

# Traffic Congestion Mitigation Tax (TNC Tax) Policies



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# Policies

Policies provide guidance to both Transportation Authority staff and project sponsors on the various aspects of managing the TNC Tax program. The policies address the allocation and administration of funds and clarify the Transportation Authority's expectations of sponsors to deliver their projects.

## 1.1 | ALLOCATION

- Prior to allocation of any TNC Tax funds, projects must be programmed by the Transportation Authority Board.
  - Allocations of TNC Tax funds will be based on an application package prepared and submitted by the project sponsor in the SFCTA Portal (<https://portal.sfcta.org/>) for Transportation Authority review and approval. The package will be in accordance with application guidelines and formats as outlined in the Transportation Authority's allocation request procedures, with the final application submittal to include sufficient detail and supporting documentation to facilitate a determination that the applicable conditions of these policies have been satisfied.
  - Fiscal Year Cash Flow Distribution Schedules will be adopted as part of the allocation approval. The Transportation Authority will not guarantee reimbursement levels higher than those adopted in the original allocation or as amended.
  - Funds will be allocated to phases of a project based on demonstrated readiness to begin the work and ability to complete the product. Any impediments to completing the project phase will be taken into consideration, including, but not limited to, lack of a full funding plan for the requested phase(s), failure to provide evidence of necessary inter- and/or intra-agency coordination, evidence of a lack of community support or consensus, or any pending or threatened litigation.
  - The project sponsor will provide certification at the time of an allocation request that all complementary fund sources are committed to the project. Funding is considered committed if it is included specifically in a programming document adopted by the governing board or entity with the authority to program (or commit) the funds and recognized by the Transportation Authority as available for the phase at the time the funds are needed.
  - In establishing priorities, the Transportation Authority will take into consideration the need for TNC Tax funds to be available for matching federal, state, or regional fund sources for the project or program requesting the allocation.
  - Projects with complementary funds from other sources will be given priority for allocation if there are timely use of funds requirements outside of the Transportation Authority's jurisdiction applied to the other fund sources.
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- To support cost-effective project delivery, transparency, and prudent management of this pay-as-you-go-program, TNC Tax funds will be allocated to one project phase at a time. The Transportation Authority will grant an exception to this policy and recommend multi-phase allocations for the SFMTA's Vision Zero Quick-Build Program and the Application-Based Residential Traffic Calming Program given overlapping planning, design and construction phases as work is conducted on multiple corridors.
- Allocations of TNC Tax funds for specific project phases will be contingent on the prerequisite milestones shown below. The Transportation Authority will grant an exception to this policy for the SFMTA's Vision Zero Quick-Build Program and the Application-Based Residential Traffic Calming Program. Allocation requests will be made prior to advertising for services or initiating procurements for projects funded with TNC Tax funds.

| PHASE                 | PREREQUISITE MILESTONE(S) FOR ALLOCATION  |
|-----------------------|---|
| Planning              | <ul style="list-style-type: none"> <li>● Funds programmed by the Board</li> </ul>   |
| Design Studies (PS&E) | <ul style="list-style-type: none"> <li>● Funds programmed by the Board</li> <li>● Approved environmental document</li> <li>● Capital construction phase included in programming document, such as Capital Improvement Program</li> </ul>  |
| Construction          | <ul style="list-style-type: none"> <li>● Funds programmed by the Board</li> <li>● Approved environmental document</li> <li>● Right of way certification (if appropriate)</li> <li>● 95% PS&amp;E or substantial completion of design</li> <li>● All applicable permits</li> </ul> |

Project phases for which TNC Tax funds will be allocated will be expected to result in a complete work product or deliverable. Table 2 demonstrates the products expected to accompany allocations. Requests for allocations that are expected to result in a work product/deliverable other than that shown in Table 2 for a specific phase shall include a description of the expected work product/deliverable, and are subject to approval by the Transportation Authority. Prior to approval of a request for allocation that is expected to result in a work product/deliverable other than that shown in the table below for the specific phase, the Transportation Authority shall make a determination that the expected work product is consistent with a cost-effective approach to delivering the project as required in the Expenditure Plan. The Transportation Authority may require additional deliverables for a specific allocation that will be reflected in the allocation request form approved by the Transportation Authority Board. TNC Tax funds will be allocated prior to the advertising for any equipment or services necessitating the expenditure of TNC Tax funds.

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| PHASE                   | EXPECTED WORK PRODUCT/DELIVERABLE  |
|-------------------------|--|
| • Planning              | • Final report or memorandum including set of recommendations identified through the planning process  |
| • Design Studies (PS&E) | • Evidence of completion of design (e.g. copy of design certifications page and/or work authorization) |
| • Construction          | • Constructed improvement  |

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- It is imperative to the success of the TNC Tax program that project sponsors of TNC Tax-funded projects work with Transportation Authority representatives in a cooperative process. It is the project sponsor's responsibility to keep the Transportation Authority apprised of significant issues affecting project delivery and costs. Ongoing communication resolves issues, facilitates compliance with Transportation Authority policies and contributes greatly toward ensuring that adequate funds will be available when they are needed.
  - At the time of allocation, priority will be given to projects that:
    - » **Benefit disadvantaged populations.** Projects that directly benefit disadvantaged populations, whether the project is directly located in an Equity Priority Community or can demonstrate benefits to disadvantaged populations.
    - » **Improve safety for vulnerable populations.** Projects that improve safety for vulnerable populations, including but not limited to projects near schools, senior centers, community centers that improve safety for pedestrians, people on bicycles, children and seniors.
    - » **Located on the High Injury Network.** Projects that improve safety on the Vision Zero High Injury Network.
    - » **Demonstrate community engagement and support.** Projects with clear and diverse community support and/or developed out of a community-based planning process (e.g., community-based transportation plan, the Neighborhood Transportation Improvement Program, corridor improvement study, campus master plan, station area plans, etc.).
    - » **Time sensitive.** Projects that are trying to take advantage of time sensitive construction coordination opportunities and whether the project would leverage other funding sources with timely use of funds requirements.
    - » **Leverage other funding.** Projects that can demonstrate leveraging of TNC Tax funds, or that can justify why they are ineligible, have very limited eligibility, or compete poorly to receive Prop K or other discretionary funds.
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- » **High priority for project sponsor.** For project sponsors that submit multiple TNC Tax programming requests, the Transportation Authority will consider the project sponsor's relative priority for its requests.
  - » **Consider project delivery track record.** The Transportation Authority will consider the project sponsors' past project delivery track record of prior Transportation Authority-programmed funds when prioritizing potential TNC Tax-funded projects. For sponsors that have not previously received Transportation Authority funds, the Transportation Authority will consider the sponsors' project delivery track record for capital projects funded by other means.
  - » **Demonstrate geographic equity.** TNC Tax programming will reflect fair geographic distribution that takes into account the various needs of San Francisco's neighborhoods. This factor will be applied program-wide and to individual projects, as appropriate.

## 1.2 | TIMELY USE OF FUNDS REQUIREMENTS

- Timely-use-of-funds requirements will be applied to all TNC Tax allocations to help avoid situations where funds sit unused for prolonged periods of time. Any programmed project that does not request allocation of funds in the year of programming may, at the discretion of the Transportation Authority Board, have its funding reprogrammed to other projects.
- The intent of the TNC Tax program is to expedite delivery of safety improvements. Therefore, implementation of the project phase must commence within 6 months of the date of allocation. Implementation includes issuance of a purchase order to secure project components, award of a contract, or encumbrance of staff labor charges by project sponsor. Any project that does not begin implementation within 6 months of the date of allocation may have its sponsor request a new timely-use-of-funds deadline with a new project schedule, subject to the approval of the Transportation Authority.
- TNC Tax final reimbursement requests and project closeout requests shall be submitted within 12 months of project completion.

## 1.3 | ADMINISTRATION

- This is a reimbursement-based program.
  - TNC Tax funds will be spent down at a rate proportional to the TNC Tax share of the total funds programmed to that project phase or program. The Transportation Authority will consider exceptions on a case-by-case basis (e.g. another fund source is not immediately available or cannot be used to cover certain expenses). Project
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sponsors should notify the Transportation Authority of the desire for an exception to this policy when requesting allocation of funds.

- Retroactive expenses are ineligible. No expenses will be reimbursed that are incurred prior to Board approval of the allocation for a particular project. The Transportation Authority will not reimburse expenses incurred prior to fully executing a Standard Grant Agreement. Exceptions to this policy may be made, including:
  - » Where the Transportation Authority has previously approved the scope of a project and that scope has incurred increased costs.
  - » Capital costs of a multi-year project to which the Transportation Authority has made a formal commitment in a resolution for out-year costs, although the funds have not been allocated.

While these costs shall be eligible for reimbursement in the situations cited above, the timing and amount of reimbursement will be subject to a Transportation Authority allocation.

- Indirect expenses are ineligible. Reimbursable expenses will include only those expenses directly attributable to the delivery of the products for that phase of the project receiving a TNC Tax allocation.