



DATE: April 8, 2024

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Jared Hall, Transit Manager, Public Works and Utilities (PW&U)
Gina Benedetti-Petnic – Interim Director of PW&U

SUBJECT: Resolution Authorizing the Submission of an Application for the Low Carbon Transit Operations Program and the Execution of the Certifications and Assurances for the Following Project: Purchase One Replacement Zero-Emission Bus

RECOMMENDATION

It is recommended the City Council adopt a Resolution authorizing the submission of an application for the Low Carbon Transit Operations Program and the execution of the Certifications and Assurances for the following project: Purchase One Replacement Zero-Emission Bus.

BACKGROUND

The Low Carbon Transit Operations Program (LCTOP) is one of several programs part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 with Senate Bill 862. SB 862 established the LCTOP as a non-competitive, formula-based program, with 5% of annual cap-and-trade auction proceeds being continually appropriated since 2015. LCTOP funds are distributed based on prior use of State Transit Assistance (STA) funds, with 50% of funding designated to regional entities and the other 50% to transit operators. LCTOP was created to provide operating and capital assistance to transit agencies to reduce greenhouse gas emissions and improve mobility, emphasizing serving Disadvantaged Communities. Caltrans administers the program with the California Air Resources Board and the State Controller's Office.

DISCUSSION

For the FY 23/24 allocation, Petaluma is scheduled to receive a total of \$166,565, down from \$168,448 the prior year due to a minor decrease in revenue from statewide Cap and Trade auctions. This amount is based upon a combination of the revenue generated by Petaluma Transit and the City population for FY 22/23.

All regional entities and transit operators expecting to receive LCTOP funds must submit the Certifications and Assurances document to Caltrans annually before receiving funding, accompanied by a governing board resolution. Eligible agencies that do not submit the Certifications and Assurances document and allocation request could risk losing their apportionment for that fiscal year to another regional operator.

LCTOP funds are to be expended by transit agencies on operating or capital projects that reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities, and should fulfill any of the following goals:

1. Expenditures that directly enhance or expand transit service by supporting new or expanded bus or rail services, new or expanded water-borne transit, or expanded intermodal transit facilities. This may include equipment acquisition, fueling, maintenance, and other costs to operate those services or facilities.
2. Operational expenditures that increase transit mode share.
3. Expenditures related to the purchase of zero-emission buses, including electric buses, and the installation of the necessary equipment and infrastructure to operate and support zero-emission buses.

Of the three criteria, option three best meets Petaluma Transit's current needs while simultaneously maintaining funding flexibility through other sources, including STA and TDA, for operational needs.

Funding provided through the LCTOP grant will be set aside to serve as matching funds towards replacing an existing fixed route bus in FY 24/25. This purchase is anticipated to be funded by FTA 5307 funds (64%), with the local match (21%) made up of LCTOP (6%) and TDA funding (15%). Using these funds to purchase a replacement bus will enable Petaluma Transit to meet the LCTOP program goal of reducing greenhouse gas emissions while preserving TDA reserve funds for general operating use. Having reached the end of its useful life, the existing bus will be auctioned for sale upon receipt of the new bus.

On December 14, 2018, the California Air Resources Board approved the Innovative Clean Transit Regulation, which requires California transit agencies to transition their buses to zero-emission technology gradually. Petaluma Transit intends to purchase multiple Zero-Emission Buses in FY 25 to replace outgoing diesel buses in line with this policy. Additional City Council action will be required at the time of acquisition.

Funding received through the FY23/24 LCTOP allocation will be partly used to purchase a zero-emission battery electric bus. The bus is anticipated to be ordered in FY25. This will help to be an essential first step towards electrifying the fourteen fixed route buses within the Petaluma Transit Fleet to fulfill the California Innovative Clean Transit Initiative (all zero-emission buses by 2040) and the City of Petaluma Climate Emergency Framework goal of achieving carbon neutrality by 2030.

PUBLIC OUTREACH

These projects reflect Petaluma Transit's identified operating and capital improvement needs over the past three years, including discussions with the Transit Advisory Committee and associated agency goals.

This item was discussed at the March 2024 meeting of the Transit Advisory Committee.

COUNCIL GOAL ALIGNMENT

The proposed action supports the following City Council Goals, Objectives, and Workplan Items:

- Workplan item # 52 - Develop a framework to move the City and Transit vehicle fleet from fossil-fuel-based to hybrid, renewable compressed natural gas, and/ or electric vehicles; continue pursuing grant funding opportunities for electric vehicles.

CLIMATE ACTION/SUSTAINABILITY EFFORTS

By replacing diesel buses with zero-emission buses, Petaluma Transit can reduce greenhouse gas emissions from its vehicle fleet and conduct its operations cleaner and greener. This will help to achieve many of the goals outlined in the Petaluma Climate Action Framework.

ENVIRONMENTAL REVIEW

The proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15378, in that applying for a grant does not meet CEQA's definition of a “project” because the action does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, and because the action does not commit the City to a definite course of action (See *City of Irvine v. County of Orange* (2013) 221 Cal 4th 846, 865 County’s decision to apply for state funding for potential jail expansion was not project approval). Any future action due to using the grant funds will receive its own analysis under CEQA. However, purchasing one zero-emission bus to replace an existing diesel bus, with no increase in service, will likely be exempt pursuant to CEQA Guidelines Section 15061, the commonsense exemption.

FINANCIAL IMPACTS

The FY 23/24 LCTOP allocation represents \$166,565 in capital funding for FY 24/25, which will permit the City to replace one bus that has reached the end of its useful life without using TDA funds that would otherwise be used for transit operations.

ALTERNATIVES

This proposed action will provide funding to purchase a zero-emission bus. Without this funding, the City would either consider purchasing a lower-cost, diesel-emitting bus or need to identify additional funding sources to help fund the increased expense of battery-electric buses.

ATTACHMENTS

1. Resolution