

BOARD MEETING DATE: December 1, 2023

AGENDA NO. 6

PROPOSAL: Establish Special Revenue Fund, Recognize Revenue, Execute Contracts and Reimburse General Fund to Demonstrate Fuel Cell Locomotive and Deploy Heavy-Duty Truck Charging and Fueling Infrastructure

SNYOPSIS: South Coast AQMD has been awarded up to \$76,250,003 from California State Transportation Agency's (CalSTA) Port and Freight Infrastructure Program to demonstrate a short line hydrogen fuel cell locomotive and deploy direct current fast chargers and hydrogen refueling dispensers. South Coast AQMD has also been allocated \$500,000 through the DOE through a FY 23 Congressional Direct Spending Request for the project. These actions are to: 1) establish the CalSTA Special Revenue Fund (89) and recognize, upon receipt, revenue up to \$76,250,003 from CalSTA and up to \$500,000 from DOE into Fund (89); 2) execute contracts with Wabtec Corporation for up to \$34,188,480 from CalSTA Special Revenue Fund (89) and Prologis Mobility, LLC for up to \$38,930,570 from CalSTA Special Revenue Fund (89) and up to \$11,679,171 from MSRC Fund (23); and 3) reimburse the General Fund up to \$3,630,953 from CalSTA Special Revenue Fund (89) to administer these projects.

COMMITTEE: Technology, November 17, 2023; Recommended for Approval

RECOMMENDED ACTION S:

1. Establish the California State Transportation Agency (CalSTA) Special Revenue Fund (89) and recognize, upon receipt, revenue up to \$76,250,003 from CalSTA and up to \$500,000 from DOE into Fund (89);
2. Authorize the Chair, or on the Chair's behalf, the Executive Officer, to execute contracts with:
 - a. Wabtec Corporation in an amount not to exceed \$34,188,480 to demonstrate a short line hydrogen fuel cell locomotive operating in and around Southern California, consisting of up to \$33,688,480 CalSTA funding and up to \$500,000 DOE funding from CalSTA Special Revenue Fund (89); and

- b. Prologis Mobility LLC. in amount not to exceed \$50,609,741 to deploy 376 direct current fast chargers and 19 hydrogen refueling dispensers at seven locations, consisting of up to \$38,930,570 from CalSTA Special Revenue Fund (89) and up to \$11,679,171 from MSRC Fund (23).
3. Reimburse the General Fund up to \$3,630,953 from CalSTA Special Revenue Fund (89) for administrative costs necessary to implement these projects.

Wayne Natri
Executive Officer

AK:MW

Background

To help achieve federal ozone standards and reduce NO_x, the 2022 AQMP showed the need to rapidly transition to zero emission technologies in the goods movement sector to reduce NO_x and PM_{2.5} emissions. In addition, the large diesel emission sources associated with the goods movement activities results in many neighboring communities having higher risks for cancer. The MATES V continued to show the highest cancer risk in communities near the San Pedro Bay Ports, along with those residing near freeways and intermodal facilities.

In January 2023, South Coast AQMD partnered with Prologis Mobility, LLC. and Wabtec Corporation to submit a proposal entitled “Freight Air Quality Solutions” (FAQS) to CalSTA under the 2022 Port and Freight Infrastructure Program (PFIP). The FAQS proposal included the deployment of direct current fast chargers (DCFC) and hydrogen refueling dispensers at seven locations to support zero emission drayage fleets and the demonstration of a short-line fuel cell locomotive that will transport cargo in and around Southern California, supporting the largest container port in the United States.

In July 2023, CalSTA awarded a PFIP grant to South Coast AQMD for FAQS project, followed by a kick-off meeting with CalSTA and project partners in September 2023. Also, in August 2023, the MSRC awarded Prologis Mobility LLC. \$11,679,171 to cost-share the deployment of DCFC and hydrogen refueling dispensers, and a FY23 Congressional Directed Spending request allocated \$500,000 to South Coast AQMD through the DOE to cost-share the fuel cell locomotive demonstration.

Proposal

This action is to establish the CalSTA Special Revenue Fund (89) to receive the \$76,250,003 award from CalSTA as well as \$500,000 from the DOE for the purpose of administering the FAQS project.

This action is to also authorize the execution of a contract with Prologis Mobility, LLC., one of the world's largest real estate logistics firms, for an amount not to exceed \$50,609,741 to deploy 376 DCFCs and 19 hydrogen refueling dispensers at seven locations, including Compton, Commerce, Long Beach, Ontario, Rancho Cucamonga, Van Nuys and Vernon. All the sites will have battery energy storage systems and on-site power generation provided by linear generators to create a resilient network. This part of the FAQS project is expected to initially support 2,100 zero emission trucks and potentially support a larger zero emission truck population of 16,000 trucks operating in the South Coast Air Basin.

This action is to also authorize the execution of a contract with Wabtec Corporation, one of the leading freight locomotive providers globally, for an amount not to exceed \$34,188,480, to design, develop, and demonstrate a short line liquid hydrogen fuel cell locomotive operating in and around Southern California ports. The locomotive will be fully built, commercially tested, validated, and demonstrated by a rail operator.

Sole Source Justification

Section VIII.B. 2 of the Procurement Policy and Procedure identifies four major provisions under which sole source award may be justified and section VIII.B.3 identifies four major provisions under which contracts funded in whole or in part with federal funds may be made as a sole source award. The request for sole source awards for the Wabtec and Prologis contracts is made under provision B.2. d.(1) Projects involving cost sharing by multiple sponsors. The proposed projects will include in-kind contributions and cost-share by Wabtec, Prologis, DOE and MSRC. Additionally for the Wabtec contract, the request for sole source award is made under 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

South Coast Air Basin is classified as an "extreme" nonattainment area for ozone under the Federal Clean Air Act. Successful deployment of chargers and fuel dispensers and the demonstration of fuel cell locomotive will help reduce Ozone and PM2.5 air pollution. The project supports the Technology Advancement Office Clean Fuel Program 2023 Plan Update under the categories of "*Electric/Hybrid Technologies,*" "*Hydrogen/Mobile Fuel Cell Technologies,*" and "*Zero Emission Infrastructure.*" The annual reductions of 632 tons of NOx, 1.7 tons of PM2.5 and 147,104 tons of CO2 can be expected from these projects.

Resource Impacts

The contract with Prologis Mobility, LLC. to deploy chargers and hydrogen fueling dispensers will not exceed \$50,609,741. This includes up to \$38,930,570 from the CalSTA Special Revenue Fund (89) and up to \$11,679,171 from MSRC Fund (23). The proposed project cost-share is shown in the table below:

Funding Source	Funding Amount	Percent
CalSTA	\$38,930,570	20
MSRC	\$11,679,171	6
Prologis Mobility LLC.	\$144,043,107	74
Total	\$194,652,848	100

The contract with Wabtec Corporation for the demonstration of the fuel cell locomotive will not exceed \$34,188,480 from the CalSTA Special Revenue Fund (89). This includes CalSTA funding of up to \$33,688,480 and DOE funding from a Congressional Directed Spending request of up to \$500,000. The proposed project cost-share is shown in the table below:

Funding Source	Funding Amount	Percent
CalSTA	\$33,688,480	80
DOE	\$500,000	1.2
Wabtec Corporation	\$7,922,119	18.8
Total	\$42,110,599	100

Up to \$3,630,953 will be reimbursed to the General Fund from CalSTA Special Revenue Fund (89) for administrative costs necessary to implement these projects.