



## RESOLUTION 24-16-G

**RE: TRANSPORTATION FUND FOR CLEAN AIR (TFCA) 40% FUND POLICY**

**WHEREAS**, Assembly Bill (AB) 434 (Chapter 807, Statutes of 1991), as amended by AB 414 (Chapter 950, Statutes of 1995) provides for the imposition of an additional vehicle registration fee to be used to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies, as specified in the legislation; and

**WHEREAS**, the Bay Area Air Quality Management District (Air District) allocates this revenue through its TFCA program to fund eligible projects and programs; and

**WHEREAS**, the statutory authority and requirements of the TFCA program are set forth in California Health and Safety Code (HSC) Sections 44241 and 44242; and

**WHEREAS**, existing law requires that 40 percent of the fee revenues, referred to as TFCA 40% funds (formerly known as County Program Manager funds), shall be allocated on a formula basis for projects and programs in each county within the Bay Area; and

**WHEREAS**, the Contra Costa Transportation Authority (Authority) has been designated as the Administering Agency (formerly known as the Program Manager) for Contra Costa County; and

**WHEREAS**, the entities so designated shall administer funding in accordance with applicable legislation, including California Health and Safety Code Sections 44233, 44241, and 44242, and the Air District Board adopted TFCA 40% Fund Policies.

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority Board hereby:

- 1) Authorizes the adoption of the TFCA 40% Fund Policy (Attachment A).
- 2) Confirms that the Authority will review the TFCA 40% Fund Policy periodically to ensure the projects and programs funded with the TFCA 40% funds are being used to implement Transportation Control Measures in the *Bay Area Clean Air Plan*, thereby furthering progress towards achieving the goals of the California Clean Air Act.

*Resolution 24-16-G*

*April 17, 2024*

*Page 2 of 2*

This resolution was entered into at a meeting of the Contra Costa Transportation Authority Board held April 17, 2024 in Walnut Creek, California by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Newell Arnerich, Chair

Attest:

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Tarienne Grover, Clerk of the Board

**Attachment: "A" – Contra Costa Transportation Authority TFCA 40% Fund Policy**

## **A. Purpose**

To guide the annual allocation of Transportation Fund for Clean Air (TFCA) 40% Fund by establishing fund allocation principles and program/project selection procedure.

## **B. Goal and Objectives:**

- Reduce Vehicle Miles Travelled (VMT)
- Reduce air pollution and Green House Gases (GHG) emissions

## **C. Program Background**

In 1991, the California State Legislature authorized the Bay Area Air Quality Management District (Air District) to impose a \$4 surcharge on motor vehicles registered within the Bay Area to fund projects clean air projects. The Air District allocates this revenue through its TFCA program to fund eligible programs and projects. The statutory authority and requirements of the TFCA program are set forth in California Health and Safety Code (HSC) Sections 44241 and 44242.

Forty percent (40%) of these TFCA funds are pass-through funds to the designated county program manager in each of the nine counties within the Air District's jurisdiction based on the county's proportionate share of fee-paid vehicle registration. The remaining sixty percent (60%) of these funds are awarded by the Air District to eligible programs and projects implemented directly by the Air District and to a grant program known as the Regional Fund.

The Contra Costa Transportation Authority (Authority) has been designated as the Administering Agency (previously called Program Manager) for the TFCA 40% Fund in Contra Costa County and is responsible for administering the County program including annually adopting a program of projects that meet the legislative requirements of the program.

The Air District annually adopts policies for the TFCA 40% Fund. The *Transportation Fund for Clean Air 40% Fund Expenditure Plan Guidance (Guidance) for Fiscal Year Ending 2025* was used to guide the development of the Authority TFCA Policy.

## **D. Eligible Fund Recipients**

Cities, County, public transit agencies, Regional Transportation Planning Committees (RTPCs), and the Authority. Other public agencies and non-public entities are encouraged to work directly with eligible project sponsors to submit projects.

## **E. Eligible Project Types and Screening**

Based on the eligible project categories included in the Air District Guidance and in consideration of the local needs, all the following Project Types are eligible for funding:

- Bicycle and Pedestrian Projects: infrastructure projects, bike parking, bike share. (Policy #s 30, 31 & 33)
- Ridesharing Services: carpool, vanpool, or other rideshare services, financial subsidy/incentive for transit or rideshare, and Guaranteed Ride Home. (Policy #27)
- First- and Last-Mile Connections: transit services providing short-distance connections between mass transit and commercial hubs or employment centers. (Policy #29)
- Vehicle- and Fuel-based Projects: alternative fuel vehicles (including trucks and buses), alternative fuel infrastructure. (Policy #s 22 & 24)
- Telecommuting: Implementation of demonstration projects in telecommuting. (Policy #34)

Other Eligible Projects: Other projects eligible under the Guidance can be considered. These projects will be subjected to Case-by-Case Approval (Policy #3) by the Authority and the Air District.

Eligibility Screening: For projects to be considered for funding, they must meet the eligibility requirements established by the Air District's current TFCA 40% Fund. Consistent with the policies, a key factor in determining eligibility is a project's Cost Effectiveness (CE) ratio and reduction of VMT.

Project sponsors are encouraged to consult with Authority staff on eligibility, CE calculations, and project readiness/ delivery scheduling. Upon request, Authority staff will provide technical assistance to project sponsors in formulating the project definition and CE calculation.

#### **F. Fund Allocation Principles**

- a. Each of the four Contra Costa County subregions should receive proportional TFCA benefit based on the jobs-housing formula (Formula). The Formula is based on the numbers of jobs and housing units, at equal weights, in each City and unincorporated areas.
- b. Countywide programs/projects: Programs/projects that are available to or benefit all County residents or commuters in all geographic areas. These programs/projects will be funded from the County total. Countywide programs/projects will be identified and developed in collaboration with RTPCs. A countywide program/project may be sponsored by the Authority and/or RTPCs and could be jointly implemented with the Authority and RTPCs. If jointly implemented, funding will be determined by both the Authority and RTPCs to implement the countywide program.
- c. Subregional programs/projects: Programs/projects that benefit one or more subregions, but not the entire population in the County. After subtracting the cost of the countywide programs/projects, the remaining funds will be allocated to subregional programs/projects using the Formula. RTPCs will recommend

subregional programs/projects to the Authority. Eligible recipients will coordinate proposed programs/projects with RTPCs. A subregional program/project may be sponsored by an RTPC and/or the Authority and could be implemented jointly with RTPC and the Authority. If jointly implemented, funding will be determined by both RTPC and the Authority to implement the subregional program.

- d. The benefit to each subregion is calculated as the sum of the TFCA funds to countywide programs/projects, distributed per the Formula, and the TFCA funds allocated to the subregional programs/projects. See the appendices for a sample calculation of the countywide programs/projects and allocation to the subregional programs/projects.
- e. The RTPCs will prioritize subregional programs/projects and submit recommendations to the Authority. Programs/projects with the highest CE ratio and reduction of VMT should be given priority consideration.
- f. The role of the Authority Board is to approve programs, projects, CE findings, and funding.

### **G. Timely Use of Funds and Project Readiness**

The Authority is required to fully allocate the TFCA 40% funds annually, or risks the funds being returned to the Air District. The intent of TFCA is to fund projects that achieve surplus emission reductions within two years. Timely use of funds is an important consideration.

- Project Readiness – Priority will be given to programs/projects that are ready to proceed and have a realistic implementation schedule, budget, and funding package. Infrastructure projects can be considered for TFCA funding when the 65% design and environmental clearance are completed. Programs/projects that cannot realistically commence within one calendar year and be completed within a two-year period will have lower priority. Project sponsors may be advised to resubmit these programs/projects for a future TFCA programming cycle.
- The following is a list of activities that should be completed prior to allocating TFCA funds to ensure the successful completion of programs/projects:
  - Planning (e.g., design)
  - Jurisdictional approval (e.g., permits)
  - Legislative approvals (e.g., CPUC)
  - Environmental review/approvals (e.g., EIR, negative declaration)
- The Authority may approve no more than two one-year extensions to the TFCA expenditure period if significant progress has been made on the project. For FYE 2025, the Authority has the discretion to grant project extensions up to December 31, 2028. Any additional project extensions must be requested to the Air District.
- Recurring programs/services (e.g. TDM and transit services): a new program's start date can't occur before the previous program's end date. If there is unspent fund from the

previous program, the project sponsor must close the project. The Authority may reallocate the unspent funds to a future cycle fund to the County total.

#### **H. Project and Program Reporting:**

- Project sponsors are required to report performance to comply with the Air District's requirement. Measurable and reportable VMT reduction (data-driven approach) is preferred over self-reporting data.
- Benefits to Priority Communities – Project sponsors are required to report investment on the Highly Impacted Communities or Episodic Areas as defined by the Air District's Community Air Risk Evaluation (CARE) Program. Additionally, positive impact to Equity Priority Communities (EPC), whether the project is directly located in an Equity Priority Community (see Air District map) or can demonstrate benefits to Priority Populations defined by SB 535 disadvantaged communities and AB 1550 low-income communities should be documented.
- A detailed budget is required. At a minimum, the budget should show categories for labor, expenses, and incentives (if applicable). If a project includes multiple sub-categories, expenses should be further assigned to each project sub-categories and by fund source.
- The reporting requirements are included in the funding agreement template.
- The Authority is responsible for reporting the metrics at the countywide level.
- All TFCA projects are required to be audited after completion. Generally, TFCA projects are audited every other year.

**Appendices (subject to periodic updates by administrative actions)**

1. Annual Program Schedule and Actions

Dates	Air District Mandate	Action
January/February		<ul style="list-style-type: none"> <li>Project Eligibility Screening Begins</li> <li>Air District releases fund estimates</li> </ul>
February Authority Board Meeting	X	<ul style="list-style-type: none"> <li>Authority Board adopts Expenditure Plan (County fund total amount)</li> </ul>
February to April		<ul style="list-style-type: none"> <li>Authority Board considers Policy updates, if necessary</li> <li>Authority assists project sponsors in project documents</li> </ul>
May or June Authority Board Meeting	X	<ul style="list-style-type: none"> <li>Authority Board approves Air District/Authority agreement</li> </ul>
Mid-May		<ul style="list-style-type: none"> <li>Project sponsors submit draft countywide and sub-regional Project Information Forms with Cost Effectiveness calculations, budget, and TFCA funds requested.</li> </ul>
By end of May		<ul style="list-style-type: none"> <li>Authority and RTPC recommends countywide and sub-regional projects</li> </ul>
Early June		<ul style="list-style-type: none"> <li>Project sponsors submit the final CE calculation and Project Information Form, per the Guidance.</li> </ul>
June		<ul style="list-style-type: none"> <li>RTPC selection and approval of subregional projects.</li> </ul>
July Board Authority Meeting		<ul style="list-style-type: none"> <li>Authority staff presents the final projects to the Authority Board for approval.</li> </ul>
August		<ul style="list-style-type: none"> <li>Sponsors execute agreements with Authority and project implementation may begin</li> </ul>
Sept. – Oct.	X	<ul style="list-style-type: none"> <li>Authority submits all project documents to Air District</li> </ul>

2. *Transportation Fund for Clean Air 40% Fund [Expenditure Plan Guidance](#) For Fiscal Year Ending 2025, Bay Area Air Quality Management District*

3. Project Information Form

4. Cost Effectiveness Worksheet

5. Funding Agreement Template

## 6. Job-Housing Formula Allocation to Subregions

<b>Job -Housing Formula Allocation to Subregions</b>	
<b>Subregion/Implementer</b>	<b>% of Program</b>
Central County/CCTA	30.70%
East County/CCTA	26.60%
Southwest/SWAT	20.50%
West County/WCCTAC	22.20%

*Note: The Formula is updated regularly as demographic data is updated.*

## 7. Sample Allocation Calculation

<b>TFCA Fund Allocation Calculation - Sample Only</b>		
<i>Note: Project names and costs are for illustration purpose only.</i>		
<b>TFCA County Total</b>	<b>\$ 1,747,938</b>	
<b>Countywide Programs/Projects - Serving All Residents</b>		
<b>Project</b>	<b>Sponsor</b>	<b>Cost</b>
Pass2Class	CCTA	\$320,000
Guaranteed Ride Home	WCCTAC	\$60,000
Spare the Air Transit Incentives	CCTA	\$135,000
Vanpool	SWAT	TBD
<b>Countywide Project Total</b>		<b>\$515,000</b>
<b>Subregional Programs/Projects - Sponsors TBD</b>	<b>\$ 1,232,938</b>	
<b>Subregion</b>	<b>% of Program</b>	<b>Benefit</b>
Central County	30.70%	\$378,512
East County	26.60%	\$327,961
Southwest	20.50%	\$252,752
West County	22.20%	\$273,712

<b>Benefit Distributed to Subregions</b>				
<b>Subregion</b>	<b>% of Program</b>	<b>Total</b>	<b>Countywide</b>	<b>Subregional</b>
Central County	30.70%	\$536,617	\$158,105	\$378,512
East County	26.60%	\$464,951	\$136,990	\$327,961
Southwest	20.50%	\$358,327	\$105,575	\$252,752
West County	22.20%	\$388,042	\$114,330	\$273,712
<b>TFCA County Total</b>		<b>\$ 1,747,938</b>		