

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 4/26/2023

Staff Report No. 23-245

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager/Chief Executive Officer
SUBJECT: Fiscal Year 2023-2024 State of Good Repair Program

ACTION ITEM

AGENDA PLANNING REQUEST:

RECOMMENDED ACTION(S):

Consider adoption of Resolution No. 23-023 authorizing the General Manager, or his designee, to file and execute applications and funding agreements, and certifications and assurances with the Metropolitan Transportation Commission for the State of Good Repair (SGR) Program to fund the purchase of fifty diesel 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, fleet transition plan, and maintains operations.

BUDGETARY/FISCAL IMPACT:

The Fiscal Year (FY) 2023-24 SGR program will provide approximately \$4.27 million for AC Transit. Matching funds are not required. The SGR funds pay for a portion of the overall cost of the fifty diesel buses, which is approximately \$38 million.

BACKGROUND/RATIONALE:

Senate Bill 1 (SB1), The Road Repair and Accountability Act of 2017, provides funds for the State of Good Repair (SGR) Program to provide approximately \$105 million annually to transit operators in California for eligible transit maintenance, rehabilitation, and capital projects.

The District is allocated \$4.27 million in SB1 SGR funds for FY23-24 and proposes to use them for the purchase of fifty diesel buses per our Zero Emission Bus (ZEB) Transition Plan. The District will need to purchase 50 diesel buses versus zero-emissions buses due to insufficient funds for construction of ZEB charging and fueling infrastructure. Currently, there are active projects to increase battery bus charging capacity at Division 2 and 4;

and increase hydrogen fueling capacity at Division 4. However, these projects were delayed due to supply chain impacts related to the pandemic. The Board also approved the General Manager to apply for grants to fund construction of a hydrogen fueling station at Division 6. Once all projects are completed, the District will have sufficient capacity to replace old diesel buses with new ZEBs. Thankfully, because of AC Transit's early adoption and investment in ZEB technology, the District remains on track with delivery of AC Transit's ZEB Transition Plan. Further, replacing older buses with new buses with modern technology enhances the efficiency of the fleet and brings the District closer to achieving the Federal Transit Administration (FTA) mandated TAM performance targets.

Staff evaluated various projects and determined that this is the most critical project that is eligible for State of Good Repair funds. This project is in the current capital budget and will carry forward into the FY 2023-24 annual capital budget.

ADVANTAGES/DISADVANTAGES:

Applying for these funds allows the District to receive additional funds that can be used to maintain and improve its capital assets. There are no disadvantages to applying for these funds.

ALTERNATIVES ANALYSIS:

The eligibility criteria for the program are very broad for capital projects and assets. Staff identified the abovementioned project as the most critical for this funding because the District has 69 buses beyond their useful life without awarded replacement contract. This purchase of fifty diesel buses follows the District's fleet replacement plan.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Staff Report 21-253a - Application for Fiscal Year 2021-2022 State of Good Repair Program

Staff Report 22-251 - Fiscal Year 2022-2023 State of Good Repair Program

ATTACHMENTS:

1. Resolution 23-023
2. Recipient Certifications and Assurances
3. Authorized Agent Form

Prepared by:

Seema Prasad, Senior Capital Planning Specialist

In Collaboration with:

Evelyn Ng, Capital Planning and Grants Manager

Approved/Reviewed by:

Cecil Blandon, Director of Maintenance

Chris Andrichak, Chief Financial Officer

Salvador Llamas, Chief Operating Officer

Jill A. Sprague, General Counsel/Chief Legal Officer