

**Proposed Guidelines for Use of Greenhouse Gas Reduction Funds
in the 2017 Active Transportation Program**

These guidelines are the policies and procedures specific to the use of funding from the Greenhouse Gas Reduction Fund in the 2017 Active Transportation Program (Program). The California Transportation Commission (Commission) is statutorily required to adopt the guidelines and selection criteria for, and define the types of projects eligible to be funded through, the Program.

I. Authority and Purpose

Assembly Bill (AB) 1613, signed by the Governor on September 14, 2016, appropriated \$10 million from the Greenhouse Gas Reduction Fund for the Active Transportation Program. The following policies and procedures address funding from the Greenhouse Gas Reduction Fund in the 2017 Active Transportation Program. Unless otherwise expressly modified by statute or these guidelines, the Commission will follow the 2017 Active Transportation Program Guidelines ([http://catc.ca.gov/programs/ATP/2017/Final Adopted 2017 ATP Guidelines.pdf](http://catc.ca.gov/programs/ATP/2017/Final_Adopted_2017_ATP_Guidelines.pdf)).

II. Funding

Pursuant to AB 1613, funds from the Greenhouse Gas Reduction Fund must be allocated by the Commission no later than June 30, 2018 and liquidated by June 30, 2020. Commission staff is currently in the process of developing staff recommendations for the 2017 Active Transportation Program, which will fund projects for allocation in 2019-20 and 2020-21. The Commission intends to use the funding from the Greenhouse Gas Reduction Fund to augment program funding by \$10 million and allow the early delivery of construction projects approved for funding in the 2017 Active Transportation Program. This means that projects that were recommended for construction funding in 2019-20 and 2020-21 in the 2017 Active Transportation Program now have the opportunity to compete for funding for construction in 2017-18. These funds cannot be used to supplant other committed funds.

Greenhouse Gas Reduction Funds have separate governing statutes from other funds allocated for projects in the Active Transportation Program. 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) provide the framework for how the Greenhouse Gas Reduction Fund must be appropriated and expended. Goals derived from AB 1532, established for the investment of auction proceeds, and SB 535, requirements for allocating funds to benefit disadvantaged communities, are identified below:

- Reduce greenhouse gas emissions;
- Maximize economic, environmental, and public health benefits to the State;
- Foster job creation by promoting in-State greenhouse gas emission reduction projects carried out by California workers and businesses;
- Complement efforts to improve air quality;
- Direct investment toward the most disadvantaged communities and households in the State;
- Provide opportunities for businesses, public agencies, nonprofits, and other community institutions to participate in and benefit from statewide efforts to reduce greenhouse gas emissions;
- Lessen the impacts and effects of climate change on the State's communities, economy, and environment;
- Allocate at least 25% of the available proceeds to projects that provide benefits to disadvantaged communities; and

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- Allocate at least 10% of the available proceeds to projects located within disadvantaged communities.

III. Distribution

Due to the Active Transportation Program's sequential project selection process, funds from the Greenhouse Gas Reduction Fund will be initially made available to projects recommended for funding in the statewide portion of the 2017 Active Transportation Program. If the entire \$10 million is not programmed in the statewide portion of the Active Transportation Program, the remaining funds from the Greenhouse Gas Reduction Fund will be made available for the early programming of construction projects approved for funding in the Metropolitan Planning Organization and the small urban and rural portions of the Program. If there are an insufficient number of projects in the 2017 Active Transportation Program to utilize the funding from the Greenhouse Gas Reduction Fund, the Commission may hold a stand-alone call for projects to utilize any unprogrammed funds.

IV. Schedule

The following schedule lists the major milestones for the development and adoption of the Greenhouse Gas Reduction Fund for the Active Transportation Program:

Staff will post a list of applications received and staff recommendations for funding in the statewide and small urban and rural portions of the 2017 Active Transportation Program.	October 28, 2016
Eligible projects recommended for funding in the statewide portion of the 2017 Active Transportation Program may submit supplemental application material for 2017-18 funding from the Greenhouse Gas Reduction Fund.	December 30, 2016
Staff will post a list of applications received and staff recommendations for funding from the Greenhouse Gas Reduction Fund from the statewide portion of the Active Transportation Program.	February 20, 2017
Commission approval of projects for funding from the Greenhouse Gas Reduction Fund from the statewide portion of the Active Transportation Program.	March 15-16, 2017
Commission adopts Metropolitan Planning Organization selected portion of the 2017 Active Transportation Program.	March 15-16, 2017
Eligible projects recommended for funding in the Metropolitan Planning Organization and the small urban and rural portions of the program of the 2017 Active Transportation Program may submit supplemental application material for 2017-18 funding (if necessary).	May 12, 2017
Staff will post a list of applications received and staff recommendations for funding from the Greenhouse Gas Reduction Fund from the Metropolitan Planning Organization and the small urban and rural portions of the Active Transportation Program (if necessary).	June 30, 2017
Commission approval of projects for funding from the Greenhouse Gas Reduction Fund from the Metropolitan Planning Organization and the small urban and rural portions of the Active Transportation Program (if necessary).	August 16-17, 2017
Staff will post a list of the selected projects for funding.	August 2017

V. Project Eligibility

A. Greenhouse Gas Reductions

All projects must achieve greenhouse gas reductions and further the purposes of AB 32, the California Global Warming Solutions Act of 2006. Each application must include an estimate of the greenhouse gas emission reductions from the project using the quantification methodologies developed by the Air Resources Board.

<http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/quantification.htm>.

B. Disadvantaged Communities

With respect to the Greenhouse Gas Reduction Fund, Health and Safety Code section 39713 requires that at least 10% of the total program funds be allocated to projects located within disadvantaged communities and at least 25% be allocated to projects that provide benefit to disadvantaged communities. Pursuant to Section 39711 of the Health and Safety Code, the California Environmental Protection Agency had defined a disadvantaged community for the Greenhouse Gas Reduction Fund as an area identified as among the most disadvantaged 25% of census tracts based on California Communities Environmental Health Screening Tool 2.0 (CalEnviroScreen 2.0) scores.

AB 1550, signed by the Governor on September 14, 2016 and effective January 1, 2017, establishes new requirements for the allocation of moneys from the Greenhouse Gas Reduction Fund to benefit disadvantaged communities. This bill requires the allocation of the following:

- A minimum of 25% of total program funds to projects located within and benefiting individuals within a disadvantaged community based on the aforementioned CalEnviroScreen scores.
- A minimum of 5% of total program funds to projects benefiting low-income households, or to projects located within the boundaries of and benefiting individuals living in low income communities.
 - Low-income households are defined as those with household incomes at or below 80 percent of the statewide median income or with household incomes at or below the threshold designated as low income by the Department of Housing and Community Development's list of state income limits adopted pursuant to Section 50093.
 - Low-income communities are census tracts with median household incomes at or below 80 percent of the statewide median income or with median household incomes at or below the threshold designated as low income by the Department of Housing and Community Development's list of state income limits adopted pursuant to Section 50093.
- A minimum of 5% of total program funds to projects that are outside of, but within a 1/2 mile of, communities identified as disadvantaged by CalEnviroScreen that either benefit low-income households or are located within the boundaries of, and benefiting individuals living in, low-income communities.

While the Air Resources Board has not yet developed guidelines for these new ways of benefiting disadvantaged communities, the Commission intends to try and achieve the levels established by AB 1550. The Commission recognizes that because not all Greenhouse Gas Reduction Fund programs can contribute towards the program's disadvantaged community requirements, some programs, such as the Active Transportation Program, will likely be required to exceed the statutory minimum (<http://www.calepa.ca.gov/EnvJustice/GHGInvest/>). Therefore, it is the Commission's intent to program 50% of \$10 million in funding from the Greenhouse Gas Reduction Fund to projects that benefit disadvantaged communities as defined by AB 1550.

C. Construction Only

In reviewing 2017 Active Transportation Program projects for funding in 2017-18, the Commission will only consider infrastructure projects that were recommended for construction funding in 2019-20 and 2020-21 in the 2017 Active Transportation Program.

VI. Project Selection Process

A. Supplemental Application Material

1. Updated Schedule and Funding Plan

Each applicant must submit a Project Programming Request Form. A template of this form in Excel may be found at www.dot.ca.gov/hq/transprog/ocip/2016stip.htm. The Project Programming Request Form must list Federal, State, and local funding categories by fiscal year, and must include an updated schedule (project milestones) demonstrating that the project can be ready for a Commission construction allocation in 2017-18 and receive reimbursement of all funds from the Greenhouse Gas Reduction Fund by June 30, 2020. The applicant must also include documentation of all other funds committed to the projects.

2. Greenhouse Gas Emission Reduction Calculation

Each applicant must also submit an estimate of the greenhouse gas emission reductions from the project using the methodologies being developed by the Air Resources Board. The methodologies will be made available before the guidelines are finalized. The inputs expected to be necessary to complete these calculations include:

- Annual average daily traffic on parallel roadway
- Length of active transportation project
- Number (≤ 3 , 4-6, ≥ 7) of “activity centers” (e.g. bank, church, hospital, light rail station, office park, post office. Public library...) near active transportation project (within $\frac{1}{4}$ mile and $\frac{1}{2}$ mile)

3. Disadvantaged Community Data

Each applicant must submit the CalEnviroScreen 2.0 scores for each census tract in which the project is located, as well as location information that would enable GIS mapping of the project. CalEnviroScreen data can be found at <http://oehha.ca.gov/calenviroscreen/report/calenviroscreen-version-20>.

Each applicant must submit median household income data for each census tract in which the project is located based on the most current Census Tract (ID 140) level data from the 2010-2014 American Community Survey (<\$49,191). Communities with a population less than 15,000 may use data at the Census Block Group (ID 150) level. Unincorporated communities may use data at the Census Place (ID 160) level. Data is available at <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>.

An applicant wishing to document the benefit of a project to a disadvantaged community using another definition in section B above, must submit the appropriate documentation.

Additionally, each applicant must determine and document whether their project benefits a disadvantaged community using the criteria established in Air Resources Board’s Cap-and-

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Trade Auction Proceeds Funding Guidelines for Agencies that Administer California Climate Investments

(<https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/arb-funding-guidelines-for-ca-climate-investments.pdf>). To determine whether a project qualifies as benefitting a disadvantaged community, applicants must use the criteria tables located on page 2.A-12. In addition, projects must provide benefits that meaningfully address an important community need. To determine if a project meaningfully addresses important community needs, agencies or applicants can use a variety of approaches. Table 2-2 on page 2-13 of the Funding Guidelines referenced above provides some examples.

A. Criteria

Projects will be selected for 2017-18 programming based on a review of project deliverability, the estimated greenhouse gas reductions (including the total cost per ton of carbon dioxide equivalents reduction), and the project's Active Transportation Program application score.

B. Evaluation

Commission staff will form a Project Evaluation Committee to assist in evaluating project applications. Priority for participation in the evaluation committee will be given to those who do not represent a project applicant, or will not benefit from projects submitted by others.

In the event that the Project Evaluation Committee is evaluating projects from the Metropolitan Planning Organization portion of the program, staff will seek input from the appropriate Metropolitan Planning Organization on project delivery and project prioritization.

C. Submittal of Supplemental Application Material

Supplemental application material must include the signature of the Chief Executive Officer or other officer authorized by the applicant's governing board. Project applications should be addressed or delivered to:

Susan Bransen, Executive Director
California Transportation Commission
1120 N Street, Mail Station 52
Sacramento, CA 95814

The Commission will consider only projects for which five hard copies and one electronic copy of the aforementioned supplemental application material are received by the deadline. By the same date, an additional copy must also be sent to the Regional Transportation Planning Agency or County Transportation Commission within which the project is located and to the Metropolitan Planning Organization (a contact list can be found at www.dot.ca.gov/hq/tpp/offices/orip/).

VII. Project Delivery

Because the funds appropriated from Greenhouse Gas Reduction Fund must be allocated by the Commission no later than June 30, 2018, there will be no opportunity for a time extension without a change in statute. Barring a change in statute, a project programmed to receive funds from Greenhouse Gas Reduction Fund in 2017-18 may be deleted from the program if it does not receive an allocation at or before the Commission's June 2018 meeting. Additionally, these funds are only available for liquidation through June 30, 2020.

VIII. Project Reporting

The 2017 Active Transportation Program Guidelines require “the implementing agency to submit semi-annual reports on the activities and progress made toward implementation of the project and a final delivery report.” In addition, Active Transportation Program projects programmed using funds from the Greenhouse Gas Reduction Fund must fulfill the reporting requirements outlined on page 3-6 of the Air Resources Board’s Cap-and-Trade Auction Proceeds Funding Guidelines for Agencies that Administer California Climate Investments (<https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/arb-funding-guidelines-for-ca-climate-investments.pdf>). This includes:

- A. Project Profile:
 - Project description and location.
 - Project budget and schedule.
 - Estimated project benefits (greenhouse gas reductions and co-benefits).
- B. End-of-Year Report:
 - Brief update of project data.
 - Updates to original project profile and estimated benefits, if needed.
- C. Project Closeout Report:
 - Project accomplishments, including benefits to disadvantaged communities.
 - Project benefits achieved (greenhouse gas reductions and co-benefits).

For some projects, there may be a need for follow-up data collection after a project becomes operational.