This status report provides an update on implementation of the \$1 billion Proposition 1B: Goods Movement Emission Reduction Program (Program) to reduce emissions and health risk from freight operations in California's priority trade corridors through incentives. Consistent with State law, the Program Guidelines for Implementation (Guidelines) and related documents detail the grant/contract requirements for the Air Resources Board (ARB or Board), participating local agencies, and equipment owners (see Program website at: <u>http://www.arb.ca.gov/gmbond</u>).

ARB adopts the Guidelines, and then solicits, awards, funds, and oversees grants to local agencies like air districts and seaports. The local agencies offer grants or contracts in a competitive process to diesel equipment owners to co-fund the upgrade of diesel equipment to cleaner technologies, ahead of or beyond any regulatory requirements to do so. To ensure accountability and effective use of these public funds, the local agencies: solicit for eligible projects, review applications, inspect the old equipment, provide data to competitively rank each piece of equipment based on emission reductions and cost-effectiveness, sign contracts with equipment owners, inspect the upgraded equipment, make payment for the cleaner technology, and track/report on funded projects.

The information in this report is based on the local agencies' semi-annual reports as of March 31, 2014 and supplemented with information in the Program's Goods Movement Online Database. The information is reported by year of funding, as defined below.

- Year 1: Awarded May 2008 Board Hearing
- Year 2: Awarded June 2010 and December 2011 Board Hearings
- Year 3: Awarded December 2011 Board Hearing drayage truck projects only
- Year 4: Awarded July 2013 Board Hearing

Available Funding and Expenditures

Each budget appropriation authorizes ARB to use a specific amount of funding for this Program, within statutory timeframes. However, the appropriation does not provide any cash for this purpose. Therefore, we depend on the receipt of proceeds from State bond sales or other mechanisms to fund new projects.

The entire \$1 billion has been appropriated in State budgets (over multiple years), with \$980 million to ARB for this Program and \$20 million set aside by the control agencies to cover bond issuance and oversight costs. However, because cash equal to the appropriations was not available, approximately \$240 million reverted; the Fiscal Year (FY) 2014-15 budget includes an appropriation for this amount. ARB will need to request cash through the established Department of Finance process.

ARB has allocated approximately \$740 million for local agency projects and ARB's administration costs over multiple years, and has paid about \$693 million through

June 2014. ARB will request cash from commercial paper for the majority of the remaining funds over the next two months as local agencies continue to execute contracts and make payments to equipment owners.

Project Results and Benefits

The Program bond monies are leveraging substantial match funding from private, local, and federal sources – more than one match dollar for every Program dollar invested.

Trucks. The local agencies have completed the truck projects from Year 1 through Year 3 with more than 9,500 cleaner trucks operating in the four trade corridors. The local agencies are in the process of implementing the Year 4 projects and expect about 4,000 trucks to be upgraded with cleaner equipment.

Ships at Berth. The Bay Area District's early grant project to install grid-based electrical power for three berths at the Port of Oakland was completed in 2011. Under Year 2 grant projects, the installation of electrical power was completed in 2013 for nine berths at the Port of Oakland and 25 berths at the Ports of Long Beach, Los Angeles, and Hueneme. Ships began to plug into the grid in early 2014.

Locomotives and Commercial Harbor Craft. The Sacramento and South Coast Districts completed the upgrade of 19 locomotives operating in the Central Valley and the Los Angeles/Inland Empire trade corridors. Another six locomotives operating in the latter trade corridor are expected to be upgraded by the end of 2014. In addition, the San Diego District's harbor craft project was completed and operational in 2013.

Benefits. When fully implemented, we expect projects included in this report will reduce over 4 million pounds or 2,000 tons of particulate matter (PM 2.5), plus over 170 million pounds or 85,000 tons of nitrogen oxides (NOx). Emission reductions for projects funded through 2013 are over the life of their grant term (e.g., 2 to 5 years for trucks and 10 years for ships at berth). Emission reductions for the Year 4 grants take into consideration ARB's regulations and include only the portion of the emission reductions that are early or extra to the regulations.

Implementation of Funds

Year 4. On July 25, 2013, the Board awarded approximately \$150 million, of which \$143 million was allocated for truck projects throughout the State, including \$5.3 million for loan assistance. In addition, \$6 million was allocated towards a truck filter substrate replacement program and nearly \$1 million for harbor craft projects. ARB is in the process of reallocating the \$5.3 million awarded for loan assistance to local agency projects, and is in the early stage of implementing the truck filter substrate replacement program. Additionally, Year 4 funds include monies not utilized from the Year 2 grants due to project fallout. Local agencies requested that these funds be made available to fund projects from the 2013 Truck Solicitations and ARB approved these requests consistent with the priorities and procedures in the Guidelines.

Local agencies held solicitations for truck projects beginning August 2013 through early October 2013 and a subsequent backup truck solicitation prioritizing small fleets between early October 2013 and early December 2013 (2013 Truck Solicitations). The local agencies received applications for over 5,000 projects in excess of \$200 million with half of the applications submitted by small fleets. They are in the process of completing the application evaluations and have begun signing contracts with equipment owners. The cleaner equipment will be operational beginning summer 2014.

Year 2 and Year 3. ARB received funds for these projects in 2010 and 2011 from multiple bond sales. In June 2010, the Board awarded \$200 million in available cash primarily for truck projects and ships at berth/cargo handling equipment projects, with smaller grants for locomotive and harbor craft projects.

In December 2011, the Board awarded approximately \$101 million from the Fall 2011 bond sale and also allocated potential proceeds from a Spring 2012 bond sale; all of these funds were allocated for truck projects including a set aside of \$66.6 million for drayage trucks (Year 3 projects). Funds not utilized for drayage truck were reallocated for Year 2 truck projects in accordance with the December 2011 Board approval. ARB received approximately \$15 million from the Spring bond sale and also reallocated \$6 million in ARB administration funds to complete the Year 2 truck projects.

All projects are complete except for the locomotive projects which typically take up to four years; they are expected to be operational by the end of 2014.

Year 1. The first year funds of approximately \$246 million were used for projects to upgrade trucks, locomotives, and ships at berth. All of these projects were suspended for 6 to 14 months due to the December 2008 "stop work" order on bond funded programs, which resulted in an extended delay from time of application to contract. This led to some funds being unused by the local agencies; grant agreements were amended to transfer funds from undersubscribed grants to oversubscribed grants. All projects are complete.

Project Status

The tables on the following pages present the information by trade corridor (Table 1), source category (Table 2), and by grant agreement (Tables 3 through 8).

TABLE 1

PROJECTS BY TRADE CORRIDOR

Trade Co	orridor (Local Agency)	Dollar Amount	PM 2.5 (lbs)	NOx (lbs)	Operational Projects	Projects in Process
Los Angeles/Inland Empire	(South Coast Air Quality Management District)	\$385,631,095	2,169,000	98,859,000	2,883 other trucks 1,601 drayage trucks 25 ships at berth 4 locomotives	2,212 other trucks 6 locomotives
	(Port of Long Beach)	\$3,550,000	57,000	609,000	67 drayage trucks	NA
Central Valley	(San Joaquin Valley Air Pollution Control District)	\$144,916,231	1,210,000	39,223,000	2,066 other trucks	874 other trucks
	(Sacramento Metropolitan Air Quality Management District)	\$31,508,368	370,000	6,849,000	291 other trucks 15 locomotives	184 other trucks
Bay Area (Bay Area Air Qual	ity Management District)	\$90,446,624	472,000	19,073,000	587 other trucks 1,449 drayage trucks 12 ships at berth	380 other trucks
San Diego/Border	(San Diego Air Pollution Control District)	\$28,127,061	125,000	3,853,000	324 other trucks 98 drayage trucks 1 harbor craft	188 other trucks
San Diego/Border	(Imperial County Air Pollution Control District)	\$17,114,391	87,000	3,093,000	222 other trucks	150 other trucks
Statewide - Loan A	ssistance ¹	\$10,300,000				
Statewide - Truck F Program	Filter Substrate Replacement	\$6,300,000				
ARB Administration	ן	\$21,400,000				
			4,490,000 lbs or	171,559,000 lbs or	6,373 other trucks 3,215 drayage trucks 37 ships at berth 19 locomotives	3,988 other trucks
	TOTAL	\$739.3 million	2,245 tons	85,780 tons	1 harbor craft	6 locomotives

¹ARB will reallocate the \$5.3 million awarded at the July 2013 Board Meeting to local agency truck projects.

TABLE 2 **PROJECTS BY SOURCE CATEGORY**

Funding Category	Dollar Amount	PM 2.5 (lbs)	NOx (lbs)	Operational Projects	Projects in Process
Other Trucks	\$485,029,178	2,832,000	119,111,000	6,373	3,988
Drayage Trucks	\$114,928,891	871,000	18,695,000	3,215	NA
Ships at Berth	\$82,395,415	459,000	29,283,000	37	NA
Harbor Craft	\$915,286	5,000	131,000	1	TBD ²
Locomotives	\$18,025,000	323,000	4,339,000	19	6
ARB Loan Assistance ¹	\$10,300,000				
ARB Truck Filter Substrate Replacement Program	\$6,300,000				
ARB Administration	\$21,400,000				
		4,490,000 lbs	171,559,000 lbs	6,373 trucks 3,215 drayage trucks 37 ships at berth	
		or 2,245 tons	or 85,780 tons	19 locomotives 1 harbor craft	3,988 truck 6 locomotives

¹ARB will reallocate the \$5.3 million awarded at the July 2013 Board Meeting to local agency truck projects. ²San Diego District has an open solicitation for Harbor Craft projects.

TABLE 3	ABLE 3 LOS ANGELES/INLAND EMPIRE TRADE CORRIDOR – South Coast AQMD								
Funding Year/	Project Description	Grant		Reductions unds)	Current Project Status				
Category		Amount	PM 2.5	NOx					
Year 4									
Other Trucks	Replace old dirty trucks with newer clean models.	\$96,275,784	151,000	33,588,000	District is in the process of signing contracts with equipment owners to upgrade over 2,200 trucks.				
	13GML01/G11GMLT1								
Year 3									
Priority Drayage Trucks	Replace old dirty trucks with newer clean models serving ports and railyards.	\$3,302,250	1,000	973,000	Grant complete. 105 old trucks have been scrapped and replaced with much cleaner trucks.				
	G11GMLP1								
Year 2				I					
Other Trucks	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models.	\$90,363,736	478,000	14,171,000	Grant complete. 1,511 trucks have been scrapped and replaced with much cleaner trucks. 385 trucks have been retrofitted with soot filters.				
	G11GMLT1/G08GMLT1								
Ships at Berth	Eliminate or reduce emissions from ships at berth. G08GMLS1	\$59,973,125	343,000	21,841,000	District is in the process of completing the grant. Construction and installation of shore power equipment for 25 berths (12 for Port of Long Beach, 10 for Port of Los Angeles, 3 for Port of Hueneme) is complete with ships plugging into the grid starting in January 2014.				
Locomotives	Replace old dirty locomotives with newer clean models.	\$4,635,000	27,000	315,000	District has signed a contract to upgrade 6 locomotives and expects the projects to be operational by December 2014.				
	G08GMLL1								

TABLE 3 (continued) LOS ANGELES/INLAND EMPIRE TRADE CORRIDOR – South Coast AQMD

Funding Year/	Project Description	Grant		Reductions Inds)	Current Project Status
Category		Amount	PM 2.5	NOx	
Year 1					
Drayage Trucks	Replace old dirty trucks serving the Ports of Los Angeles and Long Beach with newer clean models.	\$6,930,000	66,000	1,104,000	Grant complete. 132 old trucks have been scrapped and replaced with much cleaner trucks.
	G07GMLP1				
	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models serving the rail yards.	\$2,625,000	31,000	577,000	Grant complete. 50 old trucks have been scrapped and replaced with much cleaner trucks. 2 trucks have been retrofitted with soot filters.
	G07GMLP2				
	Replace old dirty trucks serving the Ports of Los Angeles and Long Beach with newer clean models.	\$68,539,800	511,000	10,177,000	Grant complete. 1,312 old trucks have been scrapped and replaced with much cleaner trucks.
	G07GMLP3-03				
Other Trucks	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models.	\$6,877,500	96,000	1,638,000	Grant complete. 131 old trucks have been scrapped and replaced with much cleaner trucks.
	G07GMLT1				
	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models.	\$43,018,900	440,000	13,295,000	Grant complete. 823 old trucks have been scrapped and replaced with much cleaner trucks. 33 trucks have been retrofitted with soot filters.
	G07GMLT2				
Locomotives	Replace old dirty locomotives at rail yards with newer clean models.	\$3,090,000	25,000	1,180,000	Grant complete. 4 locomotives have been repowered with much cleaner engines.
Resources Boa	G07GMLL1				June 27, 2014

TABLE 3 (continued) LOS ANGELES/INLAND EMPIRE TRADE CORRIDOR – Port of Long Beach

Funding Year/	Project Description	Grant	(pounds)		Current Project Status
Category		Amount	PM 2.5	NOx	
Year 1					
Drayage Trucks	Replace old dirty trucks serving the Ports of Los Angeles and Long Beach with newer clean models. G07GMLP3	\$3,550,000	57,000	609,000	Grant complete. 67 old trucks have been scrapped and replaced with much cleaner trucks.
	Corridor Total	\$389,181,095	2,226,000	99,468,000	

IABLE 4						
Funding Year/	Project Description	Grant	Emission Reductions (pounds)		Current Project Status	
Category		Amount	PM 2.5	NOx		
Year 4	1	1				
Other Trucks	Replace old dirty trucks with newer clean models.	\$39,519,385	51,000	9,183,000	District is in the process of signing contracts with equipment owners to upgrade almost 900 trucks.	
	13GMC01/G11GMCT1					
Year 2						
Other Trucks	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models.	\$59,689,926	495,000	14,357,000	Grant complete. 1,057 old trucks have been scrapped and replaced with much cleaner trucks. 105 trucks have been retrofitted with soot filters.	
	G11GMCT1/G08GMCT1					
Year 1						
Other Trucks	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models. G07GMCT1	\$4,882,500	104,000	1,364,000	Grant complete. 93 old trucks have been scrapped and replaced with much cleaner trucks. 10 trucks have been retrofitted with soot filters.	
	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models.	\$40,824,420	560,000	14,319,000	Grant complete. 789 old trucks have been scrapped and replaced with much cleaner trucks. 12 trucks have been retrofitted with soot filters.	
	G07GMCT3					

TABLE 4 CENTRAL VALLEY TRADE CORRIDOR – San Joaquín Valley APCD

TABLE 4 (continued) CENTRAL VALLEY TRADE CORRIDOR – Sacramento Metropolitan AQMD

Funding Year/	Project Description	Grant	Emission Reductions (pounds)		Current Project Status
Category		Amount	PM 2.5	NOx	
Year 4		[]			
Other Trucks	Replace old dirty trucks with newer clean models.	\$8,054,846	15,000	1,394,000	District is in the process of signing contracts with equipment owners to upgrade almost 200 trucks.
	13GMC02/G11GMCT2				
Year 2	Γ				
Other Trucks	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models.	\$8,409,901	43,000	1,568,000	Grant complete. 178 old trucks have been scrapped and replaced with much cleaner trucks. 15 trucks have been retrofitted with soot filters.
	G11GMCT2/G08GMCT2				
Year 1					
Other Trucks	Replace old dirty trucks with newer clean models.	\$102,847	1,000	27,000	Grant complete. 2 old trucks have been scrapped and replaced with much cleaner trucks.
	G07GMCT2				
	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models.	\$4,640,774	40,000	1,016,000	Grant complete. 96 old trucks have been scrapped and replaced with much cleaner trucks.
	G07GMCT4				
Locomotives	Replace old dirty long- haul locomotives with new clean models. G07GMCL1	\$10,300,000	271,000	2,844,000	Grant complete. 15 locomotives have been repowered with much cleaner engines and are expected to routinely travel between the Central Valley and the Los Angeles/Inland Empire trade corridors.
	Corridor Total	\$176,424,599	1,580,000	46,072,000	

TABLE 5	BAY AREA C	ORRIDOR – B	ay Area A	QMD	
Funding Year/	Project Description	Grant	Emission Reductions (pounds)		Current Project Status
Category		Amount	PM 2.5	NOx	
Year 4	1	1			
Other Trucks	Replace old dirty trucks with newer clean models.	\$14,545,593	16,000	2,506,000	District is in the process of signing contracts with equipment owners to upgrade almost 400 trucks.
	13GMB01/G11GMBT1				
Year 3					
Priority Drayage Trucks	Replace old dirty trucks with newer clean models serving ports and railyards.	\$10,311,000	1,000	2,678,000	Grant complete. 357 old trucks have been scrapped and replaced with much cleaner trucks.
	G11GMBP1				
Year 2					
Other Trucks	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models.	\$18,178,650	84,000	2,580,000	Grant complete. 348 old trucks have been scrapped and replaced with much cleaner trucks. 28 trucks have been retrofitted with soot filters.
	G11GMBT1/G08GMBT1				
Ships at Berth	Eliminate or reduce emissions from ships at berth and/or cargo equipment at ports and intermodal railyards.	\$20,000,000	98,000	6,278,000	District is in the process of completing the grant. Construction and installation of shore power equipment for 9 berths at the Port of Oakland is complete with ships plugging into the grid starting in January 2014.
	G08GMBS1				

TABLE 5 (continued) BAY AREA CORRIDOR – Bay Area AQMD

Funding Year/	Project Description	Grant Amount		Reductions unds)	Current Project Status
Category		Amount	PM 2.5	NOx	
Year 1					
Drayage Trucks	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models.	\$14,526,891	175,000	1,897,000	Grant complete. 203 old trucks have been scrapped and replaced with much cleaner trucks. 889 trucks have been retrofitted with soot filters.
	G07GMBP1				
Other Trucks	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models.	\$10,462,200	80,000	1,970,000	Grant complete. 198 old trucks have been scrapped and replaced with much cleaner trucks. 13 trucks have been retrofitted with soot filters.
	G07GMBT1				
Ships at Berth	Install grid-based shoreside electrical power at 3 berths at the Port of Oakland so ships can plug in and turn off their engines while docked. G07GMBS1	\$2,422,290	18,000	1,164,000	Grant complete. Shore power has been installed at 3 ship berths.
Locomotives	Replace old dirty locomotives at rail yards with newer clean models.	\$0	0	0	Grant terminated and funds transferred to the existing port truck grant G07GMBP1, at the District's request.
	G07GMBL1				
	Corridor Total	\$90,446,624	472,000	19,073,000	

TABLE 6	SAN DIEGO/BORDER TRADE CORRIDOR – San Diego APCD					
Funding Year/	Project Description	Grant	Emission Reductions (pounds)		Current Project Status	
Category		Amount	PM 2.5	NOx		
Year 4						
Other Trucks	Replace old dirty trucks with newer clean models.	\$9,011,061	10,000	880,000	District is in the process of signing contracts with equipment owners to upgrade almost 200 trucks.	
	13GMS01					
Commercial Harbor Craft	Replace old dirty engines in harbor craft with newer clean engines.	\$800,000	4,000	120,000	District is holding a solicitation for projects and expects to sign contracts in fall 2014.	
	13GMS01					
Year 2						
Other Trucks	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models.	\$11,376,764	69,000	1,830,000	Grant complete. 222 old trucks have been scrapped and replaced with much cleaner trucks. 70 trucks have been retrofitted with soot filters.	
	G11GMST1/G08GMST2					
Commercial Harbor Craft	Replace old dirty engines in harbor craft with newer clean engines.	\$115,286	1,000	11,000	Grant complete. 1 harbor craft vessel has been upgraded.	
	G08GMSH1					

TABLE 6 (continued) SAN DIEGO/BORDER TRADE CORRIDOR – San Diego APCD

Funding Year/	Project Description	Grant	Emission Reductions (pounds)		Current Project Status
Category	,	Amount	PM 2.5	NOx	· · · · · · · · · · · · · · · · · · ·
Year 1					
Drayage Trucks	Retrofit or replace trucks serving the Port of San Diego. G07GMSP1	\$0	0	0	Grant terminated and funds transferred to the port truck grant G07GMSP2, at the District's request.
	Replace old dirty trucks serving the Port of San Diego with newer clean models. G07GMSP2	\$5,143,950	29,000	680,000	Grant complete. 98 old trucks have been scrapped and replaced with much cleaner trucks.
Other Trucks	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models. G07GMST2	\$1,680,000	12,000	332,000	Grant complete. 32 old trucks have been scrapped and replaced with much cleaner trucks.

TABLE 6 (continued) SAN DIEGO/BORDER TRADE CORRIDOR – Imperial County APCD

Funding Year/	Project Description	Grant	Emission Reductions (pounds)		Current Project Status
Category		Amount	PM 2.5	NOx	
Year 4					
Other Trucks	Replace old dirty trucks with newer clean models.	\$6,611,061	6,000	1,099,000	District is in the process of signing contracts with equipment owners to upgrade about 150 trucks.
	13GMS02/G11GMST2				
Year 2					
Other Trucks	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models.	\$7,929,531	60,000	1,561,000	Grant complete. 147 old trucks have been scrapped and replaced with much cleaner trucks. 24 trucks have been retrofitted with soot filters.
	G11GMST2/G08GMST1				
Year 1					
Other Trucks	Retrofit trucks with soot filters and replace old dirty trucks with newer clean models.	\$2,573,799	21,000	433,000	Grant complete. 51 old trucks have been scrapped and replaced with much cleaner trucks.
	G07GMST3				

TABLE 6 (continued) SAN DIEGO/BORDER TRADE CORRIDOR – Port of San Diego

Fiscal Year/ Category	Project Description	Grant Amount	Emission Reductions (pounds)		Current Project Status
			PM 2.5	NOx	•
Year 1					
Ships at Berth	Install grid-based shore power at the Port of San Diego. G07GMSS1	\$0	0	0	Grant terminated and funds transferred to the San Diego District's port truck grant G07GMSP2, at the Port's request.
	Corridor Total	\$45,241,452	212,000	6,946,000	

TABLE 7

STATE AGENCY – LOAN ASSISTANCE – Trucks Only

State Agency	Project Description	Grant Amount	Emission Reductions (pounds)		Current Project Status
			PM 2.5	NOx	•
Year 4					
ARB	Loan assistance to replace old dirty trucks with newer clean models serving ports and railyards.	\$5,300,000	TBD	TBD	ARB is in the process of reallocating these funds to local agencies to fund small fleet truck projects from the 2013 Truck Solicitations.
Year 3			•		
ARB	Loan assistance to replace old dirty trucks with newer clean models serving ports and railyards.	\$5,000,000	Included in the Bay Area and South Coast FY2011-12 Priority Drayage Reserve Grants.		Loan assistance to help replace drayage trucks funded under the priority drayage reserve through the South Coast and Bay Area Districts. Loan assistance is improved access to financing through the California Capital Access Program with funds used for a loan loss reserve account if a truck owner defaults on their loan. 136 trucks projects have utilized the loan assistance program. Funds not utilized may be made available to local agencies to fund small fleet truck projects from the 2013 Truck Solicitations.

TABLE 8MULTI-CORRIDOR TRUCK PROGRAMS

State Agency	Project Description	Grant Amount	Emission Reductions (pounds)		Current Project Status		
			PM 2.5	NOx			
Year 4							
ARB	Truck filter substrate replacement	\$6,300,000	TBD	TBD	ARB is in the process of finalizing the requirements to implement the program and will be working with a local agency to administer.		