
Authority Board **STAFF REPORT**

Meeting Date: February 19, 2025

Subject	Approval of Fiscal Year (FY) 2025-26 Transportation Fund for Clean Air (TFCA) 40% Fund Expenditure Plan
Summary of Issues	<p>To receive funding through the TFCA Program, the Authority is required to submit an Expenditure Plan Application to the Bay Area Air Quality Management District (Air District) annually. The Air District provided the estimates of the new TFCA fund, reconciled amount, and interest earnings to the Authority. For FY 2025-26, a total of \$1,563,500 in new TFCA funds is available to Contra Costa County. These new funds will be combined with a reconciled amount, interest earnings, and reprogrammed funds for a total of \$1,988,906 to fund programs, projects, and administer the program in Contra Costa County. Of which, \$1,891,105 is available for projects and \$97,801 (6.25% of the actual revenue received) will be used to administer the program. Programs and projects must meet minimum cost effectiveness criteria established by the Air District based on reducing motor vehicle emissions.</p>
Recommendations	<p>Staff seeks approval of Resolution 25-03-G, incorporating the Authority's FY 2025-26 TFCA 40% Fund Expenditure Plan and allocation of the TFCA 40% funds in the amount of \$1,988,906, and authorization for the Executive Director or designee to sign and submit the Expenditure Plan Summary application to the Bay Area Air Quality Management District.</p>
Staff Contact	Ying Smith
Financial Implications	<p>This resolution provides the total allocation of \$1,988,906 in FY 2025-26 TFCA funds. This allocation amount includes new,</p>

	reconciled, and reprogrammed funds. The Authority can use up to 6.25% of actual revenue received to administer the program for the year. Staff is proposing the maximum amount totaling \$97,801 for program administration.
Options	The Authority Board may direct staff to revise the Expenditure Plan.
Attachments	<p>A. Resolution 25-03-G</p> <p>B. Expenditure Plan Summary Application for TFCA 40% Funds</p>
Changes from Committee	N/A

Background

State legislation, enacted in 1991 and amended in 1995, provided for a vehicle registration fee increase in the Bay Area to fund programs and projects demonstrated to reduce motor vehicle emissions. The funds are generated by a four-dollar vehicle registration fee and administered by the Air District through the TFCA program. The Air District allocates sixty percent of TFCA funds to the Bay Region. Forty percent of the fees collected are returned to the county in which they were collected. As the designated Congestion Transportation Agency for Contra Costa County, the Authority has been designated as the Administering Agency and is responsible for allocating the TFCA 40% funds (formerly known as the County Program Manager funds) to public agencies within Contra Costa County.

Among the roles and responsibilities of an Administering Agency, the Authority is required to do the following:

1. 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 for the fiscal year ending 2026.
2. Hold one or more public meetings each year to:
 - a. Adopt criteria for the expenditure of the funds if those criteria have been

modified in any way from the previous year.

b. Review the expenditure of revenues received.

The Authority Board approved the TFCA 40% Fund Policy (Policy) in May 2024, which guides the annual allocation of TFCA 40% funds by establishing fund allocation principles and program/project selection procedures.

In January 2025, the Air District provided the estimates of the new TFCA 40% Fund, reconciled amount, and interest earnings to the Authority. For FY 2025-26, a total of \$1,563,500 in new TFCA funds is available to Contra Costa County. These new funds will be combined with a reconciled amount, interest earnings, and reprogrammed funds for a total of \$1,988,906 to fund programs, projects, and administer the program in Contra Costa County.

Legislation allows the Administering Agency to retain up to 6.25 percent of the actual TFCA revenue received for program administration. Staff is proposing the maximum amount totaling \$97,801 for program administration. These funds are sufficient to cover most administrative costs.

The TFCA 40% Fund Expenditure Plan includes \$267,064 of reprogrammed amount from Project 23CC03 Southwest Emissions. This project is sponsored by the City of San Ramon (City), as the fiscal agent, for the Southwest Area Transportation Committee (SWAT). The City has under-spent project funds due to implementation delays in the past years. With consensus from SWAT staff, Authority staff is recommending reprogramming the unspent amount to future projects. Per the Policy, the Authority may reallocate the unspent funds to a future cycle fund to the County total. However, this project was approved by the Authority Board before the Policy was adopted. To be consistent with the practice at the time the project was approved, staff is recommending this reprogrammed amount to be dedicated to SWAT projects.

After subtracting administrative costs and accounting for the reprogrammed funds, \$1,891,105 remains available for TFCA programs and projects. Details of each fund item are illustrated in Attachment B.

The Air District requires that the Expenditure Plan Application submittal only include the total

request for funds. The Authority has been given the responsibility of determining the cost effectiveness of proposed projects and obligation of the TFCA funds to those projects. The next step is to issue a Call for Projects. The Authority has six months from the approval of the Expenditure Plan Application by the Air District to obligate the funds by providing project descriptions and cost effectiveness determinations to the Air District. After the Call for Projects and project evaluation process, staff will bring back the recommended project list and the projects' cost effectiveness calculations to the Authority Board for approval later this year. At that time, Authority staff will also seek approval to enter into a funding agreement with the Air District and cooperative agreements with project sponsors.

Staff seeks approval of Resolution 25-03-G, incorporating the Authority's FY 2025-26 TFCA Expenditure Plan and allocation of the TFCA 40% funds in the amount of \$1,988,906, and authorization for the Executive Director or designee to sign and submit the Expenditure Plan Summary Application to the Air District.