



Engineering, Operations, & Technology Committee

Zero-Emission Vehicles – Transition and Funding Program

Item 8-1

December 9, 2024

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Zero-Emission Vehicle Transition & Funding Program

Subject

Approve additional funding, in an amount not to exceed \$35 million over the next two years (Fiscal Years 2024/2025 and 2025/2026), to support the Zero-Emission Vehicle Transition Program at Metropolitan and partially mitigate high operational risk

Purpose

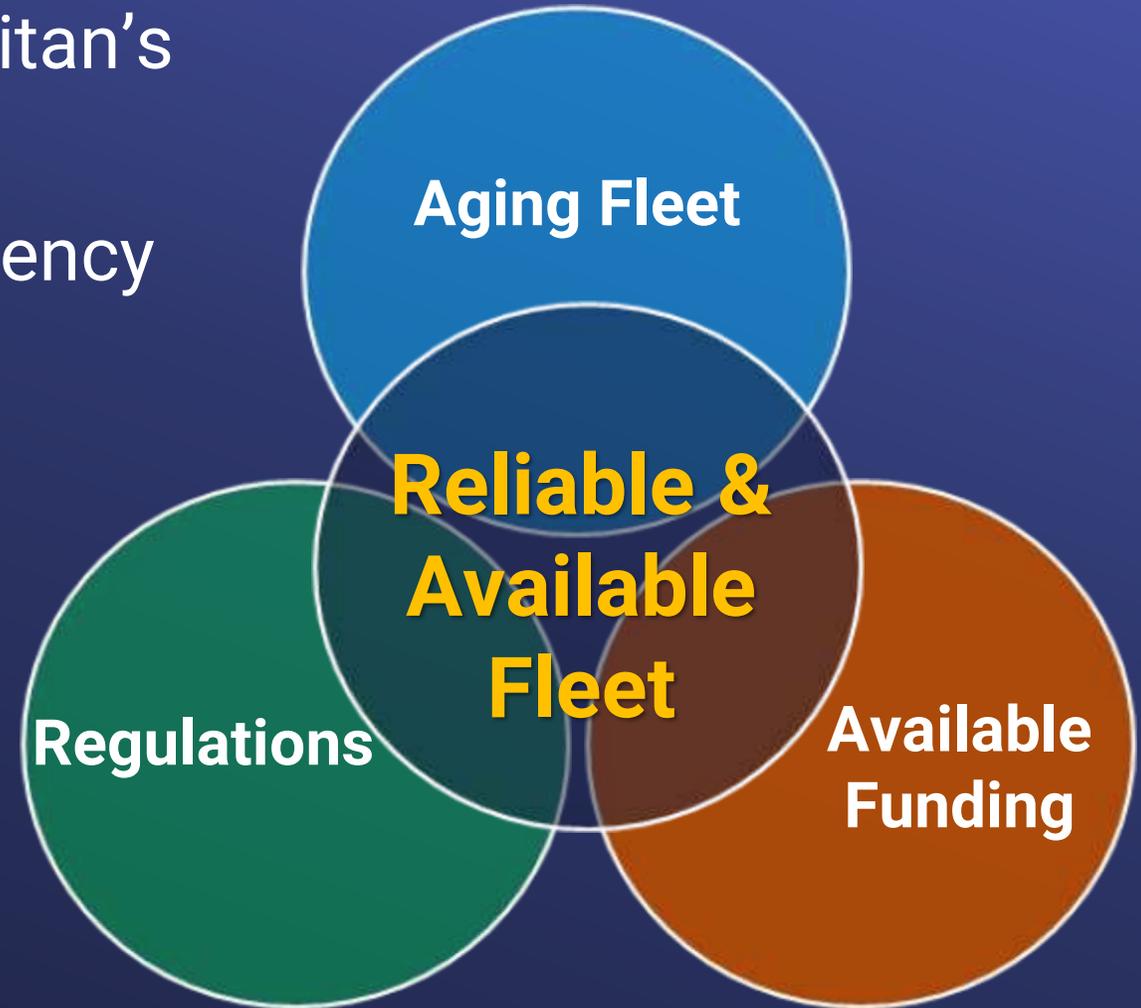
Utilize additional funding to provide financial flexibility to address critical vehicle needs and minimize risk to availability and reliability in an emergency.

Fiscal Impact

No Fiscal Impact for FYs 24/25 and 25/26

Challenges for Metropolitan's Fleet

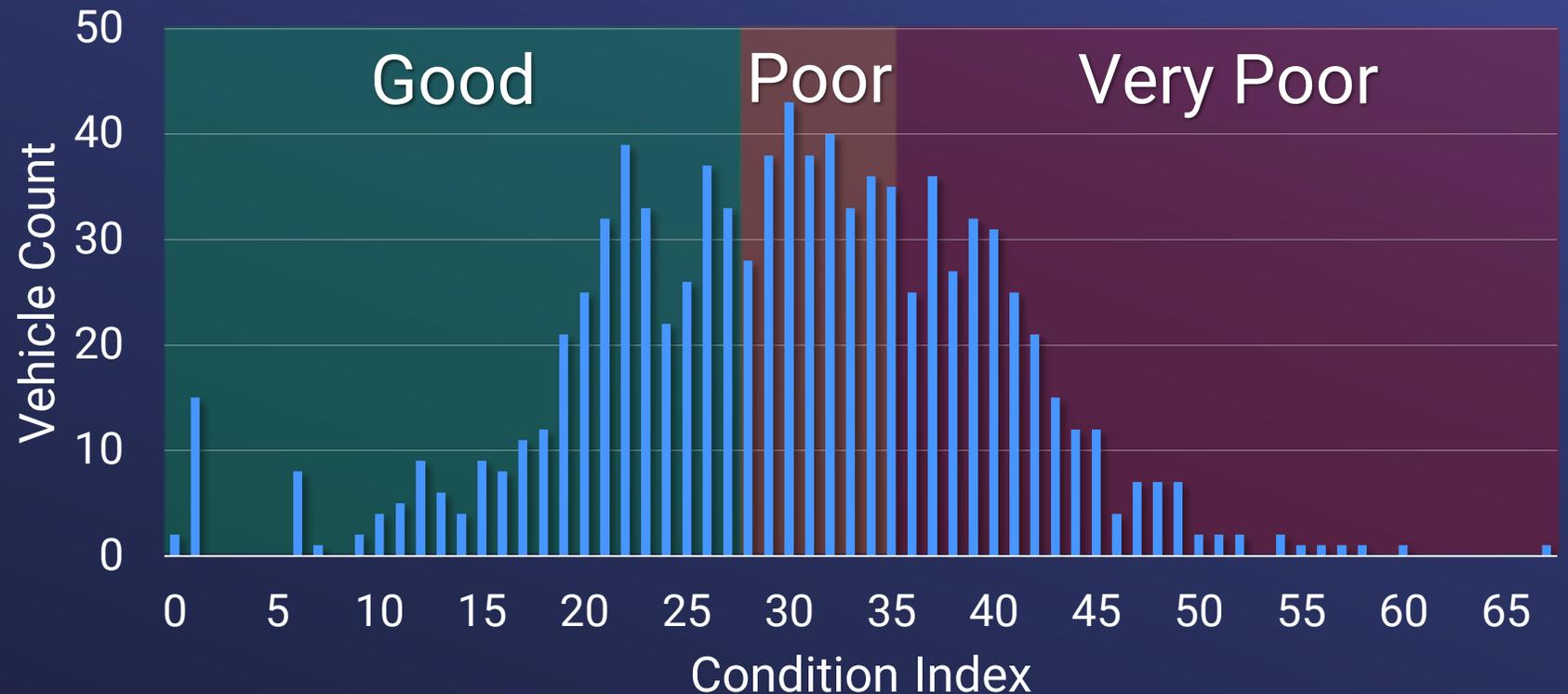
- Reliable Fleet is central to Metropolitan's ability to be resilient
- Fleet must be available in an emergency
- Three competing components to managing fleet
 - Backlog of aging fleet
 - ZEV regulatory requirements
 - Limited funding available



Over 50% of Fleet vehicles are in poor/very poor condition

- Staff have performed more frequent repairs
- High priority work delayed due to unreliable vehicles

Impact of Deferred Replacement Needs



Examples of High Condition Index

Condition Index = 59



33-year-old dump truck with 103,000 miles used by Metropolitan Forces

Condition Index = 42



5-year-old Line-truck with 186,000 miles operating in remote desert conditions

Fleet Risk Mitigation Costs

- Costs to mitigate high risk is approx. \$85 million (red zone)



Low Criticality



Moderate Criticality



High Criticality

Condition

Very Poor

\$13M

\$11M

\$44M

Poor

\$11M

\$9M

\$30M

Good

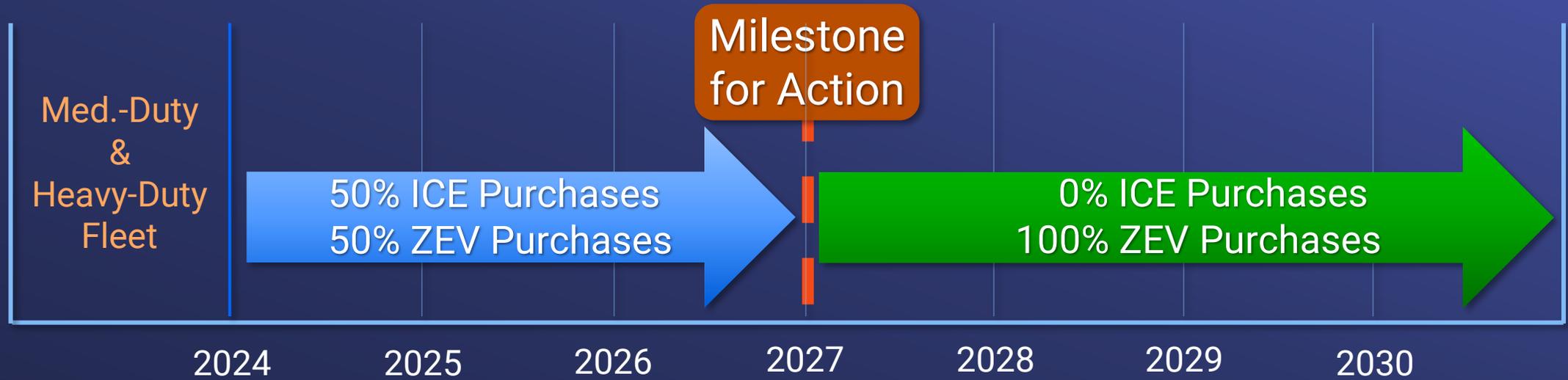
\$13M

\$18M

\$32M

Note: Amounts shown are in 2024 dollars

Advanced Clean Fleet (ACF) Regulation



- Milestone for action
 - Replace aged high criticality vehicles with cleaner burning ICE to ensure reliability for the next 5 to 10 years
 - After 2027, a suitable ZEV replacement may not be available

Advanced Clean Fleet Rulemaking

Metropolitan's active engagement with CARB

- Testimony at CARB Board hearings
- Formal comment letters
- 1:1 meetings with CARB regulators
- Advocacy efforts with partner agencies and associations
- 5 of 6 bills were vetoed or failed to move forward

Advanced Clean Fleet Exemptions

Exemptions are difficult to obtain

- 7 available exemptions
- Metropolitan is focused on two exemptions related to vehicle availability & usage
 - A GM-approved vehicle replacement plan may be needed
- Only 3 out of 34 exemption requests granted

Comprehensive Reliability Approach

Key activities

- Focus replacing high-risk ICE vehicles with cleaner burning modern ICE
- After 2027, continue using aged ICE vehicles if not available as a ZEV
- Pursue exemptions, grants, and innovative funding approaches
- Continue advocacy efforts with CARB

Alternatives Considered

- Limit vehicle purchases to approved budget only
 - Increases operational risk

- Fully mitigate high operational risk
 - Additional funding of \$78M needed

\$15M	\$13M	\$44M
\$11M	\$9M	\$30M
\$13M	\$18M	\$32M

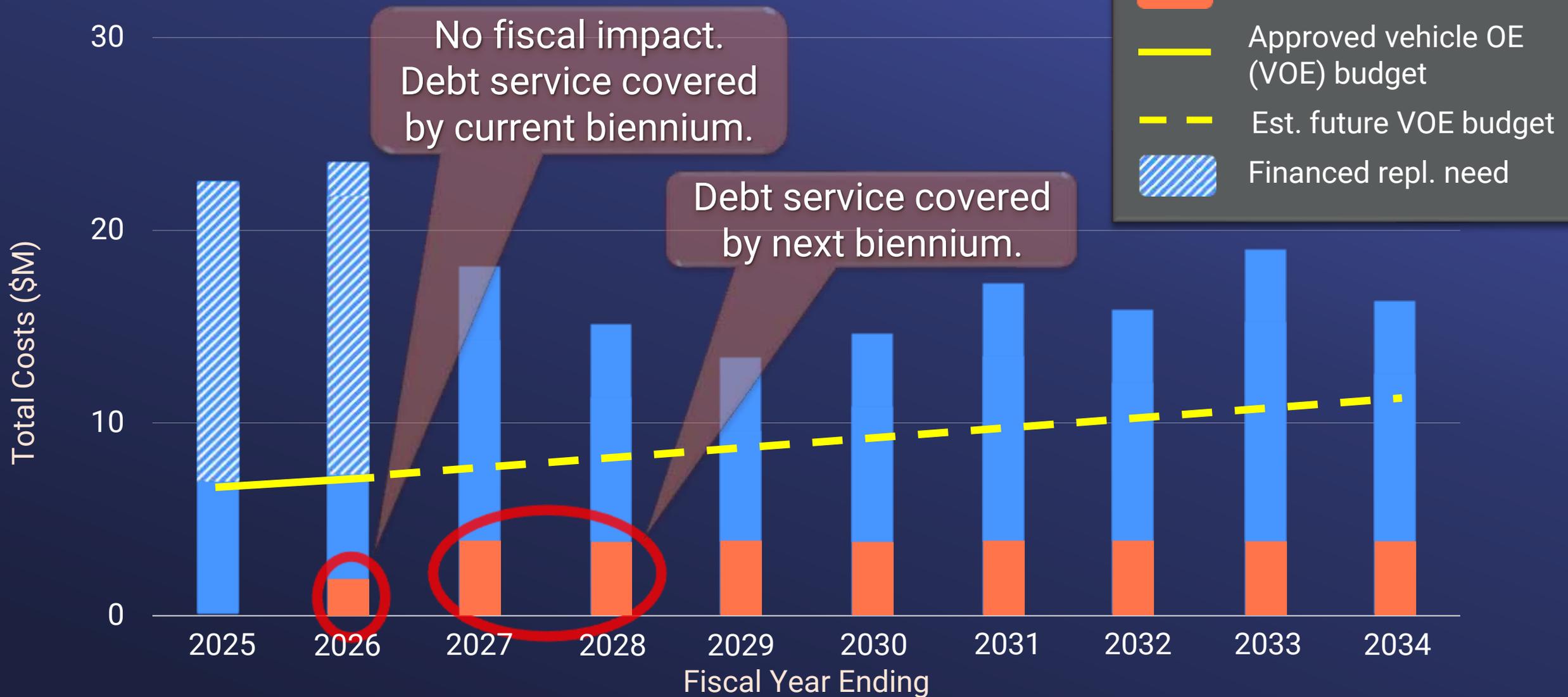
\$15M	\$13M	\$44M
\$11M	\$9M	\$30M
\$13M	\$18M	\$32M

Selected Alternative

- Partially mitigate high operational risk
 - Replace high criticality vehicles in very poor condition with cleaner burning modern ICE
 - Purchase ZEVs, where feasible, to comply with ACF

\$15M	\$13M	\$44M
\$11M	\$9M	\$30M
\$13M	\$18M	\$32M

Ten-year Forecast for Selected Alternative



Summary of Planned Purchases ¹

Vehicle Type	Estimated Count	Estimated Total
Light Duty	5	\$ 400,000
Medium Duty	45	\$ 6,000,000
Heavy Duty	49	\$ 24,000,000
Off-Road	42	\$ 13,600,000
TOTAL	141	\$ 44,000,000

1. The actual vehicle count and purchase costs may vary to comply with California Air Resources Board regulation requirements, exemptions granted, available electric charging infrastructure at Metropolitan facilities, market availability of vehicles, and market costs at time of purchase.

Allocation of Funds

Approved Operating Equipment Budget	
Vehicle Purchases FYs 24/25 & 25/26 ¹	\$(13,800,000)
Additional Financing (Current Board Action)	
Vehicle Replacement Needs	44,000,000
Debt Service for FY 25/26 ²	1,900,000
Remaining/Contingency Budget	2,900,000
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	Total
	\$35,000,000

1. Portion of Approved Operating Budget for Vehicle Purchases only.
2. Assumes that additional funding is debt financed.

Board Options

- Option #1

Approve additional funding, in an amount not to exceed \$35 million over the next two years (Fiscal Years 2024/2025 and 2025/2026), to support the Zero-Emission Vehicle Transition Program at Metropolitan and partially mitigate high operational risk.

- Option #2

Do not authorize additional funding at this time.

Staff Recommendation

- Option #1

