

SMTA

Small & Mid-Sized Transit Alliance
C/o Washington State Transit Association
2629 12th Court SW
Olympia WA 98502-1118

July 8, 2015

Peter Moulton
Washington Department of Commerce
PO Box 42525
Olympia WA 98504

Re: SMTA Comments on Proposed Rules for Use of Alternative Fuels & Vehicles by Local Governments – Chapter 194-29 WAC

Dear Mr. Moulton,

Seventeen small urban and rural transit agencies from around the state are members of the Small & Mid-sized Transit Alliance (SMTA), which is a caucus of the Washington State Transit Association (WSTA). As President of SMTA, I am submitting these written comments on the proposed local government alternative fuels rulemaking (Chapter 194-29 WAC) on behalf of SMTA members.

We appreciate your inclusive process and willingness to listen as transit representatives shared their unique issues and concerns. Several SMTA member representatives were in attendance at most of your rulemaking meetings, including Kevin Gallacci from my agency, Clallam Transit System, and Al Schaner from Skagit Transit System. Geri Beardsley, Executive Director of WSTA was also representing the members of both SMTA and WSTA at your rulemaking meetings and in her comments throughout the process. The comments below supplement those you have heard from SMTA members throughout the process.

A. The underlying law and proposed rules result in an unfunded mandate that is mostly impossible for smaller or rural transit agencies to meet.

The biggest issues facing SMTA members' ability to purchase alternative fuel vehicles are the cost, funding and wait time for new buses. Transit vehicles are expensive. A traditional 40-foot diesel bus might cost about \$425,000, a hybrid electric about \$750,000, and an all-electric about \$1 million. New buses may take 12-18 months from order to delivery. When faced with these numbers, smaller and rural transit agencies typically do not have the resources to purchase alternative vehicles. Sometimes transit agencies are able to justify the purchase of used buses due to the reduced cost from larger agencies' fleet replacement. The (new) used buses are replacing vehicles with poor emissions and other lesser qualities which is the good news. These smaller agencies strive for new ultra-low-sulfur diesel (ULSD) buses, but the new (used) are not likely to use alternative fuel vehicles.

The issue is compounded by the fact that a high percentage of small urban and rural transit agency buses in Washington exceed the Federal Transit Administration's (FTA) definition of useful life (e.g., 12 years for buses). In 2013, according to the Results Washington, 41.5 percent of small urban agency fleets and 48 percent of rural agency fleets exceeded the FTA's recommended useful life. Based on preliminary research and analysis by WSDOT, it appears that the percentage will increase for 2014.

Why does this matter? Under the greatly reduced federal Bus and Bus Facility Program (5339), WSDOT only distributes \$2.8 million to the rural and small urban areas, which would only fund the replacement of three to four hybrid electric buses per year. The FTA no longer funds buses as part of its Section 5309 program, which was another major source of funding for bus replacement. Without new state and federal capital investment in transit, it will be challenging to replace vehicles that have exceeded their specified useful life, much less invest in higher-cost vehicles that use alternative fuels.

To be clear, local governments, including transit agencies, are making environmentally-sound decisions consistent with the goals of these rules. Some SMTA members have already been incorporating electric vehicles into their administrative fleet. In addition, a number of agencies are incorporating hybrid electric vehicles into their fleets, despite the higher cost of those vehicles. Several agencies are using or planning to add propane and CNG as fuel sources. At least one agency has added fast-charge battery-powered vehicles. These decisions are made at the local level and we encourage the proposed rules support continued local decision-making. Each small and rural transit agency has a distinctive operating plan to eliminate personal vehicle miles and provide adequate revenue coverage to distant corners of its service area. Much practical means go into establishing reliable and affordable transit service in rural areas.

B. In addition to the comments above, SMTA members fully support the written comments submitted by WSTA on July 9, 2015.

1. This includes SMTA support for:
 - a. The broadened definitions of "practicable" and "lifecycle cost." As you have heard, each local government faces a unique set of circumstances depending on their location, infrastructure, funding, governance structure and priorities, etc. The factors listed in the definitions adequately cover the various factors influencing transit agency choices related to fuel and vehicles.
 - b. CNG exemption language. At least one of our members, Valley Transit, uses CNG and the exemption language is important for them.
 - c. Use of NTD data for transit reporting threshold. This simplifies the number of times agencies have to look at and/or report the same or similar data to various state agencies.

d. Local authority and determination of practicability when purchasing fuel and vehicles. Almost 80 percent of the revenue for transit operating and capital costs comes from locally-approved and generated sales and use tax revenue and transit fares. About two percent comes from state funding, with the remainder from federal funding. With local revenue and governance by locally elected officials, our agencies must make decisions that meet the needs of our communities. This responsibility requires the ability to make decisions at the local level about investments in vehicles, fuel, infrastructure, and service levels. The local authority is critical and allows each agency to make decisions based on their own unique circumstances. And, as described above, local governments are making environmentally-friendly decisions about fuel and vehicles where possible.

e. Inclusion of hybrid electric vehicles. Despite the higher cost, a number of our members are adding hybrid electric buses to their fleets in an effort to reduce diesel fuel consumption and reduce greenhouse gas emissions.

2. SMTA also supports the recommended revisions to the draft rules as recommended by WSTA:

a. Elimination of the “social cost of carbon” as a factor in determining lifecycle cost. Our agencies were not included in discussions and development of the calculation for the social cost of carbon, and have been told that the issue will not be re-opened for review and discussion. There is a white paper from Commerce and Ecology, but no specific equation that we can find to determine the social cost of carbon. It is inefficient to force local governments to have to track down the social cost of carbon equation, particularly for smaller agencies with limited resources, and particularly when we have been told the social cost of carbon will likely have a nominal impact on any cost comparison.

b. Do not narrow the definitions of “practicable” and “lifecycle cost” in the compliance evaluation section. These definitions were developed with broad stakeholder input and support. The compliance evaluation section unnecessarily narrows the list of factors that can be considered when determining if a fuel type or vehicle type is “practicable.” By doing so, the draft rules may force local governments to make decisions that are not “practicable” under the agreed-to definition. Local governments, particularly the smaller or rural agencies, need to be able to consider the full breadth of factors when determining “practicable” and “lifecycle cost.”

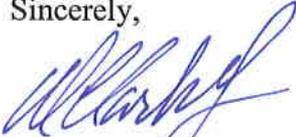
c. Comparison of vehicles. In all cases, the compliance evaluation and determination of practicable should allow comparison to the lifecycle cost of “the vehicle that the local government would otherwise procure.”

d. Make sure guidance document is consistent with final rules. Many of our members question whether the guidance document is necessary. At a minimum,

they recommend ensuring the guidance document is consistent with the final rules to avoid any confusion.

Thank you again for the opportunity to participate in the stakeholder process and to comment on the draft rules. Please feel free to contact Geri Beardsley at 360-786-9734 or geri@watransit.com if you have questions about these comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "W. Clark-Getzin".

Wendy Clark-Getzin, P.E.
President, Small & Mid-Sized Transit Alliance
General Manager, Clallam Transit System

cc: SMTA members