

BOARD MEETING DATE: November 4, 2022

AGENDA NO. 4

PROPOSAL: Recognize Revenue and Amend Contract Awards for Cleaner Freight California Projects

SYNOPSIS: In May 2022, the Board recognized a \$2,349,995 award from U.S. EPA to replace diesel cargo handling equipment with innovative zero-emission electric alternatives for the Cleaner Freight California Projects. In August 2022, U.S. EPA awarded additional funding of \$219,938 to South Coast AQMD's Cleaner Freight California Projects for a total of \$2,569,933. These additional funds would be distributed to contracts with Albertsons Companies, McLane Company, and Long Beach Container Terminal. These actions are to: 1) recognize revenue, upon receipt, of up to \$219,938 from the U.S. EPA National Clean Diesel Program into the Advanced Technology, Outreach and Education Fund (17), and 2) execute contracts with Albertsons Companies, McLane Company, and Long Beach Container Terminal in amounts not to exceed \$1,396,386, \$775,770, and \$273,150, respectively from the Advanced Technology, Outreach and Education Fund (17).

COMMITTEE: Technology, October 21, 2022; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize revenue, upon receipt, of up to \$219,938 from the U.S. EPA Diesel Emissions Reduction Act Funding into the Advanced Technology, Outreach and Education Fund (17) for electrification of cargo handling equipment; and
2. Authorize the Executive Officer to execute contracts from the Advanced Technology, Outreach and Education Fund (17) as follows:
 - a. Albertsons Companies to replace up to nine diesel yard hostlers with zero-emission, all-electric hostlers in an amount not to exceed \$1,396,386;
 - b. McLane Company to replace up to five diesel yard hostlers with zero-emission, all-electric yard hostlers in an amount not to exceed \$775,770; and

- c. Long Beach Container Terminal to replace up to five intermodal box connector carts with zero-emission electric intermodal box connector carts in an amount not to exceed \$273,150.

Wayne Natri
Executive Officer

AK:MW:PSK:SH

Background

In 2021, staff submitted a proposal to U.S. EPA for the Diesel Emission Reduction Act (DERA) grants for electrification of cargo handling equipment at facilities in Southern California. Staff was notified by U.S. EPA that South Coast AQMD had been awarded \$2,349,995 in partial funding for the Cleaner Freight California Projects.

In August 2022, U.S. EPA awarded additional funding of \$219,938 for the Cleaner Freight California Projects to the South Coast AQMD, amending the total award amount to up to \$2,569,933.

Proposal

U.S. EPA awarded additional funding of \$219,938 to South Coast AQMD's Cleaner Freight California Projects for a total of \$2,569,933. This additional funding will be distributed to Albertsons, McLane, and Long Beach Container Terminal (LBCT) in the amounts of \$81,507, \$45,281, and \$93,150, respectively. Due to the increased retail price of vehicles, U.S. EPA funding will be used to offset costs of vehicle purchases.

Albertsons, McLane, and LBCT currently own and operate the respective diesel-powered units proposed for scrapping and replacement with new zero-emission electric variants. New electric units will be supported with chargers and pedestals funded under this project.

Zero-Emission Yard Hostlers at Albertsons' Distribution Center

Albertsons will replace up to nine diesel yard hostlers with all-electric hostlers at three distribution centers in Irvine, Brea, and Tracy, California.

Zero-Emission Yard Hostlers at McLane's Distribution Center

McLane will scrap and replace up to five eligible diesel yard tractors with new, eligible, zero-emission electric hostlers.

Zero-Emission Intermodal Box Connector Carts (IBC carts) at Port of Long Beach
LBCT will scrap and replace up to five eligible IBC carts with new, eligible, zero-emission electric IBC carts at LBCT.

Sole Source Justification

Section VIII.B.3. of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified for federally funded procurement. The request for sole source awards for the Albertsons, McLane, and LBCT contracts are made under Section VIII.B.3.c, which states the awarding federal agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-federal entity.

Benefits to South Coast AQMD

The South Coast Air Basin is classified as an “extreme” nonattainment area for ozone under the federal Clean Air Act. The success of this project will contribute to the attainment of national ambient air quality standards in the South Coast Air Basin by helping to eliminate PM and NOx emissions as a result of replacing the diesel cargo handling equipment. The project supports the *Technology Advancement Office Clean Fuels Program 2023 Plan Update* under the categories of “Electric/Hybrid Technologies” and “Zero Emission Infrastructure”.

Resource Impacts

U.S. EPA FY21 DERA Grant award of \$2,569,933 towards the electrification of cargo handling equipment in Southern California. Projects include \$2,445,306 for project costs and \$124,627 for South Coast AQMD staff administrative costs.

U.S. EPA FY21 DERA Fund	Funding Amount
Albertsons	\$1,396,386
McLane	\$775,770
LBCT	\$273,150
Total	\$2,445,306

Sufficient funds will be available to execute contracts from the Advanced Technology, Outreach and Education Fund (17) once U.S. EPA 2021 DERA funds are recognized.