

# INDIANA TRANSPORTATION ASSOCIATION, INC.

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The Honorable Richard Lugar  
U.S. Senate  
306 Hart Senate Office Building  
Washington, DC 20510-1401

February 26, 2009

Dear Senator Lugar,

I am writing on behalf of the public transit operators of Indiana to ask you once again to request an earmark to assist us in purchasing electric hybrid buses. You were successful in FFY 2008 in securing an earmark for over \$2,744,000 to help us upgrade the purchase of 17 regular diesel powered buses to electric hybrid technology. Transit operators in Bloomington, Evansville, Fort Wayne, Indianapolis Lafayette, and Muncie all benefited from this program. We are very grateful for your support and hope we can count on it again this year.

As you know, Indiana is a world-wide center for the development and production of electric hybrid technology for heavy duty vehicles such as transit buses. Companies like GM Allison Transmission (Indianapolis), Cummins, Inc. (Columbus), Remy International (Anderson), and many others are cooperating to build what we believe is the best hybrid technology in the world for our transit needs. Hybrid technology is more fuel efficient, reduces maintenance costs, and is better for the environment. Transit operators in Indiana that are already using hybrid buses are finding increases in fuel efficiency of 20% - 25%. Unfortunately, because the hybrid industry is in its infancy, the cost of electric hybrid technology compared to a standard diesel bus is cost prohibitive for most operators. As the industry matures and begins to mass produce its product, unit costs will decrease and the technology will become more competitive with the old diesel technology, particularly as fuel costs continue to increase.

Our request for an earmark is somewhat unusual in that we are asking for a grant to cover the additional cost of upgrading from traditional diesel technology to electric hybrid technology, which is currently approximately \$205,000 per bus more than the \$370,000 we expect to pay to buy a typical 40' diesel bus. To replace 30 full-size (40') transit buses with hybrids would cost approximately \$17,250,000. We will find other sources (federal, state, and local) to cover the first \$11,100,000 that it would cost to purchase regular diesel buses. For the additional \$6,150,000 it costs to upgrade to hybrid technology, we are seeking an earmark from the Federal

Transit Administration's Section 5309 (discretionary bus capital) program for \$5,535,000 (90%.) The FTA typically requires a 20% local match but allows grants up to 90% for electric hybrid technology. We would cover the additional 10% with local funds. INDOT will serve as the official grantee and will administer the grant. Individual transit systems would apply to INDOT for the funds as a sub-grantee. We do not propose that they be required to purchase 40' buses; only that they purchase electric hybrid buses.

Your support for Indiana industry and public transit has been strong and consistent. We hope you will be able to help us again. Please contact me any time if I can answer questions or be of assistance.

Sincerely,

A handwritten signature in cursive script that reads "Kent McDaniel".

Kent McDaniel  
Executive Director