



Memorandum

Date: 04.17.14 **RE:** Citizens Advisory Committee
April 23, 2014

To: Citizens Advisory Committee

From: Anna LaForte – Deputy Director for Policy and Programming *all*

Subject: **ACTION** – Adopt a Motion of Support to Approve the Fiscal Year 2014/2015 Transportation Fund for Clean Air Program of Projects

Summary

The Transportation Fund for Clean Air (TFCA) Program was established to fund the most effective transportation projects that achieve emission reductions from motor vehicles in accordance with the Bay Area Air Quality Management District's (Air District's) Clean Air Plan. Funds are generated from a \$4 surcharge on the vehicle registration fee collected by the Department of Motor Vehicles. As the San Francisco TFCA County Program Manager, the Transportation Authority annually develops the Program of Projects for the TFCA Program Manager funds. On January 31, 2014, we issued the call for Fiscal Year 2014/2015 TFCA applications to San Francisco project sponsors. We received eight project applications by the March 31, 2014 deadline, requesting \$1,045,409 in TFCA funds compared to \$1,046,239 in available funds. We reviewed the projects for eligibility, then evaluated eligible projects following the Board-adopted local expenditure criteria which includes project type (e.g., first priority to zero emission projects), cost effectiveness of emissions reduced, program diversity, project readiness, and other considerations (e.g., a sponsor's track record for delivering prior TFCA projects). Based on this review, we are recommending fully funding all eight projects shown in Attachment 3, which include three bicycle parking projects, two transportation demand management projects, two clean vehicle incentive projects, and one arterial management/traffic calming project. We are recommending an increase to the budget for the Department of the Environment's Emergency Ride Home Program to fund additional trips and fully program all available funds. **We are seeking a motion of support to approve the Fiscal Year 2014/15 TFCA Program of Projects.**

BACKGROUND

The Transportation Fund for Clean Air (TFCA) Program was established to fund the most effective transportation projects that achieve emission reductions from motor vehicles in accordance with the Bay Area Air Quality Management District's (Air District) Clean Air Plan. Funds are generated from a \$4 surcharge on the vehicle registration fee collected by the Department of Motor Vehicles in San Francisco. 40% of the funds are distributed on a return-to-source basis to Program Managers for each of the nine counties in the Air District. The Authority is the designated County Program Manager for the City and County of San Francisco. The remaining 60% of the revenues, referred to as the TFCA Regional Fund, are distributed on a competitive basis to applicants from the nine Bay Area counties. The TFCA Regional Fund is administered by the Air District through a separate application process.

On January 31, 2014, we issued the call for Fiscal Year 2014/15 TFCA applications. We received eight project applications by the March 31, 2014 deadline, requesting \$1,045,409 in TFCA funds compared to \$1,046,239 in available funds.

The purpose of this memorandum is to present the staff recommendation for San Francisco's Fiscal Year 2014/15 TFCA Program of Projects to the Citizens Advisory Committee (CAC), and to seek a motion of support for its approval.

DISCUSSION

Available Funds: We have a total of \$1,083,595 in available TFCA funds to program in Fiscal Year 2014/15. As shown in the table below, this amount is comprised of estimated Fiscal Year 2014/15 TFCA revenues, interest income, and de-obligated funds from completed and canceled prior-year TFCA projects.

Estimated TFCA Funds Available for Projects Fiscal Year 2014/15	
Estimated TFCA Revenues (Fiscal Year 2014/15)	\$747,115
Interest Income	\$2,677
De-obligated Funds and Previously Unallocated Funds	\$333,802
Total Funds	\$1,083,595
5% Administrative Expense	(\$37,355)
Total Available for Projects	\$1,046,239

Over the past year, we have worked closely with the City College of San Francisco (City College), San Francisco Municipal Transportation Agency (SFMTA), San Francisco Public Utilities Commission (SFPUC), and the Mayor's Office of Economic and Workforce Development (OEWD) to advance the City College's Fiscal Year 2012/13 TFCA Bicycle Route 770 Modification: Relocate Phelan Avenue Connector to Route 84 project. After several meetings, we have concluded that the proposed project design is not feasible, since it requires traversing SFPUC property which the SFPUC and OEWD intend to do a long-range site plan. The SFPUC also expressed concern about the potential impacts of the project on underground SFPUC infrastructure. Since the bicycle connector project scope cannot be determined until after the site plan is complete, the bicycle project will not be able to meet the timely use of funds requirements for the TFCA program. This has freed up \$245,000 in TFCA funds for other ready-to-go projects identified through the Fiscal Year 2014/15 call for projects.

We will advocate for consideration of the bicycle project in the SFPUC/OEWD site plan and are committed to working with City College staff to fund the bicycle project once it is ready to proceed.

After netting out 5% for Authority staff administrative expenses as allowed by the Air District, the estimated amount available to program to projects is \$1,046,239.

Prioritization Process: We evaluated the TFCA project applications following the prioritization process for developing the TFCA Program of Projects shown in Attachment 1. The first step involved screening projects to ensure eligibility according to the Air District's TFCA guidelines. One of the most important aspects of this screening was ensuring a project's cost effectiveness (CE) ratio was calculated correctly and was low enough to be eligible for consideration. The Air District's CE ratio, described in detail in Attachment 1, is designed to measure the cost effectiveness of a project in reducing air pollutant emissions and to encourage submittal of projects that leverage funds from non-TFCA sources. Consistent with TFCA guidelines, a project must have a CE ratio that is less than or equal to \$90,000 per ton of motor vehicle emissions reduced in order to be eligible for TFCA funds.

We performed our review of the CE ratio calculations in consultation with project sponsors and the Air District. The focus was to ensure that the forms were completed correctly, that values other than default values had adequate justification, and that assumptions were consistently applied across all project

applications for a fair evaluation. Inevitably, as a result of our review, we had to adjust some of the submitted CE worksheets. In these cases, we worked with the project sponsor to determine the correct CE ratio and whether or not it exceeded the Air District's CE threshold.

We then prioritized projects that passed the eligibility screening using factors such as project type (e.g., first priority to zero emission projects), cost effectiveness, program diversity, project delivery (i.e., readiness), and other considerations (e.g., a sponsor's track record for delivering prior TFCA projects). Our prioritization process also considered carbon dioxide (CO₂) emissions reduced by each project. CO₂ emissions are measured in the Air District's CE worksheets, but are not included in the CE calculations.

Staff Recommendation: Attachment 2 shows the eight candidate projects and other information including a brief project description, total project cost, and amount of TFCA funds requested. Highlights of two of the projects are noted below. We recommend fully funding each of the eight requests which include three bicycle parking projects, two transportation demand management (TDM) projects, two clean vehicle incentive projects, and one arterial management/traffic calming project. We also recommend increasing the budget and grant award of the Department of the Environment's (SFE's) Emergency Ride Home Program by \$830 to provide for additional ride reimbursements and to fully program all funds available for programming (\$1,046,239). Attachment 3 shows our recommended Fiscal Year 2014/15 TFCA Program of Projects in summary form.

Corridor Speed Reduction (SFMTA): This project would use \$136,000 in TFCA funds for final design, construction, and evaluation of traffic signal timing projects along Turk Street (between Laguna Street and Baker Street), 16th Street (between Harrison Street and Sanchez Street), and Guerrero Street (between 14th Street and 25th Street), which are three high-injury corridors identified in the City's WalkFirst pedestrian strategy. The project would smooth the flow of motor vehicle traffic thereby reducing vehicle air emissions and reduce average vehicle speeds from the existing 85th percentile motor vehicle speed of 34-35 miles per hour to approximately 20-23 miles per hour which improves safety for all road users. We worked closely with the Air District and the SFMTA to ensure we could maximize funding to the project and submit a cost-effectiveness worksheet using emission reductions assumptions that are acceptable to the Air District (as this isn't a typical emissions reductions project that the Air District funds). We will also be working with the Air District and the SFMTA to coordinate the evaluation of the projects' impact on reducing emissions to assist the Air District in developing more detailed guidance going forward on how corridor speed reduction projects impact air quality.

San Francisco Comprehensive TDM Program (SFMTA): This project would use \$500,000 in TFCA funds for the development, implementation, and evaluation of a pilot neighborhood-based commercial and residential TDM program in San Francisco. This project is one of the recommended cost effective strategies coming out of the Transportation Authority-led TDM Partnership Project, which includes participation from the Planning Department, SFE, and the SFMTA with funding from a Bay Area Climate Initiatives grant from the Metropolitan Transportation Commission, TFCA and Prop K. The San Francisco Comprehensive TDM Program will focus on one yet-to-be determined neighborhood in San Francisco providing targeted informational materials on alternative transportation options specific to that community. For residents, the program will provide information to assist in reducing all single occupancy vehicle trips generated by the household, while the focus for employees will be commute trips and those trips generated from the place of business. Residents will likely receive information through targeted mailings, supported by program branding in the neighborhood via signs, visibility at street fairs, and other community communication outreach. Employee outreach will likely be a combination of on-line, off-line, and in-person contact and assistance. Outreach to both populations will be augmented by in-person outreach provided by the OEWD's Job Squad and SFE's Environment

Now community outreach teams.

Schedule for Funds Availability: We expect to enter into a master funding agreement with the Air District by July 1, 2014 after which we will issue grant agreements for the recommended Fiscal Year 2014/15 TFCA funds. Pending timely review and execution of the grant agreements by project sponsors, we expect funds to be available for expenditure beginning in July 2014.

We are seeking a motion of support to approve the Fiscal Year 2014/15 TFCA Program of Projects.

ALTERNATIVES

1. Adopt a motion of support to approve the Fiscal Year 2014/15 TFCA Program of Projects.
2. Adopt a motion of support to approve the Fiscal Year 2014/15 TFCA Program of Projects, with modifications.
3. Defer action, pending additional information or further staff analysis.

FINANCIAL IMPACTS

The estimated total budget for the recommended Fiscal Year 2014/15 TFCA program is \$1,083,595. This includes \$1,046,239 for the eight proposed projects and \$37,355 for administrative expenses. The latter is consistent with Air District rules, which allow the Authority to set aside up to 5% of each year's annual income to use for administrative expenses. Revenues and expenditures for the TFCA program are included in the Transportation Authority's Fiscal Year 2014/15 budget, which will be considered for adoption by the Transportation Authority Board in May 2014.

RECOMMENDATION

Adopt a motion of support to approve the Fiscal Year 2014/15 TFCA Program of Projects.

Attachments

1. Fiscal Year 2014/15 TFCA Local Expenditure Criteria
2. Fiscal Year 2014/15 TFCA Program of Projects – Detailed Staff Recommendation
3. Fiscal Year 2014/15 TFCA Program of Projects – Summary Staff Recommendation



Attachment 1

Fiscal Year 2014/15 Transportation Fund for Clean Air (TFCA)

LOCAL EXPENDITURE CRITERIA

The following are the Fiscal Year 2014/15 Local Expenditure Criteria for San Francisco's TFCA County Program Manager Funds.

ELIGIBILITY SCREENING

In order for projects to be considered for funding, they must meet the eligibility requirements established by the Air District's TFCA County Program Manager Fund Policies for Fiscal Year 2014/15. Consistent with the policies, a key factor in determining eligibility is a project's cost effectiveness (CE) ratio. The TFCA CE ratio is designed to measure the cost effectiveness of a project in reducing motor vehicle air pollutant emissions and to encourage projects that contribute funding from non-TFCA sources. TFCA funds budgeted for the project (both Regional Funds and County Program Manager Funds combined) are divided by the project's estimated emissions reduction. The estimated reduction is the weighted sum of reactive organic gases (ROG), oxides of nitrogen (NO_x), and particulate matter (PM) emissions that will be reduced over the effective life of the project, as defined by the Air District's guidelines.

TFCA CE is calculated by inputting information provided by the applicant into the Air District's CE worksheets. Transportation Authority staff will be available to assist project sponsors with these calculations, and will work with Air District staff and the project sponsors as needed to verify reasonableness of input variables. The worksheets also calculate reductions in carbon dioxide (CO₂) emissions, which are not included in the Air District's official CE calculations, but which the Transportation Authority considers in its project prioritization process.

Consistent with the Air District's Guidelines, in order to be eligible for Fiscal Year 2014/15 TFCA funds, a project must have a CE ratio of \$90,000 per ton of emissions (i.e., ROG, NO_x, and PM) reduced or better¹. Projects that do not meet this threshold cannot be considered for funding.

PROJECT PRIORITIZATION

Candidate projects that meet the \$90,000 per ton of emissions reduced threshold will be prioritized for funding based on the two-step process described below:

Step 1 – TFCA funds are programmed to eligible projects, prioritized using the Transportation Authority Board-adopted Local Priorities (see next page).

Step 2 – If there are TFCA funds left unprogrammed after Step 1, the Transportation Authority will

¹ Pilot shuttle or feeder bus service projects in Highly Impacted Communities as defined in the Air District's Community Air Risk Evaluation Program must not exceed a cost effectiveness of \$500,000/ton during the first year of operation, \$125,000/ton during the second year of operation, and \$90,000/ton by the end of the third year of operation. A pilot project is a defined route that is at least 70 percent unique and has not been in operation in the past five years.

work with project sponsors to develop additional TFCA candidate projects. This may include refinement of projects that were submitted for Step 1, but were not deemed eligible, as well as new projects. This approach is in response to an Air District policy that does not allow County Program Managers to rollover any unprogrammed funds to the next year's funding cycle. If Fiscal Year 2014/15 funds are not programmed by November 2014, funds can be redirected (potentially to non-San Francisco projects) at the Air District's discretion. New candidate projects must meet all of the TFCA eligibility requirements, and will be prioritized based on the Transportation Authority Board's adopted Local Priorities.

Local Priorities

The Transportation Authority's Local Priorities for prioritizing TFCA funds include the following factors:

Project Type – In order of priority:

- 1) Zero emissions non-vehicle projects including, but not limited to, bicycle and pedestrian facility improvements, transit priority projects, traffic calming projects, and transportation demand management projects;
- 2) Shuttle services that reduce vehicle miles traveled (VMT);
- 3) Alternative fuel vehicles and alternative fuel infrastructure; and
- 4) Any other eligible project.

Emissions Reduced and CE – Priority will be given to projects that achieve high CE (i.e. a low cost per ton of emissions reduced) compared to other applicant projects. The Air District's CE worksheet predicts the amount of reductions each project will achieve in ROG, NO_x, PM, and CO₂ emissions. However, the Air District's calculation only includes the reductions in ROG, NO_x, and PM per TFCA dollar spent on the project. The Transportation Authority will also give priority to projects that achieve high CE for CO₂ emission reductions based on data available from the Air District's CE worksheets. The reduction of transportation-related CO₂ emissions is consistent with the City and County of San Francisco's 2004 *Climate Action Plan for San Francisco*.

Project Delivery – Priority will be given to projects that are ready to proceed and have a realistic implementation schedule, budget, and funding package. Projects that cannot realistically commence in calendar year 2015 or earlier (e.g. to order or accept delivery of vehicles or equipment, begin delivery of service, award a construction contract, start the first TFCA-funded phase of the project) and be completed within a two-year period will have lower priority. Project sponsors may be advised to resubmit these projects for a future TFCA programming cycle.

Program Diversity – Promotion of innovative TFCA projects in San Francisco has resulted in increased visibility for the program and offered a good testing ground for new approaches to reducing motor vehicle emissions. Using the project type criteria established above, the Transportation Authority will continue to develop an annual program that contains a diversity of project types and approaches and serves multiple constituencies. The Transportation Authority believes that this diversity contributes significantly to public acceptance of and support for the TFCA program.

Other Considerations – Projects that are ranked high in accordance with the above local expenditure criteria may be lowered in priority or restricted from receiving TFCA funds if either of the following conditions applies or has applied during Fiscal Years 2012/13 or 2013/14:

- **Monitoring and Reporting** – Project sponsor has failed to fulfill monitoring and reporting requirements for any previously funded TFCA project.

- **Implementation of Prior Project(s)** – Project sponsor has a signed Funding Agreement for a TFCA project that has not shown sufficient progress; the project sponsor has not implemented the project by the project completion date without formally receiving a time extension from the Authority; or the project sponsor has violated the terms of the funding agreement.

Attachment 2
 San Francisco County Transportation Authority
 Draft Fiscal Year 2014/2015 TFCA Program of Projects – Detailed Staff Recommendation

PROJECTS RECOMMENDED FOR TFCA FUNDS [sorted by project type and cost-effectiveness (CE) ratio]												
No.	Sponsor ¹	Project Description	District	Project Type ²	Regional TFCA Eligible	Prop K Eligible ⁵	CE Ratio ³	CO ₂ Reduction ⁴	Total Project Cost	TFCA Amount Requested	TFCA Amount Proposed	Notes
1	GGBHTD	Bike Racks on Buses - Procurement and installation of 30 bicycle racks in the compartments underneath the passenger cabins of 30 45-foot Golden Gate Transit commuter buses serving San Francisco. This project will double the existing bicycle capacity of each bus.	2,3,5,6	1	No	No	\$13,450	2757.7	\$180,000	\$100,000	\$100,000	Golden Gate Transit turns away bicyclists on routes serving San Francisco due to lack of bicycle capacity on its buses. This project will help increase capacity to meet this demand.
2	SFMTA	Corridor Speed Reduction - Implementation and evaluation of signal timing program to reduce vehicle speeds on three signalized multilane corridors (Turk St, 16th St, Guerrero St) to lower vehicle emissions and improve safety for all users.	5, 8, 9	1	No	No	\$31,944	790.54	\$208,000	\$136,000	\$136,000	Project located on high-injury corridors identified in WalkFirst. Evaluation of safety impacts of the project is included through Vision Zero. Project budget includes \$20,000 for evaluation of the effectiveness of corridor speed reduction projects on reducing vehicle emissions.
3	SFUSD	Bike Racks for San Francisco Schools - Procurement of 50 bike racks for schools. Schools prioritized for bike racks will be determined by bike rack utilization. SFUSD will procure and install the racks.	Citywide	1	Yes	No, unless SFMTA is sponsor	\$45,303	269.5	\$52,584	\$52,584	\$52,584	Transportation Authority staff will work with SFUSD to ensure geographic equity.
4	SFE	Emergency Ride Home Program - Provide a free or low cost ride home in cases of emergency for employees who use alternative modes to get to work. The ride comes in the form of taxi, carshare or rental car reimbursement to employees of businesses participating in the program. This program provides one year of funding for processing employer registrations and reimbursements, tracking program metrics, and updating materials.	Citywide	1	No	Yes	\$45,602	0	\$30,390	\$30,390	\$31,220	The Emergency Ride Home Program has been supported by TFCA since the Fiscal Year 2005/06 funding cycle. The staff recommendation includes expanding the scope of the Emergency Ride Home Program by \$830 to allow for additional ride reimbursements and to fully program all \$1,046,239 in available TFCA funds.
5	SFMTA	San Francisco Comprehensive Transportation Demand Management (TDM) Program - Two year pilot of a residential/employee TDM program at the neighborhood scale that targets 15,000 housing units (33,000 people) and 290 employers (15,000 employees). Program encourages residents and employees to use alternative transportation options. Program will leverage \$100,000 in planned Prop K funds.	Citywide	1	No	Yes	\$73,740	1861.7	\$600,000	\$500,000	\$500,000	This program is modeled after the SmartTrips program from the City of Portland and will focus on one or two neighborhoods in San Francisco. Planning will start in October 2014 with project roll-out in March 2015 through June 2016. This project is included as a priority recommendation of the draft interagency San Francisco TDM Strategy, which includes participation from the Planning Department, SFE, the SFMTA, and the Transportation Authority.
6	SFE/USF	University of San Francisco Bike Chalet - Installation of a 20-foot long shipping container to pilot a secure and covered bicycle storage facility for approximately 25 bikes. Location of facility will be north of Fulton Street pedestrian entrance, between Cole and Stanyan Streets.	1	1	No	No	\$89,987	50.5	\$55,000	\$16,935	\$16,935	SFE is serving as the public agency sponsor for this project which will be constructed by USF.

No.	Sponsor ¹	Project Description	District	Project Type ²	Regional TFCA Eligible	Prop K Eligible ⁵	CE Ratio ³	CO ₂ Reduction ⁴	Total Project Cost	TFCA Amount Requested	TFCA Amount Proposed	Notes
7	SFMTA	Alternative Fuel Taxicab Vehicle Incentive Program - Rebate program for taxicab companies to purchase new alternative fuel vehicles. Rebate will be \$3,500 per vehicle, and the grant will allow purchase of 41 hybrid vehicles, 11 compressed natural gas vehicles, and 5 electric vehicles.	Citywide	3	No	No	\$67,755	0	\$199,500	\$199,500	\$199,500	Grant will not expand the overall San Francisco taxicab fleet. Incentive rebates will be awarded to taxi companies currently on the SFMTA's waitlist for incentive rebates for clean air taxis.
8	Presidio Trust	PresidiGo CNG Shuttle Purchase - Incremental Cost - Purchase and conversion of a 30-seat shuttle to use compressed natural gas (CNG) to replace one shuttle that is past its service life.	2, 3, 6	3	Yes	No	\$88,687	142.27	\$131,750	\$10,000	\$10,000	This project will allow the Presidio Trust to replace an existing diesel bus with a new CNG bus to serve its PresidiGo shuttle service within the Presidio and to/from downtown.

TOTAL	\$1,457,224	\$1,045,409	\$1,046,239
Total TFCA Funding Available for Projects:			\$1,046,239
Total TFCA Recommended:			\$1,046,239
Surplus/(Shortfall)			\$0

¹ Sponsor acronyms include Department of the Environment (SFE), Golden Gate Bridge, Highway and Transportation District (GGBHTD), San Francisco Municipal Transportation Agency (SFMTA), San Francisco State Unified School District (SFUSD), University of San Francisco (USF).

² Priority based on project type is established in the Local Expenditure Criteria.

³ The TFCA cost effectiveness ratio (CE) is designed to measure the cost effectiveness of a project in reducing motor vehicle air pollutant emissions and to encourage projects that contribute funding from non-TFCA sources. Projects must have a CE ratio that is \$90,000 or less to be eligible for Fiscal Year 2014/15 funds. (New shuttle projects must have a CE ratio that is \$125,000 or less to be eligible.)

⁴ CO₂ Reduction is based on tons of carbon dioxide reduced over the lifetime of the project. This figure is calculated in the cost effectiveness worksheet.

Attachment 3
San Francisco County Transportation Authority
Fiscal Year 2014/2015 Transportation Fund for Clean Air County Program Manager Fund
Summary of Draft Recommendations¹

RECOMMENDED PROJECTS (sorted by cost-effectiveness (CE) ratio)				
Sponsor²	Project	Total Project Cost	TFCA Requested	TFCA Recommended
GGBHTD	Bike Racks on Buses	\$180,000	\$100,000	\$100,000
SFMTA	Corridor Speed Reduction	\$208,000	\$136,000	\$136,000
SFUSD	Bike Racks for San Francisco Schools	\$52,584	\$52,584	\$52,584
SFE	Emergency Ride Home Program	\$30,390	\$30,390	\$31,220
SFMTA	San Francisco Comprehensive TDM Program	\$600,000	\$500,000	\$500,000
SFE/USF	University of San Francisco Bike Chalet	\$55,000	\$16,935	\$16,935
SFMTA	Alternative Fuel Taxicab Vehicle Incentive Program	\$199,500	\$199,500	\$199,500
Presidio Trust	PresidiGo CNG Shuttle Purchase	\$131,750	\$10,000	\$10,000
Totals:		\$1,457,224	\$1,045,409	\$1,046,239

Total TFCA Funding Available for Projects: **\$1,046,239**

¹Projects are listed in ranked order by project priority type and cost-effectiveness ratio.

²See Attachment 2 for acronyms and other notes.