Metropolitan Transportation Commission
Programming and Allocations Committee

April 8, 2026 **Agenda Item 4a-26-0347**

MTC Resolution No. 4273, Revised. FY 2025-26 Cap and Trade Low Carbon Transit Operations Program (LCTOP) Cycle A and B and FY 2025-26 Transit Performance Initiative (TPI) Award Recommendations

Subject:

Approval of MTC's FY 2025-26 Low Carbon Transit Operations (LCTOP) program (MTC Resolution No. 4273, Revised) distributing $12.9 million in Cycle A population-based LCTOP funds, and an estimated $6.4 million in Cycle B population-based funds. Includes recommendation of awards for the competitive FY 2025-26 Transit Performance Initiative (TPI) program.

Background:

LCTOP is a formula-based transit funding program – funded through the state's Cap and Invest program – that allocates revenues annually to transit operators on a revenue-based formula (Section 99314) and to MPOs on a population-based formula (Section 99313). For the FY 2025-26 LCTOP funding year, Caltrans will hold two cycles:

- Cycle A will distribute $12.9 million in population-based funds to MTC, and applications are due to Caltrans this month
- Cycle B is estimated to distribute an additional $6.4 million to MTC and will be due to Caltrans later in 2026.

Revenue-based funds will also be distributed directly to operators for both cycles. This two-cycle distribution is happening as a result of the reauthorization of the Cap and Trade/Cap and Invest Program, and LCTOP will return to an annual basis for FY27. Staff recommend programming both Cycles A and B now.

Additional background and details on the LCTOP program and funding recommendations is provided in Attachment A.

FY 2025-26 Population-Based LCTOP Programming

MTC's Cap and Trade Funding Framework, Resolution 4130, Revised, directs MTC's population-based LCTOP funding to three categories: Northern Counties and Small Operators,

Clipper/Fare Policy, and Key Transit Corridors. For FY 2025-26, staff recommend distributing approximately one-third of the funding to projects selected by the northern counties and small operators, including zero-emission vehicle and infrastructure procurement, free or reduced fare projects, and other transit operations and expansion; and approximately two-thirds to projects selected via a competitive Transit Performance Initiative (TPI) call for projects (see section below). Last year, MTC directed two-thirds of the FY25 population-based LCTOP funding towards Clipper operations as part of a two-year fund swap to create a larger pot of funds for Key Transit Corridors/TPI this year.

The LCTOP program guidelines require that at least 50% of MTC's population-based funds benefit disadvantaged communities (DACs). Based on information provided by Northern County/Small Operator and TPI project sponsors, nearly 90% of the FY 2025-26 population-based funds will benefit DACs.

See Attachment A of MTC Resolution No. 4273, Revised for the full list of recommended projects.

Transit Performance Initiative

The TPI Investment program funds low-cost capital investments that can be implemented rapidly to improve operations and customer experience on major transit corridors and systems. Since 2012, $132 million has been programmed to projects throughout the Bay Area. Through this funding program, operators have completed projects that improve transit reliability, speed, and rider experience. Not only has transit service benefitted from these projects, but agencies have built up experience and developed toolkits on how to get transit out of traffic.

To distribute this year's Key Transit Corridors LCTOP funding via the TPI program, staff initiated an open call for projects in late 2025. MTC received seven applications totaling $27 million. An evaluation panel consisting of agency staff and an external transit operator was convened to score submissions as outlined in the call for projects: on the effectiveness of the proposed improvements, support for regional policies and goals, cost effectiveness, and readiness and deliverability, based on submitted proposals and clarifications provided to the panel from project sponsors as requested.

For the FY 2025-26 TPI program, staff recommend awarding a total of approximately $12.8 million in Cycle A and Cycle B LCTOP funding to five projects that will improve travel times, reliability, and ridership on high-frequency and heavily utilized routes.

Recommended awards are included in Attachment A of MTC Resolution No. 4273, Revised. Details of submitted applications, scoring criteria, and funding recommendations are included in Attachments B and C to this item.

Next Steps:
Staff will provide the adopted FY 2025-26 LCTOP programming to project sponsors and Caltrans. Project sponsors are responsible for submitting LCTOP applications to Caltrans in a timely and complete manner.

Issues:
Sponsor Submission of Allocation Requests: Operators receiving FY 2025-26 population-based funding as listed in MTC Resolution No. 4273, Revised, must each submit an Allocation Request to Caltrans with a letter confirming MTC's contribution to access the funds. Sponsors will be required to submit an allocation request during each cycle. MTC's programming of the population-based funds is conditioned upon sponsor submission of this local support documentation. Allocation requests are due to Caltrans on April 28, 2026.

Cycle B Funding Amounts: The Cycle B funding amounts recommended in MTC Resolution No. 4273, Revised are estimates based on the February auction results and recent market patterns. The final Cycle B amounts will be released by the State Controller's Office this summer after the final FY 26 auction in May. Staff will adjust the amounts in the programming resolution accordingly, likely via administrative action if the estimates are close to the final amounts.

Recommendations:
Refer MTC Resolution No. 4273, Revised, to the Commission for approval.

Attachments:

- Attachment A: FY 2025-26 LCTOP Additional Background and Funding Recommendation Details
- Attachment B: FY 2025-26 TPI Call for Projects Background and Award Recommendation Details

- Attachment C: TPI Recommended Project Fact Sheets
- MTC Resolution No. 4273, Revised
  - Attachment A
- Presentation

Andrew B. Fremier