

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 9/9/2020

Staff Report No. 20-353

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager
SUBJECT: Application for MTC Transit Capital Priorities Program Funds

ACTION ITEM

RECOMMENDED ACTION(S):

Consider adoption of Resolution No. 20-040 authorizing the General Manager or his designee to file and execute applications with the Metropolitan Transportation Commission (MTC) for the Transit Capital Priorities (TCP) Program for Federal Fiscal Years 20-21, 21-22, 22-23, 23-24 and 24-25, including Federal Transit Administration (FTA) Sections 5307, 5337, 5339 and Surface Transportation Program (STP) funds.

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency

Initiative - Financial Efficiency and Revenue Maximization

The TCP Program provides the District with multi-year funding for capital vehicle replacements, infrastructure, and operating support.

BUDGETARY/FISCAL IMPACT:

The District is requesting approximately \$293.0 million in federal funding for Federal Fiscal Years 20-21 through 24-25 to fund various capital projects and paratransit operating support. Over the five-year span, the District will have to provide local matching funds of approximately \$94.5 million.

The request includes nearly \$36.0 million for paratransit operating support. This funding requires a 20% match of approximately \$9.0 million, which will be satisfied by the District's existing operating funds that are earmarked for the paratransit expenses in each year. The remaining \$85.5 million in matching funds for vehicles and infrastructure will need to be funded either by other state and local grants or by District Capital. If the required local match for a capital purchase cannot be fulfilled, the District has some flexibility to defer a purchase until the matching funds are identified.

BACKGROUND/RATIONALE:

MTC is the federally designated recipient of the FTA Section 5307, 5337, and 5339 funds for the Bay Area's 12 urbanized areas. The goal of MTC's TCP program is to fund transit projects that are essential to the region and consistent with the Regional Transportation Plan, such as the current PlanBayArea 2040. Section 5307 funding is one of the largest sources of capital funding received by the District and is a critical source for replacing

revenue fleets and other core assets. MTC also sets aside Section 5307 funds for ADA operating purposes in each urbanized area.

The Core Capacity Challenge Grant Program (CCCGP), first adopted by MTC in December 2013, modifies the TCP process for AC Transit. The CCCGP commits of approximately \$7.5 billion in federal, state, regional and local funds over the FY 14-15 to FY 29-30 period to fund key transit capital replacement, rehabilitation, and enhancement needs for AC Transit, BART, and SFMTA. The District has received funding from the CCCGP above what it might otherwise have received from the TCP program to purchase expansion vehicles and infrastructure in prior TCP rounds.

Practically, given the limited amount of funding available, the TCP program is able to fund most of all vehicle replacements requested. The District can request funding for infrastructure projects, but they do not generally score high enough nor is there usually enough funding available for them from the base TCP program. The CCCGP gives special consideration to AC Transit for some infrastructure projects, but not all funding included in the CCCGP is available in all years.

A significant trade-off to the increased funding available to the District through the CCCGP is an increased matching requirement for vehicle purchases. The CCCGP requires a 30% match, but MTC has allowed the District some flexibility in achieving that match over the life of the program. The District also often spends a bit more match than is initially calculated in the TCP request. The result is that the funding for vehicle purchases are requested with a 25% match level in this round.

Staff is recommending the submittal of the applications for the capital projects as listed in the AC Transit Zero Emission Rollout Plan, adopted by the Board on June 10, 2020. The list of proposed projects for FY 20-21 through FY 24-25 includes diesel buses that have not been funded in FY 19-20, and scheduled fleet replacement buses in FY 20-21. From FY 21-22 through FY 23-24, staff is proposing to request funding for zero-emission buses only, therefore an additional project for charging and fueling infrastructure costs is also added to these years. The projects will be incorporated into the Capital Improvement Plan and annual capital budgets over the next five fiscal years. The project selections reflect the District's commitment to reducing greenhouse gases and sustainability as well as adherence to the California Air Resources Board Innovative Clean Transit rule.

ADVANTAGES/DISADVANTAGES:

Staff cannot identify any disadvantages to applying for these funds, other than the required commitment of matching funds for each project.

ALTERNATIVES ANALYSIS:

There are no viable alternatives to applying for these funds, which will constitute a significant portion of the District's capital funding for FY 20-21 to FY 24-25. These funds are programmed funds for the District under the TCP Program.

PRIOR RELEVANT BOARD ACTION/POLICIES:

1. SR 16-250 Application for Metropolitan Transportation Commission Transit Capital Priorities Program

Funds (FY2017-2020)

2. SR 20-224 AC Transit Zero-Emission Bus Rollout Plan

ATTACHMENTS:

1. Resolution 20-040 with Exhibit A

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