



**Department:** Public Works  
**Cost Center:** 5201  
**For Agenda of:** 1/14/2025  
**Placement:** Consent  
**Estimated Time:** N/A

**FROM:** Matt Horn, Public Works Director  
**Prepared By:** Alex Fuchs, Mobility Services Business Manager

**SUBJECT:** EXECUTE AN AGREEMENT WITH SLOCOG FOR SENATE BILL (SB) 125 GRANT FUNDS AND APPROPRIATE FUNDS TO ASSOCIATED CAPITAL PROJECTS

## RECOMMENDATION

1. Adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, authorizing the Mayor to execute a cooperative agreement with San Luis Obispo Council of Governments for Senate Bill 125 Funds and the appropriation of funds to associated capital projects"; and
2. Authorize the Finance Director to appropriate \$395,000 of SB 125 Grant Funds to Project No. 2000403 to support Battery Electric Bus Charging Infrastructure; and
3. Authorize the Finance Director to appropriate \$280,000 of SB 125 Grant Funds to Project No. 2000505 to support the purchase of six Battery Electric Buses; and
4. Authorize the Finance Director to return to Fund Balance \$278,521 of Transit Funds currently assigned to Project No. 2000505 to be available to support future Capital or Operational expenses as directed by Council.

## POLICY CONTEXT

The Transit Services Program within the Mobility Services Division of the Public Works Department oversees operation of SLO Transit, the City's local public transit system. Transit is one of four enterprise funds within the City and generates revenue to cover costs. The City's Transit Fund relies on federal and state grant opportunities to fund both operating and capital costs of services. Senate Bill (SB) 125 administers two grant programs that provide funding for transit capital projects. Staff submitted requests and funding was approved for four existing capital projects<sup>1</sup>.

Financial Management Manual Policy 740 requires that the City Council approve grant applications greater than or equal to \$5,000. However, due to the often limited time given to apply for grants and the Transit program's heavy reliance on grants to fund operations and capital projects, in 2022 City Council adopted Resolution No. 11330<sup>2</sup> authorizing the

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<sup>1</sup> Project No. 2000505 – 6 Battery Electric Buses, Project No. 2000403 – Battery Electric Charging Infrastructure, Project No. 2000404 – Auto Vehicle Locator System Replacement, Project No. 200401 – On-bus Security Camera System Replacement.

<sup>2</sup> [R-11330 \(2022 Series\) Authorizing the Director of Public Works to apply for future funding opportunities that benefit the City's Transit Program](#)

Public Works Director to apply for future transit related funding opportunities and to execute related documents on behalf of the City.

The projects are consistent with the City's adopted 2023-25 Financial Plan Major City Goal for Climate Action, Open Space, & Sustainable Transportation, the City's Climate Action Plan, SLO Transit's Zero-Emission Rollout Plan, and the recommendations in SLO Transit's Transit Innovation Study.

Staff recommends adopting a draft Resolution, Attachment A, authorizing the Mayor to execute a cooperative agreement with SLOCOG for SB 125 funds and to appropriate said funds to the associated capital projects.

## **DISCUSSION**

### **Background**

In 2014, the State of California's Legislature passed Senate Bill (SB) 862 which created the Transit and Intercity Rail Capital Program (TIRCP). The purpose of TIRCP is to fund transformative capital improvements that will modernize California's rail, bus, and ferry systems to significantly reduce emissions of greenhouse gases, vehicle miles traveled, and congestion.

Assembly Bill (AB) 102 and SB 125 amended the Budget Act of 2023 to provide funds for TIRCP as well as provide funds to establish the Zero-Emission Transit Capital Program (ZETCP). ZETCP was created to support the purchase of zero emission buses and associated charging infrastructure and facility improvements. SB 125 also created specific categories as to how funds are distributed to Regional Transportation Planning Agencies (RTPA) using a population-based formula. San Luis Obispo Council of Governments (SLOCOG) is the Regional Transportation Planning Agency (RTPA) for San Luis Obispo County.

In October 2023, SLOCOG staff released a call for projects to all eligible agencies (the Cities of Atascadero, Morro Bay, and San Luis Obispo as well as SLOCOG and the Regional Transit Authority). City staff submitted four project requests for funding. Table 1 lists the projects, funding requested, and associated Capital Improvement Plan (CIP) project information. In total, staff requested \$1.55 million for (1) funding for battery electric buses, (2) charging infrastructure, (3) on-bus camera system replacement, and (4) auto vehicle locator system replacement. In December 2023, SLOCOG's board approved all requested project funding submitted by the City. Attachment B is a copy of the SLOCOG staff report approving the requested projects funding.

Table 1 – SB 125 Funding by Project

CIP Project No.	Project Name	Funding Amount
2000404	Auto Vehicle Locator System Replacement	\$ 130,000
2000403	Battery Electric Charging Infrastructure	\$ 395,000
2000401	On-bus Security Camera System Replacement	\$ 750,000
2000505	6 Battery Electric Buses	\$ 280,000
	<b>Total</b>	<b>\$ 1,555,000</b>

### Cooperative Agreement

SB 125 authorizes RTPAs to request use and disbursement of TIRCP and ZETCP funding for transit capital projects. As a condition of ongoing disbursements of requested funds, RTPAs must submit to the California State Transportation Agency (CalSTA) reports documenting activities and progress toward project implementation. Execution of a cooperative agreement between SLOCOG and the City is necessary to ensure project activities and disbursements occur timely and in accordance with SB 125 requirements. Attachment C is a final draft of the SB 125 cooperative agreement between the City and SLOCOG.

### Appropriation of Funds to Associated Capital Projects

Included in staff's recommendations are two requested appropriations of funds to support expenditures of these grants and returning obligated funds from a project to fund balance to support future transit needs.

Specifically, staff is request that Council authorize the Finance Director to appropriate \$395,000 of SB 125 Grant Funds to Project No. 2000403 for battery electric charging infrastructure and \$280,000 to Project No. 2000505 to support the purchase of six battery electric buses. This action will preserve \$278,521 of Transit Funds that can be returned to Fund Balance and doing so will preserve Transit Fund dollars and prioritizes use of grant funds for capital projects. Specific project funding can be found in the Fiscal Impact Section of this report.

SB 125 dollars for Project No. 2000401 (On-bus Security Camera System Replacement) and Project No. 2000404 (Auto Vehicle Locator System Replacement) were approved with the adoption of the FY 2024-25 Supplemental Budget. Grantors, like SLOCOG, typically require projects associated with funding requests to be identified in the respective agency's capital improvement plan. These two projects were not included the City's Capital Improvement Plan (CIP) at the time the funding requests were submitted, so staff committed to adding these projects as part of the Supplemental budget adoption.

**Previous Council Action**

1. June 4, 2024 – Council adopted the FY 2024-25 Supplemental Budget including updates to the Capital Improvement Plan (CIP).
2. March 5, 2024 – Council adopted SLO Transit’s Zero-Emission Rollout Plan as required by California’s Air Resources Board.
3. January 23, 2024 – Council received and filed Transit Innovation Study and directed staff to finalize the report and begin implementation.
4. June 6, 2023 – Council adopted the 2023-25 Financial Plan and FY 2023-24 Budget which includes the Climate Action, Open Space, and Sustainable Transportation Major City Goal.

**Public Engagement**

This is an administrative item, so no outside public engagement was completed. Public comment can be provided to the City Council through written correspondence prior to the meeting and through public testimony at the meeting.

**CONCURRENCE**

SLOCOG staff concurs with the recommended action in this report. The City Attorney’s office has reviewed and approves the form of the cooperative agreement.

**ENVIRONMENTAL REVIEW**

The California Environmental Quality Act (CEQA) does not apply to the recommended actions in this report, because the action does not constitute a “Project” under CEQA Guidelines Section 15378. Capital projects funded by the Senate Bill (SB) 125 grant funds must comply with state and local laws including environmental review or finding of exemption.

**FISCAL IMPACT**

Budgeted: Yes

Budget Year: 2024-25

Funding Identified: Yes

**Fiscal Analysis:**

Appropriation and use of SB 125 Grant Funds has a positive impact on the Transit Fund allowing for four separate Capital Improvement Plan projects to move forward and preserves \$278,521 in previously appropriated Transit Fund dollars for use on future Transit Fund needs.

<b>Project No. 2000403 (Battery Electric Bus Charging Infrastructure)</b>			
	<b>LCTOP Grant</b>	<b>SB 125 Grant</b>	<b>Total Project Budget</b>
Current Fund Amount	\$ 304,300	\$ 0	<b>\$ 304,300</b>
Proposed Transfers	\$ 0	\$ 395,000	
Post Transfer Amount	\$ 304,300	\$ 395,000	<b>\$ 699,300</b>

The recommended action in this report appropriates \$395,000 in SB 125 funds to Project No. 2000403 for the purchase and installation of battery electric charging infrastructure. Doing so, increases the available project budget to \$699,300.

<b>Project No. 2000505 (6 Battery Electric Buses)</b>						
	<b>FTA 5339(b) Grant</b>	<b>FTA 5307 Grant</b>	<b>TDA Funds</b>	<b>Transit Fund</b>	<b>SB 125 Grant</b>	<b>Total Project Budget</b>
Current Fund Amount	\$ 4,799,978	\$ 506,296	\$ 1,326,569	\$ 693,203	\$ 0	<b>\$ 7,326,046</b>
Proposed Transfers	\$ 0	\$ 0	\$ 0	\$ (278,521)	\$ 280,000	
Post Transfer Amount	\$ 4,799,978	\$ 506,296	\$ 1,326,569	\$ 414,682	\$ 280,000	<b>\$ 7,327,525</b>

The recommended action in this report also appropriates \$280,000 in SB 125 funds to Project No. 2000505 for the purchase of battery electric buses which will replace \$278,521 in previously appropriated Transit Fund dollars. Doing so, preserves Transit Fund working capital and prioritizes use of grant funds for capital projects.

**ALTERNATIVES**

1. **Council could decide not to approve executing a cooperative agreement with SLOCOG.** This action is not recommended by staff because SB 125 funds awarded to the City for these capital projects will be unavailable for reimbursement.
2. **Council could decide not to adopt the Draft Resolution appropriating SB 125 funds to the associated capital projects.** This action is not recommended by staff because these projects further the City’s climate action goals, help meet the state of California’s zero-emission mandates for transit agencies, and implements recommendations of the Transit Innovation Study.

**ATTACHMENTS**

- A - Draft Resolution authorizing execution of a cooperative agreement and appropriating funds to associated capital project funds
- B - December 6, 2023, SLOCOG Staff Report Item E-2
- C - SB 125 Cooperative Agreement Final Draft