

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 12/13/2023

Staff Report No. 23-548

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager/Chief Executive Officer
SUBJECT: Application for Volkswagen (VW) Environmental Mitigation Trust Funds

ACTION ITEM

AGENDA PLANNING REQUEST:

RECOMMENDED ACTION(S):

Consider adoption of Resolution No. 23-045 authorizing the General Manager, or his designee, to file and execute applications and funding/contract agreements with the Volkswagen Environmental Mitigation Trust Fund for the purchases of zero-emission transit buses.

Staff Contact:
Chris Andrichak, Chief Financial Officer

STRATEGIC IMPORTANCE:

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

Applying for the funds supports the District's Transit Asset Management (TAM) policy and plan, Zero-Emission Bus fleet transition plan and maintains operations. The application for these trust funds for the purchase of zero-emission buses will help the District in replacing buses that have reached the end of their useful lives.

BUDGETARY/FISCAL IMPACT:

The District has several bus purchases in the coming years with an approximate total cost of \$154 million. The District has so far been able to secure \$105 million. The secured funds are a mix of federal, state and local dollars. The details are provided in Table 1.

The District needs approximately an additional \$49 million in funding to complete these bus purchase projects.

BACKGROUND/RATIONALE:

The Volkswagen (VW) Environmental Mitigation Trust (Trust) provides about \$423 million for California to mitigate the excess nitrogen oxide (NOx) emissions caused by VW's use of illegal emissions testing defect devices in certain VW vehicles. The Trust is a component of partial settlements with VW and is enumerated in the first Partial Consent Decree.

The Consent Decree provides funding opportunities for specified eligible actions that are focused mostly on "scrap and replace" projects for heavy-duty sector, including on-road freight trucks, transit and shuttle buses,

school buses, forklifts and port cargo handling equipment, commercial marine vessels and freight switcher locomotives.

Staff proposes to apply for funding from the Trust for approximately \$36 million for the zero-emission bus purchase projects.

Bus Purchases	Approximate Total Cost	Secured Funding
32 x 60ft Artic Fuel Cell Buses	\$67,161,040	\$38,027,261
25 x 40ft Fuel Cell Buses	\$36,903,773	\$32,731,000
47 x 40ft Diesel Buses	\$32,468,884	\$20,541,440
17 x 40ft Battery Electric Buses	\$17,394,133	\$14,139,750
Total	\$153,927,830	\$105,439,451

Table 1: Summary of Bus Purchases

ADVANTAGES/DISADVANTAGES:

The advantage of applying for these trust funds is the ability to fund the purchases of replacement buses and the ability to keep the District’s fleet in a state of good repair. These trust funds will allow the District to receive additional funds to maintain its capital assets.

ALTERNATIVES ANALYSIS:

None

PRIOR RELEVANT BOARD ACTION/POLICIES:

None

ATTACHMENTS:

1. Resolution 23-045

Prepared by:

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Approved/Reviewed by:

Richard Oslund, Director of Management & Budget

Chris Andrichak, Chief Financial Officer

Jill A. Sprague, General Counsel/Chief Legal Officer