

CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: May 21, 2025

To: The Honorable City Council
c/o City Clerk, Room 395
Attention: Heather Hutt, Chair, Transportation Committee

From: Laura Rubio-Cornejo, General Manager
Department of Transportation 

Subject: **LOS ANGELES DEPARTMENT OF TRANSPORTATION REPORT BACK ON FUNDING OPPORTUNITIES FOR CF 24-0563**

SUMMARY

As directed in Council File (CF) 24-0563, this report provides an overview of funding programs available from the South Coast Air Quality Management District (SAQMD) that can support the electrification of the LADOT's bus fleet and the installation of associated charging infrastructure. It further addresses the Carl Moyer Program and AB276 Motor Vehicle Subvention funds, as well as the Federal Inflation Reduction Act's Cash for Communities Direct Pay Provision .

RECOMMENDATION

1. AUTHORIZE the General Manager or Chief of Transit Programs of LADOT to apply for and accept funds for the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) on behalf of the City for bus electrification infrastructure for the Washington Bus Maintenance Yard, also known as the Washington Yard Microgrid Project, in the amount of up to \$9 million.
2. AUTHORIZE the General Manager or Chief of Transit Programs of LADOT to execute any necessary funding and contractual documents, subject to the approval of the Los Angeles City Attorney as to form and legality, for accepting the Carl Moyer Program grant program.
3. ADOPT the attached Resolution to apply for Carl Moyer Program grant program funds.

BACKGROUND

On November 9, 2017, the City Council directed LADOT to take numerous actions to ensure a transition to a 100 percent zero-emission transit bus fleet by 2030 or earlier per Council File (CF) 17-0739. On February 10, 2020, former Mayor Eric Garcetti issued Executive Directive No. 25, directing LADOT to achieve a 100% zero-emission transit bus fleet in time for the 2028 Olympic and Paralympic Games. Furthermore, the Innovative Clean Transit Regulation issued by the California Air Resources Board mandates that all transit agencies in California must be 100% zero emission by 2040 and the regulation provides a timeline for phasing in zero emission bus procurements.

To comply with these directives, LADOT is converting its more than 350 bus fleet to battery-electric vehicles by replacing propane, compressed natural gas, and gasoline vehicles at the end of their useful life with battery-electric vehicles. To charge the battery electric buses, LADOT is actively pursuing funding to install electric charging infrastructure at maintenance yards that the City owns as well as lots that the City leases. LADOT currently estimates a funding gap of \$44.5 million dollars to fully construct the necessary charging infrastructure.

To supplement available Prop A funding, LADOT actively pursues grants from the Federal Transit Administration (FTA) and the California Department of Transportation (Caltrans), as well as discretionary and formula capital funds at the Local, State, and Federal level that are available to LADOT to upgrade bus maintenance facilities and purchase new battery electric buses. Discretionary grant programs that LADOT recently applied include the FTA Section 5336 Low or No Emissions Program and the FTA Section 5336 Bus and Bus Facilities Programs. Formula funding sources that LADOT are eligible to receive to fund transit capital projects include:

- FTA Section 5307 85% Urbanized Area Formula Program Grants
- State Low Carbon Transit Operations Program (LCTOP)
- Senate Bill (SB) 1 State of Good Repair (SGR) Program
- Measure R Clean Fuels Program
- Proposition C 40% Discretionary Funds for the Zero Emission Transit Capital Program (ZETCP)¹

In March 2025, the SCAQMD released a program announcement about the availability of funds for the Carl Moyer Program Grant Funding Opportunity. The budget for the announcement will be approximately \$43.3 million from the Carl Moyer Program and AB923 Match funds. On March 25, 2025, LADOT staff attended a General Program workshop and further met with the SCAQMD to discuss eligible projects, program requirements, and application timelines. LADOT continues to work with SCAQMD to further refine the program application.

DISCUSSION

SCAQMD funding opportunities

The SCAQMD is the regulatory agency responsible for improving air quality for large areas of Los Angeles, Orange, Riverside, and San Bernardino County. SCAQMD staff offer informational training sessions on a broad range of programs, including funding opportunities offered to businesses, the community, and local government staff to help to achieve cleaner air quality for all. These programs include the Carl Moyer Program, AB 2766 Motor Vehicle Subvention funds, and the Mobile Source Air Pollution Reduction Review Committee's (MSRC) Local Government Partnership Program.

Carl Moyer Program

The Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) provides competitive grants for the incremental cost of cleaner-than-required engines, vehicles, and equipment. The total amount of funding available through the program is \$43 million. Eligible project types include vehicle replacement and repower/conversion projects, funding for infrastructure projects that enable the deployment of alternative, advanced, and cleaner technologies to support the State's air quality goals. In order to apply for the program, projects must meet the following criteria:

¹ this is a one-time funding allocation of \$5,559,993 to LADOT

1. Result in surplus emissions reductions beyond current regulations
2. Meet compliance with applicable laws and off-road and marine regulations
3. Meet the cost-effectiveness limit(s) of the Carl Moyer Program
4. Non-public entities must provide at least 15% of the total project cost from non-public sources
5. Operates at least 75% of the time within the South Coast AQMD for most project type
6. The older vehicle/equipment must be scrapped
7. For repower and replacement projects, the engine must achieve a Nitrogen Oxides (NOx) emissions benefit of at least 15%

Current LADOT projects eligible for the Carl Moyer Program are the replacement of DASH buses for battery electric buses and the purchase and install of electric chargers at LADOT's bus yard maintenance yards. Project evaluation and funding is based on the cost-effectiveness, or tons of Nitrogen Oxides (NOx), Reactive Gasses (ROG), and Particulate Matter (PM10) emissions reduced.

The funding of electric vehicle (EV) charging infrastructure needed to support the large-scale conversion of transit bus fleets to zero-emission vehicles (ZEVs) is an eligible expense of the Carl Moyer Program. LADOT Transit is requesting up to \$9 million in grant funds to invest in charging infrastructure for zero-emission transit bus fleets at the Bus Maintenance Facility located at 1910 and 1950 E. Washington Boulevard to charge battery-electric buses. The infrastructure upgrades and improvements include electric battery chargers, transformers, battery storage system, and photovoltaic systems.

Eligible costs under the Carl Moyer Program include facility electrification, a comprehensive power supply assessment to determine the most cost-effective charging solution for our City's battery-electric public bus fleet, civil design and construction, power distribution equipment and labor, charger infrastructure, and community outreach and training. The application will help LADOT meet the Mayor's and City Council's accelerated mandate to electrify our fleet by 2030 or earlier per CF 17-0739.

AB 2766 Motor Vehicle Subvention Funds

The Assembly Bill 2766 Motor Vehicle Subvention fund (AB-2766) provides a funding source to cities and counties to develop clean transportation programs and reduce vehicle emissions. AB-2766 recipients may use subvention funds to transition their on-road fleet to clean or zero emission vehicles and install necessary fueling infrastructure.

The current AB-2766 funding available to the City of Los Angeles is \$5,000,000. Funds are deposited into the City's Mobile Source Air Pollution Reduction Fund. The project applicant is required to obtain approval from their respective City Councils or Board of Supervisors for projects/programs in order to use AB-2766 funds.

MSRC Local Government Partnership Program

MSRC offers Clean Transportation Funding through the Local Government Partnership Program, which emphasizes an accelerated transition to zero emission vehicles along with essential supporting infrastructure.

The goal of this program is to jumpstart the implementation of air quality improvement measures to achieve mandated reductions in smog-forming pollutants. Eligible project categories for the MSRC funding include light-duty zero emissions vehicle purchases or leases, medium and heavy-duty zero emission vehicle purchases, and electric vehicle charging infrastructure (EVSE) installation.

In 2018, City Council authorized LADOT, through CF 11-0527-S5 to apply for MSRC funds. MSRC awarded LADOT \$1,100,000 to procure 11 battery electric buses. LADOT submitted requests to MSRC and received the \$1,100,000 to partially reimburse 11 of the 130 BYD buses that LADOT procured through contract C-134342. LADOT will monitor future funding rounds for opportunities.

The Inflation Reduction Act (IRA) Direct Pay Provision

The Inflation Reduction Act (IRA) Direct Pay Provision offers clean energy tax credits to local governments to accelerate the transition from non-renewable fuel to clean energy. Through direct pay, government entities can receive the full value of the clean energy tax credits because the Internal Revenue Service (IRS) treats the direct payment amount as a tax payment. The IRS will count it as an overpayment on the return and refund it to the government entities.

To apply for the IRA Direct Pay Provision, LADOT submits documentation for clean energy projects to the Internal Revenue Service by the tax return due date for the corresponding year.

The eligible credit is \$40,000 per battery electric bus and \$100,000 per EV charger located in a Qualifying Census Tract (QCT). A QCT is an area that is highly distressed under one of the following primary criteria:

1. The poverty rate is above 30%
2. The area median income is less than 60% of benchmarked median income, or
3. The unemployment rate is at least 1.5 times the national average

LADOT currently has no projects that are eligible to receive credit from the IRA Direct Pay Provision in

CY 2024 since all eligible expenditures were already funded by government grant programs. The next opportunity to apply for the IRA Direct Pay Provision is Spring 2026 for clean energy projects placed into service in CY 2025. LADOT will be able to seek credit for the cost of installing ten 80kW AC chargers at the Compton Bus Yard since those costs were incurred in CY 2025.

FISCAL IMPACT STATEMENT

There will be no impact to the General Fund. Proposition A Fund 385 can provide match and front funds for any grants or payments that the City are awarded on a reimbursement basis.

LRC: JK:ds

Attachment

RESOLUTION

RESOLUTION AUTHORIZING AUTHORITY FOR THE LOS ANGELES DEPARTMENT OF TRANSPORTATION (LADOT) TO SUBMIT AN APPLICATION AND TO SIGN CERTAIN ASSURANCES FOR THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT'S (SOUTH COAST AQMD) CARL MOYER AIR QUALITY STANDARDS ATTAINMENT PROGRAM (CARL MOYER PROGRAM) TO FUND THE DEPLOYMENT OF CHARGING INFRASTRUCTURE UPGRADES FOR ZERO-EMISSION TRANSIT BUS FLEETS AT THE BUS MAINTENANCE FACILITY LOCATED AT 1910 AND 1950 E. WASHINGTON BOULEVARD

WHEREAS, per Council File (CF) 17-0739, the Los Angeles City Council directed Los Angeles Department of Transportation (LADOT) to establish a goal and implementation steps to transition to a 100% zero emission bus fleet by 2030 or earlier; and

WHEREAS, per CF 20-1420, LADOT applied for an accepted \$6,000,000 in funds through the California Energy Commission (CEC) Clean Transportation Program to purchase battery electric bus chargers at the Washington Bus Maintenance Yard, also known as the Washington Yard Microgrid Project; and

WHEREAS, there exists a shortfall of nearly \$9,000,000 in funds needed to install the battery electric chargers and battery storage system scope of the Washington Yard Microgrid Project; and

WHEREAS, the Washington Yard Microgrid Project would charge battery electric buses that are needed to serve the Supplemental Bus System for the 2028 Olympics and Paralympic Games; and

WHEREAS, the Carl Moyer Program became available to public transit agencies and private owners of transit, provides funding to eligible applicant recipients for electric vehicles, charging infrastructure, medium and heavy-duty vehicles, and workforce development; and

WHEREAS, funds from the Carl Moyer Program are administered through the South Coast Air Quality Management District (South Coast AQMD); and

WHEREAS, it is necessary to apply, to sign required assurances and to administer the SCAQMD funds with respect to applications for public transit agencies and private owners of transit; and

NOW THEREFORE, BE IT RESOLVED that the City Council authorize the General Manager or Chief of Transit Programs of the Los Angeles Department of Transportation (LADOT) to execute an agreement with the South Coast AQMD to receive up to \$9,000,000 in

RESOLUTION

funding for the bus electrification infrastructure at the Washington Bus Maintenance Yard, also known as the Washington Yard Microgrid Project (“the Project”).

NOW THEREFORE, BE IT FURTHER RESOLVED that the City Council authorize the General Manager or Chief of Transit Programs of LADOT to furnish such additional information as the South Coast AQMD may require in connection with the application for the allocated funding.