hour are not likely to compete successfully for TFCA funds.

IV. GRANT APPLICATION INSTRUCTIONS

Grant Application Process

This section includes instructions on how to apply for TFCA Regional Funds. There are three ways to obtain a TFCA Regional Fund grant application form:

- Air District web site: Go to www.baaqmd.gov, click on “Grants & Incentives,” then “Transportation Fund for Clean Air,” then “Regional Fund,” then “2008 TFCA Regional Grant Application Form.” Or go directly to <http://www.baaqmd.gov/tfcaregional>.
- By e-mail request to grants@baaqmd.gov.
- By telephone request via the Grant Programs Information Request Line at (415) 749-4994.

Grant applications must be received at the Air District's offices by **5:00 PM on Monday, June 30, 2008. No extensions of this deadline will be granted.** Grant applications submitted via e-mail or fax machine will **not** be accepted.

Submit **two hard copies** of each grant application to:

Damian Breen
Grant Programs Manager
Bay Area Air Quality Management District
939 Ellis Street
San Francisco, CA 94109

Hand-delivered grant applications should be brought directly to the address above.

Each grant applications received on or before the deadline will be checked for content before being considered a complete submittal. Once submitted, grant applications cannot be altered or revised without the consent of the Air District. The Air District may request additional information from the project sponsor for clarification purposes or to assist in analyzing the emission reduction benefit of the proposed project.

Instructions

All grant applicants must complete the FY 2008/09 TFCA Regional Fund grant application form. A separate grant application form must be submitted for each project. Complete Parts 1 through 7 of the grant application form, with the exception of non-public entities, which should not complete Part 6. In addition, complete the appropriate supplementary information sheet(s) that correspond to your project type (Parts 8 through 14), as explained below. Additional information may be attached, as needed.

Part 1: Summary Information

Provide all information requested.

Part 2: Project Description

Provide a concise project description. Explain how the project will help to reduce motor vehicle emissions. Provide all information requested. Attach additional information (e.g., maps and diagrams) as appropriate.

Part 3: Implementation Schedule

Provide a detailed implementation schedule, including project start date, completion date, and key implementation milestones. Your implementation schedule must comply with the TFCA project-readiness policy; see Policy #11 in Appendix A.

Part 4: Budget

Provide a breakdown of the total project budget, including line item detail, if available. The project budget should identify direct project implementation costs, and should also specifically identify any TFCA administrative costs for which the applicant intends to seek reimbursement. See Appendix C for further explanation.

All costs must be identified in the project budget in the original grant application, as well as in the TFCA funding agreement, in order to be eligible for reimbursement. Planning activities that are not directly related to implementation of the project will not be funded. A maximum of five percent (5%) of the total TFCA funds expended on a project may be used for TFCA administrative costs (i.e., the costs of administering the TFCA grant).

Part 5: Funding

List the amount of TFCA Regional Funds requested, as well as any TFCA Program Manager Funds allocated to the project. Specify the amount and source of all other project funds. Documentation of matching funds in the form of a resolution, adopted budget, letter of commitment, or contract is to be submitted with the grant application. If this documentation is not available at the time the grant application is submitted, indicate when it will be provided to the Air District.

Part 6: Clean Air Policies and Programs (Criterion #4) – Public Agencies Only

To apply for points based upon implementation of the Transportation Control Measures (TCMs) in the [strategy\(ies\) to comply with State and national ozone standards most recently adopted by the Air District](#) (see Criterion #4 above), complete this section. Check the box for each TCM that your agency is implementing. On the following page, provide a brief paragraph summarizing the policies and actions that your agency has taken to implement each TCM. Submission of TCMs without the requested description will not qualify for points. Provide a description only; Air District staff will notify you if supporting documentation is required.

Part 7: Project Information

Provide appropriate documentation as noted.

All grant applications must include a signed resolution from a governing body or an authorizing letter of commitment approving the submittal of the proposal and identifying the individual authorized to submit and carry out the proposal.

Parts 8 through 14: Supplementary Project Information Sheets

Complete and submit only the supplementary sheet(s) corresponding to your project type.

Project Type	Supplementary Part
Ridesharing	Part 8
Shuttle/Feeder Bus Service	Part 8 and Part 9
Vanpools	Part 8 and Part 9
Transit Information and Integration	Part 8
Smart Growth/Traffic Calming	Part 8
Arterial Management	Part 10 (Sections A-C)
Transit Signal Priority	Part 10 (Section D only)
Heavy-Duty Clean Air Vehicles	Part 11
Heavy-Duty Vehicle Repowers	Part 12
Heavy-Duty Vehicle Retrofits	Part 13
Light-Duty Clean Air Vehicles	Part 14

APPENDIX A

BOARD-ADOPTED TRANSPORTATION FUND FOR CLEAN AIR (TFCA) REGIONAL FUND POLICIES FOR FY 2008/09

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

BASIC ELIGIBILITY

- 1. Reduction of Emissions:** A project must result in the reduction of motor vehicle emissions within the Air District's jurisdiction to be considered eligible for TFCA funding. Projects that are subject to emission reduction regulations, contracts, or other legally binding obligations must achieve surplus emission reductions to be considered for TFCA funding. Surplus emission reductions are those that exceed the requirements of applicable regulations or other legally binding obligations at the time the Air District Board of Directors approves a grant award. Planning activities (e.g., feasibility studies) that are not directly related to the implementation of a specific project are not eligible for TFCA funding.
- 2. TFCA Cost-Effectiveness and Minimum Score:** The Air District Board of Directors will not approve any grant application for TFCA Regional Funds for a project that has: a) a TFCA cost-effectiveness (i.e., funding-effectiveness) level greater than \$90,000 of TFCA funds per ton (\$/ton) of total reactive organic gases (ROG), oxides of nitrogen (NO_x), and weighted particulate matter 10 microns in diameter and smaller (PM₁₀) emissions reduced; or b) a score of less than 40 points (out of a possible 100 points) for public agencies and less than 36 points (out of a possible 90 points) for non-public entities, based upon the project evaluation and scoring criteria listed in the 2008 TFCA Regional Fund Application Guidance document.
- 3. Consistent with Existing Plans and Programs:** All projects must conform to the types of projects listed in the [California Health and Safety Code Section 44241](#) and the transportation control measures and mobile source measures included in the Air District's most recently approved [strategy\(ies\) for State and national ozone standards](#) and, when applicable, with other adopted State, regional, and local plans and programs.
- 4. Viable Project:** Each grant application should clearly identify sufficient resources to complete the respective project. Grant applications that are speculative in nature, or contingent on the availability of unknown resources or funds, will not be considered for funding.

5. **Eligible Recipients:** Public agencies and non-public entities are eligible for TFCA grants. Grant recipients must be responsible for the implementation of the project and must have the authority and capability to complete the project. Non-public entities are only eligible for TFCA grants to implement certain Clean Air Vehicle projects to reduce mobile source emissions within the Air District's jurisdiction for the duration of the useful life of the vehicles or reduced emission equipment. Only public agencies, including public agencies applying on behalf of non-public entities, are eligible for TFCA grants for light-duty vehicles.
6. **Public Agencies Applying on Behalf of Non-Public Entities:** A public agency may apply for TFCA Regional Fund grants for clean air vehicles on behalf of a non-public entity. As a condition of receiving TFCA Regional Funds on behalf of a non-public entity, the public agency shall enter into a funding agreement with the Air District and provide a written, binding agreement to operate the reduced emission equipment within the Air District's jurisdiction for the duration of the project life of the equipment as stated in the funding agreement between the Air District and the grant recipient.
7. **Matching Funds:** The project sponsor shall not enter into a TFCA Regional Fund funding agreement until all non-Air District funding has been approved and secured. For grant applications requesting greater than \$150,000 in TFCA Regional Funds, project sponsors must provide matching funds from non-Air District sources, which equal or exceed 10% of the total project cost. TFCA County Program Manager Funds do not count toward fulfilling the non-Air District matching funds requirement. Grant applications for TFCA Regional Funds of \$150,000 or less may request 100% TFCA funding.
8. **Documentation of Commitment to Implement Project:** TFCA Regional Fund grant applications must include either: a) a signed letter of commitment from an individual with authority to enter into a funding agreement and carry out the project (e.g., Chief Executive or Financial Officer, Executive Director, City Manager, etc.), or b) a signed resolution from the governing body (e.g., City Council, Board of Supervisors, Board of Directors, etc.) authorizing the submittal of the application and identifying the individual authorized to submit and carry out the project. If such documentation is not received within thirty (30) calendar days after the grant application submittal deadline, a grant application may be returned to the project sponsor and may not be scored.
9. **Minimum Grant Amount:** Only projects requesting \$10,000 or more in TFCA Regional Funds will be considered for funding.
10. **Maximum Grant Amount:** No single public agency project may receive more than \$1,500,000 in TFCA Regional Funds in any given funding cycle. No single non-public entity may be awarded more than \$500,000 in TFCA Regional Funds, for any number of projects, in any given fiscal year.
11. **Readiness:** A project will be considered for TFCA funding only if the project would commence in calendar year 2009 or sooner. For purposes of this policy, "commence" means to order or accept delivery of vehicles or other equipment being purchased as part of the project, to begin delivery of the service or product provided by the project, or to award a construction contract.

12. **Maximum Two Years Operating Costs:** TFCA grant applications that request operating funds to provide a service, such as ridesharing programs and shuttle and feeder bus projects, are eligible for TFCA funding for up to two (2) years. Grant applicants who seek TFCA funding for additional years must re-apply in the subsequent funding cycles.
13. **Project Revisions:** If revisions become necessary for a project that has been approved for TFCA funding by the Air District Board of Directors, the revised project must be within the same eligible project category and receive a point score higher than the funding cut-off point, based upon the scoring criteria, for the funding cycle in which the project originally received a grant award. Project revisions initiated by the project sponsor which significantly change the project before the allocation of funds by the Air District Board of Directors may not be accepted.

APPLICANT IN GOOD STANDING

14. **Monitoring and Reporting:** Project sponsors who have failed to fulfill monitoring and reporting requirements for any previously funded TFCA Regional Fund project will not be considered for new funding for the current funding cycle, and until such time as the unfulfilled obligations are met.
15. **Failed Audit:** Project sponsors who have failed either the TFCA fiscal audit or the performance audit for a prior TFCA-funded project will be excluded from future funding for five (5) years, or a different period of time 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 an uncorrected TFCA audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that a project was not implemented as set forth in the project funding agreement.
16. **Signed Funding Agreement:** Only a fully executed funding agreement (i.e., signed by both the project sponsor and the Air District) constitutes a final approval and obligation on the part of the Air District to fund a project. While the Air District Board of Directors approval of grant awards is necessary for the funding of a project, such approval does not constitute a final obligation on the part of the Air District to fund a project. Project sponsors must sign a funding agreement within two (2) months from the date it has been transmitted to them in order to remain eligible for the awarded TFCA grant. The Air District may authorize extensions for just cause. Grant applications will not be considered from project sponsors who were awarded TFCA grants in a previous funding cycle and have not signed a funding agreement with the Air District by the current TFCA Regional Fund grant application deadline.

- 17. Implementation:** Project sponsors that have a signed funding agreement for a prior TFCA-funded project, but have not yet implemented that project by the current TFCA Regional Fund grant application deadline will not be considered for TFCA funding for any new project. The phrase "implemented that project" means that the project has moved beyond initial planning stages and the project is being implemented consistent with the implementation schedule specified in the project funding agreement. In addition, project sponsors that are not in compliance with the terms of an existing TFCA funding agreement (e.g., operating the equipment and services for the full term of the agreement, and notifying the Air District of any change in operational status of equipment or service) may not be considered for TFCA funding for any new project.
- 18. Payments:** No payment requests associated with the implementation of a project will be processed if: a) the funding agreement for the project has not been fully and properly executed, b) the costs in the payment request were incurred (i.e., an obligation was made to pay funds that cannot be refunded) before the date that the funding agreement was executed, or c) the project is no longer eligible for TFCA funding (e.g., due to additional information becoming available after grant award approval by the Air District Board of Directors).
- 19. Insurance:** Each project sponsor must maintain general liability insurance and additional insurance as appropriate for specific projects, with coverage amounts specified in the respective funding agreements.

INELIGIBLE PROJECTS

- 20. Duplication:** Grant applications for projects that duplicate existing TFCA-funded projects and therefore do not achieve additional emission reductions will not be considered for funding. Combining TFCA County Program Manager Funds with TFCA Regional Funds to achieve greater emission reductions for a single project is not considered project duplication.

USE OF TFCA FUNDS

- 21. Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds for the funding of an eligible project. For the purpose of calculating the TFCA cost-effectiveness (Regional Fund Evaluation Criterion #1), the combined sum of TFCA County Program Manager Funds and TFCA Regional Funds shall be used to calculate the TFCA cost of the project.
- 22. Cost of Developing Proposals:** The costs of developing proposals or grant applications for TFCA funding are not eligible to be reimbursed with TFCA funds.

- 23. Administrative Costs:** Administrative costs (i.e., the costs associated with administering a TFCA grant) are limited to a maximum of five percent (5%) of total TFCA funds expended on a project. To be eligible for reimbursement, administrative costs must be clearly identified in the TFCA Regional Fund grant application project budget and in the funding agreement between the Air District and the project sponsor.
- 24. Expend Funds within Two Years:** Any public agency or non-public entity awarded a TFCA Regional Fund grant must expend the awarded funds within two (2) years of the effective date of the funding agreement, unless a longer period is formally (i.e., in writing) approved in advance by the Air District.

CLEAN AIR VEHICLE PROJECTS

25. Light-Duty Clean Air Vehicles

Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight (GVW) of 10,000 pounds or lighter. Only public agencies, including public agencies applying on behalf of non-public entities, are eligible for TFCA grants for light-duty vehicles. New light-duty chassis 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 are eligible for TFCA funding. Hybrid-electric vehicles that meet the SULEV, PZEV, AT-PZEV, or ZEV standards are eligible for TFCA funding. Gasoline and diesel vehicles are not eligible for TFCA funding. Vehicle infrastructure is not eligible for TFCA funding except under policy #29.

Funding participation: Project sponsors may be awarded TFCA funds to cover no more than the incremental cost of a clean air vehicle. Incremental cost is the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emissions standards and its new conventional vehicle counterpart that meets, but does not exceed, the emissions standards.

26. New Heavy-Duty Clean Air Vehicles

Eligibility: For TFCA purposes, heavy-duty vehicles are on-road motor vehicles with a GVW of 10,001 pounds or heavier. Vehicle infrastructure is not eligible for TFCA funding except under policy #29.

Funding Participation: Project sponsors may be awarded TFCA funds to cover no more than the incremental cost of the new clean air vehicle. This provision includes public transit agencies that have elected to pursue the alternative fuel path under CARB's urban transit bus regulation. Incremental cost is the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emissions standards and its new diesel counterpart that meets, but does not exceed, the emissions standards.

Scrapping Requirements: Project sponsors of heavy-duty clean air vehicles purchased or leased with TFCA funds that have model year 1993 or older heavy-duty diesel vehicles in their fleet are required to scrap one model year 1993 or older heavy-duty diesel vehicle for each new clean air vehicle purchased or leased with TFCA funds. Project sponsors with model year 1994 and newer heavy-duty diesel vehicles in their fleet may, but are not required to, scrap an existing operational model year 1994 or newer heavy-duty diesel vehicle within their fleet. Emission reductions associated with scrapping an existing operational heavy-duty diesel vehicle will be factored into the calculations of the overall cost effectiveness of the project. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

27. Reducing Emissions from Existing Heavy-Duty Engines:

Options available to reduce emissions from existing heavy-duty engines include:

- a) Repowers – To be eligible for TFCA funding, the new engine selected to repower an existing heavy-duty vehicle must reduce emissions by at least 15 percent compared to the direct exhaust emission standards of the existing engine that will be replaced.
 - b) Diesel Emission Control Strategies – Diesel emission control strategies (e.g., retrofit devices) compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:
 - 1) All control strategies must be verified by CARB to reduce emissions from the relevant engine;
 - 2) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the emission control strategy; and
 - The project sponsor must install the highest level (i.e., most effective) diesel emission control strategy that is verified by CARB for the specific engine.
 - c) Clean Fuels or Additives – Clean fuels or additives compatible with existing heavy-duty engines are eligible for TFCA funding, subject to the conditions described below:
 - 1) All clean fuels or additives must be approved by CARB to reduce emissions and for use with the relevant engine; and
 - 2) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.
- Replacement of Compressed Natural Gas (CNG) Fuel Tanks – The replacement of CNG fuel tanks will only be considered for projects that achieve surplus emissions via repowers or emission control strategies, described in a) and b) above.

- 28. Bus Replacements:** For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than fifteen (15) persons, including the driver. A vehicle designed, used, or maintained for carrying more than ten (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.
- 29. Advanced Technology Demonstration Projects:** Vehicle-based advanced technology demonstration projects (i.e., technologies, motor vehicles and/or emission control devices not certified by CARB) are eligible for TFCA funding. Grant applications for such projects must include best available data that can be used to estimate the cost-effectiveness of such projects. For motor vehicles, only projects that achieve emissions performance beyond CARB's most stringent adopted regulatory requirements are eligible for funding under this category. For infrastructure projects, only applications that include vehicles and that include advanced technologies not currently being implemented in the Bay Area qualify for funding.

SHUTTLE/FEEDER BUS SERVICE PROJECTS

- 30. Shuttle/Feeder Bus Service:** Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The service route must go to or from a rail station, airport, or ferry terminal, and the project must:
- a) Be submitted by a public transit agency; or
 - b) Be accompanied by documentation from the General Manager of the transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency revenue service.

All shuttle/feeder bus service to rail or ferry stations must be timed to meet the rail or ferry lines being served.

Independent (non-transit agency) shuttle/feeder bus projects that received TFCA funding prior to FY 2007/08 and obtained a letter of support from all potentially affected transit agencies need not comply with b) above unless funding is requested for a new or modified shuttle/feeder bus route.

All vehicles used in any shuttle/feeder bus service must meet the applicable CARB particulate matter (PM) standards for public transit fleets. For the purposes of TFCA funding, shuttle projects comply with these standards by using one of the following types of shuttle/feeder bus vehicles:

- a) an alternative fuel vehicle (CNG, liquefied natural gas, propane, electric);

- b) a hybrid-electric vehicle;
- c) a post-1994 diesel vehicle and a diesel emission control strategy verified by CARB to reduce emissions from the relevant engine; or
- d) a post-1989 gasoline-fueled vehicle.

No other types of vehicles, except for those listed in a) through d) immediately above, are eligible for funding as shuttle/feeder bus service projects.

Grant applications for projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor will not be considered for funding. For projects that provide such subsidies, the direct or indirect financial transit or rideshare subsidy must be available, in addition to the employees of the project sponsor, to employees other than those of the project sponsor.

ARTERIAL MANAGEMENT PROJECTS

- 31. Arterial Management:** Arterial management grant applications must specifically identify a given 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 funding. Incident management projects on arterials are eligible to receive TFCA funding. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. For signal timing projects, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more.

SMART GROWTH PROJECTS

- 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 Priority Development Area, area-specific plan, redevelopment plan, general plan, bicycle plan, traffic-calming plan, or other similar plan; and b) the project must implement one or more of the transportation control measures (TCMs) in the most recently adopted Air District [strategy for State and national ozone standards](#). Pedestrian projects are eligible to receive TFCA funding. 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 and retail areas.

BICYCLE PROJECTS (SEE SEPARATE BICYCLE FACILITY PROGRAM GUIDELINES.)

APPENDIX B

Other Project Attributes for Evaluation Criterion #3

Maximum 5 points total

Note: This list may be revised by Air District staff after grant applications have been received and reviewed.

General:

- a) Project meets Subcriterion 5B for operating within the six designated Highly Impacted Communities, as well as Subcriterion 5A for minimum operation in Sensitive and PM-Impacted Communities in general. Such projects earn five points.

Shuttle/Feeder Bus Projects:

- a) Project utilizes alternative fuel vehicle (CNG, LNG, propane, electric).
- b) Project sponsor is a first-time TFCA shuttle/feeder bus project applicant.
- c) Project will receive at least 50% of funding from another (non-TFCA) funding source.
- d) The shuttle or feeder bus will provide links to multiple employment sites.

Smart Growth Projects:

- a) Project is located along a high-volume transit corridor or associated with a multi-modal transit center.
- b) Project supports a Transportation for Livable Communities (TLC) project or a Safe Routes to School project. TLC projects can be viewed at the Metropolitan Transportation Commission's website at:
http://www.mtc.ca.gov/planning/smart_growth/tlc_grants.htm.
- c) Project will improve access to a new high-density mixed-use development, or to a redevelopment or infill project in an existing high-density community.
- d) Project will increase walking, bicycling, and transit use (all three modes).
- e) Project incorporates traffic-calming measures or devices.

Arterial Management Projects:

- a) Project provides for transit bus traffic signal prioritization.
- b) Project incorporates amenities that increase transit ridership: e.g., bus bulbs, next bus arrival information, queue jump lanes (short stretches that enable buses to bypass waiting queues of traffic), etc.
- c) Faster transit service (i.e., increased bus speeds and shorter headways) resulting from the project will be coordinated with schedules for other transit services.
- d) Project incorporates arterial traffic calming measures or devices, or measures to enhance bicycle and pedestrian access and safety.

Clean Air Vehicle Projects:

- a) Project demonstrates viability of new advanced clean vehicle technology (e.g., fuel cells, natural gas hybrids, auxiliary power units).
- b) Project sponsor exceeds TFCA requirements to remove and destroy existing heavy-duty diesel vehicles (TFCA Policy #26).
- c) Project uses an alternative fuel vehicle (thus reducing use of diesel or gasoline).

Ridesharing; Rail-Bus Integration; Regional Transit Information Projects:

- Project provides multi-modal transfers between public transit systems (e.g., buses, ferries, rail, airlines) at transfer points.
- Project will improve schedule coordination between transit systems.
- Project will increase ridership on rail, buses line, and ferries by providing transfers or passes for these modes.
- Project will provide a financial incentive to participants to try an alternative mode of transportation (e.g., transit, carpool, vanpool).

APPENDIX C

GUIDELINES FOR ELIGIBLE TFCA REIMBURSABLE COSTS

The Transportation Fund for Clean Air (TFCA) enabling legislation allows the vehicle registration fees collected for the program to be used for project implementation costs, as well as administrative project costs. Both project implementation costs and administrative project costs may be further divided into direct and indirect costs. This appendix provides guidance differentiating direct and indirect project implementation costs from direct and indirect administrative costs, as well as guidance on reporting and calculating these costs. The Air District will use the definitions and interpretations discussed below in the financial accounting of the TFCA program. The Air District conducts periodic audits on TFCA-funded projects to ensure that the TFCA funds have been spent in accordance with the guidelines established in this Appendix. Although allowed, many project sponsors choose not to charge administrative project costs to the TFCA program. Project sponsors that choose to charge administrative project costs must comply with Health and Safety Code, Section 44233, as interpreted in this Appendix and TFCA Regional Fund Policy #23, found in this guidance document. The Health and Safety Code states that not more than five percent (5%) of the TFCA funds distributed by the Air District can be used for administrative project costs.

Project Implementation Costs

Project implementation costs are charges associated with implementing a TFCA-funded project and can encompass both direct and indirect costs.

Direct Project IMPLEMENTATION Costs

Direct project implementation costs include the following:

- Documented hourly labor charges (salaries, wages, and benefits) directly and solely related to implementation of the TFCA project,
 - Capital costs,
 - Capital equipment installation costs,
- Equipment maintenance costs (note that TFCA does not cover maintenance costs for vehicle purchase/repower/retrofit projects),
 - Shuttle driver labor costs,
 - Labor costs related to capital purchases,
 - Operator or personnel training directly related to project implementation,
 - Contractor labor charges related to the TFCA project, and
 - Overhead costs associated with the previously mentioned costs.

The direct project implementation costs that are approved by the Air District will be outlined in Attachment A of the Funding Agreement. The project sponsor may seek reimbursement for these costs by providing proper documentation with project invoices. Such documentation must show how the direct project implementation costs were calculated, for example, by listing the date when the hours were worked, employee job title, employee hourly pay rates, tasks, and total charges. Documentation of hourly charges may be provided with time sheets or any other generally accepted accounting method to allocate and document staff time.

TFCA funds may be used to pay for travel and training costs only if these costs are directly related to the implementation of the TFCA-funded project. For example, the cost of training mechanics to service natural gas clean air vehicles is an allowable direct project implementation cost.

Indirect Project Implementation Costs

Indirect project implementation costs are the reasonable overhead costs incurred to provide a physical place of work and other general support services and oversight related to the implementation of the TFCA-funded project. Indirect project implementation costs associated with implementing the project might include rent, utilities, office supplies, computer, payroll, reproduction, mailroom support staff, and management oversight. Although the Health and Safety Code is silent on the issue of indirect project implementation costs, the Air District will reimburse project sponsors for these costs provided the project sponsor requests and justifies the reimbursement in the grant application (Regional Fund) or Expenditure Program (County Program Manager Fund). The Air District guidance on calculating indirect project implementation costs are provided in the last section of this appendix. A project sponsor may choose not to charge any indirect project implementation costs to a TFCA project. The accounting methods used by many public agencies do not include identification of indirect project implementation costs or the application of an indirect cost rate. The agency may determine that it is not cost-effective to implement a new system.

Administrative Project Costs

Administrative project costs are the costs associated with the administration of a TFCA project, and do not include project capital or operating costs, as discussed above. The combined direct and indirect administrative project costs that are reimbursable to a project sponsor are limited to a maximum of five percent (5%) of the total TFCA funds received annually. For the County Program Manager program, the interest earned on prior DMV funds received shall not be included in the calculation of the administrative project costs.

All reimbursement of both direct and indirect administrative project costs must be requested and justified in writing in the project application (Regional Funds) or Expenditure Program (County Program Manager Funds). If administrative project costs are approved by the Air District, they will be identified in the Funding Agreement (e.g., in Attachment A). The project sponsor may seek reimbursement for direct and indirect administrative project costs by providing proper documentation with project invoices. Documentation for direct administrative project costs will show how these

costs were calculated by listing the date when the hours were worked, employees' job titles, employees' hourly pay rates, tasks being charged, and total charges. Documentation of hourly charges may be provided with time sheets or any other generally accepted accounting method to allocate and document staff time. The Air District recommends that documentation of indirect administrative project costs use the methodology provided at the end of this appendix.

Administrative project costs are limited to the following:

- Direct and indirect costs associated with entering into a TFCA Funding Agreement, including documented hourly labor and overhead costs (salaries, wages, and benefits). Hourly labor charges must be expressed on the basis of hours worked on the TFCA project. Note that costs incurred in the preparation of a TFCA application are not eligible for reimbursement;
- Accounting for TFCA funds; and
- Fulfilling all monitoring, reporting, and record-keeping requirements specified in the TFCA Funding Agreement, including the preparation of quarterly reports, invoices, and final reports.

Reporting and Calculating Direct and Indirect Project Costs

The following methodology is recommended to determine direct and indirect costs for both Project Implementation and administrative project costs. In general, when expenditures are shared among programs or functions within an organization, they are defined as indirect costs. Indirect costs are shared among TFCA and other programs in an organization, so they are not charged to TFCA in full, but pro-rated among the programs. The project sponsor must determine the proportion of indirect costs that each program should bear. The Air District relies on OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments for determining appropriate indirect costs for TFCA projects. The Air District uses the following definition, consistent with the Circular: *indirect costs are the reasonable overhead costs incurred in providing a physical place of work and in performing general support services and oversight*. Examples include rent, utilities, office supplies, computer, payroll, reproduction, mailroom support staff, and management oversight.

The District recommends that the indirect costs for a TFCA project be estimated based on actual indirect cost rates from the most recent fiscal audit of the agency. The following method is recommended:

1. From the most recent fiscal audit of the agency, identify all of the activities carried on by the project sponsor, and their costs.
2. Classify the activities as project implementation costs or administrative project costs, using the definitions provided above.
3. Classify the TFCA Implementation and Administrative activities and estimate their costs as direct or indirect costs. Refer to OMB Circular A-87 for assistance.
4. Direct project implementation costs may be charged to the Air District as line items in project invoices. Note that these costs must be documented as explained above.
5. Direct administrative project costs may be charged to the Air District as line items in project invoices. Note that these costs must be approved in advance by the Air District, must be documented as explained above, and when combined with indirect administrative project costs, as calculated in 7b below, may not exceed the five percent (5%) cap.

6. Indirect project implementation costs and indirect administrative project costs may be charged to the Air District as separate line items in project invoices by multiplying the indirect cost rate(s) calculated below by the direct project implementation costs and the direct administrative project costs.
7. Indirect project implementation costs and indirect administrative project costs may be determined using the following method. This method assumes that the ratio of the indirect costs to total personnel expenses for all of an agency's activities is the same as for implementation of the TFCA project(s) by that agency. The most recent agency financial audit should be used as the source of costs in calculating the indirect cost rate(s) below. The indirect cost rate(s) based on costs in the most recent audit are applied to the direct project implementation costs and direct administrative project costs to calculate the indirect project implementation costs and indirect administrative project costs.
 - a. The indirect project implementation costs and indirect administrative project cost rates may be calculated separately or the same rate may be used for both costs calculated from an agency's most recent financial audit and the following methodology:

Step 1 - Remove from the agency's total indirect costs any capital purchases or other unallowable costs. Unallowable costs include functions unrelated to the implementation of projects.

Step 2 - Calculate the agency's direct cost base as the total personnel expenses (all agency functions or programs) minus indirect personnel expenses (support functions or programs, unallowable personnel costs). Personnel expenses include salaries, wages, and benefits.

Step 3 - Divide the total remaining indirect costs by the direct cost base.

$$\text{Indirect Cost Rate} = \frac{(\text{Total Indirect Costs} - \text{Capital Purchases, External Contracts, and Unallowable Costs})}{(\text{Total Personnel Expenses} - \text{Indirect Personnel Expenses})}$$

- b. The TFCA direct project implementation costs and direct administrative project costs multiplied by the indirect cost rates will equal the amount of indirect costs recoverable as part of the TFCA project implementation costs and administrative project costs. Both the indirect project implementation costs and indirect administrative project costs may be charged to the Air District as line items in project invoices.

$$\text{Indirect Costs Recoverable From TFCA} = \text{TFCA Direct Costs} \times \text{Indirect Cost Rate (or Project Direct Costs)}$$

APPENDIX D

INSURANCE GUIDELINES

This appendix provides guidance on the insurance coverage and documentation typically required for TFCA Regional Fund projects. Note that the Air District reserves the right to specify different types or levels of insurance in the funding agreement.

The typical funding agreement requires that each project sponsor provide documentation showing that the project sponsor meets the following requirements for each of its projects.

Liability Insurance with a limit of not less than \$1,000,000 per occurrence, of the type usual and customary to the business of the Project Sponsor, and to the operation of the vehicles, vessels, engines or equipment operated by the Project Sponsor.

Property Insurance in an amount of not less than the insurable value of Project Sponsor's vehicles, vessels, engines or equipment funded under the Agreement, and covering all risks of loss, damage or destruction of such vehicles, vessels, engines or equipment.

Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A, VII. The Air District may, at its sole discretion, waive or alter this requirement or accept self-insurance in lieu of any required policy of insurance.

Below is a table listing the types of insurance coverage generally required for each project type. The requirements may differ in specific cases. Project Sponsors should contact the Air District with questions, especially about unusual projects.

Contract Activity	Insurance Required
Vehicle Purchase	Automobile Liability Automobile Physical Damage
Engine Repowers/Retrofits	Automobile Liability Automobile Physical Damage
Operation of shuttle from transit hubs to private business and other locations	Commercial General Liability Automobile Liability Automobile Physical Damage
Transit pass subsidy or commute incentives	None
Transit Marketing Program	Commercial General Liability
Guaranteed Ride Home Program	None
Bicycle Facilities, including bike paths, bike lanes (either striping and signs or construction of roadway shoulders) bike routes, bike lockers, bike racks.	Commercial General Liability Automobile Liability (when construction or lane striping is done by truck)
Bike racks and lockers	None
Constructing a bike/pedestrian overpass	Commercial General Liability Automobile Liability Workers Compensation
Signal timing	Commercial General Liability

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