



Legislation Text

File #: 21-1805, Version: 1

TO: Mayor and Members of City Council

THRU: Telly C. Whitfield, Ph.D., Assistant City Manager

FROM: Randy Hume, Transit Director

DATE: March 8, 2021

RE: Adoption of a Resolution of Support for a FTA Grant Application for Battery Electric Buses

COUNCIL DISTRICT(S):

All

Relationship To Strategic Plan:

Goal 4: Desirable Place to Live, Work and Recreate

Objective 4.1: To develop and maintain public transportation investments with high quality transit and airport services

Executive Summary:

Council is asked to adopt a Resolution of Support to demonstrate the City's local match funding commitment for a competitive grant application to the Federal Transit Administration (FTA) for the purchase of three 40-foot low-floor battery electric buses to replace diesel buses placed into service in 2009. The total estimated replacement cost is \$2,571,000. The Resolution would indicate the City's willingness to fund a \$385,650 local match to leverage \$2,185,350 of federal funds under an 85%/15% grant scenario.

Background:

Congress has established a competitive capital grant program under the FTA entitled Low or No Emission Grant Program (Low-No Program). This program provides transit bus funding over and above FTA's formula grant programs.

The City's bus fleet is aging, with several buses approaching their estimated useful life of 12 years. It is critical that buses be replaced in a timely manner since FAST buses accumulate a high number of miles every year. The City purchased 13 buses between 2008 and 2010 that are due to be replaced over the next two to three years. Annual FTA formula fund apportionments are not sufficient to fund these needed replacements as formula funds also support other areas of the Transit budget such as operating assistance, maintenance, ADA, planning and other capital needs.

The FTA issued its call for projects, or Notice of Funding Opportunity (NOFO), for the 2021 Low or No Emissions program. Applications or proposals are due to be submitted in Grants.gov no later than April 12, 2021. Normally, project selections are announced three to four months after the submittal deadline. Once a project is selected, a grantee must then submit a formal grant application via FTA's grants management system. That process also takes two to three months. If our application were to be successful, we would expect a grant award for Council to appropriate in early spring 2022.

Transit seeks Council support to request \$2,185,350 (85%) from the FTA, with a local match of \$385,650 (15%) for a total grant of \$2,571,000. The grant is proposed to fund the replacement of three 35 foot low-floor diesel buses with zero emission battery electric buses. The diesel buses have all exceeded 500,000 miles and will have exceeded 12 years of service by the time the replacements would be received and placed into service. The replacement buses are proposed to be 40-foot buses in order to increase battery capacity and increase the operating range of the buses.

This will be the City's second attempt for funding under the Low-No Program. Our 2020 application for four buses was unsuccessful.

The City was successful with its competitive application for replacement diesel buses in 2020 under FTA's Bus and Bus Facilities program. FTA will be providing \$1,734,000 in federal funds for the purchase of four diesel buses. The formal grant for those buses is in process.

It is staff's intention to subsequently apply for Volkswagen (VW) Settlement funding through the North Carolina Department of Environmental Quality (NCDEQ) to reimburse the City for a portion of the local share commitment when the VW Phase 2 call for projects is announced. The City was successful with an application to NCDEQ for VW Settlement funding for electric buses this past year. The City was awarded \$255,500 for purchase of two buses that can be used as local grant match. Those buses will be purchased using FTA formula grant funding.

The Resolution of Support and local funding commitment is a critical part of the application process for the FTA's competitive grant programs.

Issues/Analysis:

Success with competitive grants is critical to FAST's ability to replace buses in a timely manner. The cycles for these grants, the City's budget process, and NCDEQ's Volkswagen (VW) settlement funding do not coincide. Staff has attempted to use VW funds to offset the difference in capital cost and local share between purchasing electric and diesel buses. Staff has also been coordinating the future transition to electric buses with PWC.

Budget Impact:

If the proposed grant application is successful, the formal grant appropriation including local share will be needed in FY22. The FY22 budget is currently under development.

Options:

- Adopt the Resolution of Support as presented;

- Amend and then adopt a Resolution of Support; or
- Reject the Resolution of Support and do not move forward with competing for this grant opportunity.

Recommended Action:

Staff recommends that Council move to adopt the Resolution of Support as presented.

Attachments:

Resolution of Support