State of California California State Transportation Agency

MEMORANDUM

Tab 22

To: Chair and Commissioners
California Transportation Commission

Date: January 15, 2015

From: Mitchell Weiss, Deputy Secretary

Subject: CalSTA Cap-and-Trade Draft Transit and Intercity Rail Capital Program Guidelines

The Transit and Intercity Rail Capital Program was created by Senate Bill 862 (Chapter 36, Statutes of 2014) to provide grants from the Greenhouse Gas Reduction Fund to fund capital improvements and operational investments that will modernize California's transit systems and intercity, commuter, and urban rail systems to reduce emissions of greenhouse gases by reducing vehicle miles traveled throughout California. This statute charges the Transportation Agency with developing program guidelines and evaluating project applications, and the Commission with allocating funds to projects. Attached are the draft guidelines and a draft fund estimate. The guidelines describe the policy, standards, criteria, and procedures for the development, adoption and management of the Transit and Intercity Rail Capital Program. The Transportation Agency is presenting the guidelines to Commission to seek input from the Commission and the public.

The guidelines were developed in consultation with staff from the Air Resources Board, Caltrans, the Commission, the Department of Finance, and the Strategic Growth Council. The Transportation Agency held workshops to solicit input prior to the development of draft guidelines and held two more workshops once a discussion draft of the guidelines had been developed. After receiving input at these workshops, the Transportation Agency developed the attached draft guidelines and, as required by statute, submitted the draft guidelines to the Legislature and posted them on the Transportation Agency's website.

Pursuant to statute, the Transportation Agency is conducting two public workshops on the draft guidelines: one on January 20, 2015 in Los Angeles and the other on January 21, 2015 in Sacramento. The Transportation Agency is also presenting these guidelines at the January 20, 2015 meeting of the Strategic Growth Council.

Based on the comments received at these venues, and other comments received prior to January 31, 2015, the Transportation Agency will publish final program guidelines on February 6, 2015.

TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM

Draft Guidelines
December 19, 2014

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TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM

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1 Authority and purpose

The Transit and Intercity Rail Capital Program was created by Senate Bill 862 (Chapter 36, Statutes of 2014) to provide grants from the Greenhouse Gas Reduction Fund to fund capital improvements and operational investments that will modernize California's transit systems and intercity, commuter, and urban rail systems to reduce emissions of greenhouse gases by reducing vehicle miles traveled throughout California.

These guidelines describe the policy, standards, criteria, and procedures for the development, adoption and management of the Transit and Intercity Rail Capital Program. The guidelines were developed in consultation with the Air Resources Board, the California Transportation Commission (Commission), the Department of Finance, the Department of Transportation (Caltrans), and the Strategic Growth Council, and informed by input received at public workshops in San Jose, Los Angeles, Sacramento and a webinar attended by regional planning agencies, transit and intercity rail agencies, and advocacy organizations.

2 Background

The Global Warming Solutions Act of 2006 (Assembly Bill [AB] 32, Nunez, Chapter 488) created a comprehensive program to reduce greenhouse gas emissions in California. AB 32 requires California to reduce greenhouse gases to 1990 levels by 2020, and to maintain and continue reductions beyond 2020. In March 2012, Governor Brown signed Executive Order B-16-2012 affirming a long-range climate goal for California to reduce greenhouse gases from the transportation sector to 80 percent below 1990 levels by 2050.

The Cap-and-Trade Program is a key element in California's climate plan. It creates a limit on the emissions from sources responsible for 85 percent of California's greenhouse gas emissions, establishes the price signal needed to drive long-term investment in cleaner fuels and more efficient use of energy, and gives covered entities flexibility to implement the lowest-cost options to reduce greenhouse gas emissions.

In 2012, the Legislature passed and Governor Brown signed into law three bills, AB 1532 (Pérez, Chapter 807, Statutes of 2012), Senate Bill (SB) 535 (De León, Chapter 830, Statutes of 2012), and SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012), that established the Greenhouse Gas Reduction Fund to receive proceeds from the distribution of allowances via auction and provided the framework for how those auction proceeds will be appropriated and expended. These statutes require that expenditures from the Greenhouse Gas Reduction Fund be used to facilitate the achievement of greenhouse gas emission reductions and further the purposes of AB 32. In addition, expenditures must comply with the requirements contained in SB 862.

3 Objectives

The goals of the Transit and Intercity Rail Capital Program are to provide monies to fund capital improvements and operational investments that will reduce greenhouse gas emissions, modernize California's intercity rail, bus, and rail transit systems to achieve all of the following objectives:

1. Reduce greenhouse gas emissions;
2. Expand and improve rail service to increase ridership;
3. Integrate the rail service of the state's various rail operations, including integration with the high-speed rail system; and

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4. Improve safety.

Additionally, SB 862 establishes a programmatic goal to provide at least 25 percent of available funding to projects that provide a direct, meaningful, and assured benefit to disadvantaged communities, consistent with the objectives of SB 535.

4 Funding

The Transit and Intercity Rail Capital Program is allocated $25 million of 2014-15 funds, as well as 10 percent of future Cap and Trade auction proceeds deposited in the Greenhouse Gas Reduction Fund.

It is the intent of the California State Transportation Agency (CalSTA) to adopt an initial multi-year program of projects covering a minimum of two years of estimated funding. Estimates for the funding available in 2015-16 will be based on forecasts developed for the Governor's Proposed 2015-16 Budget released on or before January 10, 2015, and may be refined based on the results of auctions.

Funds appropriated in 2014-15 ($25 million) must be allocated by the Commission no later than June 30, 2016, and expended (liquidated) by June 30, 2020.

5 Schedule

Distribute discussion draft guidelines	Dec. 3, 2014
Informal workshop, Southern California, in association with California Transportation Commission meeting	Dec. 10, 2014
Informal workshop, Northern California	Dec. 17, 2014
Post and send to Legislature	Dec. 19, 2014
Workshop, Southern California	Jan. 20, 2015
Workshop, Northern California	Jan. 21, 2015
Present draft guidelines to California Transportation Commission	Jan. 22, 2015
Agency publishes final program guidelines	Feb. 6, 2015
Call for projects	Feb. 9, 2015
Project applications due to Caltrans	Apr. 10, 2015
CalSTA publishes list of approved projects	Jun. 30, 2015
Present project list to California Transportation Commission	Aug. 26, 2015

6 Eligible Applicants

Eligible applicants must be public agencies, including joint powers agencies, that operate existing or planned regularly scheduled intercity rail service (and associated feeder bus service), commuter rail, commuter bus service, or bus and rail transit service, or that have planning responsibility for future services not under the authority of an existing operator.

An applicant assumes responsibility and accountability for the use and expenditure of program funds. Applicants must comply with all relevant federal and state laws, regulations, policies, and procedures.

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7 Eligible Projects

In order to be eligible for funding under this program, a project must demonstrate that it will achieve a reduction in greenhouse gas emissions.

Projects eligible for funding under the program include, but are not limited to, the following:

1. Rail capital projects, including the acquisition of rail cars and locomotives, that expand, enhance, and improve existing rail systems and connectivity to existing and future rail systems, including the high-speed rail system.
2. Intercity and commuter rail projects that increase service levels, improve reliability, and decrease travel times. These projects may include 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.
3. Rail integration implementation, including: integrated ticketing and scheduling systems and related capital investments (including integration with bus or ferry operators); projects enabling or enhancing shared-use corridors without increasing net air pollution (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 capital investment; and other service integration initiatives.
4. Bus rapid transit and other bus transit investments to increase ridership and reduce greenhouse gas emissions, including investments in transit effectiveness studies that will result in implementation of service restructuring and enhancement that will increase ridership.

CalSTA intends to fund a small number of transformational projects that improve the statewide transportation network in the first programming cycle. These may include, for example, both lower-cost projects focused on integration, reliability and enhancement of service, and higher-cost capital expansion projects. In addition, CalSTA seeks projects that link key destinations and improve accessibility to economic opportunities.

CalSTA will also make some funding available for demonstration projects that are smaller scale efforts with great potential to be expanded. These may include projects such as a novel approach to attracting new riders or a test of a concept related to integrated ticketing, as well as intercity rail or transit effectiveness or operational studies that are expected to have elements that can be implemented with little or no capital investment (such studies must result in a reduction in net greenhouse gas emission).

No single project shall exceed 33 percent of available funds in any programming cycle. In the first programming cycle, no eligible applicant shall submit more than one major capital project for consideration ($3 million or greater). One smaller scale operational or integration effort, minor capital project, or demonstration project (less than $3 million) may also be submitted for consideration by each applicant.

While there is no minimum match requirement for this funding source, funding leverage is desirable and will be considered in the evaluation of expected project impacts. In cases of capital projects that result in new transit operations, clear commitments to provide funding for the continuation of the service once the project is complete is required.

If capital assets are removed from service before their end of their useful life pro-rata repayment of grant funds may be required.

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Redeployment of capital assets to achieve similar, or greater, benefits more effectively (i.e. redeploying bus service to achieve greater greenhouse gas reductions or better serve a disadvantaged community based on current needs) may be permitted, but, must be documented by the grantee and approved in advance by CalSTA.

All major capital projects applying for funding must have a complete project study report or equivalent document such as the Commission's Uniform Transit Application. The report will, at a minimum, be adequate to define and justify the project scope, cost, and schedule of the project.

CalSTA intends to give priority to projects which fund construction or implementation, however, projects that will be completed with other funds are eligible for funding. If an implementing agency receives funding for a project that is to be completed with other funds (for example, a project which receives fund for plans, specifications, and estimates from the Transit and Intercity Rail Capital Program but which will receive local measure funding for construction), that agency is required to complete the project as proposed. If the project is not completed as proposed, the agency may be required to fully or partially repay funds from the Transit and Intercity Rail Capital Program commensurate with the failure to complete the project and deliver anticipated reductions in greenhouse gas emissions.

8 Project applications

Each project application must include:

A cover letter with signature authorizing and approving the application.

An explanation of the project and its proposed benefits, including the following:

1. Project title, which should be a brief non-technical description of the project type, scope, and location.
2. Project purpose and need.
3. Project scope.
4. A map of the project location denoting the project site and the location of any disadvantaged communities that will benefit from the project.
5. Project costs:
   A. Cost estimates should be escalated to the year of proposed delivery.
   B. Only cost estimates approved by the Chief Executive Officer or other authorized officer of the implementing agency should be used.
   C. The amount and source of funds committed to the project (including funding for initial operating costs).
   D. The amount of Transit and Intercity Rail Capital Program funds requested.
6. Project schedule, including the project's current status and major delivery milestones.
7. Project benefits:
   A. A clear demonstration of the expected benefits and the proposed metrics for tracking and reporting on those benefits consistent with Air Resources Board guidance and requirements.
   B. The description of project benefits must address <u>all</u> of the Primary and Secondary Evaluation Criteria listed below under Project Selection Process (Section 9).
   C. An estimate of the useful life of the project (can be separated by project category or phase if elements of the project have independent utility and could be separately funded or placed in service).
8. A discussion of the proposed project's impact on other projects planned or underway within the corridor.

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9. If appropriate, an explanation of how the project provides direct, meaningful, and assured benefits to a disadvantaged community (see Section 9.3 and Attachment 1).
10. Description of funding sources and approach to ensuring ongoing operating and maintenance costs of the project are funded through the useful life of the project (as applicable).
11. Indication of support for project implementation from stakeholders critical to the project, such as host railroads or facility owners.
12. Description of project elements that are separable or scalable based on available funding, while still maintaining independent utility. For example, if an application is for improving service on three routes, each should be broken out and prioritized so that the highest-priority portion of the application could be funded if resources are not sufficient for full project funding.

Each application should include a Project Programming Request Form. A template of this form in Excel may be found at http://www.dot.ca.gov/hq/transprog/ocip/2014stip.htm. Each Project Programming Request must list Federal, State, and local funding categories by fiscal year over the time-frame that funding is sought. If the project schedule exceeds the funding horizon, the amount needed beyond what is currently requested must be indicated. All applicants must demonstrate the ability to absorb any cost overruns and deliver the proposed project with no additional funding from this program beyond that provided in initial grant or cooperative agreement, and to fund initial operating costs.

Documentation of the basis for the costs, benefits and schedules must be cited in the project application and made available upon request.

Each project will be required to track and report on project status and benefits. CalSTA encourages project sponsors to carefully consider how to track the status and benefits of the proposed project, including having project budgets that allow for an appropriate level of before and after data collection and analysis (e.g. greenhouse gas reductions, diesel particulate matter reductions, increased transit service for disadvantaged community residents, etc.). This tracking could take the form of customer surveys made before and after the proposed project, specific data analysis before and after the project, or other efforts. Since this is an ongoing funding program of the state, developing lessons learned and good supporting data are critical to future program effectiveness.

In future cycles, CalSTA will consider a pre-application data request that would enable feedback to be provided to prospective applicants after the call for projects and before final project applications are submitted.

9 Project Evaluation

Applications will receive an initial screening for completeness and eligibility. Incomplete or ineligible applications will not be evaluated.

9.1 Primary Evaluation Criteria

Projects will be selected through a competitive process. The primary evaluation will be based on how well a project will meet the objectives of the program:

1. Reduce greenhouse gas emissions. Key statistics expected to be used in the measurement of impacts related to greenhouse gas emissions include incremental or impacted passenger miles, and reduction in vehicle miles traveled, as well as data on the carbon emissions profile of the vehicle used in service. The Air Resources Board is developing guidelines that

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will include quantification approaches for estimating or calculating greenhouse gas reductions and reporting requirements for all State agencies that are appropriated monies from the Greenhouse Gas Reduction Fund. Implementing agencies will need to quantify greenhouse gas reductions and submit reporting information in accordance with Air Resources Board guidelines, including reporting on benefits to disadvantaged communities. Other reporting items may include incremental or impacted passenger miles, changes in vehicle miles travelled, and other data needed to estimate greenhouse gas reductions.

2. Increase ridership through expanded and improved rail and transit service (including connectivity to rail services through expanded and improved transit and/or feeder bus services).
3. Integrate the services of the state's various rail and transit operations, including integration with the high-speed rail system, as described in the most recent, currently approved High Speed Rail Business Plan, or subsequent documents referenced at the time of project solicitation.
4. Improve safety.

9.2 Secondary Evaluation Criteria

Projects will also be evaluated based on the following criteria:

1. The extent to which the project supports implementation of sustainable communities strategies through one or more of the following:
    A. Reducing auto vehicles miles traveled through growth in transit and intercity rail ridership.
    B. Promoting housing development and employment within one-half mile walk of a rail or other transit station, or within one-half mile walk of a transit stop serviced by high speed rail, intercity rail, commuter or light rail, bus rapid transit, or express bus.
    C. Expanding existing rail and public transit systems.
    D. Implementing clean vehicle technology.
    E. Promoting active transportation by increasing the proportion of trips accomplished by biking and walking or increasing the safety and mobility of bicyclists and pedestrians.
    F. Improving public health.
2. Benefit to disadvantaged communities. The applicant must evaluate the criteria detailed in Attachment 1 to determine whether the project meets at least one of the criteria for providing direct, meaningful, and assured benefits to a disadvantaged community pursuant to guidance approved by the Air Resources Board.
3. The project priorities developed through the collaboration of two or more rail operators and any memoranda of understanding between state agencies (including intercity rail joint powers authorities) and local or regional rail operators.
4. Geographic equity.
5. Consistency with a plan or strategy contained in an adopted Sustainable Communities Strategy, as confirmed by the Metropolitan Planning Organization (MPO), or, in non-MPO regions, a regional plan that includes policies and programs to reduce greenhouse gas emissions, and the recommendations of a regional agency or agencies.
6. Integration across other modes of transportation, such as connections at airports, bus and ferry terminals, and subway stations.

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7. For expansions of service, the presence and quality of a financial plan that analyzes the financial viability of the proposed service, including the availability of any required operating financial support.

9.3 Benefit to disadvantaged communities

It is a goal of this program to maximize benefit to disadvantaged communities and to provide at least 25 percent of available funding to projects that provide a direct, meaningful, and assured benefit to disadvantaged communities, consistent with the objectives of SB 535. Where a proposed project involves the demolition or rehabilitation of existing units occupied by lower-income households or businesses in disadvantaged communities, and to ensure longer-term retention of benefits to disadvantaged communities, applicants should consult with the host communities on policies and on project design that avoid displacement of disadvantaged community residents and businesses and the project applicant must include a description of measures to mitigate or avoid the displacement of low-income residents and businesses from those communities.

SB 535 directs the Secretary for Environmental Protection at California Environmental Protection Agency (CalEPA) to identify disadvantaged communities. This identification must be based on geographic, socioeconomic, public health, and environmental hazard criteria (Health and Safety Code Section 37911). CalEPA has identified disadvantaged communities for investment based on a tool called CalEnviroScreen (www.calepa.ca.gov/EnvJustice/GHGInvest/default.htm and www.arb.ca.gov/auctionproceeds).

SB 862 requires the Air Resources Board, in consultation with CalEPA, to develop funding guidelines for all agencies that are appropriated monies from the Greenhouse Gas Reduction Fund. These guidelines must include a component for how administering agencies should maximize benefits for disadvantaged communities. The Air Resources Board, in its Interim Guidance to Agencies Administering Greenhouse Gas Reduction Fund Monies (www.arb.ca.gov/cc/capandtrade/auctionproceeds/auctionproceeds.htm), notes that for effective administration of programs, it is essential that the list of disadvantaged communities remains stable during each project funding cycle. The Air Resources Board has recommended that the list of census tracts identified as disadvantaged communities that agencies use for each fiscal year appropriation will need to remain fixed for projects being funded under that appropriation, regardless of when the funds are actually expended. The Air Resources Board has proposed that if CalEPA updates the list of census tracts defined as disadvantaged communities, the new list of communities will apply to projects funded with subsequent fiscal year monies.

10 Project Selection Process

CalSTA will evaluate applications for compliance with the objectives of the program and score them based on the aforementioned primary and secondary criteria. The highest scoring applications that meet the program objectives will be selected for programming, except that CalSTA may make adjustments to meet the disadvantaged community goals of this program and provide geographic equity.

In addition to being evaluated on the aforementioned criteria and benefit to disadvantaged communities, each application will also be assessed to determine the risk associated with the project's

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capacity to generate, as planned, transportation and greenhouse gas emission reduction benefits, and to be delivered within budget, on time, and as designed. Factors to be considered include:

1. The overall need and benefit of the project.
2. Project readiness and reasonableness of the schedule for project implementation, including the following:
   A. Progress towards achieving environmental protection requirements.
   B. The comprehensiveness and sufficiency of agreements with key partners (particularly infrastructure owning railroads) that will be involved in implementing the project.
   C. For projects that are not fully funded through construction, the timing and amount of the project's future non-committed investments. *Please note, CalSTA intends to give priority to projects which fund construction or implementation.*
3. The leveraging and coordination of funding from other greenhouse gas reduction programs such as Caltrans' Low Carbon Transit Operations Program, the Strategic Growth Council's Affordable Housing and Sustainable Communities Program or the Air Resources Board's Low Carbon Transportation funding program.
4. The leveraging and coordination of funding from other federal, state, local or regional sources, with consideration of those sources that are discretionary compared to those that are non-discretionary.

CalSTA will collaborate with other state entities when evaluating project proposals, including but not limited to: the Air Resources Board, CalEPA, the California High-Speed Rail Authority, Caltrans, the Commission, the Department of Housing and Community Development, and the Strategic Growth Council.

11 Programming

CalSTA will publish an initial program of approved projects by June 30, 2015, and present the program to the Commission at its August 26, 2015 meeting. Subsequent programs are expected to be approved by CalSTA biennially. CalSTA may call for additional programming, or adjust existing programming between cycles, as warranted based on the level of auction proceeds.

The Transit and Intercity Rail Capital Program will be developed consistent with a fund estimate published with the program guidelines. The amount programmed in each fiscal year must not exceed the amount identified in the fund estimate. The program of projects for each fiscal year will include, for each project, the amount to be funded from the Transit and Intercity Rail Capital Program, and the estimated total cost of the project. Total project costs will include all project support costs and all project listings will specify costs for each of the following components: (1) completion of all permits and environmental studies; (2) preparation of plans, specifications, and estimates; (3) right-of-way capital outlay; (4) support for right-of-way acquisition; (5) construction capital outlay; and (6) construction management and engineering, including surveys and inspection. The cost of each project component will be listed in the Transit and Intercity Rail Capital Program no earlier than in the fiscal year in which the particular project component can be implemented.

When proposing to fund only preconstruction components for a project, the applicant must demonstrate the means by which it intends to fund the construction of a useable segment, consistent with a regional transportation plan or the Caltrans interregional transportation strategic plan. *Please note, CalSTA intends to give priority to projects which fund construction or implementation.*

When project design, right-of-way, or construction are programmed before the implementing agency completes the environmental process, the applicant must submit to CalSTA updated cost estimates,

updated analysis of the project's cost effectiveness, and updated analysis of the project's ability to further the goals of the program following the completion of the environmental process. If this updated information indicates that a project is expected to accomplish fewer benefits or is less cost effective as compared with the initial project application, future funding for the project may be deleted from the program.

Consistent with Commission policies, CalSTA will program and the Commission will allocate funding to projects in whole thousands of dollars and will include a project or project component only if it is fully funded from a combination of Transit and Intercity Rail Capital Program and other committed funding. CalSTA will regard funds as committed when they are programmed by the Commission or when the agency with discretionary authority over the funds has made its commitment to the project by ordinance or resolution. For federal formula funds, including Surface Transportation Program, Congestion Mitigation and Air Quality Improvement Program, and federal formula transit funds, the commitment may be by Federal approval of the Federal Statewide Transportation Improvement Program. For federal discretionary funds, the commitment may be by federal approval of a full funding grant agreement or by grant approval.

12 Allocations and Project Delivery

When an agency is ready to implement a project or project component, the agency will submit a request to Caltrans. Caltrans and CalSTA will review the request, prepare appropriate agreements with the agency and recommend the request to the Commission for action. The typical time required, after receipt of the application, to complete Caltrans review, and recommendation and Commission allocation is 60 days. The specific details and instructions for the allocation, transfer and liquidation of funds allocated to implementing agencies are included in the Procedures for Administering Local Grant Projects in the STIP.

Prior to the completion of project design, an agency may propose to CalSTA modifications to the proposed project in order to achieve the same or greater level of benefits or reduced costs.

Consistent with Commission policies, allocations must be requested in the fiscal year of project programming, and are valid for award for six months from the date of allocation unless the Commission approves an extension. The Commission will consider the allocation of funds for a project when it receives an allocation with a recommendation from Caltrans and CalSTA. The recommendation will include a determination of project readiness, the availability of appropriated funding, and the availability of all identified and committed funding.

The Commission will approve the allocation if the funds are available and the allocation is necessary to implement the project as included in the adopted Transit and Intercity Rail Capital Program.

The Transit and Intercity Rail Capital Program is a reimbursement program for costs incurred. Costs incurred prior to Commission allocation and, for federally funded projects,

Funds allocated for project development or right-of-way costs must be expended by the end of the second fiscal year following the fiscal year in which the funds were allocated. After the award of a contract, the implementing agency has up to 36 months to complete (accept) the contract. At the time of fund allocation, the Commission may extend the deadline for completion of work and the liquidation of funds if necessary to accommodate the proposed expenditure plan for the project.

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Following contract acceptance, the implementing agency has six months to make the final payment to the contractor or vendor, prepare the Final Report of Expenditures and submit the final invoice to Caltrans for reimbursement.

If there are insufficient program funds to approve an allocation, the Commission may delay the allocation of funds to a project until the next fiscal year without requiring an extension.

Whenever programmed funds are not allocated within the fiscal year programmed or within the time allowed by an approved extension, the project will be deleted from the Transit and Intercity Rail Capital Program. Funds available following the deletion of a project may be allocated to a programmed project advanced from a future fiscal year or to a project amended into the program.

In compliance with Section 21150 of the Public Resources Code, the Commission will not allocate funds for design, right-of-way, or construction prior to documentation of environmental clearance under the California Environmental Quality Act. As a matter of policy, the Commission will not allocate funds for design, right-of-way, or construction of a federally funded project prior to documentation of environmental clearance under the National Environmental Policy Act. Exceptions to this policy may be made in instances where federal law allows for the acquisition of right-of-way prior to completion of National Environmental Policy Act review. If requested by the Commission, Caltrans will assist Commission staff in the preparation of agenda items presenting environmental documents to the Commission.

The Commission expects Caltrans to certify that a project's plans specifications and estimate is complete, environmental and right-of-way clearances are achieved, and all necessary permits and agreements (including railroad construction and maintenance) are executed when it develops its construction allocation recommendation.

12.1 Project Delivery Deadline Extensions

CalSTA or the Commission, as explained below, may grant a deadline extension only if it finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies the extension. The extension will not exceed the period of delay directly attributable to the extraordinary circumstance and will in no event be for more than 12 months.

CalSTA may grant the extension of a deadline for the allocation of a project component. The Commission may grant the extension of a deadline for award of a contract or for project expenditure. Because funds appropriated in 2014-15 ($25 million) must be allocated by the Commission no later than June 30, 2016, CalSTA anticipates the approval of few or no requests to extend the deadline for allocation in 2015-16 unless offset by a corresponding allocation advance.

Consistent with Commission policies, no deadline may be extended more than once. There are separate deadlines for allocation, for award of a contract, for expenditures for project development or right-of-way, and for project completion, and each project component has its own deadlines.

All requests for project delivery deadline extensions should be submitted by the agency responsible for project delivery to Caltrans at least 60 days prior to the specific deadline for which the particular extension is requested (e.g., 60 days prior to June 30 to request the extension of allocation deadlines). The extension request should describe the specific circumstance that justifies the extension and identify the delay directly attributable to that

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circumstance. Caltrans will review extension requests and forward them to for action. Requests to extend the deadline for allocation will be forwarded to CalSTA for action with a copy to be forwarded to the Commission for information. CalSTA will notify the Commission of the approval or denial of request to extend the deadline for allocation. Requests to extend the deadline for award of a contract or for project expenditure will be forwarded to the Commission for action. CalSTA must notify the Commission of the approval or denial of request to extend the deadline for allocation.

13 Project Reporting

As a condition of the project allocation, the implementing agency must submit to Caltrans semi-annual reports on the activities and progress made toward implementation of the project and a final delivery report. The purpose of the reports is to ensure that the project achieves the goals of the program, is executed in a timely fashion, and is within the scope and budget identified when the decision was made to fund the project.

Recordkeeping and reporting requirements will apply through the life of the project. All reports must be consistent with the metrics and quantification methodologies in the funding guidelines being developed by the Air Resources Board. Implementing agencies should note that additional reporting may be required for some types of projects, or be modified based on the evolving needs of the program. For projects benefiting disadvantaged communities, reports must include metrics to demonstrate the benefits being achieved.

Within one year of the project becoming operable, the implementing agency must provide a final delivery report to Caltrans which includes:

1. The scope of the completed project as compared to the programmed project.
2. Performance outcomes derived from the project as compared to those described in the project application. This should include before and after measurements and estimates (ridership/service levels, greenhouse gas reductions, benefit to disadvantaged communities, etc.), and an explanation of the methodology used to quantify the benefits.
3. Before and after photos documenting the project.
4. The final costs as compared to the approved project budget.
5. Its duration as compared to the project schedule in the project application.

For the purpose of this section, a project becomes operable when the construction contract is accepted or acquired equipment is received.

Caltrans or another State agency may audit a sample of Transit and Intercity Rail Capital Program projects to evaluate the performance of the project, determine whether project costs incurred and reimbursed are in compliance with the executed project agreement or approved amendments thereof; state and federal laws and regulations; contract provisions; and program guidelines, and whether project deliverables (outputs) and outcomes are consistent with the project scope, schedule, and benefits described in the executed project agreement or approved amendments thereof. A report on the projects audited must be submitted by the auditing agency to CalSTA.

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14 Project Administration

Caltrans will administer the Transit and Intercity Rail Capital Program consistent with these guidelines and existing Commission and Caltrans policies and procedures.

Agencies must encumber and expend monies consistent with State law, and ensure that Greenhouse Gas Reduction Fund monies are utilized consistent with the expenditure record submitted by Caltrans and required by SB 1018. A determination that use of Greenhouse Gas Reduction Fund monies is not consistent with the expenditure record and does not further the purposes of AB 32 may occur during legal proceedings or during an audit or program review conducted by the Bureau of State Audits, Department of Finance, a third-party auditor, or the Air Resources Board. Depending on the outcome of those proceedings or review, agencies may be required to return monies to the Greenhouse Gas Reduction Fund if expenditures are not consistent with the statutory requirements (such as not furthering the purposes of AB 32.)

The state may terminate the grant for any reason at any time if it learns of or otherwise discovers that there are allegations supported by reasonable evidence that a violation of any state or federal law or policy by the grantee which affects performance of this or any other grant agreement or contract entered into with the State. If a grant is terminated, the agency may be required to fully or partially repay funds from the Transit and Intercity Rail Capital Program.

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Attachment 1: Investments to Benefit Disadvantaged Communities

From the Air Resources Board's "Interim Guidance to Agencies Administering Greenhouse Gas Reduction Fund Monies" (dated November 3, 2014).

To provide transparency on how administering agencies determine which potential projects qualify as providing benefits to a disadvantaged community, Air Resources Board staff applied a standard that such benefits must be "direct, meaningful, and assured." Below are the project qualities that Air Resources Board staff considers sufficient to meet this standard. Each criterion is independent; a project need only meet one criterion to be considered as located within or providing benefits to one or more disadvantaged communities.

All projects will be evaluated to see if the investments could potentially result in benefits for disadvantaged communities, using the following criteria.

Low Carbon Transportation

Projects will achieve greenhouse gas reductions through the use of zero and near zero-emission passenger vehicles, buses, trucks, and freight technology.

CRITERIA TO EVALUATE PROJECTS

Agencies can also use criteria in other applicable tables.

Step 1 – Located Within: Evaluate the project to see if it meets at least one of the following criteria for being located in a disadvantaged community census tract and provides direct, meaningful, and assured benefits to a disadvantaged community.

Project must meet at least one of the following criteria focused on reducing air pollution for disadvantaged community residents:

A. Project provides incentives for vehicles or equipment to those with a physical address in a disadvantaged community; or
B. Project provides incentives for vehicles or equipment that will be domiciled in a disadvantaged community; or
C. Project provides incentives for vehicles or equipment that reduce air pollution on fixed routes that are primarily within a disadvantaged community (e.g., freight locomotives) or vehicles that serve transit stations or stops in a disadvantaged community (e.g., zero-emission buses); or
D. Project provides greater mobility and increased access to clean transportation for disadvantaged community residents by placing services in a disadvantaged community, including ride-sharing, car-sharing, or other advanced technology mobility options (e.g., neighborhood electric vehicles, vanpooling, shuttles, smartphone application-based ride-sharing services, bikesharing services).

Step 2 – Provides Benefits To: If the project does not meet the above criteria for "located within," evaluate the project to see if it meets at least one of the following criteria for providing direct, meaningful, and assured benefits to a disadvantaged community.

Project must meet at least one of the following criteria focused on reducing air pollution for disadvantaged community residents:

A. Project provides incentives for vehicles or equipment to those with a physical address in a ZIP code that contains a disadvantaged community census tract; or

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B. Project provides incentives for vehicles or equipment that operate primarily in "impacted corridors," [Note: the Air Resources Board will publish a list of "impacted corridors" based on its assessment of which freight corridors have a substantial air quality impact on disadvantaged communities.]; or
C. Project provides incentives for vehicles or equipment that primarily serve freight hubs (e.g., ports, distribution centers, warehouses, airports) located in a ZIP code that contains a disadvantaged community census tract; or
D. Project provides greater mobility and increased access to clean transportation for disadvantaged community residents by placing services that are accessible by walking within one-half mile of a disadvantaged community, including ride-sharing, car-sharing, or other advanced technology mobility options (e.g., neighborhood electric vehicles, vanpooling, shuttles, bikesharing services).

Transit Projects

Projects will achieve greenhouse gas reductions by reducing passenger vehicle miles travelled through incentives, infrastructure, or operational improvements (e.g., providing better bus connections to intercity rail, encouraging people to shift from cars to mass transit).

CRITERIA TO EVALUATE PROJECTS

Agencies can also use criteria in other applicable tables.

Step 1 – Located Within: Evaluate the project to see if it meets at least one of the following criteria for being located in a disadvantaged community census tract and provides direct, meaningful, and assured benefits to a disadvantaged community.

Project must meet at least one of the following criteria focused on increasing transit service along transit lines or corridors that have stations or stops in a disadvantaged community, or improving transit access for disadvantaged community residents, or reducing air pollution in a disadvantaged community:

A. Project provides improved transit or intercity rail service for stations or stops in a disadvantaged community (e.g., new transit lines, more frequent service, greater capacity on existing lines that are nearing capacity, improved reliability, bus rapid transit service for disadvantaged community residents); or
B. Project provides transit incentives to residents with a physical address in a disadvantaged community (e.g. . vouchers, reduced fares, transit passes); or
C. Project improves transit connectivity at stations or stops in a disadvantaged community (e.g. network/fare integration, better links between transit and active transportation); or
D. Project improves connectivity between travel modes for vehicles or equipment that service stations or stops in a disadvantaged community (e.g., bicycle racks on transit vehicles); or
E. Project creates or improves infrastructure or equipment that reduces air pollution at a station, stop or transit facility in a disadvantaged community (e.g., auxiliary power, charging stations); or
F. Project creates or improves infrastructure or equipment that reduces air pollution on regular routes that are primarily within a disadvantaged community (e.g., rail electrification, zero-emission bus); or
G. Project provides greater mobility and increased access to clean transportation for disadvantaged community residents by placing services in a disadvantaged community, including ride-sharing, car-sharing, or other advanced technology mobility options associated with transit (e.g., neighborhood electric vehicles, vanpooling, shuttles, smartphone application-based ride-sharing services, bikesharing services); or
H. Project improves transit stations or stops in a disadvantaged community to increase safety and comfort (e.g., lights, shelters, benches).

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Step 2 – Provides Benefits To: If the project does not meet the above criteria for "located within," evaluate the project to see if it meets at least one of the following criteria for providing direct, meaningful, and assured benefits to a disadvantaged community.

Project must meet at least one of the following criteria focused on increasing transit service along transit lines or corridors that are accessible to disadvantaged community residents, or improving transit access for disadvantaged community residents, or reducing air pollution in a disadvantaged community:

A. Project provides improved local bus transit service for riders using stations or stops that are accessible by walking within one-half mile of a disadvantaged community (e.g., more frequent service, greater capacity on existing lines that are nearing capacity, improved reliability, bus rapid transit service); or
B. Project improves local bus transit connectivity for riders using stations or stops that are accessible by walking within one-half mile of a disadvantaged community (e.g., better links to active transportation, bicycle racks on local bus); or
C. Project provides improved intercity rail (and related feeder bus service), commuter bus or rail transit service for riders using stations or stops in a ZIP code that contains a disadvantaged community census tract (e.g., new lines, express bus service); or
D. Project provides improved intercity rail (and related feeder bus service), commuter bus or rail transit connectivity for riders using stations or stops in a ZIP code that contains a disadvantaged community census tract or within one-half mile of a disadvantaged community (e.g., network/fare integration, better links between local bus and intercity rail, bicycle racks on rail); or
E. Project will increase intercity rail (and related feeder bus service), commuter bus or rail transit ridership, with at least 25 percent of new riders from disadvantaged communities; or
F. Project provides greater mobility and increased access to clean transportation for disadvantaged community residents by placing services that are accessible by walking within one-half mile of a disadvantaged community, including ride-sharing, car-sharing, or other advanced technology mobility options associated with transit (e.g., neighborhood electric vehicles, vanpooling, shuttles, bikesharing services); or
G. Project improves transit stations or stops that are accessible by walking within ½ mile of a disadvantaged community, to increase safety and comfort (e.g., lights, shelters, benches); or
H. Project includes recruitment, agreements, policies or other approaches that are consistent with federal and state law and result in at least 25 percent of project work hours performed by residents of a disadvantaged community; or
I. Project includes recruitment, agreements, policies or other approaches that are consistent with federal and state law and result in at least 10 percent of project work hours performed by residents of a disadvantaged community participating in job training programs which lead to industry-recognized credentials or certifications.

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GREENHOUSE GAS REDUCTION FUND
TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM
DRAFT FUND ESTIMATE
($ in thousands)

	2014-15	2015-16	2-Year Total
RESOURCES			
Beginning Balance	$0		$0
Annual Allocation*	25,000	100,229	125,229
Less Administrative Support	(208)	(229)	(437)
TOTAL RESOURCES AVAILABLE	**$24,792**	**$100,000**	**$124,792**
DISTRIBUTION			
Mass Transportation & Intercity Rail**	$24,792	$100,000	$124,792
TOTAL DISBURSEMENTS	**$24,792**	**$100,000**	**$124,792**

Note: Individual numbers may not add to total due to independent rounding
Final dollar amounts may vary based on actual annual allocation and project apportionment
* Beginning in 2015-16, projected ten percent of actual proceeds deposited into Greenhouse Gas Reduction Fund per Health and Safety Code, Section 39719(b)(1)(A)
** Goal of minimum 25% of available funding to benefit disadvantaged communities per Public Resources Code, Section 75221(c)

Programmatic Goal for Disadvantaged Communities ($ in thousands)	
2014-15	$6,198
2015-16	$25,000

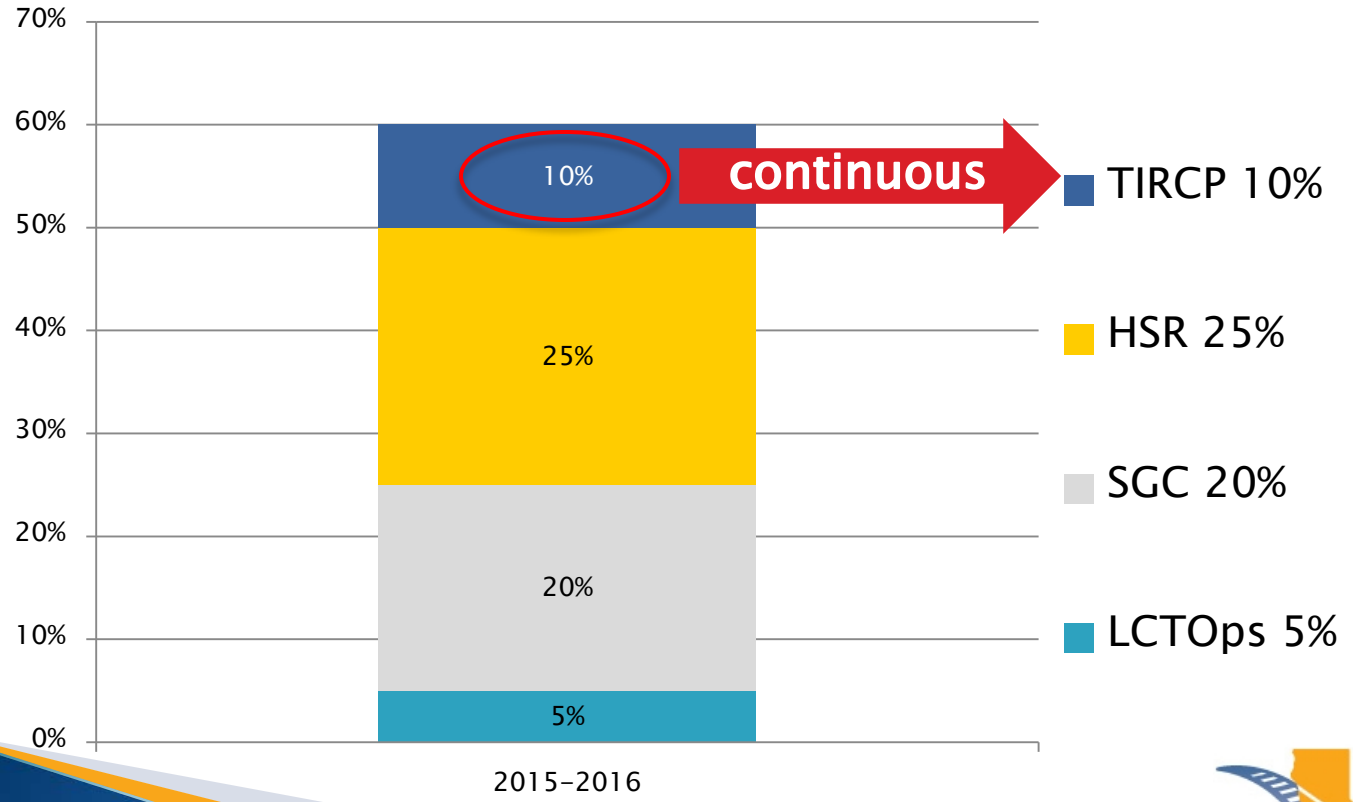
CalSTA
CALIFORNIA STATE TRANSPORTATION AGENCY

TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM

California Transportation Commission
January 22, 2015

Cap-and-Trade Auction Proceeds

- $25M in 2014-15
- $100M (estimated) in 2015-16



Guideline Development

- Stakeholder workshops
- Public workshops
- Strategic Growth Council
- Statutorily required workshop (north and south)
- California Transportation Commission
- Adoption Feb 6

Responsibilities

- Guidelines – CalSTA
- Project selection – CalSTA
- Allocations – CTC

Key Schedule Milestones (Section 3)

- **Feb 9**: Call for projects
- **April 10**: Applications due
- **June 30**: Publish list of approved projects
- **August 26**: Present project list to CTC

Funding (Section 4)

- Multi-year program covering two years
- Fund estimate may be refined based on auctions
- 2014-15 funds ($25 million):
  - Allocated by June 30, 2016
  - Expended (liquidated) by June 30, 2020

Eligible Applicants (Section 6)

Public agencies including JPA

- Existing or planned regularly scheduled service:
  - Intercity rail & associated feeder bus service
  - Commuter rail service
  - Commuter bus service
  - Bus ~~and~~ or rail transit service

- Planning responsibility for future service

Eligible Projects (Section 7)

- Must demonstrate GHG reduction

- Include *but are not limited to*:
  1. Rail capital projects.
  2. Intercity & commuter rail projects that:
     - Increase service levels
     - Improve reliability, and
     - Decrease travel times.
  3. Rail integration implementation.
  4. Bus transit investments to increase ridership.

Eligible Projects (Section 7)

- Small number of transformational projects
- Agencies limited to:
  - 1 major capital project (≥$3M)
    - No project >33% of funds
  - 1 smaller scale project (<$3M)
- Match not required, but leverage desirable
- Clear commitment to fund new service

Application (Section 8)

Requirements include:

- Funding of on-going O&M.
- Description of separable or scalable elements.
- Ability to absorb cost overruns.

Evaluation Criteria (Section 9)

- Primary criteria
  1. Reduce GHG emissions
  2. Increase ridership
  3. Integration with other operators
  4. Improve safety

Evaluation Criteria (Section 9)

- Secondary criteria
  1. Support implementation of SCS through:
     A. Reducing VMT.
     B. Promoting housing & employment near rail or transit.
     C. Expanding rail and transit systems.
     D. Implementing clean vehicle technology.
     E. Promoting active transportation.
     F. Improving public health.

Evaluation Criteria (Section 9)

- Secondary criteria continued:
  2. Benefit to disadvantaged communities.
  3. Priorities developed through collaboration of rail operators.
  4. Geographic equity.
  5. Consistency with:
     - A SCS, or
     - Regional plan to reduce GHG emissions, and
     - Recommendations of regional agency(s).
  6. Integration across other modes.
  7. For service expansions: financial plan including operations.

Project Selection (Section 10)

- Evaluation criteria
- Risks:
  - GHG emission reduction benefits
  - Cost, scope and schedule

- Factors to be considered include:
  1. Need and benefit
  2. Readiness and schedule:
     A. Environmental status.
     B. Agreements with key partners.
     C. Future non-committed investments.
  3. Leveraging funding from other GHG reduction programs.
  4. Leveraging other funding, especially discretionary.

Priority to projects which fund construction or implementation.

Administrative Considerations (Sections 11-14)

Similar to other CTC programs:

- Programming:
  - May adjust based on auction proceeds.
- Allocations & Project Delivery:
  - Before completion of design, an agency may propose changes.
  - 2014-15 funds ($25M) must be allocated by June 30, 2016.
- Project Reporting:
  - Semiannual reports
  - ARB will develop requirements

Questions and Feedback

Comments must be received by January 31, 2015