

Carbon Reduction Program Guidelines

Program Overview

On November 15, 2021, the Bipartisan Infrastructure Law (BIL) (also known as the Infrastructure Investment and Jobs Act or IIJA) was signed into law. The BIL authorizes a new Carbon Reduction Program (CRP) federal funding to projects that decrease transportation emissions, which are defined as the carbon dioxide (CO₂) emissions that result from on-road, highway sources. California receives annual apportionments of CRP over five years. The apportionments are split, with 65% as Local CRP and 35% as State CRP. Both Local and State CRP funds must be invested in alignment with the Carbon Reduction Strategy. To address the diverse needs of California's communities and ensure carbon reduction projects work for the local context, projects are selected for Local CRP by MPOs and for non-MPO area by Caltrans in consultation with RTPAs. These regional agencies may select their own performance-driven project prioritization process as long as it aligns with Caltrans' Carbon Reduction Strategy. Over the course of five years, California state is expected to receive approximately \$550 million apportioned to the program, with almost \$1.4 billion of that total amount expected to be allocated within the AMBAG MPO planning area annually.

IIJA requires Caltrans, in partnership with the MPOs, to develop a Carbon Reduction Strategy and submit to the Federal Highway Administration for approval by November 2023. Caltrans' Carbon Reduction Strategy is currently under development. More details can be found at <https://dot.ca.gov/programs/esta/carbon-reduction>

Although IIJA allows for a variety of projects to be funded through CRP, Caltrans' Carbon Reduction Strategy directs Local and State CRP funds to be invested in projects that support bicycle and pedestrian, rail and transit, zero-emission vehicles and infrastructure, and conversions of existing lanes to priced managed lanes. The draft California Transportation carbon Reduction Strategy can be viewed / downloaded from <https://dot.ca.gov/-/media/dot-media/programs/esta/documents/carbon-reduction/carbonreductionstrategy-publicdraft-a11y.pdf>

Local CRP Process

Local CRP is apportioned by population throughout California based on 2020 US Census Urbanized Areas (UZA). Local CRP apportioned to UZAs within a Metropolitan Planning Organization (MPO) boundary must be programmed by the MPO and cannot be suballocated within the MPO boundary. The MPO must use a competitive, performance-driven process to select projects for CRP funds. While each MPO may set their own process and performance metrics, their process should select projects that support bicycle and pedestrian, rail and

transit, zero-emission vehicles and infrastructure, and conversions of existing lanes to priced managed lanes, in alignment with Caltrans’ Carbon Reduction Strategy.

Once an MPO receives their apportionments, they must use an adopted, performance-driven, and region-wide process to select projects for Local CRP funding. Once projects are selected, a [Project Alignment Confirmation Form](#) must be sent to carbon.reduction@dot.ca.gov to perform an eligibility review by Caltrans. Once the form is signed, the MPO or non-MPO RTPA should proceed with their normal federal funding programming process to make amendments to the Transportation Improvement Program (TIP). (Attachment 1).

Local CRP may be spent on projects at any phase, helping to close a critical transportation funding gap for pre-construction needs. As with most federal funds, Local CRP requires a non-federal match. While the non-federal share requirement depends on the type of project, most projects must have an 11.47% non-federal funding match. Due to limited balance of toll credits statewide, toll credits may not be used as funding match for Local CRP.

Local CRP apportioned to UZAs outside an MPO boundary are programmed by Caltrans. These funds must be programmed to projects with the UZA they were apportioned to. Caltrans will work with RTPAs to identify projects that support bicycle and pedestrian, rail and transit, zero-emission vehicles and infrastructure, and conversions of existing lanes to priced managed lanes, in alignment with Caltrans’ Carbon Reduction Strategy.

MPOs manage CRP funds and project selection process. MPO solicits call for project for CRP funds and all local agencies within the MPO boundary compete for CRP funds. Caltrans HQ Division of Local Assistance performs eligibility review of projects selected by MPOs. (For local agencies in rural areas where there is no MPO, the RTPA shall serve as the MPO.)

Funding Deadlines

Project Deadlines – Per Project Appropriation Year

Federal Fiscal Year	2022	2023	2024	2025	2026
Obligation (E76) Deadline	9/30/2025	9/30/2026	9/30/2027	9/30/2028	9/30/2029
Expenditure Deadline	9/30/2030	9/30/2031	9/30/2032	9/30/2033	9/30/2034

¹Deadline to obligate (E76) is three Federal Fiscal Years after the FFY the funds were apportioned. (REF: Carbon Reduction Program Implementation Guidance, FHWA, p. 10, April 2022.)

CRP fund Apportionments for AMBAG Region

The apportionments for the AMBAG region for FFY 2022 to FFY 2026 are as follows:

AMBAG Region 5 years total funding: \$6,831,111

MPO	FFY 2022	FFY 2023	FFY 2024*	FFY 2025*	FFY 2026*
AMBAG	\$1,344,707	\$1,371,601	\$1,371,601	\$1,371,601	\$1,371,601

Call For Projects Schedule

AMBAG’s implementation of the Carbon Reduction Program funds will follow the schedule outlined below:

Carbon Reduction Program Schedule			
Tasks/Phases		Start Date	End Date
1	Call for projects	3/1/2024	4/2/2024
2	AMBAG review and selection of projects	4/2/2024	4/26/2024
3	Bring projects to AMBAG Board for adoption	5/8/2024	6/12/2024
4	AMBAG to complete CRP Project Alignment form for selected projects	5/8/2024	6/30/2024
5	Program funds in MTIP	5/8/2024	9/30/2025

Following the application deadline, applications will be selected via a competitive process. To ensure an equitable distribution of funding the maximum award for a single project would be capped at \$2.00 million dollars. The steps in the selection process are as follow:

1. AMBAG staff reviews applications for clarity, completeness, and eligibility.
2. Applications are evaluated & ranked by the AMBAG staff based upon the following goals:
 - Project Information & Regional Significance
 - Carbon Reduction Program Goal Alignment
 - Project Readiness & Cost Effectiveness

AMBAG staff will forward the recommended Project List to the AMBAG Board with a recommendation for approval. Upon AMBAG Board’s approval, AMBAG will prepare and submit Caltrans a Project Alignment forms for each selected project for final approval.

Carbon Reduction Program Scoring Criteria

Section A: Carbon Reduction Program Goal Alignment	Maximum Points Possible	Score
	<i>1.) Project aligns with State’s Carbon Reduction Strategy</i>	<i>10</i>
Project fully aligns with State's Carbon Reduction Strategy		10
Project partially aligns with State's Carbon Reduction Strategy		5
Project does not align with State's Carbon Reduction Strategy		0

2.) <i>The project is expected to reduce transportation emissions</i>	10	
Project directly demonstrates cost effectiveness in reducing transportation emissions (CO2)		10
Project indirectly demonstrates a reduction in transportation emissions		5
Project does not demonstrate a reduction in transportation emissions		0
3.) <i>The project incorporates one of the following elements:</i>		
a. <i>The project incorporates complete streets treatments</i>		
b. <i>This project supports Zero Emissions Vehicles and/or ZEV infrastructure</i>		
c. <i>The project improves bicycle, pedestrian or transit design features</i>	15	
Project fully incorporates all 3 elements		15
Project fully incorporates 2 of the 3 elements		10
Project fully incorporates one of the 3 elements		5
Project does not incorporate any of the 3 elements		0
4.) <i>The project improves access and/or closes a gap for transportation in disadvantaged communities</i>	20	
Project directly improves access and/or closes a gap for transportation disadvantaged communities		20
Project partially or indirectly improves access and/or closes a gap for transportation disadvantaged communities		10
Project does not improve access and/or close a gap for transportation disadvantaged communities		0
Total	55	

Section B: Project Readiness and Cost Effectiveness

1) <i>Project is ready to bid within two years</i>	5	
Project is ready to bid within two years		5
Project is not ready to bid within two years		0
2) <i>The request for funding (including local match) will fully-fund the project</i>	5	
The request for funding will fully-fund the project		5
The request for funding will not fully-fund the project		0
3) <i>Project has completed the environmental phase</i>	5	
Project has completed the environmental phase		5
Project has not completed the environmental phase		0
4) <i>Project status for the design / right-of-way phases (Project readiness)</i>	5	
Project has completed the design/ROW phases		5
Project is in process of completing design/ROW phases		2
Project has not started design/ROW phases		0
5) <i>The project has a positive benefit / cost ratio</i>	5	
Project demonstrates positive benefit/cost ratio		5
Project demonstrates negative benefit/cost ratio		0
Total	25	

Section C: Project Information & Regional Significance

1) <i>Project is projected to reduce AADT in corridor or project area</i>	5	
Project directly reduces AADT in project area		5
Project indirectly reduces AADT in project area		2
Project does not reduce AADT in project area		0
2) <i>The project will mitigate safety hazards</i>	5	
Project clearly mitigates safety hazards		5
Project indirectly mitigates safety hazards		2
Project does not mitigate safety hazards		0
3) <i>The project serves regional travel (regionally significant)</i>	5	
Project serves regional travel		5
Project serves local travel		2
Project does not serve regional travel		0
4) <i>The project benefits people with disabilities</i>	5	
The project benefits people with disabilities		5
The project does not benefit people with disabilities		0
Total		20

Approved Projects And Monitoring:

To ensure the timely use of federal funds, AMBAG staff will collaborate with project implementing agencies, RTPAs, Caltrans and FHWA to ensure federal funding requirements and deadlines are met and funds are not lost to the region. Once AMBAG Board of Directors selects projects, the Project implementing agency will be required to submit a Project Alignment Confirmation Form to AMBAG for transmittal to Caltrans. Additionally, AMBAG will prepare and submit annual obligation plans to Caltrans, monitor federal fund obligations, overall federal funding levels, and apportionment and Obligation Authority (OA) balances. Program completion is based on statutory provisions and AMBAG expects all selected projects to be completed in a timely manner and requires that applicants coordinate internal resources to ensure timely completion of the projects.

Questions regarding the Carbon Reduction Program application process should be directed to:

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