BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

TIM SMITH - CHAIR	JAKE McGOLDRICK – VICE CHAIR
TOM BATES	SCOTT HAGGERTY
JERRY HILL	CAROL KLATT
GAYLE B. UILKEMA	JOHN SILVA

MONDAY
DECEMBER 10, 2007 — **FOURTH FLOOR CONFERENCE ROOM**
9:30 A.M. — **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 OCTOBER 31, 2007**

4. **UPDATE ON THE CALIFORNIA GOODS MOVEMENT BOND** — **J. Mckay/4629** **jmckay@baaqmd.gov**

   The Committee will be provided with an informational update on the California Goods Movement Bond, including the District's application for early funding and milestones for the disbursement of the main grant.

5. **VEHICLE BUY BACK PROGRAM – AMENDMENT OF DISMANTLER CONTRACTS AND AUTHORIZATION FOR RELASE OF FUNDING** — **J. Colbourn/5192** **jcolbourn@baaqmd.gov**

   The Committee will consider staff recommendations that the Board of Directors authorize the Executive Officer to execute amended contracts with vehicle dismantlers to continue vehicle scrapping and related services, and authorize the release of funding approved for this program for FY 2007/2008 in the amount of $7,000,000.

6. **TRANSPORTATION FUND FOR CLEAN AIR (TFCA) COUNTY PROGRAM MANAGER EXPENDITURE PLANS FOR FISCAL YEAR 2007/2008, AND CERTAIN PRIOR FISCAL YEARS** — **J. Colbourn/5192** **jcolbourn@baaqmd.gov**

   The Committee will consider recommending Board of Directors' approval of TFCA County Program Manager projects for fiscal year 2007/2008, and amendments to expenditure programs for certain prior fiscal years.

7. **PROPOSED REVISIONS TO TRANSPORTATION FUND FOR CLEAN AIR (TFCA) COUNTY PROGRAM MANAGER FUND POLICIES FOR FY 2008/2009** **J. Colbourn/5192**
jcolbourn@baaqmd.gov

The Committee will consider recommending Board of Directors' approval of proposed revisions to TFCA County Program Manager Fund Policies to govern allocation of FY 2008/2009 TFCA funds.

8. **UPDATE ON THE CARL MOYER PROGRAM AND REQUEST FOR APPROVAL OF SUPPLEMENTARY AGRICULTURAL PROJECT** **J. Colbourn/5192**
jcolbourn@baaqmd.gov

The Committee will be provided with an informational update on the Carl Moyer Program and will consider a staff recommendation that the Board of Directors authorize the Executive Officer to execute a supplemental Carl Moyer agricultural project contract with Dittmer Ranch for $2,000.

9. **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).

10. **TIME AND PLACE OF NEXT MEETING: JANUARY 24, 2008, 9:30 A.M., 939 ELLIS STREET, SAN FRANCISCO, CA 94109.**

11. **ADJOURNMENT**

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 3, 2007

Re: Mobile Source Committee Draft Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Mobile Source Committee meeting of October 31, 2007.

DISCUSSION

Attached for your review and approval are the draft minutes of the October 31, 2007, Mobile Source Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

AGENDA: 3

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 749-5000

DRAFT MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
9:30 a.m., Wednesday, October 31, 2007

1. **Call to Order – Roll Call:** Chair Tim Smith called the meeting to order at 9:30 a.m.

   Present: Tim Smith, Chair, Scott Haggerty (9:48 a.m.), Carol Klatt, Patrick Kwok, John Silva, Gayle B. Uilkema (9:34 a.m.).

   Absent: Tom Bates, Jerry Hill, Jake McGoldrick.

   Also Present: Board Chair Mark Ross, Pamela Torliatt.

2. **Public Comment Period:** There were none.

3. **Approval of Minutes of September 27, 2007:** Director Silva moved approval of the minutes; seconded by Director Kwok; carried unanimously without objection.

4. **Transportation Fund for Clean Air (TFCA) Regional Fund Grant Awards for FY 2007/2008:** *The Committee considered recommending Board of Directors' approval to allocate available FY 2007/2008 TFCA Regional Funds.*

   Jack Colbourn, Director of Administration & Incentives, introduced the item and reminded the Committee that the TFCA program is funded by a $4 per vehicle surcharge collected by the DMV on motor vehicles registered within Air District.

   Davis Wiley, Supervising Environmental Planner, presented the report and provided background information on the TFCA objectives, eligible project types and the funding sources.

   Director Gayle B. Uilkema arrived at 9:34 a.m.

   Mr. Wiley reviewed the project scoring criteria and stated that there were 67 grant applications submitted that amounted to $17.5 million in requests. Thirty-seven projects are being recommended for funding and are listed on Attachment 1 of the staff report. Mr. Wiley reviewed the allocation of funds by project type. Nineteen of the projects are currently not recommended for funding because the projects did not achieve the minimum point score. Staff will contact the sponsors of these projects and report back to the Committee on any that would be eligible for funding in the future. Mr. Wiley noted that $200 remains from the funds allocated to the advanced-technology demonstration projects.

Staff recommended that the Committee recommend Board of Directors' approval of the following:

1. Fiscal Year 2007/2008 TFCA Regional fund grant awards listed in Attachment 1 of the staff report, totaling $10,348,655; and
2. Reallocation of any funds remaining from $1 million in fiscal year 2007/2008 TFCA Regional funds set aside for clean-air vehicle advanced technology demonstration projects back to the TFCA Regional fund.

After a brief discussion, Mr. Colbourn stated that staff will work with the sponsors of those projects that did not get funded to make sure that they know why the projects did not qualify for funding and will discuss with the sponsors how the projects might quality in the future.

There were no public speakers on this agenda item.

Committee Action: Director Uilkema moved the staff recommendations; seconded by Director Silva; carried unanimously without objection.

Mr. Colbourn introduced Damian Breen as the new Air Quality Program Manager in the Grants Section.

5. **Update on State-Wide Goods Movement Emission Reduction Program:** *Staff provided an update to the Committee on the State-Wide Goods Movement Emission Reduction Program.*

Jack Broadbent, Executive Officer/APCO, stated that the item will focus on the Proposition 1B monies that were approved by the voters. The Program is moving very quickly in terms of how to allocate and distribute these monies. It is anticipated that the Air District may be the recipient of some of the money. Mr. Broadbent advised the Committee that this is an on-going process and that this item will be brought back to the Committee on a regular basis.

Jean Roggenkamp, Deputy APCO, reviewed the presentation outline.

Director Scott Haggerty arrived at 9:48 a.m.

Ms. Roggenkamp presented background information on the Program and stated that in 1998, diesel particulate matter was identified as a toxic air contaminant. In 2000, the Air Resources Board (ARB) developed a Diesel Risk Reduction Plan. Ms. Roggenkamp reviewed the health risk assessments being done at rail yards and ports. The ARB developed a Goods Movement Emission Reduction Plan in 2006 for ports and rail yards and the goal is for an 85% reduction in PM emission by 2020.

Proposition 1B provides $1 billion to reduce health risks from freight movement in California and the Bay Area is one of the trade corridors for freight movement. Ms. Roggenkamp stated that SB 88 directs implementation of "Goods Movement Emissions Reduction." There is approximately $250 million available State-wide for the first year to help provide incentives to achieve emission reductions beyond regulatory requirements.

Jeff McKay, Deputy APCO, discussed the program targets and themes. The focus of the Program will be on communities heavily impacted by goods movement and will be modeled after the Carl

Moyer Program. The funding will be specifically targeted with specific amounts, and will maximize match funding from federal, local and private sources.

Mr. McKay reviewed the program structure and stated that local agencies will compete for the fund from ARB, equipment owners will compete for funds from agencies, and there will be a minimum number of local agency partners to increase administrative efficiency. Approximately $25 million of the $250 million will be available in January throughout the state.

The Program timeline includes public meetings that are in process now, agency letters requesting early grant funds are due in late November, the Program Guidelines will be released in December, Early Grants funds will be released in January, the Round 1 agency applications are due in February, and ARB will approve the Round 1 funding in July.

Mr. Broadbent reviewed the key issues, which include: staffing, competition for the funds, the timeframe, guidance, and oversight. Approximately $35-40 million will come to the Bay Area with the majority going to the South Coast. Mr. Broadbent noted that the timeframe for the early grants is short. To-date, the guidelines are very general with matching funds one issue. Ms. Roggenkamp explained that there have been discussions with ARB regarding matching funds coming from the Transportation Fund for Clean Air (TFCA) funds and/or Mobile Source Incentive funds. Mr. Broadbent added that the Air District will look into partnering with the Port of Oakland and other agencies like the Metropolitan Transportation Commission.

There were no public speakers on this agenda item.

Committee Action: None. The Committee received and filed the report.

6. **Committee Member Comments/Other Business:** Chair Smith thanked staff for working with the CMAs and the 19 applicants that do not presently qualify for TFCA funding.

   Director Kwok noted that this was his last meeting of the Mobile Source Committee and thanked Chair Smith and staff.

   Director Uilkema thanked staff for their outreach efforts and helping the applicants that did not receive TFCA funding.

7. **Time and Place of Next Meeting:** At the Call of the Chair.

8. **Adjournment:** The meeting adjourned at 10:11 a.m.

Mary Romaidis
Clerk of the Boards

AGENDA: 4

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To:	Chairperson Smith and Members of the Mobile Source Committee
From:	Jack P. Broadbent Executive Officer/APCO
Date:	December 3, 2007
Re:	Update on the California Goods Movement Bond

RECOMMENDED ACTION

Informational report, receive and file.

BACKGROUND

The Proposition 1B transportation bond included $1 billion to accelerate badly-needed air quality improvements in the freight transport industry. Voters approved the $20 billion bond providing for significant investments in highway improvements, congestion relief, expanded public transit, safer rail crossings, and improved anti-terrorism security at shipping ports.

The California State 2007-08 Budget funds an initial $250 million of the $1 billion set aside for air quality improvement projects in Proposition 1B. The funds will be invested in projects intended to improve air quality related to the movement of goods along four major transportation corridors: from the Los Angeles ports to the Inland Empire, State Route 99 in the Central Valley, the San Francisco Bay Area, and the San Diego border region. The California Air Resources Board (ARB) is focused on funding projects that reduce emissions and health risk, incorporate simplicity and efficiency, ensure cost-effectiveness, leverage other funding sources, and provide transparency and accountability.

As part of this Bond, $25 million is being made available for early grants which target emissions reductions that can be achieved by June 30, 2008. Applications for this money will be evaluated by the ARB via a competitive process.

DISCUSSION

Staff will update the board on the District's application for this early grant money and next steps to be taken as part of this program.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. This is an informational report.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Damian Breen
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 3, 2007

Re: Vehicle Buy Back Program – Amendment of Dismantler Contracts

RECOMMENDED ACTION

Consider recommending that the Board of Directors authorize the Executive Officer to execute amended contracts with Environmental Engineering Studies Inc., Pick-N-Pull, and Pick Your Part, to continue vehicle scrapping and related services through 2008.

BACKGROUND

The Air District's Vehicle Buy Back (VBB) Program has been operating since 1996. The VBB Program utilizes Transportation Fund for Clean Air (TFCA) and the Mobile Source Incentive Fund (MSIF) monies to provide a financial incentive to owners of light-duty vehicles to retire their model year 1987 and older vehicles, which lack modern emission control systems. The VBB Program remains one of the Air District's most cost-effective incentive programs for reducing air emissions from mobile sources.

Staff recommends that the Board of Directors authorize the Executive Officer to extend the current FY 2006/2007 contracts with the vehicle dismantlers, Environmental Engineering Studies Inc., Pick-N-Pull, and Pick Your Part, through 2008.

DISCUSSION

The Air District's VBB Program pays vehicle owners $650 to purchase and scrap 1987 and older vehicles that meet the program's eligibility criteria. Since its inception in 1996, the Air District has contracted with various vehicle dismantlers to implement aspects of the program including program outreach, verifying vehicle eligibility, inspecting potential vehicles, crushing accepted vehicles, and processing the appropriate Department of Motor Vehicles paperwork. The dismantlers invoice the Air District monthly for each vehicle purchased. The Air District reimburses the dismantlers to cover the costs of purchasing the vehicle and to offset the dismantlers advertising and overhead costs.

On October 18, 2006, the Board of Directors via a competitive bid process approved the selection of three contractors (Environmental Engineering Studies Inc., Pick-N-Pull, and Pick Your Part) to provide services (utilizing FY 2006/2007 funds) for the VBB Program.

District staff is proposing to bring the dismantlers' contracts onto a unified schedule, with each contract beginning and ending at the same time. In order to accomplish this goal, staff proposes the extension of each dismantler's contract through the end of calendar year 2008. Staff recommends that the Board of Directors authorize the Executive Officer to extend the current FY 2006/2007 contracts with the vehicle dismantlers, Environmental Engineering Studies Inc., Pick-N-Pull, and Pick Your Part, through 2008.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. MSIF and TFCA revenues are generated from a dedicated outside funding source and funding for the continuation of the VBB Program is included in the FY 2007/2008 budget under program 312.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Ryan Bell
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 3, 2007

Re: Transportation Fund for Clean Air (TFCA) County Program Manager Expenditure Plans: Fiscal Year 2007/2008 and Certain Prior Fiscal Years

RECOMMENDED ACTION

Consider recommending Board of Directors' approval of staff recommendations on:

1. Fiscal year (FY) 2007/2008 Transportation Fund for Clean Air (TFCA) County Program Manager projects listed on Attachment 1; and
2. Amendments to TFCA County Program Manager Expenditure Plans for FY 2007/2008 for San Mateo City/County Association of Governments, for FY 2006/2007 for Contra Costa Transportation Authority, and for FY 2005/2006 for Sonoma County Transportation Authority, listed on Tables 1 through 3.

BACKGROUND

Pursuant to California Health and Safety Code (HSC) Sections 44241 and 44242, the Air District Board of Directors has imposed a $4 per vehicle annual surcharge on all motor vehicles registered within the boundaries of the Air District. The revenues fund the implementation of transportation control measures and mobile source control measures. By law, the Air District applies forty percent of the revenues generated by this surcharge to the TFCA Program Manager Fund. Each county has a designated County Program Manager that submits to the Air District an annual expenditure plan of projects in its county that it recommends for funding with its share of the Fund. If a Program Manager has not allocated its entire share within six months of the date of formal approval of its expenditure plan by the Air District, then the Air District is required to allocate the remaining funds itself.

This memo will first discuss Recommendation #1, regarding new projects for FY 2007/2008. On July 25, 2007, the Air District Board of Directors approved initial FY 2007/2008 expenditure plans for eight of the nine Bay Area counties. At that time, unallocated funds remained for five county program managers. The allocation for one of the five, Santa Clara Valley Transportation Authority, was approved by the Air District Board of Directors on October 3, 2007. All of the other four program managers provided proposed expenditure plans by an October 15, 2007 deadline established by the Air District for such plans. Air District staff has reviewed the proposals from the remaining four program managers, and the results are presented below.

This memo will next discuss Recommendation #2, regarding proposed changes to existing expenditure plans. Three County Program Managers have requested funding changes to projects already approved by the Air District. In one case, a Program Manager proposed to use all of its FY 2007/2008 unallocated funds to expand an existing project. In all three cases, if the Air District Board of Directors approves the changes, the Air District will initiate amendments to the existing funding agreements between the Air District and the Program Managers.

DISCUSSION—RECOMMENDATION #1

FY 2007/2008 New Project List

Nine proposed projects for FY 2007/2008 TFCA funds were submitted by four Program Managers. Eight proposals were for new projects; Air District staff found that one of these eight was not eligible as presented.

Staff recommends the approval of seven new FY 2007/2008 TFCA County Program Manager projects, plus administrative costs for the Napa County Program Manager. These seven projects meet all applicable eligibility criteria, including a cost-effectiveness criterion of $90,000 or less per weighted ton of emission reductions that applies to all projects except administration and light-duty vehicle projects. Summary information for the new projects is provided in Attachment 1 (attached). Attachment 1 lists the project sponsor, the project description, years of effectiveness, the TFCA funds requested, the TFCA cost-effectiveness, and staff's recommended action for the Air District Board of Directors.

Attachment 2 shows the amount of TFCA County Program Manager unallocated funds available and the amount recommended for allocation, by county and by project type. Attachment 3 shows all allocations of FY 2007/2008 County Program Manager Funds, including those already made and those recommended.

FY 2007/2008 Withdrawn/Ineligible Projects

Air District staff determined that one project from the Napa County Program Manager, the Oak Street Bicycle Gap Closure in the City of Calistoga, was not cost-effective as submitted. Air District staff will continue to work with the Program Manager to recommend allocation of the remaining unallocated funds for one or more cost-effective projects.

DISCUSSION—RECOMMENDATION #2

Proposed Changes to Existing Expenditure Plans

Three Program Managers—San Mateo City/County Association of Governments (C/CAG), Contra Costa Transportation Authority (CCTA), and Sonoma County Transportation Authority (SCTA)—have requested amendments to existing expenditure plans.

San Mateo County

C/CAG proposed to allocate all of its unallocated FY 2007/2008 County Program Manager Funds to an existing project (Project 07SM02). This project provides alternative transportation programming for commuters in San Mateo County, and the project continues to meet the TFCA cost-effectiveness criterion. A summary of the proposed allocation is provided in Table 1, below.

Table 1: San Mateo County Proposed Allocation

Project Number	**Project Sponsor**	**Project Title**	**Additional TFCA funds to be allocated**
07SM02	Peninsula Traffic Congestion Relief Alliance	County-wide Voluntary Trip Reduction Program	$41,000

Contra Costa County

CCTA requested an amendment to the FY 2006/2007 expenditure plan in order to transfer $40,800 from the 511 Contra Costa Countywide Vanpool Incentive Program (Project 06CC08) to the South Contra Costa County School Transit Ticket Program (Project 06CC10). Both programs are sponsored by the City of San Ramon. This funding change would allow for a total of 1,900 students to receive transit tickets—1,200 more students than currently covered by program funds. The receiving project would remain cost effective and eligible for funding at the increased dollar amount. A summary of the proposed reallocation is provided in Table 2, below.

Table 2: Contra Costa County Proposed Reallocation

Project Number	**Project Sponsor**	**Project Title**	**TFCA Funds**	
			to be shifted	*to be reallocated*
06CC08	City of San Ramon	511 Contra Costa Countywide Vanpool Incentive Program	($40,800)	
06CC10	City of San Ramon	South Contra Costa County School Transit Ticket Program		$40,800

Sonoma County

SCTA requested an amendment to its FY 2005/2006 expenditure plan and funding agreement in order to allocate to two projects $25,548 that was previously unallocated. These projects are the Sonoma County Transit - FY 2006 Transit Marketing Program (Project 05SON04), and Santa Rosa's FY 05-06 Student Bus Pass Subsidy (Project 05SON08). The funds that would be added to these projects would curtail emissions from motor vehicle trips. The projects would remain cost effective and eligible for funding at the increased dollar amount. A summary of the proposed allocation is provided in Table 3, below.

Table 3: Sonoma County Proposed Allocation

Project Number	**Project Sponsor**	**Project Title**	**Additional TFCA funds to be allocated**
05SON04	Sonoma County Transit	FY 2006 Transit Marketing Program	$19,398
05SON08	Santa Rosa	FY 05-06 Student Bus Pass Subsidy	$6,150

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Approval of the recommended projects and allocations will have no impact on the Air District's budget. TFCA revenues are generated from a dedicated outside funding source and passed through to counties. TFCA allocations do not impact the Air District's general fund or operating budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Wiley
Reviewed by: Jack M. Colbourn

Attachments

Attachment 1: TFCA County Program Manager
FY07/08 Supplemental Project List

Project Number	Sponsor	Project Description	Yrs Eff	TFCA Funding Requested (1)	TFCA Cost-Effectiveness ($/Ton) (2)	Action
MARIN COUNTY						
07MAR02	Golden Gate Bridge Highway and Transportation District	Purchase and install bicycle racks (capacity 3 bikes each) on 135 Golden Gate Transit buses.	10	$153,000	$53,690	Approve
07MAR03	County of Marin	Construct a Class II bicycle lane (0.6 miles) by widening the westbound shoulder on Sir Francis Drake Boulevard from Baywood Canyon Road to Brown Bridge to provide a safe riding area for cyclist.	15	$29,163	$33,101	Approve
NAPA COUNTY						
07NAP00	Napa County Transportation Planning Agency	Program Manager costs to administer TFCA funds within the County.		$9,679	NA	Approve
07NAP01	City of American Canyon	Construct 1,700 feet of Class II bicycle lane on West American Canyon Road between State Route 29 (SR 29) and James Street. This two-year project would close the gap, completing the connection between the Wetlands Edge Trail (Class I along the tidal marshlands at the City's western edge) and the remainder of the City system east of SR 29, including connections to the middle school and the high school sites.	15	$160,000	$63,225	Approve
07NAP02	County of Napa	Purchase 15 light-duty hybrid passenger vehicles for the County fleet.	NA	$30,000	NA	Approve
07NAP04	Napa County Transportation Planning Agency	Purchase and install 80 bicycle lockers and 4 bicycle racks at various bus stops in the Napa communities, including two bus bicycle racks on new vehicles entering service.	10	$11,521	$18,652	Approve
SOLANO COUNTY						
07SOL03	City of Fairfield	Provide pedestrian lighting and enhanced pedestrian path-of-travel between the Solano County Government Center and County Court House facilities to the Suisun City Train Station and Intercity Transit facility.	20	$87,248	$41,189	Approve
07SOL04	Solano Napa Commuter Information	Employer Outreach and Incentives Program would promote alternative modes of transportation to Solano employers.	1	$222,247	$67,156	Approve

Notes:
(1) In addition to any TFCA funds already allocated.
(2) TFCA cost-effectiveness ($/ton) = TFCA $ divided by the estimated lifetime emission reductions (ozone precursors and weighted particulate matter) for the project. NA = not applicable. Emission reductions are not attributed to administration and light-duty clean air vehicle projects.

Attachment 2: TFCA County Program Manager
FY2007/08 Supplemental Projects by County and Project Type

	Marin	Napa	Solano	Grand Total	Percent
Previously Unallocated TFCA Funds	**$182,163**	**$326,521**	**$309,495**	**$818,179**	
Program Administration	$0	$9,679	$0	$9,679	1.4%
Trip Reduction/Ridesharing	$0	$0	$222,247	$222,247	31.6%
Bicycle Facility Projects	$182,163	$171,521	$0	$353,684	50.3%
Low Emission Light Duty Vehicles	$0	$30,000	$0	$30,000	4.3%
Smart Growth	$0	$0	$87,248	$87,248	12.4%
Total Allocated Funds	$182,163	$211,200	$309,495	**$702,858**	100.0%
Remaining Unallocated Funds*	$0	$115,321	$0		

* $41,000 in unallocated funds for San Mateo County are proposed to be allocated to project 07SM02, part of an already approved expenditure plan.
This would leave San Mateo with $0 in unallocated FY07/08 funds.

Attachment 3: TFCA County Program Manager
All FY2007/08 Projects, by County and Project Type*

	Alameda	Contra Costa	Marin	Napa	San Francisco	San Mateo	Santa Clara	Solano	Sonoma	Grand Total	Percent
**Total Available TFCA Funds ** **	**$1,967,349**	**$1,457,938**	**$720,315**	**$326,521**	**$956,821**	**$1,078,099**	**$2,691,511**	**$348,887**	**$642,176**	**$10,189,617**	
Program Administration	$53,307	$68,029	$18,152	$9,679	$36,588	$49,099	$51,979	$16,272	$27,174	$330,279	4.4%
Trip Reduction/Ridesharing	$270,000	$1,389,909	$0		$201,288	$412,000	$0	$222,247	$232,901	$2,728,345	36.0%
Bicycle Projects	$552,805	$0	$702,163	$171,521	$123,545	$0	$148,101	$13,120	$79,964	$1,791,219	23.6%
Arterial Management	$201,000	$0	$0		$0	$0	$135,000	$0	$0	$336,000	4.4%
Shuttle/Feeder Bus Service	$36,883	$0	$0		$0	$576,000	$383,000	$0	$0	$995,883	13.1%
Clean Fuel Buses	$0	$0	$0		$96,000	$0	$0	$0	$0	$96,000	1.3%
Low-Emis. Light-Duty Vehicles	$0	$0	$0	$30,000	$276,900	$0	$79,709	$0	$0	$386,609	5.1%
Transit Info/Telecommuting	$0	$0	$0		$0	$0	$0	$0	$302,137	$302,137	4.0%
Smart Growth	$0	$0	$0		$222,500	$0	$296,260	$87,248	$0	$606,008	8.0%
Diesel Repowers/Retrofits	$0	$0	$0		$0	$0	$0	$10,000	$0	$10,000	0.1%
Total Allocated Funds* **	$1,113,995	$1,457,938	$720,315	$211,200	$956,821	$1,037,099	$1,094,049	$348,887	$642,176	**$7,582,480**	100.0%
Unallocated Funds	$0	$0	$0	$115,321	$0	$0	$0	$0	$0		

* As of December 3, 2007. Assumes approval of recommended projects.
** The total funds available for programming represents the sum of projected calendar year 2007 DMV receipts, interest earned on TFCA funds in calendar year 2006, and funds available for reprogramming from prior year projects that were canceled or completed under budget.
*** Total Allocated Funds do not include $853,354 from Alameda County and $1,070,778 from Santa Clara County allocated to the Vehicle Buy Back Program through an exchange of TFCA and CMAQ funds. They also do not include $41,000 from San Mateo County allocated to an existing project

AGENDA: 7

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 3, 2007

Re: Proposed Transportation Fund for Clean Air County Program Manager Fund Policies for Fiscal Year 2008/2009

RECOMMENDED ACTION:

Consider recommending Board of Directors' approval of the proposed fiscal year (FY) 2008/2009 Transportation Fund for Clean Air (TFCA) County Program Manager Fund Policies, presented in Attachment A.

BACKGROUND

The Air District's Board of Directors has adopted policies and evaluation criteria that govern the allocation of TFCA funds to cost-effective projects. Prior to each annual funding cycle, the Air District considers revisions to the TFCA policies. Only proposed revisions to the TFCA County Program Manager Fund policies for the FY 2008/2009 funding cycle are being addressed at this time. Any revisions to the policies and evaluation criteria for the TFCA Regional Fund will be addressed separately at a later time.

On November 15, 2007, Air District staff issued a request for comments on proposed revisions to the TFCA County Program Manager Fund policies for the FY 2008/2009 funding cycle. The deadline for interested parties to submit comments was November 29, 2007. Six interested parties submitted comments by letter or e-mail in response to the Air District's request for comments. A table summarizing the comments received and Air District staff responses is provided in Attachment C.

DISCUSSION

Air District staff is proposing few substantive changes to the current TFCA County Program Manager Fund policies, along with minor administrative and editorial changes to improve clarity. The proposed FY 2008/2009 TFCA County Program Manager Fund Policies are found in Attachment A. Attachment B shows the changes between these currently proposed policies and the policies for the FY 2007/2008 County Program Manager Fund.

The following is a summary of the major proposed changes to the FY 2008/2009 TFCA County Program Manager Fund Policies (references below are to Attachment A):

- Policy # 11, *Insurance*, would be added to reflect a requirement Air District staff believe is appropriate.

- Policy #20, *Light-Duty Vehicles*, would be changed so that each light-duty vehicle project would be evaluated on its own merits, rather than the previous approach of qualifying for a set per-vehicle funding amount. Based on Air District staff analysis, this change is necessary to maintain cost-effectiveness of such projects. This change is consistent with TFCA Regional Fund policies.

In a parallel effort, Air District staff and Program Manager representatives are engaging in an effort to consider potential changes to the administration of the TFCA County Program Manager Fund. That process may result in recommendations for more significant changes to policies for subsequent fiscal years.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Approval of the recommended policy changes will have no material impact on the Air District's budget. TFCA revenues come from a dedicated external funding source. TFCA allocations do not impact the Air District's general fund or operating budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Wiley
Reviewed by: Jack M. Colbourn

Attachments

ATTACHMENT A

DRAFT TFCA COUNTY PROGRAM MANAGER FUND POLICIES FOR FY 2008/2009

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

BASIC ELIGIBILITY

1. **Reduction of Emissions:** A project must result in the reduction of motor vehicle emissions within the Air District's jurisdiction to be considered eligible for TFCA funding. Projects that are subject to emission reduction regulations, contracts, or other legally binding obligations must achieve surplus emission reductions to be considered for TFCA funding. Surplus emission reductions are those that exceed the requirements of applicable State or federal regulations or other legally binding obligations at the time the Air District Board of Directors approves a grant award. Planning activities (e.g., feasibility studies) that are not directly related to the implementation of a specific project are not eligible for TFCA funding.

2. **TFCA Cost-Effectiveness:** The Air District will only approve grant awards for projects included in County Program Manager expenditure plans that achieve a TFCA cost-effectiveness, on an individual project basis, equal to or less than $90,000 of TFCA funds per ton of total reactive organic gases (ROG), oxides of nitrogen (NOx), and weighted particulate matter 10 microns in diameter and smaller (PM_{10}) emissions reduced ($/ton). TFCA County Program Managers' administrative costs are excluded from the calculation of TFCA cost-effectiveness.

3. **Viable Project:** Each grant application should clearly identify sufficient resources to complete the respective project. Grant applications that are speculative in nature, or contingent on the availability of unknown resources or funds, will not be considered for funding.

4. **Eligible Recipients:** TFCA grants may be awarded to public agencies and to non-public entities. Grant recipients must be responsible for the implementation of the project and have the authority and capability to complete the project. Non-public entities may only be awarded TFCA grants to implement certain clean air vehicle projects to reduce mobile source emissions within the Air District's jurisdiction for the duration of the useful life of the vehicle(s) or reduced emission equipment. Only public agencies, including public agencies applying on behalf of non-public entities, are eligible for TFCA grants for light-duty vehicles.

   As a condition of receiving TFCA funds for projects sponsored by non-public entities, a County Program Manager must provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the

Air District for the duration of the useful life of the vehicle(s) or reduced emission equipment.

5. **Public Agencies Applying on Behalf of Non-Public Entities:** A public agency may apply for TFCA funds for clean air vehicle projects on behalf of a non-public entity. As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency shall provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s) or reduced emission equipment.

6. **Consistent with Existing Plans and Programs:** All projects must conform to the types of projects listed in the California Health and Safety Code Section 44241 and the transportation control measures and mobile source measures included in the Air District's most recently approved strategy(ies) for State and national ozone standards and, when applicable, with other adopted State and local plans and programs.

7. **Readiness:** A project will be considered for TFCA funding only if the project will commence in calendar year 2009 or sooner. For purposes of this policy, “commence” means to order or accept delivery of vehicles or other equipment being purchased as part of the project, to begin delivery of the service or product provided by the project, or to award a construction contract.

8. **Maximum Two Years Operating Costs:** TFCA grant applications that request operating funds to provide a service, such as ridesharing programs, bicycle stations, and shuttle and feeder bus projects, are eligible for funding for up to two years. Grant applicants who seek TFCA funds for additional years must re-apply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

9. **Failed Audit:** Project sponsors who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project will be excluded from future funding for five (5) years, or another duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the project was not implemented as set forth in the project funding agreement.

10. **Signed Funding Agreement:** Only a fully executed funding agreement (i.e., signed by both the Air District and the County Program Manager) constitutes a final approval and obligation on the part of the Air District to fund a project. While the Air District Board of Directors approval of grant awards is necessary for the funding of a project, such approval does not constitute a final obligation on the part of the Air District to fund a project.

11. **Insurance:** Each County Program Manager and project sponsor must maintain general liability insurance, workers compensation insurance, and additional insurance as appropriate for specific projects, with estimated coverage amounts

provided in Air District guidance and final amounts specified in the respective funding agreements.

INELIGIBLE PROJECTS

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

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

USE OF TFCA FUNDS

14. **Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds for the funding of an eligible project. For the purpose of calculating TFCA cost-effectiveness, the combined sum of TFCA County Program Manager Funds and TFCA Regional Funds shall be used to calculate the TFCA cost of the project.

15. **Cost of Developing Proposals:** The costs of developing grant applications for TFCA funding are not eligible to be reimbursed with TFCA funds.

16. **Administrative Costs:** Administrative costs for TFCA County Program Manager Funds are limited to a maximum of five percent (5%) of the actual Department of Motor Vehicles (DMV) fee revenues that correspond to each county, received in a given year. Interest earned on prior DMV funds received shall not be included in the calculation of the administrative costs.

    All reimbursement with TFCA funds of administrative costs (i.e., direct and indirect) must be requested and justified in writing in the project application or expenditure plan, and approved in advance and in writing by the Air District.

17. **Expend Funds within Two Years:**

    County Program Manager Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program Manager in the applicable fiscal year, unless a longer period is formally (i.e., in writing) approved in advance by the County Program Manager. A County Program Manager may, if it finds that significant progress has been made on a project, approve no more than two (2) one-year (1-year) schedule extensions for a project, and must notify the Air District of each extension. Any subsequent schedule extensions for projects can only be given if the Air District finds that significant progress has been made on a project, and written approval is received by the Program Manager from the Air District.

18. **Payments:** TFCA funds may not be expended for the implementation of a project if: a) the corresponding funding agreement with the Air District has not

been fully and properly executed, b) the costs were incurred (i.e., an obligation made to pay funds that cannot be refunded) before the date that the funding agreement with the Air District was executed, or c) the project is no longer eligible for TFCA funding (e.g., due to additional information becoming available after grant award approval by the Air District Board of Directors).

CLEAN AIR VEHICLE PROJECTS

19. Non-public entities: Non-public entities may only apply for funding for certain clean air vehicle projects. Non-public entities may not apply for light-duty vehicle projects. No single non-public entity may be awarded more than $500,000 in TFCA County Program Manager Funds for clean air vehicle projects in each funding cycle.

20. Light-Duty Clean Air Vehicles

Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight (GVW) of 10,000 pounds or lighter. Only public agencies, including public agencies applying on behalf of non-public entities, are eligible for TFCA grants for light-duty vehicles. Light-duty chassis-certified vehicles certified by the California Air Resources Board (CARB) as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (ATPZEV), or zero emission vehicle (ZEV) standards are eligible for TFCA funding. Hybrid-electric vehicles that meet the SULEV, PZEV, AT-PZEV, or ZEV standards are eligible for TFCA funding. Gasoline and diesel light-duty vehicles are not eligible for TFCA funding. Vehicle infrastructure is not eligible for TFCA funding, except under Policy 24.

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

21. Heavy-Duty Clean Air Vehicles

Eligibility: For TFCA Purposes, heavy-duty vehicles are on-road motor vehicles with a GVW of 10,001 pounds or heavier. Vehicle infrastructure is not eligible for TFCA funding, except under Policy 24.

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

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

22. Reducing Emissions from Existing Heavy-Duty Diesel Engines:

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

a) Repowers – To be eligible for TFCA funding, the new engine selected to repower an existing heavy-duty vehicle must reduce emissions by at least 15% compared to the direct exhaust emission standards of the existing engine that will be replaced.

b) Diesel Emission Control Strategies – Diesel emission control strategies compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:

   1) All control strategies must be verified by CARB to reduce emissions from the relevant engine;
   2) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the emission control strategy; and
   3) The project sponsor must install the highest level (i.e., most effective) diesel emission control strategy that is verified by CARB for the specific engine.

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

   1) All clean fuels or additives must be approved by CARB to reduce emissions and for use with the relevant engine; and
   2) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.

d) Replacement of Compressed Natural Gas (CNG) Fuel Tanks – the replacement of CNG fuel tanks will only be considered for projects that achieve surplus emissions via repowers or emission control strategies, described in a) and b) above.

23. Bus Replacements: For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than fifteen (15) persons, including the driver. A vehicle designed, used, or maintained for carrying more than ten (10) persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool vehicle is not considered a bus.

24. **Advanced Technology Demonstration Projects:** Vehicle-based advanced technology demonstration projects (i.e., technologies, motor vehicles and/or emission control devices not authorized by CARB) are eligible for TFCA funding. Such projects are subject to the TFCA cost-effectiveness requirement, and grant applications for such projects must include best available data that can be used to estimate the cost-effectiveness of such projects. For motor vehicles, only projects that achieve emissions performance beyond CARB's most stringent adopted regulatory requirements are eligible for funding under this category. For infrastructure projects, only applications that include vehicles and that include advanced infrastructure technology not currently being implemented in the Bay Area qualify for funding.

SHUTTLE/FEEDER BUS SERVICE PROJECTS

25. **Shuttle/Feeder Bus Service:** Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The service route must go to or from a rail station, airport, or ferry terminal, and the project must:

    a) Be submitted by a public transit agency; or

    b) Be accompanied by documentation, from the General Manager of the transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency revenue service.

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

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

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

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

    b) a hybrid-electric vehicle;

    c) a post-1994 diesel vehicle and a diesel emission control strategy verified by CARB to reduce emissions from the relevant engine; or

    d) a post-1989 gasoline-fueled vehicle.

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

BICYCLE PROJECTS

26. **Bicycle Projects:** New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible

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

ARTERIAL MANAGEMENT PROJECTS

27. **Arterial Management:** Arterial management grant applications must specifically identify a given arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funding. Incident management projects on arterials are eligible to receive TFCA funding. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. For signal timing projects, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more.

SMART GROWTH PROJECTS

28. **Smart Growth/Traffic Calming:** Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds, subject to the following conditions: a) the development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, traffic-calming plan, or other similar plan; and b) the project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District strategy for State and national ozone standards. Pedestrian projects are eligible to receive TFCA funding. Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential and retail areas.

ATTACHMENT B

~~BOARD-APPROVED~~DRAFT TFCA COUNTY PROGRAM MANAGER FUND POLICIES FOR FY ~~2007/~~2008/2009

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

BASIC ELIGIBILITY

1. **Reduction of Emissions:** A project must result in the reduction of motor vehicle emissions within the Air District's jurisdiction to be considered eligible for TFCA funding. Projects that are subject to emission reduction regulations, contracts, or other ~~legal~~legally binding obligations must achieve surplus emission reductions to be considered for TFCA funding. Surplus emission reductions are those that exceed the requirements of applicable State or federal regulations or other ~~legal~~legally binding obligations at the time the Air District Board of Directors approves a grant award. Planning activities (e.g., feasibility studies) that are not directly related to the implementation of a specific project are not eligible for TFCA funding.

2. **TFCA Cost-Effectiveness:** The Air District will only approve grant awards for projects included in County Program Manager expenditure plans that achieve a TFCA cost-effectiveness, on an individual project basis, equal to or less than $90,000 of TFCA funds per ton of total reactive organic gases (ROG~~,~~), oxides of nitrogen (NOx), and weighted particulate matter 10 microns in diameter and smaller (PM_{10}) emissions reduced ($/ton). TFCA County Program ~~Manager~~Managers' administrative costs are excluded from the calculation of TFCA cost-effectiveness.

3. **Viable Project:** Each grant application should clearly identify sufficient resources to complete the respective project. Grant applications that are speculative in nature, or contingent on the availability of unknown resources or funds, will not be considered for funding.

4. **Eligible Recipients:** TFCA grants may be awarded to public agencies and to non-public entities. ~~Eligible grant~~Grant recipients must be responsible for the implementation of the project and have the authority and capability to complete the project. Non-public entities may only be awarded TFCA grants to implement certain clean air vehicle projects to reduce mobile source emissions within the Air District's jurisdiction for the duration of the useful life of the vehicle(s~~), including, but not limited to, engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstration projects.~~) or reduced emission equipment. Only public agencies, including public agencies applying on behalf of non-public entities, are eligible for TFCA grants for light-duty vehicles.

As a condition of receiving TFCA funds for projects sponsored by non-public entities, a County Program Manager must provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s~~).~~) or reduced emission equipment.

5. **Public Agencies Applying on Behalf of Non-Public Entities:** A public agency may apply for TFCA funds for clean air ~~vehicles~~vehicle projects on behalf of a non-public entity. As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency shall ~~enter into a funding agreement with the Air District and~~ provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s~~)~~) or reduced emission equipment.

6. **Consistent with Existing Plans and Programs:** All projects must conform to the types of projects listed in the California Health and Safety Code Section 44241 and the transportation control measures and mobile source measures included in the Air District's most recently approved strategy(ies) for State and national ozone standards and, when applicable, with other adopted State and local plans and programs.

7. **Readiness:** A project will be considered for TFCA funding only if the project will commence in calendar year ~~2008~~2009 or sooner. For purposes of this policy, "commence" means to order or accept delivery of vehicles or other equipment being purchased as part of the project, to begin delivery of the service or product provided by the project, or to award a construction contract.

8. **Maximum Two ~~Year~~Years Operating Costs:** TFCA grant applications that request operating funds to provide a service, such as ridesharing programs, bicycle stations, and shuttle and feeder bus projects, are eligible for funding for up to two years. ~~Applicants~~Grant applicants who seek TFCA funds for additional years must re-apply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

9. **Failed Audit:** Project sponsors who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project will be excluded from future funding for five (5) years, or another duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the project was not implemented as set forth in the project funding agreement.

10. **Signed Funding Agreement:** Only a fully executed funding agreement (i.e., signed by both the Air District and the County Program Manager) constitutes a final approval and obligation on the part of the Air District to fund a project. While the Air District Board of Directors ~~must approve the Air District staff's recommendation for TFCA~~ approval of grant awards~~, Board~~ is necessary for the funding of a project, such approval does not constitute a final obligation on the part of the Air District to fund a project. ~~No payment requests associated with~~

~~the implementation of a project will be processed if: a) the funding agreement for the project has not been fully and properly executed, b) the costs in the payment request were incurred before the date that the funding agreement was executed, or c) the project is no longer eligible for TFCA funding (e.g., due to additional information becoming available after grant award approval by the Air District Board of Directors).~~

Comment [DW1]: Payment-related text moved to new Policy 18.

11. **Insurance:** Each County Program Manager and project sponsor must maintain general liability insurance, workers compensation insurance, and additional insurance as appropriate for specific projects, with estimated coverage amounts provided in Air District guidance and final amounts specified in the respective funding agreements.

Comment [DW2]: New Insurance policy, consistent with current practice.

INELIGIBLE PROJECTS

~~11.~~12. **Duplication:** Grant applications for projects that duplicate existing TFCA-funded projects and therefore do not achieve additional emission reductions will not be considered for funding. Combining TFCA County Program Manager Funds with TFCA Regional Funds to achieve greater emission reductions for a single project is not considered project duplication.

~~12.~~13. **Employee Subsidy:** Grant applications for projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor will not be considered for funding. For projects that provide such subsidies, the direct or indirect financial transit or rideshare subsidy must be available, in addition to the employees of the project sponsor, to employees other than those of the project sponsor.

USE OF TFCA FUNDS

~~13.~~14. **Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds for the funding of an eligible project. For the purpose of calculating TFCA cost-effectiveness, the combined sum of TFCA County Program Manager Funds and TFCA Regional Funds shall be used to calculate the TFCA cost of the project.

~~14~~15. **Cost of Developing Proposals:** The costs of developing grant applications for TFCA funding are not eligible to be reimbursed with TFCA funds.

~~15~~16. **Administrative Costs:** Administrative costs for TFCA County Program Manager Funds are limited to a maximum of five percent (5%) of the actual Department of Motor Vehicles (DMV) fee revenues that correspond to each county, received in a given year. Interest earned on prior DMV funds received shall not be included in the calculation of the administrative costs.

All reimbursement with TFCA funds of administrative costs (i.e., direct and indirect) must be requested and justified in writing in the project application or expenditure plan, and approved in advance and in writing by the Air District.

17. **Expend Funds within Two Years:**

County Program Manager Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program

Manager in the applicable fiscal year, unless a longer period is formally (i.e., in writing) approved in advance by the County Program Manager. A County Program ~~Managers~~ Manager may, if it finds that significant progress has been made on a project, approve no more than two (2) one-year (1-year) schedule extensions for a project, and must notify the Air District of each extension. Any subsequent schedule extensions for projects can only be given if the Air District finds that significant progress has been made on a project, and written approval is received by the Program Manager from the Air District.

18. **Payments:** TFCA funds may not be expended for the implementation of a project if: a) the corresponding funding agreement with the Air District has not been fully and properly executed, b) the costs were incurred (i.e., an obligation made to pay funds that cannot be refunded) before the date that the funding agreement with the Air District was executed, or c) the project is no longer eligible for TFCA funding (e.g., due to additional information becoming available after grant award approval by the Air District Board of Directors).

Comment [DW3]: Text moved from Policy #10 and reworded to better fit TFCA Program Manager Fund, versus Regional Fund.

CLEAN AIR VEHICLE PROJECTS

~~17.~~19. **Non-public entities:** Non-public entities may only apply for funding for certain clean air vehicle projects. Non-public entities may not apply for light-duty vehicle projects. No single non-public entity may be awarded more than $500,000 in TFCA County Program Manager Funds for clean air vehicle projects in each funding cycle.

20. ~~18.~~ **Light-Duty Clean Air ~~Vehicle~~ Vehicles**

Eligibility: For TFCA purposes, light-duty vehicles are those ~~10,000 pounds~~ with a gross vehicle weight (GVW) of 10,000 pounds or lighter. ~~All~~Only public agencies, including public agencies applying on behalf of non-public entities, are eligible for TFCA grants for light-duty vehicles. Light-duty chassis-certified vehicles certified by the California Air Resources Board (CARB) as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT~~-~~PZEV), or zero emission vehicle (ZEV) standards are eligible for TFCA funding. ~~Gasoline and diesel vehicles are not eligible for TFCA funding.~~ Hybrid-electric vehicles that meet the SULEV, PZEV, AT-PZEV, or ZEV standards are eligible for TFCA funding. Gasoline and diesel light-duty vehicles are not eligible for TFCA funding. Vehicle infrastructure is not eligible for TFCA funding, except under Policy 24.

~~19.~~ ~~**Light-Duty Clean Air Vehicle Funding Participation:** For light-duty clean air vehicle projects for passenger cars, pick-up trucks, and vans, project sponsors may receive no more than the following funding incentive amounts:~~

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

~~ZEV 3-wheel battery electric $1,000~~

~~These incentive amounts above will be pro-rated for leased vehicles in those cases where the vehicle is available for purchase. The incentive amounts for partial zero emission vehicles (PZEV) and advanced technology partial zero emission vehicles (AT-PZEV) are the same as for SULEV-rated vehicles.~~

~~20.~~**Funding participation:** Project sponsors may be awarded TFCA funds to cover no more than the incremental cost of a clean air vehicle. Incremental cost is the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emissions standards and its new conventional vehicle counterpart that meets, but does not exceed, the emissions standards. Compliance with the TFCA cost-effectiveness requirement is not waived or altered by this policy.

Comment [DW4]: Eligibility to be project-by-project, to ensure that light-duty vehicle projects are cost-effective.

21. Heavy-Duty Clean Air Vehicles

Eligibility: ~~Heavy~~For TFCA Purposes, heavy-duty vehicles are on-road motor vehicles with a GVW of 10,001 pounds or heavier. ~~To qualify for TFCA funding, a heavy-duty vehicle project must provide surplus emission reductions beyond the requirements of any applicable State or federal standard, regulation, contract or other legal obligation. In addition, advanced technology heavy-duty vehicle projects can be funded with TFCA revenues~~Vehicle infrastructure is not eligible for TFCA funding, except under Policy 24.

Comment [DW5]: Deleting repetitive language found in Policy #1.

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

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

~~21.~~22. Reducing Emissions from Existing Heavy-Duty Diesel Engines:

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

a) Repowers – To be eligible for TFCA funding, the new engine selected to repower an existing heavy-duty vehicle must reduce emissions by at least 15% compared to the direct exhaust emission standards of the existing engine that will be replaced.

b) Diesel Emission Control Strategies – Diesel emission control strategies compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:

1) All control strategies must be ~~approved~~verified by CARB to reduce emissions from the relevant engine;
2) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the emission control strategy; and
3) The project sponsor must install the highest level (i.e., most effective) diesel emission control strategy that is ~~approved~~verified by CARB for the specific engine.

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

1) All clean fuels or additives must be approved by CARB to reduce emissions and for use with the relevant engine; and
2) ~~2)~~ TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.

~~22~~d) Replacement of Compressed Natural Gas (CNG) Fuel Tanks – the replacement of CNG fuel tanks will only be considered for projects that achieve surplus emissions via repowers or emission control strategies, described in a) and b) above.

Comment [DW6]: Amended to be consistent with Regional Fund policy. Tank replacement must be paired with emission reductions in order to show cost-effectiveness.

23. **Bus Replacements:** For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than fifteen (15) persons, including the driver. A vehicle designed, used, or maintained for carrying more than ten (10) persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool vehicle is not considered a bus.

~~23~~24. **Advanced Technology Demonstration Projects:** Vehicle-based advanced technology demonstration projects (i.e., technologies, motor vehicles and/or emission control devices not authorized by CARB) are eligible for TFCA funding. ~~Advanced technology demonstration~~Such projects are subject to the TFCA cost-effectiveness requirement, and grant applications for such projects must include best available data that can be used to estimate the cost-effectiveness of such projects. For motor vehicles, only projects that achieve emissions performance beyond CARB's most stringent adopted regulatory requirements are eligible for funding under this category. For infrastructure projects, only applications that include vehicles and that include advanced infrastructure technology not currently being implemented in the Bay Area qualify for funding.

SHUTTLE/FEEDER BUS SERVICE PROJECTS

~~24~~**25.** **Shuttle/Feeder Bus Service:** Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The service route must go to or from a rail station, airport, or ferry terminal, and the project must:

a) Be submitted by a public transit agency; or

b) Be accompanied by documentation, from the General Manager of the transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency revenue service.

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

Independent (non-transit agency) shuttle/feeder bus projects that received TFCA funding prior to FY ~~2006/07~~2007/08 and obtained a letter of support from all potentially affected transit agencies need not comply with b) above unless funding is requested for a new or modified shuttle/feeder bus route.

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

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

b) a hybrid-electric vehicle;

c) a post-1994 diesel vehicle and a diesel emission control strategy ~~approved~~verified by CARB to reduce emissions from the relevant engine; or

d) a post-1989 gasoline-fueled vehicle.

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

BICYCLE PROJECTS

~~25~~**26.** **Bicycle Projects:** New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. For purposes of this policy, if there is no adopted countywide bicycle plan, the project must be in the county's CMP, or the responsible Congestion Management Agency must provide written intent to include the project in the next update of the CMP. Eligible projects are limited to the following types of bicycle facilities for public use: a) new Class-1 bicycle paths; b) new Class-2 bicycle lanes; c) new Class-3 bicycle routes; d) bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels; e) bicycle lockers; f) attended bicycle storage facilities; g) the purchase of bicycles, mounted equipment required for the intended service, and helmets; and g) development of a region-wide web-based bicycle trip planning system. All bicycle facility projects must, where applicable, be consistent with design standards published in Chapter 1000 of the California Highway Design Manual.

ARTERIAL MANAGEMENT PROJECTS

~~26~~27. Arterial Management: Arterial management ~~project~~grant applications must specifically identify a given arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funding. Incident management projects on arterials are eligible to receive TFCA funding. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. For signal timing projects, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more.

SMART GROWTH PROJECTS

~~27~~28. Smart Growth/Traffic Calming: Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds, subject to the following conditions: a) the development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, traffic-calming plan, or other similar plan; and b) the project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District strategy for State and national ozone standards. Pedestrian projects are eligible to receive TFCA funding. Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential and retail areas.

ATTACHMENT C

PROPOSED TFCA COUNTY PROGRAM MANAGER FUND POLICIES FOR FY 2008/2009

COMMENTS RECEIVED AND STAFF RESPONSES

Signer and Agency	Comment	Staff Response

gency		
Peter Engel, Contra Costa Transportation Authority. Matt Todd, Alameda County CMA.	**Proposed Policy #11: Insurance coverage amounts specified in the funding agreement.** The policy states that coverage amounts will be specified in the respective funding agreements. Coverage requirements should be provided in the program guidance so that project sponsors can include the cost of any additional insurance requirement in the project budget. The ACCMA also requests that the guidance include limits for agencies that may be self-insured in this guidance (if they differ).	Air District staff agrees with these comments and has changed the proposed policy to state that estimated insurance coverage amounts will be provided in Air District guidance. The guidance will break out estimated amounts by project type, and will include self-insurance limits, if different.
Daryl Halls, Moderator, CMA Directors. Concurrence by Engel of the CCTA, José Luis Moscovich of the San Francisco County Transportation Authority (SFCTA), and Lynne March of Sonoma County Transportation Authority.	**Proposed Policy #18: Prohibition on incurring costs before funding agreement execution.** The Fiscal Year 2007/08 TFCA Program Manager policies delayed the date that project sponsors can begin incurring costs. This delay caused hardship for several Program Managers, and threatened the ability of project sponsors to effectively implement TFCA projects for which funds were allocated. We request that the Air District return to the previous policy of allowing project sponsors to incur costs at-risk from the date the funds are allocated by the Air District Board. We are confident that sufficient policy language can be developed to mitigate any perceived risk to the Air District, especially since the granting of at-risk, pre-award authority is a common practice for many state and federal fund sources.	It is the policy of the Air District not to allow services, purchases of goods, or grant projects to proceed without a fully-executed contract in place. This policy assures that both parties are aware of and accept all terms and conditions of the contract.

Marcella M. Rensi, Santa Clara Valley Transportation Authority (VTA).	**Policy #18 (and Policy #10): Signed Funding Agreement and Payments** The VTA believes that these policies should be revised to allow project sponsors to start reimbursable work on their projects, at their own risk, as of the date of the grant approval by the BAAQMD Board of Directors. This would be consistent with how CMAQ grant funds are administered on behalf of the Federal Highway Administration (FHWA) by the California Department of Transportation (Caltrans). The current policies, which do not allow reimbursable work to begin before the BAAQMD executive director executes the agreements, are proving to be unworkable. The Program Managers (and project sponsors in the Regional program) have consistently experienced two to three month gaps between grant approvals by BAAQMD's Board and final execution of the agreements. Ongoing operating projects are facing funding gaps, and delays in starting capital projects are making their delivery within a two-year timeframe even more challenging.	Please see response immediately above. Delays in the last round were attributable in large part to new insurance requirements developed by the Air District in response to recommendations by its risk management and insurance consultants.
Engel, CCTA	**Proposed Policy #18: "Fully and properly executed" funding agreement.** There is concern with the policy language which uses the term "properly executed." The agreement is executed in what both parties consider a proper format and begin incurring costs, only to find out some period later a glitch which deems the agreement improperly executed. With this language, technically any costs incurred would be ineligible even though both parties reasonably assumed the agreement was executed.	The term "fully and properly executed" refers to the requirement that both parties (i.e., the grantee and the District) must execute the agreement and that only persons who are authorized to execute the agreement on behalf of that party may do so in order for the agreement to be valid and effective. Improperly-executed agreements can render the agreements void or voidable. Inclusion of this term in the Policies reminds all parties that agreements must be fully and properly executed to be valid.

Todd, Alameda County CMA	**Proposed Policy #18: Payments.** This section indicates that funds "may not be expended for the implementation of a project if: …c) the project is no longer eligible for TFCA funding (e.g., due to additional information becoming available after grant award approval by the Air District Board of Directors)". The ACCMA does not believe this language is necessary. If the implemented project is within the scope of work defined in the funding agreement, the BAAQMD should fund the project as originally approved and detailed in the funding agreement. In the BAAQMD response to comments for the 2007/08 Guidelines, it was stated that: "A project approved under one set of policies will remain eligible for that funding cycle, even if the eligible project types are changed for subsequent TFCA funding cycles." Please clarify the BAAQMD intends to maintain this standard, which does not seem to be consistent with the language from the proposed 2008/09 Guidelines.	The text in question does not disallow payments for a project merely if the eligibility of that project type is changed in subsequent years. Rather, it applies to eligibility requirements that apply to the year of the project.
José Luis Moscovich, SFCTA.	**Proposed Policy #20: Light-Duty Clean Air Vehicles.** I am pleased to see the proposal to calculate the true cost effectiveness for light-duty vehicle projects, rather than using set incentive amounts. By prioritizing the use of TFCA funds to purchase clean air vehicles for high-mileage fleets, the Air District will encourage much more significant emission reductions and will likely achieve better air quality outcomes.	Air District staff appreciates the comment.

Todd, Alameda County CMA	**Infrastructure (currently only eligible under Policy #24: Advanced Technology Demonstration Projects).** The revisions to the 2007/08 Guidelines included the removal of the eligibility of Clean Air Infrastructure as a project category. BAAQMD staff indicated that Clean Air Infrastructure projects are not precluded, but would have to meet the requirements of advanced technology demonstration projects to qualify for TFCA funds (in the response to comments provided on the 2007/08 Guidelines). The ACCMA has funded many successful Alternative Fuel Infrastructure projects in Alameda with TFCA funds. The Health and Safety Code allows for this type of projects as detailed in section 44242 (b) which includes the "Implementation of vehicle-based projects to reduce mobile source emissions, including, but not limited to, ….alternative fuels….". The ACCMA requests that Clean Air Infrastructure be reinstated as an eligible TFCA project category.	Based on changes to the TFCA legislation made in 2005, which required that each project meet criteria including cost-effectiveness, Air District staff is maintaining its proposed wording. While it recognizes that infrastructure is necessary for some alternative fuel vehicle projects, Air District staff notes a lack of methodologies to quantify emission reductions from infrastructure projects.
Moscovich, SFCTA.	**Proposed Policy #26: Bicycle Projects.** I am glad that the Air District has proposed only minor modifications to the bicycle project eligibility and cost effectiveness calculations, rather than introduce broad changes as was done in the Fiscal Year 2007/08 TFCA Regional Fund grant cycle. We believe that bicycle projects must be evaluated on a case-by-case basis, because design, location, population, and other environmental factors strongly impact their cost effectiveness.	Air District staff appreciates the comment.
Halls, CMA Directors. Concurrence by Moscovich, SFCTA.	**Cost-Effectiveness Worksheets:** Provide Final Cost-Effectiveness Worksheets for FY 2007/2008	Although this comment does not relate to the proposed TFCA Policies for FY 2008-2009, Air District staff expects to provide worksheets for all Program Managers with executed funding agreements by December 6.

Halls, CMA Directors. Concurrence by Moscovich, SFCTA	**Program Timeline:** Formally establish a program timeline with date-certain milestones to increase reliability for Program Managers	Although this comment does not pertain to the proposed TFCA Policies, Air District staff is accommodating the CMAs' request for earlier milestones in multiple cases. One example is the early review and approval of these FY 2008/2009 Policies. Air District Staff will, with input from the CMAs, finalize and communicate the schedule by December 14, 2007.

Halls, CMA Directors. Concurrence by Moscovich, SFCTA.	**Six-month deadline for allocation of funds:** Clarify the Air District's policies and procedures with respect to the 6-month allocation deadline imposed by AB 694. We are pleased that the Air District did not redirect any Fiscal Year 2007/08 TFCA Program Manager funds because of failure to comply with the six-month allocation deadline, and also that the Air District worked with the San Francisco County Transportation Authority to successfully resolve the prior-year withholding of TFCA Program Manager funds from that county. However, we still contend that the six-month allocation deadline language, as modified by AB 694 legislation, presents a real conflict of interpretation with the 40% return-to-source mandate in the same statute, and that there are other effective means of encouraging timely use of funds to meet to the spirit of the deadline. We reiterate our request that you seek guidance from Air District legal counsel on interpretation of this conflict in the statute language, and we propose that the TFCA Program Manager working group that the Air District has formed be used to discuss possible next steps on resolving the conflict presented by this requirement. We look forward to continuing to work with the District to address our concerns about the direction of the TFCA program, and to consider a more comprehensive overhaul of Fiscal Year 2009/10 TFCA Program Manager policies. We anticipate that the Air District's proposed TFCA Program Manager working group will provide a welcome forum for our agencies to discuss and resolve these and any remaining issues regarding the TFCA program.	It is the policy of the Air District to require a six-month allocation deadline. Although this comment does not pertain to the proposed TFCA Policies for FY 2008-2009, Air District staff concurs that this is an appropriate topic for the TFCA Program Manager Fund working group. The Air District plans to host a meeting of the working group on December 11, 2007.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To:	Chairperson Smith and Members of the Mobile Source Committee
From:	Jack P. Broadbent Executive Officer/APCO
Date:	December 3, 2007
Re:	Update on the Carl Moyer Program and Request for Approval of Supplementary Agricultural Project

RECOMMENDED ACTION

1. Receive and file informational portion.
2. Consider recommending that the Board of Directors' authorize the allocation of $2,215 of Carl Moyer funds to Agricultural Pump project

BACKGROUND

In March of 2006 Senator Dean Florez requested that the Bureau of State Audits (BSA) conduct a performance audit on management of programs that administer State Carl Moyer Program funding. The request was directed towards programs implemented by the California Air Resources Board (ARB) and indicated three areas of focus: the efficiency and equity of the application process, the effectiveness of project selection and funding distribution in emission reduction and public health protection, and the availability and quality of public information and public outreach to ensure participation.

Following the request from Senator Florez, the ARB announced that it would also perform project audits of the District's Carl Moyer Program (the first audit in the nine year history of the program) in conjunction with the Department of Finance (DOF). The BSA and ARB audits occurred simultaneously.

On June 13, 2007, ARB issued its audit report on the District's Carl Moyer Program. Since that time, Staff has executed a series of actions to improve the District implementation of the Carl Moyer Program. Accomplishments include remediation of past project files, implementation of new controls, reallocation of matching funds, acceleration of Moyer processes, and review of outreach.

DISCUSSION

As part of this report staff will:

- Update the committee on actions taken to date related to the Carl Moyer Program;
- Request the committee authorize the allocation of funds for an additional Carl Moyer project.

Allocation of Carl Moyer Program Funds for Agricultural Pump Project

As part of the Districts new quality controls an additional Carl Moyer grant has been identified for Program Year 8 which requires board approval. Dittmer Ranch, located in Solano County, submitted an application to replace a diesel powered pump engine used for agricultural irrigation with an electric motor. The project was originally evaluated and deemed ineligible for funding; however, a reevaluation in accordance with the "Zero-emissions Technologies" chapter of the Carl Moyer Program Guidelines indicates that the project is eligible for $2,215 in funding. Staff recommends that the Board approve this project as it will result in the annual reduction of 0.607 and 0.037 tons of NOx and PM, respectively.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Monies for the Carl Moyer Program are disbursed from the state to the District and will be used to fund this project.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Damian Breen
Reviewed by: Jack M. Colbourn