



August 8, 2019

To: Transit Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Program Recommendations for Fiscal Year 2019-20 Funds

Overview

Funding recommendations are presented for the SB 1 State of Good Repair Program for fiscal year 2019-20 funds. These funds will help sustain and upgrade the Orange County Transportation Authority bus system, consistent with state program goals.

Recommendations

- A. Approve Resolution No. 2019-058, consistent with the SB 1 State of Good Repair Program Guidelines, authorizing the use of \$5.720 million in fiscal year 2019-20 SB 1 State of Good Repair Program funding for:
- Replacement of up to seven iShuttle buses (\$3.030 million),
 - Replacement of up to six El Dorado Cutaways with 40-foot buses (\$1.890 million),
 - Replacement of the emergency equipment at the Anaheim and Irvine Construction Circle bus bases (\$0.800 million).
- B. Authorize staff to make all necessary amendments to the Federal Transportation Improvement Program, as well as execute any necessary agreements to facilitate the above recommendations.

Background

On April 28, 2017, Governor Brown signed SB 1, known as the Road Repair and Accountability Act of 2017. The State of Good Repair (SGR) Program is a transit capital program funded from the new SB 1 Transportation Improvement fee element and is estimated to provide \$108 million statewide for fiscal year (FY) 2019-20. The Orange County Transportation Authority's (OCTA) share is estimated to be \$5.720 million. The State Controller's Office (SCO) will

likely release a revised estimate for the FY 2019-20 SGR funds in August 2019, after this staff report is published.

The specific goal of the SGR Program is to rehabilitate and modernize existing local transit systems. Eligible projects include transit capital projects or services to maintain or repair a transit operator's existing transit vehicle fleet or transit facilities that improve existing transit services, and transit services that complement local efforts.

OCTA has received two cycles of SGR funding with all funds being used to support the bus program. On January 11, 2018, the OCTA Board of Directors (Board) approved the use of \$5.673 million in FY 2017-18 SGR funds for the purchase of ten zero-emission hydrogen fuel cell electric buses and heating-ventilation unit replacements at Anaheim Base Maintenance Building. Additionally, on August 13, 2018, the Board approved the use of \$5.673 million in FY 2018-19 SGR funds for iShuttle replacement buses which will fund the purchase of ten buses.

The California Department of Transportation (Caltrans) released formal draft guidelines for the SGR Program in May 2019. Adoption of the final guidelines is expected in August 2019. Transit agencies are required to submit projects for Caltrans' confirmation of eligibility by September 1, 2019. Funds are expected to be allocated quarterly by the SCO in November 2019.

Discussion

In order to use the SGR funds, OCTA is required to submit a Board-approved list of projects. Staff is requesting Board approval to use these funds to support the replacement of iShuttle buses, the replacement of emergency generators, and the replacement of cutaway buses with zero-emission battery electric buses.

On August 13, 2018, the Board approved the use of \$5.673 million in FY 2018-19 SGR funds, which will be used to purchase ten out of 12 iShuttle buses scheduled for replacement. Subsequently, the SCO released a revised estimate which resulted in a slight decrease in the amount of FY 2018-19 SGR funding for the iShuttle buses to \$5.581 million. Staff is proposing to use a portion of the FY 2019-20 SGR funds to pay for the remaining two buses and inspection services. The iShuttle buses were originally planned to be paid for using Commuter and Urban Rail Endowment (CURE) funds, which is consistent with OCTA's agreement with the City of Irvine (City). This agreement states that OCTA will reimburse the City for use of Proposition 116 funds for commuter rail

service by supporting the iShuttle Program in return. The agreement also requires that the City contribute ten percent of the total iShuttle Program costs, including bus purchases. OCTA will use SGR funds instead of CURE funds and will transfer a corresponding amount of CURE funds back to the bus program. In addition to the original two remaining iShuttle replacement buses, there are five more iShuttle buses that are beyond their useful life of seven years, or 200,000 miles. OCTA is planning to replace all seven buses with 30-foot compressed natural gas buses that seat 23 to 29 passengers and have a 12-year useful life. The corresponding transfer of CURE funds to the bus program will be carried out for all of the SGR funds used for iShuttle buses.

This iShuttle replacement project is ready-to-go and a good candidate for the timely use of FY 2019-20 SGR funds. Staff is seeking Board approval to authorize the use of \$3.030 million in SGR funds for the iShuttle bus replacement project. Use of these funds for bus replacement is also consistent with the Board-approved Capital Programming Policies (CPP), since ultimately the project will support the bus program. The cost for all 17 buses and inspections is estimated to be \$9.568 million, which will be supported by \$5.581 million from FY 2018-19 SGR funds, \$3.030 million from FY 2019-20 SGR funds, and \$0.957 million in City match.

Staff is also requesting Board approval to authorize the use of an estimated \$1.890 million in FY 2019-20 SGR funds for up to six 40-foot zero-emission battery electric buses that will replace El Dorado Cutaway buses, which are beyond their useful life. These proposed SGR funds would complement additional state or federal funds currently being sought for the project. The amount of SGR funds requested for this project is dependent on the SCO revised estimate and will be adjusted accordingly. The use of SGR funds for bus replacement is consistent with the Board-approved CPP.

Finally, staff is proposing to use the remaining \$0.800 million of the SGR funds for the replacement of the existing emergency standby power generators at the Anaheim and Irvine Construction Circle (IRCC) bus bases. The existing standby generators are beyond their useful life and in need of replacement. The use of SGR funds for transit asset replacement is consistent with the Board-approved CPP.

In order to access SGR funds, OCTA is required to submit a Board-approved list of projects through a resolution (Attachment A). The above recommendations are consistent with Caltrans' SGR Program Guidelines. The action is also consistent with OCTA's programming policies to maximize external funding opportunities. Additional information on the proposed projects is provided in

Attachment B. The changes that are requested in this report have been added to OCTA's Capital Funding Program (Attachment C).

Next Steps

With Board approval, staff will submit a request to Caltrans by September 1, 2019, for the use of \$5.720 million or the revised estimate amount in FY 2019-20 SGR funds, to purchase up to seven iShuttle replacement buses, replace the existing emergency power standby generators at the Anaheim and IRCC bus bases, and replace up to six El Dorado Cutaways with 40-foot battery electric buses.

The guidelines indicate that Caltrans will finalize and submit the statewide list of FY 2019-20 projects to the SCO on October 1, 2019. It is anticipated that the SCO will begin releasing FY 2019-20 funds to transit agencies on a quarterly basis, beginning November 2019.

Summary

Staff is recommending OCTA use FY 2019-20 SGR funds to purchase up to seven iShuttle replacement buses, replace up to six El Dorado Cutaways with 40-foot zero-emission battery electric buses, and replace the existing emergency power standby generators at the Anaheim and IRCC bus bases. It is further requested that the Board approve a resolution authorizing submittal of the project to Caltrans.

Attachments

- A. Resolution 2019-058 of the Orange County Transportation Authority, SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Program Fiscal Year 2019-20
- B. SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Program Recommendations for Fiscal Year 2019-20 Funds Project Descriptions
- C. Capital Funding Program Report

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