

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 6, 2025


CAO File No. 0130-02173-0000

Council File No.

Council District: 15

To: The City Council

From: Matthew W. Szabo, City Administrative Officer



Reference: Request from the Los Angeles Department of Transportation dated August 20, 2025

Subject: **AUTHORITY TO APPLY FOR THE INNOVATIVE FINANCE AND ASSET CONCESSION (IFAC) FY 2025 GRANT PROGRAM**

RECOMMENDATION

That the Council, subject to approval of the Mayor:

1. Authorize the General Manager of the Los Angeles Department of Transportation (LADOT), or designee, to retroactively prepare and submit a grant application for the United States Department of Transportation's Innovative Finance and Asset Concession Grant Program; and,
2. Instruct the General Manager of LADOT, or designee, to report back if the City is awarded the grant to request authority to accept the grant award and confirm the plan for any required match and/or front funding.

SUMMARY

LADOT requests to apply for the Fiscal Year (FY) 2025 Innovative Finance and Asset Concession Grant Program, administered by the United States Department of Transportation (USDOT). Up to \$45.98 million will be awarded on a competitive basis to Eligible Entities for technical assistance or expert services. The objective of the Program is to facilitate and evaluate public-private partnerships in which the private sector partner could assume a greater role in project planning, development, financing, construction, maintenance, and operation, including by assisting eligible entities in entering into Asset Concessions. LADOT's proposal seeks two million dollars in grant funding, with a one million dollar match, to solicit technical assistance to plan, design, fund, construct, and operate a new bus maintenance and storage facility serving the South Region at 23903 Normandie Avenue in Harbor City.

The application deadline was October 1, 2025. Because the Notice of Funding Opportunity was released on August 13, 2025, which was less than 61 days from the deadline, prior authorization to apply was not required per the City's Grants Ordinance.

Eligible applicants for the Program are public entities that own, control, or maintain Existing Assets, and have the legal authority to enter a contract to transfer ownership, maintenance, operations, revenues, or other benefits and responsibilities for those Assets. Existing Assets are physical infrastructure, real property, or mineral/air rights to real property that could be improved utilizing Transportation Infrastructure Finance and Innovation Act (TIFIA) credit assistance. TIFIA-eligible Projects include highway, transit, passenger rail, certain freight facilities, certain port projects, airports, and transit-oriented development projects.

Eligible applicants may only submit one application to the FY25 funding opportunity. This Office received one project proposal from LADOT for consideration, which is described in Attachment 1.

Cost Sharing and Matching Funds

The maximum grant amount is two million dollars, which requires a 50 percent non-Federal funding match. The total cost of the proposal is three million dollars, of which one million from the Proposition A Local Return Fund would be used as matching funds if fully awarded. The Adopted FY 25-26 Budget appropriated \$25.4 million in Prop A Fund 385, Account 94CA49 for 'Harbor City Zero Emission Bus Yard Development'. LADOT will provide personnel costs as part of the in-kind match in the final application.

Evaluation Criteria

Applications will be evaluated based on the criteria listed below, split by technical merit and readiness:

Technical Merit Criteria:

1. Identification of Need
2. Desired Goals and Outcomes
3. Development Strategy

Readiness Criteria:

4. Feasibility of Workplan
5. Private Sector Investment Viability
6. Capacity to Deliver Proposed Activities
7. Feasibility of Budget Plan

This Office assessed with LADOT whether the grant proposal aligns with the evaluation criteria as stated in Attachment 2. Upon evaluation, it has been determined that the project satisfies the intended purpose, eligibility requirements, and the specified evaluation criteria of the Program.

FISCAL IMPACT STATEMENT

There is no General Fund impact from the recommendations in this report. If awarded, up to one million dollars will be matched using Prop A funds allocated for this purpose in the FY 2026 Adopted Budget.

FINANCIAL POLICIES STATEMENT

The recommendation in this report complies with the City's Financial Policies.

MWS:AMW:06260019

Attachments

ATTACHMENT 1 - PROPOSED GRANT PROJECT

US Department of Transportation FY25 Innovative Finance and Asset Concession Grant Program

NOFO Issued: August 13, 2025
Due Date: October 1, 2025
Performance Period: Up to 36 months, dependent on the cooperative agreement.

Lead Department	Project Name	Project Description	Total Project Budget	Total Grant Request	Planned Completion Date
Los Angeles Department of Transportation (LADOT)	LADOT Harbor City Bus Maintenance Facility	LADOT is applying for an Expert Services Cooperative Agreement to provide LADOT with the technical assistance needed to successfully attract a highly capable third-party concessionaire to plan, design, fund, construct, and operate a new bus maintenance and storage facility serving the South Region transit services at the currently vacant 5-acre property located in the Los Angeles Harbor area. This grant proposal will be for project planning funds to be expended between July 2026 and June 2028 (estimated).	\$ 3,000,000	\$ 2,000,000	June 30, 2028

ATTACHMENT 2 - EVALUATION CRITERIA

US Department of Transportation FY25 Innovative Finance and Asset Concession Grant Program

NOFO Issued: August 13, 2025
 Due Date: October 1, 2025
 Performance Period: Up to 36 months, dependent on the cooperative agreement.

Project	
LADOT Harbor City Bus Maintenance Facility	
Technical Merit Criterion #1: Identification of Need	<p>The Los Angeles Department of Transportation (LADOT) currently leases a property in the City of Compton to function as a bus operations and maintenance facility. This prevents LADOT from upgrading the property without incurring increased cost in rent. To alleviate this problem, LADOT has recently purchased the property at 23903 Normandie Ave, Harbor City, CA with the intent to construct a new bus operations and maintenance facility. This Harbor City bus maintenance and storage facility will service buses that serve the South Region transit services, which serve the highest transit dependent neighborhoods in the City.</p> <p>Due to increased reliance on Prop A to cover rising operational costs, LADOT must look to innovative financing and delivery methods, such as through an Asset Concession to access the large amount of capital funds needed to develop a new, zero-emission bus maintenance and storage facility at the new property.</p>
Technical Merit Criterion #2: Desired Goals and Outcomes	<p>The grant proposal for a Expert Services Cooperative Agreements, if awarded, will provide LADOT with the technical assistance needed to successfully attract a highly capable third-party concessionaire to plan, design, fund, construct, and operate a new bus maintenance and storage facility serving our South Region transit services at the currently vacant 5-acre property located in the Los Angeles Harbor area.</p>
Technical Merit Criterion #3: Development Strategy	<p>LADOT will hire a third-party consultant with necessary financial, planning, and legal expertise to conduct comprehensive due diligence; a robust financial and business case; clearly defined project scope; and prepare documents needed for a transparent solicitation process.</p> <p>The final deliverables will include a request for qualifications (RFQ) document, a request for proposals (RFP) document, and Draft Concession Agreement to enable LADOT to initiate a comprehensive solicitation to attract a highly qualified and motivated concessionaire able to take necessary ownership in the development of a new bus operations and maintenance facility.</p> <p>LADOT Staff will work with technical advisors from the public and private sector for project level assistance. LADOT will devise a technical advisory committee (TAC) composed of LADOT grants, facilities, procurement, and risk managers, as well as leads in the City Attorney's Office and City Administrative Officer (CAO) that provides oversight of the consultant deliverables.</p>
Readiness Criterion #1: Feasibility of Workplan	<p>LADOT owns the subject property, which is currently vacant. The project has categorical exemption pursuant to CEQA. The previous owner has fully remediated the site to industrial levels. This expedites the administrative review process for project development, allowing for LADOT staff to reduce risks and focus on developing the financial feasibility and procurement tasks needed to attract a highly qualified and motivated concessionaire. The timeline sufficiently accounts for the time needed to prepare and release a federally compliant RFP to hire a third-party consultant and for the consultant to deliver all tasks under the 36-month period of performance of the grant award.</p>
Readiness Criterion #2: Private Sector Investment Viability	<p>LADOT has ownership of land that will attract private investment through an asset concession. If awarded in the Expert Services Cooperative Agreement category, LADOT will hire a third-party consultant with necessary financial, planning, and legal expertise to conduct comprehensive due diligence; a robust financial and business case; clearly defined project scope; and prepare documents needed for a transparent solicitation process. The final deliverables will include a request for qualifications (RFQ) document, a request for proposals (RFP) document, and Draft Concession Agreement to enable LADOT to initiate a comprehensive solicitation to attract a highly qualified and motivated concessionaire able to take necessary ownership in the development of a new bus operations and maintenance facility.</p>
Readiness Criterion #3: Capacity to Deliver Proposed Activities	<p>LADOT has inhouse expertise in managing FTA grants and procurement as well as facility managers able to direct the scope of work and weekly tasks of a third-party consultant. LADOT will devise a technical advisory committee (TAC) composed of LADOT grants, facilities, procurement, and risk managers, as well as leads in the City Attorney's Office and City Administrative Officer (CAO) that provides oversight of the consultant deliverables.</p>
Readiness Criterion #4: Feasibility of Budget Plan	<p>The grant proposal for Expert Services Cooperative Agreements, if awarded, will require an estimated \$3 million to complete. LADOT is prepared to leverage the required \$1 million in local matching funds from Proposition A to meet the local match requirements of the grant. The Adopted FY 25-26 Budget appropriated \$25.4 million in Prop A Fund 385, Account 94CA49 for 'Harbor City Zero Emission Bus Yard Development'. LADOT will provide personnel costs as part of the in-kind match in the final application.</p>