



## Item #14-12-6 Information

### Land Use & Natural Resources Committee

November 26, 2014

#### Cap-and-Trade Update

**Issue:** What approach should SACOG use to increase regional competitiveness in future funding round opportunities related to Cap-and-Trade and other funding programs?

**Recommendation:** None; this is an information item for discussion.

**Discussion:** Cap-and-Trade consists of multiple programs which are in various phases of development (Attachment A). Two programs under the “transportation and sustainable communities” category have released draft guidelines: the Affordable Housing and Sustainable Communities Program and the Low Carbon Transit Operations Program.

#### *Affordable Housing and Sustainable Communities Program (AHSC)*

During the November committee cycle, staff highlighted the AHSC Program, a \$130 million statewide competitive program to be implemented by the Strategic Growth Council (SGC). As discussed at the last committee meeting, staff has specific concerns related to restrictive project eligibility requirements in the Draft AHSC Guidelines and with the proposed manner of including MPOs in the process as required by SB 862. In December, SGC will publicly post a summary of proposed AHSC guideline changes anticipated to be reflected in the final guidelines. The Final AHSC Guidelines are anticipated to be released in early January 2015, and adopted by the SGC January 20, 2015. Assuming their timely release, SACOG staff will provide an update to the committee on proposed changes to the Final Guidelines, implementation of this program, and next steps.

#### *Low Carbon Transit Operations Program (LCTOP)*

The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. Draft Guidelines for this non-competitive program were released in early November by Caltrans and CalSTA. A total of \$25 million will be available in FY 2014/15. Beginning in FY 2015/16, five percent of all annual auction proceeds for Cap-and-Trade will be appropriated to this program each year. The program’s first \$25 million will be allocated according to the State Transit Assistance (STA) program statutes. Eligible transit agencies will be notified of their share of the available funds on December 1, 2014, and Caltrans will provide interim guidelines by December 19, 2014. Eligible agencies will have until February 1, 2015, to submit expenditure proposals to Caltrans. The projects will then be reviewed by Caltrans and ARB to assure compliance with the requirements of SB 862 and the interim guidelines. By April 1, 2015, Caltrans will submit a final list of approved expenditures to the State Controller’s Office, and the approved amount of funds will be available for release by April 15, 2015. SACOG staff will provide an update on the formula share information by or before the committee meeting.

Next Steps

As draft and final Cap-and-Trade individual program guidelines are released, SACOG staff will be evaluating the programs/types of projects being solicited and looking at how they will integrate with other statewide funding programs, such as the Active Transportation Program (ATP), Highway Safety Improvement Program (HSIP), and the SACOG four-county 2015-2016 Flexible Funding Round. Attachment B, shared in the November cycle, provides anticipated timelines of these other programs based upon standard norms and best available information.

Approved by:

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Attachments

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	Cap and Trade Program (Agency/Department)	Potential Projects Identified by Implementing Agencies	FY 2014-15 Appropriations by Agency
Transportation and Sustainable Communities Funding	<b>High Speed Rail (HSRA)</b> Construction of the initial construction segment in the Central Valley and further environmental and design work on the statewide system. The Budget also provides an ongoing commitment that allows for the advancement of the project on multiple segments concurrently, which yields cost savings and creates an opportunity for earlier potential private sector investment. These investments in the high-speed rail system will alleviate pressure on California’s current transportation network and will provide both environmental and economic benefits.	Planning/Design	\$ 250M
		Right-of-way acquisition of Initial Operating Segment	
		Construction of Initial Operating Segment	
	<b>Transit and Intercity Rail Capital Program (CalSTA)</b> Competitive grant program for rail and bus transit operators for capital improvements to integrate state and local rail and other transit systems, including those located in disadvantaged communities, and those that provide connectivity to the high-speed rail system. The Transportation Agency will prepare a list of projects recommended for funding, to be submitted to the California Transportation Commission for programming and allocation.	Connectivity to existing/future rail systems by adding new rail cars/engines	\$ 25M
		Increase service and reliability of intercity and commuter rail systems	
		Encourage multi-modal transit via integrated ticketing / scheduling	
<b>Low Carbon Transit Operations Program (Caltrans to local agencies)</b> Support new or expanded bus and rail services, with an emphasis on disadvantaged communities. Expenditures are required to result in an increase in transit ridership and a decrease in GHG emissions.	New/expanded bus or rail services or expanded intermodal transit facilities	\$ 25M	
	Service or facility improvements, e.g. equipment, fueling, and		
<b>Affordable Housing and Sustainable Communities (SGC and member agencies)</b> Implementation of sustainable communities strategies required by SB 375, and to provide similar support to other areas with GHG reduction policies, but not subject to SB 375 requirements. Projects that benefit disadvantaged communities will be given priority. Also, projects will reduce GHG emissions by increasing transit ridership, active transportation (walking/biking), affordable housing near transit stations, preservation of agricultural land, and local planning that promotes infill development and reduces the number of vehicle miles traveled.	Intermodal affordable housing	\$ 130M	
	Transit capital projects		
	Active transportation/complete streets		
	Transit-oriented development		
	Agricultural land preservation		
	Local planning and implementation		
<b>Low Carbon Transportation (ARB)</b> Accelerate the transition to low carbon freight and passenger transportation, with a priority for disadvantaged communities. This investment will also support the Administration’s goal to deploy 1.5 million zero-emission vehicles in California by 2025. ARB administers existing programs that provide rebates for zero-emission cars and vouchers for hybrid and zero-emission trucks and buses. These expenditures will respond to increasing demand for these incentives, as well as provide incentives for the pre-commercial demonstration of advanced freight technology to move cargo in California, which will benefit communities near freight hubs.	Passenger ZEV rebates	\$ 200M	
	Heavy duty hybrid/ZEV trucks and buses		
	Freight demonstration projects		
	Pilot programs (car sharing, financing, etc.) in disadvantaged communities		
Clean Energy and Energy Efficiency Funding	<b>Weatherization Upgrades/Renewable Energy (CSD)</b> Installation of energy efficiency and renewable energy projects in single and multifamily low-income housing units within disadvantaged communities. Weatherization measures typically include weather-stripping, insulation, caulking, water heater blankets, fixing or replacing windows, refrigerator replacement, electric water heater repair/replacement, and heating and cooling system repair/replacement. Renewable energy measures include installation of solar water heater systems and photovoltaic systems.	Single-Family Weatherization	\$ 75M
		Multi-Family Weatherization	
		Solar PV and Water Heating	
	<b>Energy Efficiency in Public Buildings (CEC)</b> Energy efficiency and energy generation projects in public buildings, including the University of California, the California State University, and courts. Energy savings projects will include lighting systems, energy management systems and equipment controls, building insulation and heating, ventilation, and air conditioning equipment.	Energy audits	\$ 20M
		Building retrofits for energy efficiency	
		Energy generation	
	<b>Agricultural Energy and Operational Efficiency (CDFA)</b> Projects that reduce GHG emissions from the agriculture sector by capturing greenhouse gases, harnessing greenhouse gases as a renewable bioenergy source, improving agricultural practices and promoting low carbon fuels, agricultural energy, and operational efficiency.	Water use and energy use efficiency	\$ 25M
		Dairy digesters	
		Alternative and renewable fuels	
	<b>Water Action Plan - Water-Energy Efficiency (DWR)</b> Funding for grants that support water use efficiency and conservation projects, leak detection and repair projects that reduce GHG emissions, with additional consideration given to disadvantaged communities. The funding will also support projects at the Thermalito and Hyatt State Water Project facilities.	Efficient hydro energy turbines	\$ 30M
Water conservation and efficiency grants			
Natural Resources and Waste Diversion Funding	<b>Water Action Plan - Wetlands and Watershed Restoration (DFW)</b> Implement projects that provide carbon sequestration benefits, including restoration of wetlands (including those in the Delta), coastal watersheds and mountain meadows. In addition to furthering the goals of AB 32, these types of projects are integral to developing a more sustainable water management system statewide.	Delta coastal wetlands	\$ 25M
		Mountain meadows	
		Water use efficiency in wetlands	
	<b>Sustainable Forests (CAL FIRE)</b> Urban forests in disadvantaged communities and forest health restoration and reforestation projects that reduce wildfire risk and increase carbon sequestration. These expenditures will enhance forest health and reduce fuel loads in light of climate change increasing wildfire intensity and damage.	Urban and community forestry	\$ 42M
		Fire risk reduction/ improved forest	
		Forest health	
	<b>Waste Diversion (CalRecycle)</b> Financial incentives for capital investments that expand waste management infrastructure, with a priority in disadvantaged communities. Investment in new or expanded clean composting and anaerobic digestion facilities is necessary to divert more materials from landfills. These programs reduce GHGs and support the 75% solid waste recycling goal.	Organics composting/ anaerobic digestion	\$ 25M
Increased recycling manufacturing			
Organics and recycling project loans			

### Timelines

<b>Actions</b>	<b>State ATP Cycle 2</b>	<b>MPO ATP Cycle 2</b>	<b>Flexible Funding Round (4- County)</b>	<b>Cap-and- Trade: AHSC</b>	<b>HSIP</b>
Call for Projects Released	March 2015	May 2015	April 2015	January 2015	Spring 2015
Applications Due	May 2015	End of July 2015	End of June- July 2015	April 2015	TBD
Recommendations Released	September 2015	End of September 2015	End of September 2015	June 2015	TBD