



Regional Carbon Reduction Program Funding Recommendations

Consent

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Attachments: Yes

Referring Committee: Transportation

Issue:

The Carbon Reduction Program provides funding to states and Metropolitan Planning Organizations (MPOs) for projects designed to reduce transportation-related carbon emissions from on-road highway sources. The board approved Guidelines for a six-county funding program to award \$7,441,629 in October 2023, which staff used to implement a competitive funding program and the funding recommendation.

Request:

Approve

Recommendation for Board:

That the board approve the projects recommended for funding and the contingency list (Attachment A) for the six-county Regional Carbon Reduction Program.

Recommendation for Committee:

That the Transportation Committee recommend that the board approve the projects recommended for funding and the contingency list (Attachment A) for the six-county Regional Carbon Reduction Program.

Background:

As part of the Infrastructure Investment and Jobs Act (IIJA)/Bipartisan Infrastructure Law (BIL) signed into law in November 2021, the U.S. Department of Transportation established the Carbon Reduction Program (CRP). This program provides funding to states and Metropolitan Planning Organizations (MPOs) for projects designed to reduce transportation-related carbon emissions from on-road highway sources.

The CRP is a 5- year program spanning federal Fiscal Year (FY) 2022 to FY 2026. Over this time, SACOG anticipates receiving approximately \$22 million, or roughly \$4.2 to \$4.5 million per year (adjusted for inflation annually). The first year of funds must be obligated by September 30, 2025, and expended by September 30, 2030. Failure to obligate and expend funds by the deadline would result in the region's loss of CRP funds.

CRP funds are suballocated to SACOG from the state and must be available for the six-county region and competitively awarded, with the funding decision made by the SACOG board. The CRP funding is distributed to the state, at which point funding is split into regional and state programs. The board-approved June 2023,

Regional Carbon Reduction Strategy identified that, across five years, a minimum of 85 percent of the funding would be distributed through competitive grants with a near-term focus on implementing the Regional Trail Network, program development for Zero-Emission Vehicle deployment, and strategic carbon reduction programs.

This two-year program aligns with the Regional Carbon Reduction Program Strategy and is compatible with the California Transportation Carbon Reduction Strategy. The program budget of \$7,441,629 was authorized to be competitively distributed through this interim program to award the first two years of funding.

Discussion/Analysis:

In October 2023, the SACOG board approved the Regional Carbon Reduction Program Guidelines (Attachment B) to strategically maximize the impact and the region’s readiness for implementation and construction-focused grants. Staff issued a call for projects November 13, 2023, with applications due 16 weeks later. SACOG received 16 applications across five counties requesting \$11,991,090 in support of strategic carbon reductions, including program development for zero-emission vehicle deployment, furthering implementation of the Regional Trail Network, and implementing sustainable mobility programs.

After screening the applications for eligibility, a multidisciplinary working group of internal and external staff reviewed all applications independently, then met in a SACOG-facilitated discussion of how the projects addressed the criteria in the Guidelines. Highlights from these discussions are included in Attachment C. Following the working group discussion, each working group member independently finalized their evaluation of all projects and submitted scoresheets. Staff averaged the submitted scores into a prioritized list to develop the funding recommendation and the contingency list.

Following the approval of CRP funding, project sponsors must submit a Project Alignment Confirmation form to SACOG staff demonstrating consistency with the California Transportation Carbon Reduction Strategy. SACOG staff will also work with project sponsors to program their projects into the Metropolitan Transportation Improvement Program.

Project Delivery Requirements

The funding recommendation includes eight projects and a prioritized contingency list. The contingency list is included due to the strict deadlines attached to the first two years of CRP—year one funds must be obligated by September 2025, or they will be lost to the region. The Guidelines and the application for the Regional CRP identified an obligation requirement of June 30, 2025, to ensure no funds are lost—projects that do not meet the obligation deadlines in the Guidelines may be de-programmed and the funds offered to the next project on the contingency list. The contingency project list would be in effect through June 30, 2026; inclusion in the contingency list is not a guarantee of future CRP or other SACOG-distributed funds.

Fiscal Impact/Grant Information:

Included in the Overall Work Program/Budget

List of Attachments:

- A. Project Funding Recommendations and Contingency List
- B. Regional Carbon Reduction Program Guidelines
- C. Project Evaluation Discussions and Scope