



## CITY OF NORMAN, OK STAFF REPORT

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**MEETING DATE:** 09/27/2021

**REQUESTER:** Taylor Johnson, Transit and Parking Program Manager

**PRESENTER:** Shawn O'Leary, Director of Public Works

**ITEM TITLE:** CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF RESOLUTION R-2223-38: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN ACCEPTING THE AWARD OF \$894,963 THROUGH THE FEDERAL TRANSIT ADMINISTRATION'S FISCAL YEAR 2022 LOW- OR NO-EMISSION VEHICLE PROGRAM AND AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO SUBMIT, EXECUTE, AND FILE AN APPLICATION ON BEHALF OF THE CITY OF NORMAN WITH THE UNITED STATES DEPARTMENT OF TRANSPORTATION TO FORMALLY PROGRAM THE PROJECT AWARD; AUTHORIZATION TO PURCHASE TWO (2) 35-FOOT LOW-FLOOR CNG TRANSIT BUSES FROM GILLIG IN THE AMOUNT OF \$1,228,742 UTILIZING THE STATE OF WASHINGTON CONTRACT NUMBER 06719; AND BUDGET APPROPRIATION AS OUTLINED IN THE STAFF REPORT.

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### **BACKGROUND:**

The Federal Transit Administration (FTA) Grants for Buses and Bus Facilities Program (49 U.S.C. 5339) makes federal resources available to states and direct recipients to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities including technological changes or innovations to modify low or no emission vehicles or facilities. Funding is provided through formula allocations and competitive grants. A sub-program, the Low- or No-Emission Vehicle Program, provides competitive grants for bus and bus facility projects that support low and zero-emission vehicles.

On June 27, 2019 the City of Norman was recognized by the FTA as an eligible recipient of federal transit funds and an eligible applicant of the Low- or No-Emission Vehicle Program. Eligible activities for this program include capital projects to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities.

A requirement of the Low- or No-Emission Vehicle Program is to identify the source of local match to the federal funds and to provide evidence and commitment of those funds with the entity's application. A Council resolution meets this requirement. When a project is selected,

funds are available for obligation three fiscal years after the fiscal year in which the competitive awards are announced.

On May 24, 2022 Council authorized by resolution a grant application submittal to the Federal Transit Administration's FY2022 Low- or No-Emission Vehicle Program for two CNG buses, partnering with Gillig, and committing the City of Norman to provide the required local match, through either the General Fund, the Public Transit Sales Tax Fund, or Capital Fund if the project is selected.

Base price, estimated options, and delivery charges were quoted as approximately \$1,193,284 in total cost. The minimum cost share for this grant opportunity was an 80% federal and a 20% local share, however, due to the competitive nature of this program staff recommended that the City apply with a 75% federal (\$894,963) and 25% local (\$298,321) share.

## **DISCUSSION:**

On August 16, 2022 the Federal Transit Administration (FTA) announced the project selections through the 2022 Low- or No-Emission Grant Program. A total of 150 projects amounting to \$1.66 billion were selected through this highly competitive grant program. In order for the project award to be formally programmed, the City will need to obligate the funds into an FTA grant. This will ensure once the project is completed, the City will be eligible to receive the federal funding share of the project.

Regarding the utilization of the Washington State Contract, currently the State of Oklahoma does not have a robust, heavy-duty transit vehicle state contract. Gillig has suggested the State of Washington Contract #06719 as a contract that has been bid to meet proper Federal Transit Administration (FTA) requirements and which satisfies Norman's code section 8-204.

The buses purchased under this authorization would replace two (2) transit buses currently in the fixed-route fleet which have passed their useful life according to FTA standards. The specific units to be replaced are 5-0931 and 5-0932, which are 2009 CNG cutaway transit buses. Due to being cutaways, these buses are approximately 5 years past their useful life as defined by the FTA. These bus replacements comply with the City's Alternative Fuel Policy and, as the City already has an established CNG vehicle program, we expect to maximize cost savings in regards to fueling.

The estimated cost of each 35ft low-floor CNG transit bus is \$614,371 for a total cost of \$1,228,742 to purchase two vehicles. Due to supply chain issues and inflation increases, the cost per vehicle has increased by approximately 2.9% since the grant application was submitted. Thus, the local match for those grant funds from FY21 are proposed to be increased to cover the difference. This results in vehicle purchase having a local match of 27% or \$333,779. Funds for this purchase are available in the FYE 2023 budget in Public Works/Transit Division General Fund, Service Equipment/Bus (27550276-45007).

If approved, staff will work to combine this bus order with the three (3) buses that were authorized by Council on August 23, 2022. Combining the purchases of the buses on a single order improves the efficiency of the buying process and minimizes staff time and costs when meeting with the manufacturer before the buses are delivered. Staff anticipates delivery of the new buses to be in 12-15 months, or around October 2023 or January 2024, at which time the buses being replaced would be sold in a public auction.

**RECOMMENDATION:**

1. Staff recommends that City Council approve Resolution R-2223-38, accepting the award of \$894,963 through the Federal Transit Administration's fiscal year 2022 Low- or No-emission Vehicle Program and authorizing the City Manager or his designee to submit, execute, and file an application on behalf of the City of Norman with the United States Department of Transportation to formally program the project award.
2. Staff recommends that City Council authorize the purchase of two (2) 35-foot CNG transit buses from Gillig in the amount of \$1,228,742 utilizing the State of Washington contract number 06719.
3. Staff recommends appropriating \$894,963 from Capital Fund Balance (Account 50-29000) to Service Equipment – Bus (Account 22550070-45007) to upfront the grant amount until reimbursement is received from the federal government. Once reimbursed, funds will be transferred back to the Capital Fund.