



**April 22, 2024**

**To:** Members of the Board of Directors

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Low Carbon Transit Operations Program Recommendations for OC Bus Transit Projects

### **Overview**

The Low Carbon Transit Operations Program provides funding to transit agencies on a formula basis to support transit operations and capital projects. Funding recommendations are presented to use this funding for transit projects that promote transit ridership growth and reduce greenhouse gas emissions, consistent with program requirements.

### **Recommendations**

- A. Approve Resolution No. 2024-016 to authorize the use of \$10,349,538 in fiscal year 2023-24 Low Carbon Transit Operations Program funds for the 40 Hydrogen Fuel Cell Buses Project.
- B. Approve Resolution No. 2024-017 to authorize the use of prior year funds and interest earnings totaling \$3,171,997 for new or expanded Bravo!/Rapid bus services and the Youth Ride Free Program.
- C. Authorize staff to make all necessary amendments to the Federal Transportation Improvement Program as well as negotiate and execute any necessary agreements with regional, state, or federal agencies to facilitate the recommendations above.

### **Background**

The California Department of Transportation (Caltrans) Low Carbon Transit Operations Program (LCTOP) provides funds to transit agencies on a formula basis to support expanded or new transit operations and capital projects that reduce greenhouse gas emissions, improve mobility, and prioritize disadvantaged communities. The revenues for this program are generated through the California Climate Investments Program, commonly referred to as the Cap-and-Trade Program. On March 1, 2024, the State Controller's Office

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notified all eligible transit operators that the fiscal year (FY) 2023-24 LCTOP will make \$206,288,137 available statewide.

The Orange County Transportation Authority's (OCTA) share is \$10,349,538. Eligible projects submitted for consideration are expected to be approved by Caltrans and the California Air Resources Board (CARB) by June 30, 2024.

An additional \$3,171,997 in LCTOP funding and accrued interest, which was previously programmed to the Ten Battery-Electric Buses, Bus Depot Upgrades and Charging Infrastructure Project and the College Pass Program for Coastline Colleges, Cypress, Irvine Valley, and Saddleback, is also available for programming as these projects will not be able to fully expend the funds by the expiration date.

Consistent with OCTA's Capital Programming Policies, LCTOP funds are primarily to be used for transit operations, capital projects that support bus transit expansion, and fare reduction programs to enhance transit availability and accessibility. LCTOP funds from previous funding cycles have been used for transit fare subsidy programs, bicycle racks on buses, bus purchases, a hydrogen fueling station and the expansion of bus and commuter rail operations.

### ***Discussion***

In response to CARB's Innovative Clean Transit (ICT) rule, OCTA is piloting both hydrogen fuel cell electric bus (FCEB) and plug-in battery-electric bus (BEB) technologies. The pilot includes FCEB, BEB, hydrogen fueling stations, and battery-electric chargers. Additionally, OCTA is currently procuring ten battery-electric paratransit vehicles to support OC ACCESS.

Building on OCTA's prior zero-emission investments, staff proposes to use \$10,349,538 in FY 2023-24 LCTOP funding to support the procurement of 40 Hydrogen Fuel Cell Electric Buses Project (40 Hydrogen FCEB Project) to expand OCTA's Zero-Emission Bus Pilot Program. The project is partially funded with a combination of SB 125 Transit Program funds and federal Congestion Mitigation and Air Quality Improvement Program funds. The LCTOP and future and Carbon Reduction Program funds will help fully fund the project.

The procurement of FCEBs will support OCTA's decision-making effort on the ultimate blend of technologies as OCTA strives to transition to a 100 percent zero-emission bus fleet by 2040, meeting CARB's ICT rule and remaining consistent with the Board-approved zero-emission rollout plan. The FCEB fleet allows OCTA to deploy, test, and manage a larger fleet of zero-emission vehicles to gain direct experience with operational effectiveness, maintenance, and cost.

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In addition to the recommendations above, staff is also proposing changes to prior year LCTOP funds totaling \$3,171,997 that were programmed to two projects:

- Ten Battery-Electric Buses, Bus Depot Upgrades and Charging Infrastructure Project.
- College Pass Program for Coastline Colleges, Cypress, Irvine Valley, and Saddleback.

The two projects will not be able to fully expend the funds before the LCTOP expiration date of June 30, 2024. These two projects will be funded with local dollars, other grants, or student fees. Staff is proposes transferring the funds to three LCTOP eligible projects to fully expend the funds prior to lapsing:

- Bravo! 529 (Rapid 529) Rapid Bus Service Operations for \$1,535,715 in LCTOP and \$164,285 in accrued interest.
- Bravo! 553 (Rapid 553) Rapid Bus Service Operating Subsidy for \$844,008.
- Youth Ride Free Program for \$627,989.

More detailed descriptions for each project are provided in Attachment A. The funds will support existing operational needs for two Bravo!/Rapid bus routes and cover ongoing costs tied to OCTA's successful Youth Ride Free Program. These three projects have helped OCTA increase ridership.

Consistent with Caltrans' LCTOP guidelines, Board of Directors' (Board) approval is requested to adopt two resolutions that authorize the use of funds towards the 40 Hydrogen FCEB Project and the redirection of prior year LCTOP funds along with agreeing to other standard LCTOP requirements (Attachments B and C).

#### Next Steps

With Board approval, staff will submit the two Board resolutions along with a request to direct the use of up to \$10,349,538 in FY 2023-24 LCTOP to the 40 Hydrogen FCEB Project and \$3,171,997 in prior year LCTOP and accrued interest to Bravo! 529 Rapid Bus Service Operations, Bravo! 553 Rapid Bus Service Operations, and the Youth Ride Free Program. The use of LCTOP funds is subject to approval by both Caltrans and CARB.

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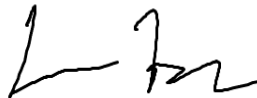
**Summary**

The Board is requested to approve the use of LCTOP funds for the 40 Hydrogen FCEB Project and prior year LCTOP funds for existing transit projects. Board authorization is also requested to negotiate and execute agreements as appropriate.

**Attachments**

- A. Orange County Transportation Authority Low Carbon Transit Operations Program – Project Descriptions
- B. Resolution No. 2024-016, Authorization for the Execution of the Certifications and Assurances, and Authorized Agent Forms for the Low Carbon Transit Operations Program, and for the Execution of the Low Carbon Transit Operations Program Projects
- C. Resolution No. 2024-017, Authorization for the Execution of the Certifications and Assurances, and Authorized Agent Forms for the Low Carbon Transit Operations Program and for the Execution of the Low Carbon Transit Operations Program Projects Using Prior Year Funds

**Prepared by:**



Jason Huang  
Associate Transportation  
Funding Analyst  
(714) 560-5982

**Approved by:**



Kia Mortazavi,  
Executive Director, Planning  
(714) 560-5741