

HF3588 - 0 - Zero-Emission Transit Buses

Chief Author: **Fue Lee**
 Committee: **Transportation Finance**
 Date Completed: **4/15/2024 7:50:40 AM**
 Lead Agency: **Transportation Dept**
 Other Agencies:
 Metropolitan Council

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Transportation Dept						
General Fund	-	-	135	35	35	
State Total						
General Fund	-	-	135	35	35	
	Total	-	-	135	35	35
	Biennial Total			135		70

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	FY2023	FY2024	FY2025	FY2026	FY2027	
Transportation Dept						
General Fund	-	-	.25	.25	.25	
	Total	-	-	.25	.25	.25

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Transportation Dept						
General Fund		-	-	135	35	35
Total		-	-	135	35	35
Biennial Total				135		70
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Transportation Dept						
General Fund		-	-	135	35	35
Total		-	-	135	35	35
Biennial Total				135		70
2 - Revenues, Transfers In*						
Transportation Dept						
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

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 Agency: **Transportation Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

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Total	-	-	135	35	35	
Biennial Total			135		70	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	.25	.25	.25
Total	-	-	.25	.25	.25

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

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Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	135	35	35
Total		-	-	135	35	35
Biennial Total				135		
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	135	35	35
Total		-	-	135	35	35
Biennial Total				135		
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		

Bill Description

This bill requires that any bus purchased for regular route or special transportation service after 2029 be a zero-emission transit bus.

The bill requires MnDOT to develop and maintain a zero-emission transit bus transition plan, completing the initial plan by February 15, 2025 and revising subsequent plans at least once every three years. In developing and revising the plan, MnDOT must consult with transit providers, Met Council, public utilities, labor organizations, and other interested entities. MnDOT must provide technical assistance to a recipient of financial assistance to implement the plan. MnDOT must provide a copy of the plan to leadership of legislative committees with jurisdiction over transportation finance and policy.

MnDOT may establish a process to issue a procurement exemption. An exemption may extend the commencement date for the procurement requirements or provide for a procurement percentage or phase-in schedule. An entity seeking exemption must apply and MnDOT may issue an exemption after determining that:

- The applicant has made good faith effort to follow the guidance and recommendations of the transition plan.
- Full compliance is not feasible within the specified time period due to technology, infrastructure, bus availability, or other specified and documented constraints.

The bill appropriates an unspecified amount from the general fund in fiscal year 2025 for the transition plan.

Assumptions

MnDOT assumes that the bill would require a consultant to complete and submit the Fleet Transition Plan before February 2025. Based on plans completed by consultants that would require a similar level of effort, MnDOT assumes \$100,000 in Fiscal Year 2025 for consultant costs to prepare the plan.

MnDOT assumes that the added responsibilities of the sustainable fleet and facilities coordinator would align with ongoing initiatives and limit extra time needed. The bill would require oversight from and involvement of the sustainable fleet and facilities coordinator to assist transit agencies in implementing low- and zero-emission fleets. This work would equal 520 hours from at a \$44.66 hourly rate, plus an additional 50% for overhead and fringe benefits.

Expenditure and/or Revenue Formula

\$100,000 in Fiscal Year 2025 for the consultant to prepare Fleet Transition Plan.

Sustainable fleet and facilities coordinator costs: 520 hours x \$44.66/hour x 150% = \$34,834.80 (rounded: \$35,000)

Long-Term Fiscal Considerations

MnDOT assumes there will be costs in the future for revising subsequent plans at least once every three years and for the sustainable fleet and facilities coordinator.

Local Fiscal Impact

There may be costs associated with interested entities consulting with MnDOT in developing the Fleet Transition Plan. There would also be costs associated with purchasing zero-emission transit bus starting in FY2029.

References/Sources

MnDOT Office of Transit and Active Transportation

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HF3588 - 0 - Zero-Emission Transit Buses

Chief Author: **Fue Lee**
 Committee: **Transportation Finance**
 Date Completed: **4/15/2024 7:50:40 AM**
 Agency: **Metropolitan Council**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

Bus procurement. Beginning on January 1, 2030, any bus purchased for regular route bus service or special transportation service, as defined in section 174.29, subdivision 1 by a recipient of financial assistance under this section must be a zero-emission transit bus, as defined in section 473.3927, subdivision 1a.

EFFECTIVE DATE. This section is effective the day following final enactment.

Zero Emission Transit Buses:

Transition plan required.

(a) The commissioner must develop and maintain a zero-emission transit bus transition plan.

(b) The commissioner must complete the initial plan by February 15, 2025, and revise the plan at least once every three years following each prior revision.

Plan development.

At a minimum, the plan must:

- (1) establish guidance and recommendations for transit providers to implement the transition to a transit bus fleet of exclusively zero-emission transit buses;
- (2) align with the requirements under section 174.24, subdivision 9;
- (3) identify methods to coordinate zero-emission transit bus procurement across transit providers; and
- (4) contain each of the elements specified in section 473.3927, subdivision 2, clauses (3) to (12).

Consultation. In developing and revising the plan, the commissioner must consult with transit providers, the Metropolitan Council, public utilities, labor organizations, and other interested entities.

Assistance. Upon request, the commissioner must provide reasonable technical assistance to an eligible recipient of financial assistance under section 174.24 to implement the plan and meet the requirements under section 174.24, subdivision 9. Subd. 6.

Copy to legislature. Upon completion or revision of the plan, the commissioner must provide a copy to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance.

Bus procurement exemptions.

The commissioner may establish a process to issue a procurement exemption from the requirements under sections 174.24, subdivision 9; 473.388, subdivision 9; and 473.3927, subdivision 4.

An exemption may (1) extend the commencement date for the respective zero-emission transit bus procurement requirements, (2) provide for a zero-emission transit bus procurement percentage or phase-in schedule.

(b) An entity that seeks an exemption must submit an application, in the form and manner specified by the commissioner, that includes (1) a justification for the exemption; (2) a review of activities related to zero-emission transit bus transition planning; (3) demonstration of efforts to procure zero-emission transit buses and associated infrastructure; (4) a proposed timeline for full compliance, which must include annual procurement targets and associated milestones; and (5) information required by the commissioner.

(c) The commissioner may only issue a procurement exemption following a determination that: (1) the applicant has made good faith effort to follow the guidance and recommendations of the relevant transition plan under this section or section 473.3927; and (2) full compliance with procurement requirements is not feasible within the specified time period due to technology, infrastructure, bus availability, or other specified and documented constraints.

(d) The commissioner must deny an application for procurement exemption following a determination that the applicant made inadequate efforts to meet the relevant procurement requirements.

APPROPRIATION; ZERO-EMISSION TRANSIT BUS TRANSITION PLAN. \$..... in fiscal year 2025 is appropriated from the general fund to the commissioner of transportation for the zero-emission transit bus transition plan under Minnesota Statutes, section 174.249. This is a one-time appropriation.

Assumptions

- 1) The Metro Transit and Metropolitan Transportation Services MTS Original Zero Emission Bus Transition Plans were done in February 2022 with a revision date of at least once every 5 years.
- 2) The proposed Legislation would require an update of the Zero Emission Bus Transition Plan by February 15, 2025 and revised at least once every three years. We currently do not have a contract mechanism in place for this update and would result in a less substantial update being performed.
- 3) The limited update would include and focus on new information since the last Zero Bus Transition Plans:
 - a. The 2022 and 2023 Annual Reports
 - b. No Changes to purchase targets of 20% through end of 2027.
 - c. Updates with state of the industry such as market conditions and vendor consolidation, historic inflation and bus purchase lead times, workforce development, and safety considerations.
 - d. Chapter on impacts of the total transition including what will be studied, planned out with further detail, costs, new facilities, fleet growth, staff growth.
 - e. There has been no new technology experience gained since the last update as we have the same number of buses and charger infrastructure.
- 4) The Council will absorb the incremental costs to provide the plan under the prescribed timeline.

Expenditure and/or Revenue Formula

- 1) The estimated Cost to update the Zero Emission Bus Transition Plan is ~ \$250-500k to complete the plan each year.

Long-Term Fiscal Considerations

- 1) In 2025 \$'s The following are the estimated prices of the Electric Bus Program:
 - a. 40 Foot Bus at \$1,405,805 Electric VS Diesel at \$889,000
 - b. 60 Foot Bus at \$2,300,867 Electric VS Diesel at \$1,105,465
 - c. Bus replacement Ratio of 3 electric buses for every 2 diesel buses
 - d. Charging Equipment at \$375K. Charger to bus ratio of 1 charger per 2 buses.
 - e. Facility Retro Fit would be approximately \$75M to \$100M with cost of a new facility at \$200M.
 - f. Annual Inflation assumed at 3.5% until 2030
 - g. Assume 6 Garages would need to be retrofitted and 6 New Garage Facilities would need to be constructed.
 - h. Other costs include Utility Upgrades, Software licenses, Planning and engineering.
- 2) The Total Estimated Costs for the 100% Zero Emission Bus Plan for Metro Transit and MTS beginning January 1, 2030 to Year 2041 VS the Original Zero Emission Bus Plan at 20% of replacement 40 foot buses through year 2041 is estimated at \$6.5B which includes Buses, electric infrastructure and garage capacity.
 - a. This estimate does not include ongoing operations and maintenance costs or savings estimates.

Local Fiscal Impact

References/Sources

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