



NAPA VALLEY TRANSPORTATION AUTHORITY COVER MEMO

SUBJECT

Disposal of Two Proterra Battery Electric Buses and Obsolete Inventory

STAFF RECOMMENDATION

That the Napa Valley Transportation Authority (NVTA) Board:

- (1) Declare the Proterra buses as non-performing assets, and
- (2) Approve the disposal of obsolete parts inventory according to NVTA policy; and
- (3) Approve Resolution No. 25-07 (Attachment 1) authorizing the disposal the two Proterra buses and inventory according to the Policies, Practices, and Procedures Chapter 7- Financial Management, Section 7.3: Asset Management and other pertinent regulations concerning the disposal of such assets.

EXECUTIVE SUMMARY

Proterra Corp. filed for Chapter 11 bankruptcy in August 2023 and the vehicles have been inoperable due to critical component failures, including the drivetrain, transmission, and high-voltage battery packs. Although staff was initially optimistic when Phoenix Motors acquired Proterra's Transit division, the new ownership has not been able to repair the vehicles or provide replacement parts. Transit agencies across the country are facing similar challenges and are also in the process of disposing of their non-operational Proterra buses, with no other clear path forward. Given this circumstance, it is highly unlikely that these vehicles will be operational again. The vehicles parking spaces are needed to accommodate new Gillig electric buses, which are expected to begin arriving in June.

FISCAL IMPACT

NVTA will realize a loss of \$1,676,766 for the depreciated value of the two vehicles and the inventory write off. The buses were originally purchased with State of California funding through the Affordable Housing Sustainable Communities Grant funding. No matching funds were used for the purchase. NVTA purchased the inventory items with local funds.



NAPA VALLEY TRANSPORTATION AUTHORITY

Board Agenda Letter

TO: Board of Directors
FROM: Kate Miller, Executive Director
REPORT BY: Rebecca Schenck, Program Manager – Public Transit
(707) 259-8636 / Email: rschenck@nvta.ca.gov
SUBJECT: Disposal of Two Proterra Battery Electric Buses and Obsolete Inventory

RECOMMENDATION

That the Napa Valley Transportation Authority (NVRTA) Board:

- (1) Declare the Proterra buses as non-performing assets, and
- (2) Approve the disposal of obsolete parts inventory according to NVRTA policy; and
- (3) Approve Resolution No. 25-07 (Attachment 1) authorizing the disposal the two Proterra buses and inventory according to the Policies, Practices, and Procedures Chapter 7- Financial Management, Section 7.3: Asset Management and other pertinent regulations concerning the disposal of such assets.

COMMITTEE RECOMMENDATION

None

BACKGROUND

Proterra Buses

NVRTA was awarded \$2,200,000 from the Satellite Affordable Housing Associates (SAHA) to acquire two buses as part of the sustainable transportation infrastructure improvements portion of the grant award. NVRTA received funding to cover the vehicle purchases along with nearby bus stop improvements when SAHA received funding to build the Manzanita affordable housing project at the corner of Old Soscol Way and Soscol Avenue in the City of Napa. NVRTA contracted with a new all battery electric bus manufacturer with

headquarters in Burlingame, California; Proterra Corp, to acquire two 40' Proterra public transit vehicles. The buses were delivered in September 2022 and placed in service in April 2023.

Below is a brief history of the buses that were delivered to NVTa:

- October 2022 to February 2023: TransDev inspected the vehicles upon delivery and maintenance staff and drivers received training.
- March 2023: the vehicles became part of our regular service focusing on Route 11X.
- March 2023 to January 2024: Both vehicles were operational through 2023.
- August 2023: Proterra files for Chapter 11 Bankruptcy
- January 2024: Phoenix Motors purchases the Proterra bus division and Volvo purchased the battery division
- January 2024—present: Bus 321 began experiencing multiple problems (failed drivetrain and transmission) and has been inoperable since.
- June 2024 – present: Bus 320 was operable through June of 2024 before running into battery issues. For a brief period throughout October, it was functional again as the batteries from 321 were moved by Phoenix Motors to bus 320, but within 30 days of that change, bus 320 once again developed battery issues and was no longer operational.

The mileage over the life of the vehicles is shown below by year. The vehicles have very low annual mileage compared to other Vine fixed route vehicles that are typically retired after 450,000 to 880,000 lifetime miles

Table 1: Vehicle Mileage

	320	321
2021/2022	333	384
2022/2023	1,643	6,519
2023/2024	19,059	10,806
2024/2025	109	0
TOTAL	21,144	17,709

Below is a list of various considerations and actions taken by NVTa staff in an attempt to get the buses operational again.

Buying buses for parts:

- Evaluated buying Santa Clara Valley Transportation Authority (VTA) Proterra's but the buses were a different generation so the parts were not compatible
- Considered purchasing a full Proterra bus from Phoenix that another customer did not accept but the cost was significant and there was no guarantee that the approach would work.
- Prepared a Purchase Order for essential bus parts when the bankruptcy filing was announced, but the parts were never received.

- Contacted the Governor's Office of ZEV Market Development seeking support to coordinate a bulk purchase to incentivize Proterra suppliers to build the parts and fulfill back orders.

Converting to Hybrid

- The unique Proterra patent for battery design, and low floor battery mounting means that the batteries are integrated into the frame where the diesel and oil tanks would need to be mounted for a hybrid bus making this option infeasible.

Swapping parts between the two Proterra Buses

- Phoenix Motors installed three components (battery, drivetrain and transmission) from one bus to the other bus, which resulted in it running for about two months before when the battery failed.

As noted, none of these actions resulted in the buses becoming operational, and Phoenix Motors, has no substantive plan to provide the parts in the near future. Many agencies throughout the country including Everett, Washington, De Moines, Iowa and Washington Metropolitan Area Authority have all taken steps to retire their Proterra vehicles and others are expected to do so throughout the year.

Other local transit agencies are in a similar position to NVTa with few if any functioning Proterra vehicles.

- SFMTA (SF Muni): 3 Proterra's, none are in operation. Cost of \$1.4M each when purchased. Due to the significant initial investment, SFMTA is not yet considering retiring the buses. However, they are currently non-operational and have not been able to acquire part for the vehicles.
- Santa Clara Valley Transportation Authority (VTA): 10 Proterra's of which none are in operation. VTA is hoping to sell their vehicles for parts to an interested operator, and failing that, will retire the vehicles. The VTA Proterra's were not purchased with federal funds and therefore the vehicles have no residual federal interest, which would allow the agency to dispose of the vehicles upon approval from their Board of Directors.
- Sonoma County Transit: Originally made an order for 10 buses, reduced the order to 5. SCT is still expecting delivery from Phoenix for 5 buses.
- Santa Rosa City Bus (SRCB) acquired four Proterra buses. One bus is in operation. SRCB will likely see FTA approval to early retire the buses in July.

Inventory

NVTA is also requesting that the Board approve disposing of obsolete inventory parts from a variety of makes and models of buses that are no longer part of the Vine fleet and/or have become obsolete. The total value of these parts is \$76,766. The highest price item is one wheelchair platform costing just under \$3,500.

In accordance with Policies, Practices, and Procedures Chapter 7 – Financial Management, acceptable means of disposal are outlined below:

- a. Sell personal property that is no longer needed for Agency use for fair market value.
- b. Trade surplus personal property with another government or public agency if the property received in return is needed for Agency use.
- c. Donate, sell at less than fair market value, or otherwise transfer personal property to another government or public agency if the Agency no longer needs the property for its own use.
- d. Dispose of personal property that is no longer needed for Agency use and that has negligible or no economic value in a manner deemed appropriate by the Agency.

Table 2: Assets Value Subject to Disposal

Asset	Original Purchase Price	Depreciation	Depreciated Value	Realized Loss
Bus 320	\$984,199	\$184,481	\$799,718	\$799,718
Bus 321	\$984,199	\$184,481	\$799,718	\$799,718
REALIZED LOSS				\$1,599,436

Asset	Original Purchase Price	Depreciation	Depreciated Value	Realized Loss
Inventory (Various parts and Supplies)	\$76,766	\$0	\$0	\$76,766
REALIZED LOSS				\$76,766
TOTAL REALIZED LOSS				\$1,676,202

Non-performing or surplus equipment that no longer meets the Agency's needs may be offered to eligible non-profit organizations prior to being placed on the list for auction or

disposal. It is unlikely any organization would want the vehicles since they are not in drivable condition. NVTa will approach other transit agencies who may purchase the vehicles for parts and if not, would look to sell the property to the highest bidder at auction.

ALTERNATIVES

NVTa may choose to keep the Proterra's, however, continuing to keep the buses serves no purpose or function and will be costly to maintain and store. The inventory has no economic value or utility to the agency.

STRATEGIC GOALS MET BY THIS PROPOSAL

Goal 3: Use taxpayer dollars efficiently.

Disposing of non-performing assets frees up agency resources to purchase other equipment.

ATTACHMENTS

(1) Resolution 25-07

RESOLUTION No. 25-07

**A RESOLUTION OF THE
NAPA VALLEY TRANSPORTATION AUTHORITY (NVTa)
AUTHORIZING THE DISPOSAL OF FIXED ASSETS**

WHEREAS, the Napa Valley Transportation Authority (NVTa) serves as the congestion management agency and designated public transit service provider in Napa County, and

WHEREAS, staff has identified the fixed assets listed in the table below as non-operational impaired assets; and

Assets	Disposition Status
Bus 320 – VIN 7JZTH13J8NL000612	Nonperforming
Bus 321 – VIN 7JZTH13J6NL000611	Nonperforming
Parts Inventory	Obsolete

WHEREAS, the assets are declared as non-performing; and

WHEREAS, Proterra Inc filed for Chapter 11 bankruptcy in 2023 voiding any warranties; and

WHEREAS, the Proterra have been prone to breakdowns due to the unavailability of parts; and

WHEREAS, NVTa made several attempts to have the vehicles in operating condition, but were unsuccessful; and

WHEREAS, the probability of these bus to be operational again is zero percent; and

WHEREAS, disposal of grant funded property must comply with NVTa Financial Management Policies;

WHEREAS, inventory parts are obsolete and have no utility and will be disposed according to agency policy;

WHEREAS, inventory parts are no longer needed, considered surplus and is available for agency disposal;

NOW, THERFORE, BE IT RESOLVED that the Napa Valley Transportation Authority declares that the designated non-performing assets may be properly disposed according to NVTA policy, as appropriate.

Passed and Adopted the 18th day of June, 2025.

Mark Joseph, NVTA Chair

Ayes:

Nays:

Absent:

ATTEST:

Laura Sanderlin, NVTA Board Secretary

APPROVED:

Osman Mufti, NVTA Legal Counsel