

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



## STAFF REPORT

---

**MEETING DATE:** 4/23/2025

**Staff Report No.** 25-230

---

**TO:** AC Transit Board of Directors  
**FROM:** Kathleen Kelly, Interim General Manager/Chief Executive Officer  
**SUBJECT:** Application for Fiscal Year 2024-25 LCTOP Funds

### ACTION ITEM

**AGENDA PLANNING REQUEST:** ☐

**RECOMMENDED ACTION(S):**

Consider adoption of Resolution No. 25-015 authorizing the Interim General Manager or her designee to file and execute applications and funding agreements with the California Department of Transportation (Caltrans) for allocations of the FY 2024-25 Low Carbon Transit Operations Program (LCTOP) funds for the Tempo Service Operating Assistance Project and the Fruitvale Corridor Transit Signal Priority Project, execute related Certifications and Assurances, and assign the Interim General Manager, or her 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 and offset District Capital.

**BUDGETARY/FISCAL IMPACT:**

The District's annual share of these funds is \$6,888,530. Additionally, this action includes \$988,830 in cost savings from closed/closing projects.

Staff anticipates receiving the LCTOP allocations by December 2025. There is no matching requirement for these funds. The new funding will be included in the FY 2025-26 Operating Budget and the cost savings will be applied to Fruitvale TSP, which will reduce District Capital funds approved for the project.

**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 Trade Program, with proceeds distributed to transit operators annually using the State Transit Assistance (STA) formula.

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

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 service tied to the Tempo corridor implementation.

This cycle, staff proposes to request this year’s revenue-based funds to support another year of operating assistance for Tempo service. Operating budget support is critical given the District’s current fiscal outlook.

MTC selects projects for the population-based funds, often via a competitive selection process. If MTC awards these funds to an AC Transit project, AC Transit must also apply to Caltrans for MTC’s selected project.

MTC has not awarded any new population-based funds to AC Transit for FY 2025-26. However, MTC has approved the use of cost savings from a prior year project to be programmed to another eligible AC Transit project. In alignment with their original competitive guidelines, MTC requires this project to be a capital project that improves transit travel time, reliability, frequency.

Staff propose using these funds on the Fruitvale Corridor Transit Signal Priority (TSP) Project. This project will improve transit operations on lines 20 and 21 by installing signal improvements at signalized intersections along Fruitvale Ave and San Leandro St. This project meets the eligibility requirements of both LCTOP and MTC. Moreover, these funds can be used to match existing federal and local grants on the project, which will reduce the commitment of District Capital in the FY 2025-26 Capital Budget.

#### **ADVANTAGES/DISADVANTAGES:**

The advantage to this application is that the District stands to receive additional operating and capital funding for Tempo Service and Fruitvale Corridor TSP, a direct offset to district operating expenses and District Capital.

There are no identified disadvantages to this application.

#### **ALTERNATIVES ANALYSIS:**

The alternative to applying for these funds for the selected project would be to either not apply or apply for another project.

Receipt of these funds will result in additional money that can be applied to identified agency needs. These funds can be used for many types of projects, and in the past the District has opted to apply for capital projects that meet the eligibility requirements. Staff selected the proposed projects based on the funding eligibility requirements and the District’s financial needs.

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 continue to use LCTOP funds to help support and sustain the Tempo service in the coming fiscal year as long as a year over year decrease in greenhouse gas emissions can be demonstrated. The reduction in greenhouse gas emissions are demonstrated by increases in ridership.

**PRIOR RELEVANT BOARD ACTION/POLICIES:**

SR 24-227 / Resolution 24-012 - FY2024-25 Low Carbon Transit Operations Program Application

**ATTACHMENTS:**

1. Resolution 25-015
2. Authorized Agent(s) and Certifications & Assurances

**Prepared by:**

Seema Prasad, Senior Capital Planning Specialist

**Approved/Reviewed by:**

Aimee L. Steele, General Counsel/Chief Legal Officer

Chris Andrichak, Chief Financial Officer

Richard Oslund, Director of Management & Budget

Emily Heard, Capital Planning and Grants Manager