



## Board Report

File #: 2024-0172, File Type: Policy

Agenda Number: 26.

### OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE SEPTEMBER 19, 2024

**SUBJECT: SENATE BILL 125 (SB 125) ZERO-EMISSION TRANSIT CAPITAL PROGRAM**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

CONSIDER:

- A. ADOPTING a Los Angeles County Regional Zero Emission Bus Procurement Policy (Attachment A);
- B. APPROVING the Los Angeles County Regional Zero Emission Transit Capital Program (ZETCP)-Equivalent Fund Allocation Framework and the resulting Included and Eligible Transit Operator fund amounts totaling \$49.84 million in Proposition C 40% funding as shown in Attachment B; and
- C. AMENDING the FY25 Budget to implement the ZETCP-Equivalent Fund Allocations and authorize the Chief Executive Officer to negotiate and execute all necessary agreements.

#### **ISSUE**

The SB 125 Zero Emission Transit Capital Program (ZETCP) will allocate \$320.6 million to Metro over four years, beginning in 2024. In July, the California State Transportation Agency (CALSTA) approved allocating \$175,364,000 of ZETCP funds for zero-emission buses and charging infrastructure, and authorized the disbursement of the first-year allocation of \$119,494,973. Metro will receive all ZETCP funds as the county's regional transportation planning agency, and staff has developed a Los Angeles County Regional Zero Emission Bus Procurement Policy and fund allocation, in consultation with the Los Angeles County Municipal Operator Association (LACMOA). Metro will advance the total four-year allocation of \$49.48 million for Included and Eligible Transit Operators so that they may use the funds immediately.

#### **BACKGROUND**

SB 125 (Chapter 54, Statutes of 2023) provided \$4 billion in General Funds for distribution through the Transit and Intercity Rail Capital Program (TIRCP) on a population-based formula to regional transportation planning agencies, which have the flexibility to use the money to fund transit

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operations or capital improvements. The transportation budget trailer bill also established a \$1.1 billion ZETCP fund for allocation to regional transportation planning agencies on a population-based formula, as well as another formula based on revenues to fund zero-emission transit equipment and operations. In July, CALSTA approved Metro's SB 125 allocation package and disbursed \$498,650,905 of TIRCP funds, plus an additional \$119,494,973 million in ZETCP funds.

ZETCP funding can be used for procurement of zero-emission buses (ZEBs), as well as related facility and network improvement projects, which include (but are not limited to):

- Associated fueling or charging infrastructure
- Facility modifications

Transit operations expenditures are also eligible for funding. All SB 125 eligible projects must demonstrate that they will achieve a reduction in greenhouse gas emissions.

## **DISCUSSION**

Over the past several months, Metro has conducted outreach to LACMOA membership to determine their interest in a combined procurement of ZEBs using ZETCP funds.

Programming ZETCP funds for the regional procurement is important for strengthening U.S. bus manufacturing. Staff evaluated the recent departures of several bus manufacturers from the U.S. transit marketplace, and based on published reports and interviews with executives, the following factors have contributed to the marketplace turmoil:

- Severe cash flow pressures caused by quality issues related to unreliable components and immature technology
- Outdated payment practices and delays
- Capital and other commercial risks
- Significant cost increases due to supply chain disruptions in the wake of the COVID-19 pandemic
- Additional burdens in the U.S. market due to Buy America, Altoona bus testing, 12-year design life, and other aspects of the U.S. market that make it unique worldwide.

The regional procurement considers these factors and incorporates several recommendations outlined in the Federal Transit Administration's (FTA) Dear Colleague Letter dated February 7, 2024 (Attachment C) to bolster interest and competition amongst bus manufacturers in the U.S. This includes supporting the standardization of vehicle specifications across multiple agencies, introducing progress payments to relieve original equipment manufacturers (OEM) of cash flow pressures, as well as reducing supply chain constraints, lead times, and costs for OEMs/agencies. Metro adopted the FTA's recommendations in its recent regional procurement, and the agency's application to the Low or No Emission (LoNo) grant program received priority consideration and secured a \$77.5 million award-the second largest in the nation.

Several LACMOA members have expressed interest in this effort, which could result in a combined

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procurement for up to 1,980 ZEBs over the next seven years. Specific plans regarding the participation of other agencies within the County and the exact quantities of vehicles to be purchased beyond Metro's base order of 260 Battery Electric Buses (BEB) with four 325-bus options, and 20 Fuel Cell Electric Buses (FCEB), with four 100-bus options will be determined in the coming months.

In addition, staff developed depot charger specifications for the procurement. Prior to release, vehicle/charger specifications and procurement commercial terms were distributed to LACMOA members for their review and feedback.

### Considerations

Staff evaluated several procurement methods to facilitate a joint procurement with LACMOA membership, such as assigning options in the contract to interested agencies and combining specified joint procurement with fixed quantities to a schedule-type approach that emulates the California Department of General Services Statewide Contracts for Fleet Vehicles. The analysis determined that the assignability of options approach represented the mechanism that preserved the most flexibility with the least administrative burden to Metro and participating municipal operators.

The collaboration will improve the ZEB procurement process and market by reducing manufacturer customizations. In addition, the procurement documents added the recommendations of the American Public Transportation Task Force on Bus Procurements, which call for milestone payments and performance-based technical specifications with minimal references to brand preferences. Notably, per the Federal Transit Administrator's direction, milestone payments have also been tied to more rigorous testing to improve quality assurance of delivered buses, which will also help improve overall operations and lessen program risks for all agencies undertaking the transition to zero-emission fleets.

By designating the ZETCP funds to purchase vehicles and charging infrastructure through the consolidated regional procurement developed in collaboration with LACMOA, Metro will play a significant role in inducing more interest and competition amongst bus OEMs to manufacture zero-emissions buses for the U.S. This will help by addressing many of the pain points that are currently driving many of the manufacturers out of the U.S. market. Without a concerted effort to resolve U.S. bus manufacturing concerns, fewer bus manufacturers will be available to produce zero-emission buses for Metro and LACMOA operators at a time when many agencies are gearing up to convert to zero emissions.

### Los Angeles County Regional Zero Emission Bus Procurement Policy Framework

Metro will receive all ZETCP funds as the county's regional transportation planning agency in four annual allocations. Metro staff collaborated with LACMOA, representing the operators eligible for SB 125 funds, to develop a Procurement Policy (Attachment A) and disburse ZETCP-equivalent funds instead of ZETCP funds. While CALSTA has authorized disbursement of only one year of ZETCP funding to Metro, the agency will advance all four years of allocation at once to the Included and Eligible Operators. This fund advance in FY25 will provide LACMOA operators enough funding to allow them to participate in Metro's regional procurement or conduct their own commensurate multi-agency procurement. Metro will distribute Proposition C 40% funds to the Included and Eligible

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Transit Operators, relieving them of the burden of grant compliance requirements. Attachment B presents the proposed fund allocation amounts by the agency consistent with Metro Board adopted formulas.

To qualify for funding, local operators must participate in Metro's regional bus procurement or equivalent multi-agency procurement that meets corresponding provisions for reduced customizations and milestone or advanced payments. Funds may also be used for operations but only once the agency has drawn down fully on federal COVID relief funding. LACMOA concurs with the Policy and ZETCP-Equivalent Fund Allocations (Attachment D - LACMOA Letter of Concurrence).

### **FINANCIAL IMPACT**

The ZETCP-equivalent fund allocations for FY25 are estimated at \$49,839,411, but the funding for this action was not included in the FY25 Budget and will need to be amended to add Proposition C 40% funding to Cost Center 0443, Project Number 410062-Proposition C 40% Subsidies.

#### **Impact to Budget**

Adopting the staff recommendation would increase the Metro Budget by \$49.84 million to implement the recommended transit operator fund allocations. These funds are eligible for Metro bus and rail operations. However, this budget increase is offset by the \$119.5 million in ZETCP funding allocated to Metro.

### **EQUITY PLATFORM**

Metro's solicitation and ZEB program goals align with SB 125 Final Guidelines that require funds to be used for programs that reduce greenhouse gas emissions and provide at least 25 percent of available funding to projects that directly, meaningfully, and assuredly benefit disadvantaged communities. LACMOA members who receive ZETCP-equivalent funds must follow program guidelines. Otherwise, for participation in the regional procurement, LACMOA members will follow their respective policies and SBE/DBE participation requirements.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

These activities support Goal #3, Enhance communities and lives through mobility and access to opportunity, and Goal #4, Transform LA County through regional collaboration and national leadership.

### **NEXT STEPS**

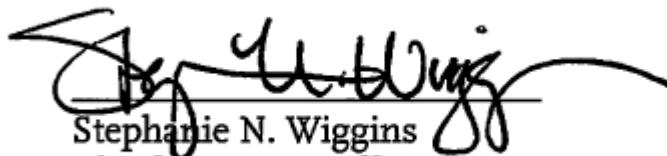
Upon Board approval of the recommended allocations, Staff will work with the transit operators to ensure the proper disbursement of funds. Proposals in response to the bus procurement are due September 29, 2024. Staff will also finalize the determination of bus procurement interest for the submittal of a regional plan as requested by CalSTA.

### **ATTACHMENTS**

Attachment A - Los Angeles County Regional Zero Emission Bus Procurement Policy  
Attachment B - Los Angeles County Regional Zero Emission Transit Capital Program (ZETCP)-  
Equivalent Fund Allocation Framework  
Attachment C - Federal Transit Administration's Dear Colleague Letter  
Attachment D - LACMOA Letter of Concurrence

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Stephanie N. Wiggins  
Chief Executive Officer

## Los Angeles County Regional Zero Emission Bus Procurement Policy

### BACKGROUND

The United States transit bus manufacturing industry is in crisis. Severe cash flow pressures caused by quality issues related to unreliable components and immature technology; outdated payment practices and delays; capital and other commercial risks; cost increases due to supply chain disruptions in the wake of the COVID-19 pandemic; and additional burdens due to Buy America, Altoona testing, 12-year design life, and other factors have contributed to marketplace turmoil.

### POLICY OBJECTIVE

The Federal Transit Administration (FTA) Dear Colleague Letter dated February 7, 2024 introduced several procurement recommendations to bolster interest and competition within the U.S. bus manufacturing industry. This includes supporting the standardization of vehicle specifications across multiple agencies, introducing progress payments to relieve original equipment manufacturer (OEM) cash flow pressures, as well as reducing supply chain constraints, lead times, and costs for both OEMs and agencies.

### POLICY STATEMENT

Metro, through its collaboration with the Los Angeles County Municipal Operators Association (LACMOA), will leverage funds to regionally procure zero emission buses (ZEB) and related infrastructure, increasing competition and interest among U.S. bus manufacturers. This coordinated approach is essential to resolving the challenges facing U.S. bus manufacturing and ensuring that sufficient manufacturers remain in the market to support Metro and LACMOA's transition to zero emission fleets. Without such efforts, the pool of available bus manufacturers may shrink further, undermining the ability of agencies to meet their zero emission goals at a pivotal time.

As such, LA County transit agencies will participate in either a regional procurement or statewide procurement that meets the following criteria:

- **Reduces Customization.** By facilitating standardization of vehicle specifications across multiple agencies, a regional or statewide procurement process will alleviate pressures on OEMs and reduce supply chain constraints, lead times, and costs for both OEMs and transit agencies. The regional approach will reduce the need for extensive customization, streamlining production and enhancing market stability.
- **Includes Milestone Payments and Performance-Based Technical Specifications.** In alignment with the American Public Transportation

Association Bus Manufacturing Task Force recommendations, prioritizing milestone payments and performance-based technical specifications, including limiting brand preferences, helps ensure a fair and competitive bidding process. Additionally, milestone payments will be contingent upon more rigorous testing standards, enhancing quality assurance and reducing program risks for agencies transitioning to ZEB.

- **Includes Pricing Standards.** The regional approach also allows bus price escalation between Notice to Proceed and production, based on the Producer Price Index.

The regional procurement is an important step in strengthening U.S. bus manufacturing, and Metro will continue to collaborate with LACMOA on future procurements to support acceleration of our region's clean vehicle future as well as to ensure our region's communities receive reliable transit service.

**LOS ANGELES COUNTY REGIONAL ZERO EMISSION TRANSIT CAPITAL PROGRAM  
(ZETCP)-EQUIVALENT FUND ALLOCATION FRAMEWORK**

- **Eligible Participants:** Included and Eligible Operators.
- **Eligible Projects:**
  - Capital Zero Emission Bus Purchases/Charging Infrastructure & Funding
  - Transit Operations Expenditures.
  - Eligible vehicle capital projects for ZETCP funds includes buses, and other ZEVs used for transit service” [Per the ZETCP guidelines].
  - All eligible agencies may use ZETCP equivalent funding for Operations Expenditures (per ZETCP guidelines).
- **Fund Allocation Method:** Metro FY24 SB1 STA & SB1 SGR Formula
- **Muni Funding Available Share:** ZETCP-Equivalent Revenue Fund Share (50% of \$320.6M = \$160.3M at 31.09%) = **\$49.84M**.
- **Fund Estimates for Distribution to eligible agencies in FY25 = \$49.84M**
- **Source of ZETCP-Equivalent Funds (Fund Swap):** Prop C 40%
- **Metro’s Prerequisite to Qualify for Operating Funding:**
  - For agencies using the funds for operations, 100% of outstanding COVID Recovery Formula Funds including American Rescue Plan Act (ARPA) and Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act funding must be drawn down first.
  - Not required to draw down Supplemental ARPA funds to qualify.
- **Metro’s Prerequisite to Qualify for Bus Capital Funding:**
  - Participate in Metro SB 125 Regional Bus Procurement Program (or commensurate procurement for certified ZEV vehicle types)
    - Required to meet CARB Innovative Clean Transit (ICT) Regulations
    - Meet Terms of FTA February 2024 “Dear Colleague” Letter:
      - Reduced Customizations & Standardized Specifications
      - Milestone Payments w/Testing & Performance Bond or Other Security
- **Administration:**
  - Fund agreement with reimbursement-basis payments subject to guidelines including but not limited to annual audits and lapsing provisions of Prop C 40% guidelines.
- A Los Angeles County Municipal Operator Association (LACMOA) representative will be invited to participate in Metro’s Regional Bus Procurement Program evaluation of bids.



## ZETCP-EQUIVALENT FUND ALLOCATIONS

Operators		SB1 - STA Allocation	Total ZETCP Allocation
<b><u>Included Operators:</u></b>			
1	Arcadia	0.0803%	\$ 128,657
2	Claremont	0.0282%	45,161
3	Commerce	0.1028%	164,790
4	Culver City	1.3009%	2,085,360
5	Foothill Transit	6.1695%	9,889,646
6	Gardena	1.2745%	2,042,965
7	La Mirada	0.0229%	36,667
8	Long Beach	5.7494%	9,216,219
9	Montebello	1.9764%	3,168,129
10	Norwalk	0.7545%	1,209,474
11	Redondo Beach DR	0.0143%	22,932
12	Redondo Beach MB	0.1796%	287,949
13	Santa Monica	4.9045%	7,861,768
14	Torrance	1.5116%	2,423,023
<b><u>Eligible Operators:</u></b>			
15	Antelope Valley	1.5593%	2,499,459
16	Santa Clarita	1.2974%	2,079,675
17	LADOT Local	2.2998%	3,686,505
18	LADOT Express	1.1688%	1,873,488
19	Foothill BSCP	0.6972%	1,117,544
20	Total Municipal Operators	31.0917%	\$ 49,839,411

Note:



U.S. Department  
of Transportation

**Federal Transit  
Administration**

Administrator

1200 New Jersey Avenue, SE  
Washington, DC 20590

February 7, 2024

Dear Colleague:

Since President Biden signed the Bipartisan Infrastructure Law in 2021, the Federal Transit Administration (FTA) has made over \$4.5 billion available in competitive grants for investments in American-made transit buses and supporting infrastructure. In addition to competitive grants, there's \$16 billion available through formula program grants to urban, rural, and tribal areas, all of which are eligible for bus purchases. Over the next three years, this record public transportation funding will provide nearly \$30 billion more in competitive grants and formula funds to support transit agencies in buying buses, transitioning to low- or no-emission buses, modernizing bus facilities and more. This investment supports a strong U.S. bus manufacturing sector that is essential for clean transit vehicle fleets across the nation, ensuring less pollution, more U.S. jobs, and better-connected communities.

During the Biden-Harris Administration, FTA has listened to transit agencies and U.S. bus Transit Vehicle Manufacturers ([TVMs](#)) discussing current trends in federally funded bus procurements and manufacturing that affect the financial health and stability of the bus manufacturing industry. This includes identifying steps to reduce vehicle contract costs and shorten vehicle delivery times. Specifically, the discussions have covered topics like managing component prices, addressing supply chain issues, growing the bus manufacturing workforce, and reducing unnecessary customization. Particular attention has been on the increased costs to TVMs of financing vehicle production from award of a contract through delivery and acceptance of the vehicles by transit agencies.

To address such challenges, FTA encourages the use of several tools available to transit agencies and TVMs, including:

- **Contract modifications for price increases** - Federally funded contracts can be modified for price adjustments (2 CFR §200.318(k)). Allowable modifications depend on factors including: (1) contract terms and conditions, such as change clauses and Producer Price Index or Consumer Price Index adjustment clauses; (2) applicable state, local, or tribal procurement law; (3) the terms of a price adjustment; and (4) the scope of the contract modification. Certain Federal regulatory requirements may apply, such as performance of a cost or price analysis in connection with a contract modification in excess of the Simplified Acquisition Threshold (currently \$250,000), and where a cost analysis is performed, the FTA recipient must negotiate profit as a separate element of the price (2 CFR § 200.324(a)-(b)).
- **Federal funds for price increases** - FTA recipients can seek additional Federal funds to cover contract price increases. FTA formula and certain other Federal funds (e.g., [flexible](#)

[FHWA funds](#)) can be used to cover contract modifications for price increases.

- **Clauses in new procurements -**

- FTA recipients may include price adjustment clauses (allowing for adjustments both up or down) based on cost indices. Relevant contract terms include when prices are set in the procurement process and subject to subsequent adjustment, and which index/indices to use.
- Another type of contract clause to consider is a “brand name or equivalent” clause. Requiring a specific brand for a particular component without giving the contractor the option to provide an equivalent could result in a higher vehicle price, supply chain related delays, and may be inconsistent with Federal full and open competition requirements.

- **Advance payments** - Advance payments are payments made to the contractor prior to the contractor incurring costs and are permissible under certain circumstances. They can be made: (1) before the award of an FTA grant using local funds if the FTA recipient has either FTA automatic pre-award authority, an FTA Letter of No Prejudice, or other pre-award authority prior to making an advance payment; or, (2) after FTA grant award using local or FTA funds if the recipient provides a rationale, such as a reduction in the contract cost due to the payment, and FTA provides advance written concurrence. FTA recipients must obtain security from the contractor in the amount of the advance payment. Adequate security is subject to negotiation between the recipient and TVM, but typically is a performance bond or a letter of credit in the amount of the advance payment. *A bond or letter of credit for the full cost of the procurement is not a Federal requirement for securitization.*
- **Progress payments** - Progress payments (also sometimes called milestone payments) are payments to a contractor prior to completion of all contract work. Use of FTA funds for progress payments is permissible and does not require advance FTA concurrence if the FTA recipient: (1) obtains adequate security for those payments and (2) maintains documentation to show completion of the discrete activities associated with the progress payment. For rolling stock procurements, it is *impermissible* to tie progress payments to the percentage of completion of the contract. The security for progress payments typically is a performance bond or letter of credit in the amount of the payments but may be other types of security negotiated by the parties as appropriate, such as receipt of title to the rolling stock at an appropriate point in the manufacturing process.
- **Securing the Federal interest** - Security is only required under Federal law for rolling stock procurements utilizing advance or progress payments. Requiring a performance bond or letter of credit when no payments will be made until acceptance of vehicles is not a Federal requirement and typically will drive up the cost of procurement due to the cost to the TVM to provide the security.

Dear Colleague: Bus Manufacturing

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In order to increase value to the public, FTA also encourages recipients to pursue procurement strategies that lower costs and achieve economies of scale, such as state contracts and performance-based specifications.

In addition to the tools described above, FTA is taking additional actions to strengthen the American bus manufacturing industry, lower bus costs, and accelerate transit vehicle deliveries. FTA has created a bus procurement [webpage](#), making it easier to find resources and answer questions, with links to applicable Federal regulations, FTA Circulars, updated FAQs, guidance, and other resources. Procurement courses through the [National Transit Institute](#) (NTI) have expanded. Through June 2024, [NTI procurement courses](#) are offered at 16 different dates and locations, spanning every FTA region.

To bolster support for more efficient and effective bus purchases, FTA recently established an **Acquisition Oversight Division** with a team dedicated to technical assistance and resources supporting third-party procurements like bus purchases. In addition, the new Department of Energy and Department of Transportation's [Joint Office of Energy and Transportation](#) offers FTA recipients interested in planning for or procuring zero-emission buses free technical assistance, including support for fleet transition planning and financial modeling, emissions calculations, and applying for grants.

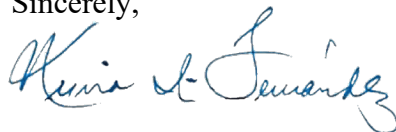
FTA is also releasing the **FY 2024 Buses and Bus Facilities and Low or No Emission Notice of Funding Opportunity (NOFO)**. Important new provisions in this NOFO will support transit agencies and strengthen bus manufacturing. Specifically, FTA will give priority consideration to NOFO applications proposing the use of any of the following: advance or progress payments, joint procurements, or procurement of base model buses. More details are in the NOFO.

Finally, FTA will hold a bus procurement [webinar](#) on February 29 from 2:30 - 3:30 PM ET. The webinar will provide transit agency leaders, procurement officials, and interested stakeholders an overview of the current U.S. bus market, FTA's guidance and resources noted above, and flexibilities and actions available to transit agencies to help lower bus costs and simplify procurements.

FTA's actions reflect the Biden-Harris Administration's focus on the needs of the traveling public and the public transportation industry. Our continued work together will deliver the benefits of the Bipartisan Infrastructure Law to accelerate our clean vehicle future, strengthen domestic manufacturing, and connect communities with reliable transit.

Thank you for your tireless efforts to serve your riders and keep public transportation moving. Should you have any questions, please consult your FTA [regional office](#).

Sincerely,

A handwritten signature in blue ink, appearing to read "Nuria I. Fernandez".

Nuria I. Fernandez



Los Angeles County  
Municipal Operators Association

## ATTACHMENT D

Antelope Valley Transit Authority  
Arcadia Transit  
Beach Cities Transit  
Claremont Dial-a-Ride  
Commerce Municipal Bus Lines  
Culver CityBus  
Foothill Transit  
City of Gardena's GTrans

La Mirada Transit  
Long Beach Transit  
Los Angeles DOT  
Montebello Bus Lines  
Norwalk Transit System  
Santa Clarita Transit  
Santa Monica's Big Blue Bus  
Torrance Transit System

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**VIA EMAIL**

August 22, 2024

Stephanie N. Wiggins, Chief Executive Officer  
Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
Mail Stop: 99-25-1  
Los Angeles, CA 90012-2952

Subject: Allocation of SB 125 Zero-Emission Transit Capital Program Funding

Dear Ms. Wiggins:

The Los Angeles County Municipal Operators Association (LACMOA), which collectively consists of sixteen (16) municipal agencies (Munis'), would like to take this opportunity to affirm our support for the Proposed Allocation Framework of SB 125 Zero-Emission Transit Capital Program (ZETCP) Equivalent Funding. By advancing the total ZETCP funding and allowing Muni operators to utilize the funding immediately will assist us to accelerate our clean vehicle future as well as continue to provide our communities with reliable transit services. We appreciate your support in our on-going effort to build consensus and regional collaboration between LA Metro and LACMOA stakeholders.

Sincerely,

James C. Parker  
LACMOA Chair

cc: LACMOA  
Nalini Ahuja, LA Metro



# SB 125 Zero-Emission Transit Capital Program

EXECUTIVE OFFICE, VEHICLE MAINTENANCE & ENGINEERING



Metro®

Operations, Safety, and Customer Experience Committee  
SEPTEMBER 19, 2024

# State of Transit Bus Manufacturing in the US



- Programming ZETCP funds for regional bus procurement is a key step in strengthening U.S. bus manufacturing industry.

## OEM Challenges

Sever cash flow pressures caused by quality issues related to unreliable component/technology

Significant cost increases due to supply chain disruptions in the wake of COVID-19 pandemic

**BUS  
OEMs**

Buy America, Altoona testing, 12-year design life, and other unique U.S. market traits

Transit agencies desire high levels of vehicle customization

Agency-imposed bonding requirements

Outdated payment practices and delays



**Metro**



## Policy Framework

- Attract **more manufacturers** to promote competitiveness
- **Consistency** and consolidation of vehicle type, technology; ease of operation, maintenance, etc.
- To qualify for funding, local operators must:
  - Participate in Metro's regional bus procurement, or a commensurate procurement that reduces customization and includes milestone payments with testing and performance bonds



# SB 125 Zero-Emission Transit Capital Program (ZETCP)



## SB 125 ZETCP

- Funds available through the new ZETCP are allocated to Regional Transportation Planning Agencies (RTPAs) over four years through population-and revenue-based formulas.
- Metro's total allocation is \$320,596,268
  - **Year 1 ZETCP:** \$119,494,973
  - **Year 2-4 ZETCP:** \$67,033,765 (per year)
- In July, CALSTA approved allocation of \$175,364,000 and authorized disbursement of the first-year allocation of \$119,494,973.

## ZETCP Fund Uses

- ZETCP Funds can be used to:
  - Replace transit vehicles with zero emission
  - Associated fueling or charging infrastructure
  - Facility modifications
- Transit operations expenditures are also eligible, but all SB 125 projects **must demonstrate a reduction in greenhouse gas emissions.**



**Metro**

# SB 125 Allocation Amounts



## **Included Operators:**

Arcadia	\$	128,657
Claremont		45,161
Commerce		164,790
Culver City		2,085,360
Foothill Transit		9,889,646
Gardena		2,042,965
La Mirada		36,667
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Montebello		3,168,129
Norwalk		1,209,474
Redondo Beach DR		22,932
Redondo Beach MB		287,949
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## **Eligible Operators:**

Antelope Valley		2,499,459
Santa Clarita		2,079,675
LADOT Local		3,686,505
LADOT Express		1,873,488
Foothill BSCP		1,117,544

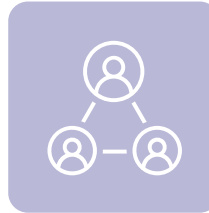
Total Municipal Operators*	\$	49,839,411
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*\*To qualify for operations funding local operators must fully drawdown Covid relief funds.*

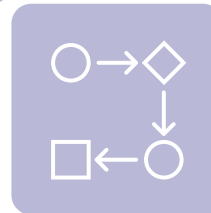
# Regional Bus Solicitation



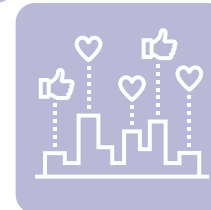
- Initiated the Regional Bus Solicitation concept at the end of 2023
- Surveyed LACMOA members at the beginning of 2024
- A combined procurement for up to 1,980 ZEBs.
- Program aligns with FTA Dear Colleague letter and recommendations of the American Public Transportation Task Force
- Metro's application to FTA LoNo grant program received priority consideration and \$77.5 million award.



Attract **more manufacturers** to promote competitiveness



**Consistency** and consolidation of vehicle type, technology; ease of operation, maintenance, etc.



Promote **better service** from the selected manufacturer



Potential to **share resources** (e.g. parts, experienced workforce, etc.)

*ZEB – Zero-Emissions Bus*

THANK YOU

