



## Board Report

File #: 2020-0112, File Type: Resolution

Agenda Number: 6.

### PLANNING AND PROGRAMMING COMMITTEE MARCH 18, 2020

**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 \$39,098,039 in fiscal year (FY) 2019-20 LCTOP grant funds for the Electric Bus Charging Infrastructure Project;
- 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 Low Carbon Transit Operations Program (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 2019-20 guidelines for the LCTOP in February 2020 and agencies must claim these formula grant funds by April 8, 2020. The grant package must include an adopted Board resolution that provides 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 Resource Board (CARB) and the State Controller's Office (SCO).

In February 2020, the State notified eligible agencies of their FY 2019-20 fund allocation amounts, including \$36,016,862 apportioned to Metro. In addition, 12 Los Angeles County municipal operators

requested to transfer to Metro \$3,081,177 of their FY 2019-20 LCTOP fund allocations for use on its 2020 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 \$39.1 million in FY 2019-20 LCTOP funds; 2) identifies the project to be funded with the LCTOP funds; 3) accepts the transfer of FY 2019-20 LCTOP funds to Metro by the 12 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 the Electric Bus Charging Infrastructure Project with these LCTOP funds.

#### 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 2019-20, \$146 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 water-borne 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, and 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 DAC's, 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 2019-20 LCTOP funding on the Electric Bus Charging Infrastructure Project. 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 Electric Bus Charging Infrastructure Project will procure and install new stationary and portable charging equipment and storage to enable reduction of air pollutants and toxic air contaminant emissions. Fixed charging facilities will be installed at the Division 9 Bus Maintenance Facility in El Monte and will power electric buses that serve populations in areas that meet the State's definition for disadvantaged and low-income communities.

Staff recommends using this grant to fund the Electric Bus Charging Infrastructure Project because its characteristics best align with the grant program eligibility criteria and strongly supports Metro's commitment to further reduce greenhouse gas emissions by transitioning to zero-emission buses ahead of the State's 2040 goal to transition to one-hundred percent electric bus fleets. In addition, operation of electric buses is an element of the Metro NextGen Service Plan. Staff received positive comments from the public during the extensive NextGen community engagement process in support of Metro's plan to place zero-emission buses in service. The Bus Electric Charging Infrastructure Project will support that effort.

## **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 \$39.1 million available to support the Electric Bus Charging Infrastructure Project.

### Impact to Budget

Claiming LCTOP funds will have a positive impact on the FY21 budget, as LCTOP funds are scheduled to be disbursed to Metro in June 2020 for use in FY21.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommendations support Metro Vision 2028 Strategic Goal 1.1: To expand the transportation network and increase mobility for all users.

## **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 2019-20 LCTOP fund allocation amount of \$36.02 million and the \$3.08 million in LCTOP funds transferred by 12 municipal operators to Metro.

## **NEXT STEPS**

- April 8, 2020: Metro submits allocation request to Caltrans.
- June 1, 2020: Caltrans and CARB approves and submits project list to State Controller's Office.
- June 30, 2020: State Controller's Office releases approved project list.

## **ATTACHMENTS**

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

Attachment B - Funding Table for Metro Electric Bus Charging Infrastructure Project

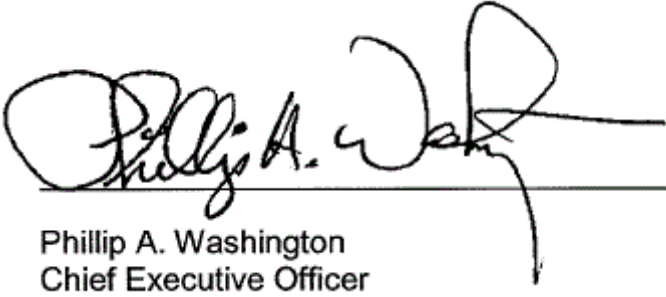
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