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FROM: BRIAN P. KELLY
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CALIFORNIA STATE TRANSPORTATION AGENCY

DATE: 10/09/17

SUBJECT: GREENHOUSE GAS REDUCTION FUND:
CALIFORNIA STATE TRANSPORTATION AGENCY

EXPENDITURE RECORD FOR FISCAL YEAR: 2018-19 through 2022-23
TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM


This Attestation Memorandum documents that the California State Transportation Agency completed the attached Expenditure Record on 10/09/17, for the Transit and Intercity Rail Capital Program. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 and with CARB's 2017 Draft *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: www.arb.ca.gov/caclimateinvestments.

Questions on this Attestation Memorandum or Expenditure Record may be directed to Brian Annis, Undersecretary at the California State Transportation Agency, brian.annis@calsta.ca.gov, 916-323-5400.

Attachment

cc:


BRIAN P. KELLY
Secretary

Greenhouse Gas Reduction Fund: Expenditure Record
Fiscal Years: 2018-19 through 2022-23

California State Transportation Agency
Transit and Intercity Rail Capital Program

This Expenditure Record is based on the Transit and Intercity Rail 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 2018-19 through 2022-23. The five-year program (2018 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 2018-19 through 2022-23 have occurred; however, for purposes of a fund estimate for the 2018 TIRCP, the total amount of proceeds over the five-year period are assumed to be \$1.0 billion. CalSTA recognizes expenditure of GGRF funds at the level assumed for the 2018 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 \$1.4 billion.

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 (2017 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 the Air Resources Board (ARB). Similarly, if CARB revises the 2017 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). Item 0521-101-3228 of the Budget Act of 2016, SB 826 (Leno, Chapter 23, Statutes of 2016), as amended by Assembly Bill (AB) 1613 (Committee on Budget, Chapter 370, Statutes of 2016) appropriates an additional \$135 million from the GGRF to CalSTA for TIRCP. Senate Bill 1 (Chapter 5, Statutes of 2017) directs additional funds to the TIRCP from the Public Transportation Account.

¹ <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm>.

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

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| <input type="checkbox"/> Agency that will administer funding | <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.▪ Caltrans will coordinate with ARB, the Strategic Growth Council, and CalSTA to assure compliance with TIRCP Guidelines² and statutory requirements. |
| <input type="checkbox"/> Amount of proposed expenditure and appropriation reference | <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 2018-19 through 2022-23 have occurred, but are estimated at \$1 billion over the five-year program.▪ AB 1613 appropriated an additional \$135 million from the GGRF to CalSTA for TIRCP in 2016-17. These funds were included in the prior Expenditure Record for 2016-17 through 2017-18.▪ 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 \$1.4 billion. |
| <input type="checkbox"/> Estimated amount of expenditures for administrative agency administrative | <ul style="list-style-type: none">▪ Approximately \$3 million is estimated to be used for State agency administrative costs for the FY 2018-19 through 2022-23 period. |
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² <http://www.dot.ca.gov/drrmt/sptircp.html>.

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| <input type="checkbox"/> If applicable, identify laws or regulations that govern how GGRF funds will be used | <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 (Pérez, Chapter 807, Statutes of 2012), SB 535 (de León, Chapter 830, Statutes of 2012), SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012), AB 1550 (Gomez, 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 (Núñez, Chapter 488, Statutes of 2006).▪ AB 1613 specifies that the additional \$135 million appropriation shall be available for allocation by the California Transportation Commission (CTC) until June 30, 2018, and shall be available for encumbrance and liquidation until June 30, 2022.▪ SB 1 (Beall, 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. |
| <input type="checkbox"/> Continuation of existing Expenditure Record | <ul style="list-style-type: none">▪ FY 2018-19 through 2022-23 appropriations will support a continuing program that will fund the same types of projects that have already been funded under an existing Expenditure Record. |
| <input type="checkbox"/> Project category | <ul style="list-style-type: none">▪ Sustainable Communities and Clean Transportation▪ TIRCP |
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- Type of projects that will be eligible for funding
 - Projects that demonstrate the achievement of a reduction in GHG emissions by increasing transit ridership and reducing vehicles miles traveled (VMT) throughout California, including, but not limited to:
 - 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, including infrastructure access payments to host railroads in lieu of capital investments.
 - Rail, bus, and ferry integration implementation, including: integrated ticketing and scheduling systems, shared use corridors, related planning efforts, and other service integration initiatives.
 - Bus rapid transit and other bus and ferry transit investments to increase ridership and reduce greenhouse gas emissions.

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- Intended recipients
 - Public agencies, including joint powers agencies, that operate or have planning responsibility for existing or planned regularly scheduled intercity or commuter passenger rail service, urban rail transit service, or bus or ferry transit service.
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- Process for selecting projects for funding
 - Projects will be selected through a competitive solicitation process. Applicants will proceed through a three-part review process:
 1. Screening for completeness and eligibility:
 - Each application will first be screened for eligibility and completeness as defined in the Call for Projects.
 2. Evaluation of eligible applications by technical panels applying the primary and secondary evaluation criteria.
 - Eligible and complete applications will be evaluated by technical panels consisting of subject-matter experts against the evaluation criteria outlined in TIRCP Guidelines.
 3. Project selection by the CalSTA Secretary, applying additional selection criteria:
 - All eligible and complete applications will be advanced to the CalSTA Secretary for funding consideration. The CalSTA Secretary will consider the input of the technical review panels, assess GHG reduction potential, and also take into consideration crosscutting and comparative selection criteria that consider overall program objectives, including geographic equity and program goals for benefits to disadvantaged communities. CalSTA will recommend project funding to projects that are well-aligned with both the evaluation criteria and program objectives.
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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 reflected in the three-year Investment Plan and the Scoping Plan
 - AB 1532 requires that GGRF monies be appropriated in a manner that is consistent with the three-year Investment Plan (Health and Safety Code Section 39718). The Second Investment Plan, which covers years 2016-17 through 2018-19, calls for California to improve mobility options to allow all residents to drive less and reduce household costs while reducing GHG emissions and realizing better air quality. Figure 12 of the Investment Plan describes potential concepts for transportation and sustainable communities (i.e., expansion of public transit and active transportation infrastructure). In addition, the Plan specifically cites TIRCP as an existing program with a continuous appropriation. TIRCP will support local agencies and transit providers in their efforts to increase transit ridership and to meet the statewide GHG reduction goals. Therefore, the expenditures covered by this record are consistent with the Second Investment Plan and align with the priorities expressed in the Plan.
 - The "First Update to the Climate Change Scoping Plan," released in May 2014, lists funding of specific areas to support AB 32. TIRCP expenditures will be consistent with the funding recommendations in the Scoping Plan Update and address its call to "modernize our rail and passenger transportation systems to move people in ways that both reduce GHGs and increase mobility options and safety."³
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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 achieve GHG reductions or net GHG benefits
 - TIRCP projects will achieve GHG reductions by using cleaner transit vehicles with lower emissions and/or increasing transit ridership and reducing auto VMT.
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³ First Update to the Climate Change Scoping Plan, P. 100,
https://www.arb.ca.gov/cc/scopingplan/2013_update/first_update_climate_change_scoping_plan.pdf.

- Expected period for which reductions will be estimated and how expenditure will maintain GHG emission reductions or net GHG benefits
 - Projects using TIRCP funds will provide GHG reductions once they are operational with continued benefits achieved over the useful life of the project. While timeframes vary, projects are expected to begin reducing GHG emissions between one and ten years after allocation by CTC.
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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 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;
 - 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.
 - How the project will support other objectives of AB 32 and related amendments
 - Projects will complement the State's efforts to improve air quality and direct public investment toward disadvantaged communities in California.
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- Percentage of total funding that will be expended for projects that benefit AB 1550 populations, per the criteria in Volume 2 of CARB's Funding Guidelines
 - 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.
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- Describe the AB 1550 benefits, per the criteria in Volume 2 of CARB's Funding Guidelines
 - Investments in transformative capital improvements that modernize intercity rail, bus (including feeder buses to intercity rail services), ferry, and rail transit systems in disadvantaged communities (as identified by CalEPA) will improve access to jobs, schools, and businesses. Investments in transit - and especially zero-emission transit vehicles - will improve air quality.
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- 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 evaluation and selection process.
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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.

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| <p>□ How the agency will track and report progress to make sure projects are implemented per requirements in statute and CARB's Funding Guidelines</p> | <ul style="list-style-type: none">▪ CalSTA 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 ensure that the project achieves the GHG reduction and other goals of the program. Reports include quarterly reporting during project construction, 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 ARB. 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. <hr/> |
| <p>□ Approach that will be used to document GHG reductions, net GHG benefits, or co-benefits before and after project completion. Include citations for references that support methodology</p> | <ul style="list-style-type: none">▪ CalSTA will coordinate with ARB 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 ARB's Quantification Methods.<ul style="list-style-type: none">○ http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/quantification.htm▪ Caltrans will submit project reports to ensure that the project achieves the GHG reduction and other goals of the program. Reports include semiannual reporting during project construction, a final close-out report upon project completion, 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 programming. <hr/> |
| <p>□ Type of information that will be collected to document project results, as described in CARB's Funding Guidelines</p> | <ul style="list-style-type: none">▪ The agency 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. <hr/> |

- How the administering agency will report on program status
 - Annual Legislative Report: 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 summarized TIRCP information to CARB for this annual report.
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