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David S. Kim
Secretary

FROM: David S. Kim
Secretary
California State Transportation Agency

DATE: October 18, 2019

SUBJECT: GREENHOUSE GAS REDUCTION FUND:
California State Transportation Agency

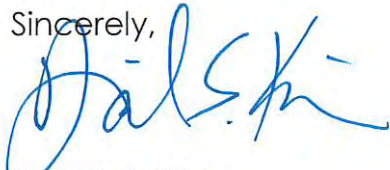
EXPENDITURE RECORD FOR FISCAL YEAR: 2020-21 through 2024-25
Transit and Intercity Rail Capital Program

This Attestation Memorandum documents that the California State Transportation Agency completed the attached Expenditure Record for the Transit and Intercity Rail Capital Program on October 18, 2019. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 and with CARB's 2018 *Funding Guidelines for Agencies that Administer California Climate Investments* 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:
<https://ww2.arb.ca.gov/resources/documents/cci-attestation-memorandums-and-expenditure-records>.

Questions on this memorandum or the Expenditure Record may be directed to Chad Edison, Chief Deputy Secretary for Rail and Transit at the California State Transportation Agency, chad.edison@calsta.ca.gov, or 916-323-5400.

Sincerely,



DAVID S. KIM
Secretary

Enclosures

Greenhouse Gas Reduction Fund: Expenditure Record

Fiscal Years: 2020-21 through 2024-25

California State Transportation Agency
Transit and Intercity Rail Capital Program

This Expenditure Record is based on the Transit and Intercity Rail Capital Program (TIRCP) continuous appropriation from Senate Bill (SB) 862 (Chapter 36, Statutes of 2014) and the statutory requirements for the program in effect at the time of Expenditure Record adoption. The total amount of Greenhouse Gas Reduction Funds (GGRF) available to the California State Transportation Agency (CalSTA) for TIRCP is contingent upon the proceeds generated from Cap-and-Trade auctions during FY 2020-21 through 2024-25. The five-year program (2020 TIRCP) is required pursuant to Senate Bill 9 (Chapter 710, Statutes of 2015). The exact amount of available funds will not be determined until after all auctions during FY 2020-21 through 2024-25 have occurred; however, for purposes of a fund estimate for the 2020 TIRCP, the total amount of proceeds over the five-year period are assumed to be \$1,150,000,000. CalSTA recognizes expenditure of GGRF funds at the level assumed for the 2020 TIRCP, is contingent on both the continuous appropriation and auction proceeds that meet or exceed that assumed level.

In addition to CalSTA's continuous appropriation of GGRF, Senate Bill 1 (Chapter 5, Statutes of 2017) directs additional funds to the TIRCP from loan repayment and the Transportation Improvement Fee. These new TIRCP revenues do not flow through the GGRF, and are instead deposited in the Public Transportation Account. For purposes of a program fund estimate, the total amount of Public Transportation Account revenues over the five-year period are assumed to be \$1,362,500,000.

The Expenditure Record was prepared in accordance with the following documents: the California Air Resource Board's (CARB) Cap-and-Trade Auction Proceeds: Funding Guidelines for Agencies that Administer California Climate Investments¹ (2018 Funding Guidelines), including Volume 2 of those Guidelines that establish requirements for investments to benefit AB 1550 populations.

If budget Acts or other legislation are enacted that are different from what is reflected in this Expenditure Record, CalSTA will revise this record to reflect those changes and resubmit to CARB. Similarly, if CARB revises the 2018 Funding Guidelines for Agencies, CalSTA will revise this record as necessary.

Authorizing legislation: TIRCP is part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 in Senate Bill (SB) 862 (Chapter 36, Statutes of 2014) and modified by SB 9 (Chapter 710, Statutes of 2015). Senate Bill 1 (Chapter 5, Statutes of 2017) directs additional funds to the TIRCP from the Public Transportation Account.

¹ <https://ww2.arb.ca.gov/resources/documents/cci-funding-guidelines-administering-agencies>

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

<p><input type="checkbox"/> Agency that will administer funding</p>	<ul style="list-style-type: none"> ▪ The Department of Transportation (Caltrans), on behalf of CalSTA, will administer TIRCP consistent with the statutory requirements and program guidelines.
<p><input type="checkbox"/> Agency that will administer funding</p>	<ul style="list-style-type: none"> ▪ Caltrans will coordinate with CARB, the Strategic Growth Council, and CalSTA to assure compliance with TIRCP Guidelines² and statutory requirements.
<p><input type="checkbox"/> Amount of proposed expenditure and appropriation reference</p>	<ul style="list-style-type: none"> ▪ Per SB 862, ten percent of the annual proceeds in GGRF are continuously appropriated to CalSTA for TIRCP, beginning in FY 2015-16. The exact amount of available funds will not be determined until after all auctions during FY 2020-21 through 2024-25 have occurred, but are estimated at \$1,150,000,000 over the five-year program. ▪ SB 1 directs additional funds from the Public Transportation Account (PTA) to the TIRCP. Funds from SB 1 for the five-year program are estimated to be \$1,362,500,000.
<p>Estimated amount of expenditures for administering agency administrative costs</p>	<p>Approximately \$ 3,750,000 is estimated to be used for State agency administrative costs for the FY 2020-21 through 2024-25 period.</p>
<p><input type="checkbox"/> If applicable, identify laws or regulations that govern how funds will be used</p>	<ul style="list-style-type: none"> ▪ Part 2 of Division 44 (commencing with Section 75220) of the Public Resources Code creates the TIRCP and defines the statutory requirements of the Program. This Part was established by SB 862 and further modified by SB 9. SB 862 sets a programmatic goal of providing at least 25 percent of available funding to projects benefiting disadvantaged communities. ▪ AB 1532 (Chapter 807, Statutes of 2012), SB 535 (Chapter 830, Statutes of 2012), SB 1018 (Chapter 39, Statutes of 2012), AB 1550 (Chapter 369, Statutes of 2016) and SB 862 provide the general framework for how the auction proceeds will be administered to further the purposes of AB 32 (Chapter 488, Statutes of 2006). ▪ SB 1 (Chapter 5, Statues of 2017) directs additional funds to the TIRCP from loan repayment and the Transportation Improvement Fee. These new TIRCP revenues do not flow

² <https://calsta.ca.gov/-/media/calsta-media/documents/tircp-2020-final-guidelines-101819.pdf>

	<p>through the GGRF, and are instead deposited in the Public Transportation Account.</p>
<p><input type="checkbox"/> Continuation of existing Expenditure Record</p>	<ul style="list-style-type: none"> ▪ FY 2020-21 through 2024-25 appropriations will support a continuing program that will fund the same types of projects that have already been funded under an existing Expenditure Record.
<p><input type="checkbox"/> Project type(s)</p>	<ul style="list-style-type: none"> ▪ Sustainable Communities and Clean Transportation ▪ Transit and Intercity Rail Capital Program <ul style="list-style-type: none"> ○ Rail capital projects ○ Intercity, commuter and urban rail projects ○ Rail, bus and ferry integration implementation ○ Bus rapid transit, and other bus and ferry transit investments
<p><input type="checkbox"/> Describe the projects and/or measures that will be eligible for funding</p>	<ul style="list-style-type: none"> ▪ Projects that demonstrate the achievement of a reduction in GHG emissions by increasing transit ridership and reducing vehicle miles traveled (VMT) throughout California, including, but not limited to: <ul style="list-style-type: none"> ○ Rail capital projects, including the acquisition of railcars and locomotives that expand, enhance, or improve existing rail systems and connectivity to existing and future transit systems, including the high-speed rail system. ○ Intercity, commuter, and urban rail projects that increase service levels, improve reliability, or decrease travel times. These projects may include infrastructure access payments to host railroads in lieu of capital investments, efforts to improve existing rail service effectiveness with a focus on improved operating agreements, schedules, and minor capital investments that are expected to generate increased ridership, as well as larger scale projects designed to achieve significantly larger benefits. ▪ Rail, bus, and ferry integration implementation, including: <ul style="list-style-type: none"> ○ integrated ticketing and scheduling systems and related capital investments (including integration with bus or ferry operators) ○ projects enabling or enhancing shared-use corridors (both multi-operator passenger only corridors as well as passenger-freight corridors) ○ related planning efforts focused on, but not limited to, delivery of integrated service not requiring major capital investment ○ other service integration initiatives.

	<ul style="list-style-type: none"> ▪ Bus rapid transit, other bus and ferry transit investments (including vanpool services operated as public transit and first-/last-mile solutions), and to increase ridership and reduce greenhouse gas emissions, including, capital investments, as a component implementing transit effectiveness studies that will contribute to restructured and enhanced service.
<input type="checkbox"/> Intended recipients	<ul style="list-style-type: none"> ▪ Eligible applicants must be 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 services and vanpool services). Public agencies include construction authorities, transportation authorities, and other similar public entities created by statute. Private companies may partner with eligible applicants to propose and deliver projects.
<input type="checkbox"/> Program structure and process for selecting projects for funding	<ul style="list-style-type: none"> ▪ Projects will be selected through a competitive solicitation process. Applicants will proceed through a multi-step review process that consists of no less than: <ol style="list-style-type: none"> 1. Screening for completeness and eligibility: 2. Evaluation of eligible applications by technical panels applying the primary and secondary evaluation criteria. 3. Project selection by the CalSTA Secretary, consider the input of the technical review panels, GHG reduction, geographic equity and program goals for benefits to disadvantaged communities.

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.

<input type="checkbox"/> How the expenditure is consistent with the Investment Plan and the Scoping Plan	<ul style="list-style-type: none"> ▪ 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 Third Investment Plan for Fiscal Years 2019-20 through 2021-22” identifies the investment priorities and strategies to expand the scope and reach of the existing California Climate Investments
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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.

California’s 2017 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 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 or near-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 passenger rail, light rail, bus or micro transit systems. Integrated travel efforts that can improve connectivity on rail and transit systems across California.
 Projects that improve first mile / last mile connectivity with transit
 Pilot efforts that demonstrate improvements to rail and transit technologies.

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

Projects using TIRCP 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 up to 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.

<p><input type="checkbox"/> Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency</p>	<p>Co-benefits from these projects include:</p> <ul style="list-style-type: none"> ▪ Improved mobility and access for transit riders through improved and expanded service; ▪ Improved air quality by implementing clean vehicle technology that reduces emissions of nitrogen oxides, reactive organic gases, and particulate matter; ▪ Increased safety through improved transit infrastructure; ▪ 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; and ▪ Increased environmental and economic sustainability through multi-modal network integration as well as modernized equipment, infrastructure, and clean technology.
<p><input type="checkbox"/> How the project will support other objectives of AB 32 and related statutes</p>	<ul style="list-style-type: none"> ▪ Projects will complement the State’s efforts to improve air quality and direct public investment toward disadvantaged communities in California. In order for a project to be eligible for funding under the TIRCP, a project must demonstrate that it will achieve a reduction in greenhouse gas emissions using the CARB quantification methodology.
<p><input type="checkbox"/> Percentage of total funding that will be expended for projects that are located in and benefit priority</p>	<ul style="list-style-type: none"> ▪ An administrative target 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.

<p>populations³ per CARB guidance</p>	
<p>☐ Describe the benefits to priority populations per CARB guidance</p>	<ul style="list-style-type: none"> ▪ Investments in transformative capital improvements that modernize intercity rail, bus (including feeder buses to intercity rail services), ferry, and rain transit systems in disadvantaged communities (as identified by CalEPA) will improve access to jobs, schools, and businesses. Further, special consideration will be given to projects that include community workforce agreements or labor agreements with unions, community-based organizations or other partners. Investments in transit—and especially zero-emission transit vehicles—will improve air quality.
<p>☐ Explain strategies the administering agency will use to maximize benefits to disadvantaged communities</p>	<ul style="list-style-type: none"> ▪ To help maximize benefits, CalSTA considers whether projects will address an important need in a disadvantaged community during the evaluation and selection process.
<p>☐ 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</p>	<ul style="list-style-type: none"> ▪ The TIRCP encourages applicants to engage in additional efforts to consult with disadvantaged or low-income stakeholders during the post-award period and prior to the beginning of service resulting from the project. Activities that address community engagement may include, but are not limited to, public workshops/meetings, door-to-door canvassing, house meetings, established website and/or social media efforts, surveys, focus groups, subcontracts with community-based organizations to conduct outreach, allocation of staff or contractor positions focused on community engagement, and advisory bodies or other shared decision-making bodies. Project applicants should be explicit on the deliberate steps they take to achieve a meaningful level of participation from disadvantaged communities, low-income communities, and/or low-income households in the planning and design of projects that are intended to address community identified priorities and needs. ▪ The program encourages projects to provide documentation which shows increased access, reduced transportation costs, improved equity, and overcome the statewide housing crisis

³ 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 for more information on the definitions of priority populations.

and strategies in place to avoid the displacement of local residents.

- If additional efforts are seen as necessary to successfully address the needs of disadvantaged or low-income stakeholders, CalSTA may propose an additional task and potentially assign additional funding to pursue such consultations above and beyond what is requested in the project application.

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.

<p>☐ How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance</p>	<ul style="list-style-type: none"> ▪ Caltrans will require funding recipients to maintain records and submit quarterly status reports. In addition, Caltrans will conduct periodic reviews of selected projects. If a funding recipient does not perform in accordance with program requirements, the recipient will be subject to the remedies for non-performance, as identified in the agency’s guidelines. ▪ Funding recipients must submit project reports to document and ensure that the project achieves the GHG reduction and other goals of the program. Reports include quarterly progress reports, semi-annual status reporting to the California Transportation Commission, a final close-out report upon project completion, and additional recordkeeping and reporting through the life of the project. All reporting must be consistent with the metrics, quantification methodologies, and reporting requirements developed by CARB. The final delivery report must include performance outcomes of GHG reduction, and other outcomes, for the completed project as compared to the project at the time of programming.
<p>☐ Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion.</p>	<ul style="list-style-type: none"> ▪ CalSTA will coordinate with CARB to develop quantification methodologies to estimate expected net GHG reductions for project selection as well as methodologies to quantify achieved GHG reductions once projects are operational. Caltrans staff will review calculations prepared by project proponents to ensure consistency with CARB’s Quantification Methods: https://ww2.arb.ca.gov/resources/documents/cqi-quantification-benefits-and-reporting-materials ▪ Caltrans will receive, review and submit all needed reports to ensure that the project achieves the GHG reduction and other goals of the program. Reports include semi-annual reporting uploaded to the CARB database, a final close-

<p>☐ Type of information that will be collected to document results, consistent with CARB guidance</p>	<p>out report upon project completion submitted to Caltrans, and additional recordkeeping and reporting through the life of the project. Reporting will be consistent with the metrics and quantification methodologies developed by ARB. The final delivery report will include performance outcomes of GHG reductions, and other outcomes, for the completed project as compared to the project at the time of programming.</p>
<p>☐ How the administering agency will report on program status</p>	<ul style="list-style-type: none"> ▪ Caltrans will collect data on project location, baseline and estimated ridership, fuel usage, expected useful life, and other data in accordance with CARB’s Funding Guidelines from all grant recipients. ▪ To determine the job benefits, Caltrans will compile data from funding recipients on jobs provided, consistent with CARB guidance. ▪ Once operational, Caltrans will collect information on project outcomes for 100 percent of projects, consistent with CARB guidance. <hr/> <ul style="list-style-type: none"> ▪ <u>Annual Legislative Report:</u> Per Health and Safety Code Section 39721, administering agencies shall report to the Department of Finance and the Department of Finance shall submit an annual report to the Legislature on the status of projects and their outcomes. Caltrans will compile project information and submit TIRCP information through the CARB database to be used for this annual report along with program highlights or expanded details as required by CARB. ▪ Caltrans will receive the required data for all recipient agencies. Each agency will provide regular updates on the program, including expenditure amounts, GHG emission reductions, and other benefits, as applicable. Reports will also include information on project outcomes for 100 percent of operational projects over 3 years.
