



Board Report

File #: 2022-0094, File Type: Resolution

Agenda Number: 10.

REVISED
PLANNING AND PROGRAMMING COMMITTEE
MAY 18, 2022

SUBJECT: CAP-AND-TRADE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)**ACTION: APPROVE RECOMMENDATIONS****RECOMMENDATION**

APPROVE the Resolution in Attachment A that:

- A. AUTHORIZES the Chief Executive Officer (CEO) or their designee to claim \$51,241,974 in fiscal year (FY) 2021-22 LCTOP grant funds for the Crenshaw/LAX Transit Corridor Operations Project and/or the Fareless System Initiative (FSI) Pilot;
- 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 amendment with the California Department of Transportation.

BUTTS AMENDMENT: Since LCTOP is eligible for Crenshaw Startup and Operations as well as the FSI Pilot Program, I would move to request a report back in August on the Operations funding outlook beyond Fiscal Year 23 and how LCTOP can help forestall the expected operations deficit specifically as it pertains to Crenshaw.

ISSUE

The LCTOP, a California cap-and-trade program established in 2014, provides public transportation agencies operating and capital assistance funds to reduce greenhouse gas emissions and improve mobility, prioritizing projects serving disadvantaged communities. The State issued the FY 2021-22 LCTOP guidelines in February 2022 and required agencies to claim these formula grant funds by March 25, 2022. 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. The State accepted draft resolutions with the March claim submittal but requires a signed Board Resolution to complete the grant request package and provide funding. Therefore, staff seeks Board approval of the Resolution contained in Attachment A.

BACKGROUND

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 18, 2022, the State notified eligible agencies of their FY 2021-22 fund allocation amounts, including \$46,942,839 apportioned to Metro. In addition, 16 Los Angeles County municipal operators requested to transfer to Metro \$4,299,135 of their FY 2021-22 LCTOP fund allocations in exchange for more flexible local funds.

On April 22, 2021, the Board approved the staff recommendation (File #2021-0038) to use FY 2020-21 LCTOP funds to fund pre-revenue service and a portion of the first year of operations of the Crenshaw/LAX Transit Corridor and/or the FSI Pilot. Staff recommended funding the Crenshaw/LAX Transit Corridor Operations Project and/or FSI Pilot because their characteristics aligned well with 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. The State ultimately approved the use of FY 2020-21 LCTOP funds on the Crenshaw/LAX Transit Corridor and/or the FSI Pilot. The FY 2021-22 LCTOP funds can be used on the scope approved by the State last year.

DISCUSSION

To claim the grant award, Metro must submit a request describing the proposed transit expenditures to be funded using the LCTOP allocation. The complete application package must include a Board resolution that: 1) authorizes the CEO or their designee to claim \$51.2 million in FY 2021-22 LCTOP funds; 2) identifies the project(s) to be funded with the LCTOP funds; 3) accepts the transfer of FY 2021-22 LCTOP funds to Metro by the 16 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 these LCTOP funds with the Crenshaw/LAX Transit Line operations and/or the FSI Pilot.

LCTOP Program Funding

The LCTOP, created by California Senate Bill 862 (2014), provides proceeds from California's Cap-and-Trade Program to support transit agency investment in various projects intended to further reduce greenhouse gas emissions. In FY 2021-22, \$192.2 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.

Additional Project Eligibility Criteria

In addition to maximizing benefits to state-recognized Disadvantaged Communities (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 FY 2021-22 LCTOP funding on the Crenshaw/LAX Transit Corridor Operations Project and/or the FSI Pilot. Staff analyzed three potentially viable proposed grant uses collected during prior years' LCTOP efforts and current year information requests from Metro's Senior Leadership Team and other internal subject matter experts. Staff analysis also included teams from various Metro departments 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 Crenshaw/LAX Transit Corridor Operations Project and/or the FSI Pilot because of its alignment to LCTOP eligibility requirements and a higher likelihood of meeting targets for project readiness and for priority populations served. Additionally, the project was approved in a prior LCTOP grant cycle, making it more likely than other potentially viable uses to be approved, again, by the State.

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 the 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. 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 and/or FSI Pilot project because their characteristics align well with the grant program eligibility criteria and strongly support 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/LAX 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 \$51.2 million available to Metro.

Impact to Budget

Claiming LCTOP funds will have a positive impact on the FY23 budget, as LCTOP funds are scheduled to be disbursed to Metro in July 2022 for use in FY23.

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 based on geographic, socioeconomic, public health, and environmental hazard criteria.

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. The State's criteria prioritize serving DACs and low-income communities. The LCTOP funds would fund operations for high quality transit that serves DACs, low-income communities, and Equity Focus Communities. All eight new stations on the Crenshaw/LAX rail line are within and adjacent to Equity Focus Communities as defined by Metro, as well as DACs and low-income communities as defined by SB 535 and AB 1550.

The proposed LCTOP grant funding will help Metro fund the operations of the Crenshaw/LAX Transit Corridor Project, which is an 8.5-mile rail transit service line that will benefit the impacted communities by providing improved access for the cities of Los Angeles, Inglewood, El Segundo, and portions of unincorporated Los Angeles County. The new transit line is expected to improve mobility for Equity Focus Communities by increasing transit options and improving system reliability by increasing access to Metro's rail and bus services that connect to educational, employment, and recreational opportunities. The goal of the FSI Pilot Program is to achieve greater equity by reducing

distance barriers, improving access to transit for all communities, and improving educational opportunities. Improved access to transit improves school attendance and academic performance, and could increase participation in extracurricular activities and employment and increases the probability of students becoming long-term transit riders. Increased transit ridership adds social and environmental benefits to the LA region.

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 the loss of Metro's FY 2021-22 LCTOP fund allocation amount of \$46.9 million and the \$4.2 million in LCTOP funds transferred by 16 municipal operators to Metro.

NEXT STEPS

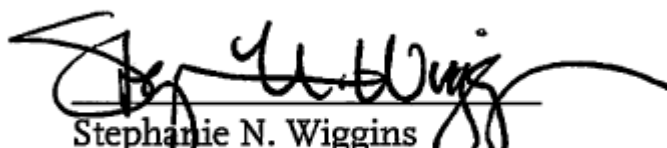
- June 1, 2022: Caltrans and CARB approve and submit project list to State Controller's Office.
- June 30, 2022: State Controller's Office releases approved project list.

ATTACHMENTS

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

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