

**Board Report**

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**File #:** 2021-0038, **File Type:** Resolution**Agenda Number:** 17.

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**PLANNING AND PROGRAMMING COMMITTEE  
APRIL 14, 2021****SUBJECT: CAP-AND-TRADE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)****ACTION: APPROVE RECOMMENDATIONS****RECOMMENDATION**

CONSIDER approving the Resolution in Attachment A that:

- A. Authorizes the Chief Executive Officer (CEO) or his designee to claim \$22,690,757 in fiscal year (FY) 2020-21 LCTOP grant funds for the Crenshaw/LAX Transit Corridor Operations Project and/or the proposed Fareless System Initiative Pilot if approved by the Metro Board;
- B. Certifies that Metro will comply with LCTOP certification and assurances and the authorized agent requirements; and
- C. Authorizes the CEO or his designee to execute all required documents and any amendment with the California Department of Transportation.

**ISSUE**

The LCTOP is a cap-and-trade program established in 2014 that provides operating and capital assistance funds to public transportation agencies throughout California to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities. The State issued the FY 2020-21 guidelines for the LCTOP in February 2021 and agencies must claim these formula grant funds by April 9, 2021. The grant package must include an adopted Board resolution that provides recipient project information and certifies that Metro will comply with all LCTOP conditions and requirements. Therefore, staff is seeking Board approval of the resolution contained in Attachment A.

**DISCUSSION**

Each year, the State makes LCTOP formula grant funds available through a process administered by the California Department of Transportation (Caltrans) in coordination with the California Air Resources Board (CARB) and the State Controller's Office (SCO).

On February 25, 2021, the State notified eligible agencies of their FY 2020-21 fund allocation

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amounts, including \$20,890,388 apportioned to Metro. In addition, 14 Los Angeles County municipal operators requested to transfer to Metro \$1,800,369 of their FY 2020-21 LCTOP fund allocations for use on its 2021 LCTOP-funded expenses in exchange for more flexible local funds.

To claim the grant award, Metro must prepare a request describing the proposed transit expenditures that will be funded using the LCTOP allocation. The grant application package must include a Board resolution that: 1) authorizes the CEO or his designee to claim \$22.7 million in FY 2020-21 LCTOP funds; 2) identifies the project(s) to be funded with the LCTOP funds; 3) accepts the transfer of FY 2020-21 LCTOP funds to Metro by the 14 municipal operators; and 4) authorizes the CEO or his designee to execute and amend all required LCTOP documents with Caltrans including the certifications and assurances and authorized agent forms. Staff is proposing to fund with these LCTOP funds the Crenshaw/LAX Transit Line pre-revenue service testing and a portion of the first year of operations and/or a Board-approved Fareless System Initiative (FSI) Pilot.

#### LCTOP Program Funding

The LCTOP, created by California Senate Bill 862 (2014), provides funding derived from California's Cap-and-Trade Program and supports transit agency investment in various projects to further reduce greenhouse gas emissions. In FY 2020-21, \$81.9 million was allocated to LCTOP statewide.

Transit agencies receiving funds from the LCTOP must submit expenditure proposals listing projects that meet any of the following criteria:

- Expenditures that directly enhance or expand transit service by supporting new or expanded bus or rail services, new or expanded waterborne transit or expanded intermodal transit facilities, and may include equipment acquisition, fueling, maintenance, and other costs to operate those services or facilities;
- Operational expenditures that increase transit mode share; and
- Expenditures related to the purchase of zero-emission buses, including electric buses and the installation of the necessary equipment and infrastructure to operate and support zero-emissions buses.

#### Equity Platform

Senate Bill 535 (de Leon, 2012) and Assembly Bill 1550 (Gomez, 2016) established criteria for meeting the LCTOP requirement to prioritize serving disadvantaged communities. The California Environmental Protection Agency (CalEPA) provides tools for identifying Disadvantaged Communities (DACs) based on geographic, socioeconomic, public health, and environmental hazard criteria. The State's parameters include, but are not limited to:

1. Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation.
2. Areas with concentrations of people that are of low income, high unemployment, low levels of homeownership, high rent burden, sensitive populations, or low levels of educational attainment.

Additional requirements for low-income communities and low-income residents include:

- 5% of available funds must be allocated to projects that benefit low-income households or to projects located within, and benefiting individuals living in, low-income communities, and
- 5% of available funds must be allocated to projects that benefit low-income households that are outside of, but within a ½ mile of, disadvantaged communities, or to projects located within the boundaries of, and benefiting individuals living in low-income communities that are outside of, but within a ½ mile of, disadvantaged communities.

Analysis using the State's criteria shows that DACs are disproportionately located in both Los Angeles County and the Central Valley, and notably less prevalent in other major metropolitan areas. Metro, as the lead agency, must select and document the appropriate information to show that a proposed project meets all DAC and other population requirements.

#### Additional Project Eligibility Criteria

In addition to maximizing benefits to DACs, low-income communities and/or low-income households, all projects must be consistent with the lead agency's most recently adopted short-range transit plan, regional plan, or publicly-adopted plan. For project leads in a Metropolitan Planning Organization area, projects must also be consistent with the Sustainable Communities Strategy. Additionally, capital projects must have a useful life not less than that typically required for capital assets pursuant to State General Obligation Law, with buses or rail rolling stock considered to have a useful life of two or more years. The LCTOP specifically requires documentation that each proposed project will achieve a reduction in greenhouse gas emissions and improve mobility.

#### Metro-Specific Considerations in Selecting LCTOP Projects

Staff considered various factors in the analysis that resulted in the recommendation to use 2020-21 LCTOP funding on the Crenshaw/LAX Transit Corridor Operations Project and/or the FSI Pilot. In addition to ensuring the above criteria were met, teams from various departments weighed potential LCTOP recipient projects against alignment with Metro's Strategic Vision, project and program costs, funding availability, feedback collected via community engagement, and the extent to which allocating to a project improves the balance between Metro's financial commitments and funding availability.

The Crenshaw/LAX Transit Corridor Operations Project will provide a new high capacity transit line for Los Angeles County transit riders. This new service will enable reduction of air pollutants and toxic air contaminant emissions by shifting single occupant vehicle drivers to transit. The Crenshaw/LAX Transit Line will serve populations in areas that meet the State's definition for disadvantaged and low-income communities. All eight of the new service's transit stations are located in such defined areas.

The FSI Pilot is expected to provide immediate financial relief to many of Los Angeles County's most vulnerable taxpayers. The Pilot provides an opportunity to assess how a fareless system could support equity and may give insights into the effects of fares on initiatives to

- reduce congestion,
- increase transit ridership,
- decrease greenhouse gas emissions,

- increase access to opportunity for more residents, or
- reduce fare evasion penalties, which disproportionately impact low-income riders.

Staff recommends using this grant to fund the Crenshaw/LAX Transit Corridor Operations Project and/or FSI Pilot because their characteristics align well with the grant program eligibility criteria and strongly supports Metro's commitment to further reduce greenhouse gas emissions by expanding transit usage among Los Angeles County's residents and employees. Staff received support for both the Crenshaw project and FSI Pilot during and in response to community engagement opportunities.

### **DETERMINATION OF SAFETY IMPACT**

The requested actions will have no impact on the safety of our customers or employees.

### **FINANCIAL IMPACT**

Adoption of the LCTOP resolution and authorization of the CEO to execute the required documents to claim LCTOP funds would positively impact the agency's budget by making \$22.7 million available to Metro.

#### **Impact to Budget**

Claiming LCTOP funds will have a positive impact on the FY22 budget, as LCTOP funds are scheduled to be disbursed to Metro in June 2021 for use in FY22.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommendations support Metro Vision 2028 Strategic Goal #1 to provide high-quality mobility options that enable people to spend less time traveling.

### **ALTERNATIVES CONSIDERED**

The Board may choose not to approve the resolution in Attachment A. Staff does not recommend this alternative because it would risk loss of Metro's FY 2020-21 LCTOP fund allocation amount of \$20.9 million and the \$1.8 million in LCTOP funds transferred by 14 municipal operators to Metro.

### **NEXT STEPS**

- April 9, 2021: Metro submits allocation request to Caltrans.
- June 1, 2021: Caltrans and CARB approve and submit project list to State Controller's Office.
- June 30, 2021: State Controller's Office releases approved project list.

### **ATTACHMENTS**

Attachment A - Resolution to Execute LCTOP Project, Certifications and Assurances and Authorized Agent Forms

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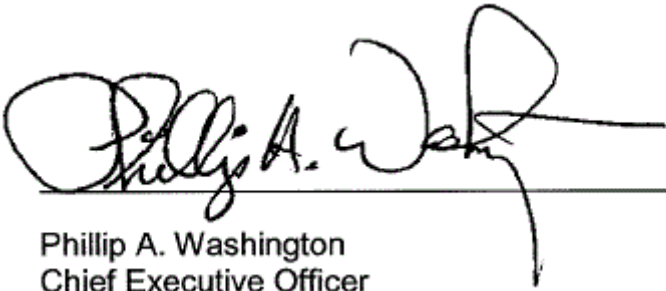
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