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FOR WORK GROUP MEETING DISCUSSION ONLY**

**Air Quality Improvement Program (AQIP) and  
Low Carbon Transportation Greenhouse Gas Reduction Fund Investments  
Fiscal Year 2014-15 and Fiscal Year 2015-16**

**Zero-Emission Truck and Bus Pilot Projects Work Group Meeting #3**

**Additional Funding and Associated Conditions and Opportunities**

Both the FY 2014-15 Funding Plan and the proposed FY 2015-16 Funding Plan allocate funds to zero-emission truck and bus pilot deployment projects; however, the requirements tied to the pilot project funds in each funding plan are slightly different. The table below illustrates estimated funding amounts and disadvantaged community requirements associated with each fiscal year truck and bus pilot funding.

***Zero-Emission Truck and Bus Pilot Project Funding Requirements***

Fiscal Year	Up to Allocation <sup>a</sup> (million)	Disadvantaged Community Minimum Allocation	
		Located within <sup>1</sup>	Provides benefits to <sup>2</sup>
<b>FY 2014-2015 Funding Plan</b>	<b>\$25<sup>b</sup></b>		
Zero-emission truck and bus pilot projects	\$24		\$24
<b>FY 2015-2016 Funding Plan</b>	<b>\$65<sup>c</sup></b>		
Zero-emission bus pilot commercial deployments	\$40	At least \$20	
Zero-emission truck pilot commercial deployments	\$20		At least \$10

- a. All dollar amounts shown are estimated for illustrative purposes only. Actual allocations will be included in the final solicitation.
- b. ~\$1 million of the allocated funding will be aside to fund the independent third party data analysis contract, which will be awarded through a separate solicitation process.
- c. \$5 million of the FY 2015-2016 funding plan allocation for Truck and Bus Pilot Commercial Deployments was set aside for funding school buses in rural school districts.

<sup>1</sup> See *Disadvantaged Community Eligibility Determination* below, Step 1 for the SB 535 criteria for projects *located in* a Disadvantaged Community.

<sup>2</sup> See *Disadvantaged Community Eligibility Determination* below, Step 2 for the SB 535 criteria for projects that *provide benefits to* a Disadvantaged Community.

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***Scoring and Preliminary Selection of Projects for Grant Funding***

The solicitation will include total combined funding for both fiscal years and all vehicle types. All applications will be scored based on the same scoring criteria. The highest scoring applications will then be grouped into project bins in the following order:

1. Zero-emission bus projects located in disadvantaged communities (FY 15-16)
2. Zero-emission truck projects benefitting disadvantaged communities (FY 15-16)
3. Zero-emission truck or bus project benefitting disadvantaged community (FY 14-15)
4. Zero-emission bus project (FY 15-16)
5. Zero-emission truck project (FY 15-16)

The highest scoring applications with available funding in each bin will be preliminarily selected as grantees. Please note the following:

- Project selection will likely result in remaining funds that are insufficient for the next highest scoring eligible project. As such, the solicitation will give applicants the opportunity to include a separate and sealed scaled down proposal, which is smaller in scale and funding than the original proposal, in addition to their original proposal. Remaining funds will be allocated to the highest scoring scaled down proposals.
- A grant agreement for a project involving installation of infrastructure may not be fully executed until any required CEQA review is completed.
- A grant agreement for a transit project involving FTA match funding (see discussion below) may not be executed until match funding has been confirmed.
- The inability to complete CEQA review or secure FTA funding within the timeline stated in the solicitation may result in ARB cancelling the proposed grant and awarding funds to the next highest scoring project.

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***Disadvantaged Community Eligibility Determination***

The Table below is from page Appendix 5 of the *Interim Guidance to Agencies Administering Greenhouse Gas Reduction Fund Monies*, released November 3, 2014.

<p><b>Table A-1 Low Carbon Transportation:</b> Projects will achieve GHG reductions through the use of zero and near zero-emission passenger vehicles, buses, trucks, and freight technology. Potential administering agencies: ARB, CalSTA/CTC, Caltrans/Local Transit Agencies</p>
<p style="text-align: center;"><b>CRITERIA TO EVALUATE PROJECTS</b> <i>Agencies can also use criteria in other applicable tables.</i></p> <p>When selecting projects for a given investment, give priority to those that maximize benefits to disadvantaged communities (e.g., use scoring criteria that favor projects which provide multiple benefits or the most significant benefits).</p>
<p><b>Step 1 – Located Within:</b> Evaluate the project to see if it meets at least one of the following criteria for being located in a DAC census tract* and provides direct, meaningful, and assured benefits to a DAC.</p> <p>Project must meet at least one of the following criteria focused on reducing air pollution for DAC residents:</p> <ul style="list-style-type: none"> <li>A. Project provides incentives for vehicles or equipment to those with a physical address in a DAC**; or</li> <li>B. Project provides incentives for vehicles or equipment that will be domiciled in a DAC; or</li> <li>C. Project provides incentives for vehicles or equipment that reduce air pollution on fixed routes that are primarily within a DAC (e.g., freight locomotives) or vehicles that serve transit stations or stops in a DAC (e.g., zero-emission buses); or</li> <li>D. Project provides greater mobility and increased access to clean transportation for DAC residents by placing services in a DAC, including ride-sharing, car-sharing, or other advanced technology mobility options (e.g., neighborhood electric vehicles, vanpooling, shuttles, smartphone application-based ride-sharing services, bikesharing services).</li> </ul>
<p><b>Step 2 – Provides Benefits To:</b> If the project does not meet the above criteria for “located within,” evaluate the project to see if it meets at least one of the following criteria for providing direct, meaningful, and assured benefits to a DAC.</p> <p>Project must meet at least one of the following criteria focused on reducing air pollution for DAC residents:</p> <ul style="list-style-type: none"> <li>A. Project provides incentives for vehicles or equipment to those with a physical address in a ZIP code that contains a DAC census tract; or</li> <li>B. <del>Project provides incentives for vehicles or equipment that operate primarily in “impacted corridors,” [Note: ARB will publish a list of “impacted corridors” based on its assessment of which freight corridors have a substantial air quality impact on DACs.]; or</del></li> <li>C. Project provides incentives for vehicles or equipment that primarily serve freight hubs (e.g., ports, distribution centers, warehouses, airports) located in a ZIP code that contains a DAC census tract; or</li> <li>D. Project provides greater mobility and increased access to clean transportation for DAC residents by placing services that are accessible by walking within ½ mile of a DAC, including ride-sharing, car-sharing, or other advanced technology mobility options (e.g., neighborhood electric vehicles, vanpooling, shuttles, bikesharing services).</li> </ul>

\* For maps of DAC census tracts, refer to <http://oehha.ca.gov/ej/ces2.html>

\*\* “Those with a physical address in a DAC” may include individuals as well as businesses, public agencies, nonprofits, and other community institutions.

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**Coordination with FTA for Funding Transit Buses**

Match funding will be one of the scoring criteria identified in the solicitation. Applications with higher percentage of match funding will score better than those that meet the minimum match requirement. As such, transit agencies are encouraged to secure match funding through FTA even though the process for obtaining FTA formula funds may not align with the timing of ARB's solicitation. For this reason, applicants will be encouraged to provide documentation that best demonstrates the transit agency's expectation of receiving FTA funding.

**Match Funding Examples**

The minimum match funding is 25% of the total project cost. Minimum required cash match (10% of total project cost) must come from project team and can be in the form of driver salary, fueling/charging, capital outlays and operating costs directly related to the project. Minimum required in-kind match (15%) can be any of the above, FTA match funding, donated equipment, and fueling infrastructure.

	<b>Cost (\$M)</b>	<b>Notes</b>
<b><i>Example 1: Transit bus project with FTA match funding</i></b>		
10 buses at \$1M ea	\$10	
Infrastructure	\$2	
Fuel/Driver	\$2	
<b>Total Project Cost</b>	<b>\$14</b>	<i>(Total minimum match = \$3.5M)</i>
FTA match (>15%)	\$5	Counts as in-kind match
Cash match (10%)	\$1.4	Fuel/driver salary
ARB grant request	\$7.6	
<b><i>Example 2: Truck project with minimum match funding</i></b>		
8 trucks \$1M each	\$8	
Infrastructure	\$2	
Fuel/Driver	\$2	
<b>Total Project Cost</b>	<b>\$12</b>	<i>(Total minimum match = \$3M)</i>
Cash Match (>10%)	\$2	Fuel/driver salary
In-kind	\$1	Truck chassis owned by manufacturer and donated to project
ARB grant request	\$9	