LOW CARBON TRANSIT OPERATIONS PROGRAM

Legislation Addendum

CALTRANS
DIVISION OF RAIL AND MASS TRANSPORTATION

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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 (CCI) 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 CCI 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 grant program, with 5% of the total annual revenue from the four Cap and Trade quarterly auction proceeds 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, Senate Bill 1119 (SB 1119) of 2018, and Senate Bill 942 (SB 942) of 2022.

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 regulations and programs to reduce GHG 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 (referred as 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 (SB 862) of 2014.

SB 862 established the LCTOP and set the precedent of allocating an annual continuous appropriation of 5% of the annual revenue from the quarterly 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 is not in the construction phase or fully funded.

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 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 money 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 money 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, pursuant to Section 75230 (f):

1. Expenditures that directly enhance or expand transit service by supporting new or expanded bus or rail services, new or expanded water-borne transit, or expanded intermodal transit facilities, and may include equipment acquisition, fueling, and maintenance, and other costs to operate those services or facilities.

2. Operational expenditures that increase transit mode share.

3. Expenditures related to the purchase of zero-emission buses, including electric buses, and the installation of the necessary equipment and infrastructure to operate and support zero-emission buses.

Under SB 824, pursuant to Section 75230 (o) A recipient transit agency may only retain its funding share for a **maximum of four fiscal years**. Recipients are also allowed to 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. Furthermore, pursuant to SB 824 Section 75230 (e) A recipient transit agency shall demonstrate that each expenditure of program money **does not supplant** another source of funds.

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 (g)(2):

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 (g) (3), (4).

Caltrans staff will continue to require Lead Agencies to submit an Allocation Request 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:

https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40

Senate Bill 942

Existing law requires all monies, except for fines and penalties, collected by the State Air Resources Board as part of a market-based compliance mechanism to be deposited into the Greenhouse Gas Reduction Fund (GGRF) and to be available upon appropriation. Existing law continuously appropriates specified portions of the annual proceeds in the fund to various programs, including 5% for the Low Carbon Transit Operations Program, which is administered by the Department of Transportation and provides operating and capital assistance for transit agencies to reduce the emissions of greenhouse gasses and improve mobility with a priority in serving disadvantaged communities. Existing law authorizes a recipient agency that has used program money for authorized transit fare assistance in a previous fiscal year to use those monies to continue the same service or program in subsequent fiscal years if the transit agency can demonstrate that reductions in the emissions of greenhouse gasses can be realized.

The California Legislature passed Senate Bill 942 (SB 942) in 2022. Transit agencies can opt to use SB 942 and come in for three years of funding with one Allocation Request on free or reduced fares transit programs that would reduce GHG emissions and improve mobility, with a priority on serving DACs. After submission, the recipient agency will not be required to submit additional Allocation Requests for the next three fiscal years, but shall still be required to provide reporting documentation necessary to meet program qualifications and to begin the operating subsidies within 6 months of the award date. Please note, per CARB's funding guidelines, all allocated GGRF funds administered from LCTOP must be quantified by the CARB GHG Calculator tool and Quantification Methodology prior to award. The LCTOP program cannot allocate non-quantified GGRF funds directly to a transit agency. Currently, auction proceeds are not announced three years in advance.

Executive Order N-79-20

In September 2020 Governor Newsom signed Executive Order N-79-20 stating:

1. It shall be a goal of the State that 100 percent of in-state sales of new passenger cars and trucks will be zero-emission by 2035. It shall be a further goal of the State that 100 percent of medium- and heavy-duty vehicles in the State be zero-emission by 2045 for all operations where feasible and by 2035 for drayage trucks. It shall be further a goal of the State to transition to 100 percent zero-emission off-road vehicles and equipment by 2035 where feasible.

2. The State Air Resources Board, to the extent consistent with State and federal law, shall develop and propose:
    a. Passenger vehicle and truck regulations require increasing volumes of new zero-emission vehicles sold in the State towards the target of 100 percent of in-state sales by 2035.
    b. Medium-and heavy-duty vehicle regulations require increasing volumes of new zero-emission trucks and buses sold and operated in the State towards the target of 100 percent of the fleet transitioning to zero-emission vehicles by 2045 everywhere feasible and for all drayage trucks to be zero-emission by 2035.
    c. Strategies, in coordination with other State agencies. U.S. Environmental Protection Agency and local air districts, to achieve 100 zero-emission from off-road vehicles percent and equipment operation in the State by 2035.

3. The Governor's Office of Business and Economic Development, in consultation with the State Air Resources Board, Energy Commission, Public Utilities Commission, State Transportation Agency, The Department of Finance and other State agencies, local agencies and the private sector, shall develop a Zero-Emissions Vehicle Market Development Strategy by January 31, 2021, and update every three years thereafter that:
    a. Ensures coordinated and expeditious implementation of the system of policies, programs and regulations necessary to achieve the goals and orders established by this Order.
    b. Outlines State agencies' actions to support new and used zero-emission vehicle markets for broad accessibility for all Californians.

4. The State Air Resources Board, The Energy Commission, Public Utilities Commission and other relevant State agencies, shall use existing authorities to accelerate deployment of affordable fueling and charging options for zero-emission vehicles, in ways that serve all communities, consistent with State and federal law.

5. The Energy Commission, in consultation with the State Air Resources Board and the

Public Utilities Commission, shall update the biennial statewide assessment of zero-emission vehicle infrastructure required by Assembly Bill 2127 (Chapter 365, Statues of 2018) to support the levels of electric vehicle adoption required by this Order.

6. The State Transportation Agency, the Department of Transportation and the California Transportation Commission, in consultation with the Department of Finance and other State agencies shall by July 15, 2021 identify near term actions, and investment strategies, to improve clean transportation, sustainable freights and transit options, while continuing a "fix-it-first" approach to our transportation system, including where feasible:
    a. Building towards an integrated, statewide rail and transit network, consistent with the California State Rail Plan, to provide seamless, affordable multimodal travel options for all.
    b. Supporting bicycle, pedestrian, and micro-mobility options, particularly in low-income and disadvantaged communities in the State, by incorporating safe and accessible infrastructure into projects where appropriate.
    c. Supporting light, medium and heavy duty zero-emission vehicles and infrastructure as part of larger transportation projects, where appropriate.

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 (PUC 99313) and is distributed based on the ratio of the population of the area under its jurisdiction to the total population of the state. The other 50% is available to transit operators (PUC 99314) 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.

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 that the project meets all requirements of the program**.** Each regional entity or 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. If a Lead Agency does not submit an Allocation Request by the deadline, or if the agencies are unable to use the funds, then the funds will be redistributed to another operator with projects benefiting Priority Populations. LCTOP will make an effort to search for other agencies in the area if those agencies are unable to use the funds, the funds will then be allocated to the agencies outside of the regional service areas and every attempt will be made to ensure that the funds will benefit Priority Populations.

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 (FTA) 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

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. California Department of Transportation 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 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 CCI 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 the Department of Finance (DOF), and work with SCO to distribute GGRF monies to administering agencies.
2. Review and comment on program guidelines when necessary.
3. Work with administering agencies to determine the eligibility of the projects submitted by the Lead Agency for funding.

4. Collect information on program status for the annual report to the Legislature and to provide program transparency.
5. Collect data from administering agencies for multiple annual reports.
6. Provide guidance to administering agencies to target investments to benefit Assembly Bill 1550 (AB 1550) populations and maximize benefits to DACs per Senate Bill 535 (SB 535) requirements.

Agency	Program	2022-23 Contin. Appropriation. (%)	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 Lead Agency.
5. Ensure approved projects, where applicable, are benefitting and meeting the need(s) of AB 1550 Populations[1].
6. Conduct 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 the Letter of No Prejudice (LONP) and Corrective Action Plans (CAP) where 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, Annual Report, Project Close-Out Report, and Project Outcome Reporting.
11. Maintain copies of project records for a minimum of three years after the project has been closed out or three years after the final project outcome report is submitted, whichever is later.

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[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.

Investments to Benefit Priority Populations

The 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.

LCTOP keeps the needs of underserved communities at the forefront of the conversation and the program is dedicated to lowering emissions of greenhouse gasses and improving mobility for transit users statewide. Our program ensures apportionments of GGRF funds are utilized on operation and capital projects that realize this overall mission to safeguard the wellbeing of the planet and its people. It cannot be emphasized enough to Lead Agencies that apply for funding to be mindful of the program requirements during the stages of planning, Allocation Requests, and reporting.

Guiding Legislation

Senate Bill 535 (SB 535) required that 25% of 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:

1. 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.
2. 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 4.0, a tool that assesses all census tracts in the State to identify areas where Priority Populations are disproportionately affected by multiple types of pollutions. To ensure that the State is meeting investment targets to benefit Priority Populations, CARB developed program-level targets to drive investments that achieve direct, meaningful and assured benefits to Priority Populations. These investments are posted for all agencies on the CCI 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 4.0. The methods to do so are outlined in the Allocation Request with the inclusion of the criteria listed below as selection types. With Lead Agencies documenting the benefits to the Priority Populations, Caltrans will strive to meet CARB Investment percentages for the Priority Populations.

Priority Population Identification

The priority populations in California are disadvantaged communities, low-income communities, and/or low-income households. Senate Bill (SB) 535 and Assembly Bill (AB) 1550 direct State and local agencies to make investments that benefit these populations. Residents of the following "priority populations" are included: (1) census tracts identified by the CalEPA as being disadvantaged under SB 535; (2) census tracts identified as being low-income under AB 1550; or (3) a low-income household under AB 1550. 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 benefitting 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 (see Appendix A).
- Provide a map(s)depicting their project in relation to the AB 1550 Population; identify the latitude and longitude coordinates of their specific project location in the Allocation Request

- In an effort to meet SB 535 and AB 1550 requirements, maps identifying a DAC and or low-income community are available at: SB 535 Interactive Map 4.0 https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40 A "look-up" tool and list of Housing and Community Development's "low-income" threshold by county and household size are available at https://www.hcd.ca.gov/docs/grants-and-funding/inc2k22.pdf

Please note LCTOP Guidelines contain the Appendices A, B, and C that this addendum refers to frequently.

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 virtual or in-person community meetings, workshops, outreach efforts, or public meetings as part of the planning process to engage 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 4.0 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.
5. LCTOP staff highly advises eligible agencies to utilize the second or third recommended approaches above 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 CARB's Funding Guidelines for a detailed description of the need's identification process.

In addition, a Lead Agencies must utilize the **Community Engagement Co-Benefit Assessment Methodology.** This is provided as Appendix C within these guidelines, as well as the Allocation Request *Supplemental Guidance*, and online at the California Climate Investments Co-Benefits website: https://ww2.arb.ca.gov/resources/documents/cci-methodologies. The 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.

LCTOP Priority Populations Technical Assistance

In 2018, LCTOP piloted a Technical Assistance project focused on facilitating stakeholder engagement between eligible agencies and Community Based Organizations. The Technical Assistance Contract was awarded to Solano 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 (CCI) programs.

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 4.0), 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 must 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 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 benefits from the Sustainable Transportation criteria table.

For further inquiries related to Priority Populations and Disadvantaged Communities, please email lctopcomments@dot.ca.gov.