Los Angeles County
Metropolitan Transportation
Authority
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REGULAR BOARD MEETING
JANUARY 28, 2021

Motion by:

DIRECTORS GARCETTI, NAJARIAN, KUEHL, AND HAHN

Related to Item 38: Sustainability Program Assistance Services

Sustainability Program

Metro must ensure that it has the capacity to achieve leadership on priority policy areas.

Sustainability is a policy area of growing importance at Metro. According to the California Air Resources Board (CARB), passenger vehicles are the single largest source of greenhouse gas (GHG) emissions in the state. At 28.1% of all California GHG emissions, passenger vehicles emit over three times more GHG than the second-largest source.

Metro has a crucial role to play in reducing California's GHG. Under SB 32, the state must reduce its GHG emissions to 40% below 1990 levels by 2030. Furthermore, under the Paris Climate Agreement, the United States must reduce GHG emissions to 26%-28% below 2005 levels by 2025. To meet these goals, it is imperative that Los Angeles County reduce GHG emissions transportation, starting with attracting more riders to Metro.

In September 2020, the Board adopted *Moving Beyond Sustainability*, a comprehensive 10-year sustainability master plan. The plan positions Metro to be a national leader in sustainability over the next decade as it delivers *28 by '28*, implements the Traffic Reduction Study, electrifies 100% of the bus fleet by 2030, and reduces its own agency-generated emissions. Metro's Sustainability Program will play a crucial role in ensuring Metro continues to meet and uphold these ambitious climate action goals. However, there are current funding and staffing limitations that threaten Metro's leadership.

One source of funding for Metro's Sustainability Program is the state of California's Low Carbon Fuel Standards (LCFS) credits program. LCFS aims to reduce transportation emissions by improving vehicle technology, reducing fuel consumption, and increasing transportation mobility options. Metro earns credits for actions that decrease the carbon intensity of its transportation fuel pool, such as deploying CNG and Zero Emissions buses. Metro's credits are then sold through a CARB exchange. The most recent CARB data indicates that LCFS credits are currently selling for an average price of about $200 per credit.

Metro currently generates about $20 million dollars in LCFS credits per year and spends LCFS funds under a Revenue Optimization Plan approved by the Board in May 2014. The plan also calls for annual reports to the Board on “credits earned and monetized, as well as a brief on LCFS market trends and projections.” However, this plan is now over six years old and should be updated to reflect the Board’s current sustainability priorities, such as Zero Emission Buses. Furthermore, it is important that LCFS revenue be prioritized for sustainability-related capital projects that could otherwise compete for resources from Operations-eligible funds.

Another limitation is staffing. Since 2015, the Board has approved approximately $248.3 million in funding for consultant contracts administered by Metro’s Sustainability Program. While much of this funding is related to, and funded by, capital projects, a significant portion is supported by LCFS credit revenue. This month, there are another two Sustainability Program consultant contracts before the Board totaling $60.3 million, including option years. Although support contracts such as these will continue to provide value to the Sustainability Program, Metro should reassess their long-term value.

With sustainability expected to be a priority policy area in the years ahead, Metro should look to build its internal, long-term capacity. The Metro Sustainability Program currently has 19 positions, while its staffing plan calls for a full level of 30 positions. Increasing in-house capacity would reduce reliance on outside consultants, establish greater institutional expertise and experience, and allow extra LCFS funds to be allocated to Metro sustainability initiatives.

SUBJECT: SUSTAINABILITY PROGRAM

RECOMMENDATION

APPROVE Motion by Directors Garcetti, Najarian, Kuehl, and Hahn that the Board of Directors instruct the CEO to:

A. Execute only the base years of the Item 38 contract before the Board this month (file 2020-0646);

B. Prepare a plan to increase the Metro Sustainability Program’s in-house capacity and fully staff the program over the next three years;

C. Develop and include in the FY22 budget a new plan for the use of LCFS revenues, with no less than 80% of LCFS revenues allocated towards projects that reduce transportation-related GHG emissions, prioritizing the J Line (Silver) Zero Emission Bus conversion; and

D. Report back on all the above to the Executive Management Committee in 90 days.