DATE: March 16, 2023

TO: SJVUAPCD Governing Board

FROM: Samir Sheikh, Executive Director/APCO

Project Coordinator: Todd DeYoung

RE: ITEM NUMBER 7: ACCEPT AND APPROPRIATE $13,150,710 IN STATE CAP AND TRADE FUNDING FOR THE BOARD-APPROVED SOUTH-CENTRAL FRESNO ZERO-EMISSION DELIVERY TRUCK DEMONSTRATION PROJECT

RECOMMENDATIONS:

1. Accept $13,150,710 from the California Air Resources Board and California Energy Commission to fund the Board-approved South-Central Fresno Zero Emission Pepsi Delivery Truck Demonstration Project.

2. Approve the attached Budget Resolution to amend the 2022-23 District Budget to appropriate $13,150,710 in unanticipated revenue.

3. Authorize the Executive Director/Air Pollution Control Officer (APCO), on behalf of your Board, to negotiate and enter into any agreements with CARB and CEC to accept and administer this funding.

4. Authorize the Board Chair, with Executive Director/APCO recommendation, to negotiate and execute any agreements with subcontractors, as necessary, to administer this funding.
BACKGROUND:

Given the Valley’s significant air quality challenges, your Board has placed a high priority on demonstrating and deploying new and innovative clean air technologies. Of particular focus are mobile sources that make up the majority of ozone and PM2.5-forming NOx and toxic diesel particulate matter emissions in the Valley, and are primarily under state and federal jurisdiction. Consistent with this priority, in February 2021, the District submitted two proposals to the California Energy Commission (CEC) and California Air Resources Board (CARB) to deploy zero-emission battery electric trucks and associated charging infrastructure in two locations within the San Joaquin Valley. The proposals, summarized below, were in response to the highly competitive CEC/CARB co-funded Zero-Emission Drayage Truck and Infrastructure Pilot Project solicitation:

- Deploy 50 zero-emission battery electric Class 8 Tesla Semi trucks, install supporting fast-charging infrastructure and a battery energy storage solution (BESS) at the Pepsi Beverages Company located within the AB 617 community of South-Central Fresno.

- Deploy 50 zero-emission, battery electric Class 8 Volvo electric trucks and install supporting fast-charging infrastructure at a large distribution center operated by Albertsons in Tracy, California.

In early 2022, the District was notified by CARB and CEC that both of the District’s proposals were selected for full funding under the solicitation. In February 2022, these projects were presented to your Board for consideration and staff’s recommendations to accept and appropriate this funding and enter into necessary agreements to administer the two projects were approved. Unfortunately, due to significant delays at the state level, CARB and CEC were not able to offer grant agreements to the District for these two projects prior to the end of the 2021-22 fiscal year. The District has subsequently been able to execute agreements with CARB and CEC for the South-Central Fresno Zero Emission Pepsi Delivery Truck Demonstration Project, necessitating an amendment to the current (FY 2022-23) District Budget to accept and appropriate this new funding. The District is continuing to work closely with CARB, CEC and project partners to determine the ongoing viability of the second project at the Albertsons distribution center in Tracy, or an alternate project should the Albertsons project not be feasible. Staff will return to your Board with any amendments to future District budgets or other recommendations related to the second demonstration project, if necessary.

Approval of today’s recommendations will increase the District’s 2022-23 Budget by up to $13,150,710 for the Board-approved South-Central Fresno Zero Emission Pepsi Delivery Truck Demonstration Project, including up to 5% in administrative funding to fully offset the District’s costs, and authorize the District to implement this innovative and transformative demonstration project.
DISCUSSION:

The CEC/CARB co-funded Zero-Emission Drayage Truck and Infrastructure Pilot Project program is funded with a combination of CARB Low Carbon Transportation (Cap and Trade) Funding and CEC Clean Transportation Program funds. The Zero-Emission Drayage Truck and Infrastructure Pilot Project solicitation is aimed at supporting large-scale deployments of on-road, zero-emission Class 8 drayage and regional haul trucks as well as the necessary zero-emission vehicle charging infrastructure needed for service operation. Projects are intended to reduce criteria pollutants, toxic air contaminants, and greenhouse gas (GHG) emissions in and around freight facilities and ports and to provide economic, environmental, and public health benefits to disadvantaged and low-income communities.

South-Central Fresno Pepsi Delivery Truck Electrification Project

Total Project Cost: $26,303,710
State Grant Amount: $13,150,710
Project Match Funding: $13,153,000

This project will deploy 50 battery electric Class 8 Tesla Semi trucks, install supporting fast-charging infrastructure and a battery energy storage solution (BESS) at the Pepsi Beverages Company located in South-Central Fresno. The proposed fleet of zero-emission trucks will travel approximately 1,000,000 zero-emission miles annually, delivering goods for Pepsi. This project is also expected to develop a dynamic alternative fuel vehicle workforce training opportunity in South-Central Fresno for 100 Pepsi employees as a direct result of project implementation, with over 100 students developing skills in the field of electric trucks and infrastructure maintenance annually.

South-Central Fresno is designated as an AB 617 Community as it has been disproportionately burdened with pollution and this project directly aligns with the communities' priorities outlined in the District Board adopted and CARB approved South Central Fresno Community Emission Reduction Program (CERP). Deployment of zero-emission heavy-duty trucks was identified by the South Central Community as a high priority CERP measure and this project will demonstrate the ability to utilize zero-emission technology in this sector. Emissions reductions from mobile sources are critical to reducing the pollution impact within the South-Central Fresno community.

The goals of the project are to protect public health and reduce health impacts from mobile sources by reducing GHG and criteria air pollutant emissions, while
demonstrating regional haul trucking capabilities utilizing battery-electric technologies and accelerating market adoption and commercialization for this technology. The project includes equipment testing, at least a one-year demonstration period, data collection, and associated reporting. The District anticipates the various equipment to be rolled out at different times to complete the demonstration, with full project deployment in mid-2023. The District will serve as the lead entity for this project and will establish necessary agreements with project partners on the deployment of the project (initial list of partners identified below, may change as project scope and agreements are finalized):

- **Bottling Group, LLC (Pepsi)** – Demonstration partner and end-user of the EVSE and BESS responsible for project implementation, operations, and providing feedback on performance of equipment.
- **New Bern Transport Corporation (Pepsi)** – Demonstration partner and end-user of the all-electric, Class-8 zero-emission trucks responsible for project implementation, operations, and providing feedback on performance of equipment.
- **Tesla** – Technology provider for the all-electric, Class-8 zero-emission trucks, EVSE, and BESS.
- **Black & Veatch** – Technology provider for the EVSE.
- **Pacific Gas & Electric** – Utility company providing electrical service to the Pepsi Fresno site.
- **CALSTART, Inc.** – Non-profit organization that will implement data collection on the electric trucks and infrastructure, provide analysis and required reports, and provide support for grant administration.
- **Duncan Polytechnic High School of Fresno Unified School District** – Partner public high school working to improve existing training courses to prepare the future workforce for electric trucks.
- **Reedley College** – Partner college working to improve existing training courses to prepare the future workforce for electric trucks.
- **Central Valley Air Quality Coalition** – Community-based organization that will assist in public outreach and stakeholder engagement.

Approval of today’s recommendations will increase the District’s 2022-23 Budget by up to $13,150,710 for the Board-approved South-Central Fresno Zero Emission Pepsi Delivery Truck Demonstration Project.
FISCAL IMPACT:

Approval of the attached Budget Resolution will increase the District’s 2022-23 Budget revenues and appropriations in the amount of $13,150,710. CARB will provide up to 5% of the grant amount to offset the District’s cost to administer the project.

Attachment A: Budget Resolution (4 pages)
ACCEPT AND APPROPRIATE $13,150,710 IN STATE CAP AND TRADE FUNDING FOR THE BOARD-APPROVED SOUTH-CENTRAL FRESNO ZERO-EMISSION DELIVERY TRUCK DEMONSTRATION PROJECT

Attachment A:

Budget Resolution
(4 pages)
BEFORE THE GOVERNING BOARD OF THE
SAN JOAQUIN VALLEY UNIFIED
AIR POLLUTION CONTROL DISTRICT

RESOLUTION NO. _2023-3-7_

IN THE MATTER OF INCREASING THE
2022/23 DISTRICT BUDGET $13,150,710
FOR THE RECEIPT OF CAP AND TRADE
REVENUE FROM THE CALIFORNIA AIR
RESOURCES BOARD AND CLEAN
TRANSPORTATION PROGRAM REVENUE
FROM THE CALIFORNIA ENERGY
COMMISSION TO IMPLEMENT THE SOUTH-
CENTRAL FRESNO ZERO-EMISSION
DELIVERY TRUCK DEMONSTRATION
PROJECT

WHEREAS, The San Joaquin Valley Unified Air Pollution Control District (District)
is a duly constituted unified district, as provided in California Health and Safety Code
sections 40150 to 40161, and;

WHEREAS, the District is authorized by California Health and Safety Code section
40702 to make and enforce all necessary and proper orders, rules and regulations to
accomplish the purpose of Division 26 of the Health and Safety Code, and;

WHEREAS, the District submitted two proposals in response to the California Air
Resources Board’s (CARB’s) February 2021 Zero-Emission Drayage Truck and
Infrastructure Pilot Project solicitation funded with CARB’s Low Carbon Transportation
(Cap and Trade) Funding and CEC’s Clean Transportation Program funds, and;

WHEREAS, in February 2022, these projects were presented to your Board for
consideration and staff’s recommendations to accept and appropriate this funding and
enter into necessary agreements to administer the two projects were approved.
Unfortunately, due to significant delays at the state level, CARB and CEC were not able
to offer grant agreements to the District for these two projects prior to the end of the 2021-
22 fiscal year. The District has subsequently been able to execute agreements with CARB
and CEC for the South-Central Fresno Zero Emission Pepsi Delivery Truck Demonstration
Project.
WHEREAS, the District is authorized to participate in, and agrees to comply with the solicitation requirements; and

WHEREAS, the District has agreed to administer and implement the CARB and CEC-funded projects in the amount of $13,150,710 and;

WHEREAS, monies for the ARB and CEC-funded projects were not reflected in the Appropriations and Estimated Revenues of the 2022/23 District Budget, and;

NOW, THEREFORE, IT IS ORDERED THAT the District’s Director of Administrative Services is authorized to increase the 2022/23 District Budget as follows:

APPROPRIATIONS:

NON-OPERATING - INCENTIVE PROGRAMS

ARB – SC Fresno Pepsi Project 573-8594-350-100 $8,600,000

CEC – SC Fresno Pepsi Project 574-8594-350-100 $3,889,960

CEC – SC Fresno Pepsi Project - Admin 574-8594-170-100 $297,040

TOTAL INCENTIVE PROGRAMS $12,787,000

TOTAL APPROPRIATIONS $12,787,000

BE IT FURTHER RESOLVED THAT, the Director of Administrative Services is ordered to adjust the following:

DISTRICT RESERVES:

F/B Reserve 100-3090-000-100 $363,710

TOTAL RESERVES INCREASED $363,710

BE IT FURTHER RESOLVED THAT the estimated revenues for the 2022/23 District Budget be adjusted as follows:

ESTIMATED REVENUES

NON-OPERATING REVENUE
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARB – SC Fresno Pepsi Project</td>
<td>$8,600,000</td>
<td>573-4610-350-100</td>
</tr>
<tr>
<td>CEC – SC Fresno Pepsi Project</td>
<td>$3,889,960</td>
<td>574-4610-350-100</td>
</tr>
<tr>
<td>CEC – SC Fresno Pepsi Project - Admin</td>
<td>$297,040</td>
<td>574-4495-170-100</td>
</tr>
<tr>
<td>Admin Fees – CEC – SC Fresno Pepsi Project</td>
<td>$363,710</td>
<td>574-4495-160-100</td>
</tr>
</tbody>
</table>

**TOTAL NON-OPERATING REVENUE** $13,150,710

**TOTAL ESTIMATED REVENUES** $13,150,710

BE IT FURTHER RESOLVED THAT the estimated transfers for the 2022/23 District Budget be adjusted as follows:

**OPERATING - TRANSFERS IN**
- GENERAL FUND ADMIN EARNED $363,710
- 100-4720-000-100

**OPERATING - TRANSFERS OUT**
- PROGRAM ADMIN COSTS $363,710
- 574-9020-160-100

Approved as to Accounting Form

By ________________________________
Ryan Buchanan
Director of Administrative Services

THE FOREGOING was passed and adopted by the following vote of the Governing Board of the SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT this 16th day of March, 2023, to wit:

AYES:

NOES:
ABSENT:

SAN JOAQUIN VALLEY UNIFIED
AIR POLLUTION CONTROL DISTRICT

By __________________________

Vito Chiesa, Chair
Governing Board

ATTEST:
Clerk to the Governing Board

By __________________________

Katrina Rojas