



Memorandum

Date: 05.19.15 **RE:** Citizens Advisory Committee
May 27, 2015

To: Citizens Advisory Committee

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

Subject: **ACTION** – Adopt a Motion of Support for the Fiscal Year 2015/2016 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. In February we issued the call for Fiscal Year 2015/2016 TFCA applications. We received six project applications by the April 30, 2015 deadline, requesting \$1,490,986 in TFCA funds compared to \$857,723 in available funds. We reviewed the projects for eligibility, then evaluated eligible projects following the Board-adopted local expenditure criteria which include 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 awarding TFCA funds to the five projects shown in Attachment 3. We've recommended partial funding for one scale-able project to allow us to fund five of the six projects. Two projects are recommended for slightly less funding than requested to comply with Air District cost effectiveness requirements.

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 Transportation 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 February 25, 2015 we issued the call for Fiscal Year 2015/2016 TFCA applications to San Francisco project sponsors. We received six project applications by the April 30, 2015 deadline, requesting \$1,490,986 in TFCA funds compared to \$857,723 in available funds.

DISCUSSION

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.

Available Funds: We have a total of \$857,723 in available TFCA funds to program in Fiscal Year 2015/16. As shown in the table below, this amount is comprised of estimated Fiscal Year 2015/16 TFCA revenues, interest income, and de-obligated funds from completed and canceled prior-year TFCA projects.

Estimated TFCA Funds Available for Projects Fiscal Year 2015/16	
Estimated TFCA Revenues (Fiscal Year 2015/16)	\$770,282
Interest Income	\$2,116
De-obligated Funds and Previously Unallocated Funds	\$123,839
Total Funds	\$896,237
5% Administrative Expense	(\$38,514)
Total Available for Projects	\$857,723

Eight projects were completed under budget over the past year. Unused funds were deobligated and made available for the 2015/16 call for projects. After netting out 5% for Transportation Authority staff administrative expenses as allowed by the Air District, the estimated amount available to program to projects is \$857,723.

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, most projects 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. Pilot shuttle projects in Community Air Risk Evaluation (CARE) Program areas must have a CE ratio that is \$500,000 or less during the first year, \$250,000 or less by the end of the second year and \$125,000 or less by the end of the third year to be eligible.

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: Tables A and B in Attachment 2 show the six candidate projects and other information including a brief project description, total project cost, and amount of TFCA funds requested. Table A shows the projects we are recommending to receive TFCA funds. Table B details the one project not recommended for funding.

Projects Recommended for Funding: We are recommending TFCA funding for five of the six candidate projects, which includes two transportation demand management projects, one bicycle parking project, one bicycle facility/transit island project, and one shuttle project. Four of the five projects recommended for funding are zero emissions non-vehicles projects, which is the top priority project type in the Transportation Authority's prioritization criteria.

We recommend fully funding two projects and partially funding three projects, as described in Table A of Attachment 2.

Project Not Recommended for Funding: As described in Table B of Attachment 2, the San Francisco Department of Public Health (DPH) requested funds for a 3-year shuttle bus pilot project to connect San Francisco General Hospital (SFGH) directly to the 4th and King Caltrain Station and the Transbay Terminal. A high proportion of employees use single occupant vehicles to get to work at SFGH, including 82% of employees who commute from the Peninsula, according to a staff survey, so we believe this project has potential to reduce vehicle emissions, however, shuttles projects are the second priority project type in the Transportation Authority's Local Priorities and this year's available TFCA funds cannot accommodate this request which is for more than 50% of the available funds. Transportation Authority staff will work with DPH to seek out alternate funding sources including the upcoming cycle of Regional TFCA funds.

Schedule for Funds Availability: We expect to enter into a master funding agreement with the Air District by July 1, 2015 after which we will issue grant agreements for the recommended Fiscal Year 2015/16 TFCA funds. Pending timely review and execution of the grant agreements by the Air District and project sponsors, we expect funds to be available for expenditure beginning in July 2015.

ALTERNATIVES

1. Adopt a motion of support for the Fiscal Year 2015/16 TFCA Program of Projects, as requested.
2. Adopt a motion of support for the Fiscal Year 2015/16 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 2015/16 TFCA program is \$896,237. This includes \$857,723 for the five proposed projects and \$38,514 for administrative expenses. The latter is consistent with Air District rules, which allow the Transportation 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 proposed Transportation Authority's Fiscal Year 2015/16 budget, which will be considered for adoption by the Transportation Authority Board in June 2015.

RECOMMENDATION

Adopt a motion of support for the Fiscal Year 2015/16 TFCA Program of Projects.

Attachments (3):

1. Fiscal Year 2015/16 TFCA Local Expenditure Criteria
2. Fiscal Year 2015/16 TFCA Program of Projects – Detailed Staff Recommendation
3. Fiscal Year 2015/16 TFCA Program of Projects – Summary Staff Recommendation



Attachment 1

Fiscal Year 2015/16 Transportation Fund for Clean Air (TFCA)

LOCAL EXPENDITURE CRITERIA

The following are the Fiscal Year 2015/16 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 2015/16. 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 2015/16 TFCA funds, a project must meet the CE ratio for emissions (i.e., ROG, NO_x, and PM) reductions as specified in the guidelines for each project type. Projects that do not meet this threshold cannot be considered for funding.

PROJECT PRIORITIZATION

Candidate projects that meet the cost effectiveness thresholds 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 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 2015/16 funds are not programmed by November 2015, 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 2016 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 2013/14 or 2014/15:

- **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

TABLE A. PROJECTS RECOMMENDED FOR TFCA FUNDS [sorted by project type and cost-effectiveness (CE) ratio]

No.	Sponsor ¹	Project Description	District	Project Priority ²	CE Ratio ³	CO ₂ Reduction ⁴	Total Project Cost	TFCA Amount Requested	TFCA Amount Proposed
1	SFMTA	<p>Short-Term Bicycle Parking - SFMTA will plan, design, environmentally clear, and install 500 bicycle parking racks in San Francisco, providing an additional 1,000 bicycle parking spaces. Bicycle parking spaces will provide end-of-trip facilities for new bicycle trips, thereby replacing vehicle trips and reducing motor vehicle emissions. Project sites will be selected in response to requests from business owners and citizens submitted through the SFMTA website.</p> <p>Notes: Because of TFCA program oversubscription, staff is recommending that this project be funded at 74% of the requested amount. SFMTA staff have confirmed that this funding level would allow the project to advance (revised number of racks pending) while additional funding sources are identified (e.g. Prop K, ATP, Regional TFCA).</p>	Citywide	1	\$87,426	1729.2	\$542,928	\$495,528	\$ 366,925
2	SFE	<p>Emergency Ride Home - Provides reimbursement for taxi, carshare or rental car ride home in cases of emergency or supervisor-approved unscheduled overtime for employees who use alternative modes to get to work. This program provides one year of funding.</p> <p>Notes: Staff costs are higher than prior years because SFE plans to implement a system to allow participants to register directly rather than through employers. The Emergency Ride Home Program has been supported by TFCA since Fiscal Year 2005/06.</p>	Citywide	1	\$89,396	229.9	\$42,991	\$42,991	\$ 42,991
3	SFMTA	<p>New Resident Outreach - SFMTA will provide information to new San Francisco residents about available transportation options (e.g., rideshare, biking, transit) with the intention of reducing single occupancy vehicle (SOV) use before travel habits are established. SFMTA would send mailers to all new residents, then self-selecting respondents would receive further information and engagement. Goal is to reduce ten percent of total SOV vehicles miles traveled by new residents.</p> <p>Notes: Revised cost-effectiveness inputs per Air District guidance for this project type resulted in a staff recommended amount \$7,000 lower than requested by the SFMTA.</p>	Citywide	1	\$89,991	723.5	\$250,500	\$250,500	\$ 243,500

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No.	Sponsor ¹	Project Description	District	Project Priority ²	CE Ratio ³	CO ₂ Reduction ⁴	Total Project Cost	TFCA Amount Requested	TFCA Amount Proposed
4	SFMTA	<p>8th and Market Bikeway Improvement - Project will improve bicyclist safety and comfort at the intersection of Market, Grove, Hyde, and 8th Streets. Improvements include two-stage left turn boxes for turns onto eastbound Market Street and onto southbound 8th Street, and a new separated bike facility on 8th Street just south of Market Street, including a transit island for the 19 and 83X bus routes. Project treatments would reduce conflicts between turning bicyclists and motorists, as well as conflicts between bicyclists and transit. SFMTA will plan, environmentally clear, design, and construct the improvements. Construction is anticipated to begin as early as summer 2016.</p> <p>Notes: Revised cost-effectiveness inputs per Air District guidance for this project type resulted in a staff recommended amount \$13,013 lower than requested by the SFMTA.</p>	6	1	\$89,999	944.2	\$175,401	\$175,401	\$ 162,388
5	SFDPH	<p>San Francisco General Hospital Shuttle: BART Loop Expansion Pilot - Provides three years of funding for the addition of a single early morning run to existing shuttle service that connects SFGH to 24th Street BART station. According to the 2013 SFGH Transportation Commute Survey, 20% of employees arrive at the hospital at 6:00 AM, before comparable MUNI bus service begins. The shuttle would be open to the public. Funds will be used for shuttle operations contract and DPH labor for marketing and evaluation.</p> <p>Notes: To meet Air District cost effectiveness requirements, this pilot project must result in a minimum of 10 daily trips the first year, 20 daily trips the second year, and 40 daily trips the third year.</p>	10 (6,9)	2	\$249,505	61.3	\$41,919	\$41,919	\$ 41,919

TOTAL \$1,053,739 \$1,006,339 \$857,723

Total TFCA Funding Available for Projects: \$857,723

Total TFCA Recommended: \$857,723

Surplus/(Shortfall) \$0

No.	Sponsor ¹	Project Description	District	Project Priority ²	CE Ratio ³	CO ₂ Reduction ⁴	Total Project Cost	TFCA Amount Requested	TFCA Amount Proposed
TABLE B--PROJECT NOT RECOMMENDED FOR TFCA FUNDS									
6	SFDPH	<p>San Francisco General Hospital Shuttle: Pilot Loop to Caltrain and Transbay Terminal - Would provide three years of funding for a shuttle bus pilot project to connect SFGH directly to the 4th and King Caltrain Station and the Transbay Terminal to encourage more regional commuters to take advantage of public transit. According to the 2013 SFGH Transportation Commute Survey, 56% of SFGH commuters drive alone to work. The shuttle would operate 4 hours during both the morning and afternoon commute hours, and would consist of two buses, each with a 35-passenger capacity able to make 12 trips per vehicle per day.</p> <p>Notes: Project not recommended for funding because of project type priority order and size of request. Staff believes the project would be effective in reducing emissions and will work with DPH and Air District staff to explore funding options with Regional TFCA funding in early Fiscal Year 2015/16.</p>	10 (6,9)	2	\$116,568	2166.7	\$729,840	\$484,647	\$ -
Total:							\$729,840	\$484,647	\$ -

¹ Sponsor acronyms include Department of the Environment (SFE), San Francisco Municipal Transportation Agency (SFMTA), San Francisco Department of Public Health (SFDPH).

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. Most projects must have a CE ratio that is \$90,000 or less to be eligible for Fiscal Year 2015/16 funds. Pilot shuttle projects in Community Air Risk Evaluation (CARE) Program areas must have a CE ratio that is \$500,000 or less during the first year, \$250,000 or less by the end of the second year and \$125,000 or less by the end of the third year 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
SFMTA	Short-Term Bicycle Parking ³	\$542,928	\$495,528	\$366,925
SFE	Emergency Ride Home	\$42,991	\$42,991	\$42,991
SFMTA	New Resident Outreach ⁴	\$250,500	\$250,500	\$243,500
SFMTA	Bikeway Intersection Improvement Project ⁴	\$175,401	\$175,401	\$162,388
SFDPH	SF General Hospital Shuttle Bus: BART Loop Expansion Pilot	\$41,919	\$41,919	\$41,919
	Totals:	\$1,053,739	\$1,006,339	\$857,723

Total TFCA Funding Available for Projects: **\$857,723**

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

²See Attachment 2 for acronyms and other notes.

³Project scaled down with concurrence of sponsor to allow us to fund two additional projects.

⁴TFCA recommended amount is the maximum eligible for TFCA funds, as determined by revised cost effectiveness worksheets, consistent with Air District Guidance.