



SACOG Carbon Reduction Program Strategy

Consent

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Attachments: No

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Referring Committee: Transportation

1. Issue:

SACOG's proposed strategy for federal Carbon Reduction Program funding for the six-county region.

2. Recommendation:

The Transportation Committee recommends that the board: (1) adopt the strategy for Carbon Reduction Program funding for the six-county region, and (2) adopt the program budget for federal fiscal years 2022 and 2023.

3. Background/Analysis:

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. Similar in nature to Congestion Mitigation and Air Quality (CMAQ) and Regional Surface Transportation Program (RSTP) funding already received by SACOG, the CRP funds would be suballocated to SACOG from the state and would need to comply with corrective action framework, which among other things requires that any competitively awarded funds are available for the six-county region and that funding decisions are made by the SACOG board. The CRP funding is distributed to the state, at which point funding is split into regional and state programs. Caltrans is currently drafting their Carbon Reduction Program strategy, which will outline their priorities for how to utilize the state share of the program dollars. A draft of the state program will be released in mid-June and is anticipated to be finalized by Caltrans in the fall. SACOG's development of a regional program can take place independently of the state program.

In March 2023, SACOG staff presented various potential strategies for the CRP funding to the Transportation Committee and Board of Directors. The strategy focused on both near-term and longer-term use of the funding to accelerate current priorities and programs, and those that would advance projects developed through the upcoming RAISE project. Throughout the process, and after the March Committee/Board cycle, SACOG staff crafted a strategy that was consistent with the corrective action framework as well as the region's overall priorities. Staff has also consulted with EDCTC and PCTPA on this framework.

4. Discussion/Analysis:

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, and subsequent years would follow accordingly (i.e., FY 2023 funds obligated by September 2026 and expended by September 2031). Similar to other funding programs led by SACOG, staff recommends that the board establish a program budget at the beginning of the program, along with some general guidelines. Staff will then return with specific guidelines for grant programs, and will ultimately return to the board with recommendations for funding. Staff is recommending that the initial program budget be set at \$8,525,629, which represents the funds available to SACOG for federal fiscal years 2022 and 2023.

After receiving input from the Transportation Committee and board in March, and more focused discussions with the Regional Transportation Planning Agency (RTPA) partners, SACOG proposes the following strategy for Carbon Reduction Program funds:

General Program Assumptions

- SACOG will distribute at least 85 of the funds through competitive grant awards to the six-county region. The total amount will be determined based on funding program framework and timing.
- The remaining funds would be used by SACOG for implementation of the recently adopted six-county Regional Trails Plan, and implementation of forthcoming projects identified within the six-county Mobility Zones project funded by the recently awarded federal RAISE grant.

Near Term Strategy

- For FY 2022 and FY 2023 funding, SACOG will create an interim competitive funding program for the six-county region. Given the amount of funding available, the focus of this program would be primarily on planning grants to advance projects that increase readiness for state and federal funding programs related to deployment of zero emission vehicles and charging/fueling infrastructure, active transportation (bicycle and pedestrian) projects and programs, 'mode shift' projects that offer mobility options to solo driving, and implementation and acceleration of the regional six-county trails plan.
- SACOG will develop funding program guidelines over the summer and fall 2023, and would administer the funding program in late 2023 or early 2024. This would allow compliance with the need to obligate FY 2022 funds by the September 2025 deadline, as well as a portion or the whole of the FY 2023 funding.
- SACOG staff will obtain input from key partners while developing the framework and guidelines, prior to being reviewed by the Board.

Long Term Strategy

- For FY 2024 through FY 2026 funding, staff is proposing to utilize the remaining funding to implement and accelerate projects and programs prioritized through the six-county RAISE effort (with at least one project in each county), as well as implementation of the Regional Trails Plan.
- SACOG staff will work through the Funding Round Working Group process to determine how this fits into the future funding round work that is currently being developed. Depending on future deadlines for obligation of funds, the likely timing would be to expend CRP funding in FY 2027 or FY 2028.

The near term and long-term strategy reflects the identified priorities within the CRP guidelines, which emphasize the development and advancement of low-carbon mobility strategies, such as those that will emerge from the RAISE grant, as well as active transportation and trail planning and implementation. Moreover, the strategy ensures that these two regionally impactful programs will secure dedicated funding for a longer term, further aiding in the region's ability to meet set goals.

This item was presented to the Transportation Committee in June, and the committee unanimously recommended that the Board adopt the proposed budget for federal FY 2022-2023 and the overarching strategy for the Carbon Reduction funding.

5. Fiscal Impact/Grant Information:

Federal Carbon Reduction Funds are proposed to cover grants to agencies, who will be required to supply a local match, consistent with federal funding requirements. Funds used by SACOG for advancing regional programs will be matched with local funds in the adopted 2023-2024 Overall Work Program and Budget.