



METROPOLITAN  
TRANSPORTATION  
COMMISSION

## Agenda Item 3a

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## Memorandum

TO: Legislation Committee

DATE: April 6, 2018

FR: Executive Director

RE: Senate Bill 1119 (Newman): Low Carbon Transit Operations Program

### Background

SB 1119 would modify requirements applicable to the use of Low Carbon Transit Operations Program (LCTOP) funds, a formula-based transit funding program that receives 5 percent of annual Cap and Trade proceeds. Under current law, if a transit agency has one or more census tracts in its service area that are considered a disadvantaged community (DAC) on the basis of the state's CalEnviroScreen Version 3.0 (CES3.0) definition, it must spend at least 50 percent of its share of LCTOP funds to benefit residents of those census tracts or tract.

This requirement has presented challenges for smaller transit operators, including County Connection in Contra Costa County, FAST (Fairfield & Suisun Transit), and Sonoma County Transit, whose service areas include just a couple of census tracts that meet the state's DAC definition but nonetheless have to spend at least 50 percent of their LCTOP funds to benefit such tract or tracts. While operators have been able to meet the requirement to date, such as through the purchase of electric buses that serve these tracts, there are not enough eligible tracts for this option to be viable over the long term.

SB 1119 would broaden flexibility by allowing an operator to satisfy the DAC benefit requirement if it spends at least 50 percent of its share of LCTOP funds on any of the following: (1) transit passes, including student passes; (2) transit connections to employment areas, education centers or medical facilities for residents of disadvantaged or low-income communities; (3) investment in technology that reduces greenhouse gas emissions, including the purchase of zero emission buses and fueling infrastructure.

**Recommendation:** Support and Seek Amendments

### Discussion

Staff supports the bill's goal of broadening the types of expenditures that meet the LCTOP's 50% DAC requirement. SB 1119 asserts that the three types of expenditures mentioned above satisfy the law's 50 percent DAC benefit requirement. This is a bit of a leap given that it forgoes any nexus to CES3.0 census tracts. However, given that a primary goal of the original disadvantaged community requirement was to benefit *low-income* communities and income remains a key factor in CES3.0, there is a good argument to be made that the types of expenditures listed in the bill would benefit low-income communities.

Research conducted as part of MTC's 2017 [Regional Means-Based Transit Fare Pricing Study](#) found that the majority of the region's transit riders are low-income, with the low-income share of smaller system's adult riders among the highest in the region. Regionwide, approximately half of all transit riders have a household income below \$25,000 while three-quarters have a household income below \$50,000. Since low-income residents are more likely to ride transit, investments in discount transit passes would greatly benefit low-income communities. Likewise, to the extent that transit provides connections to jobs, health care and educational opportunities (the second eligible expenditure category proposed by the bill), such transit service also provides a great benefit to low-income residents.

### **Proposed Amendments**

With regard to transit passes, MTC is contemplating using the Bay Area's population-based LCTOP funds to help pay for the proposed regional means-based transit fare program. Since population-based funds are also subject to the DAC requirement, SB 1119 provides a good opportunity to ensure that this usage would qualify under the proposed "transit pass" eligible expenditure. As such, the bill should be amended to provide a definition of transit pass that ensures that this usage would qualify.

With regard to the technology category, to be consistent with the intent of benefiting a DAC, staff recommends an amendment to require the technology-related improvements (such as an electric vehicle) provide a benefit to a census tract meeting the state's DAC definition based on CES3.0 *or* a low-income community. Under the current funding guidelines technology-related improvements only qualify as meeting the DAC requirement if they provide a direct benefit to a qualifying CES3.0 census tract which, for the reasons stated, is very limiting for the Bay Area's smaller operators.

Accordingly, staff recommends a "support and seek amendments" position on SB 1119 directing staff to work with the author and sponsors to seek an amendment to provide that technology improvements can satisfy the 50 percent DAC requirement if the investment serves either a qualifying CES3.0 census tract or a low-income census tract and to provide a definition of transit pass that would include the region's proposed regional means-based transit fare.

### **Known Positions**

Support: California Transit Association (co-sponsor), Orange County Transportation Authority (co-sponsor);

Oppose: None on file

  
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Steve Heminger

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