

BOARD MEETING DATE: April 6, 2018

AGENDA NO. 4

PROPOSAL: Recognize Revenue to Replace School and Shuttle Buses and Execute Contract for Battery Electric Shuttle Bus Replacement Project and Reimburse General Fund for Administrative Costs

SYNOPSIS: In January 2018, U.S. EPA notified SCAQMD that two awards had been approved under a FY 2017 Targeted Air Shed Grant solicitation in the amount of \$3,184,875 each to replace diesel school buses with near-zero emission CNG buses and to replace diesel and gasoline airport shuttle buses with zero emission battery electric buses. Additionally, Phoenix Motorcars, an electric vehicle manufacturer, is committed to providing significant cost-share and securing additional funds from CARB's Hybrid and Zero Emission Truck and Bus Voucher Incentive Project to cofund the shuttle bus replacement project. This action is to recognize revenue up to \$6,369,750 from U.S. EPA into the Clean Fuels Program Fund (31). These actions are to also execute a contract with Phoenix Motorcars for battery electric shuttle bus replacements in an amount not to exceed \$3,122,426 and reimburse the General Fund for administrative costs up to \$62,449 to implement the shuttle bus replacement project. School bus replacement awards under the school bus replacement project will be considered by the Board separately.

COMMITTEE: Technology, March 16, 2018; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize revenue, upon receipt, up to \$3,184,875 for the Near-Zero Emission School Bus Replacement Project and up to \$3,184,875 for the Zero Emission Battery Electric Shuttle Bus Replacement Project from U.S. EPA in FY 2017 Targeted Air Shed Grant funds into the Clean Fuels Fund (31) ;
2. Authorize the Executive Officer to execute a contract with Phoenix Cars LLC, dba Phoenix Motorcars, for the Targeted Air Shed Grant shuttle bus replacement project in an amount not to exceed \$3,122,426 from the Clean Fuels Program Fund (31);
and

3. Reimburse the General Fund up to \$62,449 from the Clean Fuels Program Fund (31) for administrative costs necessary to implement the Targeted Air Shed Grant shuttle bus replacement project.

Wayne Natri
Executive Officer

MMM:FM:NB:AAO

Background

The 2016 AQMP identifies the need for NOx emission reductions as the most significant air quality challenge in meeting the upcoming ozone standard deadlines. School and airport shuttle buses are a major contributor to NOx emissions in the Basin. Significant increases in NOx, PM and greenhouse gases emissions from airport shuttle buses are expected because airline passenger transportation and expansion of operations at various commercial airports are projected to increase in the near future. A proven emission control strategy to reduce NOx and PM emissions and associated public health risks is to accelerate replacement of older buses with either battery electric or near-zero emission CNG buses. Consequently, staff has been working with Phoenix Motorcars, an electric vehicle manufacturer, to accelerate the development and deployment of battery electric shuttle buses. Phoenix Motorcars has made significant progress deploying over 36 battery electric shuttle buses operating at the Los Angeles World Airport and Ontario Airport for over two years and is committed to seeking funds from CARB's Hybrid and Zero Emission Truck and Bus Voucher Incentive Project (HVIP) for battery electric shuttle bus replacement projects.

In October 2017, staff applied for funding under U.S. EPA's FY 2017 Targeted Air Shed Grant Program for near-zero CNG school bus and battery electric shuttle bus replacement projects. The application identified Phoenix Motorcars as the supplier of the zero-emission airport shuttles. In January 2018, U.S. EPA informed staff that these two proposals were approved for an award of \$3,184,875 each under the FY 2017 Targeted Air Shed Grant Program.

Proposal

This project is to replace 29 diesel and gasoline airport shuttle buses with new battery electric buses manufactured by Phoenix Motorcars. The new electric buses are equipped with state-of-the-art electric drivetrain technology that delivers up to 100 miles range on a single charge. Combined with dual charging capability, the buses are well suited to meet the requirements of most fleets operating on a fixed route within close proximity of the airport. As part of the eligibility requirement, staff will inspect existing shuttle buses for operability and drivability before the buses can be replaced with battery electric buses. Upon successful inspection and replacement of the existing

buses, Phoenix Motorcars will be required to destroy or render the existing buses useless without cannibalizing any parts from the old engines. In addition, staff will confirm that each replaced bus and its engine have been destroyed by an authorized scrap yard. Phoenix Motorcars will submit quarterly and annual reports during the project.

These actions are to recognize revenue up to \$6,369,750 from U.S. EPA into the Clean Fuels Program Fund (31), execute a contract with Phoenix Cars LLC, dba Phoenix Motorcars, for battery electric shuttle bus replacements in an amount not to exceed \$3,122,426 from the Clean Fuels Program Fund (31), and reimburse the General Fund for administrative costs up to \$62,449 to implement the Targeted Air Shed Grant shuttle bus replacement project from the Clean Fuels Program Fund (31). The remaining balance of \$3,184,875 for the Targeted Air Shed Grant school bus replacement project will be considered separately by the Board in May.

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. This request for sole source award is made under provision B.3.c, which states the awarding federal agency authorizes noncompetitive proposals.

Benefits to SCAQMD

Successful implementation of the battery electric shuttle bus replacement project will provide reductions of NOx, PM and GHG emissions. The shuttle buses funded under this program are expected to operate for many years providing long-term emission reduction benefits. The proposed project is included in the *Technology Advancement Office Clean Fuels Program 2018 Plan Update* under the category “Electric/Hybrid Technologies and Infrastructure.”

Resource Impacts

The two U.S. EPA FY 2017 Targeted Air Shed Grant awards totaling \$6,369,750 will be recognized into the Clean Fuels Program Fund (31) for the school bus and the shuttle bus replacement projects. Of the \$6,369,750 award, \$3,184,875 (comprised of \$3,122,426 for projects and \$62,449 for administrative costs) is for the Zero Emission Battery Electric Shuttle Bus Replacement Project. The remaining funds of \$3,184,875 is for the Near-Zero Emission School Bus Replacement Project to be considered separately by the Board in May. The contract with Phoenix Motorcars will be executed upon receipt of the approved U.S. EPA grant agreement, up to the amount of the available funds awarded but not to exceed \$3,122,426.

Phoenix Motorcars is committed to providing a total of \$3,349,254 in cost-share, comprised of \$705,904 in in-kind contributions and \$2,643,350 in cash contributions anticipated from the CARB’s HVIP. The proposed project budget is \$6,534,129, as follows:

Funding Source	Funding Amount	Percent
U.S. EPA	\$3,184,875	49
Phoenix Motorcars	\$3,349,254	51
Total	\$6,534,129	100