

BOARD MEETING DATE: October 2, 2015

AGENDA NO. 35

PROPOSAL: Recognize Revenue to Develop and Demonstrate Catenary Zero-Emission Goods Movement System

SYNOPSIS: The Board previously awarded a \$13.5 million contract to Siemens Industry Inc. to develop and demonstrate the overhead catenary system technology. The Board recognized \$11 million in anticipated revenue from funding partners and transferred \$13.5 million from the Clean Fuels Fund (31) into the Advanced Technology Goods Movement Fund (61) to cover the entire project including SCAQMD's \$2.5 million cost-share. To date, \$5 million has been received from funding partners. This action is to recognize \$2 million in cofunding revenue from the Los Angeles County Metropolitan Transportation Authority.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:

Recognize, upon receipt, up to \$2 million in revenue from the Los Angeles County Metropolitan Transportation Authority (Metro) into the Clean Fuels Fund (31) as cofunding for the Siemens project to develop and demonstrate overhead catenary system technology.

Barry R. Wallerstein, D.Env.
Executive Officer

MMM:FM:NB:JFI

Background

The SCAQMD has identified the development and deployment of zero-emission goods movement transportation systems as one of the agency's top priorities in order to attain federal air quality standards. On April 5, 2013, the Board awarded a \$13.5 million contract to Siemens Industry Inc. to construct a one-mile catenary system and develop and demonstrate a diesel catenary hybrid electric class 8 truck. The Board recognized \$11 million in anticipated revenue from funding partners for the Siemens contract and

transferred \$13.5 million from the Clean Fuels Fund (31) into the Advanced Technology Goods Movement Fund (61) for SCAQMD's \$2.5 million cost-share portion with the balance as a loan until receipt of revenue from other funding partners was received.

On February 7, 2014, the Board removed a contingency and authorized executing the contract with Siemens, noting that if funding from other partners could not be secured, staff would update the Board with alternative funding recommendations, including but not limited to, increasing SCAQMD's cost-share and/or recognizing support from other organizations. Staff has been notified by the Port of Los Angeles (POLA) that its \$2 million in cofunding is not available but that the additional \$4 million from the China Shipping Settlement funds is still under consideration.

Proposal

In April 2014, the Los Angeles County Metropolitan Transportation Authority (Metro) Board authorized \$2 million in funding for SCAQMD's overhead catenary system project. Staff is in the process of finalizing an agreement with Metro to transfer the monies to SCAQMD. This action is to recognize, upon receipt, up to \$2 million in revenue from Metro as cofunding for the Siemens project to develop and demonstrate the overhead catenary system technology.

In addition, staff has reached an agreement with the Natural Resources Defense Council (NRDC) on behalf of the China Shipping litigants and the Los Angeles City Attorney to secure \$4 million in cofunding from the China Shipping Settlement Fund. The agreement, however, must still be approved by the POLA Board of Harbor Commissioners. Staff will continue to work with the NRDC and the POLA to secure this cofunding revenue.

Sole Source Justification

Section VIII.B.2 of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified when project funding does not come from federal monies. For the Siemens contract, a sole source recommendation is made under provision B.2.d.: Other circumstances exist which in the determination of the Executive Officer require such waiver in the best interest of the SCAQMD. Specifically, these circumstances are: B.2.d.(1): Project involving cost sharing by multiple sponsors. The multiple sponsors contributing to the Siemens project include CEC and anticipated cofunding from other entities, pending decisions by their governing boards. Additional circumstances are B.2.c.(1): the unique experience and capabilities of the proposed contractor or contractor team; and B.2.c.(2) the project involves the use of proprietary technology.

Benefits to SCAQMD

SCAQMD’s Clean Fuels Program has been active in funding the development and demonstration of zero-emission and near zero-emission electric transportation and goods movement technologies. The SCAQMD has also supported a number of activities directed to the commercialization of electric vehicles and associated infrastructure. This proposed project is included in the *Technology Advancement Office Clean Fuels Program 2015 Plan Update* under “Electric/Hybrid Technologies & Infrastructure.”

Resource Impacts

The total cost for the Siemens contract shall not exceed \$13.5 million. SCAQMD’s previously approved cost-share is \$2.5 million, which was transferred from the Clean Fuels Fund (31) to the Advanced Technology Goods Movement Fund (61). In addition, \$5 million has already been received from funding partners. This proposed request is to recognize \$2 million from Metro.

The funding sources and amounts for this project are identified in the table below:

Funding Source	Amount	Percent
CEC	\$3,000,000	22%
Port of Long Beach	\$2,000,000	15%
SCAQMD (<i>approved</i>)	\$2,500,000	18%
Metro	\$2,000,000	15%
China Shipping Settlement (<i>pending</i>)	\$4,000,000*	44%
Total	\$13,500,000	100%

*The \$4 million from China Shipping Settlement is not yet approved by the Harbor Commissioner; all other funds are approved.

Sufficient funds for the proposed project have been transferred from the Clean Fuels Fund (31) into the Advanced Technology Goods Movement Fund (61) as part of the previous Board action. The Clean Fuels Fund (31) was established as a special revenue fund resulting from the state-mandated Clean Fuels Program. The Clean Fuels Program, under Health and Safety Code Sections 40448.5 and 40512 and Vehicle Code Section 9250.11, establishes mechanisms to collect revenues from mobile sources to support projects to increase the utilization of clean fuels, including the development of the necessary advanced enabling technologies. Funds collected from motor vehicles are restricted, by statute, to be used for projects and program activities related to mobile sources that support the objectives of the Clean Fuels Program. The Advanced Technology Goods Movement Fund (61) was established to facilitate the development and deployment of low- and zero-emission goods movement technologies. When funds are received from the Ports, they will be recognized into the Advanced Technology Goods Movement Fund (61) and at the end of the project unused funds will be returned to the Clean Fuels Fund (31).