

TRANSIT TRANSFORMATION TASK FORCE MEETING 8

STAFF REPORT

AGENDA ITEM: 5

SUBJECT: Findings and Policy Recommendations for the Report to the Legislature

- a. Findings and policy recommendations on:
1. Fleet and Asset Management
 2. Transit System Oversight and Reporting

ACTION: Approve, deny, or amend initial policy recommendations related to fleet and asset management and transit system oversight and reporting.

RECOMMENDATION: Approve or amend initial policy recommendations related to fleet and asset management and transit system oversight and reporting.

BACKGROUND:

Senate Bill (SB) 125 established and convened the Transit Transformation Task Force (TTTF) to include transit representatives from various organizations to establish a structured, coordinated process for engagement of all parties to develop policy recommendations to grow transit ridership and improve the transit experience for all users of those services. The TTTF includes members representing transit operators, both small and large operating in urban and rural jurisdictions, the Department of Transportation, local governments, metropolitan planning organizations, regional transportation planning organizations, transportation advocacy organizations with expertise in public transit, labor organizations, academic institutions, the Senate Committee on Transportation, the Assembly Committee on Transportation, and other stakeholders. The legislation requires the California State Transportation Agency (CalSTA), in consultation with the TTTF, to prepare and submit a report of findings and policy recommendations to the appropriate policy and fiscal committees of the Legislature. This report includes identifying where statutory changes would be needed to implement recommendations based on the task force's efforts, and the financial and technical feasibility of those recommendations. Section 13979.3.e and section 13979.3.f include the required topics that must be addressed in the report, with section 13979.3.e requiring a detailed analysis on the listed topics, and section 13979.3.f requiring recommendations on the listed topics.

TTTF Meeting 7, was held in Clovis, California on December 10, 2024. Topics discussed included:

- Strategies to achieve fleet and asset management goals and needs, including funding approaches - [Government Code Section 13979.3\(1\)\(f\)\(1\)\(F\)](#)
- Identification of the appropriate State department or agency to be responsible for transit system oversight and reporting - [Government Code Section 13979.3\(1\)\(f\)\(5\)](#)

DISCUSSION:

1. Strategies to Achieve Fleet and Asset Management Goals and Needs, Including Funding Approaches

Government Code section 13979.3, subdivision (f) states that the report shall include recommendations on strategies to achieve fleet and asset management goals and needs, including funding approaches. The following sections will highlight the draft findings and policy recommendations for fleet and asset management goals, including the Innovative Clean Transit (ICT) regulations.

Findings

According to the National Transit Database (NTD), California transit agencies incurred costs at a faster rate than the service provided in the last 10 years. At the same time, their reliability, measured by MDBF and ridership, both dropped. While MDBF deteriorated on average, there was wide variation across agencies. Some transit agencies with decreased reliability noted issues incorporating new vehicle types into their fleet. Conversely, some agencies with improved reliability, such as SF Muni, attributed the increase to the purchase of new vehicles. The ICT Regulation requires transit agencies to gradually phase in zero-emission buses (ZEB) when they purchase new buses starting 2023. Under the regulation, CARB expects almost all buses to be ZEBs by 2040. To achieve a successful transition to 100% ZEB fleet, agencies may need support. Some examples of support areas are documented in a report by the National Renewable Energy Laboratory, including sustained progress in manufacturing, expansion of charging and fueling infrastructure, staff training and financial support.

TTTF members discussed the ICT regulations in detail. Members noted that CARB is establishing the ICT Taskforce, and that the group should collectively review ICT requirements and prior negotiations. A member noted that California state agencies can drive the marketplace for ZEB and incentivize manufacturing ZEB in California. Members stated CARB should also look at the ICT regulations in a more robust manner, and how it will affect all forms of transit, including

paratransit. Another idea introduced was initiating joint procurement of ZEB, to decrease costs across California. There was concern about the infrastructure needed to charge and fuel ZEB. One member recommended co-location of charging and fueling stations and partnering with private freight and school buses as an example.

Principles, Strategies, and Policy Recommendations

Transit should be Operationally Sustainable	
STRATEGY	RECOMMENDATIONS
AA. Coordinate with and incentivize manufacturers to collaborate on zero-emission bus and paratransit vehicle fleet	AA.1. Collaborate on creating and purchasing standardized specifications of zero-emission buses and paratransit vehicles to allow suppliers to scale production. Require cost estimation and standardization inside grant programs
	AA.2. Incentivize manufacturing zero-emission buses and paratransit vehicles within California and/ or the US through Go-Biz, other agencies
BB. Streamline procurement requirements and timelines	BB.1 Allow agencies to opt-in to regional or California-wide joint procurement contracts to aggregate demand, and reduce costs for buses, parts, and energy (e.g., with utilities, hydrogen providers), expanding upon DGS' existing procurement
	BB.2. Authorize grantee agencies to use job order contracting authority to streamline maintenance and reduce project costs, avoiding the need for continuous procurement for routine work
	BB.3. Expand Master Service Agreements for rolling stock and transit technology purposes to be administered through State of California DGS or CalACT
CC. Procure or create software and digital tools for asset management	CC.1. Procure centralized software for asset management tools and predictive maintenance (or adding to California's Software Licensing Program) and make available to all agencies, with their oversight and input
	CC.2. Create life-cycle cost assessment tools under a similar, shared services model

DD. Encourage shared maintenance and infrastructure support	DD.1. Consider building out or facilitating the creation of shared facilities at known sites, allow legislatively for easier interagency agreements, procurements, and ownership
	DD.2. Encourage transit agencies to consider shared training programs (e.g., on vehicle maintenance)
	DD.3. Allow for co-location for charging and fueling, as an opportunity to partner with schools and Caltrans, and to charge private freight to use charging facilities
EE. Advise State to provide opt-in technical assistance for asset management capabilities	EE.1. Develop opt-in statewide capacities to assist transit agencies with project delivery and asset management
	EE.2. Provide technical assistance for agencies that request it in identifying and prioritizing routes for fleet transitions that are most suitable to either electric or hydrogen buses
FF. Encourage review and discussion of ICT requirements and solutions	FF.1. Review ICT requirements and provide updated analysis on the costs, benefits and risks of ICT requirements
	FF.2. Facilitate statewide taskforce or discussion with CARB on ICT rules and regulations, including Buy America requirements and sales tax exemptions
	FF.3. Working with CARB, operators, others, establish business models to understand operation and eventual mode shift / VMT impacts incurred with ICT. Consider evaluating mode shift propensity inside the ICT framework

2. Identification of the Appropriate State Department or Agency to be Responsible for Transit System Oversight and Reporting

Government Code section 13979.3, subdivision (f) states that the report shall include recommendations on the identification of the appropriate State department or agency to be responsible for transit system oversight and reporting. The following sections will highlight the draft findings and policy recommendations for transit system oversight and reporting.

Findings

California has multiple funding sources for transit, and many agencies are involved in transit agency oversight and reporting. The TWG and SMEs suggested key observations on the current state of transit system oversight and reporting, including:

- multiple agency administration of funding programs may increase staff time needed to apply for and manage funding,
- reporting requirements for funding programs may overlap, and
- discretionary grant funding programs may have higher administrative requirements.

TTF members discussed how oversight, reporting requirements, and grant administration can be streamlined. Members would like to consolidate grant administration requirements, both at the State and Federal level, to reduce stress on the transit agencies and the amount of time to receive funding. They'd like to see agencies increase their capacity to fulfill the requirements needed for grants, and understand that with the push for increased funding, programming resources also need to be increased. An idea presented was to build capacity at the statewide level to manage and distribute funds, either within Caltrans or CalSTA. Lastly, the members suggested that requirements should include data that will be common across agencies, that can be used to create a statewide dashboard, to better track and compare transit metrics statewide.

This staff report does not address which agency (or agencies) should have Transit oversight and reporting and leaves it to the Task Force to determine.

Principles, Strategies, and Policy Recommendations

<i>Transit should be Operationally Sustainable</i>	
STRATEGY	RECOMMENDATIONS
GG. Simplify granting	GG.1. Consolidate, standardize, digitize, and streamline State grant applications to reduce administrative requirements and decision and distribution timeline. Allow one State grant application to be used for multiple grant programs or funding types.
	GG.2. Create and maintain a Master Agreement between each applicant agency and the granting

	<p>agency so that repetitive terms and boilerplate for all grants are in a single document rather than executed ad hoc with each grant</p>
	<p>GG.3. Encourage consolidation of grant programs across State agencies to reduce duplication</p>
	<p>GG.4. Organize the grant administration system around the recipient and not around the project so that grantors and recipients can see their historical grants and track their progress</p>
	<p>GG.5. Create an opt-in capacity for rural and small agencies to receive assistance with grant applications, compliance and reporting requirements, recognizing that they may lack sufficient staff to understand their eligibility, compete effectively or ensure full compliance</p>
	<p>GG.6. Offer rural and small agencies technical assistance in initiating their projects so that preliminary engineering and project costs are known in advance of applying for funding</p>
	<p>GG.7. Work towards two- or four-year grants cycles with true-ups to reduce the number of application cycles and associated processes and concentrate efforts on completing projects rather than application and reporting processes</p>
<p>HH. Reduce administrative burden</p>	<p>HH.1. Streamline grant and TDA reporting processes to a single report, determine a single California state agency to manage reporting across all programs, grants, on a unified application. Align this report to information already collected in the NTD reporting process</p>
	<p>HH.2. Create a statewide, publicly accessible dashboard allowing members of the public and agencies to view the data collected and performance information for each agency</p>
	<p>HH.3. Reduce the timeline for distribution of funds and allow flexibility / guarantees where possible inside each grant program</p>
	<p>HH.4. Authorize the sole transit operator within a region to directly receive transit funds allocated to that region under formula programs</p>

	<p>HH.5. Build capacity at the Statewide level to manage and distribute funds effectively and within clearly defined KPIs and time limits</p>
	<p>HH.6. Allow the programming and allocation of funds to be combined into a single action by the CTC, rather than bifurcated, to address challenges with timely fund receipt</p>
<p>II. Document and clarify process</p>	<p>II.1. Require that any grants that require a hand-off between the grantor and an administrator include complete business rules for the hand-off so that administering agencies have what they need to administer</p>
	<p>II.2. Create, maintain and publish the business rules for each grant, including eligibility, scoring, grant agreement requirements and compliance</p>
	<p>II.3. Create, maintain and publish a list of grants and eligibility by customer and/or project type, with reasons for eligibility</p>
	<p>II.4. Create and maintain a grants management system that allows grantees to monitor where they are in the grants process, pre-, during and post-award</p>
	<p>II.5. Notify agencies of eligibility for available grants</p>