



Memorandum

Date: May 16, 2019
To: Transportation Authority Board
From: Anna LaForte – Deputy Director for Policy and Programming
Subject: 06/11/19 Board Meeting: Approval of the Fiscal Year 2019/20 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) 2019/20 Transportation Fund for Clean Air (TFCA) Program of Projects</p> <p>SUMMARY</p> <p>Program \$733,414 in TFCA County Program Manager funds for three projects:</p> <ul style="list-style-type: none"> • Early Bird Express (\$175,000 to the Bay Area Rapid Transit District (BART)) • Mixed Use Building Fast Charging in San Francisco (\$200,000 to EVgo) • Short Term Bike Parking (\$358,414 to the San Francisco Municipal Transportation Agency (SFMTA)) <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. For the Fiscal Year 2019/20 TFCA County Program Manager program we are recommending fully funding two of the three project applications received (Early Bird Express and Mixed Use Building Fast Charging), and partially funding one of the three project applications received (Short Term Bike Parking) due to the limited funds available.</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"/> Contracts <input type="checkbox"/> Procurement <input type="checkbox"/> Other:
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DISCUSSION

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) 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

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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.

On March 1, 2019 we issued the FY 2019/20 TFCA San Francisco County Program Manager call for projects. We received three project applications by the April 26, 2019 deadline, requesting \$871,151 in TFCA funds compared to \$733,414 available.

Available Funds.

As shown in the table below, the amount of available funds is comprised of estimated FY 2019/20 TFCA revenues, interest income, and de-obligated funds from completed prior-year TFCA projects.

Estimated TFCA Funds Available for Projects FY 2019/20	
Estimated TFCA Revenues (FY 2019/20)	\$745,700
Interest Income	\$1,794
Funds from Prior Cycle Projects Completed Under Budget	\$8,101
Total Funds	\$781,649
6.25% Administrative Expense	(\$48,235)
Total Available for Projects	\$733,414

Unused funds from earlier projects were de-obligated and made available for the FY 2019/20 call for projects. These funds came from two projects that were completed under budget: SFSU’s Bicycle Parking for SF State project that finished \$4,387 under budget, and SF Environment’s Emergency Ride Home project that was completed \$3,715 under budget. After netting out 6.25% for Transportation Authority program administration, as allowed by the Air District, the estimated amount available to program to projects is \$733,414.

Prioritization Process.

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 vary by project type, however for 2019/20 the limit for all the categories relevant to the recommended projects – Existing Shuttle/Feeder Bus Service (in Community Air Risk Evaluation or Priority Development Areas), Bicycle Projects, and Alternative Fuel Infrastructure – is \$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

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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 and other information, including a brief project description, total project cost, and the amount of TFCA funds requested. We are recommending funding at the requested amounts for BART's Early Bird Express (\$175,000) and EVgo's Mixed Use Building Fast Charging in San Francisco (\$200,000). Due to the limited funds available, we are recommending partial funding for the SFMTA's Short Term Bike Parking (358,414), which is scalable and could seek supplemental funding from other sources, including Prop K. SFMTA staff has 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 2019 after which we will issue grant agreements for the recommended FY 2019/20 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 2019. Projects are expected to be completed within two years, per Air District policy.

FINANCIAL IMPACT

The estimated total budget for the recommended FY 2019/20 TFCA program is \$781,649. This includes \$733,414 for the three proposed projects and \$48,235 for administrative expenses. Revenues and expenditures for the TFCA program are included in the proposed Transportation Authority's FY 2019/20 budget, which will be considered for adoption by the Transportation Authority Board on June 25, 2019.

CAC POSITION

The CAC will be briefed on this item at its May 22, 2019 meeting.

SUPPLEMENTAL MATERIALS

Attachment 1 – FY 2019/20 TFCA Local Expenditure Criteria
Attachment 2 – FY 2019/20 TFCA Program of Projects – Detailed Staff Recommendation
Attachment 3 – Letter from EVgo Describing Considerations for Electric Vehicle Charger Site Selection

**Fiscal Year 2019/20 Transportation Fund for Clean Air (TFCA)
LOCAL EXPENDITURE CRITERIA (Adopted 2/26/19)**

The following are the Fiscal Year 2019/20 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 2019/20. 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 2019/20 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 2019/20 funds are not programmed within 6 months of the Air District's approval of San Francisco's funding allocation, expected in June 2019, 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 2020 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 (*new*)– 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 (*new*) – 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 (*new*) – 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

Draft Fiscal Year 2019/2020 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	EVgo	<p>Mixed Use Building Fast Charging in San Francisco - EVgo will install at least four direct current fast charging (DCFC) (aka Level 3) stations at one or more to be determined mixed use buildings in San Francisco. Locations will be identified based on EVgo site selection parameters, such as cost and availability of power, as well as input from nonprofit and government partners, including SF Environment. Chargers would be sited in publicly accessible garages. See Attachment 3 for description of how locations will be selected.</p> <p>Special Condition: Assuming other criteria for siting a charger are met, EVgo should prioritize locations in a Community of Concern or currently underserved area ("charging desert").</p>	TBD	3	No	\$188,471	1,088.2	\$300,000	\$200,000	\$ 200,000
2	BART	<p>Early Bird Express - Requested funds would continue service that began in February 2019 for 2 more years. BART will run two early morning bus shuttle routes from the Temporary Transbay Terminal. The first shuttle (operated with SamTrans vehicles) will run express to SFO Airport and Millbrae BART Station, and the second shuttle will stop at each BART station in the city from Powell Street Station to Balboa Park Station before terminating at Daly City BART Station (operated with Muni vehicles). Each shuttle would make three round trips between 3:50 am and 5:30 am on weekdays, before BART service begins.</p>	3, 6, 9, 11	2	No	\$205,052	412.4	\$700,000	\$175,000	\$ 175,000
3	SFMTA	<p>Short Term Bike 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 and install 1,300 bicycle parking racks in San Francisco, providing an additional 2,600 bicycle parking spaces. Our recommendation is to fund this project, which has the highest CE ratio, at 72%, due to the limited funds available. This project is scalable and could potentially be supplemented with additional funds from other sources, including Prop K. Additionally, SFMTA has funds available from an existing Short Term Bike Parking TFCA grant with a remaining balance of \$120,000, as of May 2019.</p>	Citywide	1	Yes	\$250,000	803.3	\$1,042,573	\$496,151	\$ 358,414

TOTAL \$2,042,573 \$871,151 \$ 733,414
 Total TFCA Funding Available for Projects: \$ 733,414
 Surplus/(Shortfall) \$ -

¹ Sponsor acronyms include San Francisco Municipal Transportation Agency (SFMTA) and the Bay Area Rapid Transit District (BART).

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, however for 2019/20 the limit for the categories relevant to the recommended projects – Existing Shuttle/Feeder Bus Service (in Community Air Risk Evaluation or Priority Development Areas), Bicycle Projects and Alternative Fuel Infrastructure – 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.



May 15, 2019

Dear Mike Pickford and the SCFTA Planning Team,

Thank you for your vote of confidence and we appreciate your patience as we work through some of the potential sites to install EV fast chargers. We are excited to partner with you and the San Francisco Department of Environment. This letter is meant to share a brief overview of how EVgo engages with community stakeholders and what parameters create the best sites for EV fast charging. We are happy to discuss these efforts and our process in more detail at your convenience.

EVgo has been building relationships with various stakeholders, both locally and nationally, for over 9 years. We have Master Services Agreements (MSAs) with a broad range of property owners, managers, and parking operators, including, but not limited to:

- Grocery: Albertsons, Kroger, SaveMart, Whole Foods, Raleys, etc.
- Retail: Simon Property, Weingarten, Walgreens, Walmart, etc.
- Office/Mixed Use: Federal Realty, Macerich, etc.
- Parking Operators: ABM, SP Plus, ACE Parking, LAZ Parking

We are in regular contact with all these entities and engage in specific territories (e.g. San Francisco) to determine the best locations for additional EV fast chargers. We have completed site walks for over 100 sites in San Francisco and have contracts with these entities for 50+ chargers to be installed in 2019/2020.

Additionally, we work with various nonprofits (e.g. Interfaith Power and Light) and government agencies (e.g. SF Environment, Port of San Francisco, SF Mayor's Office, Caltrans, etc.) to find the locations that will support the community. In particular, we work with these partners to address the equity issue and access to EV chargers, which level 2 chargers does not address. Namely, many people who live in dense urban environments do not have the access to individual chargers either at home or at work. Thus, DC fast chargers enable these residents to use an electric vehicle and charge quickly.

EVgo has the largest dataset of public EV charging, and we leverage this information to determine where people are charging (not necessarily where they purchase their vehicles), what times customers charge, where the highest utilization is, etc. Thus, we are able to pinpoint exactly where there are "charging deserts" or gaps in the network, and we work to create a balanced network, both across San Francisco as well as the rest of the Bay Area.

Once we identify an area that has fast charging needs, we work with our existing partners to determine specific properties that might be a good fit. We usually must do multiple site walks per property to determine space, power availability, cost effectiveness, access, and other issues. We then send a draft proposal to the property owner, manager, etc. to review and provide feedback. With this feedback we draft a contract and negotiate the specific terms (e.g. rent, lease length, access, etc.). In parallel, we work with our engineering team and PG&E to determine the most cost-effective way to provide enough power. Once all these details are worked out and the contract is signed, we order the chargers and ancillary equipment. The entire process to install chargers once a contract is signed can take as little as a few weeks and as much as many months depending on the power available.

Parameters EVgo looks for when finding the best locations for EV fast charging:

- Charging utilization nearby (which we can see from our current utilization)

- EV adoption in a territory (e.g. California is great, Wyoming not so much)
 - Everywhere in SF is great
- Funding available (same as the point above)
- Access
 - We prefer 24/7 access, but can use technology (e.g. gate access) if that is not available
- Available parking spaces
- Available space for ancillary equipment
- Reasonable rent (in SF the range is \$0 to \$550)
- Power
 - Coming off host power is always preferred because it is easier, cheaper, and faster
 - If there is insufficient host power, we can work with PG&E to bring additional power
- Long term lease
 - Minimum of 5 years, but we prefer 7-10 years

Thank you in advance for your time and consideration.

Sincerely,

Joey Barr

Business Development Director, EVgo