

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 8

PROPOSAL: Recognize Revenue and Execute Contracts for Truck Replacement Projects

SYNOPSIS: On June 4, 2010, the Board recognized \$5 million from U.S. EPA to sponsor diesel emission reduction projects. Staff is proposing to utilize a portion of those funds to cosponsor two diesel truck replacement projects in the City of San Bernardino and the Boyle Heights neighborhood in the City of Los Angeles. This action is to execute a contract with Electric Vehicle International, Inc. (EVI) to demonstrate electric vehicles with UPS at a cost not to exceed \$1.4 million from the Clean Fuels Fund. Finally, this action is also to execute a contract with Ace Beverage Co. to replace diesel trucks with new clean diesel trucks at a cost not to exceed \$1.5 million from the Carl Moyer Program Fund.

COMMITTEE: Administrative, May 13, 2011. Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

RECOMMENDED ACTIONS:

1. Recognize \$1.4 million of EPA grant funds in the Clean Fuels Fund (31) instead of the Carl Moyer Program Fund (32).
2. Authorize the Chairman to execute the following contracts:
 - a. Electric Vehicle International, Inc., to cosponsor the demonstration and replacement of up to 28 older UPS diesel delivery trucks with zero-emission medium-duty trucks for a total amount not to exceed \$1.4 million from the Clean Fuels Fund (31); and
 - b. Ace Beverage Co. to cosponsor the replacement of up to 25 older diesel trucks with 2010 compliant trucks for a total amount not to exceed \$1.5 million from the Carl Moyer Program Fund (32).

Barry R. Wallerstein, D.Env.
Executive Officer

Background

The Carl Moyer Program is an incentive program that provides match funds of up to 85% of project costs, while fleet owners and/or operators are required to co-fund the remaining 15% or more. The fleets, however, are financially pressed to provide the co-funding because of the current economic downturn in the state. To assist the fleets, on June 4, 2010, the Board recognized a \$5 million grant from U.S. EPA in the Carl Moyer Program Fund (32) to cosponsor three projects: the electrification of Rubber-Tired Gantry (RTG) diesel cranes for up to \$2 million, the installation of shore power infrastructure for up to \$1.6 million, and the repower of off-road diesel vehicles for up to \$1 million. The grant also provides \$400,000 for administrative costs.

The \$3 million grant for the electrification and repower projects was intended to cover all or a portion of the 15% cost share required from the fleets. However, the projects could not be implemented because CARB decided to reduce their share of match funds from the Carl Moyer Program by \$3 million. As a result, staff recommends replacing these projects with diesel truck replacement and demonstration projects located in the City of San Bernardino and the Boyle Heights neighborhood in the city of Los Angeles. These projects are a part of the Clean Air Technology Initiative established by the U.S. EPA, CARB, San Joaquin Valley Air Pollution Control District, and SCAQMD to identify and implement projects that would significantly reduce emissions in communities like San Bernardino and Boyle Heights, where residents are disproportionately impacted by emissions from diesel traffic along the Los Angeles and Inland Empire goods movement corridors and from diesel activities at rail yards. The \$1.4 million demonstration project will be administered from the Clean Fuels fund instead of the Carl Moyer Fund.

Proposals

Diesel to Zero-Emission Truck Demonstration and Replacement Project

EVI proposes to assemble and deliver twenty-eight (28) EVI Walk-In medium-duty trucks to replace UPS diesel delivery trucks, which are located and operated in the city of San Bernardino. The replacement trucks will then be demonstrated in the UPS commercial fleet for a period of five years, during which UPS and EVI will collect data to evaluate performance, reliability, durability, and emissions benefits of the EVI technology. This action is to execute a contract with EVI to co-sponsor the demonstration and replacement of 28 older UPS diesel delivery trucks with zero-emission medium-duty trucks in a amount not exceed \$1.4 million from the Clean Fuels Fund.

Diesel to Diesel Truck Replacement Project

The proposed project will replace twenty-five (25) existing heavy-duty diesel trucks with new and cleaner diesel trucks that are certified to meet 2010 emissions standards of 0.2 grams per brake horsepower-hour (g/bhp-hr) and 0.01 g/bhp-hr diesel PM. The trucks are owned and operated by Ace Beverage Co. and are located in the Boyle Heights neighborhood. This action is to execute a contract with Ace Beverage Co. to co-sponsor

the replacement of twenty-five (25) older diesel trucks with 2010 compliant trucks in an amount not exceed \$1.5 million from the Carl Moyer Program Fund.

Benefits to AQMD

The proposed diesel to zero-emission truck demonstration and replacement project is included in the *Technology Advancement Office 2011 Plan Update* under “Electric/Hybrid Technologies.” The proposed project will expedite the commercialization and increase the availability of zero-emission electric vehicles in the goods movement area. Additionally, the successful implementation of the diesel to diesel truck replacement project will provide direct emission reductions of both NOx and PM emissions.

The trucks will operate for many years and the emission reductions will provide long-term benefits for the residents of the City of San Bernardino and the Boyle Heights neighborhood.

Sole Source Justification

Section VIII.B.2 of the Procurement Policy and Procedure identifies provisions under which a sole source award may be justified. This request for a sole source award 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 AQMD. This request for sole source award is made under provision B.2.d(1): projects involving cost sharing by multiple sponsors.

The diesel truck replacement and demonstration projects are cost-shared by Ace Beverage Co., EVI, UPS, and CARB.

Resource Impacts

The total cost for the diesel to diesel truck replacement and diesel to zero-emission truck demonstration and replacement projects is estimated to be \$7,615,956, of which AQMD’s cost share shall not exceed \$1,400,000 from the Clean Fuels Fund and \$1,500,000 from the Carl Moyer Program Fund. Ace Beverage Co., EVI, UPS, and CARB will provide the remaining \$4,715,956. The total estimated cost-share for the two projects is provided below.

Proposed Projects	Funding Partner	Funding Amount	Percent
Diesel to Zero-Emission Truck Demonstration	UPS	\$2,772,000	57%
	CARB	\$560,000	11%
	EVI	\$140,000	3%
	AQMD Requested	\$1,400,000	29%
	Total	\$4,872,000	100%

Proposed Projects	Funding Partner	Funding Amount	Percent
Diesel to Diesel Truck Replacement	Ace Beverage Co.	\$1,243,956	45%
	AQMD Requested	\$1,500,000	55%
Total		\$2,743,956	100%

The proposed funding amounts of \$1,400,000 from the Clean Fuels Fund and \$1,500,000 from the Carl Moyer Program Fund are part of the \$5 million recognized by the Board from the U.S. EPA. Sufficient funds are available in the Carl Moyer Program Fund for the diesel to diesel truck replacement project. In addition, sufficient funds are available from the Clean Fuels Program Fund, established as a special revenue fund resulting from the state-mandated Clean Fuels Program, for the diesel to zero-emission demonstration and replacement project. 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.