

BOARD MEETING DATE: May 5, 2023

AGENDA NO. 4

**PROPOSAL:** Execute Contracts Using U.S. EPA DERA Funds for Carl Moyer Truck Projects and Amend Contract with Sunline Transit Agency

**SYNOPSIS:** In April 2020, the Board recognized a U.S. EPA Diesel Emissions Reduction Act (DERA) award of \$2,289,581 into the Clean Fuels Fund (31) for a Truck Trade Down Program. Due to low truck inventory, costs increase and CARB's Truck and Bus Regulation's compliance deadline, there is no longer a demand for this program. The funding will be reallocated to replace newer model year trucks eligible for the Carl Moyer Program. Also, in September 2020, the Board approved a contract with SunLine Transit Agency for \$5,906,601 to deploy five fuel cell transit buses using funding from a U.S. EPA FY19 Targeted Airshed Grant award. Sunline received Hybrid, and Zero-Emission Truck and Bus Voucher discounts and requested to add a bus to the project to utilize the balance of awarded U.S. EPA funds. These actions are to 1) authorize the Executive Officer to execute contracts using the FY19 DERA funds of \$2,106,405 for Carl Moyer zero-emission truck projects; 2) reimburse the General Fund (01) using FY19 DERA funds from the Clean Fuels Program Fund (31) up to \$63,176 for administrative costs; and 3) authorize the Executive Officer to execute a no-cost contract amendment with SunLine Transit Agency for the deployment of an additional fuel cell transit bus for a total of six buses.

**COMMITTEE:** Technology, April 21, 2023; Recommended for Approval

**RECOMMENDED ACTIONS:**

1. Authorize the Executive Officer to execute contracts using the FY19 DERA funds of up to \$2,106,405 from Clean Fuels Program Fund (31) for Carl Moyer zero-emission truck projects;
2. Reimburse the General Fund (01) using FY19 DERA funds from the Clean Fuels Program Fund (31) up to \$63,176 for administrative costs; and

3. Authorize the Executive Officer to execute a no-cost contract amendment with SunLine Transit Agency for the deployment of an additional fuel cell transit bus for a total of six buses.

Wayne Nastri  
Executive Officer

AK:MW:JL:MH

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### **Background**

In April 2020, the Board recognized \$2,289,581 in FY19 DERA funds into the Clean Fuels Program Fund (31) to implement a Truck Trade Down Program. Under this program, fleets could receive up to \$100,000 in incentive funding towards the purchase of a new near-zero-emission (NZE) natural gas-powered Class 8 truck along with a \$25,000 trade-in credit for their 2014 or newer diesel truck. The dealer would sell the 2014 or newer diesel truck for a maximum of \$30,000 to a small fleet owner of a 2009 or older Class 8 diesel truck. The 2009 or older diesel truck would be scrapped at a South Coast AQMD qualified truck dismantler. The dealers would retain up to \$5,000 per truck for administration and participation in the Truck Trade Down Program. Market conditions led to higher prices for trucks being traded-in and delivery delays for new NZE model year Class 8 trucks. In addition, the CARB Truck and Bus Regulation went into effect in 2023 and all Class 8 trucks with engine model years prior to 2010 are, with certain exceptions, no longer allowed to operate in California. Meanwhile, South Coast AQMD's Carl Moyer Program was oversubscribed and U.S. EPA has approved using the DERA award to deploy additional zero-emission (ZE) technology trucks under the Carl Moyer Program.

In September 2020, the Board approved a contract with SunLine using funding from a U.S. EPA FY19 Targeted Airshed Grant award from the Advanced Technology, Outreach, and Education Fund (17) for up to \$6,111,601 to deploy five fuel cell transit buses. SunLine subsequently received Hybrid and Zero-Emission Truck and Bus Voucher discounts from CARB in 2021, thus reducing the project cost. To utilize the remaining U.S. EPA funds, Sunline requested to deploy an additional fuel cell transit bus, and U.S. EPA has approved that. As such, a no-cost contract amendment with SunLine is needed to include one additional fuel cell bus to the scope of work.

### **Proposal**

This action is to authorize the Executive Officer to execute contracts using FY19 DERA funds of up to \$2,106,405 from Clean Fuels Program Fund (31) for Carl Moyer zero-emission truck projects and to reimburse the General Fund (01) using FY19 DERA funds from the Clean Fuels Program Fund (31) up to \$63,176 for administrative costs.

In addition, this action is to execute a no-cost contract amendment with SunLine Transit Agency to add one more fuel cell transit bus for a total of six fuel cell transit buses.

**Benefits to South Coast AQMD**

Successful implementation of these projects will permanently remove higher-emitting heavy-duty on-road diesel trucks with ZE trucks. This project will potentially reduce 20.2 tons of NOx and 14,846 tons of CO2 over the lifetime of the vehicles throughout the Basin with priority being given to ZE truck applications that benefit disadvantaged communities. The accelerated replacement of diesel trucks with ZE trucks will help realize immediate emission reductions in drayage and goods movement sectors and within fleets operating in the Basin. Projects to replace heavy-duty diesel trucks are included in the *Technology Advancement Office Clean Fuels Program 2022 Plan Update* under the category “Electric/Hybrid Technologies and Infrastructure.” The additional ZE SunLine Transit fuel cell bus will provide emission reductions in lieu of using a traditional transit bus with a combustion engine.

**Resource Impacts**

Total funding for projects under the U.S. EPA FY19 DERA Grant and Carl Moyer Program will not exceed \$8,799,581, comprised of \$2,289,581 of U.S. EPA funds and \$6,510,000 of Carl Moyer Program funds. The fleets will contribute an additional \$1,883,595 of the cost share, as shown in the project cost-share table below. In addition, the General Fund (01) will be reimbursed using FY19 DERA funds from the Clean Fuels Program Fund (31) up to \$63,176 for administrative costs. The amendment to SunLine Transit Agency contract is a no-cost amendment as the same amount of U.S. EPA awarded funds will now support six buses instead of five.

<b>Funding Source</b>	<b>Funding Amount</b>
U.S. EPA FY19 DERA Project	\$2,289,581
Carl Moyer Program*	\$6,510,000
Fleet*	\$1,883,595
<b>Total</b>	<b>\$10,683,176</b>

\*Carl Moyer funding is based on emission reduction, amount shown is best case scenario