



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

**BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE**

COMMITTEE MEMBERS

SHELIA YOUNG - CHAIRPERSON

ROBERTA COOPER

JAKE McGOLDRICK

JULIA MILLER

PAMELA TORLIATT

TIM SMITH – VICE CHAIRPERSON

JERRY HILL

NATE MILEY

JOHN SILVA

**THURSDAY
OCTOBER 14, 2004
9:30 A.M.**

**FOURTH FLOOR CONFERENCE ROOM
DISTRICT OFFICES**

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 JULY 8, 2004**
4. **CONTRACTOR SELECTION FOR THE EXPANSION OF THE VEHICLE BUY BACK PROGRAM**

J. Roggenkamp/4646
jroggenkamp@baaqmd.gov

Consider recommending Board of Directors' approval of vehicle dismantling contractors for the expansion of the FY 2004/2005 Vehicle Buy Back Program.
5. **TRANSPORTATION FUND FOR CLEAN AIR REGIONAL FUND GRANT AWARDS FOR FY 2004/05**

J. Roggenkamp/4646
jroggenkamp@baaqmd.gov

Consider recommending Board of Directors' approval of Transportation Fund for Clean Air Regional Fund grant awards for FY 2004/2005.
6. **AUDIT OF THE TRANSPORTATION FUND FOR CLEAN AIR COUNTY PROGRAM MANAGER FUND**

J.
Roggenkamp/4646

jroggenkamp@baaqmd.gov

Receive a report on the audit of projects funded by the Transportation Fund for Clean Air County Program Manager Fund.
7. **AMENDMENT TO CONTRA COSTA COUNTY TRANSPORTATION FUND FOR CLEAN AIR EXPENDITURE PROGRAM FOR FY 2004/2005**

J. Roggenkamp/4646
jroggenkamp@baaqmd.gov

Consider approval of requested Contra Costa County Program Manager expenditure program for FY 2004/2005. The requested amendment is for the following projects:

City of Martinez: Class 1 Bicycle Path – San Francisco Bay Trail, Phase II

Contra Costa County General Services Department: CNG Direct Line Fast Fill Fueling Station

8. AMENDMENT TO SANTA CLARA COUNTY TRANSPORTATION FUND FOR CLEAN AIR EXPENDITURE PROGRAM FOR FY 2004/2005

J. Roggenkamp/4646

jroggenkamp@baaqmd.gov

Consider approval of requested Santa Clara County Program Manager expenditure program for FY 2004/2005. The requested amendment is for the following project:

City of San Jose: Bascom Avenue Transit Signal Priority Project

9. AMENDMENT TO SOLANO COUNTY TRANSPORTATION FUND FOR CLEAN AIR EXPENDITURE PROGRAM FOR FY 2004/2005

J. Roggenkamp/4646

jroggenkamp@baaqmd.gov

Consider approval of requested Solano County Program Manager expenditure program for FY 2004/2005. The requested amendment is for the following projects:

City of Suisun City: Central County Bikeway Gap Closure

Solano County Fleet Operations Division: Electric Vehicle Public Charging Station

10. 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).

11. TIME AND PLACE OF NEXT MEETING: 9:30 a.m., NOVEMBER 11, 2004, 939 ELLIS STREET, SAN FRANCISCO, CA

12. ADJOURNMENT

**CONTACT CLERK OF THE BOARDS - 939 ELLIS STREET
SAN FRANCISCO, CA 94109**

(415) 749-4965

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.

**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, July 8, 2004

1. **Call to Order – Roll Call:** Chairperson Shelia Young called the meeting to order at 9:41 a.m.

Roll Call: Shelia Young, Chairperson; Roberta Cooper, Jerry Hill, Jake McGoldrick, Pam Torliatt.

Absent: Nate Miley, Julia Miller, John Silva, Tim Smith.

Also Present: Scott Haggerty (9:59 a.m.), Gayle Uilkema.

2. **Public Comment Period:** There were no public comments.
3. **Approval of Minutes of May 20, 2004:** Director Cooper moved approval of the minutes; seconded by Director Hill; carried unanimously without objection.
4. **Vehicle Incentive Program for Fiscal Year 2004/2005:** *The Committee considered recommending Board of Directors' approval of the FY 2004/05 Vehicle Incentive Program (VIP) guidelines and the allocation of \$500,000 in Transportation Fund for Clean Air funds.*

David Burch, Senior Environmental Planner, presented the report and stated that this is the sixth annual cycle of the Vehicle Incentive Program (VIP). Mr. Burch reported that there are no major changes proposed in the VIP guidelines or incentive amounts for fiscal year 2004/2005. The key VIP Guidelines and the VIP process were reviewed. Staff recommended an allocation of \$500,000 in Transportation Fund for Clean Air (TFCA) Regional funds for the fiscal year 2004/05 VIP cycle. Mr. Burch noted this is a reduction from the most recent cycle, but noted that staff believes that the \$500,000 will be sufficient to accommodate demand for VIP incentives in fiscal year 2004/05. Staff also recommended Board approval of the VIP Guidelines, as noted in Attachments A and B in the meeting packet.

Committee Action: Director Torliatt moved that the Committee recommend the Board approve the staff recommendations as stated above; seconded by Director Cooper; carried unanimously without objection.

5. **Vehicle Buy Back Program: FY 2003/04 Report and Changes for FY 2004/05:** *The Committee received and filed the summary of FY 2003/04 Vehicle Buy Back (VBB) Program and considered recommending Board of Directors' approval of changes to the VBB Program for FY 2004/05.*

Vanessa Mongeon, Environmental Planner, presented the report and provided background information on the Vehicle Buy Back (VBB) Program. Ms. Mongeon summarized the VBB Program and noted that \$3.5 million was budgeted for fiscal year 2003/04; the Air District has contracts with three vehicle dismantlers; there are 20 yards in the Bay Area; 240,000 pieces of direct mail were delivered to owners of eligible vehicles; and an average of 280 vehicles are scrapped each month.

In April 2000, the Board authorized an expansion of the vehicle eligibility to allow 1982 through 1985 vehicles in the VBB program and, if necessary, to increase the purchase price of each vehicle to up to \$800. Ms. Mongeon stated that these changes would increase the monthly buy back rate in fiscal year 2004/05. Ms. Mongeon noted that there are about 200,000 registered vehicles in the Bay Area that are models 1982 through 1985. These additional vehicles would help expand the VBB program and paying \$800 per vehicle should increase participation in the program. Scrapping of additional vehicles will increase emission reductions and the program will still be cost-effective.

Ms. Mongeon stated that for the fiscal year 2004/05 VBB Program staff recommends Board approval to 1) expand the Program to include vehicles that are model years 1982 through 1985 and 2) to increase the amount paid per vehicle to \$800.

In response to a question from Director Cooper, Ms. Mongeon stated that the dismantlers are required to take the fluids and batteries out of the cars before they are crushed. Jean Roggenkamp, Director of Planning and Research, added that District staff inspects the sites from time to time to monitor them.

During discussion, the Committee requested staff provide information on the following: 1) working with car dealers to enhance the outreach efforts of the Program, 2) an overview of the marketing for the VBB Program, and 3) the feasibility of expanding the Program similar to that which is administered by the Bureau of Automotive Repair (BAR). There was discussion on the recommendation to pay \$800 per vehicle and whether it is an appropriate amount.

Director Torliatt moved that the Committee accept the fiscal year 2003/04 VBB Program report and recommend the Board approve a \$500 payment per vehicle that is 1981 or older and \$800 for those vehicles from 1982 through 1985. There being no second to the motion, Director Torliatt withdrew the motion.

Committee Action: Director Hill moved that the Committee accept the fiscal year 2003/04 VBB Program report and recommend the Board approve the expansion of the model year to include 1982 through 1985 and approve an increase in the amount paid per vehicle to \$650. In addition, staff is requested to report back to the Committee in six months on the number of vehicles in the program for the model years 1982 through 1985; seconded by Director Haggerty; carried unanimously without objection.

6. Transportation Fund for Clean Air County Program Manager Expenditure Plans for Fiscal Year 2004/05:

Juan Ortellado, Grants Program Manager, presented the report and provided background information on the Transportation Fund for Clean Air (TFCA) County Manager program. Mr. Ortellado stated that there are 55 projects that are being recommended for approval for the Program Manager

expenditure programs for fiscal year 2004/05. The projects and their description are listed in Table 1 of the report in the Committee packet. All expenditure programs achieve the \$90,000 per ton threshold on an aggregate basis and there is a combined total of 124 tons of emissions reduction with a cost effectiveness of \$53,660 per ton. Mr. Ortellado noted that Table 2 of the report shows, by county, the funds available and the programming amount recommended, and the funds by project type. Staff recommended approval of the 55 County Program Manager projects for fiscal year 2004/05.

There was discussion on bicycle projects, how they are evaluated, and the eligibility guidelines used for them. The Committee requested staff provide a more detailed description of each of the projects listed and also recommended that the staff review what discretion the Air District has over the County Program Manager Funds.

Committee Action: Director Cooper moved that the Committee recommend Board approval of the 55 County Program Manager projects for fiscal year 2004/05; seconded by Director McGoldrick.

During discussion, the Committee recommended that the Air District staff work more closely with the Program Managers. The Committee will review the Policies and Guidelines for the program at a future meeting. The motion then passed unanimously without objection.

7. Committee Member Comments. There were none.

8. Time and Place of Next Meeting: Chairperson Young cancelled the August 12, 2004 Committee meeting. The next meeting of the Committee is scheduled for 9:30 a.m., Thursday, September 9, 2004, 939 Ellis Street, San Francisco, CA 94109

9. Adjournment: 11:21 a.m.

Mary Romaidis
Clerk of the Boards

MOBILE SOURCE COMMITTEE

Follow-up Items for Staff

July 8, 2004

Vehicle Buy Back Program:

1. Staff to provide information on working with car dealers to enhance the communication of the program.
2. Staff to provide an overview of the marketing of the VBB program.
3. Staff to provide information on the feasibility of expanding the program similar to that which is administered by the State's Bureau of Automotive Repair.
4. Staff to report back to the Committee in six months on the number of vehicles in the program for the model years 1982 through 1985.

TFCA County Program Manager Fund:

1. The Committee requested staff provide a more detailed description of each of the projects listed.
2. Staff was requested to review what discretion the Air District has over the County Program Manager Fund.
3. The Committee recommended that the Air District staff work more closely with the County Program Managers.

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: October 7, 2004

Re: Dismantling Contractor Selection for Vehicle Buy Back Program

RECOMMENDED ACTIONS

- 1) Recommend Board approval of Environmental Engineering Studies, Inc. (EES), Pick-N-Pull, and Pick Your Part as the vehicle scrapping contractors for the fiscal year (FY) 04/05 Vehicle Buy Back (VBB) Program.
- 2) Recommend the Board authorize the Executive Officer/APCO to execute contracts to provide vehicle scrapping and related services for up to: \$1,250,000 with Environmental Engineering Studies, Inc.; \$1,000,000 with Pick-N-Pull; and \$1,250,000 with Pick Your Part.
- 3) Recommend the Board authorize the Executive Officer/APCO to amend the existing FY03/04 VBB Program contracts to pay \$650 per vehicle and increase the eligible vehicle model year to 1985 and older.

BACKGROUND

In FY 04/05, the Air District will enter its ninth funding cycle for the Vehicle Buy Back Program. For the eight previous funding cycles, the Air District has allocated a total of \$16.5 million to scrap 23,865 vehicles. Through the end of August 2004, 20,586 vehicles have been scrapped. The remaining vehicles to be scrapped under the current FY 03/04 contracts with Pick Your Part, Pick-N-Pull, and Environmental Engineering Studies should be completed within the next four months. Currently, under the FY03/04 funding cycle, 1981 and older vehicles are eligible for the VBB Program and \$500 is paid for each purchased vehicle. Since the vehicle buy back rate has not increased recently and the pool of eligible vehicles has decreased over the years, staff recommended expanding the VBB Program. In July 2004, the Board approved changes for the FY04/05 VBB Program, including an increase in the price paid per each eligible vehicle to \$650 and an expansion of the eligibility to include model year 1985 and older vehicles. The Air District's FY 04/05 budget allocated \$3.5 million in TFCA funds to continue implementation of the VBB Program dismantler contracts.

DISCUSSION

On August 17, 2004, the Air District issued a Request for Proposals (RFP) seeking contractors for the FY 04/05 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 31 companies and posted on the Air District and Association of Bay Area Government's website. Responses to the RFP were due by September 9, 2004.

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 related to 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 overhead price. Proposals 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 queries and requests, and the estimated number of days it will take for the contractor to purchase a vehicle.
3. **Coverage/Availability** (15 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** (5 points maximum). Points awarded according to the advertising budget and description of proposed campaign to target potential sellers of eligible 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.

The results of the proposals evaluation performed by staff are summarized below.

Price Evaluation. The overhead bid prices for the different funding levels for each proposal are presented in Table 1 below. Due to continued rising of general overhead and advertising costs by past applicants, the RFP specifically outlined expected costs for those items. All three proposals included the expected levels of \$220 for general overhead costs and \$20 for advertising overhead costs. The RFP did specify that, if a proposal exceeded the expected levels of overhead, a detailed explanation would be required justifying the additional costs.

**Table 1
Overhead Bid Prices**

Funding Levels	Environmental Engineering Studies, Inc.	Pick-N-Pull	Pick Your Part
\$3,500,000	\$240	\$240	\$240
\$3,000,000	\$240	\$240	\$240
\$2,000,000	\$240	\$240	\$240
\$1,750,000	\$240	\$240	\$240
\$1,500,000	\$240	\$240	\$240
\$1,250,000	\$240	\$240	\$240
\$1,000,000	\$240	\$240	\$240
\$750,000	\$240	\$240	\$240
\$500,000	\$240	\$240	\$240
\$250,000	\$240	\$240	\$240

Available Resources/Customer Relations Evaluation. The Environmental Engineering Studies, Inc. 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, 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 have recently managed, or are currently managing, vehicle buy back programs for other air districts. Third, 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 vehicle registration history. However, EES’s and Pick Your Part’s DMV registration history process is more efficient because they automatically request the DMV registration history for the vehicle owner. Alternatively, Pick-N-Pull will only provide the DMV registration history “if the seller so requests;” otherwise, they are instructed to obtain their own DMV registration history. All proposals indicate that the DMV registration history would be reviewed in advance of the vehicle buy back date to establish that a vehicle meets the requirements of the VBB Program. All proposing companies have the capability of processing the vehicle the same day, but typically would process the vehicle purchase in three days.

Coverage/Availability Evaluation. EES scored highest in this category because their coverage has increased to a total of eight yards in the Bay Area. The eight EES vehicle buy back locations are: Hayward, the City of Napa, Newark, Pittsburg, Richmond, San Francisco, San Jose, and Santa Rosa. Pick-N-Pull has six vehicle buy back sites, located in Fairfield, Newark, Oakland, Richmond, San Jose, and Windsor. Although Pick-N-Pull has comparable hours of operation and six vehicle 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 vehicle buy back locations.

The remaining four vehicle buy back locations in Redwood City, Richmond, San Francisco, and San Jose, have limited vehicle buy back hours.

Advertising Evaluation. Pick Your Part and EES proposals scored higher under this criterion for their use of diverse methods of advertising, while Pick-N-Pull only uses one method: print advertising. Due to the continued increase of advertising costs based on FY03/04 applicants, the FY04/05 RFP specifically outlined expected advertising overhead costs. All of the proposals submitted the same advertising overhead costs due to the RFP guideline of \$20 per vehicle.

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, and by past experience with the VBB Program. However, Pick-N-Pull is the weakest in this criterion because they more frequently depend on Air District staff to clarify rules and help determine if vehicles qualify for the program.

The scoring for each of the RFP’s criteria is contained in Tables 2 and 3 below. Based on the point scores in Table 3, staff recommends that the FY 04/05 funding available for dismantling of vehicles under the VBB Program be distributed as follows: \$1,250,000 to Environmental Engineering Studies, Inc., \$1,250,000 to Pick Your Part, and \$1,000,000 to Pick-N-Pull.

**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	48	48	48
	\$3,000,000 funding	48	48	48
	\$2,000,000 funding	48	48	48
	\$1,750,000 funding	48	48	48
	\$1,500,000 funding	48	48	48
	\$1,250,000 funding	48	48	48
	\$1,000,000 funding	48	48	48
	\$750,000 funding	48	48	48
	\$500,000 funding	48	48	48
	\$250,000 funding	48	48	48
Available Resources/Customer Relations (20 pts.)		20	16	19
Coverage/Availability (15 pts.)		15	14	13
Advertising (5 pts.)		4	2	3
Understands program/ thoroughness of proposal (10 pts.)		9	8	9

**Table 3
Total Points for All Criteria**

BID PRICE	Environmental Engineering Studies, Inc.	Pick-N-Pull	Pick Your Part
\$3,000,000 funding	96	88	92
\$2,500,000 funding	96	88	92
\$2,000,000 funding	96	88	92
\$1,750,000 funding	96	88	92
\$1,500,000 funding	96	88	92
\$1,250,000 funding	96	88	92
\$1,000,000 funding	96	88	92
\$750,000 funding	96	88	92
\$500,000 funding	96	88	92
\$250,000 funding	96	88	92

Under the existing FY03/04 VBB Program dismantling contracts the Air District pays \$500 for each eligible 1981 and older vehicle. In July 2004 the Board approved an increase in the model year, to 1985 and older vehicles, and the amount paid per eligible vehicle, to \$650 for the FY04/05 VBB Program. Since the existing FY03/04 contract funds will not be completely expended for another few months, the existing contracts need to be amended. The amendments to the FY03/04 contracts will include 1985 and older vehicles and the purchase price of \$650 for each qualifying vehicle, and will apply until the contract amounts are fully expended. At that time, the FY04/05 contracts will begin to apply.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. Funds to implement the FY04/05 VBB Program are included in Program 612 of the Air District's approved FY04/05 budget.

Respectfully submitted,

Jean Roggenkamp
Planning and Research Director

FORWARDED: _____

Prepared by: Vanessa Mongeon
Reviewed by: Juan Ortellado

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: October 7, 2004

Re: Transportation Fund for Clean Air (TFCA) Regional Fund Grant Awards
for FY 2004/05

RECOMMENDED ACTIONS

Recommend Board approval of:

1. Staff recommendations for FY 2004/05 TFCA Regional Fund grant awards listed on Attachment 1, totaling \$7.9 million.
2. Allocation of \$1 million to the Regional Rideshare Program.
3. Allocation of \$1.5 million to provide incentives for surplus emissions reduction from refuse truck fleets.

BACKGROUND

Pursuant to California Health and Safety Code Sections 44241 and 44242, the Air District Board has imposed a \$4 surcharge on all motor vehicles registered within the agency's boundaries. This program is known as the Transportation Fund for Clean Air (TFCA). TFCA revenues are awarded to public agencies to implement eligible projects that reduce motor vehicle emissions and support the implementation of selected transportation and mobile source control measures in the *Clean Air Plan* and *Ozone Attainment Plan*.

By law, 60% of TFCA revenues are allocated by the Air District through a grant program known as the TFCA Regional Fund. A portion of the TFCA Regional Fund is earmarked for eligible programs implemented directly by the Air District, including the Smoking Vehicle Program, Vehicle Buy Back Program, Vehicle Incentive Program, Spare the Air Program, and Lower Emission School Bus Program. The balance is allocated on a competitive basis to projects proposed by public agencies.

The Air District received 66 grant applications totaling \$17.3 million in funding requests for FY 2004/05; \$10.5 million is available for allocation. Eight applications were found to be ineligible because they did not meet program policies and two project sponsors withdrew their applications. Staff is recommending grants totaling \$7.9 million to 41 of the 55 eligible projects. The recommended projects are listed on Attachment 1. Staff is also recommending the allocation of \$1 million to the Regional Rideshare Program and \$1.5

million to provide incentives for additional emissions reduction from refuse truck fleets, which are now subject to a new California Air Resources Board (CARB) regulation.

TFCA REGIONAL FUND PROCESS

The milestone dates of the grant solicitation and review process are outlined below:

Action	Date
Issue Application Guidance	April 22, 2004
Application Workshop	May 18, 2004
Application Submittal Deadline	June 30, 2004
Evaluate Applications	July 1- September 20, 2004

EVALUATION CRITERIA

The Board-adopted criteria to score and rank proposals for FY 2004/05 are shown in Table 1 below. The evaluation criteria emphasize cost effectiveness in reducing emissions as the principal way to score points, accounting for 60% of the total possible score. Cost effectiveness is calculated by dividing the total TFCA funds proposed for the project by the estimated lifetime emission reductions for the project, yielding TFCA funds per ton of reduced emissions.

Table 1 - 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

The Board has adopted a 40-point minimum score for projects to be eligible to receive TFCA Regional Funds. The intent of this policy is to assure that TFCA funding is provided only to projects that achieve an acceptable level of effectiveness and benefit to the region.

RETURNED APPLICATIONS

The Board has adopted policies to govern the TFCA program. Staff reviewed the applications to determine eligibility, based on compliance with all relevant policies. Table 2 provides a listing of grant applications that were not evaluated because the applications were not eligible for funding based on one or more of the Board-adopted policies. Additionally, the Newark Unified School District withdrew an application for a compressed natural gas (CNG) school bus because, after submitting their application, they realized that the TFCA Regional Fund could only cover the incremental cost, not the entire cost, of the CNG bus. San Francisco MUNI also withdrew their application after realizing that the project did not comply with the TFCA readiness policy.

Table 2: Returned Applications – Not Eligible

Sponsor	Project	Reason
City of Monte Sereno	Highway 9 Bicycle/Pedestrian Safety Improvement	Did not comply with TFCA Policies # 2 re: result in emissions reductions and # 12 re: readiness
City of Los Altos	Class 2 Bicycle Lane at the Intersection of South El Monte Avenue and Summerhill Avenue	Did not comply with TFCA Policy # 2 re: result in emissions reductions
Santa Clara Valley Transportation Authority	River Oaks Bicycle/Pedestrian Bridge	Did not comply with TFCA Policy # 12 re: readiness
City of Oakland	Central Cashiering System at Clay Street Garage	Did not comply with TFCA Policy # 38 re: smart growth/traffic calming
City of Sunnyvale	Radar Speed Signs for School Areas	Did not comply with TFCA Policy # 38 re: smart growth/traffic calming
City of Sunnyvale	Countdown Pedestrian Signal Indication	Did not comply with TFCA Policy # 38 re: smart growth/traffic calming
Contra Costa County Community Development Department	Ridesharing Subsidy in Contra Costa County	Did not comply with TFCA Policy # 19 re: project duplication
City of Mountain View	Shoreline Shuttle Route	Did not comply with TFCA Policy # 19 re: project duplication

AVAILABLE FUNDS

TFCA Regional Funds totaling \$10.5 million are available for allocation in FY 2004/05. The available funds consist of anticipated receipts from motor vehicles registered in the Air District during calendar year 2004, interest, and unexpended funds from previously funded projects. Table 3 below provides a summary of the total TFCA Regional Funds currently available.

Table 3: FY 2004/05 TFCA Regional Funds

Source/Program	Amount	Comment
1. Projected CY 2004 DMV Receipts	\$21,340,648	Based on CY 2003 actual receipts
2. FY 2004/05 District Admin. Cost	\$974,244	Per adopted Air District budget
3. FY 2004/05 County Program Manager Funds	\$8,146,562	40% of (Line 1 minus Line 2)
4. New FY 2004/05 Funds Available for Regional Fund	\$12,219,842	Line 1 minus Line 2 minus Line 3
5. Projected CY 2004 Regional Fund Interest	\$1,451,264	Based on CY 2003 actual Regional Fund interest
6. Total Available New Funds	\$13,671,106	Line 4 plus Line 5
7. Returned Funds (as of 7/31/04)	\$3,083,564	Canceled projects, projects completed under budget, projects with reduced funding needs due to reduction in scope
8. Vehicle Sale Returned Funds (as of 7/31/04)	\$3,894	Funds returned to Air District per Board vehicle replacement policy, Option B
9. Total Available Regional Funds	\$16,758,564	Sum of lines 6, 7, and 8
10. FY 2004/05 Board-Approved District Projects	\$6,308,396	Smoking Vehicle Program \$692,982 Vehicle Buy Back \$3,767,046 Spare The Air \$729,643 VIP Incentives \$500,000 Air District Overhead Costs \$618,725
11. Total Available for FY 2003/04 Regional Fund Grant Awards	\$10,450,168	Line 9 minus line 10
12. Regional Fund Grant Awards	\$10,416,952	41 Regional Fund Projects \$7,916,952 Regional Rideshare Program \$1,000,000 Refuse Truck Incentives \$1,533,216

PROJECT FUNDING

Attachment 1 lists the final project scores and ranking for the project applications that are recommended for funding. There were 42 projects totaling \$8.9 million that achieved the minimum 40 point score and met the \$90,000 per ton cost-effectiveness level. Those 42 projects include 4 projects (04R19, 04R56, 04R64 and 04R65), totaling \$2.4 million, that staff recommends be awarded grants on a conditional basis. Project sponsors that are awarded grants with a conditional status must provide specific documentation to the Air District before December 31, 2004 to secure their TFCA Regional Fund grants. If project sponsors are unable to provide this documentation, the grant will automatically be rescinded. The sponsor of project 04R19 must provide documentation that confirm the availability of additional funds needed to complete the project, while the sponsor of projects 04R64 and 04R65 needs to provide proof of completion of a previous project (03R28) funded by the TFCA Regional Fund. The situation of project 04R56, the Regional Rideshare Program, is explained below.

Attachment 2 lists the project applications that scored less than 40 points, and therefore are not recommended for funding.

REGIONAL RIDESHARE PROGRAM

The Regional Rideshare Program has received funding for eight years, through the Regional and County Program Manager TFCA Funds. Consistent with Board of Directors approval last funding cycle, the Regional Rideshare Program is eligible for continuing funding if it meets the minimum point score and cost-effectiveness at project onset, and if performance objectives (i.e., annual goals) are maintained. This year, the Regional Rideshare Program achieved a score of 77 points and a cost-effectiveness of \$34,434 per ton of emissions reduced. Achievement of performance goals will be verified in December 2004, upon presentation of the Regional Rideshare Program's annual report. Thus, staff recommends the conditional allocation of \$1 million in TFCA Regional Fund to the Regional Rideshare Program.

ADDITIONAL EMISSIONS REDUCTION FROM REFUSE TRUCKS

The California Air Resources Board has adopted a new regulation that applies to public and private owners of solid waste collection vehicles (SWCVs) that perform curbside garbage collection. The regulation, which went into effect in July 2004, requires fleet owners to employ Best Available Control Technology (BACT) to reduce emissions of particulate matter (PM) from SWCVs. The regulation does not require any reduction of nitrogen oxides (NOx) emissions. Available data indicates that approximately 2,000 trucks in the Bay Area are subject to the SWCV regulation. Fleets subject to the regulation are currently in the process of determining their compliance strategies. In the absence of incentive funding, it is expected that most fleets subject to the regulation will comply with the baseline requirements to reduce PM emissions only.

Staff recommends that the Board allocate \$1.5 million in TFCA Regional Funds to expand and accelerate emission reductions related to the SWCV regulation. The basic premise is that public agencies would apply for TFCA funds (on behalf of their own refuse collection fleets, or private fleets that perform refuse collection under franchise agreements within their communities) for funding to reduce emissions beyond the requirements of the CARB regulation. (TFCA incentives would not be available to help fleets comply with the baseline requirements.) The primary types of projects that would be funded include installation of Level 3 retrofit filters that reduce NOx as well as PM, and the purchase of new natural gas-powered trucks that achieve the optional lower NOx standard of 1.8 gr/bhp-yr. Staff estimates that funding retrofit filters would achieve a cost-effectiveness of \$10,000-\$12,000 per ton of NOx reduced, and that funding the incremental cost of natural gas engines would achieve a cost-effectiveness of \$35,000-\$40,000 per ton of NOx reduced. If the Committee and the Board approve the allocation of TFCA Regional Funds for this initiative, staff will issue a call for projects in November 2004.

GRANT SUMMARY

Table 4 shows the funding by project type for the external projects recommended to receive grant awards.

**Table 4: FY 2004/05 TFCA Regional Fund Applications
Recommended for Funding by Project Type**

Project Type	No. of Projects	TFCA \$	% of Total TFCA Regional Fund \$
Low-Emission Heavy-Duty Vehicles	8	\$1,949,683	21.9%
Repower – Natural Gas	2	\$412,000	4.6%
Shuttle Programs	8	\$2,559,463	28.7%
Smart Growth Projects	4	\$857,100	9.6%
Bicycle Projects	11	\$1,044,456	11.7%
Arterial Management Projects	2	\$599,000	6.7%
Ridesharing Projects*	4	\$1,193,750	13.4%
Reducing Existing Diesel Emissions	3	\$301,500	3.4%
Totals	42	\$8,916,952	100%

* Includes the Regional Rideshare Program.

EMISSION REDUCTIONS

The 42 projects recommended for funding will result in emission reductions of 207 tons (ozone precursors and particulate matter) over the life of the projects. This results in an overall cost effectiveness for these projects of \$43,153 (TFCA dollars) per ton.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jean Roggenkamp
Planning and Research Director

Prepared by: J. Ortellado
Reviewed by: J. Roggenkamp

FORWARDED: _____

ATTACHMENT 1
TFCA Regional Fund Applications - FY2004/05
Project Scores and Ranking - Projects Recommended for Funding

Proj#	Cnty (1)	Sponsor	Project Description	TFCAS Per Ton (2)	TFCAS Awarded	Cumulative \$Total	CRITERIA POINT SCORES					TOTAL SCORE
							TFCA Funding Eff.	Other Attrib.	Local Clean Air Plng.	Dis. Comm.	Promote Alt. Modes	
04R22	ALA	Port of Oakland	Heavy-Duty Vehicle Replacement - Purchase 5 new compressed natural gas transit buses (Air BART)	\$15,404	\$290,000	\$290,000	60	10	7	5	5	87
04R09	ALA	Hayward Area Recreation and Park District	Heavy-Duty Vehicle Repower - Repower 1 existing diesel truck to compressed natural gas	\$11,693	\$40,000	\$330,000	60	10	5	10	0	85
04R08	SON	Santa Rosa CityBus	Heavy-Duty Vehicle Retrofit - Retrofit 26 existing diesel transit buses with PM and NOx emission control devices. TFCA funding will pay for the NOx portion of the retrofit device.	\$632	\$22,500	\$352,500	60	5	10	10	0	85
04R11	SF	San Francisco International Airport	Heavy-Duty Vehicle Replacement - Purchase 8 new compressed natural gas airport shuttles	\$30,746	\$98,700	\$451,200	54	10	10	0	5	79
04R56	Reg	Metropolitan Transportation Commission	The Regional Rideshare Program provides coordinated carpool, vanpool formation assistance and information on transportation alternatives, such as Bike to Work Day, Rideshare Thursdays and Spare the Air, in an effort to reduce the number of individuals driving alone in the nine-county Bay Area	\$34,434	\$1,000,000	\$1,451,200	52	10	10	0	5	77
04R18	SC	City of Cupertino	Heavy-Duty Vehicle Retrofit - Retrofit 7 existing diesel refuse trucks with PM and NOx emission control devices. TFCA funding will pay for the NOx portion of the retrofit devices	\$13,882	\$63,000	\$1,514,200	60	5	10	0	0	75
04R55	SC	Santa Clara Valley Transportation Authority	Implement transit, vanpool/carpool and bicycle rideshare incentive programs for residents and businesses in the City of Palo Alto, Milpitas, San Jose, and the Town of Los Gatos	\$33,222	\$49,000	\$1,563,200	53	5	10	0	5	73
04R06	SF	San Francisco Department of Parking and Traffic	Install Class-2 bicycle lanes in San Francisco on a 2.1-mile segment of Alemany Blvd., from San Jose Ave. and Lyell St. Roadway will be reduced from 6 lanes to 4 lanes to accommodate the bicycle lanes	\$31,392	\$26,500	\$1,589,700	54	5	10	0	4	73
04R13	ALA	City of San Leandro	Heavy-Duty Vehicle Retrofit - Retrofit 24 existing diesel refuse trucks with PM and NOx emission control devices. TFCA funding will pay for the NOx portion of the retrofit devices	\$16,330	\$216,000	\$1,805,700	60	5	5	2	0	72
04R17	SM	City of Belmont	Heavy-Duty Vehicle Replacement - Purchase 1 new compressed natural gas street sweeper	\$31,558	\$73,000	\$1,878,700	54	10	5	0	0	69
04R23	ALA	Port of Oakland	Heavy-Duty Vehicle Replacement - Purchase 1 new compressed natural gas street sweeper	\$18,799	\$78,000	\$1,956,700	60	0	7	0	0	67

Note: (1) REG = regional or multi-county.
(2) Includes County Program Manager (40%) TFCA funding in some projects.

ATTACHMENT 1
TFCA Regional Fund Applications - FY2004/05
Project Scores and Ranking - Projects Recommended for Funding

Proj#	Cnty (1)	Sponsor	Project Description	TFCAS Per Ton (2)	TFCAS Awarded	Cumulative \$Total	CRITERIA POINT SCORES					TOTAL SCORE
							TFCA Funding Eff.	Other Attrib.	Local Clean Air Plng.	Dis. Comm.	Promote Alt. Modes	
04R51	SC	City of Cupertino	Implement a safe pedestrian mid-block crossing at Mary Avenue near Stevens Creek Boulevard to provide a better pedestrian and bicycle access to the neighboring commercial zone and activity centers	\$63,829	\$100,000	\$2,056,700	38	12	10	0	3	63
04R28	ALA	City of Oakland	Install Class-2 bicycle lanes on one-mile stretch of Market Street in Oakland, from W. MacArthur to 57th St. Project will entail reducing number of travel lanes from 4 to 3 to accommodate the bicycle lanes	\$67,202	\$54,460	\$2,111,160	36	10	10	4	3	63
04R14	ALA	City of Union City	Heavy-Duty Vehicle Replacement - Purchase 5 new compressed natural gas refuse vehicles	\$52,477	\$225,483	\$2,336,643	43	15	4	0	0	62
04R59	ALA	The Regents of the University of California (Berkeley Campus)	Comprehensive marketing and outreach campaign for the UC Berkeley Bear Pass Program, Secure Bicycle Parking Program and free access to campus shuttles to UC Berkeley faculty, staff and students	\$48,932	\$44,750	\$2,381,393	45	0	10	0	5	60
04R53	ALA	City of Livermore	Implement streetscaping improvements, including pedestrian amenities such as median islands and pedestrian lighting, along First Street, between L Street and Maple Street, to create a pedestrian-friendly downtown environment to promote transit, walking and biking trips in Livermore	\$73,160	\$600,000	\$2,981,393	33	15	5	0	5	58
04R62	ALA	Alameda-Contra Costa Transit District	Install transit bus traffic signal priority system on seven signalized intersections along the West Grand Avenue-Grand Avenue-MacArthur Boulevard corridor	\$89,399	\$205,000	\$3,186,393	25	10	10	10	3	58
04R52	ALA	City of Berkeley	Install six concrete bulb-outs at three crosswalk locations on Dwight Way to improve the safety of the pedestrian crossing and access to transit stops on Dwight Way	\$74,795	\$99,000	\$3,285,393	32	10	10	0	5	57
04R61	ALA	Alameda-Contra Costa Transit District	Second year of funding for increased/extended AC Transit weekday feeder bus service (NL Line) from the Eastmont Transit Center via MacArthur corridor to Grand Avenue, connecting to the 19th Street BART station and continuing across the Bay Bridge to the San Francisco Transbay Terminal	\$90,000	\$514,672	\$3,800,065	25	5	10	10	5	55
04R27	SOL	City of Suisun City	Construct 0.6-mile segment of Class-1 bicycle and pedestrian path along Hwy. 12, from Marina Blvd. to the Suisun City Amtrak station. Project will complete final segment (Phase 4) of Central County Bikeway	\$82,894	\$130,000	\$3,930,065	28	11	10	3	3	55

Note: (1) REG = regional or multi-county.

(2) Includes County Program Manager (40%) TFCA funding in some projects.

ATTACHMENT 1
TFCA Regional Fund Applications - FY2004/05
Project Scores and Ranking - Projects Recommended for Funding

Proj#	Cnty (1)	Sponsor	Project Description	TFCAS Per Ton (2)	TFCAS Awarded	Cumulative \$Total	CRITERIA POINT SCORES					TOTAL SCORE
							TFCA Funding Eff.	Other Attrib.	Local Clean Air Plng.	Dis. Comm.	Promote Alt. Modes	
04R41	ALA	Alameda County Community Development Agency	Install Class-2 bicycle lanes on 0.5-mile segment of Hesperian Blvd., from Hwy. I-880 overpass south to Via Mercado, in San Lorenzo. Project is one element of Hesperian Corridor Master Plan to revitalize this corridor	\$60,799	\$90,330	\$4,020,395	39	8	5	0	3	55
04R63	SF	University of California, San Francisco	Operation of one 22-passenger gasoline shuttle bus route from the UCSF Mission Bay and China Basin campus in San Francisco to the Powell Street BART station for students and employees of UCSF	\$54,618	\$50,000	\$4,070,395	42	5	3	0	5	55
04R64	SM	Peninsula Corridor Joint Powers Board	Operation of 29 peak-period shuttles to/from various Caltrain Stations and employment sites on the Peninsula, using 4 compressed natural gas vehicles, 7 gasoline vehicles, and 25 diesel vehicles with a CARB-certified particulate filter	\$88,639	\$996,371	\$5,066,766	25	10	9	5	5	54
04R66	SC	Santa Clara Valley Transportation Authority	Operation of eight peak-period shuttle bus routes from the Great America ACE train station in Santa Clara to employment sites in Palo Alto, Mountain View, Sunnyvale, Santa Clara, San Jose, and Milpitas	\$74,066	\$800,000	\$5,866,766	32	5	10	0	5	52
04R19	NAP	Napa Valley Unified School District	Heavy-Duty Vehicle Repower - Repower 2 existing heavy-duty school buses to electricity	\$89,938	\$372,000	\$6,238,766	25	10	2	10	5	52
04R65	SM	Peninsula Corridor Joint Powers Board	Operation of one 25-passenger gasoline shuttle bus route from the Tamien and San Jose Diridon Caltrain stations and the Santa Clara Valley Transportation Authority's light rail system, providing access to employment centers, special events and other destination points on the Peninsula	\$72,650	\$25,000	\$6,263,766	33	5	9	0	5	52
04R15	SC	City of Palo Alto	Heavy-Duty Vehicle Replacement - Purchase 1 new compressed natural gas street sweeper	\$72,050	\$60,000	\$6,323,766	33	10	8	0	0	51
04R26	ALA	City of Oakland	Project has two components: 1) Install 165 bicycle racks in on-street locations throughout Oakland, 2) Install 16 on-demand electronic bicycle lockers adjacent to the 19th St. and 12 St. BART stations in Oakland	\$75,337	\$60,000	\$6,383,766	32	5	10	2	2	51
04R40	SON	City of Santa Rosa	Construct 150-ft. segment of Class-1 bicycle path to provide direct connection between the Prince Memorial Greenway Trail and the Joe Rodota Trail. Project will improve bicycle/pedestrian access from western Santa Rosa to downtown Santa Rosa. Project is included in City and County Bike Plans, and MTC Regional Bike Plan	\$89,546	\$140,000	\$6,523,766	25	9	10	3	3	50

Note: (1) REG = regional or multi-county.

(2) Includes County Program Manager (40%) TFCA funding in some projects.

ATTACHMENT 1
TFCA Regional Fund Applications - FY2004/05
Project Scores and Ranking - Projects Recommended for Funding

Proj#	Cnty (1)	Sponsor	Project Description	TFCAS Per Ton (2)	TFCAS Awarded	Cumulative \$Total	CRITERIA POINT SCORES					TOTAL SCORE
							TFCA Funding Eff.	Other Attrib.	Local Clean Air Plng.	Dis. Comm.	Promote Alt. Modes	
04R69	ALA	City of San Leandro	Operation of a peak-period weekday compressed natural gas shuttle to/from the San Leandro BART station to major employment sites in the central and western areas of San Leandro	\$89,999	\$67,838	\$6,591,604	25	15	5	0	5	50
04R44	ALA	Alameda County Congestion Management Agency	Implement transit priority system for 38 traffic signals along Telegraph Avenue from downtown Oakland (20th Street) to Bancroft Way in Berkeley	\$89,792	\$394,000	\$6,985,604	25	10	5	6	3	49
04R68	SM	City of San Carlos	Operation of the SCOOT shuttle to/from the San Carlos Caltrain station. The shuttle will connect passengers with the west side of El Camino Real in San Carlos. Shuttle stops include the San Carlos downtown area, senior and youth centers, medical facilities and local businesses	\$89,999	\$62,082	\$7,047,686	25	10	9	0	5	49
04R05	ALA	San Joaquin Regional Rail Commission	Operation of 2 peak-period shuttle buses between the Pleasanton ACE station in Downtown Pleasanton and the Dublin/Pleasanton BART station. The buses will serve employment sites located in the Bernal and Hacienda Business Parks	\$68,218	\$43,500	\$7,091,186	35	5	4	0	5	49
04R36	SM	City of Belmont	Construct 0.45-mile segment of bicycle path and bridge to provide safe crossing over Hwy. 101 at Ralston Avenue. Project is included in San Mateo County Bicycle Plan and in MTC Regional Bicycle Plan	\$89,343	\$220,000	\$7,311,186	25	14	5	0	4	48
04R48	SC	City of Sunnyvale	Install solar-powered in-pavement crosswalk warning lights at three locations in Sunnyvale (downtown, Fair Oaks Avenue, and Remington Drive) to improve pedestrian and bicyclist safety and access to neighboring areas	\$89,916	\$58,100	\$7,369,286	25	10	10	0	3	48
04R20	ALA	City of Oakland	Heavy-Duty Vehicle Replacement - Purchase 1 new compressed natural gas street sweeper and 1 new compressed natural gas truck	\$88,421	\$124,500	\$7,493,786	25	10	10	0	0	45
04R38	ALA	City of Albany	Install Class-2 bicycle lanes on 1.5-mile segment of Marin Avenue in Albany, from San Pablo Avenue to Tulare Avenue. Project will entail reducing number of travel lanes from 4 to 3 (one lane each way, plus a center lane for turns)	\$89,743	\$120,000	\$7,613,786	25	12	4	0	4	45

Note: (1) REG = regional or multi-county.

(2) Includes County Program Manager (40%) TFCA funding in some projects.

ATTACHMENT 1
TFCA Regional Fund Applications - FY2004/05
Project Scores and Ranking - Projects Recommended for Funding

Proj#	Cnty (1)	Sponsor	Project Description	TFCAS Per Ton (2)	TFCAS Awarded	Cumulative \$Total	CRITERIA POINT SCORES					TOTAL SCORE
							TFCA Funding Eff.	Other Attrib.	Local Clean Air PIng.	Dis. Comm.	Promote Alt. Modes	
04R57	SC	San Jose State University - Associated Students	Implement Transportation Solutions, a transportation demand management program which makes available alternative commute incentives, such as the University transit pass program and ridesharing information to students and employees of San Jose State University	\$85,093	\$100,000	\$7,713,786	27	5	5	3	5	45
04R34	ALA	City of San Leandro	Construct 300-ft. bridge plus 700 ft. of Class 1 bicycle/pedestrian trail at Oyster Bay Regional Shoreline, just south of Oakland Airport. Project will close a gap in San Francisco Bay Trail, and improve bicycle access from San Leandro to Oakland Airport area. Project is included in City of San Leandro Bike Plan, Alameda Countywide Bike Plan, and MTC Regional Bike Plan (Project 42)	\$88,763	\$85,000	\$7,798,786	25	12	5	0	3	45
04R07	ALA	AC Transit	Heavy-Duty Vehicle Replacement - Purchase 10 new hybrid gasoline-electric transit buses	\$71,699	\$1,000,000	\$8,798,786	34	0	10	0	0	44
04R39	SC	City of Morgan Hill	Install Class-2 bicycle lanes on 1-mile segment of Cochrane Road, from Sutter Road to Peet Road, in Morgan Hill. Also, install Class-3 bike route signage on 0.5-mile segment of Peet Road and Morningstar Road. Project will provide access to Coyote Creek Trail in eastern Morgan Hill	\$83,339	\$73,166	\$8,871,952	28	6	5	0	3	42
04R31	ALA	Alameda County Public Works Agency	Install Class-2 bicycle lanes on 1-mile segment of E. Castro Valley Blvd., from Villareal Dr. to Palo Verde Rd., in unincorporated area of Alameda County, east of Castro Valley. This is Corridor 40 (Project 15) in Alameda Countywide Bicycle Plan	\$88,845	\$45,000	\$8,916,952	25	9	5	0	3	42

Note: (1) REG = regional or multi-county.

(2) Includes County Program Manager (40%) TFCA funding in some projects.

ATTACHMENT 2
TFCA Regional Fund Applications - FY2004/05
Projects Not Recommended for Funding

Proj#	Cnty	Sponsor	Project Description	TFCA\$ Requested
04R43	ALA	Alameda County Congestion Management Agency	Implement transit priority system for 16 traffic signals along San Pablo Avenue, from Highway 4 (John Muir) intersection in the City of Hercules to the Richmond Parkway intersection in the City of Richmond	\$360,000
04R45	ALA	Alameda County Public Works Agency	Implement a roundabout at Tesla Road and Greenville Road to provide a safe crossing for bicyclists, equestrians and pedestrians	\$469,840
04R32	ALA	Alameda County Public Works Agency	Install Class-2 bicycle lanes on 0.7-mile segment of S. Livermore Avenue / Tesla Road, from the Livermore city limit east to Mines Rd.	\$200,000
04R33	ALA	Alameda County Public Works Agency	Install Class-2 bicycle lanes on 0.6-mile segment of Tesla Road extending westward from Greenville Road.	\$196,800
04R60	ALA	Alameda-Contra Costa Transit District	Second-year of funding for increased/extended weekday feeder bus service (route 69 and 74) to/from Richmond/Amtrak and Orinda BART stations. Extended service links downtown Richmond, San Pablo and El Sobrante with BART and Amtrak. Commuters use this feeder bus service to access BART/Amtrak stations and employment centers. Students use the service for access to colleges and other activity centers	\$415,400
04R54	ALA	Alameda-Contra Costa Transit District	Promote student ridership on AC Transit through the distribution of free and reduced monthly bus passes to low-income students in the middle and high schools that are in the AC Transit Service Area	\$400,000
04R25	SM	City of Daly City	Install Class-2 bicycle lanes on 0.45-mile segment of Lake Merced Blvd., from John Muir Drive to John Daly Blvd.	\$440,000
04R50	SC	City of Los Altos	Install corner bulbouts at the Almond/North Clark and Almond/EI Monte intersections to improve children and other pedestrians safety and access to a nearby school	\$66,750
04R30	CC	City of Martinez	Install a 1.0-mile bicycle and pedestrian trail segment to extend the Bay Trail, from Carquinez Scenic Drive to the Martinez Intermodal Station	\$270,000
04R42	ALA	City of Oakland	Interconnect and install new signal timing equipment at signalized intersections along Hegenberger Road from Coliseum Way to Doolittle Drive to coordinate traffic signal timing	\$800,000
04R35	CC	City of San Ramon	Install 0.34-mile segment of Class-1 bicycle/pedestrian path in Old Ranch Road area of eastern San Ramon. Project will provide connection to Iron Horse Regional Trail	\$150,000
04R21	ALA	Livermore Amador Valley Transit Authority	Heavy-Duty Vehicle Replacement - Purchase 2 diesel-electric transit buses (not CARB certified)	\$165,000
04R24	ALA	Port of Oakland	Heavy-Duty Vehicle Replacement - Purchase 15 new compressed natural gas heavy-duty airport shuttles	\$323,625
04R10	SF	San Francisco International Airport	Heavy-Duty Vehicle Replacement - Purchase 2 new propane airport shuttles	\$27,300

This list is in alphabetical order, by project sponsor, and shows project applications that achieved a total score of less than 40 points, and, therefore, are not recommended for funding.

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: October 7, 2004

Re: Transportation Fund for Clean Air (TFCA) County Program Manager
Audit Report

RECOMMENDED ACTION:

Receive and file the results of TFCA Audit Report #7, an audit of the County Program Managers, including the auditor's findings and recommendations for actions to address financial and administrative issues.

BACKGROUND

State law requires that any agency receiving TFCA funds be subject, at least once every two years, to an audit of each project funded. The previous audit of the County Program Manager Fund was completed in 2002. In February 2004, the Air District retained the services of Macias, Gini and Company, an independent auditor, to audit 52 projects funded by the TFCA County Program Manager Fund. These projects were completed as of the two-year period ended June 30, 2002 in eight of the nine Bay Area counties; projects underway in Solano County were not yet complete at that time and, therefore, were not included in this audit. Because of the different implementation schedules for certain project types, some of the audited projects may have started several years earlier; those projects are now complete and were included in this audit. The audit covered all fiscal and compliance activities that took place during the implementation of the projects. The auditor's Summary Report is provided as Attachment A and a list of the audited projects is provided as Attachment B.

STATUS OF AUDIT FINDINGS

Most of the audit findings have been resolved by discussions between Air District staff and the County Program Managers. In some cases, TFCA program administrative changes made in the past year had already addressed some of the findings. In other cases, the County Program Manager has resolved or committed to resolve the audit findings by implementing the auditor's recommendation to avoid future action by the Air District. The full discussion of each of the audit findings and recommendations is found in Attachment A of this report. A summary of the key audit findings and recommendations is presented below.

Alameda County Congestion Management Agency (ACCMA)

Audit Finding #1

In fiscal year (FY) 2000/2001, the ACCMA had unexpended funds amounting to \$10,000 for Project 00ALA05, the Emery Go Round Shuttle Project. The City of Emeryville completed the project, but failed to request reimbursement within the required two-year period. Subsequently, on April 5, 2004 the City of Emeryville notified the ACCMA of its intent to relinquish its TFCA allocation for this project.

Per the auditor's recommendation, the ACCMA reprogrammed the \$10,000 originally allocated to the City of Emeryville to new projects in its FY 2004/2005 TFCA County Program Manager application.

Audit Finding #2

Administrative costs for the ACCMA exceeded the 5% cap in FY 2000/2001 and FY 2001/2002 by \$25,004 and \$19,682, respectively.

The auditor recommended that the ACCMA bill the actual administrative costs incurred for the TFCA County Program Manager, without exceeding 5% of the actual TFCA funds received per annum. The Air District will further clarify the 5% cap for TFCA administrative costs in the TFCA County Program Managers' guidance document, application and funding agreement.

Audit Finding #3

In fiscal year 2001, the ACCMA did not submit the TFCA County Program Manager annual report within four months of the fiscal year-end, as stipulated in the funding agreement.

The auditor recommended that the ACCMA develop procedures to file annual reports in a timely manner, or, if necessary, obtain a written approval for an extension from the Air District. In the future, the Air District will require County Program Managers to submit a written letter to request an extension for a late annual report submission.

City/County Association of Governments of San Mateo County (C/CAG)

Audit Finding #1

The C/CAG did not file an annual report for FY 2001/2002 on or before the due date.

The auditor recommended that the C/CAG develop procedures to submit annual reports on or before the due date, or, if necessary, obtain written approval for an extension from the Air District. In the future, the Air District will require County Program Managers to submit a written letter to request an extension for a late annual report submission.

Contra Costa County Transportation Authority (CCCTA)

Audit Finding #1

The CCCTA did not file an annual report for FY 2000-2001 on or before the due date.

The auditor recommends that the CCCTA develop procedures to ensure annual report filing occurs on or before the due date or, if necessary, that written approval for an extension is obtained from the Air District. In the future, the Air District will require County Program Managers to submit a written letter to request an extension for a late annual report submission.

Transportation Authority of Marin (TAM)

Audit Finding #1

Administrative costs exceeded the 5% cap in FY 2000/2001, by \$15,261.

The auditor recommended that the TAM bill the actual administrative costs incurred for the TFCA County Program Manager, without exceeding 5% of the actual TFCA funds received per annum. The Air District will further clarify the 5% cap for TFCA administrative costs in the TFCA County Program Managers' guidance document, application and funding agreement.

Napa County Transportation Planning Agency (NCTPA)

The auditor reported no findings.

San Francisco County Transportation Authority (SFCTA)

Audit Finding #1

The SFCTA overpaid \$745 for project 00SF06 in FY 2000/2001. The County of San Francisco requested reimbursement of actual expenditures incurred of \$54,255 for project 00SF06; however, the SFCTA issued payment in the amount of \$55,000, the full amount of the TFCA allocation. The request for reimbursement had been reviewed and approved by all levels of review, in accordance with the SFCTA's internal controls over cash disbursements. Subsequent to the issuance of the reimbursement payment, the SFCTA noted the overpayment and notified the County of San Francisco about the error; the County of San Francisco then issued a check to refund the overpayment from the SFCTA.

The auditor recommended that the Authority review all reimbursement requests and check amounts before final processing. Per the auditor's recommendation, the Air District will re-emphasize the importance of reviews of reimbursement requests and check reimbursement amount verifications to the SFCTA.

Santa Clara Valley Transportation Authority

The auditor reported no findings.

Sonoma County Transportation Authority (SCTA)

The auditor reported no findings.

Indirect Costs

During the course of the audit, the auditor noted that the Alameda County Congestion Management Agency charged the TFCA Program for indirect costs. The indirect cost rate methodology employed by ACCMA included a substantial component of indirect

labor and related benefits. The auditor provided three recommendations on how the Air District should address the subject of indirect costs charges in the TFCA Program:

1. The Air District should reconsider whether or not to allow for the reimbursement of indirect costs through the TFCA program.
2. If the Air District allows indirect cost reimbursements to continue, the County Program Managers should include a formal indirect cost rate proposal in the yearly TFCA County Program Manager expenditure program submitted to the Air District for approval.
3. The indirect cost rate approved by the Air District should be included in Attachment A of the funding agreement between County Program Managers and the Air District.

Air District staff will re-examine TFCA policies and procedures regarding indirect costs, and revise this policy for fiscal year 2005/2006 as necessary.

Status of Prior TFCA County Program Manager Audit Recommendations

Macias, Gini and Company also reported on the status of the Air District's implementation of recommendations from the prior TFCA County Program Manager audit, conducted in 2002.

1. In the last TFCA County Program Managers audit, the auditors recommended that the Air District clarify policy language for the administrative costs provision in its funding agreements. The auditors also noted that the Air District should monitor more closely the administrative costs incurred by the County Program Managers. Some County Program Managers believe they can carry forward administrative costs over or under the 5% annual threshold. Some believe administrative costs incurred during the audit period should not exceed 5% of total TFCA revenues recognized and interest earned (which creates a larger base). The current administrative costs provision in the funding agreement does not specify the accounting period to incur administrative costs (e.g., annually or term of contract) or the accounting for over/under charges (e.g. carry forward).

The Air District will include language in TFCA policy, guidance document and application materials to indicate the limitations of the 5% ceiling on annual TFCA revenues eligible to be used for administrative costs. In addition, the TFCA funding agreement for FY 2005/2006 will be revised to clarify administrative costs compliance requirements.

2. The auditor recommended that Air District management provide written approval to County Program Managers when authorizing reprogramming of TFCA County Program Manager Funds to other eligible projects. The auditor also recommended that the Air District track the reprogrammed funds in the TFCA database after written approval is issued to the County Program Manager.

County Program Managers are required to submit to the Air District any request, in writing, to reprogram TFCA funds to other eligible projects. The Air District provides written responses to these requests and, if reprogramming is approved, the TFCA County Program Manager database is updated.

3. The 2002 audit recommended alternating annual audits between County Program Manager and Regional Fund audits.

The Air District already contracts independent auditors to perform every-other-year audits for the TFCA County Program Manager and the TFCA Regional Fund.

4. The auditor recommended that the Air District require written approval for use of indirect cost rates, reprogramming of funds and report extensions.

The Air District now requires written approval for these requests.

Conclusion

In conclusion, all audit findings have been resolved or will be resolved through minor administrative changes by the County Program Managers or the Air District's TFCA program. The Air District will modify its FY 2005/2006 TFCA funding agreement to clarify the 5% cap on administrative costs. Air District staff will work closely with County Program Managers to ensure TFCA program administrative requirements are fully met.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jean Roggenkamp
Planning and Research Director

Prepared by: Andrea Gordon
Reviewed by: Juan Ortellado

FORWARDED: _____

Attachment A

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Audit Summary Report
TFCA Program Manager Fund

For the Two-Year Period Ended June 30, 2002

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Audit Summary Report
TFCA Program Manager Fund

For the Two-Year Period Ended June 30, 2002

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INTRODUCTION

The Bay Area Air Quality Management District (District), created by the California Legislature in 1955, is the state's first regional agency dealing with air pollution. The District regulates stationary sources of air pollution within the nine San Francisco Bay Area counties in California. The District's jurisdiction includes Alameda County, Contra Costa County, Marin County, Napa County, City/County of San Francisco, San Mateo County, Santa Clara County, southern Sonoma County, and south-western Solano County. The primary mission of the District is to achieve ambient air quality standards designed to protect the public's health and the environment. The District is governed by a 22-member Board of Directors who has the authority to develop and enforce regulations for the control of air pollution within its jurisdiction.

Health and Safety Code Sections 44241 and 44242 authorize a surcharge on the motor vehicle registration fee (surcharge) to be used by the District and local governments to fund projects that implement transportation control measures in accordance with the District's Clean Air Plan. These projects are designed specifically to reduce air pollution from motor vehicle usage. The Department of Motor Vehicles collects the surcharge and subvenes the amount to the District.

The District administers these funds through the Transportation Fund for Clean Air (TFCA) Program. Under the TFCA Program, money is allocated to two funds: (1) 60% is placed in a Regional Fund for distribution to the District and (2) 40% is placed in the Program Manager Fund and allocated to designated agencies (known as program managers). Program managers are responsible for allocating funds to eligible agencies within a specific geographic area. Allowable projects under Health and Safety Code Section 44241 include the following:

- Ridesharing programs
- Purchase or lease of clean fuel for school and transit buses
- Feeder or shuttle bus service to rail and ferry stations and airports
- Arterial traffic management
- Demonstrations in congestion pricing of highways, bridges and public transit
- Rail bus integration and regional transit information systems
- Low emission vehicle projects
- Bicycle facility improvement projects
- Physical improvements that support "Smart Growth" projects

State law requires that any agency receiving TFCA funding be subject, at least once every two years, to an audit of each funded project. Health and Safety Code Section 44242 (Attachment A) provides legal compliance guidelines for the District to follow if revenues were not spent appropriately or if funded projects did not result in emission reductions.

The District retained the firm of Macias, Gini & Company LLP, Certified Public Accountants, to conduct financial and compliance audits of completed projects using the Program Manager Fund (40% fund) for the two-year period ended June 30, 2002. These audits were conducted during the months of March through April 2004. A list of audited projects is provided in Attachment B.

AUDIT PROCESS

The audits were designed to address numerous financial and compliance objectives; however, the principal objective of the audits was to determine whether TFCA revenues provided by the District were used to implement projects to reduce air pollution as stipulated in the funding agreements. The auditors developed audit procedures specifically designed for TFCA financial and compliance requirements. The approach is briefly described below:

Auditing Standards and Scope

The audits were performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States for the two-year period ended June 30, 2002. The scope of the current period engagement was expanded to provide a higher level of assurance over compliance with the Health and Safety Code.

Procedures performed included:

- Determining through observation, inquiry and review of supporting documentation whether adequate internal controls were in place to physically safeguard and account for the TFCA program manager funds.
- Tracing allocations to the general ledger.
- Tracing expenditures of completed projects to the general ledger from the closeout report.
- Vouching TFCA revenues to supporting documentation from the District.
- Determining whether any unexpended funds remain for completed projects. If so, determining and documenting disposition.
- Determining if Program Manager Funds were held in interest bearing accounts, if the funds received their proportional share of interest revenue, and that the interest generated from the TFCA funds was used on approved TFCA projects.

Compliance Auditing Procedures

The compliance audits were performed in accordance with the requirements outlined in the Health and Safety Code and individual funding agreements. The principal focus of the compliance audits were to ensure TFCA revenues were used in accordance with the program's objectives: i.e., for the reduction of emissions from motor vehicles. In previous engagements, the auditors performed detail tests to verify compliance with the Health and Safety Code. However, those tests were limited to select transactions and did not provide assurance on overall program compliance. In the current period audits, a report entitled "Independent Accountant's Report on Compliance with Requirements of Section 44241 of the Health and Safety Code" was issued for each program manager to provide specific assurance that the program manager did or did not comply with the Health and Safety Code. Each of the eight program managers audited received an unqualified opinion. We did not audit Solano County as they did not have any completed projects during the period under audit.

Procedures performed included:

- Testing the expenditures for allowable costs in accordance with section 44241 of the Health and Safety Code.
- Determining whether the counties, by resolution, have approved the designated program manager.
- Determining whether the Financial and Progress reports are supported and submitted in accordance with the terms of the funding agreements.
- Determining whether a resolution was approved by the program manager's governing board to expressly require all fee revenues be used for the reduction of air pollution from motor vehicles.
- Determining whether administrative costs were adequately supported and did not exceed the 5% cap.
- Determining whether the terms of the funding agreement were adhered to; i.e. proper monitoring, use of the TFCA logo, acknowledgement of District as funding source, etc.

CURRENT PERIOD FINDINGS AND RECOMMENDATIONS

A summary of audit findings is provided below. For additional details, please contact the District's auditors: Kevin O'Connell or Jay Clark at 925.274.0190.

Finding 2002-1 Administrative Costs

Per section 44233 of the California Health and Safety Code –

“Not more than 5 percent of the fees distributed to any district pursuant to Section 44229, or distributed by a district to any other public agency pursuant to this chapter, shall be used by the district or other public agency for administrative costs”.

Section II paragraph 7 of the 97-ALA funding agreement reiterates section 44233 and states that the Program Manager agrees to -

“limit administrative costs in implementation of this Agreement to no more than five (5) percent of the funds received. . .”

However, the funding agreement language adds that the 5% is based not only on the “*funds received*” but additionally – “*interest earned on those funds*”.

The auditors noted two of the eight program managers exceeded the 5% limit. However, upon further discussion, these program managers argued that the auditors were not using the appropriate methodology. After further discussion with the program managers and District staff, the auditors determined that there are at least two different interpretations on how to calculate the 5% limit. These interpretations are summarized below:

- The first interpretation is based on *total budgeted administrative costs*. Under this approach, the program manager may claim the entire 5% budgeted in the first year, even if the project may not be completed for several more years. The idea is that as long as the program manager stays within the amount that was approved and budgeted they are entitled to claim the funds at any time during the project period. For example, assume a project is approved for \$100,000 with \$5,000 in administrative costs. Under this approach, even if the project was only 50% complete after the first year, the program manager could claim the full \$5,000 in the first year even though the project is only 50% complete. In the event a project is completed under budget, payments for administrative costs from the District could potentially exceed the 5% allowed under the law even though they remained within the “approved budget”.
- The second interpretation, used by the auditors, is based on revenues received/earned during the period. Using our example above, the program manager would be allowed to claim \$2,500 of the \$5,000, assuming the project was 50% complete at the end of the reporting period. This approach assumes that the administrative effort is tied directly to percentage of completion on the project.

In order to facilitate compliance, the language in the funding agreement, to the extent practicable, should mirror the language in section 44233 of the Health and Safety Code. Further, the District should consider developing interpretive guidance to explain the proper methodology for applying the 5% administrative cost limitation.

Finding 2002-2
Indirect Cost Rate Policy

TFCA project costs are separated into three categories: (1) direct project costs, (2) direct administrative costs (5% limit), and (3) indirect costs. During the course of our audit we noted only one of the eight (8) program managers audited (i.e., Alameda CMA) has elected to charge the TFCA program for indirect costs. We also experienced some difficulty in auditing this component of the project costs due to the methodology employed (see Finding 2002-3, *Indirect Cost Rate Approval Process*) and the way it was claimed (i.e., as a component of administrative costs).

The District Board should reconsider whether or not to allow the reimbursement of indirect costs through the TFCA program. We have reviewed the applicable sections of the Health & Safety Code, and it appears that the Code is silent on this issue. From our perspective, evaluating, monitoring and auditing indirect cost rate proposals is a difficult process. For example, there are numerous methods available for developing indirect cost rates, not to mention the rates approved in the initial project application will be based on estimates and therefore will necessarily change by the completion of the project.

If the District chooses to allow indirect costs going forward, we suggest the following:

(1) Require program managers to prepare formal indirect cost rate proposals, following the requirements of OMB Circular A-87 - *Cost Principles for State, Local and Indian Tribal Governments* (OMB A-87); or

(2) Require program managers to use an indirect cost rate that meets the requirements of OMB A-87 and has been reviewed and approved by either a federal or state agency.

Finding 2002-3

Indirect Cost Rate Approval Process

The District publishes guidelines for Regional Fund project sponsors wishing to request reimbursement for indirect costs. These guidelines state –

“If the project sponsor intends to request reimbursement for indirect costs, these costs must be specifically identified in the budget in the original project application, and approved in advance by the District in the project budget in Attachment A of the TFCA funding agreement.”

It is our understanding that these same requirements apply to the Program Manager Fund. However, we noted the District approved an indirect cost rate proposal submitted by the Alameda CMA (ACMA) subsequent to the initial project application. We also noted the indirect cost rate approved by the District includes a substantial component of indirect labor and related benefits. The documentation we reviewed does not indicate a review of the ACMA’s split between direct and indirect labor and related benefits. We believe this is an area that should be examined further as part of the review and approval of the indirect cost rate proposal, especially given the significance of the indirect labor and related benefits component, which is 46% of the total cost pool at ACMA.

We recommend the District adhere to its policy, which requires the request and approval for reimbursement of indirect costs be handled through the original project application process. Additionally, if the District does elect to review indirect cost rate proposals after the original project application date, we suggest a more in depth review of major cost pool components. (see recommendation 2002-2, *Indirect Cost Rate Policy* recommendation)

Finding 2002-4

Supporting Documentation

Per the funding agreement, supporting documents should be retained for three (3) years after a project is completed. In addition, the program manager is required to maintain adequate records to support expenditures of TFCA funds.

We noted the Marin County CMA was unable to locate a signed agreement with one of its project sponsors.

We recommend the District re-emphasize to the program managers the importance of maintaining an adequate record retention system so that records are available for audit in accordance with the funding agreement.

Finding 2002-5
Monitoring of Project Sponsors

Per the funding agreement, recipients of TFCA Program Manager Funds are required to use the District's logo and to credit the District as the funding source in newspapers, pamphlets and transit schedules. These acknowledgements are important symbols to the public signifying the use of TFCA Program Manager Fund to reduce air pollution.

We noted the program manager of Marin County CMA did not have procedures in place to ensure the project sponsors were using the TFCA logo and crediting the District as the funding source in accordance with the agreement. It should be noted that Marin County CMA had a provision in its contracts with project sponsors, yet did not have a procedure in place to monitor compliance.

We recommend the Marin County CMA establish procedures to monitor the use of approved District logos to ensure compliance with the funding agreement.

Finding 2002-6
Reprogramming of TFCA Program Manager Fund

Per the funding agreement, TFCA program recipients should reprogram, with prior approval from the District, unexpended funds for new projects or return funds to the District after two years from the date the projects are completed.

We noted that Alameda County CMA had unexpended funds after the project was completed and failed to reprogram or return to the District unexpended funds within the two years from the date the project was completed.

We recommend that the Alameda County CMA return/reprogram the \$10,000 in Program Manager funds originally allocated to the City of Emeryville to the District. In addition, we recommend the Alameda County CMA establish proper monitoring procedures to ensure approved projects are completed within the two-year timeframe, and that unexpended funds are returned within the required timeframe to the District for reprogramming.

Finding 2002-7
Reporting

Per the funding agreement, program managers should file an annual progress report within four months after the fiscal year end.

We noted the following program managers did not timely file the required annual report:

- Alameda County Congestion Management Agency
- Contra Costa County Transportation Authority
- Napa County Transportation Planning Agency
- City/County Association of Governments of San Mateo County

Program managers who are unable to meet the reporting deadline have verbally communicated with the District to inform them of delays. For tracking purposes, we recommend the District develop procedures for written, rather than verbal, requests and approvals for report filing extensions.

Finding 2002-8
Processing of Reimbursements

The auditors noted that the San Francisco County Transportation Authority (SFCTA) issued a check for reimbursement that exceeded the amount claimed. The amount of actual expenditures claimed for project number 00SF06 was \$54,225; however, the SFCTA issued payment in the amount of \$55,000.

We recommend the SFCTA perform reviews of reimbursement requests and verify that check reimbursement amounts agree with supporting documentation before final processing.

STATUS OF PRIOR PERIOD RECOMMENDATIONS (Fiscal Years 2000, 1999 and 1998)

Communication and Monitoring

We recommended the District's management clarify policy language for the administrative costs provision in its funding agreements. The District should also monitor the administrative costs incurred by its program managers more closely.

Status:

See *Recommendation 2002-1*

Reprogramming of TFCA Funds

We recommended the District's management provide formal approval and documentation to program managers authorizing reprogramming of TFCA Program Manager Fund to other eligible projects. The District's management should also update its database for all approved reprogramming of TFCA Program Manager Fund.

Status:

Implemented.

Timely Audits

We recommended the District perform audits every year, regional projects one year and program managers the next year. The program managers were last audited in 1998 for TFCA projects funded in 1995 and 1996. In 2002, the program managers were audited for TFCA projects funded in 1997, 1998 and 1999. Per section 44242(a) of the Health and Safety Code, program managers should have an audit once every two years. Currently, the District is not in compliance with this provision. Furthermore, we recommended the District conduct project audits for the Regional Fund as soon as possible and to conduct program manager audits in 2003 for projects funded in 2000 and 2001. This will achieve full compliance with the audit requirements of the Health and Safety Code by the end of the 2003 calendar year.

Status:

Implemented. Program managers have been audited through FY 2002 for completed projects.

District Approval

We recommended the District provide written approval/disapproval to program managers for use of indirect cost rates, reprogramming of funds and report extensions. This will provide stronger audit evidence for the District's auditors and provide clearer documentation in the District files when reviewed by upper management.

Status:

See *Recommendation 2002-7*

Health and Safety Code Section 44242

44242. (a) Any agency which receives funds pursuant to Section 44241 shall, at least once every two years, undertake an audit of each program or project funded. The audit shall be conducted by an independent auditor selected by the bay district in accordance with Division 2 (commencing with Section 1100) of the Public Contract Code. The district shall deduct any audit costs which will be incurred pursuant to this section prior to distributing fee revenues to cities, counties, or other agencies pursuant to Section 44241.

(b) Upon completion of an audit conducted pursuant to subdivision (a), the bay district shall do both of the following:

- (1) Make the audit available to the public and to the affected agency upon request.
- (2) Review the audit to determine if the fee revenues received by the agency were spent for the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717.

(c) If, after reviewing the audit, the bay district determines that the revenues from the fees may have been expended in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to that plan, the district shall do all of the following:

- (1) Notify the agency of its determination.
- (2) Within 45 days of the notification pursuant to paragraph (1), hold a public hearing at which the agency may present information relating to expenditure of the revenues from the fees.
- (3) After the public hearing, if the district determines that the agency has expended the revenues from the fees in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717, the district shall withhold these revenues from the agency in an amount equal to the amount which was inappropriately expended. Any revenues withheld pursuant to this paragraph shall be redistributed to the other cities within the county, or to the county, to the extent the district determines that they have complied with the requirements of this chapter.

(d) Any agency which receives funds pursuant to Section 44241 shall encumber and expend the funds within two years of receiving the funds, unless an application for funds pursuant to this chapter states that the project will take a longer period of time to implement and is approved by the district or the agency designated pursuant to subdivision (e) of Section 44241. In any other case, the district or agency may extend the time beyond two years, if the recipient of the funds applies for that extension and the district or agency, as the case may be, finds that significant progress has been made on the project for which the funds were granted.

Attachment B

Listing of Audited Projects

Project Number	Cat.	Sponsor	Project Title	TFCA \$ Awarded
97ALA08	5d	Alameda County CMA	Guaranteed Ride Home Program – Countywide	\$140,000
00ALA05	6a	City of Emeryville	Emery Go Round Shuttle	\$10,000
00ALA07	7b	City of Oakland	Class 2 Bicycle Lane – Grand Avenue (1.73 mi.)	\$251,300
00ALA08	5g	City of Pleasanton	Citywide Rideshare Program	\$57,908
00ALA10	6a	AC Transit	Feeder Bus Service to Chabot Observatory	\$400,000
00ALA11	5d	Alameda County CMA	Guaranteed Ride Home Program	\$128,800
00ALA14	5c	Livermore-Amador Valley Transit Authority	School Shuttle Rideshare Pass Program	\$27,000
00ALA00	0	Alameda County CMA	Administration	\$97,230
01ALA00	0	Alameda County CMA	Administration	\$111,381
00CC01	5c	City of San Ramon	Countywide Vanpool Program	\$76,770
00CC04	2a	Lamorinda School District	School Bus Operations Subsidy	\$30,000
00CC05	6a	Town of Moraga	Moraga Way Shuttle	\$22,000
00CC06	6a	Central Contra Costa Transit Authority	ACE Shuttle	\$34,000
00CC07	5c	TRANSPAC	Countywide Transit Incentive Program	\$183,747
00CC08	7d	TRANSPAC	Bicycle Locker Project (20 bicycle capacity)	\$65,353
00CC09	10b	TRANSPAC	TR@KS Trans. Information System	\$28,990
00CC10	5g	TRANSPAC	Employer Rideshare Network	\$26,000
00CC11	5f	TRANSPAC	Countywide School Rideshare Program	\$87,740
00CC12	5c	TRANSPAC	Countywide Carpool Rideshare Incentive Program	\$82,225
00CC15	4a	County of Contra Costa	Natural Gas Vehicles – 4 LDV	\$24,000
00CC23	5h	City of Brentwood	Electric Bike Patrol (6 bicycles)	\$12,340
00MAR04	6a	Golden Gate Bridge Highway and Transportation District	Larkspur/Bon Air Ferry Feeder Bus Service	\$18,000
00MAR05	5g	Marin County Transit District	Go Geronimo Rideshare Program	\$10,000
00MAR07	6a	Golden Gate Bridge Highway and Transportation District	Route 29 Feeder Bus Service to Ferry	\$42,000
00NAP02	6c	City of Napa	NVT/Vallejo Ferry Feeder Bus Connection	\$36,400
00NAP03	5b	Metropolitan Transportation Commission	Regional Rideshare Program	\$42,280
00NAP05	5h	Napa Valley Unified School District	Electric Bicycles	\$8,669
00NAP06	10b	City of Napa	Vine Consolidated Transit Marketing	\$46,000
01NAP03	5b	Metropolitan Transportation Commission	Regional Ridesharing	\$42,280

Attachment B

Listing of Audited Projects (continued)

Project Number	Cat.	Sponsor	Project Title	TFCA \$ Awarded
00SC06	5f	City of Saratoga	College and K-12 Ridesharing Program	\$322,000
00SC08	3a	City of Sunnyvale	Refuse Truck Purchase – 4CNG	\$200,000
00SC10	7b	City of Cupertino	Foothill Blvd Bicycle Facility Improvements (Class 2, 0.6 mi.)	\$100,000
00SC12	7e	City of Morgan Hill	Bicycle Parking Facilities (25 bicycle capacity)	\$17,842
00SF06	6c	County of San Francisco	Hall of Justice Shuttle	\$54,225
00SF08	4a	County of San Francisco	Natural Gas Vehicle Purchase (13 vehicles) 9 ULI	\$100,000
00SF09	12a	County of San Francisco	Liquefied Natural Gas Fueling Station	\$55,000
00SF13	12b	Presidio Trust	Electric Charging Stations (10 Chargers)	\$20,000
94SM12	11a	City of Redwood City	Telecommuting Demonstration Project	\$10,000
96SM10	5g	City of East Palo Alto	Voluntary Trip Reduction	\$6,544
99SM06	5b	Metropolitan Transportation Commission	Regional Rideshare Program	\$265,000
00SM03	6a	SamTrans	SamTrans Shuttles to BART	\$435,000
00SM06	5b	Metropolitan Transportation Commission	Regional Rideshare Program	\$265,000
01SM04	5b	County of San Mateo	Regional Rideshare Program	\$265,000
93SON17	5h	City of Sebastopol	Bicycle Police Patrol	\$8,836
95SON06	5g	City of Santa Rosa	Trip Reduction Support	\$75,735
98SON11	1a	Sonoma County Transit	Transit Bus Replacement – 8 CNG Buses	\$174,824
98SON12	5g	City of Santa Rosa	Rideshare Software	\$20,006
99SON03	5c	Sonoma County Transit	Student Transit Pass Subsidy	\$35,690
99SON04	5c	City of Santa Rosa	Student Transit Pass Subsidy	\$65,000
99SON05	5g	City of Santa Rosa	Ridesharing- Employer Trip Reduction	\$107,502
99SON09	1a	Sonoma County Transit	Transit Bus Replacements	\$201,125
00SON03	5g	City of Santa Rosa	City Rideshare	\$125,588

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: October 7, 2004

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

RECOMMENDED ACTION

Board approval of the allocation of \$119,508 in TFCA Program Manager Funds as an amendment to the fiscal year (FY) 2004/2005 Contra Costa County Program Manager TFCA expenditure program, awarding:

- \$87,508 to the City of Martinez for the Class 1 Bicycle Path: Bay Trail Segment project; and
- \$32,000 to the Contra Costa County General Services Department for the compressed natural gas (CNG) Direct-Line Fast-Fill Fueling Station

BACKGROUND

On July 21, 2004, the Air District Board approved 12 projects totaling \$1,171,264 in TFCA Program Manager funding for the Contra Costa Transportation Authority (CCTA). This left an unallocated balance of \$362,417 in Contra Costa County Program Manager funds.

On September 15, 2004, the CCTA Board approved two new projects for TFCA funding. The new projects are:

- The City of Martinez's Class 1 Bicycle Path: Bay Trail Segment project, and
- Contra Costa County General Services Department's CNG Direct Line Fast Fill Fueling Station.

Both proposed projects are eligible for TFCA funding and meet the Board's adopted policies.

DISCUSSION

City of Martinez, Class 1 Bicycle Path - San Francisco Bay Trail, Phase II

The Bay Trail is a proposed 400-mile ring trail around the San Francisco Bay. The proposed project will complete a gap in the Bay Trail in Martinez and connect the current Bay Trail terminus on Carquinez Scenic Drive to the Martinez Intermodal Project with its bus and rail transit. It will also provide bicycle storage facilities.

Phase II of the trail will include constructing 1,900 lineal feet of Class 1 bicycle / pedestrian trail along Union Pacific Railroad right-of-way and 400 lineal feet along Berellesa Street (public street). The integration of the Intermodal Facility into the Bay Trail connection will provide greater regional access to employment and residential areas, as well as recreational opportunities.

Contra Costa County General Services Department, CNG Direct Line Fast Fill Fueling Station

This proposed project will include purchasing and installation of a fast-fill CNG fueling station at the County's Waterbird Fueling Station, located near the intersection of Highways 4 and I-680 in the City of Martinez, which provides fuel for County Departments and public agencies that operate countywide. The fueling system will include two dispensers with four fast-fill nozzles: two at 3,000 PSI and two at 3,600 PSI. Combined with its increased storage capacity, this direct-line CNG station will enable the County to provide uninterrupted fuel services and allow the County to integrate more CNG vehicles into the County fleet.

Aggregate Cost-Effectiveness Calculation

The aggregate cost-effectiveness for Contra Costa County Program Manager funds was recalculated to include the proposed projects and the amount of funds requested. The addition of these projects and funds changes the aggregate cost-effectiveness from \$30,783 per ton to \$32,632 per ton of reduced emissions. The resulting aggregate cost-effectiveness meets the required level of \$90,000 per ton of reduced emissions or less.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jean Roggenkamp
Director of Planning and Research

Prepared by: Karen Chi
Reviewed by: Juan Ortellado

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: October 7, 2004

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

RECOMMENDED ACTION:

Board approval of the allocation of \$329,397 in TFCA Program Manager Funds as an amendment to the fiscal year (FY) 2004/2005 Santa Clara County Program Manager TFCA expenditure program, awarding:

- \$329,397 to the City of San Jose for the Bascom Avenue Transit Signal Priority project.

BACKGROUND

On July 21, 2004, the Air District Board approved six projects totaling \$1,963,895 in TFCA Program Manager funding for the Santa Clara Valley Transportation Authority (VTA). This left an unallocated balance of \$329,397 in Santa Clara Program Manager Funds.

The Santa Clara County Program Manager has requested the Board's approval to add a project, which the VTA Board approved on May 6, 2004, to their expenditure program. The new project is:

- The City of San Jose's Bascom Avenue Transit Signal Priority project.

This project is eligible for TFCA funding and meets the Board's adopted policies.

DISCUSSION

City of San Jose, Bascom Avenue Transit Signal Priority

This project will include design and implementation of a transit priority system for twenty-eight (28) signalized intersections along a 7.5-mile stretch of Bascom Avenue, from Highway I-880 in San Jose to Lark Avenue in Los Gatos. Transit signal priority modifies the normal signal operation process to better accommodate transit vehicles. This project will support transit schedule adherence and enhance the services of VTA Bus Routes No. 25, 26, 27, 37, 38, 62 and 85, which run along the project segment.

Aggregate Cost-Effectiveness Calculation

The aggregate cost-effectiveness for Santa Clara County Program Manager funds was recalculated to include the proposed project and the amount of funds requested. The addition of this project and funds changes the aggregate cost-effectiveness from \$65,479 per ton to \$70,167 per ton of reduced emissions. The resulting aggregate cost-effectiveness meets the required level of \$90,000 per ton of reduced emissions or less.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jean Roggenkamp
Planning and Research Director

FORWARDED: _____

Prepared by: Karen Chi

Reviewed by: Juan Ortellado

**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: October 7, 2004

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

RECOMMENDED ACTION

Board approval of the allocation of \$82,000 in TFCA Program Manager funds as an amendment to the fiscal year (FY) 2004/2005 Solano County Program Manager TFCA expenditure program, awarding:

- \$32,000 to the City of Suisun City for the Central County Bikeway Gap Closure project; and
- \$50,000 to Solano County Fleet Operations Division for the Electric Vehicle Public Charging Station at Solano County Government Center Parking Structure.

BACKGROUND

On July 21, 2004, the Air District Board approved two projects totaling \$220,000 in TFCA Program Manager funding for the Solano Transportation Authority (STA). This left an unallocated balance of \$136,219 in Solano County Program Manager funds.

On September 8, 2004, the STA Board approved two new projects for TFCA funding. The new projects are:

- The City of Suisun City's Central County Bikeway Gap Closure project; and
- Solano County Fleet Operations Division's Electric Vehicle Public Charging Station at Solano County Government Center Parking Structure.

The two new projects are eligible for TFCA funding and meet the Board's adopted policies.

DISCUSSION

City of Suisun City, Central County Bikeway Gap Closure

This project will construct a 0.6-mile segment of Class I bicycle and pedestrian path along Highway 12. This segment is an extension of the existing Central County Bikeway, and will complete the final segment (Phase Four) in the Central County Bikeway, from the existing bikeway westerly terminus at Marina Boulevard to the City's multi-modal terminal/Amtrak station.

Solano County Fleet Operations Division, Electric Vehicle Public Charging Station

This project will install one small-paddle inductive and one conductive (with 110V receptacle on pedestal) electric vehicle public charging station on each of the five-story Solano County Government Center Parking Structure located at 501 Union Avenue in the City of Fairfield. This charging station will be available to charge electric vehicles owned and operated by Solano County and by the general public.

Aggregate Cost-Effectiveness Calculation

The aggregate cost-effectiveness for Solano County Program Manager funds was recalculated to include the proposed projects and funds discussed above. The addition of these projects and funds changes the aggregate cost-effectiveness from \$44,534 per ton to \$61,964 per ton of reduced emissions. The resulting aggregate cost-effectiveness meets the required level of \$90,000 per ton of reduced emissions or less.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

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Director of Planning and Research

FORWARDED: _____

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