

BOARD MEETING DATE: February 7, 2014

AGENDA NO. 5

PROPOSAL: Execute Contract to Develop and Demonstrate Catenary Zero Emissions Goods Movement System 

SYNOPSIS: At the April 2013 Board meeting, the Board awarded a contract to Siemens Industry Inc. to develop and demonstrate a zero emission goods movement system using overhead catenary technology. The award was made contingent upon receiving up to \$8,000,000 from the ports and other entities. Delays by the ports in providing the funds are putting the project funding from other entities at risk. This action is to remove the contingency and authorize executing a contract with Siemens Industry Inc. in an amount not to exceed \$13,500,000. Funds of \$16,117,887 have been transferred from the Clean Fuels Fund (31) and the ports' funds will be recognized upon receipt into the Advanced Technology Goods Movement Fund (61), as approved by the Board last April. Unspent funds will be returned to the Clean Fuels Fund (31) from the Advanced Technology Goods Movement Fund (61) upon project completion.

COMMITTEE: Technology, January 24, 2014, Recommended for Approval

RECOMMENDED ACTIONS:

Authorize the Chairman to execute a contract with Siemens Industry Inc. to construct one mile of a catenary system and to develop and demonstrate a diesel catenary hybrid electric class 8 truck in an amount not to exceed \$13,500,000 from the Advanced Technology Goods Movement Fund (61).

Barry R. Wallerstein, D.Env.
Executive Officer

Background

The SCAQMD has identified the development and deployment of zero emission goods movement transportation systems as one of the agency's top priorities in order to attain federal air quality standards. On April 5, 2013, the Board awarded a contract to Siemens Industry Inc. to construct a one mile catenary system and develop and demonstrate a diesel catenary hybrid electric class 8 truck. The Board action for the Siemens contract included a contingency of receiving up to \$8,000,000 from the ports and the China Shipping Settlement as well as recognizing \$3 million in funds from the CEC and transferring \$16,117,887 from the Clean Fuels Fund (31) into the Advanced Technology Goods Movement Fund (61), with unspent funds upon project completion to be returned to the Clean Fuels Fund (31).

Proposal

Delays by the ports in providing the funds are putting the project funding from other entities at risk. Funding from the Ports of Long Beach and Los Angeles must be approved by the respective Boards of those entities. Port of Long Beach plans on going to their Board in February 2014; Port of Los Angeles has not yet decided when they will go to their Board. Additionally, an agreement for the transfer of funds from the China Shipping Settlement is being delayed due to the transfer of administration of that fund from the Port of Los Angeles to the Harbor Community Benefit Foundation. A timetable for the Port of Los Angeles Board approval and transfer of funds has not been established.

Staff proposes to remove the contingency previously approved and authorize executing a contract with Siemens Industry Inc. to construct one mile of a catenary system and develop and demonstrate a diesel catenary hybrid electric class 8 truck. When the funding from the Ports becomes available, these funds will reimburse the Clean Fuels Fund initial loan. In the event that the Ports' funding cannot be secured, staff will come back to the Board with alternative funding recommendations, including but not limited to, increased SCAQMD cost-share and support by other organizations.

Sole Source Justification

Section VIII.B.2 of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified when project funding does not come from federal monies. For the Siemens contract, a sole source recommendation is made under provision B.2.d.: Other circumstances exist which in the determination of the Executive Officer require such waiver in the best interest of the SCAQMD. Specifically, these circumstances are: B.2.d.(1) Project involving cost sharing by multiple sponsors. The multiple sponsors contributing to the Siemens project include CEC and anticipated co-funding by other entities which have yet to officially go to their governing boards for authority as listed under Resource Impacts. Additional circumstances are B.2.c.(1) the unique experience and capabilities of the proposed

contractor or contractor team; and B.2.c.(2) the project involves the use of proprietary technology.

Resource Impacts

The total cost for the Siemens contract will not exceed \$13,500,000. SCAQMD’s cost share shall not exceed \$2,500,000.

The CEC has approved \$3,000,000 for this project, of which \$1,600,000 is committed for the development and demonstration of the diesel catenary hybrid electric class 8 truck portion of the project. The remaining \$1,400,000 will be used for the infrastructure portion of the project, but the CEC requires that CEQA be completed before awarding those funds. The AB 118 funds that CEC has identified for the project must be encumbered by June 30, 2014.

The funding sources and amounts for this project are identified in the table below:

Table 1: Funding Sources for Siemens

Funding Source	Amount	Percent
CEC	\$3,000,000	22%
Port of Long Beach*	\$2,000,000	15%
Port of Los Angeles*	\$2,000,000	15%
China Shipping Settlement*	\$4,000,000	30%
SCAQMD Requested	\$2,500,000	18%
Total	\$13,500,000	100%

* Contingent upon approval from their authorizing entity

Sufficient funds for the proposed project have been transferred from the Clean Fuels Fund (31) into the Advanced Technology Goods Movement Fund (61) as part of the previous Board action. The Clean Fuels Fund (31) was established as a special revenue fund resulting from the state-mandated Clean Fuels Program. The Clean Fuels Program, under Health and Safety Code Sections 40448.5 and 40512 and Vehicle Code Section 9250.11, establishes mechanisms to collect revenues from mobile sources to support projects to increase the utilization of clean fuels, including the development of the necessary advanced enabling technologies. Funds collected from motor vehicles are restricted, by statute, to be used for projects and program activities related to mobile sources that support the objectives of the Clean Fuels Program. The Advanced Technology Goods Movement Fund (61) was established to facilitate the development and deployment of low- and zero-emission goods movement technologies. When funds are received from the ports, they will be recognized into the Advanced Technology Goods Movement Fund (61) and at the end of the project unused funds will be returned to the Clean Fuels Fund (31).