

**Metropolitan Transportation Commission  
Programming and Allocations Committee**

**April 9, 2025**

**Agenda Item 2c-25-0393**

**MTC Resolution Nos. 4273, Revised, 4695, and 4696. FY2024-25 Cap and Trade Low Carbon Transit Operations Program (LCTOP), Allocation Request Authorization, and Corrective Action Plan (CAP) Authorization**

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**Subject:**

Approval of MTC's FY 2024-25 LCTOP program (MTC Resolution No. 4273, Revised) distributing \$19.6 million in population-based (99313) LCTOP funds, authorization to submit an LCTOP Allocation Request (MTC Resolution No. 4696), and authorization to submit a Corrective Action Plan (CAP) for MTC's FY 2019-20 LCTOP Allocation (MTC Resolution No. 4695).

**Background:**

LCTOP is a formula-based transit funding program that receives 5% of the state's Cap and Trade auction revenues. Funds are allocated annually, with half of the program distributed to transit operators based on revenue, and half distributed to regions based on population.

The State Controller's Office (SCO) released the FY2024-25 LCTOP eligibility list in February 2025, distributing \$202.3 million to transit operators and Metropolitan Planning Organizations (MPOs) statewide. This year's program will distribute \$19.6 million in population-based funds to MTC and \$54 million in revenue-based funds directly to operators in the region. The program is administered by Caltrans and all project sponsors must submit allocation requests to Caltrans.

**FY 2024-25 Population-Based Funds Programing**

The population-based funds directed to MTC are distributed based on MTC's Cap and Trade Funding Framework, Resolution 4130, Revised, directing funding equally to three categories: Northern Counties and Small Operators, Clipper/Fare Policy, and Key Transit Corridors. For FY 2024-25, staff recommend distributing \$6.6 million to zero-emission vehicle and infrastructure procurement, free or reduced fare projects, and other transit operations and expansion projects selected by the northern counties and small operators; and \$13.0 million to Next Generation Clipper Operations. See Attachment A of MTC Resolution No. 4273, Revised for the full list of recommended projects.

This recommended distribution is based on MTC Resolution No. 4130, Revised, noted above, and a recommended shift of funding between program years to direct approximately two-thirds of MTC's FY 2024-25 funding to Next Generation Clipper Operations, in exchange for directing an equal amount of MTC's future FY 2025-26 funding to the next Bus Accelerated Infrastructure Delivery (BusAID) call for projects. Further background on the Cap and Trade Funding Framework, the proposed distribution, and plans for future LCTOP funding are included as Attachment A.

The LCTOP program guidelines require that at least 50% of MTC's population-based funds benefit disadvantaged communities (DACs). Based on information provided by project sponsors and staff's planned Allocation Request for Next Generation Clipper Operations, at least 80% of the FY 2024-25 population-based funds will benefit DACs.

The staff recommendation also includes an update to Eastern Contra Costa Transit Authority's FY 2021-22 project title at the sponsor's request.

**Authorization to Submit an Allocation Request**

The LCTOP program requires funding recipients to approve a board resolution authorizing staff to submit an allocation request and execute certifications and assurances and an authorized agent form. For MTC-sponsored projects, staff recommend the Commission make this authorization via MTC Resolution No. 4696. MTC's prior authorization, MTC Resolution No. 4223, references outdated MTC policies and resolutions. The new Resolution No. 4696 will supersede Resolution No. 4223 to reference the current LCTOP programming resolution, Resolution No. 4273, Revised.

**Authorization to Submit a Corrective Action Plan**

The Means-Based transit fare discount program (henceforth known as Clipper START) was launched in 2020 and has developed into a comprehensive program offering adults (individuals aged 18-64) earning a low income a 50% discount on all transit fares on all transit operators which participate in Clipper. After an initial three-year ramp up period, the program saw a sharp uptick in new enrollees in 2024, a rise attributed to programmatic changes introduced in January 2024 and increased marketing of the program.

To pay for administrative and subsidy costs, Clipper START received four LCTOP allocations in FY 2018-19, FY 2019-20, FY 2020-21, and FY 2021-22. As of February 2025, the FY 2019-20 allocation has accrued \$250,808 in interest which could not be spent before the expiration of the allocation on June 30, 2024 due to the slow initial growth of the program. However, based on recent program growth, these funds will be needed in future years. Therefore, staff are requesting a transfer of \$250,808 in population-based LCTOP funds from the FY 2019-20 allocation to the FY 2020-21 allocation to allow the interest earned on the accounts to be spent. MTC plans to use this interest to fund further program administration and transit subsidies to assist people earning a low income. This requires a Corrective Action Plan (CAP) to be submitted to Caltrans to allow for the transfer of funds between two allocations.

Staff recommends the Commission approve the CAP and direct staff to submit the CAP to Caltrans through adoption of MTC Resolution No. 4695.

**Next Steps:**

Staff will provide the adopted FY 2024-25 LCTOP programming to project sponsors and Caltrans, prepare and submit an LCTOP Allocation Request for Next Generation Clipper Operations, and submit the CAP to Caltrans.

**Issues:**

**Sponsor Submission of Allocation Requests:** Operators receiving FY 2024-25 population-based funding as listed in MTC Resolution No. 4273, Revised, must each submit an Allocation Request to Caltrans with a letter confirming MTC's contribution to access the funds. MTC's programming of the population-based funds is conditioned upon sponsor submission of this local support documentation. Allocation requests are due to Caltrans on April 24, 2025.

**Recommendations:**

Refer MTC Resolution Nos. 4273, Revised, 4695, and 4696 to the Commission for approval

**Attachments:**

- Attachment A: FY 2024-25 LCTOP Programming Additional Background and Project Descriptions
- MTC Resolution No. 4273, Revised
  - Attachment A
- MTC Resolution No. 4695
- MTC Resolution No. 4696



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