



Memorandum

Date: 05.18.16 **RE:** Citizens Advisory Committee
May 25, 2016

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 2016/2017 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 2016/2017 TFCA applications. We received six project applications by the April 29, 2016 deadline, requesting \$1,476,415 in TFCA funds compared to \$972,257 in available funds. Two applications were subsequently withdrawn to allow for additional project development. We reviewed the remaining 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 full funding for the Gator Pass Implementation Project, Alternative Fuel Taxicab Incentive Program, and Emergency Ride Home. We are recommending partial funding for the Short Term Bike Parking project which is scalable and is least cost effective.

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, 2016 we issued the call for Fiscal Year (FY) 2016/2017 TFCA applications to San Francisco project sponsors. We received six project applications by the April 29, 2016 deadline, requesting \$1,476,415 in TFCA funds compared to \$972,257 in available funds. Subsequent to the deadline, the University of California San Francisco's (UCSF) application for Dogpatch Bike Lanes and

the San Francisco Municipal Transportation Agency's (SFMTA) application for Business Relocation Outreach Travel Demand Management (TDM) were withdrawn to allow for additional project development. UCSF will work with the SFMTA and local developers to advance conceptual engineering for the Dogpatch Bike Lanes. The SFMTA may seek future Prop K funds for the TDM project. The remaining four applications are requesting a total of \$1,111,269 in TFCA funds.

DISCUSSION

The purpose of this memorandum is to present the staff recommendation for San Francisco's FY 2016/17 TFCA Program of Projects to the Citizens Advisory Committee, and to seek a motion of support for its approval.

Available Funds: We have a total of \$972,257 in available TFCA funds to program in FY 2016/17. As shown in the table below, this amount is comprised of estimated FY 2016/17 TFCA revenues, interest income, and de-obligated funds from completed and canceled prior-year TFCA projects.

Estimated TFCA Funds Available for Projects FY 2016/17	
Estimated TFCA Revenues (FY 2016/17)	\$751,324
Interest Income	\$2,500
De-obligated Funds from Prior Cycles	\$256,000
Total Funds	\$1,009,824
5% Administrative Expense	(\$37,567)
Total Available for Projects	\$972,257

Unused funds from earlier projects were deobligated and made available for the 2016/17 call for projects. These funds came from two projects that were completed under budget over the past year and three projects that were cancelled without any expenses having been reimbursed. 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 \$972,257.

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. CE ratio limits vary by project type: for 2016/17 the limit for Ridesharing Projects, which encompasses transit and transportation demand management projects, is \$90,000 per ton of emissions reduced and the limit for the Bicycle Projects and Alternative Fuel Light-Duty Vehicles categories \$250,000 per ton of emissions reduced.

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 estimated in the Air District's CE worksheets, but are not a factor in the CE calculations.

Staff Recommendation: Attachment 2 shows the four candidate projects and other information including a brief project description, total project cost, and the amount of TFCA funds requested. We are recommending TFCA funding for all four candidate projects, which includes two transportation demand management projects, one bicycle parking project, and one alternative fuel vehicle project. Three of the four 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 are recommending full funding for the Gator Pass Implementation Project, Alternative Fuel Taxicab Incentive Program, and Emergency Ride Home, and partial funding for the Short Term Bike Parking project which is scalable and is least cost effective.

Schedule for Funds Availability: We expect to enter into a master funding agreement with the Air District by July 2016 after which we will issue grant agreements for the recommended FY 2016/17 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 August or September 2016.

ALTERNATIVES

1. Adopt a motion of support for the FY 2016/17 TFCA Program of Projects, as requested.
2. Adopt a motion of support for the FY 2016/17 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 FY 2016/17 TFCA program is \$1,009,824. This includes \$972,257 for the four proposed projects and \$37,567 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 FY 2016/17 budget, which will be considered for adoption by the Transportation Authority Board in June 2016.

RECOMMENDATION

Adopt a motion of support for the FY 2016/17 TFCA Program of Projects.

Attachments (3):

1. FY 2016/17 TFCA Local Expenditure Criteria
2. FY 2016/17 TFCA Program of Projects – Detailed Staff Recommendation
3. FY 2016/17 TFCA Program of Projects – Summary Staff Recommendation



Attachment 1

Fiscal Year 2016/17 Transportation Fund for Clean Air (TFCA)

DRAFT LOCAL EXPENDITURE CRITERIA

The following are the Fiscal Year 2016/17 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 2016/17. 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 2016/17 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 the appropriate CE 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, as 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 2016/17 funds are not programmed by November 2016, 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 Cost Effectiveness – 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 2017 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 2014/15 or 2015/16:

- **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 2016/2017 TFCA Program of Projects – Detailed Staff Recommendation

PROJECTS RECOMMENDED FOR TFCA FUNDS [sorted by cost-effectiveness (CE) ratio]										
No.	Sponsor ¹	Project Description	District	Project Type ²	Prop K Eligible	CE Ratio ³	CO ₂ Tons Reduced ⁴	Total Project Cost	TFCA Amount Requested	TFCA Amount Proposed
1	SFSU	Gator Pass Implementation Project - SF State students have voted to adopt a mandatory fee to provide Muni Class Passes and BART discounts to all SF State students. The requested funds would support implementation, including providing students with Clipper Cards tailored to the project and implementing the technology needed to provide a discount specifically for SF State students travelling on BART to/from Daly City Station. Additional implementation funds come from MTC (\$120,000) and from the student fee (\$110,000). The pass program is structured to be revenue neutral, consistent with BART and Muni policies. Our recommendation is contingent on the project receiving all necessary approvals from SFSU, the California State University, SFMTA, and BART, which are all expected by June 2016.	7	1	Yes	\$24,741	7617.7	\$580,000	\$350,000	\$ 350,000
2	SFMTA	Alternative Fuel Taxicab Incentive Program - This project is an Alternative Fuel Rebate/Incentive Program for new vehicles. Under this program, taxicab companies will have the opportunity to purchase new alternative fuel vehicles (hybrid, CNG, or electric) and will be able to submit proof of purchase materials to receive a rebate of \$2,500 for hybrid vehicles or \$3,500 for electric or accessible vehicles, which are typically more expensive than hybrid vehicles.	Citywide	3	No	\$59,211	384.5	\$250,000	\$250,000	\$ 250,000
3	SFE	Emergency Ride Home - Provides 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 when a supervisor-approved unscheduled overtime or an emergency situation occurs. This program provides one year of funding for processing employer registrations and reimbursements.	Citywide	1	Yes	\$84,159	229.9	\$36,269	\$36,269	\$ 36,269
4	SFMTA	Short Term Bicycle Parking - Bicycle parking spaces provide end-of-trip facilities for new bicycle trips thereby replacing vehicle trips and reducing motor vehicle emissions. This project would plan, design, purchase, and install 950 bicycle parking racks in San Francisco, providing an additional 1,900 bicycle parking spaces. Our recommendation is to fund this project at 71%, due to the limited funds available. This would result in approximately 672 racks or 1344 parking spaces being installed.	Citywide	1	Yes	\$248,238	543.2	\$701,079	\$475,000	\$ 335,988

TOTAL \$1,567,348 \$1,111,269 \$972,257
Total TFCA Funding Available for Projects: \$972,257

¹ Sponsor acronyms include Department of the Environment (SFE), San Francisco Municipal Transportation Agency (SFMTA), San Francisco State University (SFSU).

² Priority based on project type is established in the Local Expenditure Criteria, with zero-emissions non-vehicle projects as the highest priority, followed by shuttle services, followed in turn by alternative fuel vehicle projects, and finally any other eligible project.

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. CE ratio limits vary by project type: for FY 16/17 the limit for Ridesharing Projects, which encompasses Emergency Ride Home and Gator Pass Implementation, is \$90,000 per ton of emissions reduced and the limit for the Bicycle Projects and Alternative Fuel Light-Duty Vehicles categories is \$250,000 per ton of emissions reduced.

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 2016/2017 Transportation Fund for Clean Air County Program Manager Fund
Summary of Draft Recommendations

RECOMMENDED PROJECTS (sorted by cost-effectiveness (CE) ratio)				
Sponsor²	Project	Total Project Cost	TFCA Requested	TFCA Recommended
SFSU	Gator Pass Implementation Project	\$580,000	\$350,000	\$350,000
SFMTA	Alternative Fuel Taxicab Incentive Program	\$250,000	\$250,000	\$250,000
SFE	Emergency Ride Home	\$36,269	\$36,269	\$36,269
SFMTA	Short Term Bicycle Parking	\$701,079	\$475,000	\$335,988
	Totals:	\$1,567,348	\$1,111,269	\$972,257

Total TFCA Funding Available for Projects: **\$972,257**

¹Projects are listed in ranked order by cost-effectiveness ratio.

²See Attachment 2 for acronyms and other notes.