

THIS PRINT COVERS CALENDAR ITEM NO.: 10.5

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Finance

BRIEF DESCRIPTION:

Authorizing the Director of Transportation, or their designee, to execute the required Certifications and Assurances and Authorized Agent forms for the Fiscal Year 2024-2025 Low Carbon Transit Operations Program for the purpose of obtaining funds (\$18,401,781) from the California Department of Transportation for the Free Muni for Seniors, People with Disabilities and Youth programs; and authorizing the SFMTA to comply with all conditions and requirements set forth in the Certifications and Assurances and applicable statutes, regulations and guidelines.

SUMMARY:

- The Low Carbon Transit Operations Program (LCTOP) was established under Senate Bill 862 in 2014 to provide grants for projects and initiatives that reduce greenhouse gas emissions from the operation of public transportation systems.
- LCTOP grants can be used by transit agencies for a variety of purposes, so long as they are consistent with the program's goals.
- The SFMTA is an eligible project sponsor and anticipates receiving \$18,401,781 for the Free Muni for Seniors, People with Disabilities and Youth programs in Fiscal Year (FY) 2024-2025 LCTOP funds for transit purposes.
- To obtain this grant, the LCTOP funding administrator, the California Department of Transportation (Caltrans) requires a resolution from the SFMTA Board of Directors that authorizes the Director of Transportation to execute the required Certifications and Assurances and Authorized Agent forms and describes the project(s) to be funded by the LCTOP grant.
- The Metropolitan Transportation Commission has provided the State Controller's Office letter listing the FY 2024-2025 LCTOP Eligible allocations.

ENCLOSURES:

1. SFMTA Board of Directors Resolution
2. FY 2024-2025 LCTOP Program of Projects
3. LCTOP Certifications and Assurances and Authorized Agent Forms

APPROVALS:

DATE

DIRECTOR



May 1, 2025

SECRETARY



April 30, 2025

ASSIGNED CALENDAR DATE: May 6, 2025

PURPOSE

Authorizing the Director of Transportation, or their designee, to execute the required Certifications and Assurances and Authorized Agent forms for the Fiscal Year 2024-2025 Low Carbon Transit Operations Program for the purpose of obtaining funds from the California Department of Transportation for the Free Muni for Seniors, People with Disabilities, and Youth programs; and authorizing the SFMTA to comply with all conditions and requirements set forth in the Certifications and Assurances and applicable statutes, regulations, and guidelines.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

This item will support the following goals within the SFMTA Strategic Plan:

- Goal 1: Identify and reduce disproportionate outcomes and resolve past harm towards marginalized communities.
- Goal 4: Make streets safer for everyone.
- Goal 5: Deliver reliable and equitable transportation services.
- Goal 6: Eliminate pollution and greenhouse gas emissions by increasing use of transit, walking, and bicycling.
- Goal 7: Build stronger relationships with stakeholders.
- Goal 10: Position the agency for financial success.

This item will support the following Transit First Policy Principles:

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods. Public transit, including taxis and vanpools, is an economically and environmentally sound alternative to transportation by individual automobiles. Within San Francisco, travel by public transit, by bicycle and on foot must be an attractive alternative to travel by private automobile.
2. Public transit, including taxis and vanpools, is an economically and environmentally sound alternative to transportation by individual automobiles. Within San Francisco, travel by public transit, by bicycle and on foot must be an attractive alternative to travel by private automobile.
3. Decisions regarding the use of limited public street and sidewalk space shall encourage the use of public rights of way by pedestrians, bicyclists, and public transit, and shall strive to reduce traffic and improve public health and safety.
4. The ability of the City and County to reduce traffic congestion depends on the adequacy of regional public transportation. The City and County shall promote the use of regional mass transit and the continued development of an integrated, reliable, regional public transportation system.
5. The City and County shall encourage innovative solutions to meet public transportation needs wherever possible and where the provision of such service will not adversely affect the service provided by the Municipal Railway.

DESCRIPTION

The LCTOP is a program within California's Cap-and-Trade program, which was established by the California Legislature in 2014 via Senate Bill 862. LCTOP aims to reduce greenhouse gas emissions and improve transportation options, especially in disadvantaged communities and is administered by the Department's Division of Rail and Mass Transportation.

The LCTOP receives five percent of the total proceeds from the statewide Cap-and-Trade auctions. The funds are distributed according to the State Transit Assistance formula, with 50 percent going to transit operators (based on revenue) and 50 percent going to regional transportation planning agencies (based on population).

To be eligible for LCTOP funding, projects undergo a review by Caltrans to ensure they meet the program's criteria. As part of this review, program descriptions and a board resolution authorizing the execution of LCTOP Certifications and Assurances and Authorized Agent forms are required. In the case of the SFMTA, the Director of Transportation or a designated representative will act as the Authorized Agent. More details about LCTOP funding can be found in Enclosure 2, and the necessary Certifications and Assurances and Authorized Agent forms can be found in Enclosure 3.

According to the State Controller's Office, SFMTA's revenue-based share of LCTOP funds is \$18,401,781 for Fiscal Year 2024-2025. SFMTA will allocate these funds to its Free Muni programs for seniors, people with disabilities, and youth.

STAKEHOLDER ENGAGEMENT

The Free Muni programs for seniors, people with disabilities, and youth are considered operating investments and are included in SFMTA's FY 2025-26 & FY 2026-27 proposed budgets. These fare subsidy programs align with the SFMTA Board of Director's goal of creating a fair and equitable transportation system, as outlined in the Muni Service Equity Policy adopted in 2014 and 2018.

To gather input and feedback, staff actively engaged with communities regarding the proposed budget. This outreach involved town hall meetings, in-person sessions, and online events conducted during both daytime and evening hours. The aim was to provide multiple opportunities for participation and ensure a diverse range of stakeholders could contribute their perspectives. Free Muni programs were well received by the public during this outreach.

In its development of the Muni Service Equity Policy, the SFMTA engaged key stakeholders, including city agencies that serve low-income families and persons with disabilities such as Department of Disability and Aging Services, Mayor's Office on Disability, and the Department of Children, Youth and Their Families. The SFMTA also worked with external stakeholders including SFUSD, Senior Disability Action, Lighthouse for the Blind, ILRC and other community groups to gather input.

ALTERNATIVES CONSIDERED

If the SFMTA Board does not authorize receipt of funds from the LCTOP, the SFMTA would need to find other sources of funding to support the Free Muni programs for seniors, people with disabilities, and youth or cancel the program.

FUNDING IMPACT

The SFMTA will receive \$18,401,781 in LCTOP funds in the FY 2025-26 budget to offset costs for Free Muni programs for seniors, people with disabilities, and youth.

As an operations offset, the \$18,401,781 from LCTOP represents 100% of the total funding offset available for these programs in FY 2025-26. If the Free Muni programs do not use all funds this fiscal year any remaining funds would roll into FY 2026-27.

The amount to be received through this allocation matches the budgeted amount. Preliminary figures were provided to the Capital Budget team in February 2025 when final amounts were determined by MTC. In addition to this MTAB item, an allocation request form has been prepared in coordination with the project implementation team and will be submitted to Caltrans to formally claim these funds.

ENVIRONMENTAL REVIEW

The projects proposed for receipt of LCTOP funding are subject to the California Environmental Quality Act (CEQA).

On April 2, 2020, the SFMTA, under authority delegated by the San Francisco Planning Department, determined (Case Number 2020-004013ENV) that the proposed Free Muni for Seniors and People with Disabilities program is statutorily exempt from environmental review under Title 14 of the California Code of Regulations Sections 21080(b)(8) and 15273.

On May 11, 2023, the SFMTA determined under authority delegated by the Planning Department, determined that the Free Muni for Youth program is not a “project” under CEQA pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

On April 10, 2025, the SFMTA, under authority delegated by the Planning Department, determined that the proposed resolution to execute the required Certifications and Assurances and Authorized Agent forms for the Fiscal Year 2024-2025 Low Carbon Transit Operations Program for the purpose of obtaining funds from the California Department of Transportation for the Free Muni for Seniors, People with Disabilities and Youth programs; and authorize the SFMTA to comply with all conditions and requirements set forth in the Certifications and Assurances and applicable statutes, regulations and guidelines is not a “project” under the CEQA pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

Copies of the CEQA determinations are on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The City Attorney has reviewed this item.

RECOMMENDATION

Staff recommends that the SFMTA Board of Directors authorize the Director of Transportation, or their designee, to execute the required Certifications and Assurances and Authorized Agent forms for the Fiscal Year 2024-2025 Low Carbon Transit Operations Program for the purpose of obtaining funds from the California Department of Transportation for the Free Muni for Seniors, People with Disabilities and Youth programs; and authorize the SFMTA to comply with all conditions and requirements set forth in the Certifications and Assurances and applicable statutes, regulations and guidelines.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) is an eligible project sponsor and may receive state funding from the Low Carbon Transit Operations Program (LCTOP) for transit projects; and,

WHEREAS, The statutes related to state-funded transit projects require a local or regional implementing agency to abide by various regulations; and,

WHEREAS, Senate Bill 862 (2014) named the California Department of Transportation (Caltrans) as the administrative agency for the LCTOP; and,

WHEREAS, Caltrans has developed guidelines for the purpose of administering and distributing LCTOP funds to eligible project sponsors (local agencies); and,

WHEREAS, The SFMTA has requested \$18,401,781 in LCTOP funds for the following project: Free Muni for Seniors, People with Disabilities, and Youth programs (\$18,401,781); and,

WHEREAS, The SFMTA wishes to continue the Free Muni for Seniors, People with Disabilities, and Youth programs; and,

WHEREAS, On April 2, 2020, the SFMTA, under authority delegated by the San Francisco Planning Department, determined (Case Number 2020-004013ENV) that the proposed Free Muni for Seniors and People with Disabilities program is statutorily exempt from environmental review under Title 14 of the California Code of Regulations Sections 21080(b)(8) and 15273; and,

WHEREAS, On May 11, 2023, the SFMTA determined under authority delegated by the Planning Department, determined that the Free Muni for Youth program is not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, On April 22, 2024, the SFMTA, under authority delegated by the Planning Department, determined that the proposed resolution to execute the required Certifications and Assurances and Authorized Agent forms for the Fiscal Year 2024-2025 Low Carbon Transit Operations Program for the purpose of obtaining funds from the California Department of Transportation for the Free Muni for Seniors, People with Disabilities and Youth programs; and authorize the SFMTA to comply with all conditions and requirements set forth in the Certifications and Assurances and applicable statutes, regulations and guidelines is not a “project” under the CEQA pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, Copies of the CEQA determinations are on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference; and,

WHEREAS, The SFMTA will not proceed with any projects identified for receipt of all or a portion of the LCTOP funds that have not already undergone environmental review and any necessary approvals until there has been complete compliance with the CEQA, the CEQA Guidelines, and the City's regulations implementing CEQA (San Francisco Administrative Code Section 31); and,

WHEREAS, The San Francisco Municipal Transportation Agency Board of Directors wishes to delegate authorization to execute all Department-required LCTOP documents, and any amendments thereto, to the Director of Transportation or their designee; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation, or their designee, to execute the required Certifications and Assurances and Authorized Agent forms for the Fiscal Year 2025-26 Low Carbon Transit Operations Program for the purpose of obtaining funds from the California Department of Transportation for the Free Muni for Seniors, People with Disabilities and Youth programs; and, be it further

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the SFMTA to comply with all conditions and requirements set forth in the Certifications and Assurances and applicable statutes, regulations, and guidelines.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of May 6, 2025.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

ENCLOSURE 2
FY 2024-25 LCTOP PROGRAM OF PROJECTS

Project Name and Description: Free Muni for Seniors, People with Disabilities and Youth

The SFMTA/Muni offers various free and reduced fare programs to support price-sensitive riders in San Francisco, particularly seniors, people with disabilities, and youth. Here's an overview of these programs:

- **Free Muni for Seniors:** This program is available to San Francisco residents aged 65 and above, whose gross annual family income is at or below 100% of the Bay Area Median Income. It provides free Muni access to eligible seniors.
- **Free Muni for People with Disabilities:** San Francisco residents with disabilities and a gross annual family income at or below 100% of the Bay Area median income can participate in this program. Eligible individuals must possess a registered Regional Transit Connection (RTC) card to avail themselves of free Muni services.
- **Free Muni for Youth:** This program eliminates Muni fares for regular service for all individuals aged 18 and younger, regardless of household income or residency. Youth riders can use Muni vehicles without an application or proof of payment/Clipper card. Those who regularly ride cable cars can apply for a dedicated Clipper card for free rides. Additionally, students enrolled in San Francisco Unified School District's English Learner and Special Education Services programs, up to the age of 22, also enjoy waived Muni fares for regular service.

These programs provide qualifying seniors, people with disabilities, and youths under 18 with unlimited access to SFMTA's transit system at no cost. By attracting new riders and reducing reliance on private vehicles, these initiatives contribute to a decrease in greenhouse gas emissions.

Amount of LCTOP funds requested: \$18,401,781

Benefits to Priority Populations:

These programs benefit low-income and disadvantaged communities within San Francisco. Feedback received by the SFMTA from these communities highlights the financial barrier that hindered access to the transit system in the past. Activities such as attending medical appointments, grocery shopping, and commuting to work were financially burdensome for disadvantaged and low-income individuals. The transit-subsidy programs mentioned above provide free access to SFMTA's comprehensive transit network, thereby promoting equitable use of the system.

As an example, within three zip codes representing disadvantaged neighborhoods, there are 17,948 out of 145,877 transit riders enrolled in Free Muni programs. This enrollment accounts for approximately \$2,308,374 (13% of \$18,401,781) in transit subsidies.

Zip Codes	Neighborhood	Total Free Muni Participants
94130	Treasure Island	601
94102	Tenderloin	8,725
94124	Bayview	8,622
		<hr/> 17,948

The Free Muni programs contribute to improving the overall well-being and health of disadvantaged and low-income individuals across all neighborhoods in San Francisco. These initiatives aim to ensure that people facing financial challenges have access to reliable transportation, enabling them to fulfill essential needs, access healthcare services, and enhance their overall quality of life. By removing the barrier of transportation costs, the Free Muni programs promote equitable opportunities and equal access to resources, benefiting individuals throughout the entire city of San Francisco.

Contributing Sponsors (if applicable): N/A

ENCLOSURE 3
LCTOP Certifications and Assurances and Authorized Agent Forms



FY 2024-2025 LCTOP
Authorized Agent

AS THE **Director of Transportation**
(Chief Executive Officer/Director/President/Secretary)

OF THE **San Francisco Municipal Transportation Agency**
(Name of County/City/Transit Organization)

I hereby authorize the following individual(s) to execute for and on behalf of the named Regional Entity/Transit Operator, any actions necessary for the purpose of obtaining Low Carbon Transit Operations Program (LCTOP) funds provided by the California Department of Transportation, Division of Local Assistance. I understand that if there is a change in the authorized agent, the project sponsor must submit a new form. This form is required even when the authorized agent is the executive authority himself. I understand the Board must provide a resolution approving the Authorized Agent. The Board Resolution appointing the Authorized Agent is attached.

Bree Mawhorter, Chief Financial Officer OR
(Name and Title of Authorized Agent)

Kathie Studwell, Manager, Grants Administration Office OR
(Name and Title of Authorized Agent)

William Hassall, Senior Administrative Analyst OR
(Name and Title of Authorized Agent)

Click here to enter text. OR
(Name and Title of Authorized Agent)

Julie Kirschbaum Director of Transportation
(Print Name) (Title)

(Signature)

Approved this Choose an item. day of Choose an item., 2025



FY 2024-2025 LCTOP Certifications and Assurances

Lead Agency: San Francisco Municipal Transportation Agency

Project Title: Free Muni for Seniors, Persons with Disabilities, and Youth Programs.

Prepared by: William Hassall

The California Department of Transportation (Caltrans) has adopted the following Certifications and Assurances for the Low Carbon Transit Operations Program (LCTOP). As a condition of the receipt of LCTOP funds, Lead Agency must comply with these terms and conditions.

A. General

1. The Lead Agency agrees to abide by the current LCTOP Guidelines and applicable legal requirements.
2. The Lead Agency must submit to Caltrans a signed Authorized Agent form designating the representative who can submit documents on behalf of the project sponsor and a copy of the board resolution appointing the Authorized Agent.

B. Project Administration

1. The Lead Agency certifies that required environmental documentation is complete before requesting an allocation of LCTOP funds. The Lead Agency assures that projects approved for LCTOP funding comply with Public Resources Code § 21100 and § 21150.
2. The Lead Agency certifies that a dedicated bank account for LCTOP funds only will be established within 30 days of receipt of LCTOP funds.
3. The Lead Agency certifies that when LCTOP funds are used for a transit capital project, that the project will be completed and remain in operation for its useful life.
4. The Lead Agency certifies that it has the legal, financial, and technical capacity to carry out the project, including the safety and security aspects of that project.
5. The Lead Agency certifies that they will notify Caltrans of pending litigation, dispute, or negative audit findings related to the project, before receiving an allocation of funds.
6. The Lead Agency must maintain satisfactory continuing control over the use of project equipment and facilities and will adequately maintain project equipment and facilities for the useful life of the project.
7. Any interest the Lead Agency earns on LCTOP funds must be used only on approved LCTOP projects.



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8. The Lead Agency must notify Caltrans of any changes to the approved project with a Corrective Action Plan (CAP).
 9. Under extraordinary circumstances, a Lead Agency may terminate a project prior to completion. In the event the Lead Agency terminates a project prior to completion, the Lead Agency must (1) contact Caltrans in writing and follow-up with a phone call verifying receipt of such notice; (2) pursuant to verification, submit a final report indicating the reason for the termination and demonstrating the expended funds were used on the intended purpose; (3) submit a request to reassign the funds to a new project within 180 days of termination.
- C. Reporting**
1. **The Lead Agency must submit the following LCTOP reports:**
 - a. **Annual Project Activity Reports October 30th each year.**
 - b. **A Close Out Report within six months of project completion.**
 - c. **The annual audit required under the Transportation Development Act (TDA), to verify receipt and appropriate expenditure of LCTOP funds. A copy of the audit report must be submitted to Caltrans within six months of the close of the year (December 31) each year in which LCTOP funds have been received or expended.**
 - d. **Project Outcome Reporting as defined by CARB Funding Guidelines.**
 - e. **Jobs Reporting as defined by CARB Funding Guidelines.**
 2. **Other Reporting Requirements:** CARB develops and revises Funding Guidelines that will include reporting requirements for all State agencies that receive appropriations from the Greenhouse Gas Reduction Fund. Caltrans and project sponsors will need to submit reporting information in accordance with CARB's Funding Guidelines, including reporting on greenhouse gas reductions and benefits to disadvantaged communities.
- D. Cost Principles**
1. The Lead Agency agrees to comply with Title 2 of the Code of Federal Regulations 225 (2 CFR 225), Cost Principles for State and Local Government, and 2 CFR, Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
 2. The Lead Agency agrees, and will assure that its contractors and subcontractors will be obligated to agree, that:
 - a. **Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31, et seq., shall be used to determine the allow ability of individual project cost items and**



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- b. Those parties shall comply with Federal administrative procedures in accordance with 2 CFR, Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. Every sub-recipient receiving LCTOP funds as a contractor or sub-contractor shall comply with
Federal administrative procedures in accordance with 2 CFR, Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
3. Any project cost for which the Lead Agency has received funds that are determined by subsequent audit to be unallowable under 2 CFR 225, 48 CFR, Chapter 1, Part 31 or 2 CFR, Part 200, are subject to repayment by the Lead Agency to the State of California (State). All projects must reduce greenhouse gas emissions, as required under Public Resources Code section 75230, and any project that fails to reduce greenhouse gases shall also have its project costs subject to repayment by the Lead Agency to the State. Should the Lead Agency fail to reimburse moneys due to the State within thirty (30) days of demand, or within such other period as may be agreed in writing between the Parties hereto, the State is authorized to intercept and withhold future payments due the Lead Agency from the State or any third-party source, including but not limited to, the State Treasurer and the State Controller.

A. Record Retention

1. The Lead Agency agrees and will assure that its contractors and subcontractors shall establish and maintain an accounting system and records that properly accumulate and segregate incurred project costs and matching funds by line item for the project. The accounting system of the Lead Agency, its contractors and all subcontractors shall conform to Generally Accepted Accounting Principles (GAAP) and enable the determination of incurred costs at interim points of completion. All accounting records and other supporting papers of the Lead Agency, its contractors and subcontractors connected with LCTOP funding shall be maintained for a minimum of three (3) years after the "Project Closeout" report or final Phase 2 report is submitted (per CARB Funding Guidelines, Vol. 3, page 3.A-16), and shall be held open to inspection, copying, and audit by representatives of the State and the California State Auditor. Copies thereof will be furnished by the Lead Agency, its contractors, and subcontractors upon receipt of any request made by the State or its agents. In conducting an audit of the costs claimed, the State will rely to the maximum extent possible on any prior audit of the Lead Agency pursuant to the provisions of federal and State law. In the absence of such an audit, any acceptable audit work performed by the Lead Agency's external and internal auditors may be relied upon and used by the State when planning and conducting additional audits.
2. For the purpose of determining compliance with Title 21, California Code of Regulations, Section 2500 et seq., when applicable, and other matters connected with



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the performance of the Lead Agency's contracts with third parties pursuant to Government Code § 8546.7, the project sponsor, its contractors and subcontractors and the State shall each maintain and make available for inspection all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including, but not limited to, the costs of administering those various contracts. All of the above referenced parties shall make such materials available at their respective offices at all reasonable times during the entire project period and for three (3) years from the date of final payment. The State, the California State Auditor, or any duly authorized representative of the State, shall each have access to any books, records, and documents that are pertinent to a project for audits, examinations, excerpts, and transactions, and the Lead Agency shall furnish copies thereof if requested.

3. The Lead Agency, its contractors and subcontractors will permit access to all records of employment, employment advertisements, employment application forms, and other pertinent data and records by the Civil Rights Department, or any other agency of the State of California designated by the State, for the purpose of any investigation to ascertain compliance with this document.

F. Special Situations

Caltrans may perform an audit and/or request detailed project information of the project sponsor's LCTOP funded projects at Caltrans' discretion at any time prior to the completion of the LCTOP.

I certify all these conditions will be met.

Bree Mawhorter

(Print Authorized Agent)

Chief Financial Officer

(Title)

(Signature)

(Date)