

**Proposition 1B: Goods Movement Emission Reduction Program
Preliminary Staff Recommendations
to Allocate up to \$475 Million in FY2008-09 and FY2009-10 Funds**

FACT SHEET

This fact sheet and attached table describes the preliminary recommendations to allocate funding for up to \$475 million for local or State agency projects to reduce emissions and health risk from freight movement in California. Of the \$475 allocation, \$200 million is currently available for award. The Proposition 1B: Goods Movement Emission Reduction Program (Program) website at: <http://www.arb.ca.gov/gmbond> provides associated documents and further details.

BACKGROUND

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 legislature has appropriated \$750 million to date, which ARB receives in installments based on bond sales. The major sources eligible for bond funding include heavy-duty diesel trucks, locomotives and rail yards, ships at berth, commercial harbor craft, cargo handling equipment, and electrification infrastructure for truck stops or distribution centers.

The Program is a partnership between ARB and local agencies (like air districts and ports). ARB awards funding to local agencies; those agencies then use a competitive process to provide incentives to equipment owners to upgrade to cleaner technology.

ARB will tentatively allocate up to \$475 million and will award \$200 million (Phase 1) at the June 2010 Board meeting. ARB anticipates awarding up to \$275 million (Phase 2) when additional funds become available from planned Spring 2011 bond sales.

Applications for \$500 Million. Seven qualifying local agencies in the four corridors and one State agency (ARB) submitted 15 project proposals, requesting over \$1.1 billion to upgrade over 16,000 pieces of equipment.

PRELIMINARY STAFF RECOMMENDATIONS FOR FUNDING

These recommendations implement the program objectives and the Board's priorities by focusing funding on projects that quickly reduce emissions and achieve benefits in heavily impacted communities.

Funding by Corridor and Category. There are credible proposals in each trade corridor that can successfully achieve the objectives of the Program, consistent with the Guidelines. Staff recommends that the \$500 million appropriation, less \$25 million reserved for ARB administrative funds, be tentatively allocated as follows: \$50 million to ARB to administer a truck loan assistance program, with the remaining \$425 million divided between the four trade corridors based on the Program's corridor funding targets adopted by the Board.

The next level of decision is how the funds should be allocated among the eligible projects within each corridor and which projects should be awarded Phase 1 funding. Staff used the Board’s adopted March 2010 priorities (truck, locomotive, and ships at berth projects) combined with the need to provide funds earlier for ships at berth due to multi-year construction timeframes and upcoming compliance dates. Staff also considered demonstrated demand for incentive funds in each trade corridor and available local agency administrative resources.

Staff recommends tentative funding allocations as follows:

Funding Category	Trade Corridor					Total
	Los Angeles/ Inland Empire	Central Valley	Bay Area	San Diego/ Border	All Trade Corridors	
Heavy-duty diesel trucks & truck stop electrification	\$141.5	\$78.5	\$33.3	\$25.0	\$50.0	\$328.3
Locomotives and rail yards	\$30.9	\$27.7	\$2.3	---	---	\$60.9
Ships at berth & cargo handling equip.	\$61.3	---	\$23.9	---	---	\$85.2
Harbor craft	---	---	---	\$0.5	---	\$0.5
Total	\$233.7	\$106.2	\$59.5	\$25.5	\$50.0	\$474.9

We are recommending that Phase I funding, the currently available \$200 million, be awarded as follows: \$110 million to Los Angeles/Inland Empire corridor; \$58.5 million to the Central Valley corridor; \$28 million to the Bay Area corridor; and \$3.5 million to the San Diego/Border corridor. The total Phase I funding by category would be: \$112 million for diesel truck upgrade and truck stop electrification projects; \$6.2 million for diesel freight locomotive projects; \$81.3 million for ships at berth and cargo handling equipment projects; and \$0.5 million for commercial harbor craft projects.

Attachment 1 shows the specific recommendations, including the recipient local agencies.

BENEFITS OF PRELIMINARY STAFF RECOMMENDATIONS FOR FUNDING

- The proposed allocation of funding would direct over 80 percent of the total dollars to cleaner trucks and locomotives that may travel in multiple corridors.
- The Phase 1 recommendations would “front-load” funding to install electric infrastructure for ships at berth.
- The recommended projects in Phase 1 and Phase 2 would reduce over 2,000 tons of diesel particulate matter (PM) and over 58,000 tons of nitrogen oxides (NOx) that form ozone and fine particles (PM2.5).
- The \$475 million from Proposition 1B would leverage over \$550 million from other funding sources. The majority of the match funding will be from equipment owners, including truck owners, the seaports and railroads.

NEXT STEPS

- Staff is holding three public workshops the week of June 1 to discuss the preliminary staff recommendations and to get public input on how the funds should be distributed among the eligible projects within each corridor.
- Following the workshops, ARB will release a formal staff report with proposed funding recommendations for up to \$475 million. The Board will hold a public hearing on June 24, 2010 in Sacramento to award these funds to eligible local and State agencies.

Attachment 1

Proposition 1B: Goods Movement Emission Reduction Program Preliminary Staff Funding Recommendations for June 2010 Public Workshops (Million \$)								
Corridor and Target %	Funding Category	Local Agency (Air District unless noted)	Funding Request	Corridor Share	Preliminary Recommendations for \$475 Million			
					Total	Phase 1 June 2010 (Award)	Re-directed Phase 1 (Award)	**Phase 2 Spring 2011 (Tentative)
LA/ Inland Empire (55%)	Trucks	South Coast	436.8		141.5	42.5	---	99.0
	Locomotives	South Coast	30.9		30.9	6.2	---	24.7
	Ships	South Coast	55.6		61.3	61.3	---	---
	Ships	Oxnard Harbor	5.5		---	---	---	---
	Corridor Total		528.8		233.7	233.7	110.0	---
Central Valley (25%)	Trucks	San Joaquin	315.0		78.5	40.0	8.5	20.0
	Trucks	Sacramento	15.8		20.0	10.0	---	20.0
	Locomotives	San Joaquin	77.2		7.7	---	---	7.7
	Locomotives	Sacramento	41.2		106.2	50.0	8.5	47.7
	Corridor Total		449.2		106.2	106.2	50.0	8.5
Bay Area (14%)	Trucks	Bay Area	45.0		33.3	*8.0	---	25.3
	Locomotives	Bay Area	3.9		2.3	---	---	2.3
	Ships	Bay Area	39.1		23.9	20.0	---	3.9
	Corridor Total		88.0		59.5	59.5	28.0	---
San Diego/ Border (6%)	Trucks	San Diego	22.1		25.0	---	---	22.0
	Trucks	Imperial	8.4		0.5	3.0	---	---
	Harbor Craft	San Diego	0.5		25.5	3.5	---	22.0
	Corridor Total		31.0		25.5	25.5	3.5	---
Local Agency Totals			1,097.0	424.9	424.9	191.5	8.5	224.9
All	Truck Loans	ARB	50.0	---	50.0	---		50.0
Grand Total			1,147.0		474.9	191.5	8.5	274.9

*Includes up to \$3 million advance for port trucks in early 2010. **Phase 2 – Board will identify tentative allocations up to \$275 million in June 2010, contingent on the availability of bond funding. Board will finalize those allocations in 2011 when the schedule for bond cash is confirmed. Commitments for the Phase 2 projects may only be made on a contingent basis until upfront bond proceeds (cash) have been allocated for a specific project or program.