



Board Report

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Agenda Number: 15.

PLANNING AND PROGRAMMING COMMITTEE MARCH 20, 2019

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

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

APPROVE the Resolution in Attachment A to:

- A. AUTHORIZE the Chief Executive Officer (CEO) or his designee to claim \$36,612,888 in fiscal year (FY) 2018-19 LCTOP grant funds for one year of Gold Line Foothill Extension Phase 2A operations and one year of Expo Line Phase 2 operations; and
- B. CERTIFY that Metro will comply with LCTOP certification and assurances and the authorized agent requirements, and authorize the CEO or his designee to execute all required documents and any amendment with the California Department of Transportation.

ISSUE

The California Department of Transportation (Caltrans) issued the FY 2018-19 guidelines for the LCTOP in January 2019. Agency claims for FY18-19 LCTOP grant funds are due to Caltrans on March 28, 2019. The grant package must include an adopted Board resolution that provides project information, and certifies that Metro will comply with all conditions and requirements set forth in the certifications and assurances, and authorized agent documents. Therefore, staff is seeking Board approval to submit the resolution contained in Attachment A.

DISCUSSION

Each year the State of California makes LCTOP grant funds available through the California Air Resource Board's Cap-and-Trade Program. In February 2019, the State Controller's Office notified eligible agencies of FY 2018-19 fund allocation amounts, including \$36.6 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 \$36.6 million in FY 2018-19 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 FY18, staff is

proposing to fund the operations of the Gold Line Foothill Extension Phase 2A and Expo Line Phase 2. These funds will replace the federal CMAQ funds which are only eligible for the first three years of operation. Expo II and Foothill 2A are entering their fourth year of rail operations and are no longer eligible for federal CMAQ funding. These LCTOP funds will allow these two new rail line extensions to continue the high frequency peak hours service and maintain weekday time span of service.

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, are to be reinvested in various projects to further reduce emissions. In FY 2018-19, \$147 million has been allocated to LCTOP statewide 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; 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 (SB 535) required that Greenhouse Gas Reduction Funds be invested in and benefit Disadvantaged Communities (DACs). SB 535 also required the California Environmental Protection Agency (CalEPA) to identify DACs based on geographic, socioeconomic, public health, and environmental hazard criteria and create a tool to identify the DAC. Criteria included but is 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.

CalEPA created CalEnviroScreen 3.0, a tool that assesses all census tracts in the State to identify areas disproportionately affected by multiple types of pollution and areas with vulnerable populations. DACs, as defined, are disproportionately located in both Los Angeles County and the Central Valley,

and notably less prevalent in other major metropolitan areas.

Assembly Bill 1550 (AB 1550) modified existing legislation for DAC benefits, and created additional requirements for low-income communities and low-income residents. CalEPA has provided a mapping tool identifying communities that meet the AB 1550 criteria. 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.

Metro as the lead agency must document and select the appropriate information to show their project meets all DAC and AB 1550 population requirements. Staff performed analysis in the selection of the projects recommended for LCTOP funding to ensure the above criteria were met.

Specifically, the Metro Gold Line Foothill Phase 2A 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.

Similarly, the Metro Expo Line Phase 2 project adds seven new light rail transit stations, five of which are located in or adjacent to neighborhoods designated as disadvantaged and/or low-income communities per AB 1550. This project improves access to residents of those neighborhoods by providing direct, safe and reliable transit service to major employment centers in Santa Monica and West Los Angeles.

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 developed the FY 2018-19 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. Given that only the first few years of new service operations are eligible to be funded with LCTOP grants and very few federal and state fund sources can be used for services operations, staff is recommending using this grant to partially fund an additional year's operation of Expo Phase 2 and Gold Line Foothill Extension services.

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 \$36.6 million available to support the operation of Metro rail service.

Impact to Budget

Claiming LCTOP funds will have a positive impact to the FY20 budget, as LCTOP funds are scheduled to be disbursed to Metro in June 2019 for use in FY20.

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 2018-19 LCTOP fund allocation amount.

NEXT STEPS

- March 28, 2019: Metro submits allocation request to Caltrans.
- June 1, 2019: Caltrans and ARB approve projects and submit to State Controller's Office
- June 30, 2019: 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 for FY20 Operations of Metro Gold Line Foothill Extension and Metro Expo Phase 2

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