



FY 2020-2021

LOW CARBON TRANSIT
OPERATIONS PROGRAM
GUIDELINES

CALTRANS
DIVISION OF RAIL AND MASS TRANSPORTATION

Low Carbon Transit Operation Program FY 2020-2021 Guidelines

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Executive Summary

The Low Carbon Transit Operations Program (LCTOP) is part of the California Climate Investments, a statewide initiative that puts billions of Cap-and-Trade dollars to work by reducing greenhouse gas (GHG) emissions, strengthening the economy, improving public health and the environment— particularly in Disadvantaged Communities (DACs). The Cap-and-Trade program also creates a financial incentive for industries to invest in clean technologies and develop innovative ways to reduce pollution. California Climate Investments projects includes affordable housing, renewable energy, public transportation, zero-emission vehicles, environmental restoration, sustainable agriculture, recycling, and much more. At least 35% of these investments are located within and benefiting residents of disadvantaged communities, low-income communities, and low-income households across California. For more information, visit the California Climate Investments website at: www.caclimateinvestments.ca.gov.

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 since the beginning of 2015. LCTOP funds are distributed based on State Transit Assistance (STA) eligibility funds where 50% of the funds are designated to regional entities and the other 50% for transit operators. LCTOP was established to provide operating and capital assistance to transit agencies with the goal of reducing GHG emissions and improving mobility, with an emphasis on serving DACs. 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 DACs.

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, GHG reductions, improved mobility, DAC benefits, and other requirements of law. Recipients will report to Caltrans on their compliance in meeting the statutory requirements. As such, recipients are strongly encouraged to select projects that maximize public benefits for transit ridership, GHG 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, Assembly Bill 1550 (AB 1550) of 2016, and Senate Bill 1119 (SB 1119) of 2018. These guidelines are consistent with CARB's 2018 Funding Guidelines for Agencies that Administer California Climate Investments (Funding Guidelines), and are available at:

www.arb.ca.gov/cc-fundingguidelines

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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 Low Carbon Transit Operations Program (LCTOP) is part of the California Climate Investments, 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 (DACs).

Senate Bill 535 (SB 535) of 2012 requires GGRF investments to fund projects that provide a benefit to a 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 of 2014 (SB 862).

SB 862 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 GHG emissions reduction for each project, the Department of Transportation (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 be ineligible under the program.

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

Assembly Bill 1550 (AB 1550) of 2016, revised investments within DACs requiring

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administering agencies to allocate a minimum of 25% of GGRF funds into projects that are located within a DAC and benefiting individuals living in DACs pursuant to Section 39713:

(a) The investment plan developed and submitted to the Legislature pursuant to Section 39716 shall allocate a minimum of 25 percent of the available monies in the fund to projects located within the boundaries of, and benefiting individuals living in, communities described in Section 39711.

(b) The investment plan shall allocate a minimum of 5 percent of the available monies in the fund to projects that benefit low-income households or to projects located within the boundaries of, and benefiting individuals living in, low-income communities located anywhere in the state.

(c) The investment plan shall allocate a minimum of 5 percent of the available monies in the fund either to projects that benefit low-income households that are outside of, but within a 1/2 mile of, communities described in Section 39711, or to projects located within the boundaries of, and benefiting individuals living in, low-income communities that are outside of, but within a 1/2 mile of, communities described in Section 39711.

Senate Bill 824

The California Legislature passed Senate Bill 824 (SB 824) in 2016, amending SB 862 to provide transit agencies with more flexibility in spending their allocation, allowing 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 GHG emissions and improve mobility, with a priority on serving DACs; 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 23 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), 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**.

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Senate Bill 1119

The California Legislature passed Senate Bill 1119 (SB 1119) in 2018, to increase project flexibility by allowing transit agencies to waive the requirement of expending 50 percent of their total allocation within and benefiting a DAC if the recipient transit agencies expend the funding provided pursuant to Section 75230:

- A. New or expanded transit service that connects with transit service serving disadvantaged communities, as identified in Section 39711 of, or in low-income communities, as defined in paragraph (2) of subdivision (d) of Section 39713 of, the Health and Safety Code.
- B. Transit fare subsidies and network and fare integration technology improvements, including, but not limited to, discounted or free student transit passes.
- C. The purchase of zero-emission transit buses and supporting infrastructure.

This bill also asserts that expenditures listed above are deemed to have met all applicable requirements established pursuant to Section 39713 of the Health and Safety Code (summarized as AB 1550). Furthermore, the bill makes it clear that Caltrans and/or CARB will not require recipient transit agencies to provide individual rider data. (Per Section 75230), Public Resources Code (3), (4).

Caltrans staff will continue to encourage Lead Agencies submitting an Allocation Request to continue to document the meaningful and assured benefit to the Priority Populations as defined in Assembly Bill 1550 (AB 1550) and documented by census tracts from CalEnviroScreen 3.0.

Continuous Appropriation

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

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.

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Caltrans, in coordination with CARB's updated Funding Guidelines, will update the LCTOP Guidelines as necessary. Once the LCTOP Guidelines are updated and the 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 LCTOP 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 per agency.** Any unallocated funds in the award year will be added to the next year of appropriation.

Roles and Responsibilities

Department of Finance

Upon the completion of the last calendar year's 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 the Low Carbon Transit Operations Program (LCTOP) and notify the 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. Each fiscal year, the SCO shall post LCTOP apportionments on their website at: https://sco.ca.gov/ard_payments_lowcarbon.html. Caltrans LCTOP staff will notify eligible recipients of the amount they are eligible to receive. The SCO will also be responsible for distributing the LCTOP funds to eligible recipients based on the list of projects approved by the California Department of Transportation (Caltrans) and the California Air Resources Board (CARB).

California Air Resources Board

The CARB will update and adopt the *Cap-and-Trade Auction Proceeds: Funding Guidelines for Agencies that Administer California Climate Investments* 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 general guidance, recommendations for prioritizing investments to benefit Disadvantaged Communities (DACs), Low-Income Communities, and general reporting requirements.

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

The 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.

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5. Collect data from administering agencies for multiple annual reports.
6. Provide guidance to administering agencies to target investments to benefit Assembly Bill 1550 (AB 1550) populations and maximize benefits to DACs per Senate Bill 535 (SB 535) requirements.

Agency	Program	2020-21 Contin. Approp. (%)	DAC (%)	LIC or Households (%)	1/2- mile Buffer (%)	Overall Priority Population (%)	Change from Last Year
CALTRANS	LCTOP	5%	55%	5%	20%	80%	None

California Department of Transportation (Caltrans)

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

1. Establish and manage the schedule for the allocation process.
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 the 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 the project's Lead Agency.
8. Review and approve Letter of No Prejudice (LONP) when applicable.
9. Prepare program data and submit to CARB for the Legislature.
10. Prepare LCTOP reports to submit to CARB, in accordance with reporting requirements contained in the Funding Guidelines. These reports may include but are not limited to: Annual Expenditure Record, Project Profile, End of Year Report, Bi-Annual Report, Project Close-Out Report, and Project Outcome Reporting.
11. Maintain copies of project records for minimum of three years after the "Project Close-Out" report or three years after the final project outcome report is submitted, whichever is later.

¹ As stated in CARB's 2018 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. However, SB 1119 (2018) waive these requirements for certain project types.

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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. **If an eligible agency cannot use their apportionment for any reason, please consider the possibility of contributing to an eligible agency and project.** All recipient agencies, both the Lead Agency and Contributing Sponsor, must comply with the 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 the Low Carbon Transit Operations Program (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 during the open call for projects (including the Allocation Request form, Benefits Calculator Tool (QM), Disadvantaged Communities (DAC)(s) and/or Low- Income Communities' Maps, Signature Pages etc.).
2. Quantifying greenhouse gas (GHG) emission reductions per project for the Allocation Request, in the Close-Out Report, and in accordance with CARB's Benefits Calculator Tool for LCTOP, available online at: www.arb.ca.gov/cc-quantification.
3. Meeting all statutory DAC, low-income community, and/or low-income household requirements, where applicable.
4. Submitting all required reporting including Semi-Annual Reports, Close-Out Reports, Expenditure Reports, Jobs Reporting, Outcome Reporting, and additional reporting initiated by CARB.
5. Oversight and/or performance of all work from receipt of funding through completion of the project.
6. Establishing a bank account for LCTOP funds. If a separate account is not possible, the agency must show documents of a line item or subaccount dedicated to LCTOP funds.
7. Expend funds on an approved project in a timely manner. All FY 20-21 LCTOP funds must be expended within four (4) years of project award except for roll over projects, where funds must be completely expended within the subsequent four (4) years of the final year of award. Lead agencies cannot expend LCTOP funds on cost incurred before LCTOP Award/Approval without an approved Letter of No Prejudice.

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8. All project documentation including but not limited to: Allocation Request, Corrective Action Plans, Reporting, 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. **Please review the Reporting section for greater detail.**
9. Comply with all applicable California Environmental Quality Act (CEQA), civil rights and environmental justice obligations under state and federal law.
10. 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.
11. Attend annual **LCTOP Guideline Workshops and Allocation Request Workshops** **either in person or online** held regionally by LCTOP staff.

Once a Lead Agency's project has been approved and authorized for funding, the SCO will send funds directly to the Lead Agency on or before the close of the state fiscal year (June 30th). Lead Agencies must provide the correct address to ensure that the funds are distributed in a timely manner.

Contributing Sponsor

The Contributing Sponsor(s) is an entity that passes funds to the Lead Agency to support a project. The Contributing Sponsor(s) 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 to either a regional entity or a recipient agency within their region. If a Contributing Sponsor(s) has a DAC within its jurisdiction, at least 50% of the transferred funds must be utilized within a DAC, and meaningfully address an important community need. The California Department of Transportation (Caltrans) is not responsible for tracking funding agreements (borrowing, loaning, delegating, relinquishing funds, etc.) between, Lead Agencies and Contributing Sponsors(s). Contributing sponsors should transmit a letter on agency letter head stating how much funding and funding type (99313 or 99314) to a lead agency for use. Caltrans will track allocation amounts to ensure funding is accurate per regional apportionment and track the Contributing Sponsor(s) signature or letter of agreement to pass their funds to the Lead Agency who will carry out the project requirements.

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Project Eligibility

The Low Carbon Transit Operations Program (LCTOP) was created to provide operating and capital assistance for transit agencies to reduce Greenhouse Gas (GHG) emissions and improve mobility, with a priority on serving disadvantaged communities (DACs).

Per **Public Resource Code 75230 (f) (1-3)**, monies for 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 these zero-emission buses.

The California Department of Transportation (Caltrans), in coordination with California Air Resources Board (CARB) will review the Allocation Request to determine if the project supports at least one of the above-listed criteria, decreases GHG emissions, and benefits low-income households, low-communities and or a DAC, if applicable. Recipients can fund "new or expanded services" with 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 money 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 before construction will not be eligible for the program. **In addition, projects must start within 6 months of receipt of LCTOP funds from the State Controller's Office (SCO), except identified roll over projects. The program is not based on reimbursements; therefore, Lead Agencies cannot expend LCTOP funds on costs incurred prior to LCTOP award/approval.**

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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. When applying for LCTOP funds under this criterion, 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.

It is up to the Lead Agency to communicate what is considered New or Expanded Service as this will vary from agency to agency. Some examples of New Service could be when an agency publicly stops service all together and needs to utilize LCTOP funding to restart or rebrand the service. Expanded service could also be if an agency reduced service operations to a Sunday schedule and is now seeking to increase frequency of service to a Weekday schedule.

Investments to Benefit Priority Populations

Department of Transportation (Caltrans) and the California Air Resources Board (CARB) encourage all agencies to conduct meaningful outreach and engagement to the Priority Populations they serve and fund projects that target the specific needs of the communities to the maximum extent possible. Communities should be engaged in the preplanning and planning process for all proposed projects to ensure a more just and equitable transit system. This is ever apparent operating during a pandemic and social unrest. Lead Agencies should prioritize projects for the riders that are utilizing the system the most. Prior to the pandemic, some riders were referred to as a dependent. Through the pandemic, we recognize that the current riders, that are riding transit to get to and from work are now deemed essential.

Guiding Legislation

Senate Bill 535 (SB 535) required that Greenhouse Gas Reduction Funds (GGRF) be invested in and benefit Disadvantaged Communities (DACs). SB 535 also requires the California Environmental Protection Agency (CalEPA) to identify DACs based on geographic, socioeconomic, public health, environmental hazard criteria and create a tool to identify the DAC. Criteria included but is not limited to:

1. Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation.
2. Areas with concentrations of people that are of low-income, high unemployment, low levels of homeownership, high rent burden, sensitive populations, or low levels of educational attainment.

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

CalEPA and staff held community meetings and a webinar to discuss how to identify disadvantaged and low-income communities for the purpose of investing Cap-and-Trade auction proceeds and implementing SB 535 and AB 1550—CalEPA created CalEnviroScreen 3.0, a tool that assesses all census tracts in the State to identify areas

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where priority populations are disproportionately affected by multiple types of pollutions. To ensure the State is meeting investments targets to benefit priority populations, CARB developed program-level targets to drive investments that achieve direct, meaningful and assured benefits to priority populations. These FY 20-21 investments are posted for all agencies on the California Climate Investments Funding Guidelines for Administering Agencies website.

Senate Bill 1119 (SB 1119) was passed and signed into law in September 2018. The intention of the legislation is to streamline Low Carbon Transit Operations Program (LCTOP) project selection and meet the benefit criteria outlined above for certain types of projects. Expenditures made pursuant to SB 1119 shall be deemed to have met all applicable requirements established pursuant to Section 39713 of the Health and Safety Code. As mentioned, in the Introduction, Caltrans staff encourages Lead Agencies submitting an Allocation Request to continue to document the *direct, meaningful and assured benefit to the priority populations* as defined in AB 1550 and documented by census tracts from CalEnviroScreen 3.0. The methods to do so are outlined in the Allocation Request with the inclusion of the criteria listed below as selections types. With Lead Agencies documenting the benefits to the Priority Population, Caltrans will strive to meet CARB Investment percentages for the Priority Populations.

Priority Population Identification

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

- Being physically located in an AB 1550 community census tract or benefit a low-income household; and
- Meaningfully address an important community or household need; and
- Providing direct, meaningful and assured benefits to an AB 1550 population, consistent with the criteria in the California Air Resources Board (CARB) Funding Guidelines (Appendix A).

The Lead Agency will provide a map or maps depicting their project in relation to the AB 1550 Population; identify the specific latitude and longitude coordinates of their project location in the Allocation Request and identify DAC/low-income project requirements in the publicly approved project Board Resolution. In an effort to meet SB 535 and AB 1550 requirements, maps identifying a DAC and or low-income community are available at: <http://www.calepa.ca.gov/EnvJustice/GHGInvest/> or the [AB 1550 Map https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/communityinvestments.htm](https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/communityinvestments.htm). 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/cc-communityinvestments.

Addressing an Important Need for a Community or Household

LCTOP's goal of funding projects that provide direct, meaningful, and assured benefits towards Priority Populations extends beyond the legislative requirements of SB 535, AB 1550, and SB 862. Program staff encourage recipient agencies to coordinate internally with their planning, outreach, or marketing staff to provide comprehensive qualitative or quantitative information that details (including but not limited to) community engagement, prioritized planning towards priority populations, or any other internal process or procedures that capture the intentional efforts dedicated towards funding the project. **Applicable projects shall specify how the investment will result in benefits that meaningfully address an important community or household need(s).**

Compliant with CARB's Funding Guidelines, project leads must use at least one of the four approaches as described in Step 2 of the Sustainable Transportation Benefit Criteria Tables (Appendix A) to determine community or household need. These approaches include:

1. **Recommended Approach:** Host community meetings, workshops, outreach efforts, or public meetings as part of the planning process to engage local residents and community groups for input on community or household needs, and document how the received input was considered in the design and/or selection of projects to address those needs
2. **Recommended Approach:** Receive documentation of support from local community-based organizations and/or residents (e.g., letters, emails) identifying a need that the project addresses and demonstrates that the project has broad community support;
3. **Alternative Approach:** Where direct engagement is infeasible, 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 confirm that the project will reduce the impacts of at least one of those factors; or
4. **Alternative Approach:** Where direct engagement is infeasible, refer to the list of common needs for Priority Populations in CARB's Funding Guidelines Table 5 and confirm that the project addresses at least one listed need.

LCTOP staff highly advises eligible agencies to utilize the recommended approaches in Step 2 or Step 3 to determine the needs of the priority populations. The program 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. Please refer to

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CARB's Funding Guidelines for a detailed description of the need's identification process.

In addition, Lead Agencies are encouraged to utilize the **Community Engagement Co-Benefit Assessment Methodology**. This is provided as Appendix C within the guidelines, in the Allocation Request *Supplemental Guidance*, and online at the California Climate Investments Co-Benefits website: <https://ww2.arb.ca.gov/resources/documents/ccimethodologies>. Lead Agency would assess their level of community engagement as High, Medium or Low based on a series of questions and then assess the response.

In 2018, LCTOP piloted a Technical Assistance project focused towards facilitating stakeholder engagement between eligible agencies and Community Based Organizations. The Technical Assistance Contract was awarded to Estolano LeSar Advisors and Nelson Nygaard Consultants. The consultant team developed a best practices document to help further these efforts across the state and meet the goals of the California Climate Investments programs.

In mid to late 2021, LCTOP's Priority Populations Liaison is planning to host either web-based or in-person workshops that will provide the opportunity to partner with community members and organizations to help determine the best projects that could maximize community benefits. This work will help bridge possible communication gaps and help foster positive relationships that are maximizing benefits to Priority Populations. Once the contract has been executed the Priority Populations Liaison will coordinate with LCTOP staff and transit agencies regarding a timeline and scope of work related to how the technical assistance will be executed.

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 3.0), 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).

Lead Agencies should design projects to avoid substantial burdens, such as physical or economic displacement of low-income households, small businesses, minority or women-owned businesses, or increase exposure of low-income households to toxic pollutants or other health risks. Lead Agencies are encouraged to engage

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community members and community advocates in identifying potential substantial burdens.

There are a variety of benefits the project could identify with. To determine how the project will provide a benefit to the Priority Populations (see Appendix A) developed by CARB. Review to ensure that the project is meeting at least one of the identified benefit from the Sustainable Transportation criteria table.

For further inquiries related to Priority Populations and Disadvantaged Communities, please contact our Priority Populations Liaison, Courtney Williams at Priority.Populations@dot.ca.gov or lctopcomments@dot.ca.gov.

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(s) must comply with. **Please Note:** The Allocation Request will be treated in accordance with Public Records Act requirements and that certain information, subject to those requirements, may be publicly disclosed. To further support these requirements, the initial Allocation Requests and Awarded Project List is posted annually to the Low Carbon Transit Operations Program (LCTOP) Website. Technical assistance is available directly from LCTOP staff assisting Lead Agencies in preparing their allocation packets. Because this is a formulaic program, staff can assist lead agencies throughout the Allocation Request process. LCTOP staff will also hold multiple workshops on how to complete the Allocation Request for Lead Agencies and post sample project types for reference. Please check the LCTOP website or with LCTOP staff for workshop dates and samples. Lead Agencies may reach out to LCTOP staff with any questions on the process or for project specific support.

Allocation Request Form

The Lead Agency must submit to the California Department of Transportation (Caltrans) an Allocation Request for the proposed project it intends to fund with the LCTOP. The LCTOP Allocation Request is the basis for Caltrans' verification that the project is consistent with LCTOP requirements and is available via Caltrans Staff dissemination. The Allocation Request consists of an Excel document (*Allocation Request Form*) with multiple worksheets, two Word Documents that include the Supplemental Guidance 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 the project's 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. If the Lead Agency is leveraging funds from multiple sources of Greenhouse Gas Reduction Fund (GGRF) dollars, or if the applicant is pursuing funding from multiple sources of GGRF dollars, the sources should be described in detail to ensure benefits are attributed accurately to each program. 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 subjected to an adverse action.

A complete Allocation Request must be **submitted annually** to receive an apportionment. **Lead Agency may only submit the Allocation Request during the annual call for projects and must submit by the final due date.** This will allow the State to release

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funds annually to the Lead Agency's bank account where funds could potentially accrue interest. Agencies who do not submit an Allocation Request will not have apportionments held or carried over into the following year for them. Unrequested apportionments will be carried over to the following year and redistributed with accumulated auction proceeds by formula to all eligible recipients.

Any Contributing Sponsor should transmit a signed letter to accompany the Lead Agency's Allocation Request indicating the dollar amounts to be contributed to the project. If there are multiple Contributing Sponsors, each sponsor must 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 possibility 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.

Certifications and Assurances Form

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

Board Resolutions

The Resolution must include a description of the project, the amount of LCTOP funds requested, and identification of any Disadvantaged Communities (DAC)(s) 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, however each project must be listed separately or bulleted with the allocated dollar amounts and project name. An updated resolution is required annually per project, even if the project was a "roll-over" project from the previous year.**

LCTOP Benefits Calculator Tool

Allocation Requests must use the California Air Resources Board (CARB) approved Benefits Calculator Tool (QM) 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

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equivalent. All projects must net a positive emissions reduction 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. The LCTOP Benefits Calculator Tool also estimates the following selected co-benefits and key variables from LCTOP projects: reductions in criteria and toxic air pollutants (in tons), including diesel particulate matter (PM), nitrogen oxide (NOx), reactive organic gases (ROG), fine PM less than 2.5 micrometers, passenger VMT reductions (in miles), fossil fuel use reductions, renewable energy generated in kilowatt hours (kWh), fossil fuel energy use reductions (kWh), travel cost savings (\$), energy savings, and fuel cost savings (\$). LCTOP staff will integrate the Benefits Tool into the Allocation Request for a streamlined approach to submit project requests. Please find the stand-alone tool and corresponding documents (PDF instructions and Excel based tool) online at: www.arb.ca.gov/cci-quantification.

CARB Job Co-Benefit Assessment Methodology

Allocation Requests must utilize the CARB Job Co-Benefit Assessment Methodology to estimate jobs supported by California Climate Investments projects. A job is defined as a full-time equivalent (FTE) employment of one person for one year. These jobs supported by an LCTOP project include direct, indirect, and induced employment. This tool will provide a uniform approach to model jobs support for all California Climate Investments. LCTOP staff integrated this tool into the Allocation Request to streamline the submittal process. The tool can be found as a stand-alone tool at: www.arb.ca.gov/cci-cobenefits.

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 must show documents of a line item or subaccount dedicated to LCTOP funds. When the agency submits their Close-Out, 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, it 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 during each fiscal 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,

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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.

Allocation Request/Project Award

Allocation Requests will be awarded if they meet all criteria after extensive review from LCTOP and CARB staff. LCTOP staff will review submitted Allocation Requests and contact lead agencies as needed for clarification and/or revisions. If CARB staff has comments/concerns, LCTOP staff will work with Lead Agencies to address concerns and/or make necessary revisions. If Lead Agencies do not make necessary revisions to submitted Allocation Request documented by LCTOP and/or CARB staff, the project will not be awarded. LCTOP staff will document and communicate early on with Lead Agency on why Allocation Requests are not moving forward for award. After concurrent review and approval with CARB staff, LCTOP staff will send a project list to the State Controller's Office for the award. The SCO will announce the awarded projects and transmit direct payment to Lead Agencies. Following SCO's announcement, Caltrans will post a press release and send award letters to lead agencies. This award letter will detail the project information and LCTOP assigned project identification number. Lead Agencies will use this number for the life of the project for all reporting.

Expending Funds

Lead Agencies must expend funds on approved projects in a timely manner and must expend all LCTOP funds within 4 years of project award (FY16-17 and beyond). Lead Agencies **cannot** expend LCTOP funds on costs incurred prior to LCTOP Award/Approval. This is not a reimbursement program; funds are awarded annually upfront for expenses approved and outlined in the Allocation Request that are incurred after project award.

Reassigning Funds to a New or Existing Eligible LCTOP Project

Lead Agencies may find that they have residual 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. A Corrective Action Plan (CAP) along with a completed Close-Out Report must be submitted for the original project. If the project is complete and there are residual funds, an agency should include the proposed use for the residual funds as part of the required Close-Out Report. **Projects with Contributing Sponsor funds must obtain approval/acknowledgement from the sponsor on the new use of the funds.** If the use of residual 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 residual 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 also 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

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call for projects and comply with all the requirements.

Reassigning Funds to a **NEW** Eligible 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 and include the project ID number listed on the award letter.
2. If the reassigned funds have been accrued from a project within a DAC, the reassigned funds may only be applied to another Assembly Bill 1550 (AB 1550) Priority Populations project. These projects must meet legislative requirements as stated in AB 1550 or Senate Bill 1119 (SB 1119) regardless of the previous qualifications. **Please note: The Funds being reassigned are tied to the funding year of the award, as they are tied to that year's legislation.**
3. 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.
4. **The new project must expend the funds within the time limits of the original allocation of funds.**
5. 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.
6. If there are any Contributing Sponsors to the reassigned funds, the Lead Agency must obtain approval from the Contributing Sponsor for the change in 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 to the use of their funds.
7. The Lead Agency may not expend any funds on the new project before receiving written approval from Caltrans.
8. **Reassigning funds to a NEW eligible LCTOP project may only occur during a call for new projects.**

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

1. The Lead Agency may submit a CAP for the project that will no longer be using LCTOP funds. **Reassigning funds to an EXISTING LCTOP project may not occur during a call for new projects.**
2. The justification should list the project that will receive the reassigned funds and include the project ID number listed on the award letter.
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 obtain approval from the Contributing Sponsor for the change in 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 to the use of their funds.

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5. **Lead Agencies are limited to 3 CAPs per project. The transfer is also limited to 3 funding years and agencies are required to provide a bank statement showing the LCTOP balance before the transfer.** LCTOP will provide additional flexibility in project delivery where possible to realistically account for COVID impacts on transit operation and operating changes in post COVID environment. COVID impact driven changes could be what falls under the exception but LCTOP still has the right to reject CAP's within reason. LCTOP staff is aware that unforeseen circumstances may arise in certain extreme situations, which may result in a CAP that falls outside of the 3 CAP limit as stated above. If this situation arises, it will be at the discretion of LCTOP staff to approve.
6. 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 CAP revisions 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 similarly as the principal. Interest remaining after a project completion 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. **If a Lead Agency has multiple awarded projects with funding in the dedicated LCTOP account, interest could be tracked as a whole and used collectively on one project as needed.** A CAP will not be required to reassign interest to LCTOP projects. If adding to a new project during the Allocation Request, it should be documented as "other funding sources." The interest must also be documented as "other funds" upon project close out.

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 monies available for the program. The amount expended shall be reimbursed by the State from funds available to the program if all 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

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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 is 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. The "reimbursement" will take place in the form of a submitted and approved allocation request that would take place at the next available submittal and award period.

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 approval by CARB and Caltrans with an approved Benefit Calculator (QM Tool).

Compliance with CEQA, Civil Rights and Environmental Justice

Section 75231 (a) (3) of the Public Resources Code *"The recipient transit agency complies with all applicable legal requirements for the expenditures, including the requirements of the California Environmental Quality Act (Division 13 (commencing with Section 21000))[sic], 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 the Federal Transit Administration and 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: <https://dot.ca.gov/programs/civil-rights/title-vi>.

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LCTOP Annual Calendar

Allocation Request Schedule

- Caltrans posts LCTOP Guidelines FY 2020-2021 around January 2021
- SCO will notify agencies of available funding for the fiscal year January-February 2021*
- Call for projects announced in conjunction with SCO Apportionment Announcement
- Transit agencies submit Allocation Requests to Caltrans March 31, 2021*
- Caltrans and CARB approve list of projects and submit to SCO Mid-June 2021*
- SCO releases approved project amounts to recipients By June 30, 2021*

**Subject to Change*

Reporting Schedule

Semi-Annual Report due to Caltrans May 15th (on data October 1 – March 31)

Semi-Annual Report due to Caltrans November 15th (on data April 1 – September 30)

LCTOP Allocation Request Submittal

The following documents are required and must be submitted **electronically** to Caltrans.

- Allocation Request Form (Excel)
- Signed Authorized Agent Form (PDF)
- Signed Certifications and Assurances (PDF)
- Approved Board Resolution (PDF)
- Supporting Documents (PDF)

The Lead Agency must submit **one Allocation Request per email**. The subject line of the email should read: Agency Name, Caltrans District, title of project, and number of projects. For example, it could read: ***YCTD D3 Free Fare project 1 of 2***

Due to telework circumstances, we are not accepting hard copies that have been mailed to LCTOP. Please email all the required documents outlined above by the due date to LCTOPcomments@dot.ca.gov.

Program Compliance and Reporting Obligations

All programs funded by the Greenhouse Gas Reduction Fund (GGRF) must report biannually. The California Department of Transportation (Caltrans) must complete and submit documentation to the 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 Legislature. This section will highlight all the reporting requirements that Caltrans and transit agencies (Lead Agency) must complete for CARB to report accurately.

Lead agencies should track metrics in accordance with CARB Funding Guidelines for all projects. Samples of reporting templates are available upon a request to Low Carbon Transit Operations Program (LCTOP) staff. Agencies who do not meet program requirements are at risk of not receiving future LCTOP funds. Furthermore, agencies that do not meet Greenhouse Gas (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 reimburse LCTOP funds.

Annual Expenditure Record (Caltrans)

Per the 2018 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 Senate Bill 1018 (SB 1018) and the 2018 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 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 the LCTOP 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 describe 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, jobs support criteria and a description of the co-benefits provided by LCTOP. The project-

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level information compiled with Caltrans from approved allocation request and broken into sections: "Awarded/Implemented" (projects expending funds within 6 months of award); Close-Out (when a project is complete); "Jobs"; and "Project Outcome Reporting. Caltrans will report on project outcomes 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 Close-Out Report. The information that Caltrans and LCTOP staff will collect is outlined in CARB's 2018 Funding Guidelines, starting on Page 55. The information will be gathered and compiled from all documentation submitted by the Lead Agency. Caltrans will submit the collected information into the CCI Reporting and Tracking System (CCIRTS) on program implementation as well as individual projects. The information will be collected during the Semi-Annual reporting cycle on activities that occurred within that period. The reporting cycles cover December 1 through May 31 and June 1 through November 30. Submittals are due 30 days after the end of a reporting cycle.

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. The Lead Agency must ensure that activities funded from the auction proceeds are timely, within approved scope and cost, are reducing GHG emissions, and are achieving the intended purpose for which they are to be utilized. The Lead Agency must notify Caltrans when the allocated LCTOP funds have been encumbered and must provide completed and signed Semi-Annual Reports every six months until an approved project is completed, and the project Close-Out Report has been submitted and approved.

Reports will cover project activity 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 dates are necessary for Caltrans to meet program reporting requirements. 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.

All projects are expected to begin work within **six months** of becoming fully funded. Lead Agencies need to document information such as when the project started, the anticipated end date, percentage of project completion, ridership associated with the project, etc. 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

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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, the Lead Agency will provide all Project ID numbers and total funding amount received to date on the Semi-Annual Report. 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. **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 original approved scope of work, 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 Benefits Calculator 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 the 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 ineligible expenses. Upon receipt of the CAP, Caltrans has 45 days to review and approve/not approve the document. Agency may not proceed without Caltrans' approval of the CAP.**

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Close-Out Report (Lead Agencies)

Once a project has been completed, the Lead Agency must notify LCTOP staff by email 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 (FY16-17 and after).

The final project report includes:

1. Close-Out Report Form: Includes questions about actual project performance as it pertains to ridership increases, vehicle miles traveled (VMT) reductions and GHG emission reductions (utilizing the Benefits Calculator 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. Benefits Calculator Tool that corresponds with the awarded year.
3. Final Project Itemized Expenditure Table: Complete this table and attach the latest bank statement from the LCTOP dedicated bank account.
4. 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, punch list from the facility's final walkthrough and a copy of the title if the project is to procure a vehicle. This list includes a sample of what can be used to show evidence regarding the completion of a project. Please contact LCTOP staff to discuss alternatives that may exist for your circumstances.
5. Savings/Interest: If the project has been completed with a residual or unspent interest, the report should indicate the amount of residual or interest and how those funds will be applied towards an approved LCTOP project. This should be done by submitting a CAP. If the residual funds have been accrued from a project in a Disadvantaged Communities (DAC)(s) or low-income community, the residual funds 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.**

Jobs Reporting (Lead Agencies)

To the extent feasible, Caltrans will try to support Lead Agencies in fostering job creation via allocation requests to be carried out by California workers and businesses. To maximize economic benefits, investments should provide employment opportunities and job training tied to employment, wherever possible. To the extent feasible, jobs and job training should be targeted to Priority Populations. Caltrans encourages Lead Agencies

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to demonstrate local benefits and support of clean energy within the transportation sector and how projects can facilitate the shift towards a sustainable workforce. The Allocation Request is an opportunity to highlight these efforts from project types that support energy efficiency, renewable energy, and zero-emission transportation and mobility options.

Jobs reporting is required for all projects claiming to benefit Priority Populations by way of providing employment or training as well as any project that has a total project cost, including GGRF and leveraged funds exceeding \$1,000,000 awarded after August 2018 (Starting with FY18-19 Projects). Lead Agencies will report on all jobs and wages paid through GGRF, including subcontractors. This would apply to awards given over multiple years, such that a \$1,000,000 award disbursed as four annual awards of \$250,000 would be required to report its supported jobs. CARB staff has determined that exempting first-order subcontractors that enter a contract for less than \$100,000 in GGRF funds. This exemption would only apply to subcontractors providing services directly to the awardees, but not to subcontractors further down the chain.

The frequency and duration of Jobs Reporting will take place annually after the project begins and ends with the project Close-Out Report. Once data is collected from Lead Agencies completing Jobs Reports, Caltrans will report to CARB. Caltrans will post the Jobs Reporting template to the website once finalized.

Project Outcome Reporting (Lead Agencies)

Project outcome reporting is only required for a subset of projects (Starting with FY17-18 Projects). For LCTOP, projects that receive **\$250,000** or more from GGRF will complete the report.

Project Outcome Reporting is not applicable for:

- Limited-term operations of new and expanded transit services;
- Connectivity improvements; and
- Transit passes, vouchers, or reduced fares.

Project Outcome Reporting will begin when:

- Construction is complete and transit service is operations; or
- Vehicle(s) or equipment is operational.

The frequency and duration of Project Outcome Reporting will take place for 36 months. Caltrans staff will collect this information twice a year during the Semi-Annual Reporting Period. The report will document metrics like that of the Close-Out Reports that follow the CARB Funding Guidelines. Once data is collected from Lead Agencies completing Project Outcome reports, Caltrans will report to CARB. Caltrans will post the Project Outcome Reporting template to the website once finalized.

Project Audit

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Annual audits 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 30) Caltrans will make the audits available to the Legislature and the State Controller's Office (SCO) as needed. 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. 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.

Site Visits

Site visits can take place at any time at the discretion of Caltrans. Site visits will 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 a 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 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 a site visit to collect project outcome data. Through these site visits, for example, visiting a completed shelter to ensure it is being managed and utilized. Following a site visit from LCTOP Staff, the program manager will send a letter documenting the visit and any action items as discussed during the site visit.

Appendix A

Evaluation Criteria for Providing Benefits to Priority Populations

SUSTAINABLE TRANSPORTATION: Identify the Priority Population(s).¹

Step 1: Determine the location and evaluate the project against each of the following criteria. Lead Agency would select all the locations 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 but within ½-mile of the boundaries of a disadvantaged community and within the boundaries of a low-income community census tract?
- D. Is the project located within the boundaries of a low-income household?

If the project does not meet at least one of the qualifying location criteria, it will not count toward statutory investment minimums and no further evaluation is needed. If the project meets at least one of the qualifying location criteria as described above, then move on to the next section.

Step 2: Address a need. Identify an important community or household need of the priority population(s) identified in Step 1 through one of the approaches below.

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

- A. Recommended Approach: Host accessible community meetings, workshops, outreach efforts, or public meetings as part of the planning process to engage local residents and community groups for input on community or household needs, and document how the received input was considered in the design and/or selection of projects to address those needs. For more recommendations on how to make outreach efforts accessible, see the California Climate Investments guide, Best Practices for Community Engagement and Building Successful Projects.²
- B. Recommended Approach: Receive documentation of support from local community-based organizations and/or residents (e.g., letters, emails) identifying a need that the project addresses and demonstrating that the project has broad community support;
- C. Alternative Approach: Where direct engagement is infeasible, look at the individual factors in CalEnviroScreen 3.0 that are most impacting an identified disadvantaged

¹ Benefit Criteria Table is built into the LCTOP Allocation Request

² <https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/ccj-community-leadership-bestpractices.pdf>

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or low-income community (i.e., factors that score above the 75th percentile), and confirm that the project will reduce the impacts of at least one of those factors; or

- D. Alternative Approach: Where direct engagement is infeasible, refer to the list of Common Needs for Priority Populations in CARB's Funding Guidelines Table 5 and confirm that the project addresses at least one listed need or in the next appendix.

Describe the identified community or household need(s): (Description required.)

If the project does not address a community or household need, it will not count toward statutory investment minimums and no further evaluation is needed. If the project addresses a community or household need as described in Step 2, continue to Step 3 on the following page.

Step 3: Provide a benefit. Evaluate the project against each of the following criteria to determine if it provides direct, meaningful, and assured benefits to priority populations. The benefit provided must directly address the need identified in Step 2.

Project must meet at least one of the following benefit criteria:

- A. Project reduces criteria air pollutant or toxic air contaminant emissions.
- B. Project provides increased access to clean and/or shared transportation options.
- C. Project improves connectivity between travel modes.
- D. Project improves mobility between key destinations and communities.
- E. Project improves safety and comfort of the transportation system.
- F. *Project improves combined housing and transportation affordability.*
- G. *Project improves public health through increased access to active transportation.*³

Describe how the project provides the benefit(s) identified: (Description required.)

If the project does not provide a direct, meaningful, and assured benefit, it will not count toward statutory investment minimums. If the project meets the criteria in Steps 1, 2, and 3, it will be considered as providing direct, meaningful, and assured benefits to priority populations and will be counted toward statutory investment minimums.

³ Benefit F and G are generally not applicable to LCTOP Projects

Appendix B

Alternative Approach D. Common Needs of Priority Populations

Public Health

1. Reduce health harms (e.g., asthma) suffered disproportionately by priority populations due to air pollutants.
2. Reduce health harms (e.g., obesity) suffered disproportionately by priority populations due to the built environment (e.g., provide active transportation, parks, playgrounds).
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.

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.

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Environmental

1. 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 transportation corridors).
 2. Prioritize zero-emission vehicle projects for areas with high diesel air pollution, especially around schools or other sensitive populations with near-roadway exposure.
 3. Reduce exposure to pesticides in communities near agricultural operations.
 4. Greening communities through restoring local ecosystems and planting of native species, improving aesthetics of the landscape, and/or increasing public access for recreation.
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Appendix C

Co-Benefit Assessment Methodology Community Engagement Questionnaire

The questionnaire on the following pages is excerpted from the Community Engagement Co-benefit Assessment Methodology for California Climate Investments. The questionnaire is converted into a fillable table for ease of use. Guidance on how to answer each question is provided in Section C of the full methodology available at: www.arb.ca.gov/cci-cobenefits.

California Climate Investments that result in community engagement co-benefits create opportunities during planning, design, and implementation for communities to directly engage with the project, provide input that is incorporated into it, and collaborate on its development.

Overall, the methods for estimating the community engagement co-benefits are qualitative, based on tracking the extent and impact of public participation in project planning, design, and implementation. The assessment evaluates the quantity, quality, and equity of community engagement.

To estimate the community engagement co-benefit, users will respond to the five questions. Based on the responses to the questions, the level of community engagement will be evaluated as low, medium, or high. ***Then the agency will mark Low, Medium or High on the LCTOP Allocation Request when documenting Priority Population Benefits.***

Community Engagement Questionnaire

1. Is the project a neighborhood-scale, city/regional-scale, or rural project?
2. With regard to public events held by the project proponent to discuss this project proposal with the community:
 - a. What was the approximate total attendance at those events?
 - b. Briefly describe the events held. (Please respond in fewer than 100 words)
3. With regard to other opportunities provided by the project proponent for community members to comment or provide input on the project (e.g., internet- or telephone-based input opportunities) or separate meetings with specific stakeholders, community leaders, and organizations, beyond those included above:
 - a. What is the approximate total number of people who provided commentary or input on the project through these opportunities?
 - b. Briefly describe the opportunities provided. (Please respond in fewer than 100 words)
4. Which of the following took place as part of the events and other opportunities identified in questions 2 and 3? (Check all that apply):
 - a. Informed the community about various aspects of the project, including the process by which major decisions about the project would be made.
 - b. Solicited and recorded written or spoken input from the community about specific aspects of the project or potential project alternatives before decisions on those aspects and alternatives were finalized.

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- c. Incorporated proposals or ideas from the community into project alternatives or components.
- d. Reported back to the community on how the input in 4(b) and 4(c) was incorporated.
- e. Developed project features or project alternatives collaboratively with the community by one or more of the following means: (Check all that apply):
 - i. One or more workshops or other meetings in which the community developed a project alternative or specific component to address unmet community needs, which was subsequently included in the project's application for funding or final design.
 - ii. Formal cooperation with a community-based organization (i.e., via a memorandum of understanding, community benefits agreement, steering committee, labor agreement, etc.) to acquire or distribute funding, identify project alternatives or project components, or otherwise enhance community engagement in project design, planning and implementation.
 - iii. Delegation of authority to choose between project alternatives or components to the community through a steering committee, organized voting process, representative community-based organization, or other means.
 - iv. A community-based organization, community-driven steering committee, or similar entity designed, planned, and implemented the project in whole or in significant part.
- 5. Considering all of the events and input opportunities as a whole, which of the following statements are true (check all that apply):
 - a. The participants comprised a broadly representative sample of the population potentially benefiting from, or affected by, the project.
 - b. Project proponents identified key community leaders and organizations and engaged them directly.
 - c. The events and input opportunities were hosted at varied and accessible times and locations throughout the area potentially affected by the project and included both in person and online forms of engagement. Events and written materials were offered in languages other than English.
 - d. The participation process was conducted or assisted by a professional facilitator or public participation expert.
 - e. The project proponents, or those acting on their behalf, prepared and followed a community engagement plan that meets the minimum criteria originally established by the Transformative Climate Communities Program (option is available for all project types).

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Assessment

To determine the overall Community Engagement Co-benefit, users will assess the responses to the quantity, quality, and equity-oriented questions as low, medium, or high. For the quantity category, which measures the number of people giving input on the project, the scoring is different for projects of different scales and contexts — neighborhood-scale, city/regional-scale, and rural. These scoring thresholds reflect considerations of total population size and population density in the area potentially affected by the project. Scores related to quantity, quality, and equity of community engagement are then aggregated to provide a total project community engagement score.

Evaluation of Community Engagement in Projects

Quantity

Total event attendance + number of people commenting through other opportunities:

- For neighborhood-scale projects: **LOW** 0-24; **MEDIUM** 25-59; **HIGH** 60 or more
- For city/regional-scale projects: **LOW** 0-49; **MEDIUM** 50-99; **HIGH** 100 or more
- For rural projects: **LOW** 0-14; **MEDIUM** 15-29; **HIGH** 30 or more

Quality

Selection in response to **Community Engagement Questionnaire**, Question 4:

- **LOW** 4a or 4b; **MEDIUM** 4c or 4d; **HIGH** Any from 4e

Equity

Selection in response to **Community Engagement Questionnaire**, Question 5:

- **LOW** None or 1; **MEDIUM** 2 or 3; **HIGH** 4 or more

The total community engagement level will then be evaluated based on the quantity, quality, and equity of community engagement as follows:

- If two or more of these categories are **low**, the overall engagement level is **LOW**
- If two or more of these categories are **medium**, the overall engagement level is **MEDIUM**
- If two or more of these categories are **HIGH**, the overall engagement level is **HIGH**
- If each category is in a separate rank (one low, one medium, and one high), the overall engagement level is **MEDIUM**