

BOARD MEETING DATE: January 10, 2025

AGENDA NO. 6

PROPOSAL: Recognize Revenue for Implementation of Programs for Replacement of Class 6 and 7 Vehicles and School Buses with Zero-Emission Vehicles and Reimburse General Fund

SYNOPSIS: South Coast AQMD received two awards totaling \$58,741,154 from U.S. EPA 2024 Clean Heavy-Duty Vehicles Grant Program: 1) “Empowering Local Environmental Change Through Replacing Internal Combustion with Battery Electric Class 6 or 7 Vehicles” (ELECTRIC) program; and 2) “Clean Air Rides for Kids” (CARE4Kids) program.

Up to \$33,898,522 will be used for the ELECTRIC program to replace diesel or gasoline-powered Class 6 and 7 freight delivery vehicles with zero-emission vehicles, and up to \$24,842,632 will be used for the CARE4Kids program to replace internal combustion Class 6 and 7 school buses with zero-emission buses.

These actions are to: 1) recognize revenue, upon receipt, up to \$33,898,522 from U.S. EPA for the ELECTRIC Program into Fund (17); 2) recognize revenue, upon receipt, up to \$24,842,632 from U.S. EPA for the CARE4Kids Program into Fund (17); and 3) reimburse General Fund up to \$6,061,504 from Fund (17) for the administrative costs to run the programs.

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

RECOMMENDED ACTIONS:

1. Recognize revenue, upon receipt, up to \$33,898,522 from U.S. EPA for the Empowering Local Environmental Change Through Replacing Internal Combustion with Battery Electric Class 6 or 7 Vehicles (ELECTRIC) program into Fund (17);
2. Recognize revenue, upon receipt, up to \$24,842,632 from U.S. EPA for the Clean Air Rides for Kids (CARE4Kids) program into Fund (17); and

3. Reimburse General Fund up to \$6,061,504 from Fund (17) for administrative costs to run the programs.

Wayne Natri
Executive Officer

AK:MW:LTO:TL:FX

Background

In July 2024, South Coast AQMD submitted two proposals entitled ELECTRIC and CARE4Kids to the U.S. EPA's Clean Heavy-Duty Vehicles (CHDV) Grants Program:

- (1) **ELECTRIC:** Incentives will be provided for replacing older Class 6 and 7 internal combustion freight delivery vehicles with battery electric technology. Funding for charging infrastructure is allowed, as well as the incentive for the vehicle, but it is subject to a cap for each vehicle type.
- (2) **CARE4Kids:** Incentives will be provided for replacing older Class 6 and 7 internal combustion school buses owned by public school districts with battery electric technology. Funding for charging infrastructure to support the new buses is also available up to \$20,000 per school bus awarded.

In December 2024, U.S. EPA awarded South Coast AQMD \$33,898,522 for ELECTRIC and \$24,842,632 for CARE4Kids. ELECTRIC and CARE4Kids will invest in developing workforce training programs with local entities and organizations which includes, but is not limited to, community colleges, equipment dealerships, and manufacturers, for the operation, maintenance and servicing of zero-emission equipment such as zero-emission school buses, heavy and medium duty vehicles. Additionally, both programs include a framework for community engagement, which aims to uplift equity and community priorities and projects, while engaging in education and outreach on climate, air pollution, and zero-emission technologies.

Proposal

This action is to recognize revenues, upon receipt, up to \$33,898,522 from U.S. EPA into Fund (17) to be used for the ELECTRIC program and up to \$24,842,632 from the U.S. EPA into Fund (17) to be used for the CARE4Kids program. Additionally, this action is to reimburse the General Fund up to \$6,061,504 for South Coast AQMD administrative expenses to run the programs.

Staff will seek Board approval to release program announcements for ELECTRIC and CARE4Kids to solicit eligible projects early next year.

Benefits to South Coast AQMD

The South Coast Air Basin is classified as in extreme nonattainment for ozone and serious nonattainment for PM2.5 based on NAAQS. ELECTRIC and CARE4Kids support and accelerate the replacement of older, polluting internal combustion engine Class 6 and 7 vehicles to zero-emission technologies reducing ozone and PM2.5 air pollution. The programs are projected to annually reduce 19 tons of NOx and 0.38 tons of PM2.5. Furthermore, the programs are expected to decrease carbon dioxide equivalent (MT CO2e) emissions by 599,841 metric tons annually.

ELECTRIC and CARE4Kids will implement a workforce training program that not only supports the transition to zero-emission technologies; but will create jobs throughout the region. The community benefits framework in ELECTRIC will amplify workforce training and job creation for our residents through outreach and educational efforts. ELECTRIC’s community benefits framework will create a program that directly serves residents through workshops and meetings to identify community priorities, outreach and education, and other types of engagement activities. Additionally, ELECTRIC will work with a third-party facilitator and a Steering Committee to implement community projects based on identified priorities. CARE4Kids will utilize existing South Coast AQMD resources for communication engagement and outreach.

Resource Impacts

The U.S. EPA CHDV Grant awards of \$33,898,522 and \$24,842,632 will be used towards implementing the vehicle and infrastructure incentives along with other actions as shown in Table 1 Program Budget for ELECTRIC and Table 2 Program Budget for CARE4Kids. Up to \$6,061,504 will be reimbursed to the General Fund from Fund (17) for administrative costs to implement the programs.

Table 1. Program Budget for ELECTRIC

	Cost	% of Total Cost
Incentives for program	\$29,299,650	86.4%
Workforce training	\$500,000	1.5%
Community engagement and outreach	\$200,000	0.6%
Project administration	\$3,898,872	11.5%
Total	\$33,898,522	100%

Table 2. Program Budget for CARE4Kids

	Cost	% of Total Cost
Incentives for program	\$22,180,000	89.3%
Workforce training	\$500,000	2%
Project administration	\$2,162,632	8.7%
Total	\$24,842,632	100%