

**PROPOSITION 1B:
GOODS MOVEMENT
EMISSION REDUCTION PROGRAM**

**STAFF REPORT ON
AWARD OF FISCAL YEAR 2007-08 FUNDS**

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Board Hearing: May 22, 2008

California Environmental Protection Agency

 **Air Resources Board**

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BOARD HEARING

May 22, 2008

San Joaquin Valley Unified Air Pollution Control District Offices
1990 East Gettysburg Avenue
Fresno, California 93726

(see <http://www.arb.ca.gov/board/board.htm>
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EXECUTIVE SUMMARY

The Air Resources Board (ARB or Board) staff solicited applications from local agencies to implement \$221 million in incentives from Fiscal Year (FY) 2007-08 funds under the Proposition 1B: Goods Movement Emission Reduction Program (Program), consistent with Guidelines adopted by the Board. The purpose of the funding is to cut air pollution and the associated health risk by upgrading the diesel equipment used to move freight in California's trade corridors.

Nine qualifying local agencies in the four corridors submitted 19 eligible project proposals, requesting \$732 million to upgrade over 18,000 pieces of equipment. We evaluated each proposal and ranked competing proposals within each corridor and funding category. There are credible proposals in each trade corridor that can successfully achieve the objectives of the Program, consistent with the Guidelines.

ARB staff recommends that the \$221 million be divided among the four trade corridors based on the corridor funding targets adopted by the Board in February 2008. We used the Board's priorities for fiscal year (FY) 2007-08 funds, combined with the competitive ranking results, to develop recommendations on which local agency projects within each corridor should be funded, and at what levels.

We further recommend that the Board allocate: \$198.4 million to upgrade over 8,200 trucks; \$16.5 million for 18 new locomotives; \$2.5 million to provide shore-based electric power for cargo ships docking at the Port of San Diego; and just under \$4.3 million for 17 freight-related harbor craft. This mix of projects would implement the program objectives and the Board's priorities by focusing funding on projects that quickly reduce emissions and maximize benefits in heavily impacted communities. The specific recommendations for projects within each trade corridor follow.

Los Angeles/Inland Empire Trade Corridor (55% - \$122 Million)

- Provide \$100.6 million (82% of the total for this corridor) to clean up trucks serving ports and intermodal rail yards. This will quickly and significantly reduce the health risk from diesel particulate matter (PM) in heavily impacted communities around ports, rail yards, and inland distribution centers. Implementing agencies are the Port of Los Angeles and the Port of Long Beach (providing substantial match funding), and the South Coast Air Quality Management District (AQMD or District).
- Target the remaining \$21 million for other trucks (and potentially electrification of truck stops and distribution centers), and switcher locomotives at rail yards. The implementing agency is the South Coast District. Staff consulted with the District to develop recommendations to distribute these funds among the District's proposals.

Central Valley Trade Corridor (25% - \$55 Million)

- Fully fund \$10.3 million proposal for line-haul locomotives that operate between Sacramento, Fresno, and the Bay Area. To be administered by the Sacramento Metropolitan Air Quality Management District (AQMD or District), in consultation with the San Joaquin Valley Air Pollution Control District (APCD or District).
- Provide just under \$45 million for truck upgrade projects, with a priority on truck retrofits. Utilize both agencies within this large geographic region to administer truck programs, with the San Joaquin Valley District administering 90 percent (\$40.5 million) and the Sacramento Metropolitan District administering 10 percent (just under \$4.5 million).

Bay Area Trade Corridor (14% - \$31 Million)

- The Bay Area Air Quality Management District (AQMD or District) is the only agency that applied for funding in this corridor. The District will administer all projects.
- Provide \$23.6 million to clean up heavy duty diesel trucks in the Bay Area. This includes the requested subset of \$6.3 million for trucks serving the Port of Oakland, with the District (and potentially the Port) providing match funding. Target \$3 million for switcher locomotives operating in Bay Area communities and \$4.3 million for harbor craft based in San Francisco Bay.

San Diego/Border Trade Corridor (6% - \$13 Million)

- Fully fund over \$2.3 million for trucks serving the Port of San Diego. This will quickly reduce the health risk caused by diesel PM in nearby communities. This project will be implemented by the San Diego Air Pollution Control District (APCD or District), with match funding provided by the Port. Fully fund \$2.5 million for installation of shore-based electrical power at one berth at the Port of San Diego, to be administered by the Port.
- Target the remaining \$8.4 million to clean up heavy duty diesel trucks operating in the regional corridor, with both the San Diego District and the Imperial County Air Pollution Control District (APCD or District) administering portions of the funding.

Benefits of Recommended Projects

This proposal for funding would quickly cut the diesel PM health risk in every goods movement corridor, with 94% of the bond dollars going to trucks and to locomotives that operate in multiple corridors throughout Northern California. Over their life, the projects would reduce over 26,900 tons of nitrogen oxides (NOx), and 1,800 tons of diesel particulate matter (PM). The proposed mix of projects would leverage over \$340 million in match funding from the seaports, equipment owners, and air districts, providing more than 1.5 match dollars for every 1 State dollar invested.

1. PROGRAM BACKGROUND

California residents face serious health impacts from freight-related diesel pollution, especially in communities near ports, rail yards, roads with high truck traffic, and distribution centers. The diesel engines that move freight are also a major cause of high regional ozone and fine particle levels that harm millions of Californians today. Freight-related emissions are a public health concern at both the regional and community levels because they contribute to serious health effects, such as cardiac and respiratory diseases, increased asthma and bronchitis episodes, increased risk of cancer, and premature death.

Program Authority and Scope. Proposition 1B, approved by voters in 2006, authorizes \$1 billion in bond funding to the Air Resources Board (ARB or Board) to cut freight emissions in four priority trade corridors. The State budget for Fiscal Year 2007-08 provided the first installment of \$250 million. The major sources eligible for bond funding include heavy-duty trucks, locomotives, commercial harbor craft, cargo handling equipment, shore side power for cargo ships, and infrastructure for electrification of truck stops, distribution centers, and other places trucks congregate.

The Proposition 1B: Goods Movement Emission Reduction Program (Program) is a partnership between ARB and local agencies (like air districts and ports) to quickly reduce air pollution emissions and health risk from freight movement along California's priority trade corridors. The State is awarding funding to local agencies; those agencies then use a competitive process to provide incentives to equipment owners to upgrade to cleaner technology. The Program will supplement regulatory actions and other incentives to cut diesel emissions that will result in emission reductions not otherwise required by law or regulation.

On February 28, 2008, the Board approved the Program Guidelines, along with overall funding targets for each trade corridor and source category for the entire \$1 billion. These Guidelines implement Senate Bill 88 (Chapter 181, Statutes of 2007), which created the Program and directed ARB to maximize the emission reduction benefits while achieving the earliest possible health risk reduction in communities heavily impacted by goods movement. Assembly Bill 201 (Chapter 187, Statutes of 2007) provided additional minor clarification. The Board also awarded \$25 million in early grants to five air districts to upgrade 1,000 trucks and install shore-based electrical power at two ship berths.

Trade Corridor Funding Targets. In February 2008, the Board adopted these funding targets for each corridor, to be achieved over the course of the \$1 billion Program.

- \$550 million: Los Angeles/Inland Empire (South Coast Air Basin and Port Hueneme)
- \$250 million: Central Valley (San Joaquin Valley Air Basin and Sacramento Federal Nonattainment Area)
- \$140 million: Bay Area (San Francisco Bay Area Air Basin)
- \$60 million: San Diego/Border (San Diego Air District and Imperial Air District)

Category Funding Targets. The Board established these funding targets for source categories, to be achieved over the course of the \$1 billion Program. These funding splits are not intended to be directly applied in each funding cycle; the Board retains the discretion to fund the mix of projects that best meets the Program needs.

\$400 million: Heavy duty diesel trucks serving seaports and intermodal rail yards
\$360 million: Other heavy duty diesel trucks that haul goods, plus any truck stop or distribution center electrification to reduce diesel engine use
\$100 million: Diesel freight locomotives
\$100 million: Shore power for cargo ships at berth, plus cargo handling equipment
\$40 million: Commercial harbor craft

Priorities for FY2007-08 Funds. In addition, the Board identified the following priorities for funding in the first year of the Program.

- Eligible projects that can quickly begin implementation and deliver air quality results, especially the reduction of diesel PM in heavily impacted communities. This is consistent with statutory direction to give priority to projects that achieve the earliest possible reduction of health risk in heavily impacted communities. These could be communities with high risks due to nearby goods movement facilities or communities impacted by high regional pollution levels from goods movement.
- Truck retrofit projects to add diesel particulate filters for immediate, broad scale, cost-effective risk reduction in many communities. Based on the implementation schedules in related truck regulations and the requirement that bonds funds only be used for early or extra compliance, these retrofit projects may only be eligible for the first one or two years of funding.
- Port truck replacement projects in the Los Angeles/Inland Empire corridor to support the Port of Los Angeles and the Port of Long Beach clean truck tariff programs. These ports are requiring that all drayage trucks serving the ports be replaced (with models meeting 2007 emission standards) between late 2008 and the end of 2011.

Determination of Remaining FY2007-08 Funds Available. ARB was allocated \$250 million in FY2007-08 funds for the Program. The Board awarded \$25 million in early grants. We expect ARB staffing and administrative expenses to be less than \$3.4 million (1.4%). This leaves \$221.6 million to be awarded in this funding cycle.

Match Funding. When selecting projects, the legislation directs ARB to consider cost-effectiveness and seek the maximum match funding from federal, local, and private sources to achieve the greatest public health benefit with the available bond funds. For each eligible equipment project option, the Board approved a cap on the bond funding available. In most cases, bond funding would pay up to 1/3 to 1/2 of the total project cost. The dollars required to bridge the gap between the bond and other State funding, and the total cost of the project constitute the match, which can come from the industry, local agencies, or the federal government.

Accountability and Transparency. In January 2007, Governor Schwarzenegger issued Executive Order S-02-07 highlighting the importance of transparency and accountability in administering the over \$40 billion in bond funding approved by voters in 2006. Staff conducted the solicitation and review of applications consistent with the Program Guidelines and three part accountability structure required by the Executive Order. This accountability structure was approved by the Department of Finance on February 27, 2008, and is available on the Program website.

Staff has made all Program materials available on the website, including: the Guidelines and Board resolution, the Notice of Funding Availability and application instructions, summary tables and the complete applications submitted by local agencies, staff's preliminary recommendations for funding, and materials from the public workshops to discuss those recommendations.

During the week of April 28, 2008, ARB staff held five public workshops around the State to receive public input on how Program funds should be distributed among the eligible projects within each corridor. The public comments were supportive of staff's preliminary recommendations, which are presented in this report.

In addition, local agencies held at least one community meeting to solicit public comments on their proposed projects prior to application submittal, as required in the Guidelines. Staff expects that subsequent funding cycles will give local agencies additional time to conduct more in-depth and productive meetings with affected communities in their corridor during development of any future applications for funding

Next Steps. Following the Board's approval of funding for specific local agency projects, ARB will enter into grant agreements with the local agencies. All grant agreements should be executed by the end of June. The local agencies will then begin implementing the program, starting with a public solicitation for projects this Summer. The local agencies included project schedule in their applications for funding, which are available on ARB's program website. We will also post links to each local agency's solicitation for projects on the same website.

The Governor's proposed FY 2008-09 budget includes the second installment of \$250 million for the Program, subject to appropriation by the Legislature. Once the second round of funding is secured, ARB staff will develop any necessary updates to the Program Guidelines in a public process and propose them to the Board for adoption prior to requesting new proposals from local agencies.

2. EVALUATION OF APPLICATIONS FOR FY2007-08 FUNDS

On March 12, 2008, ARB staff released the Notice of Funding Availability (Appendix A) announcing the application period for \$221 million in remaining FY2007-08 funds. This Notice and supplemental materials described the process to register as a qualifying local public entity and to submit applications for Program funding. The due date for applications was April 4, 2008.

Registration. The first part of the process was on-line registration – applicants submitted evidence that they are a local public entity involved in goods movement or air quality, with the ability to run a regional scale incentive program. A few entities submitted registrations, but later withdrew them when they understood that the Program would not allow them to direct all of the funding to a specific fleet or facility in their city. We encouraged these cities and special districts to contact the air agencies from their region to find out how the city/special district could seek Program funding from the air district in the competitive process.

Application Content and Submittal. Once we verified that a local agency was qualified to participate in the Program, the agency could submit an application (in paper and electronic formats) that included a *project narrative* document explaining how the proposed project would be administered, plus data on the *project details*.

The narrative document (paper) includes:

- A proposal for how the agency would implement the project to meet each of the requirements of the Guidelines, including any permitted project alternatives (like geographic restrictions, use of consultants, or allowance for lease-to-own truck replacement projects).
- A description of how the proposed project is consistent with air quality and goods movement plans for the region.
- The agency's experience with incentive programs, including the ratio of staff to number of equipment projects funded, inspected, and monitored.
- Current and proposed staffing levels to demonstrate how the agency would implement the project scope.
- Highlights on planned project outreach, as well as project schedules and milestones.
- Documentation of the required community consultation meeting.
- A resolution from the governing board or commission of the agency authorizing that agency to participate in the Program. These resolutions also clearly define the roles of the agency's governing board/commission, executive officer/director, and staff in signing applications, executing agreements with ARB, approving equipment projects for funding, and signing contracts with equipment owners.

In the project details part of the application (electronic), agencies used ARB's on-line Program database to enter information on: the source category and equipment project options requested, the pieces of equipment to be upgraded, the bond funds requested

(for both equipment upgrades and administration), the match funds and source of those funds, the resulting emission reductions and bond cost-effectiveness, and all inputs and outputs of the Project Benefits Calculators used to generate the emission reduction numbers. ARB staff provided extensive consultation and assistance to local agencies on the Project Benefits Calculators and on-line application database procedures.

Applications Received. As shown in Table 1, ARB received 19 proposals from nine local agencies in the four trade corridors. Appendix B provides an expanded summary with additional detail on the match funding source(s), anticipated emission reductions, and bond cost-effectiveness for each of the proposals. Appendix B also includes electronic links to the project narrative and project details for each application posted on the Program website.

Staff Evaluation. ARB staff evaluated each application to ensure consistency with Program requirements. First, we reviewed the combined paper and electronic application for completeness to ensure that it included all required information and attachments. The applications typically contained most of the required documents and demonstrations. Next, staff reviewed the Project Benefits Calculators to verify that the inputs and results were reasonable, and were correctly transferred to the on-line database. Due in part to the short timeframe for development and submittal of applications, there were some inconsistencies in the numbers between the project narrative, the project details entered into the database, and the electronic copies of the Project Benefits Calculators. There were also some statements in the narratives that conflicted with the Program Guidelines – most of these were inadvertent as agencies copied text from their existing procedures for the Carl Moyer Program. We worked with the applicants to remedy these problems.

ARB staff sent three sets of emails to applicant local agencies during the week of April 7 that detailed any missing elements, inconsistencies in the numbers, and any conflicts with the requirements of the Guidelines. In these emails, we asked the local agencies to confirm, correct, clarify, or replace the information in question. All responded promptly within that same week with the needed information. This exchange of communications is an official part of each application and available on the Program website. All applications were then eligible for further review.

The next step included an assessment of each proposal for such requirements as:

- The ability to complete projects within specified timeframes.
- The proposed use of acceptable project alternatives, such as geographic restrictions or use of contractors to help run the program.
- The experience and ability of the agency to administer the proposed projects based upon past performance.
- The capacity of existing staff, and any proposed additions, to complete the number of projects proposed and to do so within the schedules identified in the Guidelines.

Table 1. Summary of Local Agency Applications for FY2007-08 Funds

Corridor	Local Agency	Source Category	Equipment Project Option(s)	# of Equipment	Bond \$ Requested* (millions)	Total Corridor \$ (millions)
Los Angeles/ Inland Empire	Ports of Los Angeles/ Long Beach	Port Truck	Replacement	4,420	\$221.0	\$415.0
			Retrofit	500	\$2.6	
	South Coast AQMD	Port Truck	Replacement	1,540	\$80.8	
			Retrofit	1,000	\$5.3	
		Other Truck	Replacement	1,600	\$84.0	
			Infrastructure	230	\$0.9	
		Truck Stop Electrification	Infrastructure	230	\$0.9	
		Locomotive	Switcher	8	\$6.2	
		Shore Power	Grid-based	2	\$5.1	
Cargo Equipment	RTG Crane Energy System	50	\$3.9			
Harbor Craft	Commercial Fishing	50	\$5.2			
Central Valley	San Joaquin Valley APCD	Other Truck	Retrofit	1,000	\$5.3	\$268.1
			Repower	25	\$0.5	
			Replacement	4,590	\$241.0	
			3-Way	50	\$2.6	
	Sacramento Metro AQMD	Other Truck	Retrofit	800	\$4.2	
			Replacement	80	\$4.2	
Locomotive	Line-haul	10	\$10.3			
Bay Area	Bay Area AQMD	Port Truck	Retrofit	1,000	\$5.2	\$33.1
			Repower	45	\$1.0	
			Replacement	2	\$0.1	
		Other Truck	Retrofit	100	\$0.5	
			Repower	25	\$0.5	
		Replacement	350	\$18.4		
		Locomotive	Switcher	4	\$3.1	
Harbor Craft	Tug/Crew/Supply	17	\$4.3			
San Diego/ Border	San Diego APCD	Port Truck	Retrofit	30	\$0.2	\$15.8
			Repower	5	\$0.1	
			Replacement	40	\$2.1	
	Other Truck	Retrofit	293	\$1.5		
		Repower	5	\$0.1		
		Replacement	72	\$3.8		
	Port of San Diego	Shore Power	Grid-based	1	\$2.5	
	Imperial APCD	Other Truck	Retrofit	50	\$0.3	
Repower			5	\$0.1		
Replacement			98	\$5.1		
TOTAL				18,097	\$732.0	\$732.0

* Includes dollars for equipment projects, plus administration funds where permitted

The Guidelines call for ARB staff to assess whether the agency has affirmatively demonstrated that it has or will have the capacity to implement the project scope. If ARB staff determines that the agency has demonstrated the ability to handle the project type, but only at a lesser scope or scale than proposed, an alternative scope could be proposed. The project then moves forward with that alternative scope to the competitive process and evaluation for funding.

Several agencies proposed projects on a scale that exceeded their demonstrated capacity to implement the projects successfully. However, once ARB staff determined that the first action in developing our funding recommendations would be to divide the \$221 million between the corridors based on the Board's funding targets, that decision limited the maximum potential size of the projects in each corridor. Because of these funding constraints, we believe the agencies have the capacity to handle the proposed awards.

Where agencies proposed projects for multiple source categories in the same funding category and the same corridor, staff completed the competitive scoring process described in the Guidelines. The competition is based on two primary factors – emission reductions and a measure of cost-effectiveness. Appendix C summarizes the inputs and the final score for each proposed project subject to this competitive process.

Process for Developing Funding Recommendations. ARB staff used the process described in the Guidelines to develop recommendations for funding local agency proposals.

We considered the availability of bond funds, the corridor and category funding targets, the competitive process results, and the Board's funding priorities for the cycle. The Guidelines direct ARB staff to recommend whether the most competitive local agency project in each corridor and funding category should be funded in whole, in part, or not at all in that funding cycle. The Guidelines provide ARB with the option to pro-rate the requested Program funding and the estimated performance measures (pieces of equipment, emission reductions, etc.) based on the available dollars and funding priorities. Board priorities may result in preferential funding for one of the equipment project options proposed in the local agency application for a source category. For example, recommendations could be made to provide more funding for truck retrofits than replacements based on those priorities.

C. STAFF RECOMMENDATIONS

We received proposals from local agencies in each trade corridor that exceeded the corridor's target funding level. Each of the applicants demonstrated the capability to implement the Program at some significant funding level. As a result, we are recommending the \$221 million be divided among the four trade corridors according to the percentage allocation that corresponds to the Board's overall funding targets for each region.

Summary of Funding Recommendations. To reduce emissions in the communities most heavily impacted by goods movement, staff recommends that the Board direct the majority of funds in this cycle to trucks. As shown in Figure 1, nearly half of the funding would go to clean up the trucks serving ports and intermodal rail yards. These trucks impact residents near our seaports, and in communities around rail yards, freeways, and inland distribution centers.

The next largest share of funding would go to upgrade other trucks throughout all four corridors, and potentially support electrification of truck stops and distribution centers in the Los Angeles/Inland Empire region. The priority within this category is for truck retrofits to immediately reduce the diesel PM health risk from existing trucks.

The remaining funds would support cleaner locomotives and harbor craft, plus installation of shore-based electrical power at a ship berth in San Diego.

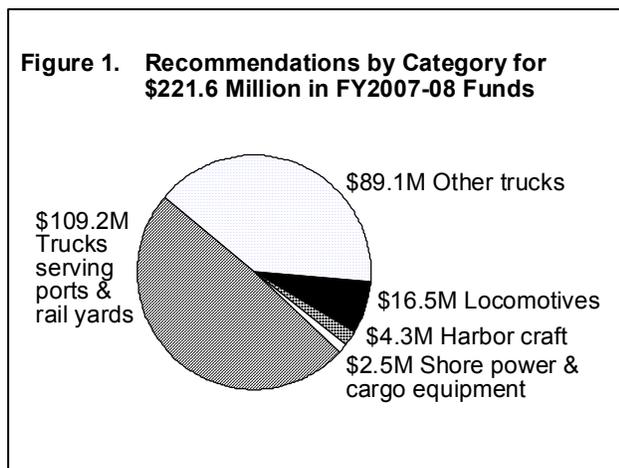


Table 2 summarizes the staff recommendations to the Board for award of the \$221.6 million in Program funding by corridor and category, including the number of pieces of equipment, total bond funding (including local administration), the emission reductions, and the bond cost-effectiveness. The following sections then describe our rationale for these recommendations in each corridor.

Table 2. Summary of Staff Recommendations for Award of \$221 Million in FY2007-08 Funds

Corridor Funding Target	Funding Target	Funding Category	# of Equip.	Amount	NOx Reductions (pounds)	PM Reductions (pounds)	Bond C-E*	Administering Local Agency
Los Angeles/ Inland Empire 55%	\$122M	Trucks Serving Ports and Intermodal Rail Yards	1,960	\$98,000,000 (port trucks)	19,116,000	904,000	0.38	Ports of LA/LB
			500	\$2,625,000 (rail yard trucks)	---	105,000	0.80	South Coast AQMD
		Other Trucks + Truck Stop Electrification	1,249	\$18,322,500	3,804,000	422,000	0.67	South Coast AQMD
		Locomotive/Switcher	4	\$3,090,000	1,394,000	71,000	0.91	South Coast AQMD
		Corridor total	3,713	\$122,037,500	24,314,000	1,502,000	0.45	
Central Valley 25%	\$55M	Other Trucks	1,687	\$40,530,000	10,190,000	720,000	0.61	San Joaquin Valley APCD
			805	\$4,462,500	76,000	221,000	1.01	Sacramento Metro AQMD
		Multi-Corridor Locomotives: Central Valley/Bay Area	10	\$10,300,000	2,749,000	275,000	0.80	Sacramento Metro AQMD
		Corridor total	2,502	\$55,292,500	13,015,000	1,216,000	0.68	
Bay Area 14%	\$31M	Trucks Serving Ports and Intermodal Rail Yards	1,047	\$6,300,000	604,000	206,000	0.66	Bay Area AQMD
		Other Trucks	436	\$17,377,500	6,810,000	334,000	0.78	Bay Area AQMD
		Locomotive/Switcher	4	\$3,090,000	758,000	38,000	0.49	Bay Area AQMD
		Harbor Craft	17	\$4,263,800	3,122,000	147,000	1.42	Bay Area AQMD
		Corridor total	1,504	\$31,031,300	11,294,000	725,000	0.83	
San Diego/ Border Region 6%	\$13M	Trucks Serving Ports and Intermodal Rail Yards	75	\$2,362,500	760,000	31,000	0.58	San Diego APCD
		Other Trucks	365	\$5,302,500	1,124,000	123,000	0.68	San Diego APCD
			107	\$3,097,500	778,000	45,000	0.54	Imperial APCD
		Shore Power	1	\$2,500,000	2,584,000	35,000	1.32	Port of San Diego
		Corridor total	548	\$13,262,500	5,246,000	234,000	0.75	
Grand Total			8,267	\$221,623,800	53,869,000	3,677,000	0.57	

* Bond C-E means the cost-effectiveness of the proposal measured as reductions (lbs) of NOx+(PM*20)/State dollar invested.

Los Angeles/Inland Empire Trade Corridor. We received local agency applications from the South Coast District for all project categories, plus a joint application from the Port of Los Angeles and the Port of Long Beach to administer an incentive program for trucks serving both ports. The total requested funding was \$415 million.

As the highest priority for this region, we are recommending that just over \$100 million go toward trucks serving ports and intermodal rail yards to quickly reduce the health risk in heavily impacted communities around ports, rail yards, and inland distribution centers. This is consistent with the proposals by the District and the Ports.

We received two applications for the trucks serving ports and intermodal rail yard category, triggering the competitive process and a tie score. The Ports' proposal requested funding for more trucks and would fund new trucks to replace older vehicles, resulting in the greatest emission reductions. The District's proposal also would fund many new trucks, but includes a retrofit element for trucks serving intermodal rail yards and is somewhat more cost-effective due to this element. Both are quality proposals. The most striking difference is the \$144 million in funding that the Ports will use to match the recommended \$98 million in bond funds for port trucks. Together, the bond plus Port subsidies can cover 80-90 percent of the cost of a brand new truck, with the ports targeting a fleet of half diesel and half liquefied natural gas replacements. ARB staff recommends that parts of both proposals be funded.

The Ports have proposed a mix of existing port funds and monies raised from new truck tariffs. The Ports have "back stopped" their proposal with additional port operating funds to ensure that the truck cleanup can proceed quickly, regardless of the Ports' ability to implement the tariffs in a timely manner due to threatened litigation. We recommend that the Board identify the South Coast District's proposal as a backup project that could be activated if the Ports were otherwise constrained from implementing their project. We also recommend that the South Coast District receive \$2.6 million as the primary administrator of a project to retrofit trucks serving the intermodal rail yards throughout the corridor.

For the remaining \$21 million in this corridor, we consulted with the South Coast District and reached agreement on the priorities for funding. Over \$18 million would be directed to clean up other trucks and potentially fund projects to electrify trucks stops and distribution centers if those projects are more competitive than truck replacement projects. The last \$3 million would replace old switch locomotives with new, low-emission models to cut diesel PM exposure in communities near rail yards. We do not expect that the Class I railroads subject to the 1998 Memorandum of Understanding with ARB for a 67 percent reduction in NOx emissions by 2010 would be eligible for the switcher locomotive funds in this cycle. These railroads are replacing their switcher fleets to comply with the fleet average emission standards in the MOU, making those replacements ineligible for bond funding.

The district will need to initiate a substantial effort to recruit trucks for the retrofit projects, and fund all eligible trucks applying for retrofits up to the minimum number of retrofit projects identified in Table 4 below. If the demand for retrofit projects is less than the minimum number of trucks identified below, then the district must document its efforts and submit documentation to ARB. The district may then transfer any remaining dollars from the truck retrofit project option to other equipment project options awarded within that category (e.g., truck replacement or repower projects).

Tables 3 and 4 identify the key details of the projects proposed for funding that would be implemented by three agencies in the Los Angeles/Inland Empire Trade Corridor. Based on consultation with the South Coast District, we are not recommending funding for the District's shore power, cargo equipment, or harbor craft proposals in this cycle.

Table 3. Funding Details for the Port of Los Angeles and Port of Long Beach

Category	Equipment Project Option(s)	Equipment and Bond Funding Recommended	Project Alternatives and Other Details
Trucks serving ports and rail yards	Replacement	1,960 trucks at \$98,000,000 (No administration funding)	<ul style="list-style-type: none"> - Submitted as a joint local agency application with joint and several responsibility - Limited to trucks serving these two ports - Ports committed to provide \$144M match funds - Targets 50% of funds to LNG models and 50% to diesel models meeting 2007 emission standards, subject to competitive process - Option for contractor(s) - Option for lease-to-own projects - Option for direct payment to vendors - Trucks will be GPS-equipped; Ports must report travel data to ARB over the project life

Table 4. Funding Details for the South Coast Air Quality Management District

Category	Equipment Project Option(s)	Equipment and Bond Funding Recommended	Project Alternatives and Other Details
Trucks serving ports and rail yards	Retrofit	500 trucks at \$2,625,000	- Limited to trucks serving intermodal rail yards in this corridor - Option for contractor(s)
Other trucks	Retrofit	1,000 trucks at \$5,250,000	- Option for contractor(s)
	Replacement	249 trucks at \$13,072,500	- Option for contractor(s) - Option for lease-to-own projects - Option for direct payment to vendors
Truck stop electrification	Infrastructure	No dedicated funding	- District may solicit projects that will compete with truck replacement for funding - Option for contractor(s)
Locomotives	Switcher	4 locomotives at \$3,090,000	- Funds switchers operated at rail yards in the trade corridor - Option for contractor(s)
<i>Backup Project</i>			
Trucks serving ports and rail yards	Replacement	Up to 1,866 trucks at \$97,965,000	- Limited to trucks serving the Ports of Los Angeles and Long Beach - Targets funding for 50% diesel, 30% LNG, and 20% LNG meeting 2010 standards, subject to competitive process - Option for lease-to-own projects - Option for contractor(s) - Option for direct payment to vendors

Central Valley Trade Corridor. We received applications from the San Joaquin Valley District for truck projects, and from the Sacramento District for truck and locomotive projects.

The locomotive project would upgrade regional line-haul locomotives that travel in the Central Valley, between Sacramento and Fresno, with additional travel into the Bay Area and back. The upgraded locomotives would be dedicated to California service. We are recommending full funding of \$10.3 million for the locomotive proposal that would achieve reductions throughout the Valley, and into the upwind Bay Area. Locomotive replacement offers the opportunity to secure cost-effective NOx reductions that are not required by regulation. These NOx reductions are key to attainment of federal PM2.5 standards in the San Joaquin Valley, and to ozone attainment throughout the region. The Sacramento District would administer this project, in consultation with the San Joaquin Valley District.

Both agencies submitted applications for the other truck category, which triggered the competitive ranking process. Both agencies received the same total score on their proposals. The San Joaquin District proposal requested funding for more trucks, resulting in greater overall emission reductions. The Sacramento proposal did slightly better on cost-effectiveness due to the emphasis on truck retrofit devices.

Since both air districts have demonstrated their ability to run successful truck programs, we recommend partial funding for both proposals to cover this large geographic area. The San Joaquin District would administer 90 percent, or over \$40 million, of this funding, with the Sacramento District administering the remaining 10 percent, or over \$4.4 million. We are recommending full funding for the retrofit elements and partial funding for truck replacements to equal the total truck dollars. Both agencies will solicit applications from trucks operating in the Central Valley and use the same competitive ranking process to award funds to truck owners.

The districts will need to initiate a substantial effort to recruit trucks for the retrofit projects, and fund all eligible trucks applying for retrofits up to the minimum number of retrofit projects identified in Tables 5 and 6 below. If the demand for retrofit projects is less than the minimum number of trucks identified below, then each district must document its efforts and submit documentation to ARB. The districts may then transfer any remaining dollars from the truck retrofit project option to other equipment project options awarded to that district within that category (e.g., truck replacement or repower projects).

Tables 5 and 6 identify the key details of the projects proposed for funding that would be implemented by two agencies in the Central Valley Trade Corridor.

Table 5. Funding Details for the San Joaquin Valley Air Pollution Control District

Category	Equipment Project Option(s)	Equipment and Bond Funding Recommended	Project Alternatives and Other Details
Other trucks	Retrofit	1,000 trucks at \$5,250,000	- Ability to offer future local funding to help offset cost of PM + NOx retrofits - Requires a minimum 10% of annual miles within this corridor as eligibility requirement
	Repower	25 trucks at \$525,000	- Requires a minimum 10% of annual miles within this corridor as eligibility requirement
	Replacement	612 trucks at \$32,130,000	- Option for lease-to-own projects - Requires a minimum 10% of annual miles within this corridor as eligibility requirement
	3-way transaction	50 trucks at \$2,625,000	- Ability to offer future local funding to help offset cost of the PM retrofit - Requires a minimum 10% of annual miles within this corridor as eligibility requirement

Table 6. Funding Details for the Sacramento Metropolitan Air Quality Management District

Category	Equipment Project Option(s)	Equipment and Bond Funding Recommended	Project Alternatives and Other Details
Locomotives	Line-haul	10 locomotives at \$10,300,000	- Targets locomotives operating in Central Valley and Bay Area corridors - Consultation with San Joaquin Valley District
Other trucks	Retrofit	800 trucks at \$4,200,000	- Option for direct payment to vendors
	Replacement	5 trucks at \$262,500	- Option for lease-to-own projects - Option for direct payment to vendors

Bay Area Trade Corridor. The Bay Area District was the only applicant in this corridor. The total funding request from the Bay Area District was \$33 million, compared to our funding target of \$31 million for this corridor. As a result, we can propose full, or near-full, funding for each proposal.

We are recommending full funding of \$6.3 million for trucks serving ports and intermodal rail yards in this corridor (primarily trucks serving the Port of Oakland), with the District committed to provide a total of \$5.9 million in match funding. The District's application also describes an anticipated contribution of \$5 million from the Port of Oakland, based on possible future port tariffs. Without these tariffs, the remainder of the match will need to come from the equipment owners. The District proposes a mix of retrofit, repower, and replacement options for these trucks. We are also recommending over \$17.3 million be targeted to clean up other heavy diesel trucks operating in the Bay Area.

For both truck categories, the District needs to initiate a substantial effort to recruit trucks for the retrofit projects, and fund all eligible trucks applying for retrofits up to the minimum number of retrofit projects identified in Table 7 below. If the demand for retrofit projects is less than the minimum number of trucks identified below, then the District must document its efforts and submit documentation to ARB. The District may then transfer any remaining dollars from the truck retrofit project option to other equipment project options awarded within that category (e.g., truck replacement or repower projects).

We also recommend just under \$4.3 million for harbor craft based at ports in the Bay Area corridor and full funding of \$3 million for switcher locomotives operating at rail yards in the Bay Area. For the harbor craft category, the District must make a good faith effort to recruit tugs/tows and crew/supply vessels up to the minimum number of projects identified for each equipment type in Table 7. If the demand for the projects in either craft type is less than the minimum number identified below, the District must document its efforts and submit documentation to ARB. The District may then transfer any remaining dollars from one type of craft to the other within this source category.

Table 7 identifies the key details of the projects proposed for funding in this corridor.

Table 7. Funding Details for the Bay Area Air Quality Management District

Category	Equipment Project Option(s)	Equipment and Bond Funding Recommended	Project Alternatives and Other Details
Trucks serving ports and rail yards	Retrofit	1,000 trucks at \$5,250,000	- District committed to provide \$5.0M in match
	Repower	45 trucks at \$945,000	- District committed to provide \$0.9M in match
	Replacement	2 trucks at \$105,000	- Option for lease-to-own projects
Other trucks	Retrofit	100 trucks at \$525,000	
	Repower	25 trucks at \$525,000	
	Replacement	311 trucks at \$16,327,500	- Option for lease-to-own projects
Locomotives	Switcher	4 locomotives at \$3,090,000	- Limited to switcher locomotives operating at rail yards in this corridor
Harbor Craft	Tug	4 boats at \$1,548,893	- Limited to vessels home-ported in this corridor
	Crew/Supply	13 boats at \$2,714,951	- Limited to vessels home-ported in this corridor

We note that the District's application described an intent to preferentially fund the oldest trucks, locomotives, and harbor craft first, but also committed to follow the competitive ranking process described in the Guidelines. The District may seek

applications from owners of the oldest equipment, but must use this competitive process to score each equipment project and fund the projects with the highest scores first. Since weighted emission reductions are the primary criterion in the competition, this will generally (but not always) favor upgrade of the oldest equipment.

San Diego/Border Trade Corridor. The San Diego District requested funding for port trucks and other trucks, while the Imperial District proposed other truck projects. The Port of San Diego requested funding for infrastructure to provide shore-based electrical power at one cargo ship berth.

In this corridor, we are recommending full funding of over \$2.3 million for trucks serving ports and rail yards, to be administered by the San Diego District with co-funding from the Port of San Diego. The District proposes a mix of retrofit, repower, and replacement options for these trucks. We also propose full funding of \$2.5 million for shore-based electrical power for one ship berth, to be administered by the Port of San Diego. This is the most cost-effective proposal in this corridor.

The remaining funds are targeted to other trucks. In this category, the proposals from the two air districts are evaluated in the competitive process. The San Diego District proposal scored higher because it requested funding for more trucks, resulting in the greatest emission reductions. The San Diego proposal also did slightly better on cost-effectiveness due to the emphasis on truck retrofit devices. However, since both air districts applying for other truck funds have demonstrated their ability to run successful truck programs, we support partial funding for both agencies to cover this large and sometimes remote geographic area.

Of the \$8.4 million available for other trucks, we recommend that the San Diego District administer 2/3 of the funds, or \$5.3 million, with the Imperial District administering the remaining 1/3, or just over \$3 million. These splits are proportional to heavy diesel truck registrations and emissions in each district. For each project, we are recommending full funding for retrofits and partial funding for truck repowers and replacements. Both agencies will solicit applications from trucks operating in the San Diego/Border corridor and use the same competitive ranking process to award funds to truck owners.

The districts will need to initiate a substantial effort to recruit trucks for the retrofit projects, and fund all eligible trucks applying for retrofits up to the minimum number of retrofit projects identified in Tables 8 and 9 below. If the demand for retrofit projects is less than the minimum number of trucks identified below, then each district must document its efforts and submit documentation to ARB. The districts may then transfer any remaining dollars from the truck retrofit project option to other equipment project options awarded to that district within that category (e.g., truck replacement or repower projects).

Tables 8, 9, and 10 identify the key details of the projects proposed for funding that would be implemented by three agencies in the San Diego/Border Corridor.

Table 8. Funding Details for the San Diego Air Pollution Control District

Category	Equipment Project Option(s)	Equipment and Bond Funding Recommended	Project Alternatives and Other Details
Trucks serving ports and rail yards	Retrofit	30 trucks at \$157,500	- Limited to trucks serving the Port of San Diego - Port committed to provide \$1.4M match funds - Option for lease-to-own replacement projects
	Repower	5 trucks at \$105,000	
	Replacement	40 trucks at \$2,100,000	
Other Trucks	Retrofit	290 trucks at \$1,522,500	- Targets 20 diesel and 50 LNG replacements, subject to competitive process - Option for lease-to-own replacement projects
	Repower	5 trucks at \$105,000	
	Replacement	70 trucks at \$3,675,000	

Table 9. Funding Details for the Imperial County Air Pollution Control District

Category	Equipment Project Option(s)	Equipment and Bond Funding Recommended	Project Alternatives and Other Details
Other trucks	Retrofit	50 trucks at \$262,500	- Option for contractor(s) - Option for lease-to-own replacement projects
	Repower	5 trucks at \$105,000	
	Replacement	52 trucks at \$2,730,000	

Table 10. Funding Details for the Port of San Diego

Category	Equipment Project Option(s)	Equipment and Bond Funding Recommended	Project Alternatives and Other Details
Shore power	Grid-based	1 berth at \$2,500,000	- Limited to the Port of San Diego - Port committed to provide \$2.5M match funds

Cumulative Program Funding and Benefits. Based on the staff recommendations in this report, Table 11 shows the cumulative Program allocations and associated air quality benefits for the entire \$250 million in FY2007-08 funds.

Table 11. Summary of Total FY2007-08 Program Funding (millions)

Trade Corridor	Local Agency	Early Grant Funds	Additional FY2007-08 Funds	Total Funds	Total Reductions (tons)	
					NOx	Diesel PM
Los Angeles/ Inland Empire	South Coast AQMD	\$13.8	\$24.0	\$135.8	13,223	820
	Ports of Los Angeles/ Long Beach	---	\$98.0			
Central Valley	San Joaquin Valley APCD	\$5.7	\$40.5	\$61.8	6,731	666
	Sacramento Metro AQMD	\$0.8	\$14.8			
Bay Area	Bay Area AQMD	\$3.4	\$31.1	\$34.5	10,456	457
San Diego/ Border Region	San Diego APCD	\$1.3	\$7.6	\$14.5	2,618	141
	Port of San Diego	---	\$2.5			
	Imperial County APCD	---	\$3.1			
ARB administration				<\$3.4		
Total		\$25.0	\$221.6	\$250.0	33,028	2,084

ARB Staff Recommendation for Board Action. ARB staff recommends that the Board adopt Resolution 08-6 that includes a final list of projects to be funded with the \$221.6 million in remaining FY2007-08 funds, as described in this section of the Staff Report.

APPENDIX A

NOTICE OF FUNDING AVAILABILITY

**Proposition 1B: Goods Movement Emission Reduction Program
NOTICE OF AVAILABILITY OF FISCAL YEAR 2007-2008 FUNDS**

Summary

The California Air Resources Board (ARB) is authorized to award grants for proposals totaling \$221 million in Fiscal Year (FY) 2007-08 funds from local agencies that are involved in freight movement or air quality improvements associated with goods movement activities in California's four priority trade corridors. Over the next few years, ARB will administer a total of \$1 billion in State bond funds authorized by Proposition 1B, approved by California voters in 2006, to reduce emissions and health risk from freight movement along these corridors. The Legislature appropriated the first installment of \$250 million in FY2007-08 funds to ARB for this purpose.

ARB adopted Program Guidelines for Implementation of the Proposition 1B: Goods Movement Emission Reduction Program (Program Guidelines) in a public hearing on February 28, 2008. The Board also adopted a list of projects for \$25 million in funding under the early grant program. With anticipated administration costs, ARB will award at a public hearing currently scheduled for May 22-23, 2008 the remaining \$221 million in FY2007-08 grant funds to the most competitive projects proposed by eligible local agencies. The local agencies will then be responsible for providing match funds and other financial incentives via contracts to owners of equipment used in freight movement to upgrade to cleaner technologies, consistent with the Program Guidelines. The local agencies will also be primarily responsible for enforcing such contracts.

The Proposition 1B grant program will be administered by ARB pursuant to the adopted Program Guidelines. This Notice of Funding Availability (Notice) summarizes portions of the Program Guidelines related to the solicitation of proposals from local public entities. In the event of a conflict between this Notice and the Program Guidelines, the Program Guidelines shall control.

FUNDING PRIORITIES

Local agency proposals will compete within each trade corridor and funding category for the available monies, pursuant to the process and criteria specified in the Program Guidelines. To help ARB select projects and determine the funding levels, the Program Guidelines identify funding targets for the four trade corridors and source categories, as well as priorities for expenditure of FY2007-08 funds. As noted, Proposition 1B authorizes \$1 billion total, which includes funds for all local and State administration costs; ARB has determined that the \$1 billion should be awarded according to the following funding targets:

Notice of Funding Availability

<u>Dollars</u>	<u>By Trade Corridor</u>
\$550 million:	Los Angeles/Inland Empire trade corridor
\$250 million:	Central Valley trade corridor
\$140 million:	Bay Area trade corridor
\$ 60 million:	San Diego/Border trade corridor

<u>Dollars</u>	<u>By Source Category</u>
\$400 million:	Heavy duty diesel trucks serving seaports and intermodal rail yards.
\$360 million:	Other heavy duty diesel trucks that haul goods, plus any truck stop or distribution center electrification.
\$100 million:	Diesel freight locomotives.
\$100 million:	Shore power for cargo ships at berth, plus cargo handling equipment used at a port or intermodal rail yard.
\$ 40 million:	Commercial harbor craft.

Priorities for FY2007-08 Funds

- Eligible projects that can quickly begin implementation and deliver air quality results;
- Truck retrofit projects to add diesel particulate filters for immediate, broad scale and cost-effective risk reduction in many communities; and
- Port truck replacement projects in the Los Angeles/Inland Empire corridor to support the Ports of Los Angeles and Long Beach clean truck tariff programs.

AGENCY AND PROJECT ELIGIBILITY

Local Agency Eligibility

Applicants must satisfy three criteria to be considered a local agency eligible for funding in this Program. First, they must be a "local public entity," which is defined to include a county, city, district, public authority created by statute, public agency, and any other political subdivision in the State. Second, local public entities must be involved in the movement of freight through trade corridors or involved in air quality improvements associated with goods movement. Third, local public entities must have the legal authority and resources to run a regional scale incentive program that includes sources outside their geographic jurisdiction.

Note: Since grant applications require an extensive investment of time and resources by the local public entity, we strongly encourage each local public entity to consult early and often with ARB staff regarding the local entity's ability to meet all applicable Program Guideline and statutory requirements for qualifying as a local agency.

Project Eligibility

Appendices A-G of the Program Guidelines detail the proposed equipment project options within each source category for FY2007-08 funds, including upgrade specifications, funding caps, minimum project life, and key operating conditions. Local agencies can choose to propose projects for one or more source categories, including

Notice of Funding Availability

all of the options or just a subset of those options, to best address the air pollution problem in that corridor. Local agencies may also choose to propose allowable project alternatives as specified in Chapter III.B.2.a-d. of the Program Guidelines.

APPLICATION PROCESS

Community Meeting

Prior to the submittal of the project application, the local public entity must hold at least one community meeting in the trade corridor to solicit public input on the source categories and equipment project options to be addressed by the proposal(s).

Registration

The application process begins with email registration to gain access to ARB's on-line database. Once an applicant is successfully registered, the applicant must submit a detailed application that satisfies the requirements of the Program Guidelines.

Registration instructions are on the Program web site <http://www.arb.ca.gov/gmbond>. Local public entities must fill out the information listed under "Registration" and submit it via electronic mail to gmbond@arb.ca.gov no later than 5:00 PM, **March 21, 2008**. As part of the registration, the local public entity will provide its qualifications for eligibility as a local agency.

After verifying that the applicant qualifies as a local public entity, ARB will e-mail the local public entity the application instructions, along with a username and password. Because local public entities must successfully register prior to submittal of an application, they are strongly encouraged to register as early as possible.

Application and Availability of Program Guidelines and Supporting Documents

Qualifying applicants shall follow the application instructions on the Program web site <http://www.arb.ca.gov/gmbond>, which summarizes and contains all the requirements of the Program Guidelines for preparation and submittal of grant applications, along with all other supporting documents, instructions, and forms.

Applicants must submit one completed local agency project application packet for each source category for which they are requesting funds.

Application Deadline and Submittal

Two complete paper copies of each local agency's application packet(s), including all necessary attachments and approved resolutions or letters of authorizations, shall be submitted with an original signature by an authorized local agency representative, along with one electronic version of the complete application packet(s). The complete paper copies and electronic version of the complete application **must be received by the**

Notice of Funding Availability

ARB no later than 5:00 p.m. on April 4, 2008. Applications postmarked or received after 5:00 p.m. on April 4, 2008 will not be accepted and will be returned to the applicant. Only mailed or hand-delivered (along with the emailed version as noted above) applications will be accepted. No faxed applications will be considered.

Please mail hardcopy applications to:

Goods Movement Emission Reduction Program
Planning and Technical Support Division
Air Resources Board
Standard U.S. Mail: P.O. Box 2815, Sacramento, CA 95812
Other Delivery Services: 1001 I Street, Sacramento, CA 95814

Please email the electronic copy to:

gmbond@arb.ca.gov

All application information shall be provided or the application shall be considered incomplete. Updates to any application information after the submittal deadline shall only be allowed on a case-by-case basis, at the sole discretion of authorized ARB staff in ARB's goods movement program.

Tentative Schedule of Proposal and Award Process:

Notice of Funding Availability	March 12, 2008
Registration as a Local Public Entity	March 21, 2008
Deadline to Submit Proposals	April 4, 2008
Approval of Awards at ARB Board Hearing	May 22-23, 2008

QUESTIONS

For questions, please contact: (916) 44-GOODS (444-6637) or gmbond@arb.ca.gov.

APPENDIX B

EXPANDED SUMMARY OF LOCAL AGENCY APPLICATIONS FOR FY2007-08 FUNDS

*(Includes links to the project narrative and details
for each application on ARB's Program website)*

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**Proposition 1B: Goods Movement Emission Reduction Program
Expanded Summary of Local Agency Applications for FY2007-08 Funds**

LOS ANGELES/INLAND EMPIRE CORRIDOR (page 1 of 2)

Links to Project Application	Source Category	Project Option and/or Approach	# of Equipment	Bond Funds Requested (millions)	Match Funding: private unless noted (millions)	NOx reductions (pounds)	PM reductions (pounds)	Bond C/E*
Port of Los Angeles and Port of Long Beach								
1. Narrative 2. Details	Port Truck	Diesel Replacement	2,210	\$110.50	Ports \$88.40 Private \$22.10	43,107,878	2,038,517	0.38
		LNG Replacement (2007 stds)	2,210	\$110.50	Ports \$238.68 Private \$59.67			
Agency Total				\$221.00	\$408.85			
South Coast Air Quality Management District								
1. Narrative 2. Details	Port Truck	Lease-to-Own/ Diesel Replacement	600	\$31.50	\$48.00	5,937,879	279,807	0.37
		Diesel Replacement	170	\$8.93	\$13.60	1,682,399	79,279	0.37
		Retrofit	500	\$2.63	\$2.50		105,283	0.80
		Lease-to-Own/ LNG Replacement (2010 stds)	270	\$14.18	Ports \$10.80 Private \$13.50	3,486,762	126,090	0.42
		LNG Replacement (2007 stds)	500	\$26.25	Ports \$65.00 Partial, unspecified	4,948,233	233,173	0.37
Subtotal				\$83.49	\$153.40	16,055,273	823,632	
1. Narrative 2. Details	Other Truck	Replacement	1,600	\$84.00	\$128.00	24,442,848	955,456	0.52
		Retrofit	1,000	\$5.25	\$5.00			1.04
Subtotal				\$89.25	\$133.00	24,442,848	273,071	
						-	4,228,527	

* Bond C-E means cost-effectiveness expressed as weighted lbs of reductions/State \$, as calculated by ARB staff

**Proposition 1B: Goods Movement Emission Reduction Program
Expanded Summary of Local Agency Applications for FY2007-08 Funds**

LOS ANGELES/INLAND EMPIRE CORRIDOR (page 2 of 2)

Links to Project Application	Source Category	Project Option and/or Approach	# of Equipment	Bond Funds Requested (millions)	Match Funding: private unless noted (millions)	NOx reductions (pounds)	PM reductions (pounds)	Bond C/E*
<i>South Coast Air Quality Management District (continued)</i>								
1. Narrative 2. Details	Truck Stop/ Distribution Center electrification	Idleaire-type	30	\$0.29	\$0.27	Pending further analysis		
		"Shore power"-type	200	\$0.60	\$0.60	Pending further analysis		
1. Narrative 2. Details	Locomotive	Switcher	8	\$6.18	\$6.00	2,787,992	141,676	0.91
1. Narrative 2. Details	Harbor Craft	Commercial Fishing	50	\$5.20	\$2.50	985,888		0.39
1. Narrative 2. Details	Cargo Handling Equipment	Energy Storage	50	\$3.86	\$3.75	1,546,991	51,007,555	0.44
1. Narrative 2. Details	Shore Power	Grid-based	2	\$ 5.10	\$5.00	2,292,441		0.57
Agency Total				\$193.97	\$304.52		29,953	
Corridor Total				\$414.97	\$713.37			

* Bond C-E means cost-effectiveness expressed as weighted lbs of reductions/State \$, as calculated by ARB staff

**Proposition 1B: Goods Movement Emission Reduction Program
Expanded Summary of Local Agency Applications for FY2007-08 Funds**

CENTRAL VALLEY CORRIDOR (page 1 of 1)

Links to Project Application	Source Category	Project Option and/or Approach	# of Equipment	Bond Funds Requested (millions)	Match Funding: private unless noted (millions)	NOx reductions (pounds)	PM reductions (pounds)	Bond C-E*
<i>San Joaquin Valley Air Pollution Control District</i>								
1. Narrative 2. Details	Other Truck	Replacement	4,590	\$240.98	\$298.35	70,120,421	2,740,965	0.52
		Retrofit	1,000	\$5.25	\$5.00	---	---	1.04
		Repower	25	\$0.53	\$0.50	381,920	273,04,929	1.30
		3-Way Transaction	50	\$2.63	\$3.75	458,695	66,891	0.68
Agency Total				\$249.39	\$307.60	70,961,036	3,095,856	
<i>Sacramento Metropolitan Air Quality Management District</i>								
1. Narrative 2. Details	Other Truck	Replacement	80	\$4.20	\$4.00	1,222,142	47,773	0.52
		Retrofit	800	\$4.20	\$4.00	---	218,457	1.04
Subtotal				\$8.40	\$8.00	1,222,142	266,230	
1. Narrative 2. Details	Locomotive	Line-haul**	10	\$10.30	\$10.00	2,748,900	274,890	0.80
Agency Total				\$18.70	\$18.00			
Corridor Total				\$268.09	\$325.60			

Bond C-E means cost-effectiveness expressed as weighted lbs of reductions/State \$, as calculated by ARB staff

*

** Multi-corridor project

**Proposition 1B: Goods Movement Emission Reduction Program
Expanded Summary of Local Agency Applications for FY2007-08 Funds**

BAY AREA CORRIDOR (page 1 of 1)

Links to Project Application	Source Category	Project Option and/or Approach	# of Equipment	Bond Funds Requested	Match Funding: private unless noted (millions)	NOx reductions (pounds)	PM reductions (pounds)	Bond C-E*
Bay Area Air Quality Management District								
1. Narrative 2. Details	Port Truck	Retrofit	1,000	\$5.25	District \$5.00 **Port \$5.00	---	182,698	0.70
		Replacement	2	\$0.11	\$0.39	26,226	1,358	0.51
		Repower	45	\$0.95	Other State funds: District \$0.90	577,928	21,963	0.55
Subtotal				\$6.31	\$11.29	604,154	206,019	
1. Narrative 2. Details	Other Truck	Replacement	350	\$18.38	\$35.00	7,100,016	325,679	0.74
		Retrofit	100	\$0.53	\$1.00	-	32,726	1.25
		Repower	25	\$0.53	\$0.63	507,243	23,452	1.86
Subtotal				\$19.44	\$36.63	7,607,259	381,857	
1. Narrative 2. Details	Locomotive	Switcher	4	\$3.09	\$3.00	758,419	38,478	0.49
		Subtotal			\$3.09	\$3.00	758,419	38,478
1. Narrative 2. Details	Harbor Craft	Tug	4	\$1.55	\$1.49	2,473,439	116,177	3.10
		Crew/Supply	13	\$2.71	\$0.67	649,031	31,090	0.47
Subtotal				\$4.26	\$2.16	3,122,470	147,267	
Agency total				\$33.10	\$53.08			
Corridor total				\$ 33.10	\$53.08			

Bond C-E means cost-effectiveness expressed as weighted lbs of reductions/State \$, as calculated by ARB staff

* **Funds anticipated from possible future port tariffs

**Proposition 1B: Goods Movement Emission Reduction Program
Expanded Summary of Local Agency Applications for FY2007-08 Funds**

SAN DIEGO/BORDER CORRIDOR (page 1 of 2)

Links to Project Application	Source Category	Project Option and/or Approach	# of Equipment	Bond Funds Requested	Match Funding: private unless noted (millions)	NOx reductions (pounds)	PM reductions (pounds)	Bond C-E*
<i>San Diego Air Pollution Control District</i>								
1. Narrative 2. Details	Port Truck	Replacement	40	\$2.10	Port \$1.40 Private \$0.85	675,338	20,767	0.52
		Repower	5	\$0.11		84,417		1.30
		Retrofit	30	\$0.16		-	2,596	0.56
Subtotal				\$2.37	\$2.25	759,755	7,344 30,707	
1. Narrative 2. Details	Other Truck	Diesel Replacement	22	\$1.16	\$9.17	326,398	12,809	0.50
		Natural Gas Replacement (2007 stds)	50	\$2.63		752,749	29,502	0.51
		Repower	5	\$0.11		74,181	2,911	1.26
		Retrofit	293	\$1.53				
Subtotal				\$5.43	\$9.17	1,153,328	80,251	1.04
Agency Total				\$7.80	\$11.42			

Bond C-E means cost-effectiveness expressed as weighted lbs of reductions/State \$, as calculated by ARB staff

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**Proposition 1B: Goods Movement Emission Reduction Program
Expanded Summary of Local Agency Applications for FY2007-08 Funds**

SAN DIEGO/BORDER CORRIDOR (page 2 of 2)

Links to Project Application	Source Category	Project Option and/or Approach	# of Equipment	Bond Funds Requested	Match Funding: private unless noted (millions)	NOx reductions (pounds)	PM reductions (pounds)	Bond C-E*
Port of San Diego								
1. Narrative 2. Details	Shore Power	Grid-based	1 berth	\$2.50	Port \$2.50	2,584,213	35,375	1.32 -
Agency Total				\$2.50	\$2.50			
Imperial County Air Pollution Control District								
1. Narrative 2. Details	Other Truck	Lease-to-Own Replacement	20	\$1.05	\$5.25	1,426,520	54,894	0.49
		Replacement	78	\$4.10				
		Repower	5	\$0.11		21,070	0.74	
		Retrofit	50	\$0.26		---	1.02	
Subtotal				\$5.52	\$5.25	1,447,590	2,813 13,332	
Agency Total				\$5.52	\$5.25		71,039	
Corridor Total				\$15.82	\$19.17			

Bond C-E means cost-effectiveness expressed as weighted lbs of reductions/State \$, as calculated by ARB staff

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APPENDIX C

SCORING OF COMPETING LOCAL AGENCY PROPOSALS FOR FY2007-08 FUNDS

Scoring of Competing Local Agency Proposals for FY2007-08 Funds

Corridor	Funding Category	Local Agency	Source Category	Weighted Emission Reductions NOx + (PM*20)	Calculated C/E (lbs/State \$)	Emissions Reductions (points)	Cost-Effectiveness (points)	Total Points
Los Angeles / Inland Empire	Port Truck	South Coast AQMD	Port Truck	32,527,893	0.390	1	2	3
		POLA/ POLB	Port Truck	83,878,215	0.380	2	1	3
	Other Truck	South Coast AQMD	Other Truck	49,013,388	0.549	1	1	2
			Truck Stop Electrification*	N/A*	N/A*	-	-	-
	Locomotive	South Coast AQMD	Locomotive	5,621,514	0.910			
	Harbor Craft	South Coast AQMD	Harbor Craft	2,006,048	0.386			
	Shore Power	South Coast AQMD	Shore Power	2,891,496	0.567	2	2	4
Cargo Handling Equipment			1,698,091	0.440	1	1	2	
Central Valley	Other Truck	San Joaquin Valley APCD	Other Truck	132,878,156	0.533	2	1	3
		Sac Metro AQMD	Other Truck	6,546,722	0.779	1	2	3
	Locomotive	Sac Metro AQMD	Locomotive	8,246,697	0.801			
Bay Area	Port Truck	Bay Area AQMD	Port Truck	4,724,535	0.656			
	Other Truck	Bay Area AQMD	Other Truck	15,244,400	0.785			
	Locomotive	Bay Area AQMD	Locomotive	1,528,020	0.495			
	Harbor Craft	Bay Area AQMD	Harbor Craft	6,067,811	1.423			
San Diego/ Border	Port Truck	San Diego APCD	Port Truck	1,373,895	0.582			
	Other Truck	San Diego APCD	Other Truck	3,660,769	0.675	2	2	4
		Imperial APCD	Other Truck	2,868,370	0.520	1	1	2
	Shore Power	Port of Sand Diego	Shore Power	3,291,713	1.317			

* Emission reductions estimate for this proposal are pending.