



Staff Report

File #: 24-0034

REQUEST FOR CITY COUNCIL ACTION

DATE: 01/17/2024

TO: Honorable Mayor and City Council Members

FROM: Community Services Department

SUBJECT:

ACCEPTANCE OF A GRANT IN THE AMOUNT OF \$779,467 FROM THE CALIFORNIA DEPARTMENT OF TRANSPORTATION FOR THE CITY'S TRANSIT FARE SUBSIDY PROGRAM

EXECUTIVE SUMMARY:

This staff report asks the City Council to accept and appropriate the grant funds received from the California Department of Transportation for \$779,467. On April 5, 2023, the City Council approved a grant application for an allocation of the Low Carbon Transit Operations Program to extend the City's fare subsidy program for an additional three years. As part of the grant award process, the City Council must accept and appropriate the funds.

RECOMMENDED ACTION:

That the City Council:

- a. Accept the Low Carbon Transit Operations Program grant award from the California Department of Transportation in the amount of \$779,467 for the Fare Subsidy Program.
- b. Authorize the deposit of funds in an interest-bearing account, and authorize the City Manager, or his designee, to track and appropriate interest accrued at the end of the fiscal year to the same project.
- c. Authorize an estimated revenue increase and an appropriation in the amount of \$779,467 from the Transit Services Fund 577 to the Transit Unit's operating budget.
- d. Authorize the City Manager to approve additional budgetary adjustments as needed to administer the grant.

BACKGROUND & HISTORY:

In 2014, Senate Bill 862 (SB 862) established the Transit, Affordable Housing, and Sustainable Communities Program and appropriated proceeds in the Greenhouse Gas Reduction Fund (GGRF) for the Low Carbon Transit Operations Program (LCTOP). This Program was established as a formulaic program that apportioned five percent of the annual auction proceeds of the GGRF in accordance with Sections 99313 and 99314 of the Public Utilities Code (PUC).

LCTOP is one of several programs in the Transit, Affordable Housing, and Sustainable Communities Program. It was created to provide operating and capital assistance to eligible recipients to reduce greenhouse gas emissions and improve mobility with an emphasis on serving disadvantaged communities. Eligible recipients include transportation planning agencies and transit operators eligible for State Transit Assistance funds. The City of Corona is an eligible recipient and may receive state funding from the LCTOP for transit projects.

The Community Assistance Division - Transit Unit (Transit Unit) has been utilizing prior year LCTOP funds to reactivate the ridership lost during the pandemic by providing free fares to all riders. Since the program's launch in February 2022, ridership has increased by 25% on average, and staff anticipated exhausting the funds around September 2023.

The Transit Unit petitioned Riverside County Transportation Commission (RCTC) to support its application for additional funding from LCTOP to create a new three-year Fare Subsidy Program. Under the new Fare Subsidy Program, staff sought approval and funding to provide free fares to seniors, students, and persons with disabilities on the Corona Cruiser (fixed routes) and Dial-A-Ride and reduce fares to \$1.00 for the general public on Corona Cruiser.

The fare subsidy program qualified as an eligible project under "operational expenses that increase transit mode share." Therefore, on April 5, 2023, the City Council authorized staff to submit an allocation request to the California Department of Transportation for LCTOP funds.

ANALYSIS:

Based on ridership projections, staff estimated that an award of \$779,467 is needed to fund the new Fare Subsidy Program for three years, with the project start date of October 1, 2023.

On September 13, 2023, staff received written notice of the City's successful award of funds, including authorization to continue its Fare Subsidy Program to avoid interruption in service to its ridership. Following the award letter, staff received a check for the full award amount, \$779,467. In accordance with the grant rules, the entire amount must be deposited in an interest-bearing account, as all funding, including any interest accrued, must be utilized for the purpose of the approved project.

The Transit Unit seeks Council authorization to accept the grant award, establish and manage an interest-bearing account, and appropriate the funds to the Transit Services Fund 577 to be utilized in FY2024, FY2025, and FY2026.

FINANCIAL IMPACT:

LCTOP grant funds totaling \$779,467 will provide three years of fare subsidy starting October 1,

2023, through June 30, 2026. Approval of the recommended actions will result in an appropriation in the amount of \$779,467 and an estimated revenue increase by the same amount in the Transit Services Fund 577 to the Transit Unit's operation budget.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action merely accepts and appropriates the funds received from the California Department of Transportation to be used for the fare subsidy program. There is no possibility that this action will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: SUDESH PAUL, TRANSIT PROGRAM MANAGER & CYNTHIA LARA, COMMUNITY ASSISTANCE MANAGER

REVIEWED BY: DONNA FINCH, INTERIM COMMUNITY SERVICES DIRECTOR

Attachments:

1. Exhibit 1 - Letter of No Prejudice Request for LCTOP fund for the Fare Subsidy Program Project.
2. Exhibit 2 - Award Letter