

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 12/11/2024

Staff Report No. 24-406

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager/Chief Executive Officer
SUBJECT: Procurement of Nine (9) 60-Foot Zero Emission Buses

ACTION ITEM

AGENDA PLANNING REQUEST:

RECOMMENDED ACTION(S):

Consider authorizing the General Manager, or his designee, to execute documents through the State of California's Department of General Services (DGS) contract to purchase nine (9) sixty-foot zero-emission hydrogen buses from New Flyer.

Staff Contact:
Salvador Llamas, Chief Operating Officer

STRATEGIC IMPORTANCE:

Goal - Environmental Improvement
Initiative - Zero Emission Programs

In addition to reducing emissions outlined in the District's Clean Corridors Plan, these new zero-emission buses (ZEB) will enhance service quality by replacing old diesel buses that are past their useful life. Adding zero-emission buses will also assist in the District meeting the California Air Resources Board (CARB) Innovative Clean Transit (ICT) regulation and move the District a step forward toward achieving the Board-approved ZEB Transition Plan of a one hundred percent zero-emissions bus fleet by 2040.

BUDGETARY/FISCAL IMPACT:

The purchase of the nine (9) sixty-foot hydrogen buses is expected to cost approximately \$19.8 million. The purchase is funded by \$11.4 million of Federal Transit Administration (FTA) funds, \$3.9 million of State Transit Assistance State of Good Repair funds, \$2.1 million in funding from the Hybrid and Zero-Emission Truck and Bus Voucher Incentive (HVIP) Program (in collaboration with the bus manufacturer), and \$1.6 million in Affordable Housing Sustainable Communities Cap & Trade funding. The remaining funding gap of \$700,000 will be filled by District Capital funding moved from the Division 6 (D6) Parking Structure Demolition project. The D6 Parking Structure Demolition project has not yet been started. Staff will make the necessary adjustments to the mid-year budget to ensure the project is fully fund . Using District Capital funds to complete this purchase now will ensure the District is able to retain the pricing through the State DGS contract before it expires. It also enables the District to leverage the other \$19.1 million of federal and state funding.

Staff initially applied for up to \$4.3 million in Volkswagen Environmental Mitigation Trust for California (VW Trust) funding for this purchase; however, the VW Trust funding is not available to use on the purchase. The application for the VW Trust funding is still open, and if it becomes available during the purchase period, staff will utilize that funding in place of the District Capital and other more flexible funding if possible.

BACKGROUND/RATIONALE:

The District currently has eighty-four (84) diesel buses beyond their useful life. The purchase of these nine (9) sixty-foot zero-emission hydrogen buses will result in the following:

- Replace (9) 2009 Van Hool sixty-foot diesel buses;
- Enhance fleet efficiency and reliability;
- Reduce operating and maintenance costs; and
- Eliminate 1,690 tons of carbon monoxide (CO2) per bus over their 12-year useful lifespan.

Staff has thoroughly reviewed the State of California DGS Contract and found it a suitable procurement method for these hydrogen buses. The District has ensured the contract was competitively sourced, meeting Federal Transit Administration (FTA) required fair and reasonable pricing standards, and proper contracting procedures. The master contract has been examined to confirm it includes all necessary terms, conditions, and certifications to comply with FTA requirements.

ADVANTAGES/DISADVANTAGES:

Authorizing the execution of a contract to purchase these zero-emissions hydrogen buses will allow the use of existing resources to modernize the fleet and enhance environmental sustainability. The primary disadvantage is the significant costs required to purchase these types of vehicles compared to other non-zero-emission vehicles.

ALTERNATIVES ANALYSIS:

If the Board chooses not to authorize the requested purchase, staff can issue a Request for Proposals (RFP) for these buses; however, this process would demand substantial District resources and time, with no guarantee of achieving more favorable pricing or contract terms, given the current economic climate and limited zero-emission bus manufacturers. Additionally, grant and other funding opportunities are limited with defined timelines. If an RFP is issued, the District would need to meet the various requirements to secure funding for this purchase.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Board Policy 465 Procurement Policy
Staff Report 22-319 AC Transit Zero Emission Bus Transition Plan
Staff Report 24-122 Annual report on the state of the District's Fleet

ATTACHMENTS:

None

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