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Toks Omishakin
Secretary

TO: Greenhouse Gas Reduction Fund Program

FROM: Toks Omishakin
Secretary of Transportation
California State Transportation Agency

Chad Edison
Chief Deputy Secretary for Rail and Transit
California State Transportation Agency

DATE: September 29, 2023

SUBJECT: GREENHOUSE GAS REDUCTION FUND: *CalSTA*

EXPENDITURE RECORD
Zero Emission Transit Capital Program (ZETCP)

This Attestation Memorandum documents CalSTA completed the attached Expenditure Record on September 29, 2023, for ZETCP. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 to support expenditures from the Greenhouse Gas Reduction Fund.

This Attestation Memorandum and Expenditure Record will be submitted to CARB for public posting on the CARB website at: www.arb.ca.gov/caclimateinvestments. Questions on this Attestation Memorandum or Expenditure Record may be directed to Chad Edison, at Chad.Edison@calsta.ca.gov or (916) 323-5400.

Thank you,

Toks Omishakin

Toks Omishakin
Secretary
California State Transportation Agency

Attachment

Greenhouse Gas Reduction Fund: Expenditure Record

California State Transportation Agency
Zero Emission Transit Capital Program

Authorizing legislation: Item 0521-101-3228 of Section 2.00 of the Budget Act of 2023, as amended by AB 102 (Chapter 38, Statutes of 2023), appropriates to the California State Transportation Agency (CalSTA) \$220,000,000 to establish the Zero-Emission Transit Capital Program (ZETCP).

Element (1) A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.

Agency that will administer funding:

- CalSTA will administer funding.

Amount of proposed expenditure and appropriation reference:

- AB 102 (Chapter 38, Statutes of 2023) and SB 125 (Chapter 54, Statutes of 2023) amended the Budget Act of 2023 to appropriate \$220,000,000 in proposed total expenditures of Greenhouse Gas Reduction Fund (GGRF) funding to establish the ZETCP (formula-based local assistance to eligible recipients).
- The overall budget agreement shows legislative intent to appropriate an additional \$230,000,000 in each of the successive three budget acts (Budget Acts of 2024, 2025 and 2026), for a total of \$910,000,000 from GGRF funding.

Estimated amount of expenditures for administering agency administrative costs

- No agency administrative costs are currently appropriated for this program from GGRF resources. General Fund resources made available to TIRCP under SB 125 of up to \$5,000,000 will be expended to support both the TIRCP and ZETCP formula programs.

If applicable, identify laws or regulations that govern how funds will be used

- SB 125 (2023) established the program and provides direction on how the funds will be allocated to recipients, including requirements for participating eligibility and program implementation. All funds will be allocated and managed in accordance with this law.
- Final Guidelines, developed in accordance with SB 125 process requirements, further detail how funds may be requested and utilized. These guidelines will be posted to the CalSTA web page on or about September 30, 2023 on the following subject area page: [SB 125 Transit Program | CalSTA](#).

Continuation of existing Expenditure Record

- This is a new program that does not have an existing Expenditure Record.

Project Type(s)

- Low carbon transportation
- Transit vehicles and facilities
- Transit operations
- Transportation technology and fuels
- Energy efficiency and renewable energy

Describe the projects and/or measures that will be eligible for funding

- Purchase of qualifying zero-emission vehicles and equipment to cut vehicle emissions.
- Repair and maintenance of qualifying zero-emission vehicles to cut vehicle emissions.
- Adaptation of existing or construction of new transit vehicle facilities and infrastructure to accommodate zero-emission transit fleets and associated zero-emission refueling and/or charging infrastructure.
- Transit operations expenditures that prevent service reduction or elimination, in order to maintain or increase ridership

Intended recipients

- Regional Transportation Planning Agencies (RTPAs), as defined in Section 13987(j) of the Government Code, whose jurisdictions have transit operators within them or who operate transit service themselves.
- RTPAs may suballocate funding to agencies and operators who have responsibility for implementing capital projects or operating transit service.

Program structure and process for selecting projects for funding

- The ZETCP is a formula-based program (not discretionary); therefore, the program involves an eligibility verification process (an accountability program), detailed as follows, but does not require a CalSTA project selection process.
 - Allocation to RTPAs is based on a statutory formula by CalSTA, allocated pursuant to a population-based formula and another formula based on transit operator revenues within the jurisdiction of these RTPAs. This formula matches the approach used to calculate State Transit Assistance distribution.
 - Funding distributions will be only made to the RTPA recipients, which will in turn make funding available to public agencies in their jurisdiction that are eligible to receive TIRCP capital funding or State Transit Assistance (STA) Section 99314 funds (for those seeking ZETCP funds for SB 125 Transit Operations projects).
 - RTPAs may also be the sponsor of capital and operating projects and may partner on projects with the agencies eligible to receive funding (such as

doing a planning effort tied to making the underlying project more beneficial in a regional context upon implementation).

- The RTPAs may distribute funding to public agencies, including joint powers agencies, that operate or have planning responsibility for existing or planned regularly scheduled intercity or commuter passenger rail service (and associated feeder bus service to intercity rail services), urban rail transit service, or bus or ferry transit service (including commuter bus, vanpool, and micro transit services). Public agencies include local municipalities that operate transit service, construction authorities, transportation authorities, and other similar public entities created by statute. For any spending on transit operations, the RTPAs may distribute funding to transit operators in their jurisdiction that are eligible to receive STA funding through Section 99314 at the time of distribution by the RTPA.

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

How the expenditure is consistent with the Investment Plan and the Scoping Plan

- AB 1532 (Chapter 807, Statutes of 2012) requires that monies from the Fund be appropriated in a manner that is consistent with the three-year Investment Plan. The “Cap and-Trade Auction Proceeds Fourth Investment Plan: Fiscal Years 2022-23 through 2024-25” identifies the investment priorities and strategies to expand the scope and reach of the existing California Climate Investments programs. Priorities include continued focus on GHG emission reductions, increased community-level projects and participation, greater funding certainty to allow longer-term planning, and an increased emphasis on additional economic, environmental, and public health benefits with planning and implementation of projects that meet long-term climate objectives and by using multi-year funding commitments. Therefore, the expenditures covered by this record are consistent with the Investment Plan and align with the priorities expressed in the Plan.
- California’s 2022 Climate Change Scoping Plan identified key strategies and recommendations to continue reducing GHG emissions and achieve the goals and purposes of AB 32 and related statutes s by reducing GHG emissions and other pollutants from the transportation sector, including the transition to zero emission operations of the state’s transit and intercity rail services.

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

Describe how expenditures will facilitate the achievement of GHG emission reductions in the State

- Projects that increase transit ridership and reduce auto VMT.
- Projects that facilitate GHG reductions and reduce pollutants emissions by funding the purchase of zero emission vehicles or equipment which emit less GHG emissions than comparable conventionally fueled vehicles or equipment.
- Capital investments that can increase service frequencies, improve on-time performance, or improve safety for transit systems.
- Capital investments in facilities and fueling and charging infrastructure that support zero emission transit service and greater building efficiency.
- Maintaining or increasing transit service to prevent ridership loss to higher emission modes.

Explain when GHG emission reductions and/or co benefits are expected to occur and how they will be maintained

- Projects using ZETCP funds will provide GHG reductions once they are operational with continued benefits achieved over the useful life of the project, which can range from 10 to 20 years or longer for equipment and for more than 50 years for major capital improvements. While timeframes vary, projects are expected to begin reducing GHG emissions between one and ten years after an allocation of the awarded funds. Operations and maintenance of equipment and capital improvements is a contractual responsibility of the implementing agency.

Element (4) A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency

Co-benefits from these projects include:

- Improved mobility and access for transit riders through improved and expanded service
- Improved air quality by implementing clean vehicle and facility technology that reduces emissions of nitrogen oxides, reactive organic gases, and particulate matter
- Reduced auto congestion for non-transit users
- Economic benefits for individuals through better connectivity of homes and jobs especially for disadvantaged communities
- Increase the attractiveness of a transit-served area to facilitate the location of additional employment and housing in the transit-served area
- Better economic development opportunities for communities through improved transportation infrastructure to attract and retain businesses
- Improved reliability through network performance and modernized technology, contributing to travel time savings and improved access to employment opportunity
- Increased health benefits from non-motorized transportation, such as walking and biking, as part of transit connections and increased ridership
- Increased environmental and economic sustainability through modernized equipment, infrastructure, and clean technology

How the project will support other objectives of AB 32 and related statutes

- Projects will complement the State’s efforts to improve air quality and direct public investment toward disadvantaged communities in California.

Percentage of total funding that will be expended for projects that are located in and benefit priority populations¹ per CARB guidance

- An administrative expectation for the program is that at least 50 percent of available funds will be expended for projects that benefit AB 1550 populations.
- A statutory target for the program (Section 75221 of the Public Resources Code) is that at least 25 percent of available funds will be expended for projects benefiting disadvantaged communities.

Describe the benefits to priority populations per CARB guidance

- ZETCP will provide investments in transformative capital improvements that decarbonize transit systems in disadvantaged communities and improve access to jobs,

¹ Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B Funding Guidelines for more information on the definitions of priority populations.

schools, and businesses. Investments in transit— and especially zero-emission transit vehicles—will improve air quality.

Explain strategies the administering agency will use to maximize benefits to disadvantaged communities

- To help maximize benefits, CalSTA considers whether projects will address an important need in a disadvantaged community during the eligibility verification process (also referred to as the accountability program).

Explain how the administering agency will avoid potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens

- The ZETCP program’s goals inherently avoid exacerbating existing transportation burdens and seek to maximize benefits within disadvantages and low-income communities—the program prioritizes the availability of transit service for riders who are transit dependent by funding transit operations expenditures that prevent service reduction or elimination, in order to maintain or increase transit ridership. Also, ZETCP will provide investments in transformative capital improvements that decarbonize transit systems in disadvantaged communities and improve access to jobs, schools, and businesses. Investments in transit— and especially zero-emission transit vehicles—will improve air quality.
- To avoid potential burdens to disadvantaged and low-income communities, recipients are required to submit information that CalSTA can review for compliance with CARB funding guidelines with respect to priority populations, which includes semi-annual benefits reporting and identification of benefits to priority populations. This regular reporting can be used to identify and avoid potential substantial burdens in addition to providing accountability in delivering project benefits.
 - Recipients must go through an accountability program to be eligible to receive their allocation of ZETCP funds. This program requires submission of data including information of project location, its relationship to existing housing, housing density (existing/planned/zoned/permitted/etc.) in the project area, employment density in the project area (existing/planned future and mix of types), active transportation infrastructure in the project area (planned/existing), and information about greenhouse gas reducing features of the project.
 - Recipients must also submit an explanation of how some or all of the project is expected to provide direct, meaningful, and assured benefits to a disadvantaged community, low-income communities or low-income households as defined by SB 535 and AB 1550. Agencies must evaluate the criteria detailed by CARB and complete the CARB benefit criteria table provided in CalSTA’s SB 125 Guidelines as Appendix 3, to determine whether the project meets criteria for providing direct, meaningful, and assured benefits to a disadvantaged community, low-income community, and/or low- income households and address a community need pursuant the CARB’s Funding Guidelines, and document the manner in which all or part of the project does so.

- To further avoid burdens, if an agency plans to engage in additional efforts to consult with disadvantaged or low-income stakeholders as part of project development, a specific task and budget for the proposed activities should be included in the project application. This stipulation helps ensure that the original intended benefits to communities are delivered on and not dismissed, should any project plans alter during the lifecycle of the ZETCP program.

Element (5) A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.

How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance

- A series of eligibility and semi-annual reporting requirements are required for ZETCP participation, information that aids CalSTA in oversight that GHG emission reductions and co benefits occur and continue to be maintained. Relevant eligibility and semi-annual reporting requirements are detailed as follows:
 - Recipients must submit required eligibility and accountability data to CalSTA to demonstrate how ZETCP capital projects will deliver on the intent of the program. Specifically, required submissions ask for the following details, among other information:
 - An explanation of greenhouse gas reducing features of the project.
 - An explanation of how some or all of the project is expected to provide direct, meaningful, and assured benefits to a disadvantaged community, low-income communities or low-income households as defined by SB 535 and AB 1550, in compliance with CARB Funding Guidelines.
 - Identification of whether the entire project, or only certain components, address AB 1550 benefits, and identification of the portion of the budget related to those components.
 - An explanation of expected ridership benefits of the project when constructed, if any.
 - Additionally, recipients are required to use CARB quantification tools, similar to those required for the TIRCP and LCTOP programs, to deliver semi-annual benefits reporting and identification of benefits to priority populations in compliance with CARB Funding Guidelines applicable to all GGRF expenditures.
 - Recipients are also required to make publicly available (i.e., posted online) a summary of monthly ridership data, consistent with the data submitted to the Federal Transit Administration's database, from all its transit operators and should cover the time period starting on July 1, 2022, through at least June 30, 2028. The monthly reports should include ridership data for each mode of public transportation service that the agency operates. This information will provide the public with monthly trends in ridership and service supplied throughout the year, and also allow for a comparison of ridership recovery compared to this same time last year. Caltrans will provide all RTPAs with a summary report each month that meets the requirements of this statutory provision, drawn from the data reported to the National Transit Database. The data will be drawn from the NTD at: [Complete Monthly Ridership \(with adjustments and estimates\) | FTA \(dot.gov\)](#). RTPAs are required to post a link to this report and data in a manner

easily accessed by the public, so that ridership trends within their region can be easily reviewed, in order to receive approval for their allocation packages.

Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion

- Consistent with CARB’s Funding Guidelines, local agencies are required to report on job co-benefits, in addition to all other reporting requirements, for funding associated with the ZETCP. At the time of project eligibility verification or completion of the accountability program (pre-project completion), agencies are required to submit a job co-benefit modeling tool, which is based upon a co-benefit assessment methodology developed by CARB. Once an awarded project has been implemented (post project completion), funding recipients will also be required to report actual (not modeled) jobs data via the semi-annual reporting process.
- ZETCP projects may also be required to submit reporting information related to greenhouse gas reductions and priority population benefits in accordance with the CARB’s Funding Guidelines. Additional Project Outcome Reporting may be required for ZETCP capital projects, as needed.
- Agencies that receive ZETCP funding shall submit a report to CalSTA, no later than October 31, 2024, and annually by October 31st of subsequent years, that includes the following information:
 - a) How much funding is to be used for operating costs, if any.
 - b) The number, type, date, and location of zero-emission buses, trains or other vehicles purchased, if any.
 - c) The number, type, date, Open Charge Point Interface (OCPI) data, and location of electric charging stations or hydrogen fueling stations purchased and installed, if any.
 - d) The nameplate capacity of installed equipment in kilowatts for electric charging stations and kilograms per day for hydrogen fueling stations, if any.
 - e) The total costs and the source of funding for vehicles and equipment purchased using these funds.

Type of information that will be collected to document results, consistent with CARB guidance

- Guidance related to the ZETCP annual report will be provided at least six months before its required submission to recipients.
- Data will be collected, consistent with CARB’s guidance, on job co-benefits (California jobs supported by California Climate Investments including direct, indirect and induced employment), co-benefit assessments, and information related to greenhouse gas reductions and priority population benefits.

How the administering agency will report on program status

- CalSTA will report to CARB consistent with CARB guidance, providing regular updates on the program, including expenditure amounts, GHG emission reductions, and other benefits, as applicable.
- Additionally, findings, data and preliminary outcomes from year one of ZETCP will be considered for incorporation into CalSTA's/California Transit Transformation Taskforce's required SB 125 report. Delivered to specified committees of the California Legislature on or before October 21, 2025, CalSTA in consultation with its task force, is required to prepare and submit a report of findings and policy recommendations to grow transit ridership, improve the transit experience, address long-term operational needs, and provide detailed recommendations on specified topics, including, among others, reforming the Transportation Development Act.