



Board Report

File #: 2018-0007, **File Type:** Resolution

Agenda Number: 9.

PLANNING AND PROGRAMMING COMMITTEE MARCH 14, 2018

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

ACTION: APPROVE RESOLUTION FOR FISCAL YEAR 2017-18 LCTOP GRANT FUNDING

RECOMMENDATION

APPROVE the Resolution in Attachment A to:

- A. AUTHORIZE the Chief Executive Officer (CEO) or his designee to claim \$24,719,649 in fiscal year (FY) 2017-18 LCTOP grant funds for one year of Gold Line Foothill Extension Phase 2A operations and one year of Expo Line Phase 2 operations;
- B. CERTIFY that Metro will comply with LCTOP Certification and Assurances and the Authorized Agent requirements; and
- C. AUTHORIZE the CEO or his designee to execute all required documents and any amendments with the California Department of Transportation.

ISSUE

Each year the California Department of Transportation (Caltrans) makes LCTOP grant funds available through the California Air Resources Board's Cap-and-Trade Program. In February 2018, the State Controller's Office notified eligible agencies of FY 2017-18 fund allocation amounts, including \$24.7 million apportioned to Metro. 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 \$24.7 million in FY 2017-18 LCTOP funds; 2) identifies the projects to be funded with the LCTOP funds; and 3) 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. As in FY17, staff is proposing to fund the operations of the Gold Line Foothill Extension Phase 2A and Expo Line Phase 2. Staff is seeking Board approval to submit the resolution contained in Attachment A.

DISCUSSION

LCTOP Program Funding

The LCTOP was created by California Senate Bill 862 to provide funding, on a formula basis, for operational or capital expansion projects to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. The grant funds are derived from California's Cap-and-Trade Program and are the result of quarterly auctions of emission credits for greenhouse gas emitters regulated under Assembly Bill AB32. Auction proceeds, known as the Greenhouse Gas Reduction Funds (Fund), are to be reinvested in various projects to further reduce emissions. In FY 2017-18, \$97 million has been allocated to LCTOP statewide, one of 11 such programs, from the Fund.

Transit agencies receiving funds from the LCTOP shall 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,
- 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, and
- For agencies whose service area includes a Disadvantaged Community (DAC) as identified in Section 39711 of the Health and Safety Code, 50% of total funds received shall be expended on projects or services that benefit the DAC.

Assembly Bill 1550 (AB 1550) modified existing legislation for DAC benefits, and created additional requirements for low-income communities and low-income residents. These requirements are as follows:

- 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.

The Lead Agency must document and select the appropriate information to show their project meets all DAC and AB 1550 population requirements.

Project Eligibility Criteria

All projects must be consistent with the project lead'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 meet useful life requirements consistent with 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.

Another significant goal of LCTOP is to maximize benefits to DACs, low-income communities and/or low-income households. The California Environmental Protection Agency (CalEPA) has used an environmental health screening tool to delineate DACs through a calculation based on environmental (especially air quality), socio-economic, and public health factors. DACs, as defined, are disproportionately located in both Los Angeles County and the Central Valley, and notably less prevalent in other major metropolitan areas. In addition, the recent passage of AB 1550 modified existing legislation regarding DAC benefits and added requirements for low-income communities and low-income households. CalEPA has provided a mapping tool identifying communities that meet the AB 1550 criteria.

Metro-specific Considerations in Selecting LCTOP Projects

Staff developed the FY 2017-18 LCTOP funding recommendation with an eye toward LCTOP-eligible projects targeted to improve the balance between Metro's financial commitments and funding availability. As stated above, operations of new or expanded rail and bus services that reduce greenhouse gas emissions and provide benefits to disadvantaged communities are eligible for this fund source. Only the first few years of new service operations are eligible to be funded with LCTOP grants because the program goal is to help initiate new service. Therefore staff recommends using this grant to partially fund another year's operation of Expo Phase 2 and Gold Line Foothill Extension services because these projects best meet the grant eligibility criteria.

Specifically, the Metro Gold Line Foothill project adds six new light rail transit stations, five of which are located within neighborhoods designated as DACs and/or low-income communities per AB 1550 criteria. The project improves mobility for passengers living in these communities by providing direct, safe and reliable transit service to major employment centers in Pasadena, South Pasadena and Downtown Los Angeles. The service provides DAC and low-income populations in Monrovia, Duarte, Irwindale, Highland Park and downtown Los Angeles more direct access to educational facilities such as the campuses of Mount Sierra College, Citrus College, Azusa Pacific University, Pasadena City College and the California Institute of Technology. Additionally, the route provides direct access to medical services provided by the Huntington Hospital complex and its adjacent Urgent and

Emergency Care facilities in Pasadena.

Similarly, the Metro Expo Line Phase 2 adds seven new light rail transit stations, five of which are located in or adjacent to neighborhoods designated by AB 1550 as disadvantaged and/or low-income communities. This project improves access to residents of those neighborhoods by providing direct transit service to major employment centers in Santa Monica and West Los Angeles. This line also significantly improves access to educational opportunities offered by Santa Monica College, and health service providers such as the UCLA Medical Center in Santa Monica and Providence Saint John's Health Center.

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 \$24.7 million available to support the operation of Metro Rail service.

Impact to Budget

Claiming LCTOP funds will have a positive impact on the FY18 budget, as LCTOP funds are scheduled to be disbursed to Metro in June 2018 for use in FY19.

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 2017-18 LCTOP fund allocation amount of \$24.7 million.

NEXT STEPS

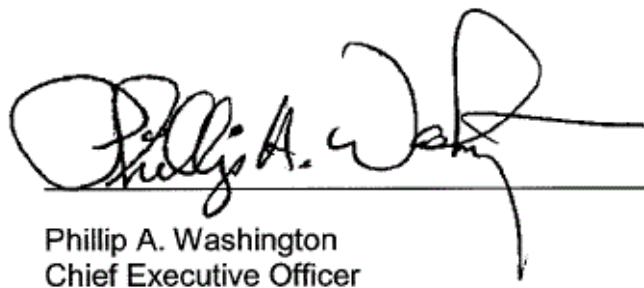
- March 30, 2018: Metro submits allocation request to Caltrans.
- June 1, 2018: Caltrans and Air Resources Board approve list of projects and submit to State Controller's Office
- June 30, 2018: State Controller's Office releases approved project amounts to recipients

ATTACHMENTS

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

Attachment B - Funding Table

Prepared by: Vince Lorenzo, Sr. Mgr., Transportation Planning, (213) 922-4320
Cosette Stark, DEO, Countywide Planning & Development, (213) 922-2822
Laurie Lombardi, SEO, Countywide Planning & Development, (213) 418-3251
Reviewed by: Therese W. McMillan, Chief Planning Officer, (213) 922-7077



Phillip A. Washington
Chief Executive Officer