



Board Report

File #: 2022-0239, File Type: Application

Agenda Number: 5.

PLANNING AND PROGRAMMING COMMITTEE
MAY 18, 2022

SUBJECT: MATCH REQUIREMENT FOR FEDERAL TRANSIT ADMINISTRATION LOW OR NO EMISSION PROGRAM AND BUSES & BUS FACILITIES PROGRAM GRANT APPLICATIONS

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

APPROVE the programming of \$108.79 million in state and local funds to commit local match for Metro’s grant applications to the Federal Transit Administration (FTA) to procure up to 160 battery-electric buses and supportive charging infrastructure and for related workforce development activities, as detailed in the funding plan in Attachment A.

ISSUE

The FTA is accepting applications for grant awards from the Low or No Emission (Low-No) Program and the Buses and Bus Facilities Program before the May 31, 2022 deadline. A grant award of up to \$104 million from the approximately \$1.72 billion available nationwide will support Metro’s implementation of Phase 2 of the Zero Emission Bus Rollout Plan that the Board approved in March 2021 (Legistar File 2020-0636) and related workforce development activities.

Board approval is needed to commit funds according to FTA’s non-federal funding match requirement. The proposed funding commitment of \$108.79 million is in addition to the \$58.35 million for the procurement of zero-emission buses and charging infrastructure included in Los Angeles County’s 2022 Regional Transportation Improvement Program (RTIP) that the Board approved in December 2021 (Legistar File 2021-0666) and in the 2022 State Transportation Improvement Program (STIP) that the California Transportation Commission (CTC) approved in March 2022. Metro will submit an application for the Low-No program to procure 160 buses and supportive charging infrastructure and related workforce development activities, and submit an application for the Buses and Bus Facilities program to procure 80 battery electric buses and supportive charging infrastructure and related workforce development activities as detailed in the funding plan in Attachment A. The FTA will announce projects selected for grant awards by August 15, 2022.

BACKGROUND

The FTA issued a combined Notice of Funding Opportunity (NOFO) for the Low-No and Buses and

Bus Facilities programs on March 4, 2022 making available about \$1.47 billion nationwide for grant awards. The Federal Fiscal Year (FFY) 2022 Consolidated Appropriations Act signed into law on March 15, 2022 provided an additional \$250 million, increasing the total amount available to \$1.72 billion. As a result, approximately \$1.18 billion and \$545 million in FFY 2022 funds are available for Low-No and Buses and Bus Facilities grant awards, respectively. Applicants may submit a low- or no-emissions project to only one or both programs. The FTA will exercise its discretion to determine under which program a proposed project will receive funding if submitted for consideration under both programs. Of note, the FTA will award a minimum of 25% of the amount available for the Low-No Program to low-emission projects other than zero-emission vehicles and related facilities. Similarly, the FTA will award a minimum of 15% of the amount available for the Buses and Bus Facilities Program to projects located in rural areas. Attachment B summarizes the FTA's project eligibility and evaluation criteria for both grant programs.

DISCUSSION

Based on consultation between Operations and Countywide Planning & Development (CPD), staff recommends submitting grant applications for both the Low-No and the Buses and Bus Facilities programs to procure zero-emission buses and supportive charging infrastructure, as well as to retrain our workforce in the maintenance and operation of such assets.

With the FTA limiting the total grant amount an applicant can receive from the Buses and Bus Facilities Program from all its applications selected for award to no more than 10% of the total funding available nationwide, our agency's grant request of \$52.08 million from this program is sized close to this limit. This application would include a local match commitment of \$75.02 million for a total cost of \$127.1 million. With the FTA not limiting the total amount of Low-No grant award an applicant may receive, our agency's Low-No grant request of \$104.16 million will fund twice as much the scope included in our grant application for the Buses and Bus Facilities Program. This application would include a local match commitment of \$150.04 million for a total cost of \$254.2 million. The funding breakdown for each application is included in Attachment A. This grant request emphasizes our agency's need for federal funding assistance to support transitioning to a full zero-emission bus fleet.

Board approval of the commitment of \$108.79 million in state and local funds for our agency's grant applications is required to secure funding from these programs as the FTA will consider the availability of the non-federal cost share as evidence of the applicant's financial commitment to implement the proposed project(s) in its evaluation process to select projects for funding awards. The FTA requires applicants to submit evidence of the availability of non-federal funds (includes sources and corresponding amounts) for their project(s) or indicate if these funds will need to be secured if the project is selected for funding.

The proposed non-federal funding commitment (in addition to the \$58.35 million in state funds already committed by the Board and the CTC), and grant award(s) from the FTA, will support implementing Phase 2 of our agency's Zero Emission Bus Rollout Plan that focuses on the electrification of Divisions 9 and 18 and the procurement and deployment of zero-emission battery-electric buses to replace buses powered by compressed natural gas (CNG) that have reached the end of their useful life. Due to the funding limitations of the FTA's grant programs, and to increase the

competitiveness of our agency's grant applications to be selected for grant awards, our grant requests are to pay for the incremental cost to procure battery-electric buses and supportive charging infrastructure, with 5% of the total grant request in each application proposed for related workforce development activities.

To increase our chances for being selected for grant awards and address the NOFO, the scopes of our agency's grant applications are scalable as the FTA may choose to award smaller amounts than requested.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no direct impact on the safety of Metro customers or employees.

FINANCIAL IMPACT

Transitioning Metro's CNG bus fleet to zero-emission battery-electric buses and supporting charging infrastructure is more expensive than replacing CNG buses and fueling infrastructure. Recent rough order of magnitude estimates that accompanied the Board adoption of the Rollout Plan in 2021 indicate that the cost of battery-electric supportive charging infrastructure is, on average, about \$620,000 per bus more compared to the infrastructure needed for the operation of CNG powered buses. Staff has identified state and local funds to support the replacement of CNG buses upon their retirement with battery-electric buses, but additional funding is needed. Also, the one-time cost of installing the charging infrastructure requires additional funding to ensure the viability of the deployment of battery-electric buses in revenue service. Grant awards from the FTA will help address these funding needs and support implementing Phase 2 of Metro's Zero Emission Bus Rollout Plan.

CPD, in consultation with the Office of Management & Budget (OMB), has identified non-federal funding of \$108.79 million to use as match for the two FTA grant applications from Transportation Development Act (TDA) and Proposition C funds available for use at the Board's discretion. The proposed non-federal funding match adds to the \$58.35 million that the Board and the CTC already committed in the 2022 RTIP/STIP for the procurement of zero emission buses and infrastructure programmed for FY 2023 (\$17.1 million) and FY 2025 (\$41.25 million). The proposed TDA and Proposition C funds are operations eligible.

Impact to Budget

Approving the recommended action will authorize staff to commit and leverage with federal funds additional local and state funds available for use at the Board's discretion for the procurement of zero-emission battery-electric buses and supportive charging infrastructure. These buses will replace CNG buses that are already scheduled for retirement based on the useful life.

EQUITY PLATFORM

Metro's transition to zero-emission bus technology will be implemented systemwide, therefore eliminating tailpipe emissions and significantly reducing noise that have significant negative environmental effects on residents living and working near the bus corridors, as well as on

commuters that depend on Metro's service for their travel needs. Grant awards by the FTA for the capital investments included in the grant applications will provide some of the funding needed to complete the electrification of Divisions 9 and 18, both of which service bus routes that primarily operate in Equity Focus Communities. The proposed bus electrification activities will reduce environmental burdens and support healthier life outcomes in communities that are predominantly home to minorities and those with relatively high percentages living below the poverty line. The proposed investments are not anticipated to have any long-term negative impacts. Any service changes or construction impacts will be minimal and temporary, mostly confined to Metro properties and communicated to the public using best practices as necessary, including language translation and accessible communications methods.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions support achieving Goal 1 to provide high-quality mobility options that enable people to spend less time travelling by investing in a world-class bus system that is reliable, convenient, and attractive to more users for more trips. It also supports Goal 4 to transform Los Angeles County through regional collaboration and national leadership by transforming its entire bus system and supporting infrastructure to be zero emission.

ALTERNATIVES CONSIDERED

The Board may decide to not approve the match funding or submitting the grant applications to the FTA. Staff does not recommend this alternative as it will result in a missed opportunity to secure federal grants that support addressing Metro's funding needs for the full electrification of our agency's bus fleet. The Board may also decide to approve committing a lower amount in non-federal funds than requested. Staff do not recommend this alternative as it will reduce the number of buses our agency can ask the FTA to fund and have a negative impact on the competitiveness of our applications for grant awards.

NEXT STEPS

Staff will submit the two grant applications to the FTA by the May 31, 2022 deadline and include this Board Report and minutes of actions taken at the board meeting as evidence of the availability and commitment of the non-federal funds for the proposed projects. Staff will report to the Board if the FTA selects our application(s) for grant award and submit other grant applications of similar scope.

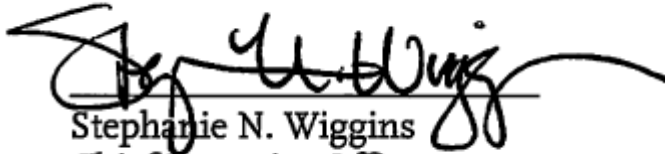
ATTACHMENTS

Attachment A - Funding Plan
Attachment B - Project Eligibility and Evaluation Criteria

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Stephanie N. Wiggins
Chief Executive Officer

**Funding Plan for Battery-Electric Buses, Charging Infrastructure and
Workforce Development Grant Applications**

Table 1A: Funding Sources for FTA Buses and Bus Facilities Grant Application

Funding Source	Commitment	Request	Total
2022 RTIP/STIP (FY 23)	\$17,096,000		\$17,096,000
TDA/ Proposition C	\$57,924,000		\$57,924,000
FTA Buses & Bus Facilities Grant		\$52,080,000	\$52,080,000
TOTAL	\$75,020,000	\$52,080,000	\$127,100,000

Table 1B: Use of Funds for FTA Buses and Bus Facilities Grant Application

Scope	Non-Federal	Federal	Total
80 40-ft Battery-Electric Buses	\$44,640,000	\$29,760,000	\$74,400,000
Supporting Charging Infrastructure	\$29,760,000	\$19,840,000	\$49,600,000
Supporting Workforce Development	\$620,000	\$2,480,000	\$3,100,000
TOTAL	\$75,020,000	\$52,080,000	\$127,100,000

Table 2A: Funding Sources for FTA Low or No Emission Grant Application

Funding Source	Commitment	Request	Total
2022 RTIP/STIP (FY 25)	\$41,249,000		\$41,249,000
TDA/ Proposition C	\$108,791,000		\$108,791,000
FTA Buses & Bus Facilities Grant		\$104,160,000	\$104,160,000
TOTAL	\$150,040,000	\$104,160,000	\$254,200,000

Table 2B: Use of Funds for FTA Low or No Emission Grant Application

Scope	Non-Federal	Federal	Total
160 40-ft Battery-Electric Buses	\$89,280,000	\$59,520,000	\$148,800,000
Supporting Charging Infrastructure	\$59,520,000	\$39,680,000	\$99,200,000
Supporting Workforce Development	\$1,240,000	\$4,960,000	\$6,200,000
TOTAL	\$150,040,000	\$104,160,000	\$254,200,000

Project Eligibility and Evaluation Criteria

Project eligibility for the Low-No Program includes:

- 1) purchasing or leasing low or no emission buses;
- 2) constructing or leasing facilities and related equipment for low or no emission buses,
- 3) constructing new facilities to accommodate low or no emission buses; and
- 4) rehabilitating or improving existing facilities to accommodate low or no emission buses.

To be recommended for funding from the Low-No Program, projects must demonstrate significant reductions in carbon emissions, energy consumption and harmful emissions.

Project eligibility for the Buses and Bus Facilities Program includes capital projects for:

- 1) replacing, rehabilitating, purchasing or leasing buses, vans, and equipment; and
- 2) rehabilitating, purchasing, constructing or leasing bus-related facilities regardless of propulsion type or emissions.

To be recommended for funding from the Buses and Bus Facilities Program, projects must improve the condition of the transit system to deliver reliable service, improve resilience of transit facilities, and/or enhance access and mobility for disadvantaged populations and people with disabilities.

For either program, 5% of the requested grant award for zero emission buses and infrastructure must be for related workforce development activities, including those provided through registered apprenticeships and other joint labor-management training programs. Planning, preventive maintenance and operations activities are ineligible for funding.

For grant applications related to zero emission vehicles under either program, the FTA requires applicants to submit a Zero Emission Fleet Transition Plan. To address this requirement, Operations staff updated our agency's Draft Zero Emission Bus Program Master Plan to ensure it addresses all of the six elements that the FTA requires, including demonstrating a long-term fleet management plan with a strategy on how our agency intends to use the federal and other funding sources included in the grant applications and for future acquisitions of buses and charging infrastructure. Board approval of the staff recommendation will support implementing our agency's Zero Emission Bus Master and Rollout plans, with the battery-electric buses that are proposed to be procured in our grant applications scheduled to be delivered in Fiscal Years (FY) 2024 and 2025.

The FTA will give funding priority to projects that create good-paying jobs with the "free and fair choice to join a union", include workforce representatives in the development of the Zero Emission Fleet Transition Plan, identify the use of labor-management

ATTACHMENT B

partnerships for training, and use registered apprenticeship training to support skilling of incumbent and entry-level workers.

The FTA will also prioritize projects that create significant community benefits relating to the environment and have considered climate change and environmental justice during their planning and design.

The FTA will give funding priority consideration to applications that advance racial equity in two areas: (1) planning and policies related to racial equity and overcoming barriers to opportunity; and (2) investments that either proactively address racial equity and barriers to opportunity, including automobile dependence as a form of barrier, or redress prior inequities and barriers to opportunity. Additionally, the FTA will evaluate how projects proposed for grant award benefit “historically disadvantaged communities”, including “areas of persistent poverty”, and support President Biden’s overall Justice40 Initiative.