



COLORADO
Department of Transportation
 Division of Transit & Rail

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DATE: March 8, 2019
TO: Transit & Rail Advisory Committee
FROM: David Krutsinger, DTR
SUBJECT: Recommendations for Senate Bill 267 and Settlement Alt-fuel Bus Replacement Funds

Purpose

Inform the Committee of the projects recommended for funding under DTR's 2019 Consolidated Call for Capital Projects (CCCP), with an emphasis on the Senate Bill 267 and Settlement funding programs.

Action

Information and feedback only.

Background

DTR conducted its annual Consolidated Call for Capital Projects (CCCP), with a Notice of Funding Availability sent statewide on October 19, 2018. DTR announced the availability of over \$32M in Federal, State and private funds, and received 80 applications requesting over \$68 million. Given that two of the funding programs, Senate Bill 267 and the Settlement Alt-fuel Bus Replacement Program, were offered for the very first time, DTR is providing the Committee an overview of its methodology and funding recommendations in order to and request feedback regarding the selected projects.

Details

Regular Vehicle and Other Capital Award Details

In DTR's 2019 Consolidated Call for Capital Projects (CCCP), there were requests for 98 vehicle replacements, totaling over \$19M. DTR is proposing to award 61 of them, with \$9.4M. DTR also received 23 requests for "other capital" projects, including expansion vehicles, facilities, studies and equipment, totaling over \$17.4M. DTR is proposing to fund 14 of those projects, awarding \$4.9M. DTR will roll forward \$1.9M for next year, because there will be less FTA funding available next year, and because a number of vehicle replacement requests fell below minimum useful life standards this year but may be eligible next year. The funding breakdown is as follows, and excludes the urban set-aside projects:

Funding Source >>>	FTA Rural Section 5310	FTA Small Urban Sec. 5310	FTA Denver Urban Sec. 5310	FTA Section 5311 Rural	FTA Section 5339 Rural	FTA Sec. 5339 small urban	FASTER Statewide	Senate Bill 228	Totals
Amount Available	\$ 370,000	\$ 360,000	\$ 660,000	\$ 1,000,000	\$ 5,310,000	\$ 1,900,000	\$ 4,345,400	\$ 1,754,600	\$ 15,700,000
Replacement vehicles	\$ 346,681	\$ 200,745	\$ 495,501	\$ 928,000	\$ 4,092,587	\$ 1,141,023	\$ 880,000	\$ 1,307,362	\$ 9,391,899
Other Capital	\$ -	\$ 159,255	\$ 35,560	\$ 72,000	\$ 1,217,413	\$ 729,864	\$ 2,694,469	\$ -	\$ 4,908,561

SB 267 Awards

The \$9.5M in SB 267 funds made available in this CCCP are limited to major infrastructure or facilities projects (construction or design) in counties with less than 50,000 population. DTR considered requests for seven projects that proposed to meet the SB 267 eligibility requirements. The merits of these projects were evaluated based on the criteria listed for construction projects in CDOT's Procedural Directive 1608. Two of the projects were deemed as not meeting the requirements of SB 267 and were instead considered for funding from other sources. The five remaining projects were recommended for funding totaling \$2,247,496, as found in Table A.

Settlement Fund Awards

The eligibility for use of Settlement funds is set by a spending plan known as the Beneficiary Mitigation Plan (BMP), which is the product of a partnership between CDOT, CDPHE, the Colorado Energy Office, and the Regional Air Quality Council. The Settlement funds allocated to DTR can only be used for replacement of conventionally-fueled passenger transit vehicles with vehicles powered by alternative fuels.

Implementation of alternative-fueled vehicles into existing transit services, particularly with electric vehicles (EVs), poses challenges that don't exist with the use of conventional fueled fleets. EV transit bus technology is advancing to address these challenges and manufacturers are rapidly growing and innovating to meet these demands. The EV market and technology is still very new, however, which DTR recognizes poses risks both to transit providers and to the awarded Settlement funds. Therefore, the application and evaluation criteria required that applicants have well-developed operational, financial and power delivery plans before an award of funds is considered. Applications were considered for an award only when they demonstrated the applicant understood the related alt-fuel challenges and that they had done detailed analysis and planning to eliminate or reasonably minimize those risks in their environment. Applications were also evaluated on the agencies' capacity and commitment to implement and operate their longer-term alt-fuel vehicle plans, the reasonableness of their proposed implementation timeline, the potential air quality benefits, and the effect of the Settlement funding incentive on the agency's decision to convert to alt-fuels.

While CDOT currently has \$18M available for alt fuel replacements, DTR and the evaluation committee intend to award these funds over the course of several years. This permits transit operators that are not yet ready for implementation to develop stronger alt-fuel fleet conversion plans to compete for remaining Settlement funds.

DTR received nine applications requesting 2 CNG buses, 3 LPG buses, 32 EVs, 28 EV charging units and related installation costs, totalling \$18.5M. Requests from two Denver Area agencies comprised half of requested funds, \$9.1M, including RTD's request for 15 vehicles and 12 charging units for \$8.7M. The remaining applications were from agencies operating mostly along the I-25 and I-70 mountain corridors.

In the review of the initial EV applications, the committee found a number of the responses lacked the details necessary to ascertain the merits of an award, so all applicants were provided an opportunity to answer several follow up questions. In the end, DTR and the evaluation committee felt the majority of EV applicants had developed strong cases and business plans to implement electric fleets. Of the three CNG/LPG applicants, one was determined to be ineligible (but will be funded by another DTR program), the other two had positive evaluations and are recommended for an award. The Settlement recommendations listed in Table B are for awards to seven agencies for a total of \$13.9M, including \$8.5M to RTD.

Options and Recommendations

DTR is recommending the selection of the attached projects and believes it has followed its internal policies and the evaluation criteria set forth in the Notice of Funding Availability. In the SB 267 program, all five projects deemed eligible are recommended for funding. One project, construction of fuel storage tanks for RFTA, is recommended for less than the amount requested. DTR is recommending such because of a desire to make these funds available to a number of organizations across the state; DTR is recommending award of design funds and expects that some or all of those design projects will result in future requests for SB 267 funding for construction. Furthermore, DTR believes that RFTA will still be able to proceed with the project without full funding.

DTR recognizes that the large amount of recommended awards in this first round of applications leave a relatively small portion of the \$18M remaining in the current Settlement Program. DTR would not expect to award funds again to recipients this year, so the pool of future applicants should also be commensurately smaller. To support the agencies who are intending to apply in future years of the program, DTR and CASTA are now offering training sessions on Fleet Electrification, so we believe that more transit agencies will be well prepared to apply in subsequent competitive rounds.

Next Steps

Once final award decisions are made, DTR staff will notify applicants of its decisions, including reasons for not awarding funds, and begin the contracting process for those who were awarded funding.

Attachments

Table A indicates the recommended awards for the Senate Bill 267 program, including a project description, the requested amount, and the recommended award amount. Table B indicates the recommended awards for the Settlement program, again including a project description, the requested amount, the award amount, as well as the alt fuel type and a brief assessment of the application.