



# Air Resources Board



**Matthew Rodriguez**  
Secretary for  
Environmental Protection

**Mary D. Nichols, Chairman**  
1001 I Street • P.O. Box 2815  
Sacramento, California 95812 • [www.arb.ca.gov](http://www.arb.ca.gov)

**Edmund G. Brown Jr.**  
Governor

TO: Bruce Roberts  
Chief (Acting)  
Division of Rail and Mass Transportation  
California Department of Transportation  
1120 N Street  
Sacramento, California 94274-0001

FROM: Cynthia Marvin, Chief  
Transportation and Toxics Division

DATE: March 25, 2015

SUBJECT: GREENHOUSE GAS REDUCTION FUND: CALIFORNIA DEPARTMENT  
OF TRANSPORTATION EXPENDITURE RECORD FOR FISCAL YEAR  
2014-15 – LOW CARBON TRANSIT OPERATIONS PROGRAM

---

Thank you for submitting the final expenditure record (attached) on behalf of the California Department of Transportation (Caltrans) on March 24, 2015, to satisfy the requirements of Senate Bill 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012) for expenditures from the Greenhouse Gas Reduction Fund (Fund). We appreciate the iterative consultation process with Caltrans staff on the development of this record to support expenditures from the Fund for the Low Carbon Transit Operations Program.

This memorandum documents that Air Resources Board (ARB) staff concurred on March 25, 2015 that the attached record is consistent with the statutory requirements of Government Code Section 16428.9 and with ARB's expectations, as documented in the August 6, 2014 final ARB *Interim Guidance to Administering Agencies on Expenditure Record and Fiscal Procedures*.

The Caltrans Expenditure Record for Fiscal Year 2014-15, along with this memorandum, will be published on the ARB Cap-and-Trade Auction Proceeds website at: [www.arb.ca.gov/auctionproceeds](http://www.arb.ca.gov/auctionproceeds).

If you have any questions concerning this memorandum, please call me at (916) 324-0062 or via email at [Cynthia.Marvin@arb.ca.gov](mailto:Cynthia.Marvin@arb.ca.gov).

## Attachment

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.*

California Environmental Protection Agency

---

**Greenhouse Gas Reduction Fund: Expenditure Record**

**Fiscal Year: 2014-15**

California Department of Transportation (Caltrans)  
Low Carbon Transit Operations Program (LCTOP)  
2014-15 Expenditure Record  
To Expend \$25 Million in Greenhouse Gas Reduction Funds  
Per Government Code 16428.9

**Authorizing Legislation:** Item 2640-101-3228 of the Budget Act of 2014 (Chapter 25, Statutes of 2014) includes \$25,000,000 from the Greenhouse Gas Reduction Fund (GGRF) for State Transit Assistance, for allocation by the State Controller's Office (SCO) based on the California Department of Transportation (Caltrans) evaluation and approval of project applications.

**Agency:** Caltrans

**Recipients:** Transit providers and local agencies that receive funds in the state fiscal year per Public Utilities Code (PUC) Sections 99313 and 99314.

**Program Description:** The LCTOP is part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862 (Chapter 836, Statutes of 2014). The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities.

*Per Government Code §16428.9, prior to expending any moneys appropriated to it by the Legislature from the fund, a state agency shall prepare a record consisting of the following elements:*

**Element (1): Description of each expenditure proposed to be made by the State agency pursuant to the appropriation.**

<b>Description:</b>	<b>Details</b>
<input type="checkbox"/> Agency that will administer funding	<ul style="list-style-type: none"><li>• Caltrans will be the administering agency for this program and will provide assistance and guidance to local agencies in receiving their allocation and documenting project benefits.</li><li>• Caltrans will coordinate with the Air Resources Board (ARB) and State Controller's Office (SCO) to assure compliance with LCTOP Guidelines<sup>1</sup> and statutory requirements.</li></ul>
<input type="checkbox"/> Amount of proposed expenditure and appropriation reference	<ul style="list-style-type: none"><li>• The total expenditure is \$25 million per Section 2640-101-3228 of the Budget Act of 2014 (Chapter 25, Statutes of 2014). This includes no funds for State agency administrative costs.</li></ul>

<sup>1</sup> Caltrans, "Greenhouse Gas Reduction Fund, Guidelines for Low Carbon Transit Operations Program", December 19, 2014, <http://www.dot.ca.gov/hq/MassTrans/Docs-Pdfs/3228-ggrf/lctop%20guidelines%202014.pdf>

# Low Carbon Transit Operations Program (LCTOP)

## Page 2

---

Intended recipients

- Transit agencies that are eligible for State Transit Assistance, per Public Utilities Code (PUC) Sections 99313 and 99314 (e.g., a transportation planning agency and county transportation commission, or the San Diego Metropolitan Transit Development Board).

---

Project category

- Low-carbon transit operations

---

Type of projects that will be eligible for funding

- Projects must meet the requirements in Public Resources Code Section 75230 which established the Low Carbon Transit Operations Program. Projects will involve transit operating or capital assistance that meets all of the following criteria:
  - Supports new or expanded bus or rail services, or expanded intermodal transit facilities, and may include equipment acquisition, fueling, and maintenance, and other costs to operate those services or facilities; and
  - Directly enhances or expands transit service to increase mode share; and
  - Reduces greenhouse gas emissions.
- The LCTOP Guidelines contain a detailed list of eligible projects for the FY 2014-15 funding cycle. Transit agencies must select projects from this list and implement those projects in accordance with the statutory requirements in Public Resources Code Section 75230.

---

Process for selecting projects for funding

- Funds are allocated to transit agencies based on the formula specified in PUC Sections 99313 and 99314. The funds made available pursuant to PUC Section 99313 are based on the ratio of the population of the area under its jurisdiction to the total population of the state. Funds made available per PUC Section 99314 are based on the amount received by each transportation planning agency, county transportation commission or other defined entity, and based on the ratio of the revenues of each of the member agencies and of all the operators during the prior fiscal year within the area of jurisdiction of the allocating agency, commission, or board as the case may be.

For transit agencies that receive funding allocations, Caltrans invites them to submit projects for review.

- In consultation with ARB, Caltrans determines whether proposed projects and expenditures reduce GHG emissions, provides benefits to disadvantaged communities, result in mode shifts, and are eligible for funding
  - After evaluating and selecting projects according to program guidelines, Caltrans notifies the SCO of approved expenditures for each transit agency.
  - SCO releases funds to the project sponsors for the approved projects and expenditures with all funds released by June 30, 2015.
-

**Element (2): Description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.**

<i>Description:</i>	<i>Details</i>
<input type="checkbox"/> How the expenditure is reflected in the three-year Investment Plan	<p><u>GHG Emission Reductions:</u> LCTOP projects will reduce GHG emissions by increasing transit ridership and reducing passenger vehicle miles travelled. The list of eligible projects in the program guidelines includes a variety of approaches for achieving increased ridership (e.g., new or expanded transit service; zero-emission or hybrid vehicles that support new or expanded service; active transportation improvements that support new or expanded transit service; transit passes/vouchers, etc.).</p> <p><u>Consistent with Investment Plan:</u> AB 1532 requires that GGRF monies be appropriated in a manner that is consistent with the three-year Investment Plan (Health and Safety Code Section 39718.) The 2013 “Cap-and-Trade Auction Proceeds Investment Plan” recommends that sustainable communities and clean transportation receive the largest allocation of auction proceeds investments because the transportation sector is the largest contributor of both GHGs and criteria pollutants. In addition, Appendix B of the Investment Plan specifically describes and recommends the types of projects that will be funded by expenditures under the LCTOP (e.g., , funding to increase transit mode share through focused transit expansion and ridership programs, transit-oriented development, active transportation, etc.). The LCTOP will support transit agencies in their efforts to increase transit ridership and to meet the statewide GHG reduction goals. Therefore, the expenditures covered by this record are consistent with the Investment Plan and align with the priorities expressed in the Plan.</p> <p><u>Consistent with Climate Change Scoping Plan:</u> The “First Update to the Climate Change Scoping Plan,” released in May 2014, lists funding of specific areas to support AB 32. LCTOP expenditures will be consistent with the following funding recommendations in the Scoping Plan Update:</p> <ul style="list-style-type: none"> <li>• Expansion of established local, regional and state funding programs supporting transit, infrastructure, active transportation (walking/biking), land-use changes, and other projects that place a priority on reducing VMT and GHG emissions and are identified in the Sustainable Community Strategies or Regional Transportation Plans;</li> <li>• Infrastructure investments that are integrated with sustainable community plans, maximize transit trips, and cut VMT</li> </ul>

**Element (3): Description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.**

---

<i>Description:</i>	<i>Details:</i>
<input type="checkbox"/> Expected time frame when reductions will be achieved and how expenditure will maintain GHG reductions	<ul style="list-style-type: none"><li>• LCTOP projects will achieve greenhouse gas (GHG) reductions by increasing ridership and reducing passenger vehicle miles travelled through expenditures that support new or expanded service or expanded transit facilities (e.g., providing better bus connections to intercity rail, encouraging people to shift from cars to mass transit, using zero-emission or hybrid buses on new routes.);</li><li>• The reductions will begin in 2015, GHG reductions from LCTOP expenditures will be maintained for the length of the transit service or through the useful life of the vehicle/equipment. Capital projects must have a useful life not less than that typically required for capital assets (rolling stock, infrastructure, rail infrastructure, equipment) pursuant to the State General Obligation Bond Law (Government Code Section 16720, et seq.) specifically subdivision (a) of Section 16727. Buses and rail rolling stock, including paratransit vehicles, are considered to be equipment with a useful life of two years or more.</li></ul>

---

**Element (4): Description of how the State agency considered the applicability and feasibility of other nongreenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.**

<i>Description:</i>	<i>Details:</i>
<input type="checkbox"/> Expected co-benefits, particularly environmental, economic, public health and safety	<p>Each LCTOP project will contribute towards transit improvements and GHG reduction benefits from lower transit vehicle emissions and/or reduced auto emissions through growth in transit ridership that reduces car VMT. In addition, co-benefits from these projects include:</p> <ul style="list-style-type: none"> <li>• improved mobility for transit riders through improved and expanded service;</li> <li>• improved public health and reduced vehicle emissions through active transportation (e.g., increased bicycling and walking paths with better connections to transit stations, better bike storage at transit stations and on transit vehicles);</li> <li>• improved air quality resulting from cleaner transit vehicles that reduce emissions of nitrogen oxides, reactive organic gases, and particulate matter.</li> <li>• increased safety through improved transit infrastructure;</li> <li>• reduced auto congestion for non-transit users;</li> <li>• economic benefits for individuals through better connectivity of homes and jobs, especially for disadvantaged communities; and</li> <li>• better economic development opportunities for communities through improved transportation infrastructure to attract and retain businesses.</li> </ul>
<input type="checkbox"/> Disadvantaged community benefits, if applicable, as defined in ARB guidelines	<ul style="list-style-type: none"> <li>• LCTOP expenditures will support improved access to transit services within disadvantaged communities and along the corridors that provide transit services for residents of disadvantaged communities. This improved service will provide greater access to jobs, schools and businesses for disadvantaged community residents.</li> </ul>
<input type="checkbox"/> Percentage of total funding that will be expended for projects that benefit disadvantaged communities, per ARB guidelines	<ul style="list-style-type: none"> <li>• For transit agencies whose service areas include disadvantaged communities as identified in Section 39711 of the Health and Safety Code, at least 50 percent of the total moneys received shall be expended on projects or services that benefit disadvantaged communities. All transit agencies with proposed LCTOP expenditures will need to overlay maps of their service areas with the disadvantaged community census tracts and determine whether the agency is required to expend 50 percent to benefit disadvantaged communities.</li> </ul>
<input type="checkbox"/> How the project will support other AB 32 objectives	<ul style="list-style-type: none"> <li>• Projects will complement the State’s efforts to improve air quality and direct public investment toward the most disadvantaged communities in California.</li> </ul>

**Element (5): Description of how the State agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.**

<i>Description:</i>	<i>Details:</i>
<input type="checkbox"/> Approach that will be used to document net GHG reductions before and after project completion. Include citations for references that support methodology.	<ul style="list-style-type: none"> <li>• Caltrans will coordinate with ARB to estimate net GHG reductions and co-benefits, using standardized methodologies developed with ARB's concurrence. Caltrans staff will review calculations prepared by project proponents to ensure consistency with approved methods.</li> <li>• Estimated GHG reductions will be based on information reported, in accordance with guidelines, by local agencies to Caltrans.</li> </ul>
<input type="checkbox"/> Type of information that will be collected to document project results, as described in ARB guidelines	<ul style="list-style-type: none"> <li>• <u>Semi-Annual Progress Report</u>: Project sponsors are required to report semiannually to Caltrans on the activities and progress of each approved and allocated project to ensure activities funded from the GGRF are timely, within approved scope and cost, and are achieving the intended purpose. The semi-annual report will also contain information needed to document GHG reductions, co-benefits, expenditures that benefit disadvantaged communities, and other items described in ARB's Guidelines.</li> <li>• <u>Final Project Report</u>: Includes the comparison of actual project performance of the final project to the projected performance when the allocation was requested, along with a final project itemized expenditure table and verification of project completion as scoped.</li> </ul>
<input type="checkbox"/> How the agency will report on program status	<ul style="list-style-type: none"> <li>• <u>Annual Legislative Report</u>: Per Health and Safety Code Section 39721 administering agencies shall report to the Department of Finance and the Department of Finance shall submit an annual report to the Legislature on the status of projects and their outcomes. Caltrans will compile project information from transit agencies and submit summarized LCTOP information to ARB for this annual report.</li> <li>• <u>Annual Expenditure Record</u>: Beginning in FY 2015-16, LCTOP has a continuing appropriation of GGRF monies. Caltrans will submit an annual expenditure record to ARB that corresponds to each fiscal year's funding.</li> <li>• Caltrans will provide regular updates on expenditures, project location, project status, and benefits in reports prepared according to ARB Guidelines. At a minimum, the reports will include expenditure amounts, current estimates of GHG emission reductions, and quantification of other applicable co-benefits.</li> </ul>