



Proposition 1B: Goods Movement Emission Reduction Program

Proposed Update to Program Guidelines

March 25, 2010



Air Resources Board

California Environmental Protection Agency

Overview

- Current program
- Progress
- Proposed changes
- Comments
- Staff recommendations

Freight-Related Diesel Pollution - Impacts at Multiple Levels



Prop 1B: Goods Movement Emission Reduction Program

- \$1B to reduce emissions from freight transport in the four priority trade corridors
- Upgrade diesel trucks, locomotives, ship berths, cargo equipment, and harbor craft
- Goal: reduce emissions/health risk as quickly as possible in heavily impacted communities

Trade Corridors

Bay Area

Central Valley

SJV Air Basin
+ Sac Region

LA/Inland Empire

South Coast Air Basin
+ Port Hueneme

San Diego/Border

San Diego + Imperial Counties

Core Elements

Required by statute:

- Program Guidelines
- Local agency role
- Early or extra reductions (PM/NOx)
- Match funding
- Competitive process

Prior Actions

Date:	Action:
Feb 2008	Program Guidelines adopted
May 2008	1 st year funds awarded (\$250M)
Dec 2008	“Stop work” order for bond programs
Jun 2009- Feb 2010	1 st year grants restarted with cash from bond sales

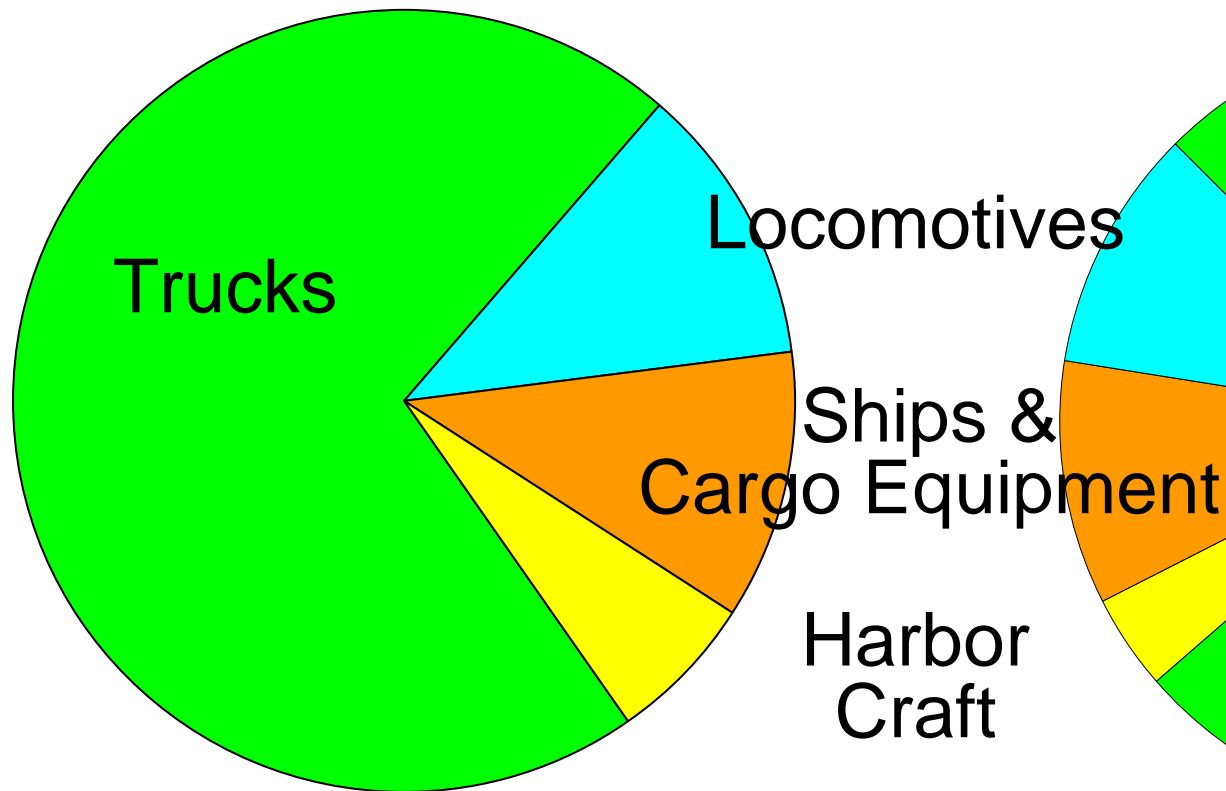
Existing Corridor Funding

Funding*	Percent*	Trade Corridor
\$550M	55%	Los Angeles/Inland Empire
\$250M	25%	Central Valley
\$140M	14%	Bay Area
\$ 60M	6%	San Diego/Border

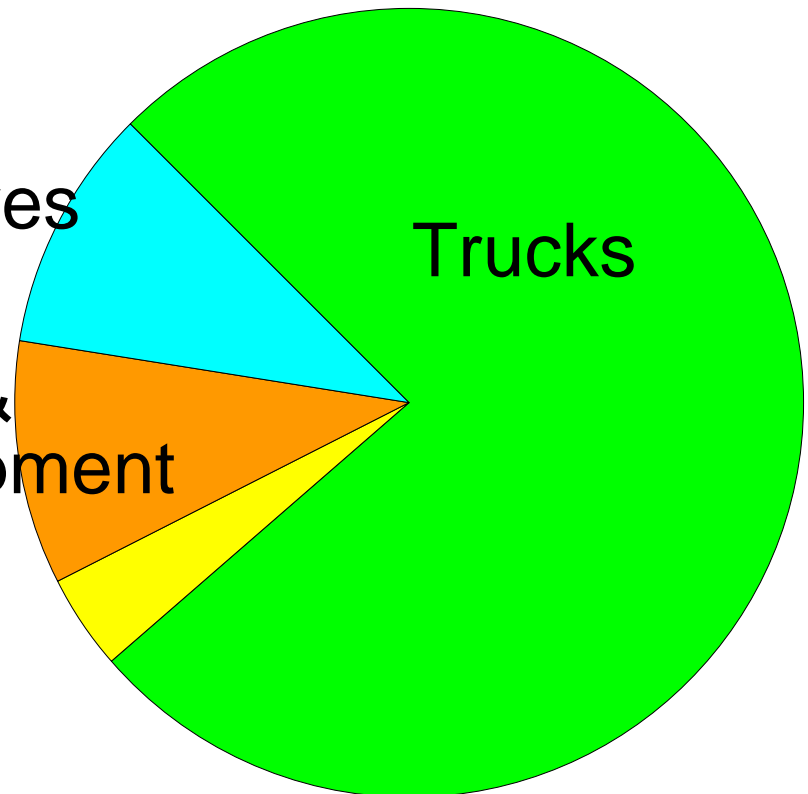
**Based on population, freight emissions & SIP needs*

Basis for Category Funding

**2005
Health Risk**



**Category
Funding**



Existing Category Funding

Funding	Category
\$400M	Drayage trucks
\$360M	Other trucks
\$100M	Locomotives
\$100M	Ships & cargo equipment
\$ 40M	Harbor craft

Progress

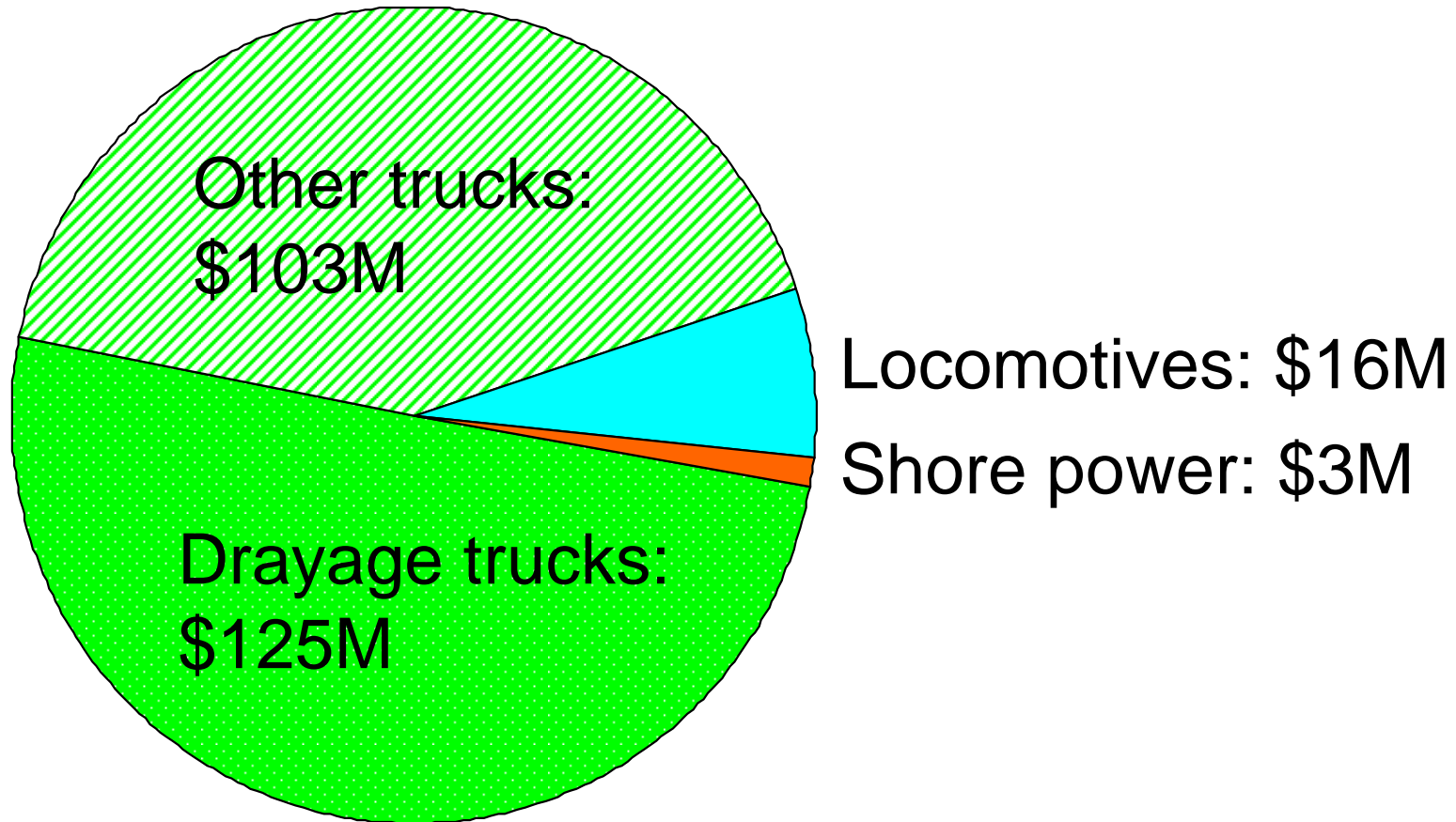
Funding Status

\$750M appropriated to date:

- \$250M awarded for 1st year projects
 - Cash from 2009 bond sales
- \$200M+ to be awarded in June
 - Cash from March 2010 bond sales



1st Year Project Funding



1st Year Project Results

Equipment upgrades:

- 5,100 trucks (over 600 natural gas)
- 3 ship berths
- 14 locomotives

Estimated emission reductions:

- 2.3 million lbs PM
- 40 million lbs NOx

Drayage Trucks

- Rule: reduce PM by 2010, NOx by 2014
- Over 18,000 CA-based complying trucks
- Public incentives (to date)
 - \$127M from Prop. 1B for over 3,200 trucks
 - \$100M from ports/districts to co-fund natural gas trucks or upgrade additional trucks

Proposed Changes

Outreach

- Extensive input from local agencies, affected industries, environmental and community advocates
- 2 concept papers, 10 public workshops



Proposed Updates

- Reflect current State bond policy
- Expand technology choices
- Increase access to truck grants and supplemental financing
- Require local agencies to offer all project options within funding category
- Reallocate some drayage truck funds

Proposed Drayage Reallocation

- \$400M Original drayage truck target
- \$125M Drayage – spent on phase 1
- \$100M Drayage - reserve for phase 2
- \$ 60M Reallocate to ships/cargo eqp't
- \$115M Reallocate to other trucks

Proposed Category Funding

Funding	Category
\$700M	All trucks <u>Manage as:</u> \$225M for drayage \$475M for non-drayage
\$160M	Ships & cargo equipment
\$100M	Locomotives
\$ 40M	Harbor craft

Trucks



Truck Funding and Access

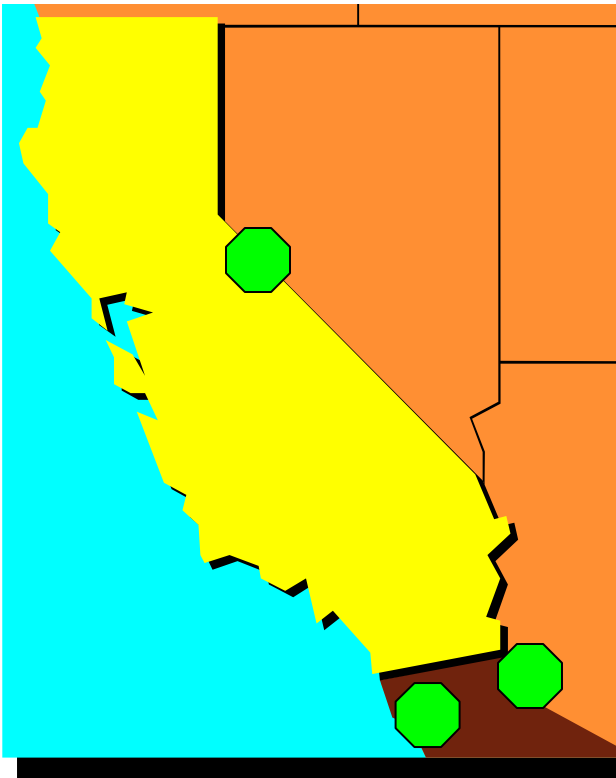
- Add lower cost truck options
- Add subsidized loans/loan guarantees
 - State agencies, incl. ARB, can administer
- Expand eligibility to include more trucks
- Reduce paperwork for truckers and local agencies

Truck Reuse

- Middle-aged means MY1998-2003 engines
- Instead of scrappage, allow reuse if:
 - Equivalent or greater air quality benefit
 - Consistent with Program principles and goals
- Retrofit with PM filter for reuse in CA
(agricultural/low use fleets, NOx exempt areas)
- Temporary use outside California
- Vocational training

California Operation for New Truck

- Current: 100% CA operation
 - Greatest travel in the trade corridors and in highly-impacted communities



- New: option to allow 90% CA operation with lower funding
 - Owner pays for GPS with “geofence” capability

Locomotives and Rail Yards

- Increase funds for early Tier 4 technology
- Add option to repower helpers/haulers
- Add hood/bonnet technology for rail yards



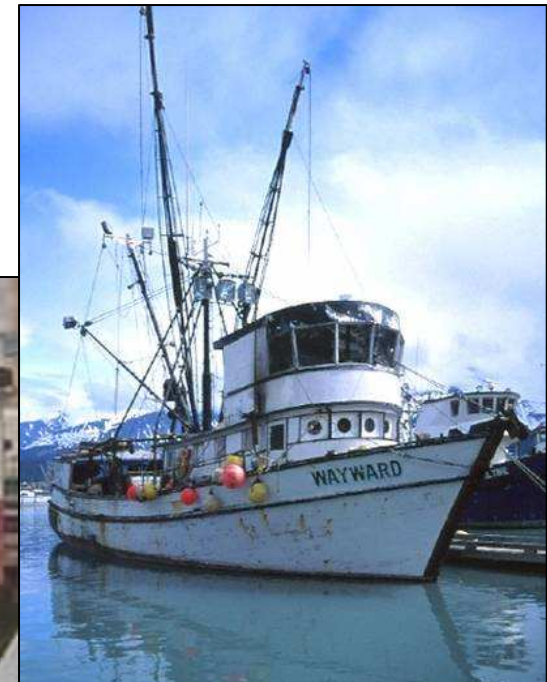
Ships at Berth and Cargo Handling Equipment

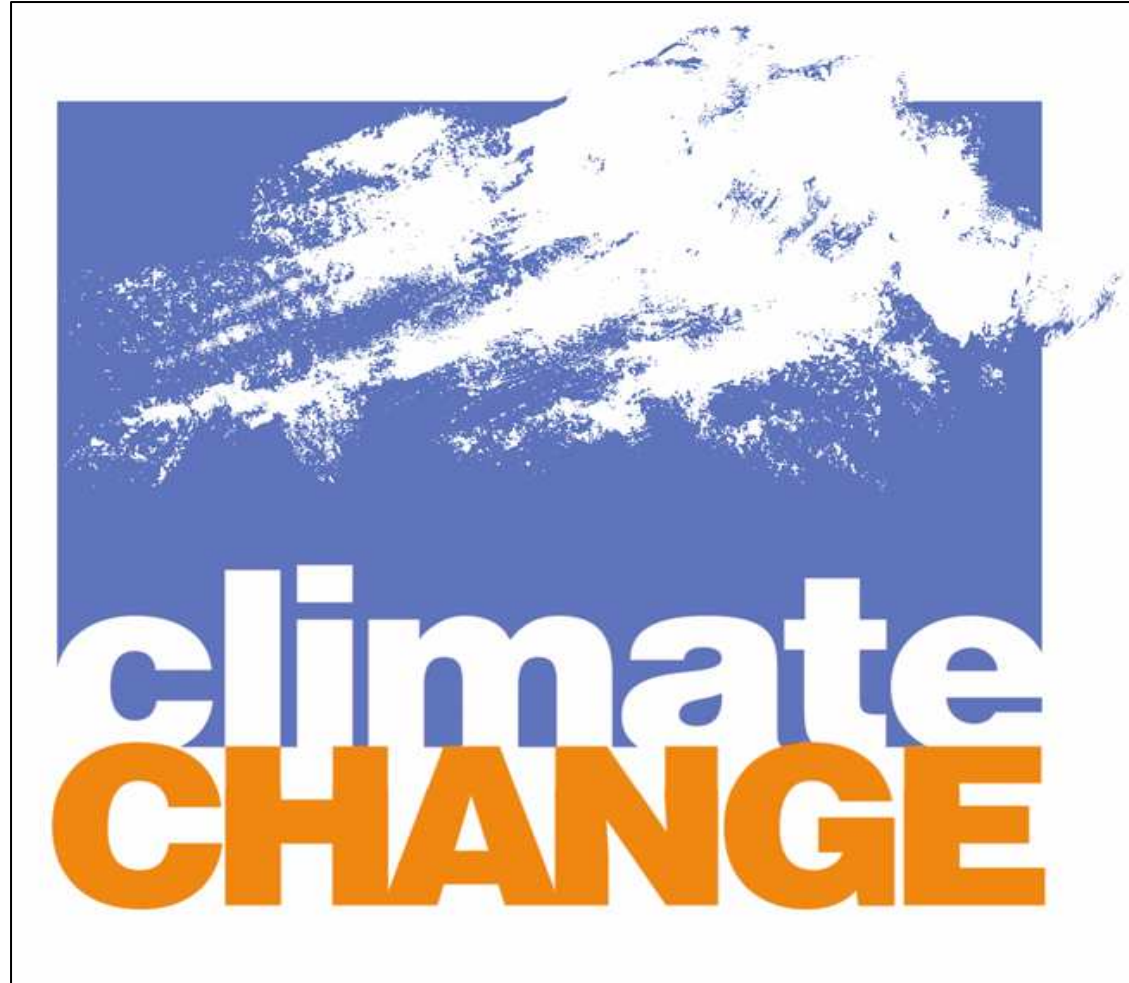
- Increase per-berth funds for shore power
- Reduce project life
- Set lower requirements for small ports
- Add electric equipment options



Commercial Harbor Craft

- Add hybrid power systems
- Reduce project life





Reducing Greenhouse Gases

- Funding for electrification, alternative fuels, and more fuel efficient engines
- Proposal to exclude other State funds from cost-effectiveness calculation for projects with significant greenhouse gas reductions
 - Example: combine State AB118 & Prop. 1B
 - Projects compete based on Prop. 1B \$ only
(*emission reductions/State \$ invested*)

Recommended Priorities for Next Rounds of Funding

- Trucks
- Locomotives
- Ships at berth

Comments

- Fund 100% of landside compliance costs for ports to install shore power
- Provide advantage for alternative fuels
- Oversee truck lease-to-own programs
- Allow option for 90% CA operation for locomotives and harbor craft
- Increase “up front” funding for truck grants

Additional Changes

- Allow 90% CA operation for harbor craft and locomotives, at local agency's option
 - Reduce funding by 20% and require GPS
- Raise “up front” administration funding for truck grants from 75% to 90%
- Minor changes for accuracy, consistency

Staff Recommendations

- Adopt the 2010 Update to the Guidelines to replace 2008 version
 - Including today's additional changes
- Move ahead with funding awards in June