



Approve Carbon Reduction Program Guidelines and Budget

Action

Prepared by: Victoria Cacciatore

Attachments: Yes

Approved by: James Corless

Referring Committee: Transportation

1. 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. Staff developed Guidelines for a six-county funding program to award \$7,441,629 to projects that will meet program requirements and goals.

2. Recommendation:

The Transportation Committee recommended by majority vote (Director Branscum opposed) that the board approve the Carbon Reduction Program Guidelines and budget and authorize the release of a call for applications.

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. 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.

Similar 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. In June 2023, the SACOG board approved a Carbon Reduction Program Strategy for the MPO-allocated funding. This strategy is compatible with the California Transportation Carbon Reduction Strategy and focuses the first two years of CRP funding on planning grants to strategically maximize the impact and the region's readiness for implementation and construction-focused grants.

4. Discussion/Analysis:

Building from the Carbon Reduction Strategy, staff developed the CRP Guidelines (Attachment A). The Guidelines focus the first two years of CRP funding on planning grants to strategically maximize the impact and the region's readiness for implementation and construction-focused grants.

Guidelines

The guidelines outline how the regional CRP will support:

- Regional Trail Network Implementation by funding pre-construction phases of planned (Class 1) trails identified in the six-county Sacramento Regional Trail Network;
- Zero-Emission Vehicle (ZEV) Deployment by funding program development to increase readiness for state and federal funding programs related to the deployment of zero emission vehicles and charging/fueling infrastructure; and
- Strategic Carbon Reduction Programs by funding program implementation to offer sustainable mobility options and alternatives to driving alone.

The draft Guidelines identify a longer pre-application period (three and a half months) than the traditional regional funding round administered by SACOG; this will allow project sponsors to work with SACOG staff while developing their proposals, and to identify potential partners that may be interested in joining their efforts. The Guidelines also outline strict project funding obligation deadlines and contingency lists to ensure no CRP funds are lost with the region.

The evaluation criteria derive from both existing SACOG grant programs and the Caltrans Sustainable Transportation Planning Grants, and are divided based on project type--project development (i.e., regional trail network development) and program development (ZEV implementation and carbon reduction programs).

Budget

The Carbon Reduction Strategy identified that, across five years, a minimum of 85 percent of the funding would be distributed through competitive grants; up to 15 percent would be used by SACOG for implementation of the recently adopted six-county Regional Trails Plan and near-term projects consistent with CRP guidelines and strategy, and for later years of the funding, implementation of forthcoming projects identified within the six-county Mobility Zones project funded by the recently awarded federal RAISE grant. Using these assumptions for the CRP, staff identified a program budget of \$7,441,629 to be competitively distributed through this interim funding program for the first two years of funding.

Next steps

If approved, staff will develop and release the application instructions and Evaluation Guidance by mid-November. Applications would be due by the end of February 2024, with a funding recommendation presented to the board for approval in June 2024.

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, including implementing the competitive CRP, will be matched with local funds in the adopted 2023-2024 Overall Work Program and Budget.