



Memorandum

AGENDA ITEM 9

DATE: June 18, 2020
TO: Transportation Authority Board
FROM: Anna LaForte - Deputy Director for Policy and Programming
SUBJECT: 7/28/2020 Board Meeting: Approve the Fiscal Year 2020/21 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) 2020/21 Transportation Fund for Clean Air (TFCA) Program of Projects.</p> <p>SUMMARY</p> <p>Program \$811,962 in TFCA County Program Manager funds for four projects:</p> <ul style="list-style-type: none"> • Emergency Ride Home (\$96,239 to the Department of the Environment (SFE)) • Short-Term Bike Parking (\$310,723 to the San Francisco Municipal Transportation Agency (SFMTA)) • PresidiGo Battery Electric Shuttles (\$130,000 to Presidio Trust) • San Francisco Family E-Bike Ownership Program (\$275,000 to 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 FY 2020/21 TFCA County Program Manager program we are recommending fully funding two of the six project applications received (Emergency Ride Home and San Francisco Family E-Bike Ownership Program), and partially funding two of the six project applications received (Short Term Bike Parking and PresidiGo Battery Electric Shuttles) due to the limited funds available. Our recommendation includes a contingency list whereby we would put additional funds on the bike parking and the PresidiGo projects if the Air District does not approve a policy waiver for the Family E-Bike project, which is currently under review.</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) 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

On March 6, 2020 we issued the FY 2020/21 TFCA San Francisco County Program Manager call for projects. We received six project applications by the May 4, 2020 deadline, requesting \$1,688,801 in TFCA funds compared to the \$811,962 available.

As shown in the table below, the amount of available funds is comprised of estimated FY 2020/21 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 2020/21	
Estimated TFCA Revenues (FY 2020/21)	\$754,480
Interest Income	\$2,290
Funds from Prior Cycle Projects Completed Under Budget	\$102,347
Total Funds	\$859,117
6.25% Administrative Expense	(\$47,155)
Total Available for Projects	\$811,962

We de-obligated unused funds from three prior projects and made them available for the FY 2020/21 call for projects. These funds came from two projects that were completed under budget and one cancelled project. San Francisco Department of Public Health’s San Francisco General Hospital Shuttle: BARTLoop Expansion Pilot project was completed \$18,813 under budget and SFMTA’s New Resident Outreach project was completed \$78,734 under budget. EVgo’s Off-Street Car Share Electrification project (\$4,800) was cancelled due to would-be partner, Maven Car Share, changing their business model to no longer offer electric vehicles. 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 \$811,962.



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 are expressed in dollars per ton of emissions reduced and vary by project type. CE limits for FY 2020/21 for relevant project types are: Alternative Fuel Heavy-Duty Vehicles and Buses - \$500,000, Alternative Fuel Infrastructure - \$250,000, Bike Parking - \$250,000, 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 six candidate projects and other information, including a brief project description, total project cost, and the amount of TFCA funds requested. Project details are included in the enclosure which reflects the staff recommendation. We are recommending funding at the requested amounts for the SFE's Emergency Ride Home (\$96,239) and SFMTA's San Francisco Family E-Bike Ownership Program (\$275,000). Due to the limited funds available, we are recommending partial funding for the SFMTA's Short-Term Bike Parking (\$310,723), which is scalable and could seek supplemental funding from other sources including Prop K, and Presidio Trust's PresidiGo Battery Electric Shuttles, which is also scalable and a lower priority project type. Partially funding these projects enables us to recommend full funding for the Family E-Bike project. SFMTA staff and Presidio Trust staff have raised no objections to the staff recommendation.

We are not recommending funding for the two electric vehicle charger projects which are a lower priority project type and we have concerns over EVgo's delivery track record for previously funded TFCA projects.

TFCA Policy Waiver Required for Electric Bike Program. The SFMTA's San Francisco Family E-Bike Ownership Program request for \$275,000 requires the Air District to waive certain TFCA



policies so that the purchase of electric bicycles would be considered an eligible project type. We expect the Air District Board to decide whether to waive TFCA policy as requested sometime this fall. Should the Air District not grant the TFCA policy waiver, the SFMTA would not be able to move forward with the project. We are recommending a contingency list to provide funds to fully fund PresidiGo Battery Electric Shuttles and provide additional funds for the Short-Term Bike Parking project, should the Air District not grant the waiver.

As the E-Bike program policy waiver advances, we will continue to work with SFMTA and the Air District to refine the project proposal. Specifically, we have recommended that SFMTA consider requiring insurance for each bike to help ensure that bikes are available for use for the full four year life of the project, however SFMTA has yet to identify a financially viable insurance model. We are also encouraging SFMTA to identify community based organizations beyond the Unified School District that it could partner with on outreach to ensure that the program reaches underserved communities throughout San Francisco.

Schedule for Funds Availability. We expect to enter into a master funding agreement with the Air District by August 2020 after which we will issue grant agreements for the recommended FY 2020/21 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 2020. 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 2020/21 TFCA program is \$859,117. This includes \$811,962 for the four proposed projects and \$47,155 for administrative expenses. Revenues and expenditures for the TFCA program are included in the proposed provisional three-month Fiscal Year 2020/21 budget that will be considered for final approval on its second appearance at Board on June 23 to accommodate the recommended action. Revenues and expenditures for the full year will also be included in the FY 20/21 annual budget, which will be presented to the Board for adoption in September 2020.

CAC POSITION

The Citizens Advisory Committee will consider this item at its June 24, 2020 meeting.

SUPPLEMENTAL MATERIALS

- Attachment 1 - FY 2020/21 TFCA Local Expenditure Criteria
- Attachment 2 - FY 2020/21 TFCA Program of Projects - Detailed Staff Recommendation
- Enclosure 1 - Project Information Forms (4)

Attachment 1
Fiscal Year 2020/21 Transportation Fund for Clean Air (TFCA)
LOCAL EXPENDITURE CRITERIA

The following are the Fiscal Year 2020/21 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 2021. 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 2020/21 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 2020/21 funds are not programmed within 6 months of the Air District's approval of San Francisco's funding allocation, expected in May 2020, 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, NOx, PM, and CO₂ emissions. However, the Air District’s calculation only includes the reductions in ROG, NOx, 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 2021 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
Draft Fiscal Year 2020/2021 TFCA Program of Projects – Detailed Staff Recommendation

PROJECTS RECOMMENDED FOR TFCA FUNDS [sorted by project type priority and then cost-effectiveness]										
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	SFE	Emergency Ride Home - This program furthers San Francisco's Transit First Policy by incentivizing commuters' usage of sustainable commute modes via a subsidized taxi ride home in the event of a personal emergency.	Citywide	1	Yes	\$ 33,598	1,605	\$ 96,239	\$96,239	\$ 96,239
2	SFMTA	Short-Term Bike Parking - Plan, design, coordinate, and install 1,235 bicycle parking racks in San Francisco, providing an additional 2,470 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. Also see contingency list below.	Citywide	1	Yes	\$ 222,284	645	\$ 1,075,320	\$367,562	\$ 310,723
3	SFMTA	San Francisco Family E-Bike Ownership Program - This program will reduce barriers to purchasing a family electric bike (i.e. cargo bike with child seat installed) by offering 150-250 vouchers of up to \$1,250 to qualifying lower-income San Francisco families. The program aims to reduce vehicle trips and greenhouse gas emissions by increasing access to electric bikes for trips with child passengers and general day-to-day transportation.	Citywide	1	No	\$ 463,135	225	\$ 275,000	\$275,000	\$ 275,000
4	Presidio Trust	PresidiGo Battery Electric Shuttles - Replace one gas shuttle bus used to serve visitors and tenants of the Presidio with a new battery electric transit bus. Also see contingency list below.	2	2	No	\$ 236,226	330	\$ 1,312,750	\$250,000	\$ 130,000
TOTAL								\$ 2,759,309	\$ 988,801	\$ 811,962
Total TFCA Funding Available for Projects: \$ 811,962										

TABLE B. PROJECTS RECOMMENDED FOR TFCA FUNDS CONTINGENT ON AVAILABILITY OF ADDITIONAL FUNDS [sorted by project type priority and then cost-effectiveness]										
Funding for these projects is contingent upon the Air District rejecting the requested TFCA policy waiver for the Family E-Bike Ownership Program, which would then not be funded.										
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	SFMTA	Short-Term Bike Parking - Additional funds would be used to plan, design, coordinate, and install an additional 185 bicycle parking racks in San Francisco, providing a total of 1,420 racks, or 2,840 bicycle parking spaces.	Citywide	1	Yes	\$ 250,000	286	See above.	See above.	\$ 155,000
2	Presidio Trust	PresidiGo Battery Electric Shuttles - Additional funds would be used to replace one additional gas shuttle bus with an electric bus, for a total of two new battery electric transit buses.	2	2	No	\$ 236,226	330	See above.	See above.	\$ 120,000
TOTAL										\$ 275,000

Attachment 2
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TABLE C. PROJECTS NOT RECOMMENDED FOR TFCA FUNDS										
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
5	Power Flex	PowerFlex Large Scale EV Charging for Six SF Public Parking Garages - Design and build a total of 120 level 2 ports and 6 level 3 ports at six public parking garages in San Francisco metro area.	TBD	3	No	\$ 184,825	3,026	\$ 775,000	\$ 500,000	\$ -
6	SFE/ EVGo	Fast Charging in San Francisco - Install 4 direct current fast chargers (aka level 3) at one or more to-be-determined locations in San Francisco. These chargers will be open to the public and support electric vehicle adoption.	TBD	3	No	\$ 221,743	989	\$ 614,800	\$ 200,000	\$ -
TOTAL									\$	-

¹ Sponsor acronyms include San Francisco Municipal Transportation Agency (SFMTA) and the Department of the Environment (SFE).

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 2020/21 the CE limits, in dollars per ton of emissions reduced, for relevant project types are: Alternative Fuel Heavy-Duty Vehicles and Buses - \$500,000, Alternative Fuel Infrastructure - \$250,000, Bikeways - \$500,000, 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. The CO₂ reduction for the PresidioGo Battery Electric Shuttles Project is calculated based on the FY 2019/2020 cost effectiveness worksheet because the FY 2020/2021 Heavy-Duty Vehicles worksheet does not calculate tons of CO₂ reduced.