



BOARD MEETING DATE: April 2, 2021

AGENDA NO. 9

**PROPOSAL:** Approve Modification of Program and Reallocation of Funds, and Approve Awards as Approved by MSRC

**SYNOPSIS:** The Mobile Source Air Pollution Reduction Review Committee (MSRC) approved a modification to, and a reallocation from, their Voucher Incentive Program Plus Up Program partnership with South Coast AQMD for near-zero trucks. The MSRC also approved multiple awards under their RFPs for Zero and Near-Zero Emission Trucking and Cargo Handling in Riverside and San Bernardino Counties. The MSRC seeks Board approval of the contract awards, program modification, and reallocation, as part of the FYs 2018-21 Work Program.

**COMMITTEE:** Mobile Source Air Pollution Reduction Review, March 18, 2021; Recommended for Approval

**RECOMMENDED ACTIONS:**

1. Approve increasing the maximum combined incentive for Class 8 trucks to \$125,000, and reallocation of \$2,500,000 from partnership with South Coast AQMD on implementation of Voucher Incentive Plus Up Program to the unallocated AB 2766 Discretionary Fund balance, as part of approval of the FYs 2018-21 Work Program, as described in this letter;
2. Approve five contract awards totaling \$8,537,775 under the Zero and Near-Zero Emission Cargo Handling Equipment at Warehouse, Distribution and Intermodal Facilities in Riverside and San Bernardino Counties RFP, using \$6,000,000 of funds previously allocated and \$2,537,775 of funds previously unallocated, as part of approval of the FYs 2018-21 Work Program, as described in this letter and as follows:
  - a. A contract with Penske Truck Leasing Co., L.P. in an amount not to exceed \$1,160,000 to procure and deploy up to five zero-emission electric yard tractors and associated charging infrastructure;
  - b. A contract with CMA CGM (America), LLC in an amount not to exceed \$3,000,000 to procure and deploy up to two zero-emission electric rubber tire gantry cranes, up to two zero-emission electric empty container handlers, and up to 10 zero-emission electric yard trucks;

- c. A contract with ITS Technologies & Logistics, LLC d/b/a ITS ConGlobal, in an amount not to exceed \$3,000,000 to procure and deploy up to 12 zero-emission electric yard tractors and associated charging infrastructure;
  - d. A contract with MHX, LLC in an amount not to exceed \$569,275 to procure and deploy one zero-emission electric overhead crane; and
  - e. A contract with RDS Logistics Group in an amount not to exceed \$808,500 to procure and deploy up to three zero-emission electric yard tractors and associated charging infrastructure;
3. Approve 10 contract awards totaling \$28,704,189 under the Zero and Near-Zero Emission Trucking to Warehouse, Distribution and Intermodal Facilities in Riverside and San Bernardino Counties RFP, using \$14,000,000 of funds previously allocated and \$14,704,189 of funds previously unallocated, as part of approval of the FYs 2018-21 Work Program, as described in this letter and as follows:
- a. A contract with Amazon Logistics, Inc. in an amount not to exceed \$4,157,710 to procure and deploy up to ten zero-emission electric and up to 100 near-zero emission natural gas Class 8 semi-tractors;
  - b. A contract with 4 Gen Logistics, Inc. in an amount not to exceed \$7,000,000 to procure and deploy up to 40 zero emission electric Class 8 semi-tractors and associated charging infrastructure;
  - c. A contract with Green Fleet Systems, LLC in an amount not to exceed \$500,000 to procure and deploy up to five near-zero emission natural gas Class 8 semi-tractors;
  - d. A contract with Premium Transportation Services, Inc. in an amount not to exceed \$1,500,000 to procure and deploy up to 15 near-zero emission natural gas Class 8 semi-tractors;
  - e. A contract with Ryder Systems, Inc. in an amount not to exceed \$3,169,746 to purchase and install up to two integrated power centers and up to four mega chargers;
  - f. A contract with MHX, LLC in an amount not to exceed \$1,900,000 to procure and deploy up to 10 zero emission electric Class 8 semi-tractors and associated charging infrastructure;
  - g. A contract with Pac Anchor Transportation, Inc. in an amount not to exceed \$2,300,000 to procure and deploy up to 23 near-zero emission natural gas Class 8 semi-tractors;
  - h. A contract with Volvo Financial Services in an amount not to exceed \$3,930,270 to lease up to 14 zero emission electric Class 8 semi-tractors and provide associated charging infrastructure to host fleet Quality Custom Distribution;
  - i. A contract with Sea Logix, LLC in an amount not to exceed \$2,300,000 to procure and deploy up to 23 near-zero emission natural gas Class 8 semi-tractors; and
  - j. A contract with CMA CGM (America) in an amount not to exceed \$1,946,463 to procure and deploy up to 13 near-zero emission natural gas Class 8 semi-tractors;

4. Authorize MSRC to adjust contract awards up to five percent, as necessary and previously granted in prior work programs; and
5. Authorize the Chairman of the Board to execute the new contracts under the FYs 2018-21 Work Program, as described above and in this letter.

Larry McCallon  
Chair, MSRC

MMM:CR

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### **Background**

In September 1990, Assembly Bill 2766 was signed into law (Health & Safety Code Sections 44220-44247) authorizing an annual \$4 motor vehicle registration fee to fund the implementation of programs exclusively to reduce air pollution from motor vehicles. AB 2766 provides that 30 percent of the annual \$4 vehicle registration fee subvented to the South Coast AQMD be placed into an account to be allocated pursuant to a work program developed and adopted by the MSRC and approved by the Board.

### **Outreach**

South Coast AQMD has been successfully implementing VIP for many years. The modified VIP Plus Up Incentive would be promoted in collaboration with existing outreach efforts. Information would be placed on the South Coast AQMD and MSRC websites along with information distributed to the approved VIP Dealers who are the frontline points of contact to interested program participants.

In accordance with South Coast AQMD's Procurement Policy and Procedure, public notices advertising the Zero and Near-Zero Emission Cargo Handling Equipment at Warehouse, Distribution and Intermodal Facilities in Riverside and San Bernardino Counties RFP and the Zero and Near-Zero Emission Trucking to Warehouse, Distribution and Intermodal Facilities in Riverside and San Bernardino Counties RFP were published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County's Press Enterprise to leverage the most cost-effective method of outreach to the South Coast Basin. In addition, the RFPs were advertised in the Desert Sun newspaper for expanded outreach in the Coachella Valley.

Additionally, potential bidders may have been notified utilizing South Coast AQMD's own electronic listing of certified minority vendors. Notice of the RFPs was e-mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on South Coast AQMD's website (<http://www.aqmd.gov>). Further, the RFPs were posted on the MSRC's website

at <http://www.cleantransportationfunding.org> and electronic notifications were sent to those subscribing to this website's notification service.

### **Proposal**

At its March 18, 2021 meeting, the MSRC considered recommendations from its MSRC Technical Advisory Committee (MSRC-TAC) and approved the following:

#### **Voucher Incentive Program (VIP) Plus Up Incentive Program**

Using funds provided by CARB, South Coast AQMD implements the VIP to encourage the replacement of older, higher-polluting vehicles with newer, lower-emission vehicles which meet the 0.20 g/bhp-hr NO<sub>x</sub> standard. The program features a rapid response time and is limited to small fleets of 10 or fewer vehicles. In April 2020, the MSRC approved an allocation of \$5,000,000 to partner with South Coast AQMD to offer an increased incentive to fleets procuring technologies certified at 0.02 g/bhp-hr NO<sub>x</sub> or cleaner. Maximum incentive amounts inclusive of the original vouchers are currently \$60,000 for Class 5 vehicles, \$80,000 for Class 6 vehicles and \$100,000 for Class 7 and 8 vehicles.

There was slow uptake for the VIP Plus Up during the 2020. There was later than usual release of CARB VIP Guidelines, and fleet operators may have been cautious about embracing new fuel types during the uncertain times of the pandemic. For Class 8 vehicles, particularly, with the average cost of a qualifying new vehicle in the \$180,000 range, it seemed that the incentive amount might not be sufficient to overcome the cost differential and fleet concerns. It was considered that increasing the maximum combined incentive amount for Class 8 vehicles from \$100,000 to \$125,000 would revive interest in the Program. Simultaneously, a portion of the previously allocated funding could be redeployed to address immediate MSRC funding needs. The MSRC approved increasing the maximum incentive amount for Class 8 vehicles to \$125,000 and reallocating \$2,500,000 from the VIP Plus Up Program to the unallocated AB 2766 Discretionary Fund balance.

#### **Inland Ports Zero and Near-Zero Emission Cargo Handling and Trucking**

In November 2020, the MSRC approved RFPs for on- and off-road goods movement projects associated with the "Inland Ports"—warehouse and distribution facilities located in Riverside and San Bernardino Counties.

Released in December 2020, RFP #P2021-08 sought proposals to reduce emissions from cargo handling equipment. The MSRC set a targeted funding amount of \$6,000,000 for this RFP, which established competitive scoring based on cost effectiveness and project readiness. The deadline for proposal submission was 11:59 p.m. on January 15, 2021. Six proposals were received prior to the submission deadline. The MSRC approved five awards totaling \$8,537,775, using \$6,000,000 of funds previously allocated and \$2,537,775 of funds previously unallocated, as part of approval of the FYs 2018-21 Work Program, as follows:

- a. A contract with Penske Truck Leasing Co., L.P. in an amount not to exceed \$1,160,000 to procure and deploy up to five zero-emission electric yard tractors and associated charging infrastructure;
- b. A contract with CMA CGM (America), LLC in an amount not to exceed \$3,000,000 to procure and deploy up to two zero-emission electric rubber tire gantry cranes, up to two zero-emission electric empty container handlers, and up to 10 zero-emission electric yard trucks;
- c. A contract with ITS Technologies & Logistics, LLC d/b/a ITS ConGlobal, in an amount not to exceed \$3,000,000 to procure and deploy up to 12 zero-emission electric yard tractors and associated charging infrastructure;
- d. A contract with MHX, LLC in an amount not to exceed \$569,275 to procure and deploy one zero-emission electric overhead crane; and
- e. A contract with RDS Logistics Group in an amount not to exceed \$808,500 to procure and deploy up to three zero-emission electric yard tractors and associated charging infrastructure.

Also released in December 2020, RFP #P2021-07 sought proposals to reduce emissions through the implementation of zero and near-zero emission technologies on heavy-duty trucks which transport containerized or bulk goods. The MSRC set a targeted funding amount of \$14,000,000 for this RFP, which established competitive scoring based on cost effectiveness, project readiness, and percentage of truck trips that serve the Inland Empire. The deadline for proposal submission was 11:59 p.m. on January 15, 2021. Eleven proposals were received prior to the submission deadline, and 10 were found to meet the requirements of the RFP. The MSRC approved 10 awards totaling \$28,704,189, using \$14,000,000 of funds previously allocated and \$14,704,189 of funds previously unallocated, as part of approval of the FYs 2018-21 Work Program, as follows:

- f. A contract with Amazon Logistics, Inc. in an amount not to exceed \$4,157,710 to procure and deploy up to 10 zero-emission electric and up to 100 near-zero emission natural gas Class 8 semi-tractors;
- g. A contract with 4 Gen Logistics, Inc. in an amount not to exceed \$7,000,000 to procure and deploy up to 40 zero emission electric Class 8 semi-tractors and associated charging infrastructure;
- h. A contract with Green Fleet Systems, LLC in an amount not to exceed \$500,000 to procure and deploy up to five near-zero emission natural gas Class 8 semi-tractors;
- i. A contract with Premium Transportation Services, Inc. in an amount not to exceed \$1,500,000 to procure and deploy up to 15 near-zero emission natural gas Class 8 semi-tractors;
- j. A contract with Ryder Systems, Inc. in an amount not to exceed \$3,169,746 to purchase and install up to two integrated power centers and up to four mega chargers;
- k. A contract with MHX, LLC in an amount not to exceed \$1,900,000 to procure and deploy up to 10 zero emission electric Class 8 semi-tractors and associated charging infrastructure;

- l. A contract with Pac Anchor Transportation, Inc. in an amount not to exceed \$2,300,000 to procure and deploy up to 23 near-zero emission natural gas Class 8 semi-tractors;
- m. A contract with Volvo Financial Services in an amount not to exceed \$3,930,270 to lease up to 14 zero emission electric Class 8 semi-tractors and provide associated charging infrastructure to host fleet Quality Custom Distribution;
- n. A contract with Sea Logix, LLC in an amount not to exceed \$2,300,000 to procure and deploy up to 23 near-zero emission natural gas Class 8 semi-tractors; and
- o. A contract with CMA CGM (America) in an amount not to exceed \$1,946,463 to procure and deploy up to 13 near-zero emission natural gas Class 8 semi-tractors.

The MSRC requests the South Coast AQMD Board approve the contract awards, program modifications and reallocation as part of approval of the FYs 2018-21 AB 2766 Discretionary Fund Work Program as outlined above. The MSRC also requests the Board authorize the South Coast AQMD Board Chairman to execute all agreements described in this letter. The MSRC further requests authority to adjust the funds allocated to each project specified in this Board letter by up to five percent of the project's recommended funding. The Board has granted this authority to the MSRC for all past Work Programs.

### **Resource Impacts**

South Coast AQMD acts as fiscal administrator for the AB 2766 Discretionary Fund Program (Health & Safety Code Section 44243). Money received for this program is recorded in a special revenue fund (Fund 23) and the contracts specified herein will be drawn from this fund.