BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

SHELIA YOUNG - CHAIRPERSON	TIM SMITH – VICE CHAIRPERSON
ROBERTA COOPER	JERRY HILL
JAKE McGOLDRICK	JULIA MILLER
DENA MOSSAR	JOHN SILVA
PAM TORLIATT	

THURSDAY
JANUARY 8, 2004 **FOURTH FLOOR CONFERENCE ROOM**
9:30 A.M.

AGENDA

1. **CALL TO ORDER - ROLL CALL**

2. **PUBLIC COMMENT PERIOD** (*Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3*) *Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee's subject matter jurisdiction. Speakers will be limited to three (3) minutes each.*

3. **APPROVAL OF MINUTES OF NOVEMBER 13, 2003**

4. **TRANSPORTATION FUNDS FOR CLEAN AIR (TFCA) POLICIES AND EVALUATION CRITERIA FOR FY 2004/05** jroggenkamp@baaqmd.gov

   Consider recommending Board of Directors' approval of proposed TFCA Policies and Evaluation Criteria to govern allocation of FY 2004/05 TFCA funds.

5. **TRANSPORTATION FUND FOR CLEAN AIR (TFCA) SELECTION OF AUDITOR** jroggenkamp@baaqmd.gov

   Consider recommending Board of Directors' approval to award contract of up to $60,936 to the firm of Macias, Gini, and Company to perform audit of TFCA County Program Manager projects.

6. **CONTRACTOR SELECTION FOR VEHICLE BUY BACK PROGRAM FOR FY 2003/04** jroggenkamp@baaqmd.gov

   Consider approval of one or more contractors for the FY 2003/2004 Vehicle Buy Back Program vehicle dismantlers.

7. **AMENDMENT TO SANTA CLARA COUNTY TFCA PROGRAM FOR FY 2003/04**

jroggenkamp@baaqmd.gov

Consider approval of requested amendment to Santa Clara County Program Manager expenditure program for FY 2003/04.

8. **COMMITTEE MEMBER COMMENTS/OTHER BUSINESS**

Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2).

9. **TIME AND PLACE OF NEXT MEETING: AT THE CALL OF THE CHAIR**

10. **ADJOURNMENT**

CONTACT CLERK OF THE BOARDS - 939 ELLIS STREET **(415) 749-4965**
SAN FRANCISCO, CA 94109 **FAX: (415) 928-8560**
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities notification to the Clerk's Office should be given at least three working days prior to the date of the meeting so that arrangements can be made accordingly.

AGENDA NO. 3

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET
SAN FRANCISCO, CALIFORNIA 94109
(415) 771-6000

DRAFT MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
9:30 a.m., Thursday, November 13, 2003

1. **Call to Order – Roll Call:** Chairperson Young called the meeting to order at 9:35 a.m.

   Roll Call: Shelia Young, Chairperson; Roberta Cooper, Jerry Hill, Julia Miller, John Silva, Pam Torliatt (9:38 a.m.).

   Also Present: Scott Haggerty (9:38 a.m.).

   Absent: Jake McGoldrick, Dena Mossar, Tim Smith.

2. **Public Comment Period:** There were no public comments.

3. **Approval of Minutes of September 11, 2003:** Director Hill moved approval of the minutes; seconded by Director Cooper; carried unanimously without objection.

4. **Transportation Fund for Clean Air (TFCA) Additional Regional Fund Grant Awards for FY 2003/04:** *The Committee considered recommending Board of Directors' approval of additional TFCA Regional Fund grant awards for FY 2003/04, including $248,940 to three public agency projects.*

   Liz Berdugo, Supervising Environmental Planner, presented the report and the background on the allocation of TFCA Regional Funds. Ms. Berdugo reported that the District had received 57 grant applications totaling $17.5 million in funding requests for FY 2003/04 and $11.1 million was available for allocation. A total of 39 projects were awarded $8.2 million in grants; $1 million was also approved for the Regional Rideshare Program; and an additional $1 million was approved for the Vehicle Buy Back Program. Ms. Berdugo reviewed the Evaluation Criteria.

   Staff recommended three additional projects for funding as follows:

   1. The City of East Palo Alto's shuttle bus service for the Dumbarton Bridge.
   2. The County of Alameda's Class 2 bike lane on Tesla Road.
   3. The City of Sunnyvale's traffic signal battery back-up system.

   Ms. Berdugo stated that a fourth project, the City of Berkeley's Dynamic Ridesharing Program, is not being recommended at this time. Additional time is needed to clarify and evaluate this program and staff has suggested that the City of Berkeley consider a pilot program that would help with project evaluation. The three projects recommended for approval will result in additional emissions reductions of 2.85 tons over the life of the projects, and an overall cost effectiveness of $87,347 TFCA dollars per ton.

Committee Action: Director Hill moved the Committee recommend Board approval of the additional FY 2003/04 TFCA Regional Fund grant awards for the three projects recommended by staff; seconded by Director Miller; carried unanimously without objection.

5. Clean Air Vehicle Incentives for Private Consumers

The Committee considered the staff recommendation to maintain the current guidelines for TFCA light-duty clean air vehicle incentives for public agency fleets and not offer these incentives to private consumers.

Ms. Berdugo presented the report and provided the background for the Vehicle Incentive Program (VIP) funding and stated that it provides incentive to help public agencies acquire clean, alternative fuel light-duty vehicles. Ms. Berdugo stated that staff does not recommend clean air vehicle incentive for private consumers for the following reasons:

1. Monitoring: It would be difficult to prevent potential abuse of the program.
2. Scope of program: The public demand for natural gas vehicles would probably be relatively modest. Consumers would most likely take advantage of an incentive for hybrids.
3. Funding: The demand for incentive for private consumers could be very high, especially if hybrids are included.
4. Existing incentives: Some clean air vehicle incentives are already available to private consumers.
5. Program administration: Offering incentives to private consumers would require more administrative work to verify eligibility, review documents, and issue payments. It is estimated it would require at least one additional full-time employee.

The Committee discussed the item and topics included:

- Including tax incentives from other local agencies.
- The possibility of funding coming from the balance of the clean air funds
- It was noted that electric cars from Solano County are being crushed now that the leases have expired.
- Solano County is using methane from landfills for county cars.
- Manufacturers not keeping up with this kind of vehicle
- A pilot test program of some sort.
- Looking at dealerships in nine Bay Area counties and cutting checks to the dealerships.

Committee Action: Director Haggerty moved the Committee refer the issue back to staff for further review and recommendation; seconded by Director Torliatt; carried unanimously without objection.

7. Committee Member Comments. Peter Hess, Deputy APCO, announced that this was Ms. Burdugo's last meeting and noted she would be moving to Italy.

Chairperson Young reported that she attended the ribbon cutting for the HOV lane at the Bay Bridge and spoke on behalf of the Metropolitan Transportation Commission (MTC).

8. **Time and Place of Next Meeting:** It was noted that several Committee members would be attending the National League of Cities meeting on December 11, 2003. The next meeting of the Committee is scheduled for 9:30 a.m., Thursday, December 18, 2003, 939 Ellis Street, San Francisco, California 94109.

9. **Adjournment:** 10:05 a.m.

Mary Romaidis
Clerk of the Boards

MOBILE SOURCE COMMITTEE

Follow-up Items for Staff

November 13, 2003

1. The Committee referred back to staff the feasibility of the VIP program applying to private individuals for further review and recommendation.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Inter-Office Memorandum

To: Chairperson Young and
Members of the Mobile Source Committee

From: Jean Roggenkamp
Director of Planning and Research

Date: January 8, 2004

Re: Transportation Fund for Clean Air (TFCA) FY 2004/05 Proposed Policy Revisions

RECOMMENDED ACTION:

Recommend Board approval of the proposed FY 2004/05 TFCA Policies and Evaluation Criteria.

BACKGROUND

The Air District's Board of Directors (Board) has adopted policies and evaluation criteria that govern the allocation of TFCA funds to cost-effective projects. Prior to each annual funding cycle, the Air District considers revisions to the TFCA policies and evaluation criteria. On October 21, 2003, District staff issued a request for comments on proposed revisions to the TFCA policies and evaluation criteria for the FY2004/05 funding cycle. The deadline for interested parties to submit comments was November 12, 2003. Seventeen interested parties submitted comments via letter or e-mail. A table summarizing the comments received and staff responses is provided in Attachment B. Where appropriate, staff revised the proposed policies to address the comments received.

DISCUSSION

On the whole, the existing TFCA policies and evaluation criteria are working well. Staff does not propose any changes to the TFCA Regional Fund evaluation criteria for the FY 2004/05 cycle.

Proposed revisions to the TFCA policies are presented in ~~strikeout~~ / underline format in Attachment A. Brief explanations appear in the text of Attachment A in *italic* font.

Most proposed changes to TFCA policies are minor administrative improvements or formatting changes to improve the clarity of existing policies. A brief discussion of the more substantive proposed policy revisions is provided below.

Policy # 27: Clean Air Vehicle Weights: The purpose of this new policy is to clearly define light-duty versus heavy-duty vehicles for TFCA purposes. Light-duty vehicles are eligible for incentives via the Vehicle Incentive Program (VIP), whereas heavy-duty vehicles are eligible to apply via the TFCA Regional Fund process. In October 2003, staff invited comment on the idea of changing the definition of light-duty vehicle from 10,000 pounds gross vehicle weight (GVW) or less to 8,500 pounds GVW or less. The comments submitted requested that we retain the 10,000-pound GVW threshold for defining light-duty vehicles (i.e., vehicles eligible to apply for the Vehicle Incentive Program). Staff recommends retaining the 10,000-pound threshold as requested.

Policy # 32: Heavy-Duty Vehicle Replacement

Existing policy requires that recipients of TFCA funds for heavy-duty vehicle projects must remove and scrap an existing equivalent vehicle in their fleet. For the FY 2003/04 cycle, the Board approved a new option that allowed sponsors to add a diesel emission control strategy (e.g., a particulate filter) to an existing vehicle within their fleet, in lieu of scrapping an old vehicle.

Despite the availability of this option in FY 2003/04, we received comments indicating that the scrappage requirement continues to be burdensome to some project sponsors. The concerns are twofold: 1) that the scrappage requirement inhibits fleets that are expanding from applying for TFCA funding; and 2) that sponsors are not compensated for the potential revenue they lose because they cannot sell the old vehicle that they are required to scrap.

Staff proposes to respond to these concerns as follows:

- To address the fleet expansion issue, project sponsors would be allowed to acquire and scrap an equivalent old vehicle from another fleet within the Bay Area.
- To address the issue regarding the cost of complying with this policy, project sponsors would be allowed to request TFCA funds to compensate for the value of the old vehicle they scrap, or the cost to install a diesel emission control strategy on an existing vehicle. These funds would be included in the calculation of TFCA cost-effectiveness.

Language has been added to Policy # 32 to reflect this intent. If approved by the Board, staff will develop guidelines to implement these provisions as part of the TFCA Regional Fund guidance document to be issued in April 2004.

Policy # 33: Reducing Emissions from Existing Heavy-Duty Diesel Engines

In FY 2003/04, the Board adopted a new policy that makes repowers and retrofits of existing on-road heavy-duty diesel engines eligible for TFCA funding. The new policy also allowed funding of clean fuel or additives that have been certified or verified by the California Air Resources Board (CARB). When this policy was proposed, advocates of natural gas vehicles expressed concern that funding for diesel retrofits and repowers could jeopardize funding for natural gas projects. To allay these concerns, the Board imposed a cap that limited the amount of TFCA funds for eligible diesel projects to no more than 20% of the total available TFCA funds in a given fiscal year. In the initial year (FY 2003/04), less than one percent of TFCA funds were allocated to these projects. Based on this experience, the 20% cap does not appear to be necessary. Therefore, staff proposed to delete the cap for FY 2004/05 in our October 2003 proposal. However, natural gas vehicle advocates submitted comments requesting that the Air District retain the 20% cap. Although our experience during the FY 2003/04 cycle indicates that a cap is not necessary, staff recommends that the Board retain the 20% cap for the FY 2004/05 cycle in view of the on-going concerns expressed by natural gas advocates. The need for a cap on funding for repowers, retrofits, and clean fuels or additives for diesel engines will be reevaluated again next year (FY 2005/06).

New Policy # 39: Ridesharing

In our October 2003 proposal, staff invited comment on a draft new policy for ridesharing projects. The purpose of the draft policy was to avoid duplication in the services offered by the regional ridesharing program and local ridesharing programs, and to ensure that funds for ridesharing projects are expended on activities that achieve cost-effective emission reductions. The draft policy included the following provisions:

- The regional ridesharing program (administered by the Metropolitan Transportation Commission) should be the only ridesharing project eligible to apply for TFCA Regional Funds.
- No more than 50% of the total TFCA funds allocated for a ridesharing project should be used for marketing, outreach, and education activities.
- "One-time" marketing events should not be eligible for TFCA funding.

Comments were received from several local agencies stating that it would be undesirable to preclude local ridesharing programs from applying for TFCA Regional Funds, or to impose a cap on the percentage of project funds that can be used for marketing, outreach, and education. After considering the comments received on the draft ridesharing policy, staff proposes to delete the draft ridesharing policy, in order to to allow for additional analysis and discussion. Staff will work with the Metropolitan Transportation Commission and the local ridesharing programs to avoid duplication of services and to ensure that all TFCA funds for ridesharing efforts result in cost-effective emission reductions.

RECOMMENDATION

Staff recommends that the Mobile Source Committee recommend Board of Directors approval of the attached revisions to the TFCA FY 2004/05 policies and evaluation criteria.

Respectfully submitted,

Jean Roggenkamp
Director of Planning and Research

Prepared by: David Burch
Reviewed by: J. Roggenkamp

FORWARDED: ______________________________

Attachments

ATTACHMENT A

PROPOSED TFCA POLICIES AND EVALUATION CRITERIA FOR FY ~~2003/04~~ 2004/05

Policies may apply to one or more of the following funds/programs: Program Manager Funds, Regional Funds, Vehicle Incentive Program (VIP). The funds/programs that each policy applies to are indicated in parentheses following the policy. Guidance documents for each fund/program will contain only the policies pertaining to that fund/program in order to provide clarity to applicants.

BASIC ELIGIBILITY

1. **TFCA Cost-Effectiveness:** The Air District Board will not approve any grant application for TFCA Regional Funds that has a TFCA funding effectiveness level equal to or greater than $90,000 of TFCA funds per ton of total ROG, NO_x, and PM_{10} reduced ($/ton).

   ~~This policy does not apply to clean air vehicle projects for passenger cars, pick-up trucks, and vans with a gross vehicle weight of 10,000 pounds or less. These projects are limited to the funding amounts specified in Policy 23, Light-Duty Clean Air Vehicle Funding Participation.~~

   Annual expenditure plans for County Program Manager funds must achieve an aggregate TFCA cost-effectiveness of less than $90,000 per ton. To calculate aggregate cost-effectiveness, total TFCA Program Manager funds allocated in the annual county expenditure plan are divided by the combined lifetime emissions reductions estimate for projects in the expenditure plan. Only funds allocated to projects for which cost-effectiveness worksheets are required, are included in the aggregate cost-effectiveness calculation. The following are excluded in the calculation of aggregate TFCA cost-effectiveness: TFCA Program Manager administrative costs, alternative fuel infrastructure projects, light-duty clean air vehicles with a GVW of 10,000 pounds or less, and TFCA Program Manager funds allocated for the regional ridesharing program. **(Regional Funds; Program Manager Funds)**

   The second paragraph is deleted because it is not really necessary since light-duty clean air vehicle funding participation is clearly covered under Policy #29.

2. **Reduce Emissions:** Each project must result in a reduction of motor vehicle emissions. **(Regional Funds; Program Manager Funds; VIP)**

3. **Viable Project:** Each project application should identify sufficient resources to accomplish the project. Applications that are speculative in nature, or are contingent on the availability of unknown resources or funds, will not be considered for funding. **(Regional Funds; Program Manager Funds; VIP)**

4. **Responsible Public Agency:** TFCA funds may only be awarded to public agencies. These agencies must be responsible for the implementation of the project and have the authority and capability to complete the project. **(Regional Funds; Program Manager Funds; VIP)**

5. **Non-Public Entities:** A public agency may apply for TFCA funds for clean air vehicles on behalf of a non-public entity when one or more of the following conditions are met:

   a) the non-public entity will use the vehicle(s) to provide, under permit or contract, an essential public service that would otherwise be provided directly by the public agency (e.g., refuse collection, street-cleaning, school bus service, etc.); or

   b) the non-public entity will use the vehicle(s) to provide to the general public, under permit or contract, transportation demand management services (e.g., vanpools, shuttles to transit stations, door-to-door airport shuttles, taxi services, etc.) or services that provide members of the public with an opportunity to use light-duty clean air vehicles eligible under Policy #29 ~~electric vehicles~~, e.g., through station car projects, car rental services, or car-sharing programs.

   As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency must provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s). In those situations where multiple non-public entities are under contract or permit to provide the service described in a or b above, the public agency must provide a written policy which demonstrates that the vehicle incentive funds will be offered on an equitable basis to all of the non-public entities which are providing the service. **(Regional Funds; Program Manager Funds; VIP)**

   This is revised to allow car-sharing projects to apply for funding for all types of TFCA-eligible clean air vehicles. With a shift away from the Zero Emission Vehicle (ZEV) mandate at the state level, there is no longer a need to focus all incentives only toward electric vehicles.

6. **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 applicable Clean Air Plan (CAP) or the Bay Area 2001 Ozone Attainment Plan, and,

when applicable, with the appropriate Congestion Management Program. **(Regional Funds; Program Manager Funds; VIP)**

7. **Matching Funds:** The Air District will not enter into a funding agreement for an approved project until all project funding has been approved and secured. For project applications requesting greater than $100,000 in TFCA Regional Funds, project sponsors must provide matching funds from non-TFCA sources, which equal or exceed 20% of the total project cost. TFCA County Program Manager Funds do not count toward fulfilling the non-TFCA matching funds requirement. Project applications for TFCA Regional Funds of $100,000 or less may request 100% TFCA funding. **(Regional Funds)**

8. **Authorizing Resolution:** Regional Fund grant applications must include a signed resolution from the governing board (e.g., City Council, Board of Supervisors, Board of Directors, etc.) or University Chancellor authorizing the submittal of the application and identifying the individual authorized to submit and carry out the project. Applications submitted without an authorizing resolution will be returned to the sponsor and will not be scored if the adopted resolution is not received within 30 days of the application submittal deadline. **(Regional Funds)**

   TFCA receives many unsigned resolutions during the application process. This change will clarify what we require. TFCA is getting more university grant applicants and has not previously outlined who should sign their resolutions.

9. **Minimum Score:** The Air District will not award funds to any project which achieves a score of less than 40 points (out of a possible 100 points) based upon the project evaluation and scoring criteria listed in Section II of the Regional Fund Guidance document. **(Regional Funds)**

10. **Minimum Amount:** Only projects requesting $10,000 or more in TFCA Regional Funds will be considered for funding. ~~For clean air vehicle projects only, smaller funding applications will be accepted and considered.~~ **(Regional Funds)**

    Text excluding light-duty clean air vehicle projects is not necessary because it is implicit in Policy #29.

11. **Maximum Amount:** No single project or competitive funding application may receive more than $1,000,000 in TFCA Regional Funds in any given fiscal year. This limitation does not include any Program Manager Funds the project sponsor may receive for the project. **(Regional Funds)**

12. **Readiness:** Projects will be considered for funding only if the project will commence in calendar year 2005 ~~2004~~ 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. **(Regional Funds; Program Manager Funds)**

In practice, this policy is and should be applied to the Program Manager Funds. It ensures that projects are ready to go and therefore, to finish in the required two-year time period. This means that we achieve emissions reductions in a timely manner and allows us to stay on schedule with bi-annual audits of each fund.

13. **Maximum One Year Operating Costs:** For projects which request operating funds to provide a service, such as ridesharing programs and shuttle and feeder bus projects, the Air District will provide funding on an annual basis: i.e., the Air District will approve funding for one annual budget cycle. Applicants who seek TFCA Regional Funds for additional years must re-apply for funding in the next funding cycle. **(Regional Funds)**

14. **Project Revisions:** If project revisions become necessary, after the project funding agreement is signed, 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 year in which the project was originally approved. Project revisions initiated by the sponsor, which significantly change the project before the allocation of funds by the Air District Board of Directors will not be accepted. **(Regional Funds)**

APPLICANT IN GOOD STANDING

15 ~~33~~. **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. **(Regional Funds)**

This is not a new policy. It was previously policy #33. All eligibility policies have been grouped together at the beginning for clarity.

16 ~~34~~. **Failed Audit:** Project sponsors who have failed either the fiscal audit or the performance audit for a prior TFCA project may ~~will~~, at the discretion of the Air Pollution Control Officer (APCO), ~~not~~ be excluded from ~~considered for~~ future funding. ~~Any~~ Existing funds already ~~future funds, which are~~ awarded to the agency will not be released until all audit recommendations and remedies have been implemented.

A failed fiscal audit means an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the project was not implemented as set forth in the project funding agreement. **(Regional Funds; Program Manager Funds)**

This is not a new policy. It was previously policy #34. All eligibility policies have been grouped together at the beginning for clarity. The policy is extended to the Program Manager Fund so that audit recommendations can be reinforced in both funds. The word "may" gives the APCO greater discretion in deciding how to reinforce audits. Also, language has been added to define what is meant by the term "failed audit."

17 ~~**35**~~**. Signed Funding Agreement:** Project applicants will have to sign a Funding Agreement within three (3) months after it has been transmitted to them by the APCO in order to remain eligible for the granted TFCA funds. The APCO may grant a one-time extension of ~~three (3) months~~ thirty (30) days to the applicant for just cause. Project applications will not be considered from project sponsors who were awarded TFCA funds in a previous year and have not signed a Funding Agreement with the Air District by the current application deadline. **(Regional Funds)**

This is not a new policy. It was previously policy #35. All eligibility policies have been grouped together at the beginning for clarity. Staff proposes reducing the extension time to 30 days. This allows 120 total days, which should be sufficient time to sign an agreement, considering that intent to enter into an agreement has already been claimed in a resolution.

18 ~~**36**~~**. Implementation:** Project sponsors that have a signed Funding Agreement for a prior TFCA project, but have not yet implemented that project by the current application deadline, will not be considered for 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. **(Regional Funds)**

This is not a new policy. It was previously policy #36. All eligibility policies have been grouped together at the beginning for clarity.

INELIGIBLE PROJECTS

19 ~~**15**~~**. Duplication:** Applications for projects, which duplicate existing projects, regardless of funding source, will not be considered for funding. Combining Program Manager Funds with TFCA Regional Funds for a single project is not project duplication. Applications requesting TFCA funding for project costs with duplicate funding sources will not be considered for funding. **(Regional Funds; Program Manager Funds; VIP)**

This was previously policy #15 and has been re-numbered for clarity. The text changes ensure that TFCA funds are only requested for costs that do not already have funding from another source.

20 ~~16~~. **Employee Subsidy:** 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. **(Regional Funds; Program Manager Funds; VIP)**

This was previously policy #16 and has been re-numbered for clarity.

USE OF TFCA FUNDS

21 ~~17~~. **Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds for the funding of an eligible project. For purposes of calculating TFCA funding effectiveness for TFCA Regional Funds (Evaluation Criterion #1), the 40% County Program Manager Funds will be included in the calculation of the TFCA cost of the project. TFCA Regional Funds will not be included in calculating the aggregate cost-effectiveness of each County Program Manager annual TFCA expenditure plan. **(Regional Funds; Program Manager Funds)**

This was previously policy #17 and has been re-numbered for clarity.

22 ~~18~~. **Cost of Developing Proposals:** The costs of developing proposals for TFCA funding are not eligible to be reimbursed with TFCA funds. **(Regional Funds; Program Manager Funds; VIP)**

This was previously policy #18 and has been re-numbered for clarity.

23 ~~19~~. **Administrative Costs:** Administrative costs are limited to a maximum of five (5) percent of total TFCA funds expended on a project. Please see the Appendix TFCA Administrative Costs of this document for Air District policy defining allowable administrative costs. **(Regional Funds; Program Manager Funds)**

This was previously policy #19 and has been re-numbered for clarity. This provides more clarity since there are several appendices, but it allows the order of appendices to vary, if necessary.

24 ~~20~~. **Expend Funds within Two Years:** Any public agency or entity receiving Regional Funds must expend the funds within two years of the effective date of the Funding Agreement, unless a longer period is approved in advance by the Air District. In the case of the Program Manager funds, the funds must be expended within two years of receipt of the first transfer of funds from the Air District to the Program Manager in the applicable fiscal year, unless a longer period is

approved in advance by the Program Manager. **(Regional Funds; Program Manager Funds)**

This was previously policy #20 and has been re-numbered for clarity.

<u>**25**</u> ~~**37**~~**. Returned Funds:** TFCA returned funds accrue to the TFCA Regional Fund and will be allocated to new TFCA Regional Fund projects during the next funding cycle. TFCA returned funds consist of a) TFCA Regional Funds allocated to projects that are completed under budget, cancelled, or awarded an amount less than the Board approved allocation; b) any unallocated TFCA Regional Funds from the prior year funding cycle; or c) TFCA County Program Manager funds that are returned to the Air District. **(Regional Funds)**

This is not a new policy. It was previously policy #37. All policies regarding use of TFCA funds have been grouped together at the beginning for clarity.

CLEAN AIR VEHICLE (CAV) PROJECTS

<u>**26**</u> ~~**21**~~**. Clean Air Vehicle Infrastructure:** The TFCA Regional Fund will fund the clean air vehicle infrastructure development associated only with electric vehicle projects and only under the following conditions: a) the maximum level of funding is limited to the amount necessary to satisfy the recharging demand created by the project; and b) after satisfying the project needs, the recharging infrastructure must be accessible, to the extent feasible, to other public agencies, private fleets, and the general public.

The TFCA Program Manager Funds may be used for both electric recharging and natural gas fueling infrastructure. The electric recharging and natural gas fueling infrastructure must be accessible, to the extent feasible, to other public agencies, private fleets, and the general public. **(Regional Funds; Program Manager Funds)**

This was previously policy #21 and has been re-numbered for clarity.

<u>**27. Clean Air Vehicle Weights:** For TFCA purposes, light-duty vehicles are those 10,000 pounds gross vehicle weight (GVW) or lighter. Heavy-duty vehicles are those 10,001 pounds GVW or heavier.</u>

This is a new policy intended to clearly define light- and heavy-duty vehicles for TFCA purposes. The 10,000-pound threshold is the same that we have been using to distinguish light-duty and heavy-duty vehicles in recent years.

<u>**28**</u> ~~**22**~~**. Light-Duty CAV Eligibility:** All <u>light-duty</u> chassis-certified vehicles ~~(light- and most medium-duty vehicles)~~ certified by the California Air Resources Board (CARB) as meeting established ~~ultra low emission vehicle (ULEV),~~ super low emission vehicle (SULEV), <u>partial-zero</u>

emission vehicle (P-ZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards are eligible for TFCA funding. Gasoline and diesel vehicles are not eligible for TFCA funding. Hybrid electric vehicles (HEVs) that meet the ~~ULEV,~~ SULEV, P-ZEV, AT-PZEV, or ZEV standards are eligible for TFCA funding. **(Program Manager Funds; VIP)**

This was previously policy #22 and has been re-numbered for clarity. Removing ULEV and adding P-ZEV and AT-PZEV eligibility increases TFCA emissions reductions potential. This will have a minor impact to project sponsors because the primary ULEV vehicle has been the natural gas version of the Ford Crown Victoria, and Ford will discontinue the natural gas Crown Victoria after the 2004 model year.

29 ~~23~~. Light-Duty CAV Funding Participation: For light-duty clean air vehicle projects for passenger cars, pick-up trucks, and vans ~~with a gross vehicle weight of 10,000 pounds or less~~, project sponsors may receive no more than the following funding incentive amounts:

Emission Rating Amount	Vehicle Type	Incentive
~~ULEV II~~	~~Natural gas / propane~~	~~$2,000 *~~
SULEV	Hybrid electric	$2,000
SULEV	Natural gas / propane	$4,000
ZEV	Highway battery electric	$5,000
ZEV	City battery electric	$3,000
ZEV	Neighborhood battery electric	$1,000
ZEV	3-wheel battery electric	$1,000

~~* Incentives for ULEV II-rated vehicles are only available for high mileage vehicles that will be driven 50,000 miles or more per year.~~

These incentive amounts above will be pro-rated for leased vehicles in those cases where the vehicle is available for purchase.

The incentive amounts for Partial Zero Emission Vehicles (PZEV) and Advanced Technology-Partial Zero Emission Vehicles (AT-PZEV) are the same as for SULEV-rated vehicles.
(Program Manager Funds; VIP)

This was previously policy #23 and has been re-numbered for clarity. Removing ULEV and adding P-ZEV and AT-PZEV eligibility increases TFCA emissions reductions potential. This will have a minor impact to project sponsors because the primary ULEV vehicle has been the natural gas Ford Crown Victoria, and it will not be manufactured after2004.

<u>30</u> ~~24~~. New Heavy-Duty CAV Eligibility: To be eligible for TFCA funding, the engines of all new heavy-duty vehicles ~~(including some medium-duty vehicles)~~ must be certified to ~~at least~~ CARB's optional reduced-emission NO_x plus non-methane hydrocarbon (NMHC) standard for 2004 <u>(1.8 g/bhp-hr), or lower.</u>

New vehicles that are bi-fuel, or that otherwise have the ability to operate on gasoline or diesel as their primary fuel are not eligible for funding (for purchase or lease) as TFCA clean air vehicle projects. **(Regional Funds; Program Manager Funds)**

This was previously policy #24 and has been re-numbered for clarity. Reference to medium-duty vehicles has been deleted. All vehicles will be classified either as light-duty or heavy-duty for TFCA purposes. See new policy #27 Clean Air Vehicle Weight for explanation. The actual NOx + NMHC standard number is included to make the requirements clear.

<u>31</u> ~~25~~. Heavy-Duty CAV Funding Participation: For <u>heavy-duty</u> clean air vehicle projects ~~with a gross vehicle weight of more than 10,000 pounds~~, project sponsors may receive no more than the incremental cost of the cleaner vehicle. Incremental cost is the difference in the purchase prices of the clean air vehicle and its diesel or gasoline counterpart. However, public transit agencies, which have elected to pursue the "alternative fuel" path under CARB's urban transit bus regulation, may continue to apply for up to $150,000 per alternatively fueled transit bus (30 ft. or bigger). **(Regional Funds; Program Manager Funds)**

This was previously policy #25 and has been re-numbered for clarity. Reference to the 10,000-pound vehicle weight has been deleted because this is covered in the new policy #27 which defines Clean Air Vehicle Weight.

<u>32</u> ~~26~~. Heavy-Duty Vehicle Replacement: <u>Heavy-duty vehicles</u> ~~greater than 10,000 pounds GVW~~ purchased with TFCA funds must either:

a) replace an existing similar or equivalent vehicle within the applicable vehicle fleet, or <u>acquire and scrap an equivalent vehicle from another fleet within the Bay Area.</u> ~~within the fleet of the project sponsor.~~ The vehicle being replaced must be removed from service and destroyed (i.e., destruction of the engine block and frame/chassis), or b) add a diesel <u>emission control strategy</u> ~~particulate filter~~ to an existing similar or equivalent vehicle within the applicable vehicle fleet or within the fleet of the project sponsor. The <u>control strategy</u> ~~filter~~ must be certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine. This option requires the use of ultra-low-sulfur diesel.

<u>Applicants may request TFCA funds, pursuant to guidelines developed by Air District staff, to offset the cost of complying with this policy. If</u>

the applicant requests TFCA funds to cover these costs, the funds will be included in calculating the TFCA cost-effectiveness of the project application. **(Regional Funds; Program Manager Funds)**

This was previously policy #26 and has been re-numbered for clarity. Reference to the 10,000-pound vehicle weight has been deleted because this is covered in the new policy #27 which defines Clean Air Vehicle Weight. In part b, "particulate filter" has been replaced with the general term "diesel emission control strategies" used by CARB for these devices. This ensures that strategies that reduce particulate matter and other emissions are eligible for funding. In response to comments received, staff proposes to allow applicants to acquire and scrap an equivalent old vehicle from another fleet (in a fleet expansion situation), and to allow applicants to request TFCA funds to offset the cost to comply with this policy. Staff will provide guidelines for allowable costs in the TFCA Regional Fund guidance document to be issued in April 2004.

33 ~~27~~. Reducing Emissions from Existing Heavy-Duty Diesel Engines:

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

a) Repowers – To be eligible for TFCA funding, the new engines selected to repower an existing heavy-duty vehicle ~~(including some medium-duty vehicles)~~ must be certified to ~~at least~~ CARB's optional reduced-emission NO_x plus non-methane hydrocarbon (NMHC) standard for 2004 (1.8 g/bhp-hr) or lower.

b) ~~Retrofits – Retrofit devices and technologies, and clean fuel additives or substitutes,~~ Diesel Emission Control Strategies – Diesel emission control strategies compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:

1) All ~~devices or technologies~~ control strategies must be certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine.
2) The use of ultra-low sulfur diesel (15 ppm sulfur, or less) is required in conjunction with all control strategies ~~particulate filter devices~~.

~~3) Ultra-low-sulfur diesel is not eligible for funding.~~

3)~~4)~~ TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the control strategy ~~technology, fuel additive, or substitute.~~

~~5) Particulate matter (PM) retrofit filters~~ Diesel emission control strategies must meet the CARB ~~2004~~ standard of no more than 20% NO_2 slip, when the standard is put into effect and strategies are available that meet it.

c) Clean Fuels or Additives – Clean fuels or additives compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:

1) All clean fuels or additives must be certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine.
2) Ultra-low-sulfur diesel is not eligible for funding.
3) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.

For the Regional Fund, the sum of all projects funded under Policy #~~27~~ 33 in a fiscal year shall not exceed 20% of the Regional Funds available for that fiscal year. For the Program Manager Fund, the sum of each individual County's projects funded under Policy #~~27~~ 33 in a fiscal year shall not exceed 20% of the County's Program Manager Funds for that fiscal year. **(Regional Funds; Program Manager Funds)**

This was previously policy #27 and has been re-numbered for clarity. Reference to medium-duty vehicles has been deleted. All vehicles will be classified either as light-duty or heavy-duty for TFCA purposes. See new policy #27 Clean Air Vehicle Weight for explanation. Under part a, the actual NOx + NMHC standard number is included to make the requirements clear and to be consistent with Policy #30. In part b, language referring to devices and technologies is replaced with the general term 'diesel emission control strategies' used by CARB for these devices. In part b,references to clean fuels and additives are deleted and placed in a new "part c" for clarity. In part b5, the language has been revised to require that sponsors comply with CARB's NO2 slip standard once that standard is in effect and strategies are available that meet it. This change is made because CARB is considering delaying the effective date of this standard from 2004 to 2007.

34 ~~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 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 a bus. **(Regional Funds; Program Manager Funds)**

This was previously policy #28 and has been re-numbered for clarity.

SHUTTLE/FEEDER BUS SERVICE PROJECTS

35 ~~29~~. Shuttle/Feeder Bus Service: ~~Any application for a project to operate a shuttle or feeder bus route to and from a rail station, airport, or ferry~~

~~terminal must:~~ Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The 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 2002/03 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 California Air Resources Board (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 alternate fuel vehicle (CNG, LNG, propane, electric);
b) a hybrid-electric vehicle;
c) a post-1994 diesel vehicle and a ~~CARB-certified particulate filter~~ diesel emission control strategy certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine (this option requires the use of ultra-low-sulfur diesel); or
d) a post-1989 gasoline-fueled vehicle.

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

(Regional Funds; Program Manager Funds)

This was previously policy #29 and has been re-numbered for clarity. The first sentence was revised to ensure that it is a clear requirement for shuttle/feeder bus projects to go to or from rail, airport, or ferry terminals in order to be eligible for funding. In part c, language referring to particulate filters is replaced with the general term 'diesel emission control strategies' used by CARB. This allows the use of devices that control other pollutants, in addition to particulate matter.

BICYCLE PROJECTS

36 ~~30~~. **Bicycle Projects:** Bicycle facility improvement projects that are included in an adopted countywide bicycle plan or Congestion

Management Program (CMP) are eligible to receive TFCA funds. For purposes of this policy, if there is no adopted countywide bicycle plan, the project must be in the county's CMP, or the responsible Congestion Management Agency must provide written intent to include the project in the next update of the CMP. Eligible bicycle projects are limited to the following types of bicycle improvement facilities for public use: a) Class 1 bicycle paths; b) Class 2 bicycle lanes (or widening of outside lanes to accommodate bicycles); c) Class 3 bicycle routes; d) bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels; e) bicycle lockers; f) attended bicycle storage facilities; and g) development of a region-wide web-based bicycle trip planning system. All bicycle facility improvement projects must, where applicable, be consistent with design standards published in Chapter 1000 of the California Highway Design Manual. **(Regional Funds; Program Manager Funds)**

This was previously policy #30 and has been re-numbered for clarity. Text is added to exclude facilities for private use in public or private areas. It includes facilities for public use in public or private areas.

ARTERIAL MANAGEMENT PROJECTS

37 ~~31~~. Arterial Management: Arterial management projects ~~TFCA funds may only be used for arterial management projects where the affected arterial has an average daily traffic volume of 20,000 or more, or an average peak hour traffic volume of 2,000 or more. The project~~ 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 are not eligible to receive TFCA funding.

Transit improvement projects are limited to transit bus priority and bus stop relocation projects.

For signal timing projects, TFCA funds may only be used for arterial management projects where the affected arterial has an average daily traffic volume of 20,000 or more, or an average peak hour traffic volume of 2,000 or more. **(Regional Funds; Program Manager Funds)**

This policy (previously policy #31) has been revised to clarify the eligible project types within the arterial management category. The revised language is intended to distinguish between transit improvement projects and signal timing projects. Transit improvement projects (transit bus priority, bus stop relocation) reduce vehicle trips by attracting new riders to transit, whereas signal timing projects reduce emissions by improving traffic flow. The revised policy language clarifies that the minimum traffic volume threshold (at least

20,000 ADT or 2,000 peak hour volume) applies only to signal timing projects. Incident management projects are excluded from funding because incidents are difficult to predict and incident-related emissions are difficult to quantify.

SMART GROWTH PROJECTS

38 ~~32~~. **Smart Growth/Traffic Calming:** Physical improvements that support development projects and/or calm traffic, resulting in the achievement of ~~that achieve~~ 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 applicable Bay Area Clean Air Plan or Bay Area 2001 Ozone Attainment Plan. Projects that implement TCM 19 (pedestrian improvements) or TCM 20 (traffic calming) are encouraged. Projects that would implement other TCMs will also be considered for funding. **(Regional Funds; Program Manager Funds)**

This was previously policy #32 and has been re-numbered for clarity. Smart growth and traffic calming are really two distinct types of projects. Currently, traffic calming does not stand out enough to let applicants know that it is eligible for funding.

REGIONAL FUND EVALUATION CRITERIA

FY 2004/05 TFCA Regional Fund Scoring Criteria

Criteria	Maximum Points
1. TFCA Funding Effectiveness	**60**
2. Other Project Attributes	**15**
3. Clean Air Policies and Programs	**10**
4. Disadvantaged Community	**10**
5. Promote Alternative Transportation Modes	**5**
Total	**100**

DISCUSSION

The maximum possible score is 100 points. Projects will be ranked by total point score in descending order. A minimum score of 40 points is required to be considered for funding. In the event that two or more projects achieve an equal score, project ranking will be determined by TFCA Funding Effectiveness (Criterion #1). The project with the best TFCA Funding Effectiveness will receive priority.

Available Regional Funds will be allocated to projects beginning with the highest ranking project and proceeding in sequence to lower-scoring projects, to fund as many eligible projects as available funds can fully cover. 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. Any remaining available funds will be allocated to projects in the subsequent funding cycle. No partial grant awards will be made.

- **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 (both Regional Funds and County Program Manager Funds combined) will be divided by the estimated lifetime emissions reduction for the project. The estimated lifetime emission reduction is the sum of reactive organic gases (ROG), oxides of nitrogen (NO_x), and particulate matter (PM_{10}) 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 Criteria 1

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

❑ **Criterion 2: Other Project Attributes [maximum 15 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 project applications have been received and reviewed.

❑ **Criterion 3: Clean Air Policies and Programs [maximum 10 points]**

The purpose of this criterion is to recognize and encourage 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 applicable Bay Area Clean Air Plan or Bay Area 2001 Ozone Attainment Plan. 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.

- ❑ **Criterion 4: Disadvantaged Community [maximum 10 points]**

This criterion will award a maximum of 10 points (sliding scale 0-10 points) for projects that directly reduce emissions in economically disadvantaged communities. For purposes of this criterion, economically disadvantaged communities are defined in a report entitled A Guide to the Bay Area's Most Impoverished Neighborhoods, prepared for the Bay Area Partnership by the Northern California Council for the Community. Forty-six disadvantaged communities throughout the Bay Area are identified. To qualify for points, the project must directly benefit one or more of these communities. The project sponsor must 1) identify the census tracts in the disadvantaged community that will benefit from the project, 2) specify the percentage of project resources or services that will be delivered to the identified disadvantaged community, and 3) provide a clear explanation as to how the project directly benefits residents in that community. The number of points awarded will be based upon the percentage of project resources that directly benefit the community and the extent to which the project sponsor demonstrates this benefit.

- ❑ **Criterion 5: Promote Alternative Transportation Modes [maximum 5 points]**

This criterion will award a maximum of 5 points (sliding scale 0-5 points) for projects that promote alternative modes of transportation (transit, ridesharing, bicycling, walking) and reduce single occupant vehicle trips by the general public: e.g., shuttle services, ridesharing, bicycle facility improvements, and "smart growth" projects. The number of points awarded will be based upon the Air District's estimate of the number of project users or beneficiaries.

ATTACHMENT B

DRAFT TFCA FY 2004/05 POLICIES AND CRITERIA – COMMENTS RECEIVED AND STAFF RESPONSES

Name and Title of Signer Agency or Entity	Comments	Staff Response
Maria Lombardo Deputy Director San Francisco County Transportation Authority	1. Policy # 5: SFCTA supports the proposed revision to Policy #5 regarding eligibility of non-public entities for clean air vehicle incentives. 2. Policy 32: The Air District should allow the cost of scrapping old heavy-duty vehicles (as required by Policy 32) to be eligible for TFCA reimbursement, since fleet operators would typically sell the old vehicle on the secondary market. 3. Policy 33c: We support eligibility for CARB-approved clean fuel or fuel additives. However, the District should place a limit (e.g., three years) on the time that a sponsor would be eligible to receive funding for this type of project.	1. Comment noted. Staff appreciates this support. 2. To help applicants comply with this policy, staff proposes to allow applicants to request TFCA funds to offset the cost of complying with this policy. 3. Clean fuels and additives became eligible for funding in the FY 2003-04 TFCA cycle. However, no applications have yet been received in this category. Staff will develop guidelines for these types of projects as we gain experience in this area.
Bryan Albee Transit Systems Manager Sonoma County Transit	1. Policy 31: Will the Air District allow the use of TFCA funds to replace natural gas buses as they are retired? If so, will the buses automatically be eligible for an incentive of $150,000 per bus?	1. The purchase of new natural gas buses to replace existing natural gas buses as they are retired will be eligible for TFCA funding provided that the bus is certified to achieve an emission standard more stringent than the applicable CARB baseline standard. The sponsor may request up to $150,000, but the cost-effectiveness of the project will be calculated based upon the amount of TFCA funds requested.

	2. Policy 35: Will the Air District allow the use of TFCA funds to support shuttle or feeder bus routes that do not serve a rail station, ferry terminal, or airport?	2. The TFCA enabling legislation specifically states that shuttle and feeder bus routes must serve a rail station, ferry terminal, or airport. Staff does not have the discretion to waive this statutory requirement.
Matt Todd Sr. Transportation Engineer Alameda County Congestion Management Agency	1. Policy 5: ACCMA supports the proposed policy revision, and also suggests that car-sharing services should be specifically cited in the list of transportation demand management services. 2. Policy 39: Suggest minor wording changes to clarify the intent of this policy.	1. The proposed policy change makes clear that car-sharing services can apply for all eligible types of clean air vehicles. Listing car-sharing as a transportation demand management service is not necessary. 2. Staff accepts the suggested wording change. See the text of Policy 39 in Attachment A.
Rick Ruvolo Manager, Clean Air Program City & County of San Francisco	1. Policy 27: The threshold for the definition of light-duty vehicles should remain at the existing 10,000 pounds GVW. Reducing the threshold to 8,500 pounds would make more vehicles subject to the scrappage requirement that applies for heavy duty vehicles, and would discourage eligible fleets from procuring alternative fuel vehicles. 2. Policy 32: The requirement to scrap an old vehicle for heavy-duty vehicle projects is costly to potential applicants, and discourages eligible fleets from procuring alternative fuel vehicles. 3. Policy 33: The Air District should retain the cap that limits diesel retrofits to a maximum of 20% of TFCA funds per fiscal year.	1. Staff agrees that we should retain the existing 10,000 pounds GVW threshold for light-duty vehicles (i.e., eligibility for the Vehicle Incentive Program). 2. To help applicants comply with this policy, staff proposes to allow applicants to request TFCA funds to offset the cost of complying with this policy. 3. The 20% cap does not appear to be needed. Less than 1% of TFCA funds were allocated for diesel retrofits and repowers in FY 2003/04. However, given the comments received, staff recommends leaving the 20% cap in place for the FY 2004/05 cycle and reevaluating the need for it again next year.
John L. Martin Airport Director San Francisco	1. Policy 27: The definition of light-duty vehicle should remain at 10,000 pounds, or be increased to 14,000 pounds. Reducing the	1. Staff agrees that we should retain the existing 10,000 pounds GVW threshold for

International Airport	threshold to 8,500 pounds would make more vehicles subject to the scrappage requirement for heavy duty vehicles, discouraging eligible fleets from procuring alternative fuel vehicles. 2. Policy 32: The scrappage requirement for heavy-duty vehicle projects continues to be impractical and to impose a financial burden on transportation providers at the Airport. It does not allow TFCA to fund fleet expansion. 3. Policy 33: The Air District should retain the cap that limits diesel retrofits to a maximum of 20% of TFCA funds per fiscal year. Cost-effectiveness should be calculated in a consistent way for diesel projects and natural gas projects.	light-duty vehicles (i.e., eligibility for the Vehicle Incentive Program). 2. To help applicants comply with this policy, staff proposes to allow applicants to request TFCA funds to offset the cost of complying with this policy, and to acquire and scrap an old vehicle from another fleet (in a fleet expansion situation). 3. The 20% cap does not appear to be needed. Less than 1% of TFCA funds were allocated for diesel retrofits and repowers in FY 2003/04. However, given the comments received, staff recommends leaving the 20% cap in place for the FY 2004/05 cycle and reevaluating the need for it again next year.
Steve Grossman Director of Aviation Port of Oakland	1. Policy 27: The threshold for the definition of light-duty vehicles should remain at the existing 10,000 pounds. Reducing the threshold to 8,500 pounds would make more vehicles subject to the heavy-duty vehicle scrappage requirement, and would discourage eligible fleets from procuring alternative fuel vehicles. 2. Policy 28: All vehicles that achieve the SULEV or cleaner emission standard should be eligible for funding. However, the incentive amount for alternative fuel vehicles (e.g., natural gas) should be higher, as the incremental cost of these vehicles is $6,000 to $7,000. 3. Policy 32: The scrappage requirement for heavy-duty vehicle projects continues to impose a financial burden on transportation	1. Staff agrees that we should retain the existing 10,000 pounds GVW threshold for light-duty vehicles (i.e., eligibility for the Vehicle Incentive Program). 2. Only alternative fuel vehicles are eligible for light-duty clean air vehicle incentives. Gasoline and diesel vehicles are not eligible. We believe that the current incentive of $4,000 per vehicle for SULEV-rated natural gas vehicles is the maximum that we can provide, based on the emission reductions from these vehicles. 3. To help applicants comply with this policy, staff proposes to allow applicants to request

	providers at the Airport, and does not allow TFCA to fund fleet expansion. In the past year, the Port was unable to apply for funds for 10 natural gas buses because these buses were needed to expand service and we did not have buses that we could destroy. 4. Policy 33: The Air District should retain the cap that limits diesel retrofits to a maximum of 20% of TFCA funds per fiscal year.	TFCA funds to offset the cost of complying with this policy, and to acquire and scrap an old vehicle from another fleet (in a fleet expansion situation). 4. The 20% cap does not appear to be needed. Less than 1% of TFCA funds were allocated for diesel retrofits and repowers in FY 2003/04. However, given the comments received, staff recommends leaving the 20% cap in place for the FY 2004/05 cycle and reevaluating the need for it again next year.
Chris A. Ferrara Chairman East Bay Clean Cities Coalition	1. Continued assistance from the Air District is needed to support and expand the existing investments in natural gas vehicles and infrastructure. By not supporting natural gas vehicles, the Air District would be out of step with efforts of federal, state, and local agencies to reduce petroleum consumption. 2. The Air District should calculate cost-effectiveness based upon the difference between the new vehicle and the vehicle which is being destroyed. 3. Policy 32: The salvage value of the destroyed vehicle should be covered by TFCA funding. 4.Alternative fuel vehicles should receive points under "Other Project Attributes" (TFCA Scoring Criterion #3). 5. The Air District should have a program for	1. Staff remains committed to providing funding for natural gas vehicles commensurate with the emissions benefits for these projects. 2. Staff calculates cost-effectiveness based upon the difference between CARB's baseline emission standards for new engines versus the cleaner standard that the engine is certified to achieve. This is consistent with CARB-approved methodology. 3. To help applicants comply with this policy, staff proposes to allow applicants to request TFCA funds to offset the cost of complying with this policy. 4. Staff will consider this suggestion in defining the Other Project Attribute points for the FY 2004/05 TFCA Regional Fund guidelines. 5. These fleets are eligible to

	airports that supports taxi and shuttle operations for hotels, parking lots, door-to-door service, etc.	apply for Vehicle Incentive Program (VIP) funds. In past years, we had a special High-Mileage VIP program, but this was discontinued due to lack of applications for high-mileage incentives.
Mary Tucker Coordinator Silicon Valley Clean Cities Coalition	Continued assistance from the Air District is needed to support and expand the existing investments in natural gas vehicles and infrastructure. By not supporting natural gas vehicles, the Air District would be out of step with efforts of federal, state, and local agencies to reduce petroleum consumption.	Staff remains committed to providing funding for natural gas vehicles commensurate with the emissions benefits for these projects.
Chuck Hammond Chair Redwood Empire Clean Air Vehicle Coalition	Continued assistance from the Air District is needed to support and expand the existing investments in natural gas vehicles and infrastructure. By not supporting natural gas vehicles, the Air District would be out of step with efforts of federal, state, and local agencies to reduce petroleum consumption.	Staff remains committed to providing funding for natural gas vehicles commensurate with the emissions benefits for these projects.
Bill Zeller Program Manager Clean Air Transportation PG&E	1. Policy #27 – The definition of light-duty vehicle should not be changed from 10,000 pounds to 8,500 pounds GVW. We suggest that for vehicles in the range of 10,000–14,500 lbs GVW, the applicant should have the option to apply either for VIP incentives or via the TFCA Regional Funds. If the applicant chose to apply for TFCA Regional Funds, they may get a higher incentive, but would be bound to scrap a vehicle. If they chose VIP, they could avoid scrappage, but would get the lower, set incentive. 2. Policy 32: The scrappage requirement for heavy-duty vehicle projects continues to be impractical and to impose a financial burden on program participants. This policy is counterproductive to the goals of the Air District. We know of no other air district in California that imposes such a requirement. 3. The Air District should calculate cost-effectiveness based upon the difference between the new vehicle and the vehicle that is being destroyed.	1. Staff agrees that we should retain the existing 10,000 pounds GVW threshold for light-duty vehicles (i.e., eligibility for the Vehicle Incentive Program). We believe that it would complicate the program to allow applicants to choose between programs (VIP or TFCA Regional Fund). 2. To help applicants comply with this policy, staff proposes to allow applicants to request TFCA funds to offset the cost of complying with this policy, and to acquire and scrap an old vehicle from another fleet (in a fleet expansion situation). 3. Staff calculates cost-effectiveness based upon the difference between CARB's baseline emission standards for new engines versus the cleaner

	4. Policy 33: The Air District should retain the cap that limits diesel retrofits to a maximum of 20% of TFCA funds per fiscal year. The CARB 2004 NO2 slip standard of 20% has not been removed by CARB; that is only being considered. This language should remain in the policy. 5. There is concern about the proposal to include fuel additives to TFCA policies. This should not be done without additional documentation and explanation of the methodology to review such projects.	standard that the engine is certified to achieve. This is consistent with CARB-approved methodology. 4. The 20% cap does not appear to be needed. Less than 1% of TFCA funds were allocated for diesel retrofits and repowers in FY 2003/04. However, given the comments received, staff recommends leaving the 20% cap in place for the FY 2004/05 cycle and reevaluating the need for it again next year. Staff proposes the following language regarding the NO2 slip standard in Policy 33: 4) ~~Particulate matter (PM) retrofit filters~~ <u>Diesel Emission Control Strategies</u> must meet the CARB ~~2004~~ standard of no more than 20% NO_2 slip, <u>when the standard is put into effect and strategies are available that meet it.</u> 5. This is not a new proposal. The Board approved eligibility for fuel additives in the FY 2003/04 TFCA Policies. The policy language is only being reorganized for clarity.
Linda Weiner American Lung Associations of the Bay Area	Policy 33: The Air District should retain the cap that limits diesel retrofits to a maximum of 20% of TFCA funds per fiscal year.	The 20% cap does not appear to be needed. Less than 1% of TFCA funds were allocated for diesel retrofits and repowers in FY 2003/04. However, given the comments received, staff recommends leaving the 20% cap in place for the FY 2004/05 cycle and reevaluating the need for it again next year.
Doug Cameron Manager, Northern California	1. Policy 27: The threshold for the definition of light-duty vehicles should remain at the existing 10,000 pounds. Reducing the threshold to 8,500 pounds would make more	1. Staff agrees that we should retain the existing 10,000 pounds GVW threshold for light-duty vehicles (i.e.,

Clean Energy	vehicles subject to the scrappage requirement that applies for heavy duty vehicles, and would discourage eligible fleets from procuring alternative fuel vehicles.	eligibility for the Vehicle Incentive Program).
	2. The natural gas Ford Crown Victoria (rated ULEV Tier II) should remain eligible for funding in 2004/05. Although Ford will end production of the natural gas Crown Victoria after model year 2004, this vehicle may still be available throughout calendar year 2004.	2. In adopting the FY 2003-04 Vehicle Incentive Program guidelines, the Board agreed to allow the Ford Crown Victoria to remain eligible for funding for the FY2003/04 funding cycle, based upon Ford's commitment to certify the natural gas Crown Victoria to the SULEV standard for model year 2005. This was only intended to provide a one-year extension. Staff believes that all vehicles should be required to achieve the SULEV standard (or cleaner) to qualify for incentives in the FY 2004/05 funding cycle.
	3. Policy 32: The heavy-duty vehicle scrappage policy should be removed to encourage new fleets or expanding fleets to use clean, alternative fuel vehicles.	3. To help applicants comply with this policy, staff proposes to allow applicants to request TFCA funds to offset the cost of complying with this policy, and to acquire and scrap an old vehicle from another fleet (in a fleet expansion situation).
	4. Policy 33: The Air District should retain the cap that limits diesel retrofits to a maximum of 20% of TFCA funds per fiscal year.	4. The 20% cap does not appear to be needed. Less than 1% of TFCA funds were allocated for diesel retrofits and repowers in FY 2003/04. However, given the comments received, staff recommends leaving the 20% cap in place for the FY 2004/05 cycle and reevaluating the need for it again next year.
	5. If clean fuel and additives are eligible for funding, this implies that natural gas should be eligible for funding on an on-going basis.	5. For natural gas vehicles, the Air District provides funding to cover the higher incremental cost of the engine. The

		incremental cost is associated with the engine, not the fuel.
Arielle Bourgart Contra Costa Transportation Authority	1. Policy 16: What constitutes a failed audit? 2. Policy 21: This policy states that TFCA Program Manager and Regional Funds may be combined for an eligible project, yet Policy 39 negates this in terms of local rideshare programs that may wish to apply for Regional Funds. 3. Policy 36: Allowable costs for bicycle racks and lockers need to be revisited to ensure that the funds are sufficient to pay current rates for bikes and lockers. 4. Policy 38: Can sidewalk "gap" projects be considered eligible for funding? 5. Policy 39: CCTA acknowledges the Air District's concern regarding potential for duplication between the regional rideshare program and local programs. CCTA suggests that rather than barring local ridesharing programs from applying for Regional Funds, the Air District should evaluate each project on a case-by-case basis. The District should not assume that the regional program is necessarily the most cost-effective. Marketing and public outreach are integral to the success of trip reduction programs, as are special events that call attention to transportation alternatives.	1. Staff has added language to Policy 16 to define a "failed audit." See Attachment A. 2. Staff has deleted the draft Policy 39 regarding ridesharing projects. 3. Staff will consider this comment when we prepare guidelines for allocation of Program Manager funds. 4. Sidewalk gap-closure projects are eligible for funding, provided they meet TFCA cost-effectiveness standards. Maintenance or rehabilitation of existing sidewalks is not eligible. 5. Staff has deleted the draft Policy 39, pending further analysis and discussion. Staff will work with partner agencies to avoid duplication of services and to ensure that funds for ridesharing projects are expended in a cost-effective manner. See response above.
Christine Maley-Grubl Executive Director Peninsula Traffic Congestion	Policy 39 – The Alliance provides an array of services to promote commute alternatives. The regional rideshare program complements and supports our local program. The Air District should not revise TFCA policies in a way that would restrict local efforts. As a	Staff has deleted the draft Policy 39, pending further analysis and discussion. Staff will work with partner agencies to avoid duplication of services and to ensure that funds for

Relief Alliance	local agency, the Alliance can work much more closely with local employers, cities and employees, while the regional program can provide complimentary, regional services such as on-line regional ride matching and marketing of regional programs.	ridesharing projects are expended in a cost-effective manner.
Walter Martone City/County Association of Governments of San Mateo County (C/CAG)	Policy 39: The proposed revision would put unnecessary restrictions on local ridesharing programs. We believe that you can better accomplish your goal of correcting duplication of funding and/or emission reduction credit by working with MTC to make adjustments to the regional program, rather than the local efforts. The Air District should not place a limit on the percentage of project funds that can be expended for marketing and outreach. Policy 39 would restrict "one-time" activities, but does not define what that means. The proposed policy revision is not consistent with the stated goal of "...allowing counties to determine their own priorities. ..."	Staff has deleted the draft Policy 39, pending further analysis and discussion. Staff will work with partner agencies to avoid duplication of services and to ensure that funds for ridesharing projects are expended in a cost-effective manner. See response above. See response above.
Jamie Levin Director of Marketing and Communications AC Transit	The District should consider funds expended to construct fueling stations as eligible to comply with the matching funds requirement (Policy 7). The South Coast AQMD allows such combinations of funding to satisfy match requirements and encourages projects that demonstrate new technologies with the potential to reduce emissions in the near term.	Project sponsors can apply for TFCA funds to cover the incremental cost of heavy-duty vehicle projects. Since the sponsor is required to cover the baseline cost of the vehicle, this typically covers the matching fund requirement per Policy #7.
Casey Emoto Sr. Transportation Engineer Santa Clara Valley Transportation Authority	I do not understand why the Air District asserts that air quality benefits due to traffic calming are predictable, but benefits due to incident management are not. In the San Jose area, more than half of all traffic delay is due to incidents.	Traffic calming projects can be evaluated based upon average daily traffic volumes and speeds. Because incidents are inherently unpredictable, it is difficult to determine the air quality benefit of incident management with precision.

AGENDA : 5

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Inter-office Memorandum

To: Chairperson Young and
Members of the Mobile Source Committee

From: Jean Roggenkamp, Director of Planning and Research

Date: January 8, 2004

Re: Selection of Contractor for the Audit of the Transportation Fund for Clean Air (TFCA) County Program Manager Fund Projects

RECOMMENDED ACTION:

1) Approve the selection of Macias, Gini & Company as the auditor to conduct fiscal audits of 54 TFCA Program Manager projects.
2) Authorize the Executive Officer to execute a $60,936 contract with Macias, Gini & Company for these services.

BACKGROUND

California Health and Safety Code Section 44242 requires that any agency receiving DMV fees conduct an audit on projects funded once every two years. The audits are to be conducted by an independent auditor selected by the Air District. The Air District has conducted six prior rounds of audits. This audit is of 54 Program Manager Fund projects that have been completed since the last audit of the Program Manager Funds in 2002. TFCA funds to cover the cost of the audits are included in the Air District's FY 03/04 budget. If approved, the auditor should begin work in February 2004, with the final report being completed by July 2004.

Request for Proposals

On October 30, 2003, the District issued a Request for Proposals (RFP) seeking an auditor for the seventh round of audits on the TFCA funded projects. The RFP was mailed to 69 public accounting firms. Responses were due by December 1, 2003. The procedures used for the RFP comply with the Air District's Administrative Code Division II, Section 4.6, and with applicable portions of the California Public Contract Code Section 1100 et seq.

The District received four proposals in response to the RFP by the December 1, 2003, 4:30PM deadline. The proposals were submitted by:

Name	**Office Location**
Vargas & Company	San Jose
Simpson & Simpson	Los Angeles
Izabal, Bernaciak & Company	San Francisco
Macias, Gini & Company	Walnut Creek

DISCUSSION

Proposal Evaluation

The RFP set forth five criteria to be used in evaluating the proposals. Air District staff evaluated the proposals using these criteria. Staff contacted references provided by the four applicants. In addition, staff reviewed the past performance of applicants that had previously conducted audits for the Air District: Vargas & Company; Izabal, Bernaciak & Company; and Macias, Gini & Company. Scores were then assigned for each criterion. The table below sets forth the criteria and each firm's score for each criterion.

Scoring of Proposals for TFCA Auditors

CRITERIA	MAX PTS.	VARGAS	IZABAL, BERNACIAK	SIMPSON & SIMPSON	MACIAS, GINI
1. Technical expertise; size/structure of firm as affecting ability to perform and complete work in a professional and timely manner.	30	22	23	25	27
2. References of the firms.	10	7	7	8	9
3. Cost	20	12	20	17	18
4. Past experience of the firm and, in particular, experience of the audit team on projects of similar scope for governmental agencies.	20	16	17	17	19
5. Responsiveness of the proposal, stating a clear understanding of the work to be performed.	20	15	16	18	19
Total	**100**	**72**	**83**	**85**	**92**

Vargas & Company (Total Bid Cost: $112,000)

Vargas & Company received a total score of 72. Although this firm has considerable experience and the potential to perform the duties required for the TFCA audits, the Vargas proposal fell short in terms of responsiveness to proposal criteria. The proposal did not demonstrate a clear understanding of the work to be performed, discussing both Regional and Program Manager Funds in their proposal. Vargas & Company scored the lowest in the technical expertise criterion. This firm conducted the Air District's first two rounds of TFCA financial audits and performed those audits satisfactorily. Vargas & Company submitted the highest bid.

Izabal, Bernaciak & Company (Total Bid Cost: $56,250)

Izabal, Bernaciak & Company received a total score of 83. The firm placed third in technical expertise and ability to perform the duties required for the TFCA Program Manager Fund audits. The firm has significant experience in conducting financial and compliance audit services to many non-profit and government agencies. The proposal gave a clear understanding of the work to be performed under the TFCA Program Manager Fund audits. Izabal, Bernaciak & Company performed the last round of TFCA financial audits and performed adequately. The draft and final summary reports required considerable review. Izabal, Bernaciak & Company submitted the lowest bid.

Simpson & Simpson (Total Bid Cost: $65,000)

Simpson & Simpson received a total score of 85. The firm ranked well in technical expertise and past experience. The firm demonstrated a clear understanding of the Program Manager Fund audit objectives, and the resources needed to complete the audit. Simpson & Simpson has significant past experience with financial audits conducted for other public agencies. The firm conducted similar audits of the DMV fees for the South Coast Air Quality Management District. The firm's references indicated that Simpson & Simpson performed well on their audits. Simpson & Simpson submitted the second highest bid.

Macias, Gini & Company (Total Bid Cost: $60,936)

Macias, Gini & Company received a total score of 92, the highest overall score. Macias, Gini & Company ranked the highest in technical expertise due to their extensive work in providing financial and compliance audit services. The firm has conducted statewide compliance audit work for numerous transit and government agencies. The firm expressed a clear understanding of the work to be performed under the TFCA Program Manager Fund audits, and the audit process was clearly delineated in the proposal. The firm placed first in past experience and ability to perform the duties required for the TFCA Program Manager Fund audits. Macias, Gini & Company has a proven record in providing high quality, professional services as TFCA auditors. The firm conducted the TFCA financial audits in 1998 and 2000 and performed well. The firm's bid, although not the lowest, is competitive given the resources necessary to conduct the TFCA fiscal audits.

<u>BUDGET CONSIDERATION/FINANCIAL IMPACT</u>

TFCA funds to cover the cost of the audits are included in the Air District's FY 03/04 budget.

Respectfully submitted,

Jean Roggenkamp
Director of Planning and Research

Prepared by: A. Gordon
Reviewed by: J. Roggenkamp

FORWARDED: ____________________________

AGENDA: 6

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Inter-office Memorandum

To: Chairperson Young and
Members of the Mobile Source Committee

From: Jean Roggenkamp, Director of Planning and Research

Date: January 8, 2004

Re: Contractor Selection for Vehicle Buy Back Program Vehicle Dismantlers

RECOMMENDED ACTION:

1) Recommend Board approval of Environmental Engineering Studies, Pick-N-Pull, and Pick Your Part as the contractors for the FY 03/04 Vehicle Buy Back Program.
2) Recommend the Board authorize the Executive Officer/APCO to execute contracts up to $900,000 with Environmental Engineering Studies; $1,300,000 with Pick-N-Pull; and $1,300,000 with Pick Your Part to provide vehicle scrapping and related services.

BACKGROUND

In FY 03/04, the Air District will enter its eighth funding cycle for the Vehicle Buy Back (VBB) Program. For the seven previous funding cycles, the Air District has allocated a total of $12.9 million to scrap 19,292 vehicles. Through the end of June 2003, 17,064 vehicles have been scrapped. The remaining vehicles to be scrapped under the current FY 02/03 contracts with Pick Your Part, Pick-N-Pull, and Environmental Engineering Studies should be completed within the next three months. The purchase price paid to the seller of the vehicle has been $500 for all past funding cycles. The Air District's FY 03/04 budget includes $2.5 million in TFCA funds for the VBB Program. In addition the Air District Board awarded an additional $1 million in TFCA funds to the VBB Program on September 17, 2003. Thus the total available is $3.5 million to continue implementation of the VBB Program dismantler contracts.

DISCUSSION

On October 2, 2003, the Air District issued a Request for Proposals (RFP) seeking contractors for the FY 03/04 VBB Program. The scope of work contained in the RFP conforms to the California Air Resources Board-adopted Voluntary Accelerated Light-Duty Vehicle Retirement Regulation (VAVR) that went into effect in July 2000. The RFP was mailed to 39 companies and posted on the Air District and ABAG websites. Responses were due by October 23, 2003.

The Air District received three proposals in response to the RFP. The proposals were submitted by Environmental Engineering Studies, Inc., Pick-N-Pull Auto Dismantlers, and Pick Your Part Auto Recycling. The Air District has previously contracted with all three applicants to carry out the VBB Program. Therefore, Air District staff has first-hand knowledge of their performance on this program.

Air District staff evaluated the new proposals using five criteria set forth in the RFP. The criteria were:

1. **Price.** (50 points maximum) Points awarded based on the lowest overhead price. Applicants were required to provide overhead prices for six different levels of contract awards.
2. **Available Resources/Customer Relations.** (20 points maximum) Points awarded based on responsiveness to the public's queries and requests about the VBB Program and the estimated number of days to purchase a vehicle.
3. **Coverage/Availability.** (10 points maximum) Points awarded based on the number and geographical distribution of scrapping sites, number of buy back days per month, and convenience of daily schedules.
4. **Advertising.** (10 points maximum) Points awarded according to the advertising budget and description of proposed campaign to target sellers of vehicles.
5. **Understanding of the Program and Thoroughness of the Proposal.** (10 points maximum) Extent to which proposal demonstrates an understanding of the VBB Program and responds thoroughly to the RFP.

Price Evaluation. The overhead bid prices for the different funding levels for each applicant are presented in Table 1 below. Environmental Engineering Studies' proposal received the highest score with an overhead bid of $245 per vehicle for all funding levels. Pick-N-Pull received the second highest score with an overhead bid of $270 per vehicle, with the exception of their overhead bid at the $250,000 funding level. Pick Your Part had the third highest score with an overhead bid of $275 per vehicle at all funding levels.

Table 1
Overhead Bid Price

Funding Levels	Environmental Engineering Studies, Inc.	Pick-N-Pull	Pick Your Part
$3,500,000	$245	$270	$275
$3,000,000	$245	$270	$275
$2,000,000	$245	$270	$275
$1,750,000	$245	$270	$275
$1,500,000	$245	$270	$275
$1,250,000	$245	$270	$275
$1,000,000	$245	$270	$275
$750,000	$245	$270	$275
$500,000	$245	$270	$275
$250,000	$245	$475	$275

Available Resources/Customers Relations. The Environmental Engineering Studies (EES) and Pick Your Part proposals scored higher than the Pick-N-Pull proposal under this category based on a number of factors. First, while EES and Pick Your Part have slightly fewer operators answering calls than Pick-N-Pull, their hours of operation are longer and they provide more weekend service. Second, EES and Pick Your Part operators and program managers are more experienced since they manage buy back programs for other air districts. Third, EES' and Pick Your Part's Smog Check process is more efficient because they use the Smog Check website to verify a vehicle's smog history. Alternatively, Pick-N-Pull relies on Air District staff to verify the vehicle's smog history. All applicants would be able to generate the vehicle owner's Department of Motor Vehicle (DMV) registration history through their electronic DMV database connections. This ability relieves the vehicle seller from going to a DMV office and paying five dollars for the registration history. All applicants would review the DMV registration history in advance of the buy back date to establish that a vehicle meets the requirements of the VBB Program. All applicants have the capability of processing the vehicle the same day but typically would process the vehicle in two to three days.

Coverage/Availability Evaluation. EES scored highest in this category because their coverage has increased by adding a full-time buy back site in San Jose. EES now has five buy back sites located in, the City of Napa, Pittsburg, San Francisco, San Jose, and Santa Rosa. Pick-N-Pull has six buy back sites located in, Fairfield, Oakland, Newark, Richmond, San Jose, and Windsor. Although Pick-N-Pull has comparable hours of operation and six buy back locations, EES is able to qualify and schedule vehicles more efficiently. Pick Your Part added three sites for a total of six sites; however, only two sites, Hayward and Milpitas, are full-time buy back locations. The remaining four buy back locations in Redwood City, Richmond, San Francisco, and San Jose, have very limited buy back hours.

Advertising Evaluation. Pick Your Part and EES proposals were favored under this criterion for their use of diverse methods of advertising, while Pick-N-Pull only uses one method - print advertising. In addition, the Pick Your Part and EES proposals scored well under this criterion because they have the lowest advertising costs per vehicle. At all funding levels the EES proposal is $30 per vehicle and the Pick Your Part proposal is $40 per vehicle. The Pick-N-Pull proposal quotes the highest advertising cost at $45 per vehicle at all funding levels.

Understanding of the Program and Thoroughness of the Proposal Evaluation. All three applicants have a good understanding of the program as evidenced in their proposals, past experience, and participation in the program. However, EES is the strongest in this criterion because they rarely depend on Air District staff to help determine if vehicles qualify for the program.

Table 2
Points for Each Criterion

Criteria	Bid Price	Environmental Engineering Studies, Inc.	Pick -N- Pull	Pick Your Part
Price (50 points maximum)	$3,500,000 funding	49	45	44
	$3,000,000 funding	49	45	44
	$2,000,000 funding	49	45	44
	$1,750,000 funding	49	45	44
	$1,500,000 funding	49	45	44
	$1,250,000 funding	49	45	44
	$1,000,000 funding	49	45	44
	$750,000 funding	49	45	44
	$500,000 funding	49	45	44
	$250,000 funding	49	1*	44
Available Resources/Customer Relations (20 pts.)		17	14	19
Coverage/Availability (10 pts.)		9	8	8
Advertising (10 pts.)		9	7	9
Understands program/ thoroughness of proposal (10 pts.)		10	8	8

Table 3
Total Points for All Criteria

BID PRICE	Environmental Engineering Studies, Inc.	Pick-N-Pull	Pick Your Part
$3,000,000 funding	94	82	88
$2,500,000 funding	94	82	88
$2,000,000 funding	94	82	88
$1,750,000 funding	94	82	88
$1,500,000 funding	94	82	88
$1,250,000 funding	94	82	88
$1,000,000 funding	94	82	88
$750,000 funding	94	82	88
$500,000 funding	94	82	88
$250,000 funding	94	38*	88

* Pick-N-Pull's overhead cost per vehicle at the $250,000 funding level was $475, which decreased the score at this funding level.

CONTRACT AMOUNTS:

Staff recommends awarding $1.3 million to Pick Your Part and $1.3 million to Pick-N-Pull, the applicants ranked second and third in scoring. Although Pick Your Part and Pick-N-Pull have lower scores than EES, their monthly vehicle buy back rates are much higher than EES. Pick Your Part's average monthly buy back rate is 106 and Pick N Pull's average monthly buy back rate is 164. Staff recommends the smaller award of $900,000 to Environmental Engineering Studies, although they are the applicant with the highest score, because their average monthly buy back rate is 75. The staff recommendation to divide the award between three contractors is consistent with previous Air District practice. Having three contractors advertising for the program increases the advertising coverage of the VBB Program and improves geographical distribution of buy back sites throughout the Air District.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

This project would have no impact on the Air District budget. The Air District's FY 03/04 budget allocated $2.5 million in TFCA funds for the VBB Program. On September 17, 2003, the Air District Board awarded an additional $1 million in TFCA funds for the VBB Program. Thus a total of $3.5 million in TFCA funds is available to continue implementation of the VBB Program.

Respectfully submitted,

Jean Roggenkamp
Director of Planning and Research

Prepared by: Vanessa Mongeon
Reviewed by: Jean Roggenkamp

FORWARDED: ______________________________

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Inter-Office Memorandum

To: Chairperson Young and
Members of the Mobile Source Committee

From: Jean Roggenkamp
Director of Planning and Research

Date: January 8, 2004

Re: Transportation Fund for Clean Air (TFCA), Amendment to Santa Clara County Program Manager Expenditure Program

RECOMMENDED ACTION:

Approve the allocation of $60,000 in TFCA funds as an amendment to the FY 2003/04 Santa Clara County Program Manager TFCA expenditure program for Santa Clara Valley Transportation Authority's Downtown Area Shuttle (DASH) Retrofits.

BACKGROUND

In July 2003, the Air District Board approved seven projects totaling $2,588,042 in TFCA Program Manager funding for the Santa Clara Valley Transportation Authority (VTA). This left an unallocated balance of $150,000 in Santa Clara County Program Manager funds. Santa Clara County recently added $65,000 in unallocated funds to its expenditure program from cancelled projects from FY 2000/01 and FY 2001/02.

On November 6, 2003, the VTA Board approved a new project for TFCA funding. The new project is the Downtown Area Shuttle (DASH) Retrofits project in Santa Clara County. The new project is eligible for TFCA funding and meets the Board's adopted policies.

DISCUSSION

Santa Clara Valley Transportation Authority, Downtown Area Shuttle (DASH) Retrofit Project:
This project will retrofit four 35-foot, 2002 Gillig LF 2100 buses, containing 2002 Cummins ISL engines, with Cleaire Longview particulate filters. The Cleaire Longview filter is verified to reduce particulate matter (PM) and oxides of nitrogen (Nox) by the California Air Resources Board (CARB), and complies with TFCA policies.

Starting in FY 2004/05, VTA will operate these four retrofit buses in-house for the DASH service, which is currently outsourced. The DASH is one of the most productive shuttle services in Santa Clara County. It circulates on a fixed-route through downtown San Jose and connects with downtown Light Rail stations as well as the San Jose Diridon Caltrain Station throughout the day. The retrofit project will bring the vehicles into compliance with TFCA Policy # 29, which will enable VTA to apply TFCA funds toward operating the DASH service in the future.

Aggregate Cost-Effectiveness Calculation:
The aggregate cost-effectiveness for the Santa Clara County Program Manager funds was recalculated to include the additional project and funds. The addition of this project and funds improves the aggregate cost-effectiveness from $84,938 per ton to $82,751 per ton. The resulting aggregate cost-effectiveness meets the required level of $90,000 per ton or less.

<u>BUDGET CONSIDERATION/FINANCIAL IMPACT</u>

None.

Respectfully submitted,

Jean Roggenkamp
Director of Planning and Research

Prepared by: K. Chi
Reviewed by: J. Roggenkamp

FORWARDED: ____________________________