BOARD MEETING DATE: October 2, 2026 AGENDA NO. 3

PROPOSAL: Execute Contracts for Electrification of Transport Refrigeration Units and Amend Existing Contract for Electrification of Cargo Handling Equipment in Southern California

SYNOPSIS: In December 2020 and November 2022, the Board recognized $2,240,721 and $2,569,933 awards under FY20 and FY21 U.S. EPA Diesel Emission Reduction (DERA) grants to replace diesel transport refrigeration units (TRUs) and cargo handling equipment with zero-emission TRUs and cargo handling equipment. Due to the withdrawal of one of the project partners, new project partners were identified. Pending U.S. EPA's approval, these actions are to: 1) execute contracts with BakeMark USA, LLC, Northgate Gonzalez, LLC, and Rockview Dairies, Inc. for TRU electrification and supporting charging infrastructure in an amount not to exceed $2,170,975 from the Clean Fuels Program Fund (31); and 2) amend the contracts with Total Terminals International, LLC under the Carl Moyer Program to replace one of three project participants under the U.S. EPA FY21 DERA grant and fund two top handler electrification projects in an amount not to exceed $1,396,386 from the Advanced Technology, Outreach and Education Fund (17).

COMMITTEE: Technology, September 18, 2026; Recommend for Approval

RECOMMENDED ACTIONS:
Contingent upon U.S EPA's final award approvals:
1. Authorize the Executive Officer to execute three contracts from the Clean Fuels Program Fund (31), as follows:
    a. BakeMark USA, LLC (Bakemark) to replace up to 25 diesel transport refrigeration units (TRUs) with battery-electric TRUs and install supporting charging infrastructure in an amount not to exceed $1,024,025;
    b. Northgate Gonzalez, LLC (Northgate) to replace up to 14 diesel TRUs with battery-electric TRUs and install supporting charging infrastructure in an amount not to exceed $573,482;
    c. Rockview Dairies, Inc. (Rockview) to replace up to 14 diesel TRUs with battery-electric TRUs and install supporting charging infrastructure in an amount not to exceed $573,468; and

2. Authorize the Executive Officer to amend contracts with Total Terminals International, LLC under the Carl Moyer Program to incorporate U.S EPA Diesel Emission Reduction (DERA) and Carl Moyer Program requirements and replace diesel top handlers with zero-emission units in an amount not to exceed $1,396,386 from the Advanced Technology, Outreach and Education Fund (17).

Wayne Nastri
Executive Officer

AK:MW:VP:NS

Background

Albertsons Companies, Inc. (Albertsons) was previously selected for two U.S. EPA DERA grants to replace diesel TRUs and cargo handling equipment with zero-emission technologies. In December 2020, the Governing Board recognized $2.2 million from the U.S. EPA FY20 DERA grant to electrify TRUs at Albertsons. Two years later, in November 2022, the Governing Board recognized a $2.6 million from the U.S. EPA FY21 DERA grant to replace diesel cargo handling equipment with zero-emission equipment. In May 2025, Albertsons notified South Coast AQMD that it was unable to accept U.S. EPA's General Terms and Conditions and would not proceed with either project. To preserve the available grant funding and associated emission-reduction benefits, staff identified replacement projects for the deployment of zero-emission TRUs and cargo handling equipment.

Electrification of Transport Refrigeration Units

In October 2025, South Coast AQMD released a Program Announcement (PA) under Proposition 1B - Goods Movement Emission Reduction Program (Prop 1B) to solicit TRU replacement and conversion projects. BakeMark, Northgate Gonzalez, LLC (Northgate), and Rockview Dairies, Inc. (Rockview) submitted applications, and were evaluated and selected for Prop 1B funding, providing an opportunity to leverage available U.S. EPA DERA grant funding to replace Albertsons and expand the deployment of zero-emission refrigerated transportation equipment.

Electrification of Cargo Handling Equipment

In July 2021, U.S. EPA awarded South Coast AQMD the FY21 DERA grant to replace cargo handling equipment with zero-emission options in Southern California. In May 2022, the Governing Board approved Albertsons, Long Beach Container Terminal (LBCT), and McLane Company (McLane) as program participants.

Separately, South Coast AQMD solicited projects under the FY 2022-2023 Carl Moyer Program (Year 25) and the FY 2023-2024 Carl Moyer Program State Reserve Funds that included the cargo handling equipment category. South Coast AQMD awarded Total Terminals International, LLC (TTI) funding under both solicitations for the replacement of their older heavy-duty off-road equipment with lower- or zero-emission equipment.

Following Albertsons' withdrawal, staff evaluated opportunities to reallocate available U.S. EPA DERA grant funding to other eligible zero-emission cargo handling equipment projects. Staff identified TTI's project as an eligible replacement, providing an opportunity to leverage DERA funding and expand the deployment of zero-emission top handlers at TTI's terminal.

Proposal

Electrification of Transport Refrigeration Units

BakeMark, Northgate, and Rockview were selected for Prop 1B incentive funding and currently own and operate diesel-powered TRUs proposed for replacement with new all-electric TRUs. Staff proposes to replace Albertsons with BakeMark, Northgate, and Rockview as participants in the U.S. EPA DERA TRU project to leverage Prop 1B and DERA funding to replace a total of 53 diesel to all-electric TRUs and refrigerated trailers as follows: 25 units at BakeMark; 14 units at Northgate; and 14 units at Rockview. The replacement of older TRUs in this project is estimated to result in 0.88 tons of PM2.5 and 40 tons of NOx reduced annually. The project will also install eligible supporting charging infrastructure at the three participating facilities. Total project funding will not exceed $2,170,975 from the Clean Fuels Program Fund (31), with up to $69,746 from the Clean Fuels Program Fund (31) for administrative costs.

Electrification of Cargo Handling Equipment

TTI was selected for FY2022-2023 Carl Moyer Program and FY 2023-2024 Carl Moyer Program State Reserve Funds to replace older heavy-duty off-road equipment with lower- or zero-emission equipment. Staff proposes to replace Albertsons with TTI as a participant in the U.S. EPA DERA cargo handling equipment project and leverage Carl Moyer Program funding with U.S. EPA DERA grant funds to replace up to two older heavy-duty off-road equipment units with zero-emission equipment. Total project funding will not exceed $1,396,386 from the Advanced Technology, Outreach and Education Fund (17).

Sole Source Justification

Section VIII.B.3 of the Procurement Policy and Procedure 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 proposed replacement participants previously applied through Prop 1B and Carl Moyer Program solicitations and were awarded funding through a competitive bidding process. They now seek approval to leverage those awards with U.S. EPA DERA grant funding. This request for sole source awards for BakeMark, Northgate, Rockview, and TTI are made under Section VIII.B.3.c, which states the awarding federal agency or pass-through entity expressly authorizes non-competitive proposals 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 to support development and demonstration of all-electric TRUs, infrastructure, and cargo handling equipment, such as top handlers, are included in the *Technology Advancement Office Clean Fuels Program 2026 Plan Update* under the categories of "Develop and Demonstrate Electric and Hybrid Vehicles," and "Develop and Demonstrate Electric Charging Infrastructure." Successful implementation of on- and off-road projects will contribute to the attainment of national ambient air quality standards in the South Coast Air Basin by eliminating PM and NOx emissions from replaced diesel TRUs and top handlers for impacted communities around facilities proposed under these projects.

Resource Impacts

Electrification of Transport Refrigeration Units

The U.S. EPA FY20 DERA grant award of $2,240,721 for the Southern California TRU electrification project includes $2,170,975 for project implementation, and $69,746 for South Coast AQMD administrative costs. Pending U.S. EPA approval, the proposed total project budget is $17,878,338, consisting of $2,170,975 in U.S. EPA DERA funding, $8,480,000 in Prop 1B incentive funding, and $7,227,363 in cost-share from BakeMark, Northgate, and Rockview. The cost-share per participant is dependent on the number of units each proposed project participant will deploy and the overall cost-share required by U.S. EPA for the project.

Zero-Emission TRUs at BakeMark's Distribution Center

The proposed contract with BakeMark to replace 25 diesel TRUs with all-electric TRUs and install supporting charging infrastructure will not exceed $1,024,025 from the Clean Fuels Program Fund (31). Pending U.S. EPA approval, the total BakeMark project budget is $10,308,227, consisting of $1,024,025 in U.S. EPA DERA funding, $4, 000,000 in Prop 1B incentive funding, and $5,284,202 in cost-share from BakeMark.

Source	Amount	Percent
U.S. EPA	$1,024,025	9.9%
Prop 1B	$4,000,000	38.8%
BakeMark	$5,284,202	51.3%
Total	**$10,308,227**	**100%**

Zero-Emission TRUs at Northgate's Distribution Center

The proposed contract with Northgate to replace 14 diesel TRUs with all-electric TRUs and install supporting charging infrastructure will not exceed $573,482 from the Clean Fuels Program Fund (31). Pending U.S. EPA approval, the total Northgate project budget is $3,605,613, consisting of $573,482 in U.S. EPA DERA funding, $2,240,000 in Prop 1B incentive funding, and $792,131 in cost-share from Northgate.

Source	Amount	Percent
U.S. EPA	$573,482	15.9%
Prop 1B	$2,240,000	62.1%
Northgate	$792,131	22.0%
Total	**$3,605,613**	**100%**

Zero-Emission TRUs at Rockview's Distribution Center

The proposed contract with Rockview to replace 14 diesel TRUs with all-electric TRUs and install supporting charging infrastructure will not exceed $573,468 from the Clean Fuels Program Fund (31). Pending U.S. EPA approval, the total Rockview project budget is $3,964,498, consisting of $573,468 in U.S. EPA DERA funding, $2,240,000 in Prop 1B incentive funding, and $1,151,030 in cost-share from Rockview.

Source	Amount	Percent
U.S. EPA	$573,468	14.5%
Prop 1B	$2,240,000	56.5%
Rockview	$1,151,030	29.0%
Total	**$3,964,498**	**100%**

Electrification of Cargo Handling Equipment

Pending U.S. EPA and CARB approvals, TTI's existing Carl Moyer Program contracts will be amended to replace up to two diesel top handlers, in lieu of Albertsons' proposed replacement of nine diesel yard hostlers under the U.S. EPA FY 2021 DERA grant, in an amount not to exceed $1,396,386.

Source	Amount	Percent
U.S. EPA	$1,396,386	33.08%
Carl Moyer Program/State Reserve Funds	$1,617,416	38.31%
TTI	$1,208,035	28.61%
Total	**$4,221,837**	**100%**

The FY20 U.S. EPA DERA Electrification of Transport Refrigeration in Southern California Grocery Fleet grant funds were recognized into the Clean Fuels Program Fund (31). The FY21 U.S. EPA DERA cargo handling equipment grant funds were recognized into the Advanced Technology, Outreach and Education Fund (17).

Sufficient funds are available in both the Clean Fuels Program Fund (31), established as a special revenue fund resulting from the state-mandated Clean Fuels Program, and the Advanced Technology, Outreach and Education Fund (17) for this proposal. 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.