

BOARD MEETING DATE: May 6, 2022

AGENDA NO. 5

PROPOSAL: Recognize Revenue, Execute Contracts for Cleaner Freight California and Reimburse General Fund

SYNOPSIS: South Coast AQMD has been awarded up to \$2,349,995 from U.S. EPA to replace diesel cargo handling equipment with innovative zero-emission electric alternatives. These actions are to recognize revenue, upon receipt, of up to \$2,349,995 from the U.S. EPA FY21 Clean Diesel Funding Assistance Program into the Advanced Technology, Outreach and Education Fund (17) for electrification of cargo handling equipment. These actions are to also execute contracts with 1) Albertsons Companies to replace diesel yard hostlers with zero-emission, all-electric hostlers in an amount not to exceed \$1,314,879, 2) McLane Company to replace diesel yard tractors with zero-emission, all-electric yard hostlers in an amount not to exceed \$730,489, 3) Long Beach Container Terminal to replace intermodal cargo handling equipment with zero-emission, all-electric units in an amount not to exceed \$180,000 from the Advanced Technology, Outreach and Education Fund (17); and 4) reimburse the General Fund up to \$124,627 from the Advanced Technology, Outreach and Education Fund (17) for staff administrative costs.

COMMITTEE: Technology, April 15, 2022; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize revenue, upon receipt, of up to \$2,349,995 from the U.S. EPA FY21 Clean Diesel Funding Assistance Program into the Advanced Technology, Outreach and Education Fund (17) for electrification of cargo handling equipment.
2. Authorize the Chair (or by the Chair's designation, the Executive Officer) to execute contracts from the Advanced Technology, Outreach and Education Fund (17) as follows:
 - a. Albertsons Companies to replace diesel yard hostlers with zero-emission, all-electric hostlers in an amount not to exceed \$1,314,879;
 - b. McLane Company to replace diesel yard tractors with zero-emission, all-electric yard hostler in an amount not to exceed \$730,489; and
 - c. Long Beach Container Terminal to replace intermodal cargo handling equipment with zero-emission, all-electric units in an amount not to exceed \$180,000.

3. Reimburse the General Fund up to \$124,627 from the Advanced Technology, Outreach and Education Fund (17) for staff administrative costs.

Wayne Natri
Executive Officer

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Background

The 2016 AQMP identifies the need for NO_x reductions in order to meet upcoming national ambient air quality standard attainment deadlines. Mobile sources are major contributors of NO_x emissions with adverse impact on public health in the South Coast Air Basin, particularly in Environmental Justice communities. Significant increases in NO_x, PM and GHG emissions from these sources are expected due to increased goods movement activities. In order to mitigate these emissions, South Coast AQMD strongly supports various pathways to accelerated deployment of zero and near-zero emission technologies, including electrification of cargo handling equipment.

In 2021, staff submitted a proposal to the U.S. EPA for Diesel Emission Reduction Act (DERA) grants for electrification of cargo handling equipment in southern California. Diesel exhaust contains particulate matter that is carcinogenic along with being a significant source of NO_x emissions. U.S. EPA ultimately awarded the South Coast AQMD \$2,349,995 in funding for its zero-emission cargo handling proposal.

Proposal

Albertsons, McLane, and Long Beach Container Terminal (LBCT) currently own and operate the respective diesel-powered units proposed for scrappage and replacement with new zero-emission electric variants. New electric units will be supported with chargers and pedestals funded under this project. Long-term emission reductions of 14 tons of PM_{2.5} and 166 tons of NO_x can be expected from the old equipment replaced.

Zero-Emission Yard Hostlers at Albertsons' Distribution Center

Albertsons will replace nine (9) 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 five (5) 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 five (5) eligible IBC carts with new, eligible, zero-emission electric IBC carts at the 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. This request for sole source awards is also made under Section VIII.B.2.d.1, which states that other circumstances, such as projects involving cost sharing by multiple sponsors, may justify a sole source award.

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. Projects supporting zero-emission locomotive repower, long-range Class 8 fuel cell truck demonstration, zero-emission school bus deployment, and lawn and garden equipment replacement help reduce ozone and PM2.5 emissions. This project will result in annual emission reductions of 1.1 tons of PM2.5 and 12 tons of NOx. The project supports the *Technology Advancement Office Clean Fuel Program 2022 Plan Update* under the categories of “Electric/Hybrid Vehicle Technologies and Infrastructure”.

Resource Impacts

The U.S. EPA FY21 DERA Grant award of \$2,349,995 will be used towards the electrification of cargo handling equipment in Southern California. Costs include \$2,225,368 for project costs and \$124,627 for South Coast AQMD staff administrative costs. The proposed total project budget of \$4,945,268 includes \$2,225,368 from U.S. EPA and \$2,719,900 in cost-share from Albertsons, McLane and LBCT.

Zero-Emission Yard Hostlers at Albertsons’ Distribution Center

The contract with Albertsons to replace nine (9) diesel yard hostlers with all-electric hostlers will not exceed \$1,314,879 from the Advanced Technology, Outreach and Education Fund (17). The proposed project budget is \$2,921,958, which includes \$1,314,879 from U.S. EPA and \$1,607,079 in cost-share from Albertsons.

Funding Source	Funding Amount	Percent
U.S. EPA FY21 DERA	\$1,314,879	45
Albertsons	\$1,607,079	55
Total	\$2,921,958	100

Zero-Emission Yard Hostlers at McLane's Distribution Center

The contract with McLane to replace five (5) diesel yard tractors with all-electric hostlers will not exceed \$730,489 from the Advanced Technology, Outreach and Education Fund (17). The proposed project budget is \$1,623,310, which includes \$730,489 from U.S. EPA and \$892,821 in cost-share from McLane.

Funding Source	Funding Amount	Percent
U.S. EPA FY21 DERA	\$730,489	45
McLane	\$892,821	55
Total	\$1,623,310	100

Zero-Emission IBC Carts at Port of Long Beach

The contract with LBCT to replace five IBC carts with zero-emission IBC carts will not exceed \$180,000 from the Advanced Technology, Outreach and Education Fund (17). The proposed project budget is \$400,000, which includes \$180,000 from U.S. EPA and \$220,000 in cost-share from LBCT.

Funding Source	Funding Amount	Percent
U.S. EPA FY21 DERA	\$180,000	45
LBCT	\$220,000	55
Total	\$400,000	100

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.