

COUNCIL AGENDA REPORT

TO: Mayor and City Council

FROM: Brett Fulgoni, Director of Public Works

DATE: May 5, 2026

SUBJECT: Adoption of a Resolution Approving Submittal of an Application for the Santa Maria Regional Transit's Fiscal Year 2025-26 Low Carbon Transit Operations Grant For \$342,718

Description:

The City Council will consider adopting a Resolution authorizing the submittal of the Transit Program's recommended Fiscal Year 2025-26 Low Carbon Transit Operations Program grant application in the amount of \$342,718. This represents the second of three planned funding rounds dedicated to supporting the operational costs of Santa Maria Regional Transit Routes 40 and 41 providing service to the City of Guadalupe.

Environmental Notice: The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

RECOMMENDATION:

1. Adopt a Resolution approving the submittal of an application for the Santa Maria Regional Transits Low Carbon Transportation Operations Program grant with the Santa Barbara County Association of Governments for Fiscal Year 2025-26 to fund transit service for Routes 40 and 41 and execute the Certifications and Assurances and authorized agent forms; and
2. Authorize the City Manager, or designee, to execute all required documents.

BACKGROUND:

The Low Carbon Transit Operations Program (LCTOP) was created by the State of California to provide operating and capital assistance for transit agencies to reduce their greenhouse gas emissions and improve mobility. Approved LCTOP projects include the support of new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, as long as the project supports reducing greenhouse gas emissions. For service areas that include disadvantaged communities (DAC), such as the City of Guadalupe, at least 50 percent of the total funds received shall be expended on projects that will benefit DAC.

DISCUSSION:

In 2025, the City of Santa Maria and the City of Guadalupe moved forward with the consolidation of the Guadalupe Flyer into Santa Maria Regional Transit (SMRT). To ensure a sustainable transition, staff is utilizing a multi-year funding strategy. LCTOP guidelines allow the same project to be funded for up to three years using LCTOP funds. This application is for the second of three rounds of LCTOP funds intended to support the fiscal requirements of the consolidation.

The project specifically funds SMRT Routes 40 and 41, which provide critical connectivity between Santa Maria and Guadalupe. Because the City of Guadalupe is the only recognized DAC in northern Santa Barbara County, this project receives funding priority under LCTOP guidelines, which require at least 50% of funds to benefit DAC areas. The total allocation for this cycle is \$342,718, comprised of both 99313 (population-based) and 99314 (farebox-based) LCTOP funds.

Alternative(s)

Council may choose to reject the grant application, however, is not recommended as LCTOP funds particularly prioritize DAC communities such as Guadalupe before any other project. Secondly, without LCTOP funds, the City would see itself compelled to fund this service with limited CA TDA and TDA 5307 funds.

Fiscal Considerations

There are no impacts to the City's General Fund for this project. The Transit Enterprise Fund's operational costs are sustained solely by transit-specific sources, including the \$342,718 in LCTOP funds requested here. This request represents the second of three possible planned funding rounds designed to support SMRT operations of Routes 40 and 41. By utilizing a three-round phased approach, the Transit Division can bridge the operational costs of the Guadalupe consolidation without depleting other traditional transit funds, such as TDA or Section 5307. This strategic use of LCTOP funds ensures that the new service is fully funded through the transitional period while maintaining a fiscally constrained operating budget.

Impact on the Community

The award of these funds will have a significant positive impact by ensuring the continued reliability of enhanced transit service between Santa Maria and Guadalupe. Routes 40 and 41 are vital lifelines for transit-dependent populations, providing direct connectivity to employment, healthcare, and education. Because the City of Guadalupe is a recognized DAC, this project fulfills the State's priority funding requirements, ensuring that high-need populations receive the benefit of modern, low-carbon transit. This project ultimately improves community mobility while contributing to a reduction in local greenhouse gas emissions

ATTACHMENT(S)

- A. Resolution
- B. LCTOP FY 25-26 Allocation Request