

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 4/22/2026

Staff Report No. 26-154

TO: AC Transit Board of Directors
FROM: Salvador Llamas, General Manager/Chief Executive Officer
SUBJECT: Application for Fiscal Year 2025-26 LCTOP Funds

ACTION ITEM

AGENDA PLANNING REQUEST:

RECOMMENDED ACTION(S):

Consider adoption of Resolution No. 26-008 authorizing the General Manager or designee to file and execute applications and funding agreements with the California Department of Transportation (Caltrans) for allocations of the FY 2025-26 Low Carbon Transit Operations Program (LCTOP) funds for the Realign Service Operating Service Assistance Project, execute related Certifications and Assurances and assign the General Manager, or designee, as the Authorized Agent for resulting LCTOP grants.

Staff Contact:

Chris Andrichak, Chief Financial Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency

Initiative - Financial Efficiency and Revenue Maximization

These LCTOP funds will support the Operating Budget.

BUDGETARY/FISCAL IMPACT:

The District's share of Cycle A revenue-based allocation is \$4,522,843.

Staff anticipate receiving the LCTOP allocations by December 2026. There is no matching requirement for these funds. The new operating funds will be included in the FY 2026-27 Operating Budget, and these funds will offset operating costs on Realign routes.

No match is required for the LCTOP funds.

BACKGROUND/RATIONALE:

The LCTOP program is administered by Caltrans and is funded by auction proceeds from the California Air Resource Board's (CARB) Cap and Invest Program (formerly Cap and Trade), with proceeds distributed to transit operators annually using the State Transit Assistance (STA) formula.

The STA formula consists of two parts, with a portion of the funds directly to transit operators based on their revenue (referred to as “revenue-based”) and another portion of funds is distributed to regions based on their population (referred to as “population-based”).

Following the reauthorization of Cap and Invest (formerly Cap and Trade) the LCTOP program cycle is transitioning its allocation process to Fall. As the transition year, FY 2025-26 funds are being distributed in two cycles, with Cycle A following the traditional schedule of Spring allocations and Cycle B transitioning to Summer/Fall allocations.

The District’s Cycle A share of revenue-based allocation is \$4,522,843. Staff anticipate receiving the LCTOP allocations by December 2026 for Cycle A. There is no matching requirement for these funds. The final shares are not yet available for Cycle B but staff estimate the District’s revenue-based share at approximately \$2,261,000. Staff will return to the Board with Cycle B request once the State has issued final revenue-based shares for Cycle B.

To claim their respective shares of the revenue-based funds each year, operators must submit an application for an eligible project. Since these funds are not competitive, the District only needs to select an eligible project for its application.

For the past five years, the District has been applying its revenue-based LCTOP funding to the Tempo Operating Assistance Project, which funds the services tied to the Tempo corridor implementation. The state changed the program guidelines for this cycle, and the Tempo corridor is no longer eligible. Staff plans instead to apply for the funds to support operations via the Realign “new” service lines. Realign is AC Transit’s all-new bus network designed to match how the East Bay travels today. Realign delivers better frequency with improved connections for more reliable bus lines. Operating budget support is critical given the District’s current fiscal outlook.

ADVANTAGES/DISADVANTAGES:

The advantage of this application is that the District stands to receive additional operating funding for Realign service operating assistance project.

There are no identified disadvantages to the application.

ALTERNATIVES ANALYSIS:

The alternative to applying these funds for the selected projects would be to either not apply or apply for another project. Other than the eligible operating expenses identified above, the District would have to apply for eligible capital projects. The District’s most pressing need currently is for operating funds.

Project eligibility for LCTOP funds is limited by the complex requirements of using Cap and Trade funds. Projects generally must reduce greenhouse gas emissions, benefit Disadvantaged Communities and increase public transit mode share, with a general exception that zero-emission bus purchases are usually eligible. Staff must also plan for future allocations from three separate Cap and Trade grant programs up front so that greenhouse gas emission reductions are only captured once.

LCTOP is one of the few programs that can fund operating expenses arising from new service implemented within the last five years. The program allows the District to use LCTOP funds to help support and sustain the Realign service.

PRIOR RELEVANT BOARD ACTION/POLICIES:

SR 25-230 / Resolution 25-015 - FY2024-25 Low Carbon Transit Operations Program Application

ATTACHMENTS:

1. Resolution 26-008
2. Authorized Agent(s) and Certifications & Assurances

Prepared by:

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In Collaboration with:

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Approved/Reviewed by:

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