



Board Report

File #: 2024-0028, File Type: Resolution

Agenda Number: 7.

**FINANCE, BUDGET, AND AUDIT COMMITTEE  
PLANNING AND PROGRAMMING COMMITTEE  
APRIL 17, 2024**

**SUBJECT: CAP-AND-TRADE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)**

**ACTION: APPROVE RECOMMENDATION**

**RECOMMENDATION**

APPROVE the Resolution in Attachment A that:

- A. AUTHORIZES the Chief Executive Officer (CEO) or their designee to claim a total of \$54,230,499 in California Cap-and-Trade proceeds accumulated in State Fiscal Year (FY) 2023-24 disbursed through LCTOP and to use \$50,941,838 for one year of E Line operations, as enhanced by the opening of Regional Connector, and \$3,288,661 for the Division 8 Charging Infrastructure and En Route Charging for North San Fernando Valley (NSFV) Transit Corridor;
- B. CERTIFIES that Metro will comply with LCTOP certification and assurances and the authorized agent requirements; and
- C. AUTHORIZES the CEO or their designee to execute all required documents and any amendments with the California Department of Transportation (Caltrans).

**ISSUE**

The Low Carbon Transit Operations Program (LCTOP), a California Cap-and-Trade program established in 2014, provides operating and capital assistance funds to public transportation agencies to reduce greenhouse gas emissions and improve mobility, prioritizing projects serving disadvantaged communities, which are similar to Metro’s Equity Focus Communities (EFC). The State issued the FY 2023-24 LCTOP Guidelines in February 2024 and requires agencies to claim these formula grant funds by April 26, 2024. A complete grant package includes an adopted Board resolution that provides recipient project information and certifies that Metro will comply with all LCTOP conditions and requirements. Therefore, staff seeks Board approval of the Resolution contained in Attachment A.

**BACKGROUND**

The LCTOP, created by California Senate Bill 862 (2014), provides proceeds from California’s Cap-

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and-Trade Program to support transit agency investment in various projects intended to reduce greenhouse gas emissions further. Each year, the State makes LCTOP formula grant funds available through a process administered by the California Department of Transportation in coordination with the California Air Resources Board (CARB) and the State Controller's Office (SCO).

On March 1, 2024, the State notified eligible agencies of their FY 2023-24 fund allocation amounts, including \$49,978,425 apportioned to Metro. In addition, 15 Los Angeles County municipal operators requested to transfer to Metro \$4,252,074 of their FY 2023-24 LCTOP fund allocations in exchange for more flexible local funds.

## **DISCUSSION**

To claim the total \$54,230,499 grant award, Metro must submit a request describing the proposed transit expenditures to be funded using the LCTOP funds. The complete allocation request package must include a Board resolution that: 1) authorizes the CEO or their designee to claim \$54.2 million in FY 2023-24 LCTOP funds; 2) identifies the project(s) to be funded with the LCTOP funds; 3) accepts the transfer of FY 2023-24 LCTOP funds to Metro by the 15 municipal operators; and 4) authorizes the CEO or their designee to execute and amend all required LCTOP documents with Caltrans including the certifications and assurances and authorized agent forms. Staff proposes to align a portion of the FY 2023-24 LCTOP funds with the Division 8 Charging Infrastructure and En Route Charging for North San Fernando Valley Transit Corridor, consistent with the Metro Board and State approvals for use of FY 2022-23 LCTOP allocations, and the remainder to the operation of the E Line.

### **LCTOP Program Funding**

In FY 2023-24, \$206.2 million was allocated to LCTOP statewide.

Transit agencies receiving funds from the LCTOP must submit 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, and 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 these zero-emission buses.

### **Additional Project Eligibility Criteria**

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

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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 align FY 2023-24 LCTOP funding with Metro's E Line operations and the Division 8 Charging Infrastructure and En Route Charging for North San Fernando Valley. Staff analyzed potentially viable grant uses collected during prior years' LCTOP efforts and current year information requests from Metro's Senior Leadership Team. Staff analysis included evaluating 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. Staff recommends the Metro E Line operations and the Division 8 Charging Infrastructure and NSFV En Route Charging because they align with Metro priorities and LCTOP eligibility requirements.

Metro's Regional Connector Transit Project, which opened to the public on June 16, 2023, created 1.9 miles of new track and three new underground stations, enabling light rail travel between Union Station and the busy 7th Street/Metro Center Station in Downtown's Financial District. The project's completion also allowed Metro to merge the L (Gold) line with the A (Blue) and E (Expo) lines, creating two train lines where there were once three. This new/expanded and enhanced rail service, which provides smoother, faster, transfer-free rides between Azusa and Long Beach, and East LA and Santa Monica, has helped increase rail ridership. Like other Metro construction projects, the Regional Connector line was designed and built with significant community input. This project also benefited from Metro's Board-approved small business mitigation programs, the Business Interruption Fund and Eat Shop Play, which helped support small businesses during construction in the areas along with this project. The Business Interruption Fund supported businesses around the Little Tokyo/Arts District and History Broadway stations- \$3.3 million was awarded to 56 small "mom and pop" shops and the Eat Shop Play program provided free marketing assistance to 102 businesses along the Regional Connector line. The opening of the Regional Connector Transit Project, creating the new E Line connecting Santa Monica to East LA, aligns well with LCTOP eligibility requirements.

The Division 8 charging infrastructure and en-route charging supports Metro's NSFV Bus Rapid Transit (BRT) Improvements Project, which includes new zero-emission buses and will enable the charging of electric buses that aim to reduce noise and greenhouse gas emissions, provide better performance, and a quieter ride. Numerous community meetings and outreach were completed for the North San Fernando Valley BRT Improvements Project, where Metro staff collected feedback to incorporate into the project design. Outreach included engagement with transit-dependent riders in low-income communities along the project corridor. Additionally, staff received positive comments during the extensive NextGen Bus Plan process in support of frequent, reliable service and zero-emission buses for a smoother ride. Staff recommends a portion of the FY 2023-24 LCTOP allocation be directed to the Division 8 Charging Infrastructure and En Route Charging for NSFV Transit Corridor to continue the strategy of aligning LCTOP funding with zero-emission bus and charging infrastructure approved by Metro Board in prior years (Board Reports 2023-0029 and 2020-0112). The project was funded by FY 2022-23 LCTOP funds for \$52,157,339, with a planned additional

allocation amount of \$3,288,661.

### **DETERMINATION OF SAFETY IMPACT**

The requested actions will not impact the safety of Metro customers or employees.

### **FINANCIAL IMPACT**

Adopting LCTOP resolution and authorizing the CEO to execute the required documents to claim LCTOP funds would positively impact the agency's budget by making \$54.2 million available to Metro for rail operations and charging infrastructure.

During a February 28, 2024, meeting, Planning staff confirmed with the State that the proposed use of the new E Line's operations satisfies the LCTOP requirement regarding funds being used for new, expanded, or enhanced service. The State has supported and approved LCTOP use on new or expanded rail operations and charging infrastructure in past years.

#### **Impact to Budget**

LCTOP funds are eligible for bus and rail operations.

### **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 and low-income communities. The California Environmental Protection Agency (CalEPA) provides tools, such as CalEnviroScreen, for identifying Disadvantaged Communities (DACs) based on geographic, socioeconomic, public health, and environmental hazard criteria. As the lead agency, Metro must select and document information to show that a proposed project meets all DAC and other priority population requirements.

The Metro E Line is located in or adjacent to neighborhoods designated as disadvantaged and/or low-income communities per SB 535 and AB 1550. Most of the E Line is also within Metro's Equity Focus Communities boundaries. Census tracts along the E Line's EFC boundaries have an average of 26 percent of zero-vehicle households and an average of 64 percent of low-income households. The proposed LCTOP grant funding will help Metro fund the operations of the E Line, which will benefit the impacted communities by providing direct, safe, and reliable transit service to major centers in East Los Angeles, Downtown Los Angeles, and West Los Angeles for work, schools, and other activities.

Through the opening of the Regional Connector, 1.9 miles of new track and three new stations in Downtown Los Angeles allowed Metro to merge the former L Line with the new and enhanced A and E Lines. Community engagement for the Regional Connector included in-person and virtual Community Leadership Council meetings. Outreach completed during the draft Environmental Impact Statement (EIS)/Environmental Impact Report (EIR) provided the public with opportunities to comment during scoping meetings. These meetings were advertised in multi-lingual publications and

press releases, and multi-lingual notices were placed on Metro buses and trains. Part of the community outreach efforts during the EIS/EIR phase was the formation of the Little Tokyo Working Group (LTWG) in response to concerns by stakeholders on potential impacts on the community. Metro worked collaboratively with the LTWG to identify concerns and propose mitigation measures to address the potential effects of the Regional Connector. The E Line also connects to the K Line, providing more access and transit options to the Los Angeles International Airport (LAX).

The LCTOP would also fund equipment and charging infrastructure at Division 8 that will enable a reduction in greenhouse gas emissions for bus lines that serve DACs, low-income communities, and EFCs in the North San Fernando Valley. The NSFV BRT Improvements Project is a proposed new 18-mile BRT line that would enhance existing bus service and increase transit system connectivity. The project will allow for transit service improvements to benefit Black, Indigenous, and People of Color (BIPOC), low-income, and communities that rely on transit across the project area in the North Valley. The project will also improve service for California State University, Northridge students, where 75 percent identify as BIPOC. Overall, benefits include more frequent and reliable bus service, improved connections to the regional transit network, better access to destinations across the region, more transit options to meet growing demand, enhanced bus stops, and other service improvements.

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

The recommendation supports strategic plan goal #1 to provide high-quality mobility options that enable people to spend less time traveling, and goal #3, enhance communities and lives through mobility and access to opportunity.

### **ALTERNATIVES CONSIDERED**

The Board may choose not to approve the resolution in Attachment A. Staff does not recommend this alternative because it would risk the loss of \$54,230,499 in State FY 2023-24 LCTOP funding - \$49.9 million allocated directly and \$4.2 million in funds transferred by 15 municipal operators to Metro.

### **NEXT STEPS**

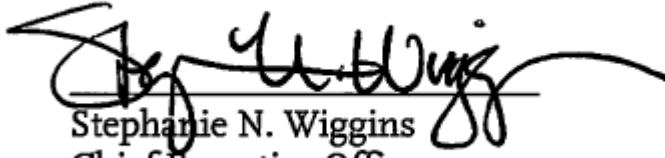
- April 26, 2024: Metro submits LCTOP allocation request to Caltrans.
- June 2024: Caltrans and CARB approve the List of Projects and submit it to SCO.
- July 2024: SCO releases approved project list.

### **ATTACHMENTS**

Attachment A - Board Resolution to Execute LCTOP Project

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