

- (2) Commit to include funds for its local match of \$5.8 million, if awarded, in its Fiscal Year 2024 Capital Improvement Program Budget;
- (3) Approve the submission of up to \$38 million in Federal funding to the Low-No and Buses and Bus Facilities grant programs by April 13, 2023; and
- (4) Authorize the City Manager to apply for the Low-No and Buses and Bus Facilities grants and enter into any necessary agreements with FTA and DASH to accept this funding.

BACKGROUND: In 2021, Congress passed the Bipartisan Infrastructure Law (Infrastructure Investment and Jobs Act) to fund infrastructure improvement programs. In 2023, the FTA announced \$1.22 billion and \$469 million respectively for the Low or No Emissions (Low-No) and Buses and Bus Facilities competitive discretionary grant programs. In FY 2022, the City applied for the first round of funding and was not selected for an award.

The Low-No Program aims to support the transition of the transit fleet to the lowest polluting and most energy-efficient transit vehicles. The Bus and Bus Facilities Program assists in financing buses and bus facility capital projects. Grant applications are evaluated by the FTA with considerations including demonstration of need, demonstration of benefits (reducing energy consumption, reducing harmful emissions, reducing direct carbon emissions, safety, system condition, and enhanced access and mobility), planning and local/regional prioritization, local financial commitment, project implementation strategy, and technical, legal and financial capacity. Additional priority considerations include climate change, full fleet transition, creating good-paying jobs, a zero-emission fleet transition plan focusing on workforce development, and projects that support Justice40 initiative.

DISCUSSION: In 2018, the City and DASH committed to shifting to an all-electric bus fleet by the year 2037. DASH currently has 14 electric buses with charging infrastructure and 87 active clean diesel and hybrid buses. The DASH Fleet Replacement plan includes ten buses that will have met their useful life and be due for replacement by the end of FY 2024. In addition, there are five Trolleys that are now past due for replacement. To replace these assets with battery electric buses and trolleys will cost an estimated \$19.3 million. The City currently has budgeted \$4,798,900 for the replacement of these buses, leaving a gap of \$14.5 million.

Additionally, the City was previously awarded \$4.4 million in Smart Scale funds for six clean diesel buses. To upgrade these buses to battery electric would cost an additional \$3.1 million.

In FY 2018, the City and DASH secured \$9.5 million in Smart Scale and Northern Virginia Transportation Authority (NVTA) funds to design and construct Phase I of a new open-air bus and charging facility. The project will be constructed by FY 2025 and will include initial charging infrastructure for up to 20 buses. Ultimately, DASH is planning for a fleet of up to 140 electric buses. Currently, there is electrical service and capacity at the DASH campus facilities to handle charging needs for approximately only 18 electric buses. As part of this application, staff is requesting authority to apply for up to \$9 million, as a conservative estimate, to upgrade the electrical capacity to the campus in order to charge any new buses secured through this grant, as well as the 12 electric expansion buses secured in FY 2025 through a prior Smart Scale application.

To be strategic with funding awards and amounts, DASH and City staff will submit multiple applications to this grant program with the goal of securing the maximum amount of funding. How those applications are structured and scaled will be determined after additional conversations with FTA. Applications will likely be submitted to both Low-No and Buses and Bus Facilities, and FTA will decide from which funding source the project would be awarded.

The following projects (up to \$38 million total) could be submitted within these applications.

- **Trolley Replacement** (up to \$6.8 million): Retire and replace five (5) trolleys with electric trolleys.
- **Bus Replacement** (up to \$12.5 million): Retire and replace ten (10) buses with electric buses.

- **Smart Scale Expansion Buses** (up to \$7.5 million): Upgrade six (6) SmartScale clean diesel buses to electric buses.
- **Charging Equipment** (up to \$600,000): Install required charging infrastructure to support new electric buses.
- **Electric upgrades at DASH Facility** (up to \$9 million): Build new electrical service, including on-site equipment and infrastructure to support charging need of fleet wide conversion to battery electric buses.
- **Workforce Development** (up to \$1.6 million): Required 5% of federal request.

The maximum total project amount is \$38 million, but staff will continue to refine the ask based on feedback from the FTA. While it is unlikely the full grant request will be fulfilled, staff determined the best path forward is to propose all needs in a scalable manner by which the FTA can assess and award funds as available. Staff will include language in the applications requiring registration with the Electrical Vehicle Infrastructure Training Program and participation in apprenticeship programs registered with federal and state government.

FISCAL IMPACT: The Low-No Grant Program and Buses and Bus Facilities Program both require a 10% to 20% local match, depending on the category. If the City is granted the full award of up to \$38 million, the match would be approximately \$5.3 million for all projects. The FY 2024 Fleet Replacement CIP shows a total of approximately \$4.8 million from various sources. The Smart Scale buses that would be submitted as part of this project also bring \$4.4 million forward for local match and could potentially offset City resources set aside for this match and be reprogrammed for other uses.

ATTACHMENTS:

Attachment 1: Resolution

Attachment 2: Transportation Commission Endorsement Letter

Attachment 3: Presentation

STAFF:

Emily A. Baker, Deputy City Manager

Josh Baker, General Manager, DASH

Hillary Orr, Deputy Director, T&ES

Helen Lee, Environmental Program Manager, T&ES

Martin Barna, Director of Planning, DASH

Raymond Mui, Assistant General Manager, DASH