

BOARD MEETING DATE: January 10, 2025

AGENDA NO. 5

PROPOSAL: Recognize Funds, Execute or Amend Contracts for Zero-Emission Heavy-Duty Truck Replacement Projects and Reimburse General Fund for Administrative Costs

SYNOPSIS: In April 2024, South Coast AQMD was selected for an award for \$4,500,000 under the FY 2023 U.S. EPA Diesel Emissions Reduction Act (DERA) grant to replace up to 22 heavy-duty Class 8 diesel trucks with new zero-emission (ZE) trucks. The formal award was finalized in July 2024. The project will target Class 8 diesel truck fleets that operate around the San Pedro Bay Ports. Also, in September 2020, the Board recognized revenue in the amount of \$5,906,601 from the U.S. EPA FY 2019 Targeted Airshed Grant (TAG) Program into the Advanced Technology, Outreach, and Education Fund (17) to deploy fuel cell transit buses at SunLine Transit Agency. Board authorization is needed for reimbursement of administrative costs for fuel cell transit buses. These actions are to: 1) recognize \$4,500,000 from EPA DERA into the Clean Fuels Program Fund (31) for the replacement of Class 8 diesel trucks with ZE trucks; 2) execute or amend contracts for ZE truck replacement projects using future project lists from the Carl Moyer Program solicitations; 3) reimburse the General Fund (01) up to \$100,000 from the Clean Fuels Program Fund (31) for administrative costs to implement the DERA projects; and 4) reimburse the General Fund (01) using FY2019 TAG funds for deployment of fuel cell transit buses at SunLine Transit Agency from the Advanced Technology, Outreach and Education Fund (17) up to \$156,601 for administrative costs.

COMMITTEE: Technology, December 20, 2024; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize up to \$4,500,000 from U.S. EPA FY 2023 Diesel Emissions Reduction Act (DERA) funds into the Clean Fuels Program Fund (31);
2. Authorize the Executive Officer to execute or amend contracts for zero-emission (ZE) truck replacement projects using future project lists from the Carl Moyer

Program and Volkswagen Mitigation Trust solicitations from Clean Fuel Program Fund (31);

3. Reimburse the General Fund (01) up to \$100,000 from the Clean Fuels Program Fund (31) for the administrative costs of implementing the DERA projects; and
4. Reimburse the General Fund (01) up to \$156,601 from the Advanced Technology, Outreach and Education Fund (17) for the administrative costs of implementing the SunLine project.

Wayne Natri
Executive Officer

AK:MW:VP:TL:SC:JJ

Background

U.S. EPA's Office of Transportation and Air Quality announced a Notice of Funding Opportunity in August 2023 under the Diesel Emissions Reduction Act (DERA) to accelerate the upgrade or retirement of older heavy-duty Class 8 diesel trucks. A total of \$115,000,000 was available to retrofit or replace existing diesel engines. In December 2023, South Coast AQMD submitted a proposal and was selected for an award of \$4.5 million in April 2024. The award was finalized in July 2024 to replace up to 22 heavy duty Class 8 diesel trucks with equivalently sized new ZE trucks.

Also, in September 2020, the Board recognized \$5,906,601 from the U.S. EPA FY 2019 Targeted Airshed Grant Program into the Advanced Technology, Outreach, and Education Fund (17) to deploy fuel cell transit buses at SunLine Transit Agency. The administrative cost was previously authorized from the Clean Fuels Program Fund (31), but should be authorized from the Advanced Technology, Outreach, and Education Fund (17).

Proposal

This action is to recognize up to \$4,500,000 in FY 2023 U.S. EPA DERA funds into the Clean Fuels Program Fund (31) to implement future incentive project lists from various South Coast AQMD incentive programs including Carl Moyer and VW Mitigation Trust Program. This action is to also authorize the Executive Officer to execute or amend contracts for truck replacement projects utilizing those DERA funds. This approach will provide a streamlined approach for applicants and ensure funding is distributed to all fleet types including smaller operators in environmental justice communities. South Coast AQMD will provide a \$200,000 incentive using DERA funds towards the purchase of a new ZE heavy-duty truck from a participating dealer. The old diesel truck will be scrapped at a South Coast AQMD qualified truck dismantler. This

action is to also reimburse the General Fund (01) up to \$100,000 from the Clean Fuels Fund (31) for the administrative costs of implementing the DERA-funded projects.

In addition, this action is to reimburse the General Fund (01) up to \$156,601 for administrative costs for the U.S. EPA FY 2019 TAG SunLine Project from the Advanced Technology, Outreach and Education Fund (17) instead of the Clean Fuels Fund (31).

Benefits to South Coast AQMD

Successful implementation of these projects will permanently remove at least 22 higher-emitting heavy-duty on-road diesel trucks and replace them with ZE alternatives certified by CARB. The truck replacement projects are expected to provide annual emission reductions of 3 tons of NO_x, 0.005 tons of PM and 1,340 tons of GHG emissions. NO_x and PM emission reductions are needed to meet state and federal ambient air quality standards.

Resource Impacts

The U.S. EPA FY 2023 DERA Grant award of \$4,500,000 will be used towards the purchase of ZE Class 8 trucks and administrative costs of implementing the program. The U.S. EPA FY 2019 TAG award will be used to reimburse General Fund (01) for the administrative costs needed to implement the Sunline project in the amount of \$156,601.