



Date: April 8, 2025

Honorable Mayor and Council Members:

Author and title: Alfred Knotts, Transportation Program Manager and Danielle McHugh, Transportation Program Analyst

Title: State of California Low Carbon Transit Operations Program (LCTOP) Grant Application
Authorization and Adoption of Resolution 2025-19

Jen Callaway, Town Manager

Recommended Action: Staff recommends Town Council adopt Resolution 2025-19 approving the submittal of a Low Carbon Transit Operations Program (LCTOP) grant application for the FY 2024/25 LCTOP grant cycle and authorize the Town Manager to execute documents associated with the LCTOP grant.

Discussion:

LCTOP is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862. 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. Senate Bill 862 continuously appropriates five percent of the annual auction proceeds from the California Air Resources Board's Cap-and-Trade Program in the Greenhouse Gas Reduction Fund for LCTOP. The programmatic apportionment (based on population) for the Town of Truckee for the FY 2024/25 grant cycle is \$126,594.

The FY 2024/25 LCTOP funds will be used to support the free-fare subsidy program for the Truckee TART system, which is an eligible project for the LCTOP program, as it helps reduce greenhouse gas emissions, improves mobility, and serves transit dependent communities. In order to remain eligible for State Transportation Development Act (TDA) funding (which contributes approximately \$875,000 to \$1,000,000 annually to our Transit revenue through State Transit Assistance (STA), Local Transportation Funds (LTF), and Community Transit Services (CTS) funds) rural transportation agencies are required to meet a 10% farebox recovery ratio as it relates to the collective transit system and associated services. This means that 10% of the overall Transit operating budget must be funded by fare revenue, or in the case of a fare-free system, other local (non-federal and non-TDA) funds.

In previous years, the Transit Division used a combination of partnership funding (i.e. Truckee-Tahoe Airport District funding), one-time grant funding, and other local funds such as revenue from Community Facility Districts to ensure the 10% farebox recovery ratio was met. This was adequate in years past given the Transit Division budget for operations was approximately \$1.8 million. However, with the addition of TART Connect now included in the annual operating budget, as opposed to being captured as a Capital Improvement Project, the Transit Division's proposed operating budget is now approximately \$4.7 million for FY25/26. Therefore, at least \$470,000 needs to be funded by local funds.

Similar to FY 24/25, in FY 25/26, the LCTOP funding will support a portion of the fare-free program subsidy cost, with the remaining cost covered by other local Transit revenues. With the addition of the TART Connect service and Measure E funding source, the Town will be able to show Measure E as an additional local funding source to the overall budget in addition to the others historically used, to meet

the 10% farebox recovery ratio requirement.

Priority:

<input type="checkbox"/>	Enhanced Communication	<input checked="" type="checkbox"/>	Climate and Greenhouse Gas Reduction	<input type="checkbox"/>	Housing
<input checked="" type="checkbox"/>	Infrastructure Investment	<input type="checkbox"/>	Emergency and Wildfire Preparedness	<input checked="" type="checkbox"/>	Core Service

Fiscal Impact: The FY 25/26 minimum required free fare subsidy is estimated to be \$473,567 of which \$126,594 in LCTOP funding will be utilized to support Truckee TART's fare free program with the remaining amount supported by local Transit revenues.

Public Communication: Nothing outside of this staff report and associated agenda posting.

Attachments:

Attachment A- Resolution 2025-19