

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 6/25/2025

Staff Report No. 25-283

TO: AC Transit Board of Directors
FROM: Salvador Llamas, General Manager/Chief Executive Officer
SUBJECT: TIDA Funding Agreement

ACTION ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider authorizing the General Manager or his designee to execute a funding agreement with the Treasure Island Development Authority (TIDA) to fund the purchase of zero emission buses through the Affordable Housing and Sustainable Communities (AHSC) grant program.

Staff Contact:
Chris Andrichak, Chief Financial Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
Initiative - Financial Efficiency and Revenue Maximization

The execution of this funding agreement allows AC Transit to receive \$1,586,717 for Zero Emission Buses.

BUDGETARY/FISCAL IMPACT:

This item, allowing AC Transit to enter into a subrecipient agreement with the Treasure Island Development Authority (TIDA), enables AC Transit to receive \$1,586,717 for the purchase of zero emission transit fleet vehicles from the AHSC program. These funds support planned bus purchases and do not commit or adversely impact District funds. AC Transit is a subrecipient of a 2019 AHSC grant award and under a separate agreement may provide transit service benefiting the grant recipients TIDA and Mercy Housing California. Any agreement is years away based on the Treasure Island development timeline and would need to come to the Board for approval.

BACKGROUND/RATIONALE:

Senate Bill 862 established a long-term funding framework and programmatic categories for California's Cap and Trade funding, including the AHSC program. The AHSC program is administered by the California Strategic Growth Council (SGC) and allocated by the California Department of Housing and Community Development (HCD) through their funding agreements.

The AHSC program was created to reduce greenhouse gas emissions by creating more compact infill

development patterns, integrating affordable housing with sustainable transportation, and encouraging active transportation and transit usage. Statutory requirements mandate that 50% of the entire program must be used for affordable housing, and 50% must be spent in disadvantaged communities.

In Round 4 of the AHSC program, AC Transit participated as a subrecipient of an awarded grant for a development at Treasure Island in Parcel C3.1. The project is a 135-unit housing development led by Mercy Housing California in partnership with TIDA. This grant was submitted and awarded in 2019. This application originally included \$2.6 million of AHSC funding matched by additional TIDA funds fully funding up to five electric transbay buses serving Treasure Island. Since the original award, service needs and patterns have changed, and the development has been delayed. Subsequently, TIDA has reduced AC Transit's portion of the AHSC award to further fund active transportation components of the grant. TIDA has further reduced their commitment to funding buses and service to Treasure Island, removing AC Transit buses and service subsidies from the Developer Agreement in Spring of 2024.

In 2024, the grant expiration in the standard grant agreement was extended to December 31, 2026 and the grant scope was amended to allow AC Transit to purchase fuel cell buses. Staff are working with TIDA to ensure that the service commitment of this grant is fulfilled by service AC Transit is currently running. This funding agreement with TIDA will allow AC Transit to receive these grant funds and utilize them for upcoming planned zero emission bus procurements before the grant expiration deadline. As a partner, AC Transit must execute a subrecipient agreement to accept the award for its included project of procuring and deploying zero emission buses. Upcoming AC Transit bus procurements would benefit from these funds.

ADVANTAGES/DISADVANTAGES:

Executing this funding agreement will allow AC Transit to more easily fund upcoming planned zero emission bus procurements. This aligns with AC Transit's goals of transitioning to zero emission bus service and maintaining its vehicles in a state of good repair.

Staff have worked to mitigate any disadvantages stemming from service commitments implied or explicit from the original grant application. Not executing this funding agreement would cause the District to forgo \$1,586,717 that could be used imminently for planned zero emission bus procurements as well as cause TIDA to default on its grant commitment, damaging the District's relationship with a valued partner and a valued grant fund source.

ALTERNATIVES ANALYSIS:

The Board can choose not to execute the funding agreement and not accept this funding for planned revenue vehicle purchases. Staff does not recommend this alternative since the funding does not have an immediate nexus to providing additional service and can be used for a planned purchase of zero-emission buses

PRIOR RELEVANT BOARD ACTION/POLICIES:

SR 18-315 FY 2017-18 Affordable Housing and Sustainable Communities Grant Application for the Treasure Island Development Project.

SR 11-111a - Memorandum of Understanding for Treasure Island Service

ATTACHMENTS:

None

Prepared by:

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In Collaboration with:

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Approved/Reviewed by:

Richard Oslund, Director of Management & Budget

Chris Andrichak, Chief Financial Officer

Aimee L. Steele, General Counsel/Chief Legal Officer

Salvador Llamas, General Manager/Chief Executive Officer