

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 1, 2024

CAO File No. 0130-02155-0000

Council File No. None

Council District: All

To: The City Council

From: *for* Matthew W. Szabo, City Administrative Officer 

Reference: Request from the Los Angeles Department of Transportation, dated March 22, 2024

Subject: **AUTHORITY TO APPLY FOR THE FY 2024 LOW OR NO EMISSION, GRANT PROGRAM**

RECOMMENDATIONS

That the Council, subject to approval of the Mayor:

1. Authorize the General Manager of the Los Angeles Department of Transportation (LADOT), or designee, to prepare and submit grant applications for the proposal outlined in Attachment 1; and,
2. Instruct the General Manager of LADOT, or designee, to report back if the City is awarded the grants:
 - a. After working with the City Administrative Officer to identify required match and/or front funding; and,
 - b. To request authority to accept the grant award(s).

SUMMARY

The Low or No Emission Grant Program, overseen by the US Department of Transportation (USDOT), is a competitive grant designed to support the transition of the nation's transit fleet to the lowest polluting and most energy efficient transit vehicles by supporting the purchase or lease of zero-emission and low emission transit buses, and acquisition, construction, and leasing of required supporting facilities. Low-No-Emissions eligible propulsion types include (but are not limited to):

- Zero Emission: Battery-electric and hydrogen fuel cell; and,
- Low Emission: Hybrid electric/gas, hybrid electric/diesel, compressed natural gas (CNG), liquified natural gas (LNG), ethanol, propane.

The Notice of Funding Opportunity (NOFO) was released on February 8, 2024. Applications for this grant cycle must be submitted by April 25, 2024. Since there are more than 60 days between the release of the NOFO and the application due date, approval of the Council and Mayor is required prior to submission of the grant application. Grant award announcements are expected July 2024.

Funding of \$1.1 billion in Fiscal Year 2024 is available for the Low or No Emission Grant Program. Eligible applicants include Native American tribal governments (Federally recognized), City or township governments, County governments, and State governments. Except for projects proposed by Indian Tribes, proposals for funding eligible projects in rural (non-urbanized) areas must be submitted as part of a consolidated state proposal. States and other eligible applicants also may submit consolidated proposals for projects in urbanized areas.

There is no restriction on the number of projects that each agency can submit. This Office received one project proposal from LADOT for Council consideration:

- Purchase of Electric Commuter Buses and Bus Chargers to Transform the Commute in the North Valley.

Funding Match

The below table shows the cost sharing or matching fund requirements for this grant. For LADOT's project, the matching fund requirement is 20 percent. In addition, for applicants proposing projects related to zero-emission vehicles and related facilities, five (5) percent of the requested Federal award must be used for workforce development activities.

Cost Sharing or Matching (Section C.2)

Maximum Federal Share	Project Type
90%	Equipment or facilities that comply with the Clean Air Act (CAA) or Americans with Disabilities Act (ADA) <i>Costs associated with related equipment and facilities must be itemized in application to receive maximum Federal share</i>
85%	Vehicles that are compliant with the CAA or ADA
80%	All other projects, including workforce development/NTI training

The above table is extracted from the FY 2024 Bus-Low-No Webinar Presentation. Section C.2 refers to the section number in the Notice of Funding Opportunity (NOFO).

For the proposed project, the required local match is \$9,838,994. LADOT intends to use Proposition A Local Transit Assistant Fund (Prop A) as the local match. However, Prop A is a stressed City special fund with an ongoing structural deficit of approximately \$70 million. Should Prop A funds not be available, other City funds may need to be identified.

Evaluation Criteria (Attachment 2)

Applications will be evaluated according to the following criteria:

- Demonstration of Need;
- Demonstration of Benefits;
- Planning and Local/Regional Prioritization;
- Local Financial Commitment;
- Project Implementation Strategy; and,
- Technical, Legal, & Financial Capacity.

This Office convened meetings with the LADOT to assess whether the grant proposals align with the evaluation criteria established for the grants. Upon evaluation, it has been determined that the projects satisfy the intended purposes, eligibility requirements, and the specified evaluation criteria of the grant.

FISCAL IMPACT STATEMENT

There is no General Fund impact from the recommendations in this report.

FINANCIAL POLICIES STATEMENT

The recommendation in this report complies with the City's Financial Policies.

MWS:JSL:06240074

Attachments

ATTACHMENT 1 - PROPOSED GRANT PROJECT

Grant Administrator: US Department of Transportation
 Name of Grant: FY 2024 Low or No Emission Grant Program
 NOFO Release Date: February 8, 2024
 Due date: April 25, 2024
 Award date: July 9, 2024

Minimum/Maximum Award: There is no minimum application amount, though no single recipient under the Bus Competitive Program may be awarded more than 10% of the amount made available. Depending on the applications received, Federal Transit Administration (FTA) may cap awards at a particular amount to ensure a diversity of funded projects.

Performance Period: Through September 30, 2027

Lead Department	Project Name	Project Description	Total Project (Budget)	Total Grant Request	Planned Completion Date
LADOT	Purchase of Electric Commuter Buses and Bus Chargers to Transform the Commute in the North Valley	This project will install 50 electric vehicle chargers with 100 dispensers in LADOT's North Bus Yard in Sylmar (Sylmar Yard), enabling 100 electric buses to be charged at the facility. This project also includes the purchase of 15 electric commuter (coach) buses to be used with LADOT Transit's Commuter Express service, which will be charged, maintained, and operated out of the Sylmar Yard.	\$ 49,149,969	\$ 39,355,975	September 2027

ATTACHMENT 2 - PROJECT EVALUATION CRITERIA

Evaluation Criteria	Purchase of Electric Commuter Buses and Bus Chargers to Transform the Commute in the North Valley
<p>Demonstration of Need: How will the proposed project address an unmet need for capital investment?</p>	<p>This project will address an unmet need for capital investment through the procurement and installation of electric vehicle charging equipment and infrastructure, giving the Sylmar Yard added capacity to charge electric buses, which it did not previously have.</p>
<p>Demonstration of Benefits:</p> <ul style="list-style-type: none"> • Buses and Bus Facilities Competitive Program safety? The condition of the transit system? Access and mobility? • How will the proposed project improve Low- or No-Emission Program: How will the proposed project support the program objectives to reduce energy consumption and harmful emissions? 	<p>This project directly supports the listed objectives by allowing battery-electric buses to be charged at the installation site, supporting the city transit fleet's transition from greenhouse gas-emitting buses to zero-emissions buses. As a result of this transition, fossil fuel consumption will be reduced with an accompanying reduction in harmful tailpipe emissions.</p>
<p>Planning and Local/Regional Prioritization:</p> <ul style="list-style-type: none"> • How is the proposed project consistent with local and regional long-range planning documents? • How is the proposed project consistent with local government priorities? • Did the applicant include a Zero-Emission Fleet Transition Plan that includes all 6 required elements? 	<p>This project is consistent with local and regional long-term planning as it directly supports LADOT's transition to zero-emission transit vehicles as mandated by both state and city regulations. The City of Los Angeles has affirmed this transition as a priority through actions such as the L.A. Green New Deal and the Los Angeles City Council's decision that LADOT's transit fleet should be all electric by 2030. In filing for the FTA FY 2024 Low or No Emission Grant, LADOT intends to include a fleet transition plan as part of its application.</p>
<p>Local Financial Commitment:</p> <ul style="list-style-type: none"> • When will the funds be fully secured? • What is the source of the local share? 	<p>LADOT anticipates that the Federal Transit Administration (FTA) will announce the results of the Low or No Emission Grant application process in June 2024. The source of the local share will be Proposition A Local Transit Assistant funds.</p>
<p>Project Implementation Strategy:</p> <ul style="list-style-type: none"> • How soon can the proposed project be obligated (within 12 months)? • How will the project be implemented? 	<p>LADOT anticipates that funds may be obligated within 12 months with an estimated implementation date of September 2027.</p>
<p>Technical, Legal, & Financial Capacity:</p> <ul style="list-style-type: none"> • Does the applicant have the knowledge to carry out the proposed project? • What technical, legal, or financial capacity issues exist, if any? 	<p>LADOT has the knowledge to carry out the proposed project as the department has previously executed comparable projects at other transit yards. Technical issues include the necessity for the facility to receive a utility upgrade for project implementation to occur. The department is currently collaborating with the Los Angeles Bureau of Engineering to address issues related to design and construction management.</p>