

Report to the Department of Finance
Proposition 1B: Goods Movement Emission Reduction Program
STATUS OF PROJECTS AWARDED FY2007-08 FUNDS (as of December 2009)

This status report provides an update on actions through December 2009 to implement 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. The Air Resources Board (ARB or Board) awards grants to local agencies like air districts and seaports, which then offer incentives in a competitive process to diesel equipment owners to upgrade to cleaner technologies.

Executive Order S-02-07 requires agencies receiving proceeds from bonds approved in November 2006 to provide semi-annual reports to the Department of Finance (DOF) to ensure that agencies execute projects in a timely fashion and the projects achieve their intended purposes. The Government Code also requires agencies administering bond funds to provide an annual report to DOF on the status of the project. All of the documents referenced in this update are posted on the Program website at <http://www.arb.ca.gov/gmbond>.

Allocations to Local Agencies. In May 2008, the Board allocated the \$250 million in Program funds appropriated under the Fiscal Year (FY) 2007-08 budget to the local agencies shown below. The local agencies signed grant agreements in June 2008 and moved quickly to implement the grants until the December 2008 "stop work" directive from the DOF for bond projects. The FY2009-10 Budget appropriates an additional \$500 million to ARB for this Program. ARB plans to initiate the public process in 2010 to allocate these funds to local agencies by the June 2010 deadline, with project starts contingent on availability of the cash to implement.

Implementation of FY2007-08 Funds. In late Spring 2009, ARB received \$111 million in upfront proceeds from the March and April 2009 bond sales. ARB sent letters to local agencies on June 26, 2009 authorizing them to restart a subset of the FY2007-08 grants. These local agencies continued grant implementation, including evaluating project applications and equipment, competitively ranking eligible applications, signing contracts, and funding completed projects. In late 2009, ARB received over \$139 million from the October 2009 bond sales. Once the State Treasurer's Office authorizes ARB to spend these funds based on approved tax compliance certificates, ARB will notify the local agencies in January 2010 to restart work on the remaining suspended grants. ARB has now received all project funds for local agencies to pay to equipment owners, but still needs \$9 million to cover the remainder of administrative costs. To date, ARB has paid out over \$100 million to local agencies, primarily for truck projects. Despite the bond delays, we expect the local agencies to successfully obligate and pay out funds for all grants within the statutory time frames.

Results for FY2007-08 Funds. The local agencies expect to have over 2,400 old trucks scrapped and 3,000 new and retrofitted trucks operational in the first half of 2010, with another 2,100 new and retrofitted trucks ready before the end of 2010. We estimate that for these identified projects they will reduce over 2.3 million pounds of particulate matter (PM) and 40 million pounds of nitrogen oxides (NOx). The reductions shown below reflect data on the specific trucks funded for three early grants that are nearly complete, and default data for the remaining grants that are still in progress. When the truck projects are complete, the emission reductions are likely to be greater because the trucks in the funding queue are substantially older and/or drive higher miles than the default values. We will update the results in subsequent reports.

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LOS ANGELES/INLAND EMPIRE TRADE CORRIDOR

Local Agency	Project Description	Grant Amount	Emission Reductions (pounds)		Current Project Status
			PM	NOx	
South Coast Air Quality Management District	Replace old dirty trucks serving the Ports of Los Angeles and Long Beach with new clean models. (G07GMLP1)	\$6,930,000	77,000	1,583,000	District selected projects for funding, signed contracts with truck owners, and clean trucks began operation prior to the Program suspension. On June 26, 2009, ARB authorized the District to resume any remaining work. District has completed the grant with 132 old trucks scrapped and replaced with new natural gas trucks.
	Retrofit trucks with soot filters and replace old dirty trucks with new clean models. (G07GMLT1)	\$6,877,500	109,000	1,695,000	District selected projects for funding, signed contracts with truck owners, and some of the new trucks were operational prior to the Program suspension. On June 26, 2009, ARB authorized the District to resume any remaining work. District has completed the grant with 131 old trucks scrapped and replaced with new trucks.
	Retrofit trucks serving the rail yards with soot filters. (G07GMLP2)	\$2,625,000	15,000	315,000	District was in the process of selecting projects for funding prior to the Program suspension. On June 26, 2009, ARB authorized the District to restart this grant. District is in the final phases of implementation and expects to have 60 new or retrofitted trucks operational by April 2010.
	Retrofit trucks with soot filters and replace old dirty trucks with new clean models. (G07GMLT2)	\$18,322,500	148,000	3,175,000	District was in the process of selecting projects for funding prior to the Program suspension. ARB expects to authorize restart of this grant in January 2010.
	Replace old dirty locomotives at rail yards with new clean models. (G07GMLL1)	\$3,090,000	71,000	1,394,000	District was in the process of soliciting locomotive projects prior to the Program suspension. ARB expects to authorize restart of this grant in January 2010.

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LOS ANGELES/INLAND EMPIRE TRADE CORRIDOR (continued)

Local Agency	Project Description	Grant Amount	Emission Reductions (pounds)		Current Project Status
			PM	NOx	
Ports of Los Angeles & Long Beach	Replace old dirty trucks serving the Ports of Los Angeles and Long Beach with new clean models.				The Ports selected the first round of projects for funding, signed contracts, and used their own funds to get some new trucks in operation prior to Program suspension. ARB approved the Ports' request to transfer administration of the grant to the South Coast District, with the Port of Long Beach processing the remainder of the trucks from their solicitation. ARB and two ports amended the original grant agreement accordingly.
Port of Long Beach	(G07GMLP3)	\$3,550,000	20,000	443,000	On September 23, 2009, ARB authorized the Port to restart the grant with up to \$3,550,000 in Program funds for truck replacements. The Port is in the final phases of implementation and expects to have 70 replacement trucks operational by April 2010.
South Coast Air Quality Management District	(G07GMLP3-03)	\$94,447,500	526,000	11,573,000	On September 29, 2009, ARB executed a grant agreement with the District to administer the remainder of the original funds, adjusted to fund a whole number of trucks, at \$94,447,500. Concurrently, ARB authorized the District to proceed with implementation of \$45,450,000 in project funds. ARB expects to authorize the District to use the remainder of the project funds in January 2010. District expects to have about 1,350 replacement trucks operational by April 2010, with another 450 ready before the end of 2010.
Corridor Total		\$135,842,500	966,000	20,178,000	

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CENTRAL VALLEY TRADE CORRIDOR

Local Agency	Project Description	Grant Amount	Emission Reductions (pounds)		Current Project Status
			PM	NOx	
San Joaquin Valley Air Pollution Control District	Retrofit trucks with soot filters and replace old dirty trucks with new clean models. (G07GMCT1)	\$5,701,500	359,000	2,030,000	District selected projects for funding and began signing contracts prior to Program suspension. On June 26, 2009, ARB authorized the District to resume the remaining work. District completed 70 projects and expects up to 119 new or retrofitted trucks to be operational in 2010.
	Retrofit trucks with soot filters and replace old dirty trucks with new clean models. (G07GMCT3)	\$40,530,000	287,000	7,421,000	District began the process of selecting projects for funding prior to the Program suspension. On June 26, 2009, ARB authorized the District to restart this grant with up to \$18,850,150 in project funds. ARB expects to authorize the District to use the remainder of the project funds in January 2010. District expects to have nearly 800 new or retrofitted trucks operational in 2010.
Sacramento Metropolitan Air Quality Management District	Replace old dirty trucks with new clean models. (G07GMCT2)	\$840,000	6,000	154,000	District had selected projects for funding prior to Program suspension. District declined to accept project funding from April 2009 bond proceeds until local administrative funding is also available. ARB expects to authorize restart of this grant in January 2010.
	Retrofit trucks with soot filters and replace old dirty trucks with new clean models. (G07GMCT4)	\$4,462,500	41,000	724,000	District was in the process of soliciting project applications prior to Program suspension. District declined to accept project funding from April 2009 bond proceeds until local administrative funding is also available. ARB expects to authorize restart of this grant in January 2010.
	Replace old dirty long-haul locomotives with new clean models. (G07GMCL1)	\$10,300,000	275,000	2,749,000	District was in the process of selecting projects for funding prior to Program suspension. ARB expects to authorize restart of this grant in January 2010.
Corridor Total		\$61,834,000	968,000	13,078,000	

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BAY AREA TRADE CORRIDOR

Local Agency	Project Description	Grant Amount	Emission Reductions (pounds)		Current Project Status
			PM	NOx	
Bay Area Air Quality Management District	Install grid-based shoreside electrical power at 3 ship berths at the Port of Oakland so ships can plug in and turn off their engines while docked. (G07GMBS1)	\$2,856,000	16,000	1,604,000	District had signed contract with marine terminal operator and began work prior to Program suspension. On June 26, 2009, ARB authorized the District to restart this grant. The project is proceeding and the contractor will be requesting proposals for construction from bidders. Project is on schedule for completion by mid-2011.
	Retrofit drayage trucks serving the Port of Oakland or replace them with new clean models. (G07GMBP1)	\$14,121,094	189,000	1,375,000	District was in the process of selecting projects for funding prior to Program suspension. On June 26, 2009, ARB authorized the District to restart this grant with up to \$10,505,804 in project funds, which includes monies redirected from the harbor craft grant. In late December 2009, the District also asked ARB to redirect funds from the locomotive grant to port trucks. ARB expects to authorize the District to use the remainder of the project funds in January 2010. District expects to have 1,170 new or retrofitted trucks operational by April 2010. Note: On December 31, 2009, ARB pledged \$8 million from the FY2009-10 appropriation to fund an additional 1,300 trucks.
	Retrofit trucks with soot filters and replace old dirty trucks with new clean models. (G07GMBT1)	\$17,377,500	131,000	3,098,000	District was in the process of selecting projects for funding prior to Program suspension. ARB expects to authorize restart of this grant in January 2010. District expects to have roughly 400 new or retrofitted trucks operational in 2010.
	Replace old dirty engines in harbor craft with new clean engines. (G07GMBH1)	\$0	0	0	Grant terminated and \$4,263,844 in funds transferred to the existing port truck grant, at the District's request.
	Replace old dirty locomotives at rail yards with new clean models. (G07GMBL1)	\$0	0	0	Grant terminated and \$3,090,000 in funds transferred to the existing port truck grant, at the District's request.
Corridor Total		\$34,354,594	336,000	6,077,000	

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SAN DIEGO/BORDER TRADE CORRIDOR

Local Agency	Project Description	Grant Amount	Emission Reductions (pounds)		Current Project Status
			PM	NOx	
San Diego Air Pollution Control District	Retrofit trucks with soot filters and replace old dirty trucks serving the Port of San Diego with new clean models. (G07GMSP1)	\$0	0	0	District was in the process of selecting projects for funding prior to Program suspension. On June 26, 2009, ARB authorized the District to restart this grant. Due to the withdrawal of all eligible trucks, ARB approved the District's request to transfer \$651,000 from this early grant to its main grant for port trucks (G07GMSP2).
	Replace old dirty trucks serving the Port of San Diego with new clean models. (G07GMSP2)	\$3,013,500	19,000	617,000	District was soliciting for truck projects prior to Program suspension. On June 26, 2009, ARB authorized the District to restart this grant. District expects to have nearly 60 replacement trucks operational in 2010.
	Retrofit trucks with soot filters and replace old dirty trucks with new clean models. (G07GMST2)	\$5,302,500	42,000	926,000	District was soliciting for truck projects prior to Program suspension. ARB expects to authorize restart of this grant in January 2010. District expects to have over 100 new and retrofitted trucks operational in 2010.
Port of San Diego	Install grid-based shore side power at a ship berth at the Port of San Diego so ships can plug in and turn off their engines. (G07GMSS1)	\$2,500,000	pending transfer – new benefits to be determined	pending transfer – new benefits to be determined	The Port was soliciting for shore power projects prior to Program suspension. District's intended shipping partner withdrew and no other viable project exists. ARB will terminate this grant and transfer the funds to an existing truck grant in the same trade corridor.
Imperial County Air Pollution Control District	Retrofit trucks with soot filters and replace old dirty trucks with new clean models. (G07GMST3)	\$3,748,500	29,000	656,000	District was in the process of selecting projects for funding prior to Program suspension. On June 26, 2009, ARB authorized the District to restart this grant. District expects to have nearly 100 new and retrofitted trucks operational in 2010.
Corridor Total		\$14,564,500	90,000+	2,199,000+	

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TOTALS

	Grant Amount	Emission Reductions (pounds)	
		PM	NOx
Total Grants to Local Agencies	\$246,595,594	Greater than 2,360,000	Greater than 41,532,000
ARB administration costs	\$3.4 million		
Total FY2007-08 Funds	\$250 million		