

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 4/10/2024

Staff Report No. 24-235

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager/Chief Executive Officer
SUBJECT: FTA Section 5339 Grant Program Competitive Funding Application(s)

ACTION ITEM

AGENDA PLANNING REQUEST:

RECOMMENDED ACTION(S):

Consider authorizing the General Manager or his designee to submit application(s) and execute funding agreements for the Federal Transit Administration (FTA) Section 5339 Competitive Programs (Bus and Bus Facilities Discretionary, and Low and No Emissions Discretionary) for a package of bus purchases, facility improvements, and Workforce Development.

Staff Contact:
Chris Andrichak, Chief Financial Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
Initiative - Zero Emission Programs

Securing grant funds for zero emission bus (ZEB) investments will help the District achieve its ZEB transition plan and workforce development goals.

BUDGETARY/FISCAL IMPACT:

Staff recommends applying for up to \$100 million in FTA competitive Section 5339 grant funds for a scalable package of bus purchases, facility improvements, and ZEB workforce development. An award of this size would enable the District to implement a diverse package of hydrogen and electric infrastructure as well as secure funding for vehicle purchases. Additionally, it would provide workforce development funding for ZEBs.

FTA Section 5339 Funds require a local match of 20% for any infrastructure and workforce development components, and 15% for any ZEB projects. If the District pursues an application for \$100 million, it will require a District contribution of approximately \$21 million over 3-5 years of implementation. The application may be scaled down and the District's correlating capital commitment correspondingly reduced. Staff would continue to pursue other grant funds to cover as much of the local match required as possible.

BACKGROUND/RATIONALE:

On February 8, 2024, FTA announced the availability of \$1.5 billion in Fiscal Year 2024 funding to support state

and local efforts to buy or modernize buses, improve bus facilities, and support workforce development. Of this, \$390 million in funding is authorized under the 49 U.S.C. Section 5339b, Buses and Bus Facilities Competitive Program (Bus and Bus Facilities) and \$1.1 billion is authorized under the 49 U.S.C. Section 5339c Low or No Emissions Program (Low-No).

The purpose of the Bus and Bus Facilities Competitive Program is to assist in the financing of buses and bus facilities capital projects. Additionally, recipients are permitted to use up to 0.5 percent of their requested grant award for workforce development activities. The purpose of the Low-No Program is to support the transition of the nation's transit fleet to the lowest-polluting and most energy-efficient transit vehicles. Applicants can submit a combined application for both the Bus and Bus Facilities and Low-No programs.

AC Transit remains committed to transition the bus fleet to 100% zero-emission buses by 2040. Based on AC Transit's current fleet replacement schedule and planned infrastructure procurements, significant investments are needed at Division 4 and Division 6 to enable future planned purchases of Battery Electric and Fuel Cell vehicles. A funding award from FTA will help offset the substantial cost of related infrastructure investments, as well as offset the cost premium for ZEBs beyond anticipated annual FTA formula funds.

Several components of the application package are already budgeted or included in the FY24-FY28 Capital Investment Program (CIP). The proposed grant application package could leverage approximately \$100 million in funding from other sources, such as FTA formula funds, State Hybrid and Zero Emission Voucher Incentive Program (HVIP) and Volkswagen (VW) Mitigation funds.

Staff is working with an outside consultant to optimize the grant application and plan outreach to key stakeholders to garner support and promote the application. Based on feedback from the consultant and key stakeholders, the package may be scaled down to improve chances of an award. Even if scaled-back, the application would seek funds for a mix of bus purchases and related infrastructure projects.

ADVANTAGES/DISADVANTAGES:

Applying for the FTA Section 5339 funds could enable the District to expand its zero-emission program more quickly, particularly to the extent it results in funds for infrastructure improvements, which are more difficult to fund through grants.

The main disadvantage is the required local funding commitment associated with successful applications, which may ultimately require use of District Capital funds. In addition, successful project delivery requires significant District staff time.

ALTERNATIVES ANALYSIS:

Staff considered the full suite of implementation items in the ZEB transition plan slated for priority within the next 3-5 years and selected projects for grant applications that could fully implement key technology expansion, from infrastructure to buses. The final scope of the application may be scaled down from the proposed \$100 million level, but grant funds awarded would still increase overall ZEB capacity and deployment across the District.

PRIOR RELEVANT BOARD ACTION/POLICIES:

SR 22-319 AC Transit Zero Emission Bus Transition Plan

ATTACHMENTS:

None

Prepared by:

Emily Heard, Manager of Capital Planning and Grants

Approved/Reviewed by:

Chris Andrichak, Chief Financial Officer

Richard Oslund, Director of Management & Budget

Shayna van Hoften, Interim General Counsel/Chief Legal Officer