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SEPTEMBER 25, 2012

TO: BOARD OF DIRECTORS

THROUGH: ARTHUR T. LEAHY *hpe*
CHIEF EXECUTIVE OFFICER

FROM: MARTHA WELBORNE, FAIA *MMW*
EXECUTIVE DIRECTOR, COUNTYWIDE PLANNING

SUBJECT: TORRANCE TRANSIT SYSTEM FLEET MODERNIZATION
PROJECT PHASE 3

ISSUE

As part of the 2009 Call for Projects (CFP), the Board of Directors authorized the programming of \$3,164,930 to the City of Torrance for the purchase of six 40-foot Gas/Electric Hybrid replacement buses (CFP No. F3438 -Torrance Transit System Fleet Modernization Project Phase 3). The City of Torrance has requested a change in scope for the project from six Gas/Electric Hybrid buses to six Compressed Natural Gas (CNG) buses. Our intent is to administratively approve the change in scope, if there are no Board comments by October 5, 2012.

BACKGROUND

The purchase of these new alternative fuel buses would allow Torrance Transit to replace six existing diesel buses as part of their fleet modernization. The total cost of the project was \$4,006,241 with us providing \$3,164,930 (79%) and the City contributing \$841,311 (21%) as local match. Subsequent to the Board approving the funding for this project in September 2009, the manufacturer of the hybrid engine technology declared bankruptcy. As a result, the City's ability to purchase Gas/Electric buses was eliminated.

The City's request to change from Gas/Electric to CNG still meets the Transit Capital mode criteria requiring buses purchased with CFP funds be powered by clean fuel technology. Additionally, the change in fuel technology reduces the total project cost from \$4,006,241 to \$3,360,000, a difference of \$646,241. Accordingly, the grant will be reduced by \$510,530 (MTA share) for a revised grant amount of \$2,654,400, with the City local match reduced by \$135,711, or \$705,600. The \$510,530 will be recommended for deobligation as part of the next Deobligation process currently

scheduled for fall/winter 2012. The City of Torrance is in agreement.

NEXT STEPS

Staff will administratively approve the scope change and grant reduction from \$3,164,930 to \$2,654,400 on October 5, 2012, if there are no Board comments. Further, we will execute a Letter of Agreement with the City so that the project grant dollars can be obligated.