



Memorandum

AGENDA ITEM 8

DATE: May 10, 2021
TO: Transportation Authority Board
FROM: Anna LaForte - Deputy Director for Policy and Programming
SUBJECT: 6/8/2021 Board Meeting: Approve the Fiscal Year 2021/22 Transportation Fund for Clean Air Program of Projects

<p>RECOMMENDATION <input type="checkbox"/> Information <input checked="" type="checkbox"/> Action</p> <p>Approve the Fiscal Year (FY) 2021/22 Transportation Fund for Clean Air (TFCA) Program of Projects including:</p> <ul style="list-style-type: none"> • Emergency Ride Home (\$75,210 to the Department of the Environment (SFE)) • Short-Term Bike Parking (\$643,829 to the San Francisco Municipal Transportation Agency (SFMTA)) • University Park North Bike Cage (\$15,000 to San Francisco State University (SFSU)) • Program Administration (\$40,415 to the Transportation Authority) <p>SUMMARY</p> <p>As the San Francisco TFCA County Program Manager, the Transportation Authority annually develops the Program of Projects for San Francisco’s share of TFCA funds. Revenues come from a portion of a \$4 vehicle registration fee in the Bay Area and are used for projects that reduce motor vehicle emissions. After netting out 6.25% or \$40,415 for Transportation Authority program administration, as allowed by the Air District, the estimated amount available to program to projects is \$734,039. Following Board approval of the Local Expenditure Criteria in February, we issued a call for projects on March 10. We received three project applications by the April 23, 2021 deadline, requesting \$824,256 in TFCA funds compared to the \$734,039 available. For the FY 2021/22 TFCA County Program Manager program we are recommending fully funding two of the three project applications received (Emergency Ride Home and University Park North Bike Cage) and partially funding the third project application received (Short Term Bike Parking) to match the funds available. SFMTA will seek Prop K funds to make the latter project whole.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Fund Allocation <input checked="" type="checkbox"/> Fund Programming <input type="checkbox"/> Policy/Legislation <input type="checkbox"/> Plan/Study <input type="checkbox"/> Capital Project Oversight/Delivery <input type="checkbox"/> Budget/Finance <input type="checkbox"/> Contract/Agreement <input type="checkbox"/> Other: _____
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BACKGROUND

The TFCA Program was established to fund the most cost-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 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 to applicants from the nine Bay Area counties via programs administered by the Air District.

DISCUSSION

Funds Available. As shown in the table below, the amount of available fund for the FY 2021/22 San Francisco County Program Manager program is comprised of estimated FY 2021/22 TFCA revenues, interest income, and de-obligated funds from completed prior-year TFCA projects as shown in the table below.

Estimated TFCA Funds Available for Projects FY 2021/22	
Estimated TFCA Revenues (FY 2021/22)	\$672,700
Interest Income	\$2,863
De-obligated Funds from Golden Gate Transit’s Bike Racks on Buses project (completed under budget)	\$100,094
Total Funds	\$775,657
Administrative Expense (6.25%, less \$1,203 adjustment to account for lower than estimated FY 2020/21 revenues)	(\$40,415)
Total Available for Projects	\$734,039

After netting out 6.25% for Transportation Authority program administration, as allowed by the Air District, the amount available to program to projects is \$734,039.

Prioritization Process. On March 10, 2021 we issued the FY 2021/22 TFCA San Francisco County Program Manager call for projects. We received three project applications by the April 23, 2021 deadline, requesting \$824,256 in TFCA funds compared to the \$734,039 available. [The amount available for projects is \$7 less than our initial call for projects amount (\$734,046), reflecting an updated revenue estimate approved by the Air District on May 5, 2021.]

We evaluated the TFCA project applications following the Board adopted 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 are expressed in dollars per ton of emissions reduced and vary by project type. CE limits for FY 2021/22 for relevant project types are: Bicycle Parking - \$250,000 and Ridesharing Projects - Existing - \$150,000.

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), benefits to Communities of Concern, investment from non-public project sponsors, community support, 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 were not a subject of the state legislation that created TFCA and are not a factor in the CE calculations.

Staff Recommendation. Attachment 2 shows the three candidate projects, listed in ranked order based on the scoring criteria and other information, including a brief project description, total project cost, and the amount of TFCA funds requested. Attachment 3 includes a Project Information Form for each project with additional detail on the proposed scope, schedule, cost, and funding plan, as well as proposed deliverables. We are recommending funding at the requested amounts for the SFE's Emergency Ride Home (\$75,210) and SFSU's University Park North Bike Cage (\$15,000) projects, the first and third ranked projects, respectively. Due to the limited funds available and after consulting with SFMTA, we are recommending partial funding for the SFMTA's Short-Term Bike Parking (\$643,829), which is scalable and could seek supplemental funding from other sources including Prop K. This allows us to fully fund SFSU's bike cage project. SFMTA staff have raised no objections to the staff recommendation.

Schedule for Funds Availability. We expect to enter into a master funding agreement with the Air District by August 2021 after which we will issue grant agreements for the recommended FY 2021/22 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 September 2021. Projects are expected to be completed within two years, unless otherwise specified, per Air District policy.

FINANCIAL IMPACT

The estimated total budget for the recommended FY 2021/22 TFCA program is \$774,454. This includes \$734,039 for the three proposed projects and \$40,415 for administrative



expenses. Revenues and expenditures for the TFCA program are included in the proposed Transportation Authority's FY 2021/22 budget, which will be considered for adoption by the Transportation Authority Board on June 22, 2021.

CAC POSITION

The Citizens Advisory Committee will consider this item at its May 26, 2021 meeting.

SUPPLEMENTAL MATERIALS

- Attachment 1 - FY 2021/22 TFCA Local Expenditure Criteria
- Attachment 2 - FY 2021/22 TFCA Program of Projects - Detailed Staff Recommendation
- Attachment 3 - Enclosure

Attachment 1
Fiscal Year 2021/22 Transportation Fund for Clean Air (TFCA)
LOCAL EXPENDITURE CRITERIA

The following are the Fiscal Year 2021/22 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 Ending 2022. 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 are divided by the project's estimated emissions reduction. The estimated reduction is the weighted sum of reactive organic gases (ROG), oxides of nitrogen (NOx), 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 2021/22 TFCA funds, a project must meet the CE ratio for emissions (i.e., ROG, NOx, 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 2021/22 funds are not programmed within 6 months of the Air District's approval of San Francisco's funding allocation, expected in May 2021, funds can be redirected (potentially to non-San Francisco projects) at the Air District's discretion. New candidate projects must meet all 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:

1. 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.

2. Cost Effectiveness of Emissions Reduced– 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 2013 *Climate Action Strategy*.

3. Project Readiness – 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 2022 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.

4. Community Support – Priority will be given to projects with demonstrated community support (e.g. recommended in a community-based transportation plan, outreach conducted to identify locations and/or interested neighborhoods, or a letter of recommendation provided by the district Supervisor).

5. Benefits Communities of Concern – Priority will be given to projects that directly benefit Communities of Concern, whether the project is directly located in a Community of Concern (see map) or can demonstrate benefits to disadvantaged populations.

6. Investment from Non-Public Project Sponsors or Partners – Non-public entities may apply for and directly receive TFCA grants for alternative-fuel vehicle and infrastructure projects and may partner with public agency applicants for any other project type. For projects where a non-public entity is the applicant or partner, priority will be given to projects that include an investment from the non-public entity that is commensurate with the TFCA funds requested.

7. Project Delivery Track Record – 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 the previous two fiscal years:

- **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 Transportation Authority; or the project sponsor has violated the terms of the funding agreement.

8. 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.

Attachment 2
 San Francisco County Transportation Authority
 Fiscal Year 2021/2022 TFCA Program of Projects – Detailed Staff Recommendation

PROJECTS RECOMMENDED FOR TFCA FUNDS [sorted by project type priority and then cost-effectiveness]										
Rank	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	SFE	Emergency Ride Home - This program furthers San Francisco's Transit First Policy by incentivizing commuters' usage of sustainable commute modes by providing a subsidized taxi ride home in the event of a personal emergency.	Citywide	1	Yes	\$ 21,468	1,887	\$ 75,210	\$75,210	\$ 75,210
2	SFMTA	Short-Term Bike Parking - Plan, coordinate, and install 1,800 bicycle parking racks in San Francisco, providing an additional 3,600 bicycle parking spaces. Bicycle parking spaces will provide end-of-trip facilities for new bicycle and scooter trips, thereby replacing vehicle trips and reducing motor vehicle emissions. [SFMTA will seek Prop K funds to cover the difference between the TFCA funds requested vs. recommended.]	Citywide	1	Yes	\$ 162,849	1,879	\$ 1,484,046	\$734,046	\$ 643,829
3	SFSU	University Park North Bike Cage - Secure storage cage for 40 bicycles, built in four carport spaces in San Francisco State University's University Park North housing area.	7	1	No	\$ 233,383	30	\$ 15,000	\$15,000	\$ 15,000
TOTAL								\$ 1,574,256	\$ 824,256	\$ 734,039
Total TFCA Funding Available for Projects:										\$ 734,039

¹ Sponsor acronyms include San Francisco Municipal Transportation Agency (SFMTA), San Francisco Department of the Environment (SFE), and 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. For 2021/22 the CE limits, in dollars per ton of emissions reduced, for relevant project types are: Bike Parking - \$250,000, Ridesharing Projects - Existing - \$150,000.
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.