

LOW CARBON TRANSIT OPERATIONS PROGRAM FY 2017-2018 FINAL DRAFT GUIDELINES



CALTRANS
DIVISION OF RAIL AND MASS TRANSPORTATION
OFFICE OF STATE TRANSIT PROGRAMS AND PLANS



LCTOP Draft Guidelines FY 2017-2018

Contents

Executive Summary.....	4
Introduction	5
History of LCTOP	5
Senate Bill 824.....	6
Continuous Appropriation	6
Funding Process	7
Roles and Responsibilities.....	8
Department of Finance	8
State Controller’s Office.....	8
California Air Resources Board	8
Caltrans	8
Eligible Recipients	10
Lead Agency	10
Contributing Sponsor	10
Project Eligibility	12
New or Expanded Service	12
Greenhouse Gas Reduction Criteria.....	12
Investments to Benefit Assembly Bill 1550 Populations	13
Legislation	13
AB 1550 Populations.....	13
Addressing an important Need for a Community or Household.....	14
Providing a Benefit to residents of AB 1550 Communities.....	14
Allocation Request and Award Requirements	16
Allocation Request Form.....	16
Authorized Agent Form.....	16
Certifications and Assurances Form.....	16
LCTOP Quantification Methodology Tool	17
Board Resolutions	17
Bank Account	17
Fund Roll-Over	17
Expending Funds	17

LCTOP Draft Guidelines FY 2017-2018

Reassigning Funds to a New or Existing Eligible LCTOP Project.....	18
Reassigning Funds to a NEW Eligible LCTOP Project:	18
Reassigning Funds to an EXISTING LCTOP Project:.....	18
Interest Earned	19
Letter of No Prejudice	19
Compliance with CEQA, Civil Rights and Environmental Justice.....	20
LCTOP Annual Calendar	21
LCTOP Allocation Request Submittal	21
Reporting Obligations	22
Annual Expenditure Record	22
Annual Report	22
Semi-Annual Progress Report	23
Corrective Action Plan.....	24
Close-Out Report	24
Project Audit	25
Spot Audit and On-site Monitoring.....	25
Program Compliance.....	26
Appendix A AB 1550 Criteria Tables	27
Appendix B DAC Common Needs Table.....	34
Appendix C Allocation Request.....	36

LCTOP Draft Guidelines FY 2017-2018

Executive Summary

The Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 with Senate Bill 862 (SB 862). SB 862 established LCTOP as a noncompetitive, formulaic program, with 5% of annual auction proceeds being continually appropriated at the beginning of 2015. LCTOP funds are distributed based on prior use of State Transit Assistance (STA) funds where 50% of the funds are designated to regional entities and the other 50% for transit operators. LCTOP was created to provide operating and capital assistance to transit agencies with the goal of reducing greenhouse gas (GHG) emissions and improving mobility; with an emphasis on serving Disadvantaged Communities (DAC). For agencies whose service area includes a DAC, at least 50% of the total monies received shall be expended on projects that provide a direct, meaningful and assured benefit to DAC(s).

The California Department of Transportation (Caltrans) is responsible for administering the statutory requirements of the program and ensuring they are met in terms of project eligibility, greenhouse gas emission reductions, improved mobility, DAC benefits, and other requirements of law. Recipients will report to Caltrans on their compliance with the statutory requirements. As such, recipients are strongly encouraged to select those projects that maximize public benefits for transit ridership, greenhouse gas emission reductions, DAC benefits, and other co-benefits. This program is administered by Caltrans in coordination with the California Air Resources Board (CARB) and the State Controller's Office (SCO).

This document provides guidance to eligible recipients on the process and timeline for requesting funds for transit projects that meet the criteria established in SB 862 and modified by recent legislation: Senate Bill 824 (SB 824) of 2016, Senate Bill 838 (SB 838) of 2016, and Assembly Bill 1550 (AB 1550) of 2016. These guidelines are consistent with CARB's 2017 Draft Funding Guidelines for Agencies that Administer California Climate Investments (CCI) (Funding Guidelines), and are available at: www.arb.ca.gov/cci-fundingguidelines

LCTOP Draft Guidelines FY 2017-2018

Introduction

History of LCTOP

Assembly Bill 32 (AB 32), the California Global Warming Solutions Act of 2006, took a long term, comprehensive approach to addressing climate change and its effects on the environment and natural resources. AB 32 required California to reduce greenhouse gas (GHG) emissions to 1990 levels by 2020 and to continue reductions beyond 2020. California Air Resources Board (CARB) was directed to be the Lead Agency and implement the law. CARB adopted the *Climate Change Scoping Plan: Building on the Framework* on May 15, 2014 and together with other State and local agencies, have developed and implemented numerous regulations and programs to reduce emissions to meet these goals. The Cap-and-Trade program is a key element of the Scoping Plan, where CARB places a limit or cap on GHG emissions by issuing a limited number of tradable permits (called allowances) equal to the cap. A portion of these allowances can be purchased from the State at a quarterly auction, thereby generating auction proceeds. The State portion of these proceeds is deposited in the Greenhouse Gas Reduction Fund (GGRF) where it is available for appropriation by the Legislature. All projects funded by the GGRF must reduce GHG emissions and adhere to the purposes of AB 32. The California Climate Investments (CCI) is a statewide initiative that puts billions of Cap-and-Trade dollars to work reducing GHG emissions, strengthening the economy and improving public health and the environment, particularly in disadvantaged communities.

Senate Bill 535 (SB 535) of 2012 requires GGRF investments to fund projects that provide a benefit to disadvantaged communities (DAC). The designation of “disadvantaged communities” was assigned to the California Environmental Protection Agency (CalEPA). CARB is responsible for developing Funding Guidelines that include a component for maximizing benefits to a DAC per Senate Bill 862 (SB 862).

SB 862 of 2014, established the LCTOP receiving GGRF monies and provides continuous appropriation with 5% of the annual auction proceeds. LCTOP projects will reduce GHG emissions and support transit agencies in their efforts to increase mode share. To achieve the required greenhouse gas emissions reduction for each project, Caltrans will not approve or accept any project that would not be fully funded when LCTOP funds are combined with other committed funding sources. Therefore, a project that only includes pre-construction work will likely be ineligible under the program.

SB 32 of 2016 further requires CARB to ensure rules and regulations are achieving the maximum technologically feasible and cost-effective greenhouse gas emissions and ensure that statewide greenhouse gas emissions are reduced to at least 40 percent below the statewide greenhouse gas emissions limit no later than December 31, 2030.

Assembly Bill 1550 (AB 1550) of 2016, revised investments within disadvantaged communities requiring administering agencies to allocate:

1. A minimum of 25% of GGRF funds must be invested in projects that are located within and benefiting individuals living in DACs.
2. Additionally, 5% of GGRF funds must benefit individuals living in low-income communities or benefiting low income households statewide.
3. An additional minimum of 5% that are located within and benefiting individuals living in low-income communities, or benefiting low-income households, that are within a ½ mile of a DAC.

LCTOP Draft Guidelines FY 2017-2018

Senate Bill 824

The California Legislature passed Senate Bill 824 (SB 824) in 2016, amending SB 862 to provide transit agencies more flexibility in spending their allocation and allows them to use their allocation to fund a wider range of eligible projects. More specifically, SB 824 allows LCTOP funds to be expended by transit agencies on operating and capital assistance that reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities; and meets any of the following:

1. 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.
2. Operational expenditures that increase transit mode share.
3. 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-emission buses.

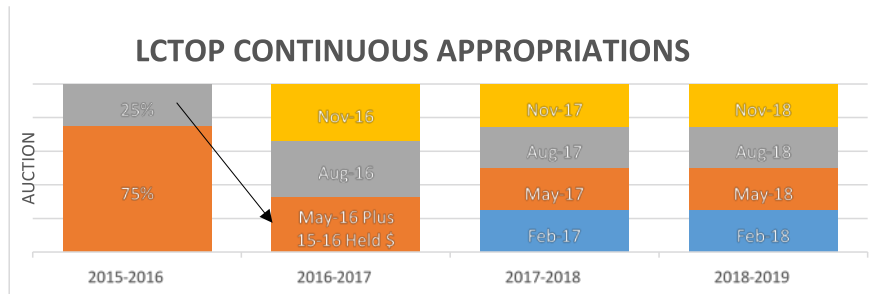
Under SB 824, recipients are allowed to roll over funding for a maximum of 4 years; apply for a Letter of No Prejudice (LONP) for an allowable expenditure (see page 16 for more information) and requires the audit of recipient agencies' finances—already required under the Transportation Development Act (TDA), to be expanded to include verification of receipt and appropriate expenditure of funds from the program. SB 824 also requires recipient agencies to comply with all applicable legal requirements, including California Environmental Quality Act (CEQA), and civil rights and environmental justice obligations under state and federal law.

SB 824 also requires that a recipient agency demonstrate that each expenditure of program monies does not supplant another source of funds.

Continuous Appropriation

The Department of Finance (DOF) will release auction proceeds quarterly after the Cap-and-Trade auction totals are finalized. This will result in four separate releases during the 2016-2017 fiscal year and the subsequent fiscal years. After the review of available proceeds and upon notice from the DOF, Caltrans will notify the State Controller's Office (SCO) to determine formulaic shares for recipients. Caltrans anticipates SCO to release amounts no later than January to meet the Spring Allocation Request due date. The amount of funding available for LCTOP will be the funds from the applicable calendar years of auctions in February, May, August and November.

LCTOP Draft Guidelines FY 2017-2018



Funding Process

The SCO will prepare a list of eligible recipients and the amount of funds to allocate per Section 39719 of the Health and Safety Code. Funds will be distributed by formula based on prior use of State Transportation Act (STA) funds and is divided in two equal parts. 50% is available for regional entities and is distributed based on the ratio of population of the area under its jurisdiction to the total population of the state. The other 50% is available to transit operators and is distributed based on the ratio of total revenue of each operator during the prior fiscal year to the total revenue (fare) of all operators of the state.

Caltrans, in coordination with CARB updated Funding Guidelines, will update the LCTOP Guidelines as necessary. Once the LCTOP Guidelines are updated and SCO releases the list of eligible agencies and funding limits, Caltrans will invite eligible agencies to submit an Allocation Request for Caltrans and CARB review. The Guidelines describe the process that each agency must follow to qualify and receive their allocation. The Lead Agency will receive their allocation of funds once they have submitted an Allocation Request, and Caltrans—in coordination with CARB, has determined the project meets all requirements of the program. Each agency must submit an Allocation Request to receive the annual apportionment, funding amounts will not be held or saved for a future year's request.

LCTOP Draft Guidelines FY 2017-2018

Roles and Responsibilities

Department of Finance

Upon the completion of the last calendar year, quarterly Cap-and-Trade Auctions (February, May, August, November), the Department of Finance (DOF) will make a final determination of the Greenhouse Gas Reduction Funds (GGRF) available for LCTOP and notify State Controller's Office (SCO) of the amount of funds.

State Controller's Office

The SCO will prepare a list of eligible recipients and determine the appropriate allocation. The SCO will annually apply the current year's formula to available funds from the quarterly auction proceeds (provided by DOF) to determine each eligible recipient's share. During the FY 2015-2016 and each fiscal year thereafter, the SCO shall notify eligible recipients of the amount each will receive. The SCO will also be responsible for distributing LCTOP funds to eligible recipients based on the list projects approved by Caltrans and CARB.

California Air Resources Board

The California Air Resources Board (CARB) will update and adopt the *Cap-and-Trade Auction Proceeds: Funding Guidelines for Agencies that Administer California Climate Investments*, Funding Guidelines when applicable after public review, comment and revision. Please refer to the following link for the most current Funding Guidelines: www.arb.ca.gov/cci-fundingguidelines. The Funding Guidelines include Volume 1: General Guidance, Volume 2: Investments to Benefit Disadvantaged Communities, and Volume 3: Reporting Requirements.

CARB is also responsible for developing the methodologies for quantifying and reporting of greenhouse gas (GHG) reductions and other co-benefits. CARB will work with Caltrans to develop tools for recipient agency to quantify their projects GHG reduction and other co-benefits. These tools will be reviewed annually for possible updates and revisions.

CARB is also responsible for coordinating with all GGRF programs to:

1. Manage the GGRF, in coordination with DOF, and work with SCO to distribute GGRF monies to administering agencies.
2. Review and comment on program guidelines when necessary.
3. Work with administering agencies to determine the eligibility of the projects submitted by the Lead Agency for funding.
4. Collect information on program status for the annual report to the Legislature and to provide program transparency.
5. Collect data from administering agencies for multiple annual reports.
6. Provide guidance to administering agencies to target investments to benefit AB 1550 populations and maximize benefits to DACs per SB 535 requirements.

Caltrans

In coordination with CARB, Caltrans is responsible for developing and updating the guidelines for this program, defining the criteria for project eligibility and reporting requirements as well as:

1. Establish and manage the schedule for the allocation process.

LCTOP Draft Guidelines FY 2017-2018

2. Provide assistance and guidance to local agencies in preparing their requests for funds.
3. Evaluate agencies' requests for funds, reviewing projects with CARB for their concurrence on the approval of projects.
4. Monitor the progress of projects through reporting requirements and communication with project's Lead Agency.
5. Ensure approved projects, where applicable, are benefitting and meeting the need(s) of AB 1550 Populations¹.
6. Conduct regular site visits and initiate audits as needed.
7. Review project completion through reports and documentation from project's Lead Agency.
8. Review and approve Letter of No Prejudice (LONP) when applicable.
9. Prepare program data for annual report and submit to CARB for the Legislature.
10. Prepare LCTOP reports to submit to CARB, in accordance with reporting requirements contained in Funding Guidelines. These reports may include but are not limited to: Annual Expenditure Record, Project Profile, End of Year Report, Project Closeout Report, and Project Outcome Reporting.
11. Maintain copies of project records for minimum of three years after the "Project Closeout" report or three years after the final project outcome report is submitted, whichever is later.

¹ As stated in CARB's 2017 Draft Funding Guidelines, AB 1550 Populations include: disadvantaged communities, low-income communities, and low-income households. Disadvantaged communities must be identified in accordance with Health and Safety Code Section 39711. Low-income communities and low-income households are defined in Health and Safety Code Section 39713. The Funding Guidelines can be found here: www.arb.ca.gov/ci-fundingguidelines

LCTOP Draft Guidelines FY 2017-2018

Eligible Recipients

Eligible recipients are entities included in the list provided by the State Controller's Office (SCO) and are transportation planning agencies and transit operators that are eligible for State Transit Assistance (STA) Fund per PUC 99313 or 99314. SCO allocates 50% of funds to regional entities and 50% of funds to transit agencies. All recipient agencies, both lead and contributing, must comply with California Air Resources Board (CARB) Funding Guidelines. The [Funding Guidelines](#) include requirements for reporting, recordkeeping and other activities designed to provide accountability and transparency.

Lead Agency

The Lead Agency is an eligible recipient of LCTOP funds that is responsible for their project from request to final reporting along with the following tasks:

1. Submitting a completed Allocation Request annually (including Allocation Request form, Quantification Methodology Tool, Funding Plan, and Disadvantaged Communities' and/or Low-Income Communities' Maps).
2. Submitting all required reporting including Semi-Annual Reports, Corrective Action Plans, Close-Out Report, and Final Project Benefit Report.
3. Oversight and/or performance of all work from receipt of funding through completion of the project.
4. Establishing a bank account for LCTOP funds. If a separate account is not possible, the agency may show documents of a line item or subaccount dedicated to LCTOP funds.
5. Meeting all statutory DAC, low-income community, and/or low-income household requirements, where applicable.
6. Quantifying GHG emission reductions per project and in accordance with CARB's Quantification Methodology Tool for LCTOP, available online at: www.arb.ca.gov/cci-quantification.
7. All project documentation including but not limited to: Allocation Request, Corrective Action Plans, Reports, Project Audits, Transportation Development Act Audits, Reassigning of GGRFs (Greenhouse Gas Reduction Fund) request, and any additional information needed in the event of an audit. Note: Please review the Reporting section for greater detail.
8. Comply with all applicable California Environmental Quality Act (CEQA), civil rights and environmental justice obligations under state and federal law.
9. Maintaining copies of project records for three years after the "Final Project" report or three years after the final project outcome report is submitted, whichever is later.
10. Attend annual Allocation Request Workshops, as well as LCTOP Guideline Workshops held regionally by LCTOP staff.

Once a Lead Agency's project has been approved and authorized for funding, the SCO will send LCTOP funds directly to that Lead Agency on or before the close of the state fiscal year (June 30th).

Contributing Sponsor

The contributing sponsor is an entity that passes funds to the Lead Agency to support a project. The contributing sponsor could be the regional entity (PUC 99313) passing their funds to a recipient agency within their region or a recipient agency (PUC 99314) passing their funds through to either a regional entity or a recipient agency within their region. If a contributing sponsor has a DAC within its jurisdiction

LCTOP Draft Guidelines FY 2017-2018

at least 50% of the transferred funds must be utilized within a DAC, and meaningfully address an important community need. Caltrans is not responsible for tracking funding agreements (borrowing, loaning, delegating, relinquishing funds, etc.) between LCTOP lead agencies and contributing sponsors. Caltrans will track allocation amounts to ensure funding is accurate per regional apportionment and track contributing sponsors signature of agreement in order to pass their fund to the Lead Agency who will carry out the project requirements.

LCTOP Draft Guidelines FY 2017-2018

Project Eligibility

The LCTOP was created to provide operating and capital assistance for transit agencies to reduce GHG emissions and improve mobility, with a priority on serving disadvantaged communities (DAC). Per **Public Resource Code 75230 (f) (1-3)**, moneys from the program shall be expended to provide transit operating or capital assistance that meets **any** of the following:

1. 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, and maintenance, and other costs to operate those services or facilities.
2. Operational expenditures that increase transit mode share.
3. 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-emission buses.

Caltrans, in coordination with California Air Resources Board (CARB) will review Allocation Request to determine if the project supports at least one of the above listed criteria, decreases GHG emissions, and benefits a low-income community and/or low-income residents and/or a DAC, if applicable. Recipients have the ability to fund “new or expanded services” with a single or multiple years of LCTOP funding as long as the agency is not **supplanting** funds. Within the Funding Plan recipients must certify that each project seeking LCTOP moneys does not supplant another source of funds and that the project will be fully funded once LCTOP funds are awarded. **Any request or expenditure identifying a phase prior to construction will likely be ineligible for the program.**

New or Expanded Service

New or expanded bus or rail services, new or expanded water-borne transit, or expanded intermodal transit facilities is considered new if it is within **five (5) years** from the date of its implementation. This is in alignment with the Federal Transit Administration’s guidance for the Congestion Mitigation and Air Quality (CMAQ) “start-up” assistance. Akin to CMAQ funding, LCTOP will provide adequate incentive and flexibility while not creating a pattern of excessive or even perpetual support. When applying for LCTOP funds under this criteria, the intent is to help start a new viable service that can demonstrate GHG emission reductions. As these projects become part of the baseline transportation network, other funding sources should supplement and ultimately replace LCTOP funds for operating assistance; since over time these projects will no longer represent additional, net GHG emission reductions.

Greenhouse Gas Reduction Criteria

CARB and Caltrans will continue to require agencies to **quantify** the project GHG emission reductions by using the [CARB Quantification Methodology Tool](#), available on line and integrated into the LCTOP Allocation Request. Agencies will need to utilize this tool if they complete a Corrective Action Plan (CAP) to change or amend their FY 15-16 or later project.

LCTOP Draft Guidelines FY 2017-2018

Investments to Benefit Assembly Bill 1550 Populations

Legislation

Senate Bill 535 (SB 535) required that Greenhouse Gas Reduction Funds be invested in and benefit Disadvantaged Communities (DAC). SB 535 also required the California Environmental Protection Agency (CalEPA) to identify DAC's based on geographic, socioeconomic, public health, and environmental hazard criteria and create a tool to show 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 education 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.

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.
- 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, low-income communities that are outside of, but within a ½ mile of disadvantaged communities.

The Lead Agency will document and select the appropriate information to show their project meets all DAC and AB 1550 Population Requirements by:

- Be physically located in an AB 1550 community census track or benefit a low-income household; and
- Meaningfully address an important community or household need; and
- Provide direct, meaningful and assured benefits to an AB 1550 population, consistent with the criteria in Appendix 2.A of CARB's Funding Guidelines (also provided in Attachment A).

Although AB 1550 implements new requirements, LCTOP funded agencies who have a DAC within their service area, must continue to expend a minimum of 50% on benefiting a DAC. This requirement must be met in order to receive funding.

AB 1550 Populations

Maps identifying a DAC and or low-income community are available at:

<http://www.calepa.ca.gov/EnvJustice/GHGInvest/> and a "look-up" tool and list of Housing and Community Development's "low-income" threshold by county and household size are available at www.arb.ca.gov/ci-communityinvestments. The Lead Agency will provide a map or maps depicting their project in relation to the AB 1550 Population; identify the latitude and longitude of their project in

LCTOP Draft Guidelines FY 2017-2018

the allocation request, and identify DAC/low-income project requirements in the publicly approved project Board Resolution.

Addressing an Important Need for a Community or Household

Applicable projects shall specify how the investment will result in benefits that meaningfully address an important community need(s).

Compliant with CARB Funding Guidelines, project leads must use at least one of the four approaches as described in Step 2 of the criteria tables in Appendix 2.A, Volume 2(i) on page 2-13, to determine community or household need. These approaches include:

1. Directly engage local residents and community-based groups to identify an important community need along with steps to meaningfully address that need.
 - Example: hosting community meetings, workshops, consulting community-based organizations or focus groups, conducting community survey, or other outreach efforts to gather local input on important community needs.
2. Identify individual factors in CalEnviroScreen 3.0 that caused an area to be defined as a disadvantaged community.
3. Receive documentation of broad support for proposed project from local community-based groups and residents.
4. Refer to the list of common needs in Table 2-2 (also listed in Attachment B) and select a need that has documented broad support from the community-based organizations and residents. Common needs are categorized into Public Health and Safety, Socio-economic and Environmental.

Caltrans and CARB encourage all agencies to conduct outreach to the DAC(s) and low-income communities and households they serve and fund projects that target the specific needs of these communities to the maximum extent possible. LCTOP funds should result in benefits that either address an important need commonly identified by DAC and/or low-income residents or address a key factor that caused the area(s) to be identified as a DAC or low-income community, as described above. Ideally, the important needs will be identified during the outreach process. Please refer to **Volume II, beginning on page 2-11**, of CARB's Funding Guidelines for a detailed description of the needs identification process.

Providing a Benefit to Residents of AB 1550 Communities

To maximize benefits to DACs, transit agencies receiving funding under LCTOP whose service areas include a DAC, as identified in Section 39711 of the Health and Safety Code (CalEnviroScreen), shall expend at least 50% of the total funds received on projects *within* a DAC that provide benefit to individuals that live in the DAC. If a recipient agency transfers funds to another agency, both agencies need to be aware of the applicable DAC requirements and fully comply. For example, if a recipient agency that contains a DAC transfers their funds, at least 50% of the transferred funds must be spent on a project within, and benefiting, a DAC. The Lead Agency must use the funds accordingly and all expenditures must be tracked and reported including the DAC benefit(s). Transit agencies should design projects to avoid substantial burdens, such as physical or economic displacement of low income

LCTOP Draft Guidelines FY 2017-2018

households and small businesses and minority or women-owned businesses, or increased exposure of low-income households to toxics or other health risks.

There are 13 tables in **the Draft Funding Guidelines, Volume 2-Appendix 2.A starting on page 2.A-6**, each targeted to a specific project type. Please review the various tables, Table 2.A-1 to 2.A-4 are the most applicable to LCTOP and included as part of the Appendices to these guidelines. Review to ensure the project is meeting at least one of the identified benefit criteria. Benefits for example include, but are not limited to: improving transit connectives, improving connectivity between travel modes, creates or improves infrastructure or equipment to reduce air pollution, project improves transit stations or stops within an AB 1550 community to increase safety and comfort, etc.

LCTOP Draft Guidelines FY 2017-2018

Allocation Request and Award Requirements

This section will highlight how an agency should request their allocation and the requirements for the awarded projects that the Lead Agency and contributing sponsor must comply with.

Allocation Request Form

The Lead Agency must submit to Caltrans an Allocation Request for the proposed project it intends to fund with the LCTOP allocation. The LCTOP Allocation Request is the basis for Caltrans' verification that the project is consistent with LCTOP requirements and is available online at:

<http://www.dot.ca.gov/dgmt/splctop.html>. The Allocation Request consists of an Excel document (Allocation Request Form) with multiple worksheets, two Word Documents Read Me and Signature Pages (Authorized Agent and Certifications and Assurances), and required project maps. Within the Allocation Request form, agencies shall provide project information, project sponsors, detailed description of projects major benefits, project schedule, etc. This also includes a detailed account of the project funding with an itemized list of all fund sources depicting the full project costs. This will detail a break-out of each fiscal year of LCTOP contributions. To ensure that LCTOP expenditures are **not supplanting** existing transit funding sources, a recipient agency receiving LCTOP funds shall certify that the funds will not be used to pay for existing expenditures. Caltrans may audit recipient agencies' to determine whether LCTOP funds are being used to supplant funding. If Caltrans determines that an agency is in fact supplanting with LCTOP funds, agencies will be subject to adverse action.

Please note that a complete Allocation Request must be submitted annually in order to receive an agencies apportionment. This will allow the State to release funds annually to the Lead Agency's bank account where funds could potentially accrue interest. Apportionments will not be held per eligible agency into the following year and be should treated as use it or lose it.

Any contributing sponsor(s) must also sign the Allocation Request form indicating the dollar amounts to be contributed, or provide a signed letter detailing this information. If there are multiple contributing sponsors, each sponsor must sign the Allocation Request indicating their respective portion of funds being contributed or submit a signed letter with the required information as described above. If an eligible agency cannot use their apportionment for any reason please consider the possibilities of contributing to an eligible agency and project.

Authorized Agent Form

The executive authority of an eligible recipient of LCTOP funds must submit to Caltrans a signed and dated Authorized Agent form that is Board approved, identifying the agent(s) given authority to act for the executive authority to submit the Allocation Request form and all reporting documents. If there is a change in the Authorized Agent(s), the eligible recipient must submit a new form. This form is required even when the Authorized Agent is the executive authority. The form is available online at:

<http://www.dot.ca.gov/dgmt/splctop.html>.

Certifications and Assurances Form

The Authorized Agent for the Lead Agency must sign and submit, with their Allocation Request, a self-certification that he/she will meet all requirements of the LCTOP Guidelines, including all reporting deadlines. Only Allocation Requests with a signed Certifications and Assurances document will be

LCTOP Draft Guidelines FY 2017-2018

accepted. This form must be Board approved and is available online at:

<http://www.dot.ca.gov/dgmt/splctop.html>

LCTOP Quantification Methodology Tool

Allocation Requests must use the CARB approved Quantification Methodology Tool to calculate the estimated Greenhouse Gas (GHG) emission reductions associated with the proposed LCTOP project. This tool will provide a uniform approach to quantify GHG emission reduction in metric tons of carbon dioxide equivalent. All projects must net a positive emissions reduction in order to qualify for approval. This tool will use project level data specified within the Allocation Request for estimated ridership increases and corresponding Vehicle Miles Traveled (VMT) reductions. Please find the corresponding documents (PDF instructions and EXCEL based tool) online at: www.arb.ca.gov/cci-quantification

Board Resolutions

The Authorized Agent, Certifications and Assurances Board Resolution, and Project Board Resolution may be combined into **one** Board Resolution. The resolution must include a description of the project, the amount of LCTOP funds requested, and identification of any disadvantaged communities (DAC) or other AB 1550 requirements and a list of contributing sponsors, if applicable. This resolution is crucial and demonstrates the project was publicly reviewed. LCTOP staff strongly recommends utilizing the sample Project Board Resolution to ensure all language is captured. A Lead Agency may combine multiple LCTOP Projects on one resolution, but each project must be listed separately or bulleted. A sample is available at: <http://www.dot.ca.gov/dgmt/splctop.html>.

Bank Account

Once an Allocation Request is approved, the State Controller's Office (SCO) will release the allocation amount to the Lead Agency. The Lead Agency must deposit funds into a dedicated bank account that will hold only LCTOP funds. If a separate account is not possible, the agency may show documents of a line item or subaccount dedicated to LCTOP funds. When the agency submits their Semi-Annual Reports, they are required to submit a copy of their most recent bank statement.

Fund Roll-Over

If the agency is not prepared to initiate a project in the current fiscal year, they may roll funds over into a subsequent fiscal year, accruing a maximum of **4** years of LCTOP funds for a more substantial project. Approved projects must also be completed and **funds expended within the subsequent 4 years.**

If the Lead Agency intends to roll over funds or hold funds for a more substantial project, a **full Allocation Request must be submitted in each year.** Unrequested funds **will not** be held by the State for a future request. The request shall list any prior year's funds, the current year funds and the estimated additional year(s) so the total LCTOP fund use is documented. After the project is fully reviewed and approved, the SCO will release the requested funds to the Lead Agency to be deposited in the dedicated LCTOP bank account. Upon receipt of the final year's funding, whether it's for 4 years or less, the agency will have six months to begin the project.

Expending Funds

Lead Agencies must expend funds on approved projects in a timely matter and must expend all LCTOP funds within 4 years of project award (16-17 and beyond). This changed from the 14-15 and 15-16

LCTOP Draft Guidelines FY 2017-2018

funding years where funds needed to be fully expended within 2 and 3 years. Lead Agencies **cannot** expend LCTOP funds on costs incurred prior to LCTOP Award/Approval.

Reassigning Funds to a New or Existing Eligible LCTOP Project

Lead Agencies may find that they have surplus funds at the completion of an approved LCTOP project or they may determine the funded LCTOP project is no longer a high priority or feasible. As a result, the Lead Agency may apply to reassign funds to a different approved LCTOP project, and a Corrective Action Plan (CAP) for the original project must be submitted. If the project is complete and there are surplus funds, an agency should include the proposed use for the surplus funds as part of the required Close-Out Report. If use of surplus funds has not yet been determined, Caltrans staff shall treat the project as on-going (incomplete) until the agency identifies an eligible LCTOP project to receive the surplus funds. If the agency elects to reprioritize eligible projects and redirect approved LCTOP funds to an alternate project, a CAP for the original project must also be submitted. The alternate project must be approved by Caltrans, with concurrence from CARB. If the alternate project is not a previously approved LCTOP project, the Lead Agency must submit a completed Allocation Request during the next call for projects and comply with all requirements of that call for projects.

Reassigning Funds to a **NEW** Eligible LCTOP Project:

1. If the reassigned funds have been accrued from a project within a DAC, the reassigned funds may only be applied to another AB 1550 Populations project.
2. The Allocation Request for the reassigned funds should be treated the same as an Allocation Request submitted for new funding, and all required documents must be submitted in the same manner.
3. The new project must expend the funds within the time limits of the original allocation of funds.
4. The new Allocation Request must have all the authorized signatures of the same agencies as the original project, indicating all contributing sponsors are aware of the new use of their contributed funds.
5. **The Lead Agency may not expend any funds on the new project before receiving written approval from Caltrans.**
6. **Reassigning funds to a NEW eligible LCTOP project may only occur during the call for new projects.**

Reassigning Funds to an **EXISTING LCTOP** Project:

1. The Lead Agency must submit a CAP for the project that will no longer be using LCTOP funds. The justification should list the project that will receive the reassigned funds.
2. An additional CAP is to be submitted for the existing approved LCTOP project receiving the reassigned funds. This CAP should list the original fund amounts and the revised amounts based on the transfer of funds following the steps listed above.
3. The reassigned funds must be expended within the time limits of the original allocation of funds.
4. If there are any Contributing Sponsors to the reassigned funds, the Lead Agency must have sign-off from the Contributing Sponsor for the change in use of their funds so they are aware of the use of their funds. This may be documented by adding signature lines to the CAP or including a signed letter from the contributors indicating agreement of the use of their funds.

LCTOP Draft Guidelines FY 2017-2018

5. If Caltrans staff determines an agency has a pattern/history of reassigning the same funds multiple times, the agency may be placed on the list of high risk project leads and could be subject to a spot audit (see section on spot audits).

Agencies who fail to submit revisions made to the CAP as requested by Caltrans staff and/or are delinquent in other required reports and submittals, **will not** receive additional allocations of LCTOP funds until all delinquent items have been submitted and approved.

Interest Earned

Interest on LCTOP funds must be used in the same manner as the principal. Interest earned must only be used for approved LCTOP projects. If the interest has been accrued from a project in a DAC, the interest may only be applied to another DAC project. If the project costs exceed the amount on the approved Allocation Request, any interest earned may be applied to the project. The Lead Agency must first submit a CAP and receive Caltrans' approval of that CAP before any interest earned may be applied to the project. Interest remaining after a project closeout must be applied to another approved LCTOP project. Any unused interest not applied to a current project should be applied to the next Allocation Request submitted and used prior to or along with, the allocation of additional funds. The LCTOP staff will inquire about the status of unused interest every six months until said interest earned is exhausted.

Letter of No Prejudice

A Lead Agency may apply to Caltrans for a Letter of No Prejudice (LONP) for an eligible expenditure under LCTOP. Upon receipt of the LONP request, Caltrans will have 45 days to review and approve/reject said documentation. Caltrans will thoroughly review the LONP to ensure the agency is not proposing to supplant funds. The LONP is necessary as LCTOP provides upfront project funds. If approved by Caltrans, the LONP shall allow the Lead Agency to expend its own money for the project and be eligible for future reimbursement from moneys available for the program. The amount expended shall be reimbursed by the State from funds available to the program if all of the following conditions are met:

1. The project or project component for which the LONP was requested has commenced and the regional or local expenditures have been incurred.
2. The expenditures made by the Lead Agency are eligible expenditures under the program. If the expenditures made by the Lead Agency are determined to be ineligible, Caltrans has no obligation to reimburse those expenditures.
3. The Lead Agency complies with all legal requirements for the project, including the requirements set forth by the California Environmental Quality Act (CEQA).
4. There are funds in the Greenhouse Gas Reduction Fund (GGRF) designated for the program that are sufficient to make the reimbursement payment.

The Lead Agency and Caltrans shall enter into an agreement governing the potential reimbursement. The timing and final amount of the reimbursement shall be dependent upon the terms of the agreement and the availability of funds in the GGRF for the program.

Please be advised that LCTOP funding is not guaranteed and fluctuates per quarterly auction. The Lead Agency should calculate the estimated project GHG emissions reduction to ensure final project approve by CARB and Caltrans.

LCTOP Draft Guidelines FY 2017-2018

Compliance with CEQA, Civil Rights and Environmental Justice

Section 75231 (a) (3) of the Public Resources Code *“A recipient transit agency shall comply with all applicable legal requirements for the expenditures, including the requirements of the California Environmental Quality Act (Division 13 (commencing with Section 21000)), and civil rights and environmental justice obligations under state and federal law. Nothing in this section shall be construed to expand or extend the applicability of those laws to recipient transit agencies.”* Currently all transit agencies must comply with these requirements and provide a requested approved Title VI plan. Within the Allocation Request, lead agencies must document when their Title VI plan was approved by Federal Transit Administration and also provide a link to the plan. Most capital projects, if not all, should be construction ready and therefore have previously gone through the CEQA requirements. Caltrans also provides guidance and support for public agencies in the Environmental Justice and Title VI Program page: <http://www.dot.ca.gov/hq/tpp/offices/ocp/ejandtitlevi.html>.

LCTOP Draft Guidelines FY 2017-2018

LCTOP Annual Calendar

Allocation Request Schedule:	
Caltrans posts Updated LCTOP Guidelines FY 2017-18	December 2017
SCO notifies agencies of available funding for the fiscal year	By January 2018*
Transit agencies submit Allocation Requests to Caltrans	March 2018*
Caltrans and CARB approve list of projects and submit to SCO	May 2018*
SCO releases approved project amounts to recipients	By June 30, 2018*
Reporting Schedule:	
Semi-Annual Report due to Caltrans (on data October 1 - March 31)	May 15 th
Semi-Annual Report due to Caltrans (on data April 1 - September 30)	November 15 th
*Subject to Change	

LCTOP Allocation Request Submittal

The following required documents must be mailed hard-copy to Caltrans. This includes:

- Allocation Request Form
- Signed Authorized Agent Form
- Signed Certifications and Assurances
- Signed Allocation Form
- Approved Board Resolution

Mailed to:
LCTOP Program
California Department of Transportation
Division of Rail and Mass Transportation, MS #39 P.O. Box 942874
Sacramento, CA 94274-0001

In addition, a scanned copy of the completed request **and excel documents** of the Allocation Request Form, are required to be e-mailed to LCTOPcomments@dot.ca.gov. **One Allocation Request per email** to be sent by the Lead Agency.

Please note: An agency who fails to submit revisions made to any documents requested by Caltrans staff and/or are delinquent in other required reports and submittals will not receive additional allocations of LCTOP funds until all delinquent items have been submitted and approved.

LCTOP Draft Guidelines FY 2017-2018

Reporting Obligations

All programs funded by the Greenhouse Gas Reduction Fund (GGRF) must report annually.² Caltrans must complete and submit documentation to California Air Resources Board (CARB) who will then compile all program information and submit reports to the Department of Finance (DOF) who will then finalize the report to the legislatures. This section will highlight all of the reporting requirements that Caltrans and transit agencies (Lead Agency) must complete in order for CARB to report accurately.

Annual Expenditure Record (Caltrans)

Per the 2017 CARB Draft Funding Guidelines, Caltrans must complete and maintain an Expenditure Record and Attestation Memorandum. The Attestation Memorandum must be signed by the Agency Secretary and Department Director (or equivalent) affirming that the Expenditure Record was prepared according to the requirements of SB 1018 and the 2017 Draft Funding Guidelines. An Expenditure Record is prepared for a program, not for individual projects. It provides elements that describe the proposed use of monies and must be submitted prior to the expenditure of those monies for projects. The Expenditure Record is a critical first step in the tracking and reporting process to ensure that all California Climate Investments (CCI) meet statutory requirements and further the purposes of Assembly Bill 32 (AB 32) and related amendments. The Expenditure Record must be updated, as outlined in CARB's Funding Guidelines, to accurately reflect LCTOP's design and implementation, as it serves as a valuable tool for maintaining accountability throughout the life of the projects funded by the appropriation.

Semi Annual Report (Caltrans)

Caltrans will report semi-annually to CARB to ensure data is submitted to the DOF. DOF will then submit the semi-annual reports to the Legislature. The report will provide a status of CCI projects and the outcomes of those projects. In addition, the Semi-Annual Reports describes how Caltrans met the investment minimums required under Assembly Bill 1550 (AB 1550) and Senate Bill 535 (SB 535).

The Semi-Annual Reports will include LCTOP specific information compiled by Caltrans that would include: agency and program description, program schedule, public meetings, solicitation process, program financial status, benefits to AB 1550 populations, and a description of the co-benefits provided by LCTOP. The project level information, compiled by Caltrans from approved allocation requests and broken into sections: "Selected Projects" (projects awarded but funds are being rolled over); "Awarded/Implemented" (projects expending funds within 6 months of award); Closeout (when a project is complete); and "Project Outcome Reporting. Caltrans will report on project outcomes of 50 % of LCTOP projects that received \$250,000 or more and are construction projects that are complete and transit service is operational; or vehicles(s) or equipment is operational. Project outcome reporting is not applicable for some project types that report all relevant information in the project closeout report. The information that Caltrans and LCTOP staff will collect is outlined in CARB's [2017 Draft Funding Guidelines Volume 3](#). The information will be gathered and compiled from all documentation submitted by the Lead Agency.

² CARB 2017 Draft Funding Guidelines are still determine if Administering Agencies will report quarterly, semi-annually or annually. Caltrans will comply with all reporting requirements.

LCTOP Draft Guidelines FY 2017-2018

Semi-Annual Progress Report (Lead Agency)

The project's Lead Agency is required to report semi-annually to Caltrans on the activities and progress of each approved and allocated project to ensure activities funded from auction proceeds are timely, within approved scope and cost, are reducing Greenhouse Gas Emissions (GHG), and are achieving the intended purpose for which they are to be utilized. The Lead Agency must notify Caltrans when allocated LCTOP funds have been encumbered and must provide completed and signed progress reports every six months until an approved project is completed, and the project Close-Out Report has been submitted and approved.

Reports will cover information accrued from October 1st to March 31st and April 1st to September 30th. Reports will be due to Caltrans 45 days after the close of the first and third quarters. The due date for the first quarter report will be May 15th and the due date for the third quarter will be November 15th. The aforementioned dates are necessary for Caltrans to meet program reporting requirements due to CARB annually on or before January 15th.

The report consists of two sections, the "Semi-Annual Report" and the "Semi-Annual Itemized Expenditure Table." This report must contain accurate and up-to-date information on the progress of each project. Reports will only be accepted by Caltrans staff when determined to be complete and accurate. **Bank statements for March 31st or September 30th must be attached to the expenditure table.**

All projects are expected to begin work within six months of becoming fully funded. Should a project experience any delays, the cause of such delay must be reported on the Semi-Annual Report. If projects have not begun within six months of the project becoming fully funded, the report must include a clear description of the circumstances delaying the project which leaves no question that the circumstances were unforeseen, extraordinary, and beyond the control of the agency. The description must include information indicating specific steps the agency plans to take to keep the project on task. Any justification deemed inadequate by Caltrans staff will be questioned and the agency will be asked to provide further information. Should there be a major change, a full Corrective Action Plan (CAP) is required. Agencies with a project that is repeatedly delayed will be encouraged to submit a CAP to reassign the funds.

If the agency is accruing LCTOP funds over a period of two or more years, a single Semi-Annual Report will be required for the project instead of multiple Semi-Annual Reports. The Lead Agency will provide all Project ID # on the Semi-Annual Report. Bank statement will still be required to verify the receipt of each year of LCTOP funds and the establishment of the dedicated bank account. A copy of the bank statement will continue to be required, due concurrently with Semi-Annual Report requirements, until the project has started. Funding received in the first year may remain in the account until the second, third and/or fourth year funds are accrued and added to the account. At that time, the agency will have six months to begin the project.

All reports must reflect accurate and complete project information. Any incomplete or inaccurate reports will not be accepted and will be considered delinquent until submitted with corrections and/or additional information as requested by Caltrans staff. Agencies found to have submitted inaccurate information will be placed on the list of high risk agencies and could be subject to additional spot audits.

LCTOP Draft Guidelines FY 2017-2018

Agencies, with delinquent reports will not receive further LCTOP allocations until reports have been received by Caltrans.

Corrective Action Plan (Lead Agencies)

To change an approved Allocation Request, including any changes to the originally approved scope, schedule, or cost, the Lead Agency must first obtain approval from Caltrans by submitting a CAP. This must be done before funds can be applied to any use other than the current project's approved scope of work. Funds may not be used on an alternate project until the CAP has been submitted and approved. If the funds are being applied to an alternate project, it must have an approved LCTOP Allocation Request on file. The CAP must indicate any potential changes in the scope, approved funding amounts, and schedule. If the scope of work changes the type or level of benefits, the changes must also be reflected in the benefit description, with revised estimates of benefits listed. If there are significant changes to the project, a revised Quantification Methodology Tool may be requested to demonstrate a reduction in GHG emissions.

If the project schedule is being revised to reflect any delays or obstacles, an adequate justification must be given and the amended LCTOP project completion date must fall within the appropriate timelines. All CAPs must have the justification for change completed. If a justification is not deemed adequate by Caltrans staff, the agency will be asked to provide a revised justification before the CAP is approved. The project change may not move forward until Caltrans has approved the CAP.

If it is discovered that an agency has begun spending funds on a task or project outside the approved scope of work prior to submitting a CAP and prior to Caltrans approval of the CAP, the agency will be placed on the list of high risk. The State is entitled to recover any and all funds that are spent on an ineligible expenses.

Upon receipt of the CAP, Caltrans has 30 days to review and approve/not approve the document. Agency may not proceed without Caltrans' approval of the CAP.

Close-Out Report (Lead Agencies)

Once a project has been completed, the Lead Agency must notify LCTOP staff by email or letter and submit a Close-Out Report within six months of completion. Please note, once an agency has received all LCTOP funding for a particular project, the project must be fully expended within four years (16-17 and after). The final project report includes:

1. Close-Out Report Form: Includes questions about actual project performance as it pertains to ridership increases, VMT reductions and GHG emission reductions (utilizing the Quantification Methodology Tool from the year corresponding to the original Allocation Request). It will also include summarized information regarding benefits to DACs and/or other AB 1550 Populations (if applicable), and a summary of co-benefits for the project.
2. Final Project Itemized Expenditure Table: Complete this table and attach the latest bank statement from the LCTOP dedicated bank account.
3. Verification: Project completion as scoped must be verified. The Lead Agency will provide evidence of project completion, including photograph(s) of the completed project. Evidence of project completion can be satisfied by submitting the required photographs and one or more of the following: A copy of the final invoicing; and a copy of the punch list from the facility's final walk through; and a copy of the title, if the project is to procure a vehicle. This

LCTOP Draft Guidelines FY 2017-2018

list includes a sample of what can be used to show evidence regarding completion of a project. Please contact LCTOP staff to discuss alternatives that may exist for your circumstances.

4. **Savings/Interest:** If the project has been completed with a savings or unspent interest, the report should indicate the amount of savings or interest and how those funds will be applied towards an approved LCTOP project. This should be done by submitting a CAP. LCTOP staff will inquire about the status of any outstanding cost savings every six months until said savings are exhausted. If the savings have been accrued from a project in a DAC or low-income community, the savings may only be applied to another DAC or low income community project.

Please ensure that expended interest and all other information in the final report are properly reported. Incomplete or incorrect reports will not be accepted and will be considered delinquent until corrections are provided. **Agencies with delinquent reports will not receive further LCTOP allocations until completed and/or corrected reports have been received by Caltrans.**

Project Audit

Annual audit of public transportation operators required under the Transportation Development Act (TDA), per PUC 99245, must include verification of receipt and appropriate expenditure of funds. Lead Agencies receiving LCTOP funds in a fiscal year for which a TDA audit is conducted must submit a copy of the audit to Caltrans by December 31st, six months after the close of the fiscal year (closes June 30th). Caltrans will make the audits available to the Legislature and the State Controller's Office (SCO). Lead agencies may request a 90-day extension from the December 31st deadline to March 31st. They must notify Caltrans in writing via e-mail or a formal letter. Project leads who fail to submit an expanded TDA audit documenting all LCTOP funding allocated to date will not receive future LCTOP allocations until the required document(s) have been submitted to Caltrans.

Spot Audit and On-site Monitoring

Spot audits and on-site monitoring can take place at any time at the discretion of Caltrans. On-site monitoring may be conducted and some projects may have more specific questions or monitoring regarding specific issue(s) or function. Any evidence or information that supports the need for compliance audit action or monitoring will be pursued by Caltrans. High risk lead agencies are likely to become the subject of a spot audit. Agencies or projects will be placed on the high risk list for the following:

1. Delinquent with reporting requirements and or not providing documentation as stipulated in the LCTOP guidelines
2. Agencies with frequent errors or that have not conformed to the requirements of previous awards
3. Agencies engaged in multiple reassignments of funds
4. Projects with **0% progress** one year after allocation
5. Agencies suspected of supplanting funds and other special situations

Caltrans will select agencies each year and perform an extensive review of all LCTOP related information from the agency. If selected, an agency may be asked to provide additional documents pertinent to the LCTOP program and projects that have been funded. If inconsistencies are found, agencies will be

LCTOP Draft Guidelines FY 2017-2018

provided an opportunity to correct those errors. If discrepancies are not corrected, the agency will not be eligible to receive future funding. Caltrans could also select applicable projects for project outcome reporting. For example, LCTOP Staff would perform direct monitoring to collect project outcome data through these site visits such as visiting a completed shelter to ensure it is being managed and utilized.

Program Compliance

Agencies who do not meet program requirements are at risk of not receiving future LCTOP funds. Furthermore, agencies that do not meet GHG emission reductions, supplant funds, or do not deliver the agreed upon project, or expend funds within 4 years of receipt of the final allocation of funds will be required to repay LCTOP funds.

LCTOP Draft Guidelines FY 2017-2018

Appendix A AB 1550 Criteria Tables³

Transit Table
Step 1 – AB 1550 Populations. Evaluate the project against each of the following criteria for a disadvantaged community, low-income community, or a low-income household. Check all boxes that apply.
<p>A. Is the project at least partially located within the boundaries of a disadvantaged community census tract? For projects that improve transit service or increase transit access along transit lines or corridors, is the project serving at least one stop located within the boundaries of a disadvantaged community census tract?</p> <p>B. Is the project at least partially located within the boundaries of a low-income community census tract? For projects that improve transit service or increase transit access along transit lines or corridors, is the project serving at least one stop located within the boundaries of a low-income community census tract?</p> <p>C. C. Is the project located outside of a disadvantaged community, but within ½-mile of a disadvantaged community and within a low-income community census tract? For projects that improve transit service or increase transit access along transit lines or corridors, is the project serving at least one stop located within ½-mile of a disadvantaged community and within a low-income community census tract?</p> <p>D. For projects that provide consumer-based incentives (e.g., vouchers, rebates, transit passes, free-fare days), is the incentive to provide benefits to a resident of a disadvantaged community census tract (i.e., is the incentive distributed within a disadvantaged community and made available to the residents of that community)?</p> <p>E. For projects that provide consumer-based incentives (e.g., vouchers, rebates, transit passes, free-fare days), is the incentive to provide benefits to a resident of a low-income community census tract (i.e., is the incentive distributed within a low-income community and made available to the residents of that community)?</p> <p>F. F. For projects that provide consumer-based incentives (e.g., vouchers, rebates, transit passes, free-fare days), is the incentive to provide benefits to a resident of a low-income household?</p> <p>G. G. Does the project provide jobs or job training to residents of low-income households?</p>
If at least one box of the AB 1550 population criteria in Step 1 is checked, go to Step 2 for further evaluation. If no criteria in Step 1 apply, the project will not count toward AB 1550 investment minimums.
Step 2 – Addresses an Important Need for a Community or Household. If a project meets the AB 1550 population criteria in Step 1, agencies and/or applicants must identify an important community or household need that the project will address and evaluate the project to confirm that it will address that need. Note: After project implementation, agencies must report on which important needs the project addresses.
To identify a need that the project will address, agencies and/or applicants can use a variety of approaches such as: <p>A. Host community meetings, workshops, outreach efforts, or public meetings as part of planning process to engage local residents and community groups for input on community or household needs, and provide documentation showing how the received input was considered in the selection of projects that address those needs;</p>

³ CARB's 2017 Draft Funding Guidelines can be found here: www.arb.ca.gov/ci-fundingguidelines

LCTOP Draft Guidelines FY 2017-2018

- B. Look at the individual factors in CalEnviroScreen 3.0 that are most impacting an identified disadvantaged or low-income community (i.e., factors that score above the 75th percentile), and select a project that reduces the impacts of one of those factors;
- C. Receive documentation of support from local community-based organizations and/or residents (e.g., letters or emails) and select a project with documented broad community support; or
- D. Refer to the list of common needs for disadvantaged communities in CARB's Funding Guidelines Table 2-2 and select a project that addresses a listed need.

If the project addresses a community or household need as described in Step 2, go to Step 3 for further evaluation. If the project does not address a community or household need, it will not count toward AB 1550 investment minimums.

Step 3 – Project Benefits. If a project meets criteria in Step 1 and addresses an important need for a community or household in Step 2, evaluate the project against each of the following criteria to determine if it provides direct, meaningful, and assured benefits to residents of an AB 1550 community or low-income household. Check all boxes that apply

Project must meet at least one of the following criteria focused on increasing transit service along transit lines or corridors that have stations or stops within an AB 1550 community, improving transit access to AB 1550 populations, or reducing air pollution in an AB 1550 community:

- A. Project provides improved transit or passenger rail service for stations or stops within an AB 1550 community (e.g., new transit lines, more frequent service, greater capacity on existing lines that are nearing capacity, improved reliability, improved accessibility, bus rapid transit service);
- B. Project provides transit incentives to residents of an AB 1550 community or a low-income household (e.g., transit vouchers, reduced transit fares, transit passes);
- C. Project improves transit connectivity for residents at stations or stops in an AB 1550 community (e.g., network/fare integration, fare-system investments);
- D. Project improves connectivity between travel modes for vehicles or equipment that service stations or stops in an AB 1550 community (e.g., bicycle racks on transit vehicles, better links between transit and active transportation);
- E. Project creates or improves infrastructure or equipment that reduces air pollution at a station, stop or transit facility located in an AB 1550 community (e.g., auxiliary power, charging stations);
- F. Project creates or improves infrastructure or equipment that reduces air pollution on regular scheduled routes that are primarily within an AB 1550 community (e.g., rail electrification, zero-emission bus);
- G. Project provides increased access to shared-mobility transportation options for residents of an AB 1550 community by placing services in that community that link to transit, including vanpooling, shuttles, ride-sharing, car-sharing, bike-sharing, or other advanced technology mobility options associated with transit (e.g., smartphone application-based ride-sharing services);
- H. Project improves transit stations or stops within an AB 1550 community to increase safety and comfort (e.g. lights, shelters, benches);
- I. Project includes recruitment, agreements, policies or other approaches that are consistent with federal and state law and result in at least 25 percent of project work hours performed by residents of an AB 1550 community, or by residents of low-income households; or

LCTOP Draft Guidelines FY 2017-2018

- J. Project includes recruitment, agreements, policies or other approaches that are consistent with federal and state law and result in at least 10 percent of project work hours performed by residents of an AB 1550 community, or by residents of low-income households, participating in job training programs which lead to industry-recognized credentials or certification

If the project meets the AB 1550 population criteria in Step 1, addresses a community or household need as described in Step 2, and can demonstrate that it meets at least one of the benefit criteria in Step 3, it will count toward AB 1550 investment minimums.

Low Carbon Transportation

Step 1 – AB 1550 Populations. Evaluate the project against each of the following criteria for a disadvantaged community, low-income community, or a low-income household. Check all boxes that apply.

- A. Is the project located within the boundaries of a disadvantaged community census tract?
- B. Is the project located within the boundaries of a low-income community census tract?
- C. Is the project located outside of a disadvantaged community, but within ½-mile of a disadvantaged community and within a low-income community census tract?
- D. For projects that distribute consumer-based incentives (e.g., vouchers, rebates, transit passes), is the direct recipient of the incentive a resident of a disadvantaged community census tract (i.e., is the incentive distributed within a disadvantaged community and made available to the residents of that community)?
- E. For projects that distribute consumer-based incentives (e.g., vouchers, rebates, transit passes), is the direct recipient of the incentive a resident of a low-income community census tract (i.e., is the incentive distributed within a low-income community and made available to the residents of that community)?
- F. For projects that distribute consumer-based incentives (e.g., vouchers, rebates, transit passes), is the direct recipient of the incentive a resident of a low-income household?
- G. Does the project provide jobs or job training to residents of low-income households?

If **at least one box** of the AB 1550 population criteria in Step 1 is checked, go to Step 2 for further evaluation. If no criteria in Step 1 apply, the project will not count toward AB 1550 investment minimums.

Step 2 – Addresses an Important Need for a Community or Household. If a project meets the AB 1550 population criteria in Step 1, agencies and/or applicants must identify an important community or household need that the project will address and evaluate the project to confirm that it will address that need. Note: After project implementation, agencies must report on which important needs the project addresses.

To identify a need that the project will address, agencies and/or applicants can use a variety of approaches such as:

- A. Host community meetings, workshops, outreach efforts, or public meetings as part of planning process to engage local residents and community groups for input on community or household needs, and provide documentation showing how the received input was considered in the selection of projects that address those needs;
- B. Look at the individual factors in CalEnviroScreen 3.0 that are most impacting an identified disadvantaged or low-income community (i.e., factors that score above the 75th percentile), and select a project that reduces the impacts of one of those factors;

LCTOP Draft Guidelines FY 2017-2018

- C. Receive documentation of support from local community-based organizations and/or residents (e.g., letters, emails) and select a project with documented broad community support; or
- D. Refer to the list of common needs for disadvantaged communities in CARB's Funding Guidelines Table 2-2 and select a project that addresses a listed need.

If the project addresses a community or household need as described in Step 2, go to Step 3 for further evaluation. If the project does not address a community or household need, it will not count toward AB 1550 investment minimums.

Step 3 – Project Benefits. If a project meets criteria in Step 1 and addresses an important need for a community or household in Step 2, evaluate the project against each of the following criteria to determine if it provides direct, meaningful, and assured benefits to residents of an AB 1550 community or low-income household. Check all boxes that apply

Project must meet at least one of the following criteria focused on increasing transit service along transit lines or corridors that have stations or stops within an AB 1550 community, improving transit access to AB 1550 populations, or reducing air pollution in an AB 1550 community:

- A. Project provides incentives for vehicles or equipment registered to individuals with a physical address in an AB 1550 community or to residents of a low-income household;
- B. Project provides transit incentives to residents of an AB 1550 community or a low-income household (e.g., transit vouchers, reduced transit fares, transit passes); Project provides incentives for vehicles or equipment that will be domiciled in an AB 1550 community;
- C. Project provides incentives for vehicles or equipment that reduce air pollution, such as diesel particulate matter, on fixed routes that are primarily within an AB 1550 community (e.g., locomotives) or vehicles that serve at least one transit station or stop in an AB 1550 community (e.g., zero-emission buses);
- D. Project provides incentives for freight, construction, or agricultural vehicles or equipment that reduce air pollution and will be domiciled in an AB 1550 community;
- E. Project provides incentives for freight, construction, or agricultural vehicles or equipment that reduce air pollution and will operate a majority of the time in an AB 1550 community;
- F. Project provides greater mobility and increased access to clean transportation for residents of an AB 1550 community by placing services in that community, including ride-sharing, car-sharing, or other advanced technology mobility options (e.g., neighborhood electric vehicles, vanpooling, shuttles, smartphone application-based ride-sharing services, bike-sharing services);
- G. Project provides greater mobility and increased access to clean transportation for residents of an AB 1550 community or a low-income household by providing incentives for the retirement or replacement of older, higher-emitting vehicles registered to a physical address in an AB 1550 community or to a low-income household;
- H. Project includes recruitment, agreements, policies or other approaches that are consistent with federal and state law and result in at least 25 percent of project work hours performed by residents of an AB 1550 community, or by residents of low-income households; or
- I. Project includes recruitment, agreements, policies or other approaches that are consistent with federal and state law and result in at least 10 percent of project work hours performed by residents of an AB 1550 community, or by residents of low-income households, participating in job training programs which lead to industry-recognized credentials or certifications.

LCTOP Draft Guidelines FY 2017-2018

If the project meets the AB 1550 population criteria in Step 1, addresses a community or household need as described in Step 2, and can demonstrate that it meets at least one of the benefit criteria in Step 3, it will count toward AB 1550 investment minimums.

Affordable Housing and Sustainable Communities

Step 1 – AB 1550 Populations. Evaluate the project against each of the following criteria for a disadvantaged community, low-income community, or a low-income household. Check all boxes that apply.

- A. Is a majority of the project located **within the boundaries of a disadvantaged community census tract**?
- B. Is a majority of the project located **within the boundaries of a low-income community census tract**?
- C. Is a majority of the project located outside of a disadvantaged community, but **within ½-mile of a disadvantaged community and within a low-income community census tract**?
- D. Does the project provide jobs or job training to **residents of low-income households**?

If **at least one box** of the AB 1550 population criteria in Step 1 is checked, go to Step 2 for further evaluation. If no criteria in Step 1 apply, the project will not count toward AB 1550 investment minimums.

Step 2 – Addresses an Important Need for a Community or Household. If a project meets the AB 1550 population criteria in Step 1, agencies and/or applicants must identify an important community or household need that the project will address and evaluate the project to confirm that it will address that need. Note: After project implementation, agencies must report on which important needs the project addresses.

To identify a need that the project will address, agencies and/or applicants can use a variety of approaches such as:

- A. Host community meetings, workshops, outreach efforts, or public meetings as part of planning process to engage local residents and community groups for input on community or household needs, and provide documentation showing how the received input was considered in the selection of projects that address those needs;
- B. Look at the individual factors in CalEnviroScreen 3.0 that are most impacting an identified disadvantaged or low-income community (i.e., factors that score above the 75th percentile), and select a project that reduces the impacts of one of those factors;
- C. Receive documentation of support from local community-based organizations and/or residents (e.g., letters, emails) and select a project with documented broad community support; or
- D. Refer to the list of common needs for disadvantaged communities in CARB's Funding Guidelines Table 2-2 and select a project that addresses a listed need.

If the project addresses a community or household need as described in Step 2, go to Step 3 for further evaluation. If the project does not address a community or household need, it will not count toward AB 1550 investment minimums.

Step 3 – Project Benefits. If a project meets criteria in Step 1 and addresses an important need for a community or household in Step 2, evaluate the project against each of the following criteria to determine if it provides direct, meaningful, and assured benefits to residents of an AB 1550 community or low-income household. Check all boxes that apply

LCTOP Draft Guidelines FY 2017-2018

Project must meet at least one of the following criteria focused on accessibility of affordable housing and reducing passenger vehicle miles travelled by residents of an AB 1550 community or low-income households:

- A. A majority (>50%) of the project is within one or more AB 1550 communities and reduces vehicle miles travelled (e.g., through affordable housing development and improved sustainable transportation infrastructure), and the project is designed to avoid displacement of residents from these communities;
- B. Project preserves the supply of affordable housing that is at-risk of conversion to market rate (e.g., through acquisition and substantial rehabilitation) for residents of AB 1550 communities and low-income households;
- C. Project includes recruitment, agreements, policies or other approaches that are consistent with federal and state law and result in at least 25 percent of project work hours performed by residents of an AB 1550 community, or by residents of low-income households; or
- D. Project includes recruitment, agreements, policies or other approaches that are consistent with federal and state law and result in at least 10 percent of project work hours performed by residents of an AB 1550 community, or by residents of low-income households, participating in job training programs which lead to industry-recognized credentials or certifications.

If the project meets the AB 1550 population criteria in Step 1, addresses a community or household need as described in Step 2, and can demonstrate that it meets at least one of the benefit criteria in Step 3, it will count toward AB 1550 investment minimums.

Active Transportation

Step 1 – AB 1550 Populations. Evaluate the project against each of the following criteria for a disadvantaged community, low-income community, or a low-income household. Check all boxes that apply.

To identify a need that the project will address, agencies and/or applicants can use a variety of approaches such as:

- A. Host community meetings, workshops, outreach efforts, or public meetings as part of planning process to engage local residents and community groups for input on community or household needs, and provide documentation showing how the received input was considered in the selection of projects that address those needs;
- B. Look at the individual factors in CalEnviroScreen 3.0 that are impacting an identified disadvantaged or low-income community (i.e., factors that score above the 75th percentile), and select a project that reduces the impacts of one of those factors;
- C. Receive documentation of support from local community based organizations and/or residents (e.g., letters, emails) and select a project with documented broad community support; or
- D. Refer to the list of common needs for disadvantaged communities in CARB’s Funding Guidelines Table 2-2 and select a project that addresses a listed need.

If **at least one box** of the AB 1550 population criteria in Step 1 is checked, go to Step 2 for further evaluation. If no criteria in Step 1 apply, the project will not count toward AB 1550 investment minimums.

Step 2 – Addresses an Important Need for a Community or Household. If a project meets the AB 1550 population criteria in Step 1, agencies and/or applicants must identify an important community

LCTOP Draft Guidelines FY 2017-2018

or household need that the project will address and evaluate the project to confirm that it will address that need. Note: After project implementation, agencies must report on which important needs the project addresses.

To identify a need that the project will address, agencies and/or applicants can use a variety of approaches such as:

- A. Host community meetings, workshops, outreach efforts, or public meetings as part of planning process to engage local residents and community groups for input on community household needs, and provide documentation showing how the received input was considered in the selection of projects that address those needs;
- B. Look at the individual factors in CalEnviroScreen 3.0 that are impacting an identified disadvantaged or low-income community (i.e., factors that score above the 75th percentile), and select a project that reduces the impacts of one of those factors;
- C. Receive documentation of support from local community based organizations and/or residents (e.g., letters, emails) and select a project with documented broad community support; or
- D. Refer to the list of common needs for disadvantaged communities in CARB's Funding Guidelines Table 2-2 and select a project that addresses a listed need.

If the project addresses a community or household need as described in Step 2, go to Step 3 for further evaluation. If the project does not address a community or household need, it will not count toward AB 1550 investment minimums.

Step 3 – Project Benefits. If a project meets criteria in Step 1 and addresses an important need for a community or household in Step 2, evaluate the project against each of the following criteria to determine if it provides direct, meaningful, and assured benefits to residents of an AB 1550 community or low-income household. Check all boxes that apply

Project must meet at least one of the following criteria focused on reducing passenger vehicle miles travelled by residents of an AB 1550 community or within an AB 1550 community:

- A. Project is at least partially located within one or more AB 1550 communities and reduces vehicle miles travelled for residents of those communities through improved connectivity between one or more AB 1550 communities and key destinations;
- B. Project improves connectivity between travel modes for vehicles or equipment that serve stations or stops in an AB 1550 community (e.g., bicycle racks on transit vehicles, better links between transit and active transportation);
- C. Project provides increased access to shared-mobility clean transportation options for residents of an AB 1550 community by placing services in that community that link to transit-modes (e.g. bike-sharing);
- D. Project includes recruitment, agreements, policies or other approaches that are consistent with federal and state law and result in at least 25 percent of project work hours performed by residents of an AB 1550 community, or by residents of low-income households; or
- E. Project includes recruitment, agreements, policies or other approaches that are consistent with federal and state law and result in at least 10 percent of project work hours performed by residents of an AB 1550 community, or by residents of low-income households, participating in job training programs which lead to industry-recognized credentials or certifications.

If the project meets the AB 1550 population criteria in Step 1, addresses a community or household need as described in Step 2, and can demonstrate that it meets at least one of the benefit criteria in Step 3, it will count toward AB 1550 investment minimums.

LCTOP Draft Guidelines FY 2017-2018

Appendix B DAC Common Needs Table

**Table 2-2 Examples of Common Needs of AB 1550 Populations
(as identified by community advocates)**

Public Health and Safety

1. Reduce health harms (e.g., asthma) suffered disproportionately by AB 1550 populations due to air pollutants.
2. Reduce health harms (e.g., obesity) suffered disproportionately by AB 1550 populations due to the built environment (e.g., by providing active transportation opportunities, parks).
3. Increase community safety.
4. Reduce heat-related illnesses and increase thermal comfort (e.g., weatherization and solar energy can provide more efficient and affordable air-conditioning; urban forestry can reduce heat-island effect).
5. Increase access to parks, greenways, open space, and other community assets.

Socio-economic

1. Create quality jobs and increase family income (e.g., targeted hiring for living-wage jobs that provide access to health insurance and retirement benefits with long-term job retention, using project labor agreements with targeted hire commitments, community benefit agreements, community workforce agreements, partnerships with community-based workforce development and job training entities, State-certified community conservation corps).
2. Increase job readiness and career opportunities (e.g., workforce development programs, on-the-job training, industry-recognized certifications).
3. Revitalize local economies (e.g., increased use of local businesses) and support California-based small businesses.
4. Reduce housing costs (e.g., affordable housing).
5. Reduce transportation costs (e.g., free or reduced cost transit passes) and improve access to public transportation (e.g., new services in under-served communities).
6. Reduce energy costs for residents (e.g., weatherization, solar).
7. Improve transit service levels and reliability on systems/routes that have high use by disadvantaged and/or low-income community residents or low-income riders.
8. Bring jobs and housing closer together (e.g., affordable housing in transit-oriented development and in healthy, high-opportunity neighborhoods).
9. Preserve community stability and maintain housing affordability for low-income households (e.g., prioritize projects in jurisdictions with anti-displacement policies).
10. Provide educational and community capacity building opportunities through community engagement and leadership.

LCTOP Draft Guidelines FY 2017-2018

Environmental

11. Reduce exposure to local environmental contaminants, such as toxic air contaminants, criteria air pollutants, and drinking water contaminants (e.g., provide a buffer between bike/walk paths and corridors with high levels of transportation-related air pollution).
12. Prioritize zero-emission vehicle projects for areas with high diesel air pollution, especially around schools or other sensitive populations with near-roadway exposure.
13. Reduce exposure to pesticides in communities near agricultural operations.
14. Greening communities through restoring local ecosystems and planting of native species, improving aesthetics of the landscape, and/or increasing public access for recreation.

LCTOP Draft Guidelines FY 2017-2018

[Appendix C Allocation Request](#)