

BOARD MEETING DATE: December 6, 2019

AGENDA NO. 9

PROPOSAL: Approve Contract Award, Allocation of Funds, and Issue Solicitation as Approved by MSRC

SYNOPSIS: As part of their FYs 2018-21 Work Program, the MSRC approved an award to provide special transit service to Dodger Stadium in 2020 and 2021. The MSRC also approved a funding allocation towards the Market Acceleration Program, with the funds to support the early deployment of near-zero emission natural gas trucks. Finally, the MSRC approved the release of a Program Opportunity Notice for Inland Ports Zero/Near-Zero Emission Warehouse & Distribution Facilities. At this time the MSRC seeks Board approval of the contract award and allocation, and to release the solicitation as part of the FYs 2018-21 Work Program.

COMMITTEE: Mobile Source Air Pollution Reduction Review, November 21, 2019; Recommended for Approval

RECOMMENDED ACTIONS:

1. Approve contract award to Los Angeles County Metropolitan Transportation Authority (Metro) in an amount not to exceed \$2,188,899 (using \$2,101,257 of the funds originally allocated plus an additional \$87,642 previously unallocated) to provide special bus service to Dodger Stadium in 2020 and 2021, as part of the approval of the FYs 2018-21 Work Program, as described in this letter;
2. Approve MSRC allocation in an amount not to exceed \$4,000,000 for partnership with South Coast AQMD on implementation of Market Acceleration Program, with funding to support the early deployment of near-zero emission natural gas trucks in accordance with the program terms, as part of the approval of the FYs 2018-21 Work Program, as described in this letter;
3. Issue Program Opportunity Notice for Inland Ports Zero/Near-Zero Emission Warehouse & Distribution Facilities as part of the approval of the FYs 2018-21 Work Program, with a targeted funding level of \$20,000,000, as described in this letter and in the attached;
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 contract under the FYs 2018-21 Work Program, as described above and in this letter.

Larry McCallon
Chair, MSRC

MMM:NB:CR

Background

In September 1990, Assembly Bill 2766 was signed into law (Health & Safety Code Sections 44220-44247) authorizing the imposition of 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

In accordance with South Coast AQMD's Procurement Policy and Procedure, public notices advertising the Inland Ports Zero/Near-Zero Emission Warehouse & Distribution Facilities Program Opportunity Notice (PON) will be published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County Press Enterprise newspapers to leverage the most cost-effective method of outreach to the South Coast Basin. In addition, the solicitation will be advertised in the Desert Sun newspaper for expanded outreach in the Coachella Valley. Public notices advertising the Major Event Center Transportation Program were likewise published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, Riverside County Press Enterprise, and Desert Sun newspapers.

Additionally, potential bidders may be and past bidders may have been notified utilizing South Coast AQMD's own electronic listing of certified minority vendors. Notice of the solicitation will be and notice of past solicitations was e-mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at South Coast AQMD's website (<http://www.aqmd.gov>). Further, the solicitation will be and past solicitations were posted on the MSRC's website at <http://www.cleantransportationfunding.org> and electronic notifications will be and past electronic notifications were sent to those subscribing to this website's notification service.

Proposals

At its November 21, 2019 meeting, the MSRC considered recommendations from its MSRC-TAC and approved the following:

Major Event Center Transportation Program

As part of its FYs 2018-21 Work Program, the MSRC allocated \$6.5 million for event center transportation programs and released Program Announcement #PA2019-03. The Program Announcement solicits applications from qualifying major event centers and/or transportation providers to provide transportation service for venues not currently served by sufficient transportation service. To date, the MSRC has awarded a total of \$1,631,783. The MSRC considered recommendations concerning an additional application submitted by Metro. Metro requested the MSRC to consider an award of \$2,188,899 to provide express bus service to Dodger Stadium for the 2020 and 2021 baseball seasons. For the 2020 season, service would be provided for one preseason game, 81 regular season games, one All-Star game, two special events, and up to ten post-season games. The 2021 season would have approximately 82 regular season games, two special events, and up to ten post-season games. Service would begin at least 90 minutes prior to game/event start time and would utilize “near-zero” CNG buses. Metro and the Los Angeles Dodgers are committed to provide at least \$3,011,026 in co-funding contributions to the administration and marketing of the project. The MSRC allocated an additional \$87,642 to the Program and approved a contract award to Metro in an amount not to exceed \$2,188,899 as part of the FYs 2018-21 Work Program for the Dodger Stadium Express bus service.

Market Acceleration Program

The Market Acceleration Program (MAP) is a South Coast AQMD program to support the early deployment of near-zero emission natural gas trucks, targeting heavy-duty trucks used in short-haul drayage activities. Its key audience includes fleets who don't meet the scrap truck qualification criteria of the Prop 1B and Carl Moyer Programs, and owners of older trucks who can't afford new near-zero trucks even with state incentives. Clean Energy, which originally proposed MAP to South Coast AQMD, will promote and coordinate the program but is not a funding recipient. A funding allocation from the MSRC would augment the South Coast AQMD's existing MAP funding and increase the number of trucks scrapped and new near-zero emission trucks placed into service. At least 89 truck replacements would be expected absent any other co-funding. The MSRC considered this partnership opportunity and approved an allocation of up to \$4,000,000 to augment the South Coast AQMD funding to implement the MAP as an element of the FYs 2018-21 Work Program.

Inland Ports Zero/Near-Zero Emission Warehouse & Distribution Facilities

The MSRC approved the release of PON #PON2020-01 under the FYs 2018-21 Work Program. The PON, with an initial targeted funding amount not to exceed \$20,000,000, solicits pre-proposals from owners and/or operators of warehouses, distribution centers, and logistics facilities located within the South Coast AQMD portions of Riverside or San Bernardino Counties describing how the organization would like to partner with the MSRC to implement air pollution reduction strategies and technologies at their facilities. The PON includes an open application period commencing with its release on December 6, 2019 and closing February 21, 2020. Upon receipt of a project concept, the MSRC

could a) request a more detailed proposal for possible sole-source award; b) notify entities that an RFP will be issued at a later date; or c) decline the funding request.

At this time, the MSRC requests the South Coast AQMD Board to approve the contract award, funding allocation, and release of the PON as part of approval of the FYs 2018-21 AB 2766 Discretionary Fund Work Program as outlined above. The MSRC also requests the Board to authorize the South Coast AQMD Chairman of the Board 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

The 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.

Attachment

Program Opportunity Notice PON2020-01 – Zero/Near-Zero Emission Warehouse & Distribution Facilities



Program Opportunity Notice

For

**Warehouse & Distribution Facilities in Riverside
& San Bernardino Counties**

**Financial Assistance to Transition to Zero & Near-Zero
Emission Goods Movement Operations**

PON2020-01

December 6, 2019

Clean Transportation Funding™ from the
Mobile Source Air Pollution Reduction Review Committee (MSRC)

SECTION I: INTRODUCTION

The ability to move goods efficiently across the South Coast Basin is crucial to the economic vitality of Southern California. In Los Angeles County alone, goods movement dependent industries generate one third of the county's economy and support one third of all employment. Our region is also home to the largest container port complex in the United States. Forty percent (40%) of all containerized goods imported into the United States enter through the Ports of Long Beach and Los Angeles, known as the San Pedro Bay Ports.

While essential to our region's economy, the air pollutant emissions generated by goods movement is the number one contributor to unhealthful air quality. The San Pedro Bay Ports themselves represent the largest source for air pollutant emissions within the South Coast AQMD jurisdiction. Due to the Ports' disproportionate contribution to the emissions inventory, significant efforts and financial investments have been made to reduce emissions associated with Port operations. The results of these efforts have been highly successful, with emissions of diesel particulate matter and nitrogen oxides (NOx) down 87% and 56%, respectively, when compared to 2005 levels¹. While substantial, continued reductions are necessary to meet ozone and toxic air contaminant standards as detailed in the South Coast AQMD's current Air Quality Management Plan.

However, the movement of goods does not stop at the maritime ports. Approximately 70% of the containerized cargo that moves through the San Pedro Bay Ports travels by heavy-duty diesel truck through the South Coast Basin where 40% of it ends up at a vast network of warehouses, distribution centers, and logistics facilities located in Riverside and San Bernardino counties.

Each warehouse and logistics facility is – in and of itself – a small scale port. There are over 400 of these facilities currently within Riverside and San Bernardino counties. Goods are delivered, trans-loaded, and depart each facility primarily by heavy-duty diesel trucks. Internally, containerized cargo is moved using heavy-duty diesel cargo handling equipment such as yard tractors and heavy-duty forklifts – the same equipment utilized at the maritime ports. While individually smaller in scale, when viewed collectively the hundreds of warehouses, distribution centers, and logistics facilities in the Inland Empire generate air pollutant emissions that endanger the health of the communities they are located in and adversely impact the entire South Coast region. It is for this reason that the local and State air pollution regulatory agencies are promulgating new rules and regulations to reduce air pollution generated by goods movement activities at these "Inland Ports".

¹ 2017 San Pedro Bay Ports Clean Air Action Plan Update.

To reduce air pollutant emissions generated by warehouse, distribution, and logistics center operations within the South Coast AQMD portions² of Riverside and San Bernardino Counties, the MSRC Clean Transportation Funding™ Program is seeking to partner with these facilities to begin the transition to *zero or near-zero emission goods movement*.

*The MSRC has identified up to **\$20 Million Dollars (\$20,000,000)** in Clean Transportation Funding™ and is seeking facility owners and operators to partner with the MSRC to achieve Inland Port Goods Movement air pollutant reductions*

Partnering with the MSRC Clean Transportation Funding Program offers the potential for owners and operators of eligible Inland Empire facilities to receive incentives for the early implementation of key air pollution reduction strategies and potentially go “above and beyond” future air quality obligations on the horizon from State and local air quality regulators. This also affords an opportunity for warehouses, distribution centers, and logistics facilities to implement “good neighbor” policies and practices to reduce air pollution exposure to adjacent residences, their communities, and the region as a whole.

SECTION II: PURPOSE OF THIS PROGRAM OPPORTUNITY NOTICE

The purpose of this Program Opportunity Notice (PON) is to identify owners and/or operators of warehouses, distribution centers, and logistics facilities located in Riverside or San Bernardino County interested in potentially partnering with the MSRC Clean Transportation Funding™ Program to implement air pollution reduction strategies and technologies at their facilities that reduce air pollutant emissions associated with Goods Movement.

*Please note that this PON is not a traditional Request for Proposals. The MSRC is soliciting **Pre-Proposals for Conceptual Projects** for MSRC Inland Port Goods Movement.*

A pre-proposal differs from a traditional proposal in that pre-proposals tend to be high level concepts that lack the level of detail normally associated with a formal “offer”.

The MSRC does retain the authority, however, to make a funding award as a result of this PON solicitation. More specifically, the following are possible outcomes of a Riverside or San Bernardino County facility submitting a Pre-Proposal in response to this PON:

² See <https://www.aqmd.gov/nav/about/jurisdiction> for a listing of zip codes that fall within the South Coast AQMD jurisdiction.

- If the MSRC receives a unique pre-proposal that is in keeping with the program objectives, the MSRC can, at their discretion, request that the submitter prepare and submit a full proposal for possible sole-source funding consideration;
- If the MSRC receives multiple pre-proposals that are meritorious, but offer a similar approach to obtaining the program objectives, the MSRC may issue a Request for Proposals (RFP) at some future date. Submitters of pre-proposals would be required to prepare a full proposal at that time. Selection would be made on a competitive basis;
- In the event the MSRC deems a pre-proposal to be non-responsive or otherwise unacceptable to this PON, the submitter will receive notification that the pre-proposal has been declined from further consideration. Please note that this would not preclude the submitter from preparing and submitting a full proposal under an MSRC sponsored RFP. The determination of non-responsiveness is at the sole discretion of the MSRC.

The MSRC Clean Transportation Funding™ Program is specifically interested in identifying Inland Empire Warehouse/Distribution/Logistics facilities interested in pursuing the following strategies:

- **Purchase & Deploy Zero-Emission or Near-Zero Emission (Z/NZE) Heavy-Duty On-Road Trucks**
 - Purchase and deploy into revenue service on-road heavy-duty trucks that are zero-emission (e.g., battery or fuel cell) or equipped with a “near-zero” emission engine³. This would primarily include heavy-duty on-road trucks owned and operated by the facility owner or operator, or partnering with fleets that regularly access the facility.
- **Purchase & Deploy Off-Road Z/NZE Cargo Handling Equipment**
 - Purchase and deploy into revenue service off-road heavy-duty cargo handling equipment that are zero-emission or equipped with a near-zero emission engine. This would include, but is not necessarily limited to, zero emission battery electric yard tractors (hostlers), heavy-duty forklifts, and other types of equipment typically used to reposition containers at a warehouse or distribution center.

³ “Near-Zero” engines currently include natural gas and propane engines certified by the California Air Resources Board at the Optional Low-NOx Certification Standard of 0.02 g/bhp-hr.

- **Facility Electrification to Support Zero Emission Trucks & Off-Road Cargo Handling Equipment**
 - Design and install Electric Vehicle Support Equipment (EVSE, i.e., chargers) to allow onsite recharging of battery electric on-road trucks or off-road cargo handling equipment. Note that for EVSE projects, purchase of at least one qualifying heavy-duty vehicle may be required, subject to follow-on discussions between the MSRC and PON respondent.
- **Development of Onsite Renewable Natural Gas Refueling Infrastructure**
 - Design and install natural gas refueling infrastructure to allow onsite fueling of natural gas on-road trucks and off-road cargo handling equipment. Use of renewable natural gas may be required. Note that for natural gas infrastructure projects, purchase of at least one qualifying “near-zero” heavy-duty natural gas vehicle may be required, subject to follow-on discussions between the MSRC and PON respondent.
- **Development of Onsite Hydrogen Refueling infrastructure**
 - Design and install hydrogen refueling infrastructure to allow fueling of hydrogen fuel cell on-road trucks and off-road cargo handling equipment. The identification of a hydrogen fueled vehicle that commits to utilize the facility may be required, subject to follow-on discussions between the MSRC and PON respondent.

The overall goal of this PON is to hear from eligible facilities located in Riverside and San Bernardino Counties as to how the MSRC Clean Transportation Program could best assist in implementing the types of clean air strategies listed above.

SECTION III: HOW TO RESPOND TO THIS PON - PRE-PROPOSAL PREPARATION INSTRUCTIONS

Pre-Proposal Contents: There are no strict requirements when submitting a pre-proposal response to the MSRC Clean Transportation Funding™ Program. However, the following general guidelines and content suggestions are offered to assist respondents. Recommended elements of a pre-proposal include the following:

1. **Transmittal Letter** that identifies the name of the organization submitting the pre-proposal, the location of the warehouse/distribution facility within Riverside or San Bernardino County, and contact information including but not limited to company website URL, telephone and e-mail address of the contact person(s) for technical and contractual matters, and any other relevant contact information.

2. **Description of How the MSRC Can Potentially Partner with Your Facility to Implement Identified Clean Air Strategies.** This can include any or all of the following:
 - a. Conceptual Project Description, including a proposed scope of work as it relates to project design, development, implementation, and funding requirements;
 - b. Clean Air Strategies of Most Interest to Your Organization, including identification of which zero/near zero vehicles your facility would like to add to your on-road fleet and off-road equipment;
 - c. Financial Assistance – Where can the MSRC be most beneficial in assisting your facility in achieving reductions in your facility’s emission footprint?
3. **Project Timeline**, including a preliminary time frame for project implementation.
4. **Estimated Project Costs**, including total project cost, sources of match funding or cost-sharing, and whether co-funding is secured or anticipated.

SECTION IV: LEVERAGING OTHER AVAILABLE FUNDING RESOURCES

The MSRC strongly encourages the formation of partnerships and the leveraging of multiple funding sources to increase the scope of Inland Port projects and improve their economic feasibility. To that extent, the MSRC will work with respondents to this PON to identify additional funding sources, as applicable to each conceptual project. Below are examples of other funding to potentially leverage MSRC Clean Transportation Funding™:

- South Coast AQMD Market Acceleration Program (MAP) – this program will launch in early 2020 and will offer incentives to assist owners in replacing existing diesel Class 8 on-road semi tractors with new near-zero emission natural gas Class 8 on-road tractors. For more information, see Section V of this PON for a list of staff members who can provide information on the MAP Program.
- Hybrid and Zero-Emission Truck Voucher Incentive Program (HVIP) – HVIP is sponsored by the California Air Resources Board (CARB) and offers buy-down incentives for Z/NZE heavy-duty on-road trucks – please see <https://www.californiahvip.org/> for more information.
- Clean Off-Road Equipment Voucher Incentive Project (CORE) – this CARB-sponsored program offers incentives for off-road cargo handling equipment such as yard tractors – see <https://ww2.arb.ca.gov/our-work/programs/clean-off-road-equipment-voucher-incentive-project> for more information.
- Southern California Edison Charge Ready EVSE Program – warehouse, distribution centers, and logistics facilities located within the SCE service territory may be able to take

advantage of the SCE Charge Ready Program. This is an EVSE “make ready” program that provides substantial financial incentives for the installation of electric vehicle charging equipment to support heavy-duty trucks. See <https://www.sce.com/business/electric-cars/charge-ready-transport> for more information regarding this program.

SECTION V: PRE-PROPOSAL SUBMITTAL INSTRUCTIONS

The period of submittal under this PON closes on February 21, 2020, unless extended by the MSRC. Responses should be sent via e-mail to:

Cynthia Ravenstein
MSRC Contracts Administrator
Cynthia@CleanTransportationFunding.org

If you have any questions regarding this Program Opportunity Notice, please direct inquiries to one of the following MSRC staff contacts:

- For **General and Administrative Assistance**, please contact:

Cynthia Ravenstein
MSRC Contracts Administrator
Phone: 909-396-3269
E-mail: Cynthia@CleanTransportationFunding.org

- For **Technical Assistance**, please contact:

Ray Gorski
MSRC Technical Advisor
Phone: 909-396-2479
E-mail: Ray@CleanTransportationFunding.org

Section VI: Pre-Proposal Evaluation

All pre-proposals received in response to this Program Opportunity Notice will be evaluated by a Subcommittee comprised of members of the MSRC Technical Advisory Committee (MSRC-TAC) with respect to a conceptual project’s potential to successfully achieve the objectives of the program as articulated in Section II of this PON.

Based upon this initial evaluation, possible next steps include:

- A request by the MSRC for the submittal of a full proposal for possible sole-source funding consideration;
- A detailed Request for Proposals (RFP) will be issued at a later date;
- Notification that a pre-proposal has been declined from further consideration.

Respondents to this PON should be aware of the following:

- Any future award of MSRC Clean Transportation Funding™ will be predicated on acceptance of the proposal offer and the successful negotiation of a contract with the South Coast AQMD on behalf of the MSRC. Please note that any award of MSRC funding requires the successful proposer to enter into a formal contract with the South Coast AQMD on behalf of the MSRC;
- A specific scope of work for any future contract will be negotiated with the MSRC prior to contract execution;
- The targeted program funding amount is \$20 million; the MSRC reserves the right to increase or decrease this targeted amount at their discretion⁴.

⁴ Please note that the source of MSRC Clean Transportation Funding™ is motor vehicle registration fees collected by the California Department of Motor Vehicles (DMV) in accordance with the California Health and Safety Code. Thus, the availability of MSRC Clean Transportation Funding™ is contingent upon the timely receipt of funds from the DMV. Neither the MSRC nor South Coast AQMD can guarantee the collection or remittance of registration fees by the DMV.