

BOARD MEETING DATE: October 5, 2018

AGENDA NO. 10

PROPOSAL: Recognize Revenue and Execute Contracts and MOUs to Replace Heavy-Duty Diesel Trucks

SYNOPSIS: In May 2018, CEC awarded SCAQMD \$8 million in grant funds to replace 140 heavy-duty diesel trucks with near-zero emission natural gas trucks. The CEC grant will be leveraged with \$6 million in local match funds including \$2 million each from the Ports of Los Angeles and Long Beach and \$2 million from the Community Air Protection AB 134 Fund (77). Staff also proposes to replace 129 heavy-duty diesel trucks with zero and near-zero emission trucks under SCAQMD's Community Air Protection AB 134 Program. These actions are to recognize up to \$8 million from CEC and \$2 million from each of the Ports into the Community Air Protection AB 134 Fund (77) as well as execute an MOU with the Ports to implement this program. This action is to also execute contracts for replacement of 140 diesel trucks with near-zero emission natural gas trucks and replacement of 129 diesel trucks with zero and near-zero emission trucks in an amount not to exceed \$30,590,000 from the Community Air Protection AB 134 Fund (77).

COMMITTEE: Technology, September 21, 2018; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize, upon receipt, up to \$8 million from CEC and up to \$2 million each from the Ports of Los Angeles and Long Beach into the Community Air Protection AB 134 Fund (77) to replace up to 140 heavy-duty diesel goods movement trucks with near-zero emission natural gas trucks.
2. Authorize the Executive Officer to execute an MOU with the Ports of Los Angeles and Long Beach to contribute \$4 million to replace the above-referenced trucks.
3. Authorize the Chairman to execute contracts to replace up to 140 diesel trucks with near-zero emission natural gas trucks, as listed in Table 1, in an amount not to exceed \$14 million from the Community Air Protection AB 134 Fund (77).

4. Authorize the Chairman to execute contracts to replace 129 diesel trucks with zero and near-zero emission trucks, as listed in Table 2, in an amount not to exceed \$16,590,000 from the Community Air Protection AB 134 Fund (77).

Wayne Natri
Executive Officer

MMM:FM:VW

Background

In May 2018, CEC awarded SCAQMD \$8 million in grant funds to replace 140 heavy-duty diesel trucks with near-zero emission natural gas trucks involved in drayage and goods movement activities in the South Coast Air Basin. The CEC grant will be leveraged with \$6 million in local match funds. Specifically, the SCAQMD received commitments from the Ports of Los Angeles and Long Beach to provide \$2 million each in match funds for this program and staff proposes to contribute a \$2 million match from the Community Air Protection AB 134 Program.

Pursuant to AB 134, the SCAQMD may use up to 40 percent of its AB 134 funds to incentivize clean truck projects in accordance with the criteria of the Proposition 1B-Goods Movement Program Guidelines. In January 2018, the SCAQMD closed a solicitation for eligible clean truck projects under the Proposition 1B-Goods Movement Program. This solicitation was heavily oversubscribed, and SCAQMD was unable to fund all eligible clean trucks. However, these projects are eligible for funding through SCAQMD's Community Air Protection AB 134 Program and have been evaluated pursuant to the eligibility criteria of the Proposition 1B Program.

Proposal

These actions are to recognize up to \$8 million in grant revenue from CEC and \$2 million each from the Ports of Los Angeles and Long Beach into the Community Air Protection AB 134 Fund (77) as well as to authorize the Executive Officer to execute an MOU with the Ports to replace up to 140 heavy-duty diesel goods movement trucks with near-zero emission natural gas trucks. This action is to also execute contracts for the replacement of 140 diesel trucks with near-zero emission trucks, as listed in Table 1, in an amount not to exceed \$14 million from the Community Air Protection AB 134 Fund (77).

Staff proposes funding the remaining clean truck projects that could not be funded under the Proposition 1B-Goods Movement Program because the program was oversubscribed. This action is to execute contracts for the replacement of 129 diesel trucks with zero and near-zero emission trucks, as listed in Table 2, in an amount not to exceed \$16,590,000 from the Community Air Protection AB 134 Fund (77).

More than 70 percent of all the projects listed in Tables 1 and 2 will reduce emissions in disadvantaged and low-income communities.

Benefits to SCAQMD

The successful implementation of the heavy-duty truck replacement projects will provide direct emissions reductions of criteria air pollutants, toxic air contaminants and greenhouse gases. The older, diesel trucks will be replaced with zero and near-zero emission vehicles, which are at least 90 percent cleaner than current standards. Most of the vehicles will be operated in disadvantaged and low-income communities and will result in direct air quality benefits to these communities, as intended by the Community Air Protection AB 134 Program. This program will accelerate the deployment of new commercially available near-zero emission heavy-duty natural gas trucks, which is a key strategy to reduce NOx emissions identified in the 2016 AQMP.

Resource Impacts

Revenue to be received from CEC and the Ports of Los Angeles and Long Beach totaling up to \$12 million will be recognized into the Community Air Protection AB 134 Fund (77). Projects to be funded, as listed in Tables 1 and 2, will not exceed \$30,590,000 from the Community Air Protection AB 134 Fund (77).

Attachments

Table 1: Near-Zero Emission Truck Projects under CEC Grant

Table 2: Zero and Near-Zero Emission Truck Projects under Community Air Protection AB 134 Program

Table 1: Near-Zero Emission Truck Projects under CEC Grant

Applicant Name	Vocation	Number of Trucks	Total Award Amount
Air Fayre CA Inc.	Non-Drayage	12	\$1,200,000
Alto Xpress, Inc.	Non-Drayage	3	300,000
CalPortland Company	Non-Drayage	25	2,500,000
Liberty Linehaul West Inc.	Non-Drayage	1	100,000
Lincoln Transportation Services, Inc.	Drayage	29	2,900,000
Long Beach Container Transport	Drayage	1	100,000
Magdaleno Cabanas Garcia	Drayage	1	100,000
Mountain Valley Express Co. Inc.	Non-Drayage	8	800,000
Nestle Waters North America, Inc.	Non-Drayage	1	100,000
Roadex Cy Inc.	Drayage	16	1,600,000
Spreadco Inc.	Non-Drayage	2	200,000
Su Kil Park	Drayage	1	100,000
T&M Construction	Drayage	1	100,000
Tradelink Transport, Inc.*	Drayage	39	3,900,000
Total		140	\$14,000,000

*Pending qualification check

**Table 2: Zero and Near-Zero Emission Truck Projects
under Community Air Protection AB 134 Program**

Applicant Name	Number of Trucks	Replacement Vehicle Fuel Type	Total Award Amount
Air Fayre CA, Inc.	6	Low NOx	\$280,000
Amrock Transportation, Inc.	1	Low NOx	100,000
City Business Shipping, Inc.	1	Low NOx	40,000
Danmar P&D Corp.	4	Low NOx	200,000
EDCO Transport Services LLC	1	Low NOx	100,000
Eight Star Commodities**	5	Low NOx	250,000
Elizabeth Litsas	4	Low NOx	200,000
G & M Leasing Company	1	Low NOx	50,000
Hudson Group (HG) Retail LLC	2	Low NOx	100,000
J&J Transportation Vinson, Inc.	2	Low NOx	200,000
M/M Investment	2	Low NOx	100,000
Mercado Latino**	4	Low NOx	350,000
Mountain Valley Express Co., Inc.	2	Low NOx	200,000
Nestle Waters North America, Inc.	18	Zero Emissions	3,600,000
Nestle Waters North America, Inc.	13	Low NOx	520,000
Packair Airfreight, Inc.	2	Low NOx	100,000
Petrochem Materials Innovation, LLC**	20	Low NOx	2,000,000
Picante Leasing LLC	1	Zero Emissions	200,000
Sandys Trucking	1	Zero Emissions	200,000
South Bay C.F.S. LLC	37	Zero Emissions	7,400,000
Xin Li	2	Zero Emissions	400,000
Total	129		\$16,590,000

**Pending compliance check approval by CARB