

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



## STAFF REPORT

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**MEETING DATE:** 7/8/2026

**Staff Report No.** 26-253

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**TO:** AC Transit Board of Directors  
**FROM:** Salvador Llamas, General Manager/Chief Executive Officer  
**SUBJECT:** Zero Emission Program Annual Progress Report

### BRIEFING ITEM

**AGENDA PLANNING REQUEST:**

**RECOMMENDED ACTION(S):**

Consider receiving the annual progress report on AC Transit's Zero Emission Program.

Staff Contact:

Ahsan Baig, Chief Information Officer

**STRATEGIC IMPORTANCE:**

Goal - Environmental Improvement  
Initiative - Zero Emission Programs

AC Transit's Zero Emission Bus Transition Plan established the goal to have a 100% Zero Emission Bus (ZEB) fleet by 2040. This report provides the Board with an annual report on progress with the ZEB Transition Plan.

**BUDGETARY/FISCAL IMPACT:**

There are no budgetary or fiscal impacts directly related to this report.

**BACKGROUND/RATIONALE:**

AC Transit continues to advance its goal of transitioning the entire bus fleet to 100% zero-emission technologies by 2040. Achieving this objective requires a balanced approach that integrates fleet replacement, infrastructure development, workforce readiness, financial sustainability, and operational performance to ensure the District can continue delivering safe, reliable, and sustainable transit service. As a national leader in the deployment and evaluation of Zero Emission Bus (ZEB) technologies, AC Transit continues to leverage more than two decades of experience operating both fuel cell electric buses (FCEBs) and battery electric buses (BEBs) in real-world transit service, providing valuable insight into technology performance, infrastructure requirements, workforce development, and long-term program sustainability.

Since program inception, the District has invested approximately \$417 million (over 90% grants) in ZEB fleet

and infrastructure deployment. AC Transit currently operates 58 ZEBs in revenue service, with an additional nine buses in acceptance testing, bringing the total fleet to 67 buses entering 2026. Existing hydrogen fueling infrastructure can support approximately 195 buses, while battery-electric charging infrastructure supports 32 buses. Through planned procurements and infrastructure projects, the District anticipates deploying 124 ZEBs by 2028 while maintaining the fueling, charging, maintenance, and training capacity necessary to support service requirements. In addition, staff was recently informed that the District has been awarded VW Mitigation Trust funding to purchase FCEBs, and will bring an item to the Board for approval to purchase additional 100% grant funded FCEBs.

Approximately 12 percent of the District's active fleet has transitioned to zero-emission technologies, with that percentage projected to increase to approximately 22 percent by 2028 based on currently funded procurements. Collectively, the ZEB fleet has accumulated more than 7.7 million service miles and eliminated over 16,000 metric tons of carbon dioxide emissions, including approximately 1,396 metric tons during 2025 alone. The District has also continued workforce development efforts through the modernization of the Training and Education Center (TEC) and accredited apprenticeship programs, and career pathway initiatives.

The Zero Emission Program Annual Progress Report (Attachment 1) provides a comprehensive assessment of fleet deployment, infrastructure investments, operational performance, environmental benefits, workforce development activities, and financial planning. The full fleet transition continues to be guided by the following principles established within the Board-adopted Zero Emission Bus Transition Plan:

1. Replace the fleet per Federal Transit Administration (FTA) mandated Transit Asset Management (TAM) Plan performance targets
2. Prioritize ZEB deployment per the AC Transit Board adopted Clean Corridors Plan
3. Procure ZEB's based on vehicle and infrastructure technology capabilities to meet service requirements
4. Deploy ZEB technology that is most efficient and sustainable to operate
5. Meet the 2040 Innovative Clean Transit (ICT) Goal

The estimated cost to complete the District's transition to a fully zero-emission fleet has increased to approximately \$2.55 billion, including \$2.15 billion for fleet replacement, \$341 million for infrastructure investments, and \$57 million for supporting projects. Based on currently identified funding sources, the District projects a funding gap of approximately \$663 million, representing the most significant challenge to achieving full ICT compliance. Rising vehicle costs, construction inflation, utility upgrades, labor expenses, and uncertainty in grant funding continue to place pressure on the program's long-term financial outlook.

The District will continue seeking to lower costs where possible, including procurement through state contracts and a continued effort to collaborate with other transit agencies and government agencies to lower the cost of hydrogen fuel.

The report includes fleet replacement schedule, infrastructure improvements, workforce development initiatives, and supporting projects with the District's Capital Improvement Program (CIP) and Transit Asset Management Plan to ensure consistency with Strategic Plan objectives and operational requirements.

The District continues to monitor several risks that may affect implementation of the ZEB Transition Plan, including escalating capital costs, charging infrastructure reliability, utility grid constraints, hydrogen fuel price

volatility, supply chain disruptions, workforce capacity challenges, and uncertainty associated with federal and state funding programs. A significant emerging risk involves recent amendments to California's Cap-and-Invest Program. The amendments recently adopted by the California Air Resources Board (CARB) allocates more credits to utilities and industry, reducing the number of credits available for auction, and thus less funds available for the SB 840 expenditure plan. The result is approximately \$2 billion in less funding from Cap-and-Invest for the Greenhouse Gas Reduction Fund (GGRF). The most at risk are the Tier 3 programs, which include funding for LCTOP, TIRCP, and Affordable Housing & Sustainable Communities programs. If the current SB 840 expenditure plan remains the same through the budget process, it would eliminate any state funding through these programs for fleet electrification and infrastructure development.

AC Transit actively participated in statewide advocacy efforts related to the Cap-and-Invest amendments and will continue working with industry partners, legislators, regional agencies, and the California Transit Association (CTA) to support restoration of critical transit funding. The District will continue to advocate for restoration of funding for the critical programs to transit that are currently at risk due to the Cap-and-Invest amendments. To mitigate program risks, the District will continue pursuing diverse funding opportunities, leveraging earned CARB credits through 2028, monitoring regulatory developments, participating in statewide clean transportation initiatives, and advocating for sustained state and federal investment in zero-emission transit infrastructure. To that end, the report notes that the District will also monitor bus purchases against available funding and utilize CARB credits, where needed, to fulfill ICT requirements, or seek waivers against those requirements.

The District also continues to expand its nationally recognized clean transit workforce development ecosystem through partnerships with educational institutions and labor organizations. These efforts include accredited apprenticeship programs, career ladder initiatives developed in collaboration with ATU Local 192, and specialized training programs designed to prepare operators, mechanics, supervisors, and technical staff to safely operate and maintain increasingly complex zero-emission technologies. Together, these initiatives support the District's long-term transition strategy while strengthening workforce readiness for the future of public transportation.

#### **ADVANTAGES/DISADVANTAGES:**

The advantage of the report is that it provides a thorough evaluation of the financial and operational impacts of various ZEB technologies to inform AC Transit decision-making on how to deliver an effective ZEB Transition Plan. There are no disadvantages to receiving this report.

#### **ALTERNATIVES ANALYSIS:**

Staff found no practical alternatives to the course of action recommended in this report.

#### **PRIOR RELEVANT BOARD ACTION/POLICIES:**

Staff Report 22-319: Zero Emission Bus Transition Plan

#### **ATTACHMENTS:**

1. Zero Emission Program Annual Progress Report

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