

**Memorandum of Understanding
Creating the I-710 Corridor Air Quality Steering Committee to
Implement the I-710 Clean Truck Emissions Program**

This Memorandum of Understanding Creating the I-710 Corridor Air Quality Steering Committee to Implement the I-710 Clean Truck Emissions Program (“MOU”) is entered into between the Los Angeles County Metropolitan Transportation Authority (“Metro”), the California Department of Transportation (“Caltrans”), the Southern California Association of Governments (“SCAG”), and the Gateway Cities Council of Governments (“Gateway Cities COG”), (collectively the “Parties”). In order to implement the program contemplated herein, the Parties have voluntarily arrived at the following mutual understandings and agreements.

Recitals

WHEREAS, the I-710 Freeway is a major transportation corridor (I-710 Corridor) accommodating both daily commutes and significant freight movement to and from the Ports of Los Angeles and Long Beach.

WHEREAS, Caltrans and Metro have partnered with the Gateway Cities COG, the Ports of Los Angeles and Long Beach, the Cities along the I-710 Corridor, and community groups and worked with the California Air Resources Board (CARB), SCAG and the South Coast Air Quality Management District (SCAQMD) to identify features for the I-710 Corridor Project that improve mobility, support commerce, and address air quality and public health concerns in the corridor.

WHEREAS, Caltrans and Metro have prepared a draft Environmental Impact Statement and Environmental Impact Report (“EIS/EIR”) for the I-710 Corridor Project. On March 1, 2018, the Metro Board of Directors identified Alternative 5C as the Locally Preferred Alternative (“LPA”) for the I-710 Corridor Project. Caltrans has endorsed Metro’s recommendation to advance Alternative 5C as the Preferred Alternative through the I-710 EIS/EIR. Alternative 5C includes the I-710 Zero Emission/Near Zero Emission Truck Technology Deployment Program (also known as the I-710 Clean Truck Emissions Program or “Program” herein) as a focused I-710 incentive program for heavy-duty trucks that meet or exceed CARB’s 0.02 g/bhp-hr NOx standard (i.e., Zero Emission (“ZE”)/Near Zero Emission (“NZE”) trucks).

WHEREAS, within the greater project area, several agencies have published commitments to development of ZE/NZE trucks and understand that deployment will take a collaborative approach. The Parties will form a Steering Committee (and invite other agencies to join the Steering Committee) to implement the I-710 Clean Truck Emissions Program (which qualifies for and contributes to each agency’s plans and goals as identified and summarized below and more comprehensively described in Appendix A) in the I-710 Corridor to improve air quality for communities along the corridor.

- a. SCAQMD: [2016 Air Quality Management Plan \(“AQMP”\)](#) seeks to leverage strong federal, state, and local partnerships to secure incentive funding and supporting infrastructure for early deployment of zero and near-zero technologies, inclusive of the mobile source sector, specifically heavy-duty trucks.

- b. SCAG: [2012-2035 Regional Transportation Plan/Sustainable Communities Strategy](#) and 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy include a commitment to reduce emissions from transportation sources to comply with SB 375 by pledging to a broad deployment of zero and near zero emission transportation technologies especially in the goods movement system.
- c. Port of Long Beach: The [2017 San Pedro Bay Ports Clean Air Action Plan \("CAAP"\) Update](#) set the Port of LB on the path to zero emission goods movement, with a goal of transitioning terminal equipment to zero emissions by 2030 and on-road trucks by 2035.
- d. Port of Los Angeles: The [Zero Emission Technologies](#) effort, including the San Pedro Bay Ports CAAP, Zero Emissions Roadmap commits to finding new ways to reduce emissions from ships, trains, trucks, harbor craft, and cargo handling equipment with the goal of eliminating all pollution from port-related operations. The Port Zero-Emissions White Paper outlines a specific plan of action including expanded development and testing of zero emission technologies, identification of new strategic funding opportunities, and new planning for long-term infrastructure development.
- e. California Air Resources Board: The [CARB Mobile Source Strategy: Further Deployment of Cleaner Technologies: On-Road Heavy-Duty Vehicles](#) control measure in the 2016 AQMP and CARB's related State Implementation Plan ("SIP") submittal to USEPA commits to expanding and enhancing existing incentive funding and innovative funding programs for heavy-duty vehicles to increase the emphasis on and support for purchase of near-zero and zero emission equipment. Furthermore, full implementation of this CARB measure would require funding approximately 15,000 to 20,000 trucks per year over a seven year period, depending upon the availability of vehicles and engines certified to the ZE and/or NZE standards.
- f. USEPA: The [National ZEV Investment Plan](#) commits to \$1.2 billion (outside California) and \$800 million (within California) for a total of \$2 billion in funding over 10 years for zero emission vehicle ("ZEV") infrastructure, education, and access. The funding supports the increased adoption of ZEV technology by installing ZEV fueling infrastructure (for both electric- and hydrogen-powered cars), funding brand-neutral consumer awareness campaigns that will help grow the ZEV vehicle market, and investing in projects such as car-sharing programs that will increase access to ZEVs for all consumers in California, including those in lower-income and disadvantaged communities.

The [Clean Diesel Program](#) provides support for projects that protect human health and improve air quality by reducing harmful emissions from diesel engines. This program includes grants and rebates funded under the Diesel Emissions Reduction Act ("DERA"). The program solicited proposals nationwide for projects that achieve significant reductions in diesel emissions in terms of tons of pollution produced and exposure, particularly from fleets operating in areas designated by the Administrator as poor air quality areas. Eligible diesel vehicles, engines and equipment include school buses, class 5 – class 8 heavy-duty highway vehicles, locomotive engines, marine engines, nonroad engines, and equipment or vehicles used in construction, handling of

cargo (including at ports or airports), agriculture, mining or energy production (including stationary generators and pumps).

The Cleaner Trucks Initiative (“CTI”) is a future planned rulemaking to update standards for nitrogen oxide (“NOx”) emissions from highway heavy-duty trucks and engines. USEPA expects that heavy-duty trucks will be responsible for one-third of NOx emissions from transportation in 2025. Updating these standards will result in NOx reductions from mobile sources and could be one important way that allows areas across the U.S. to meet National Ambient Air Quality Standards for ozone and particulate matter.

WHEREAS, the Parties to this MOU wish to implement the I-710 Clean Truck Emissions Program (which qualifies for and contributes to each agency’s plans and goals discussed above) in the I-710 Corridor to improve air quality for communities along the corridor. The purpose of this MOU is to clarify the Parties’ interests, commitments, roles and responsibilities in the implementation of the I-710 Clean Truck Emissions Program.

THEREFORE, in furtherance of this MOU and incorporating by reference the above Recitals, the Parties agree as follows:

1.0 I-710 Clean Truck Emissions Program

The I-710 Phased-In Zero Emission Truck Technology Development Program (also known as the I-710 Clean Truck Emissions Program) is a component of Alternative 5C, also known as the Preferred Alternative (“PA”), for the I-710 Corridor Improvement Project. The Clean Truck Emissions Program would seek funding to assist individual owner-operators and privately owned truck fleets to subsidize the purchase of heavy duty zero or near zero emission trucks for use within the I-710 Corridor as well as seed money for electric charging stations and hydrogen refueling stations within the I-710 Corridor. The recharging/refueling stations would be constructed near locations served by heavy-duty vehicles such as intermodal terminals at the ports, rail yards, warehouses, and distribution centers. The Clean Truck Emissions Program is consistent with goals and strategies of the SCAQMD 2016 AQMP and the 2016 AQMP Funding Plan, as well as other similar clean technology incentive programs administered by the SCAQMD. The Clean Truck Emissions Program is also consistent with the plans, goals and strategies of the other Parties to this MOU as described above.

2.0 I-710 Corridor Air Quality Steering Committee

The Clean Truck Emissions Program addresses one element of the overall air quality/environmental improvement needs of the corridor. It will take a collaborative effort of all the Parties and Steering Committee members to be able to bring the Parties’ plans and goals to fruition. Therefore, the Parties agree to form the I-710 Corridor Air Quality Steering Committee (“Committee”), that will consist of the Parties to this MOU and subsequent invited agencies, funding partners and industry engine/truck providers and users. The formation of the Committee will allow for a more comprehensive approach and faster implementation of the improvements/incentives, goals, plans and the Clean Truck Emissions Program. The Parties to this MOU agree to have a representative actively serve on the Committee.

3.0 Responsibilities of the Committee

The Committee will:

- a. Further develop implementation details, including eligibility requirements, institutional arrangements, management, and administration for the Clean Truck Emissions Program.
- b. Explore and identify funding opportunities, financial impact, and other implementation factors along with the development of a phasing plan for the achievement of the funding target developed by Caltrans and Metro for the Clean Truck Emissions Program, and the more comprehensive goals, based on existing and new potential funding, including local, state, federal and private resources. This includes collaborating with the Port of Long Beach, the Port of Los Angeles and the South Coast Air Quality Management District in identifying funding and project/program opportunities to implement.
- c. Develop a strategy that outlines progressive transition to ZEVs in the corridor starting with the latest feasible and sustainable technologies.
- d. Identify and evaluate other potential strategies to address the air quality concerns in the corridor.
- e. Obtain or assist with obtaining funding to implement the Clean Truck Emissions Program and more comprehensive programs.
- f. Issue quarterly reports on the development and progress toward the established and agreed upon goals. The progress reports will be presented to the governing bodies of the participating agencies and those of other agencies, as necessary.

4.0 TERM

- 4.1. The term of this MOU will begin on the Effective Date and shall continue until Program is fully implemented or until terminated by the Parties.

5.0 AMENDMENT

- 5.1. Amendment of any provision of this MOU shall be effective only if in writing and signed by authorized representatives of the Parties.

6.0 MISCELLANEOUS

- 6.1. **Effective Date.** The date the last signatory executes the MOU.
- 6.2. **Assignment.** The Parties shall not assign rights or responsibilities under this MOU without written permission from the remaining Parties.
- 6.3. **Governing Law; Venue.** This MOU, and any claims relating to or arising out of this MOU, whether arising in contract, tort, or otherwise, shall be governed and construed in accordance with the laws of the State of California, without giving effect to conflicts of laws and principles. Any action or proceeding between the

Parties relating to this MOU shall take place in the State of California in the County of Los Angeles.

- 6.4. Notices. Any notice required or permitted hereunder shall be in writing and shall be given to each Party's Designated Representative at the address below, or at such other address as the Party may hereafter specify in writing. Such notice shall be deemed given: upon personal delivery to the appropriate address; or three (3) business days after the date of mailing if sent by certified or registered mail; or one (1) business day after the date of deposit with a commercial courier service offering next business day service with confirmation of delivery. Each Party may change the Designated Representative as needed and shall provide notice to the other Parties by email of the change.
- 6.5. Dispute Resolution. In the event of any dispute between the Parties arising out of or in connection with this MOU, the Parties shall attempt, promptly and in good faith, to resolve any such dispute. If the Parties are unable to resolve any such dispute within a reasonable time (not to exceed thirty (30) days), then either Party may submit such dispute to non-binding mediation in Los Angeles County, California. Each Party shall bear its own expenses in connection with the mediation and share equally the fees and expenses of the mediator. If the dispute cannot be resolved through mediation within a reasonable time, then the Parties shall be free to pursue any right or remedy available to them under applicable law. The requirements of this section shall not preclude a Party from pursuing equitable relief, if delay in seeking such relief may result in irreparable harm to such Party.
- 6.6. Force Majeure. Subject to the express provisions of Section 4 (Term) above, no Party will be deemed in default of this MOU to the extent that performance of its obligations or attempts to cure any breach are delayed or prevented by reason of any event beyond the reasonable control of such Party, which event was not caused by such Party's negligence and could not have been avoided by such Party's commercially reasonable efforts (including, but not limited to, any act of God, fire, earthquake, natural disaster, accident, pandemic, labor unrest, civil disobedience, acts of terrorism or act of government), and provided further that such Party gives other Parties written notice thereof promptly and, in any event, within five (5) business days of discovery thereof, and thereafter uses its best efforts to continue to so perform or cure. In the event of such a force majeure event, the time for performance or cure will be extended for a period equal to the duration of the force majeure event plus reasonable repair timeframes, but in no event more than thirty (30) days unless agreed upon by the Parties.
- 6.7. No Third Party Beneficiaries. This MOU is executed and entered into by the Parties solely for their benefit, and for no other party (including without limitation any individual employee, officer, director, contractor or agent of a Party).
- 6.8. Counterparts. This MOU may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.
- 6.9. Waiver; Modification. No amendment, modification, waiver or supplement shall be made with respect to this MOU or any provision of this MOU by course of

performance, or by the failure of a Party to object to a deviation from the terms of this MOU. Any waiver, modification or amendment of any provision of this MOU shall be effective only if in writing and signed by authorized representatives of the Parties.

- 6.10. Complete Understanding. This MOU and any attached exhibits, schedules and addenda, all of which are incorporated into this MOU by this reference, constitute the full and complete understanding and agreement of the Parties relating to the subject matter hereof and supersede all prior understandings and agreements relating to such subject matter. The provisions of this MOU shall prevail over any conflicting provisions in any purchase order, acceptance notice or other document generated by the Parties except as expressly provided in the preceding sentence.

7.0 EXECUTION

- 7.1. By their signatures below, each of the following represents that it has authority to execute this MOU and to bind the Party on whose behalf the execution is made.

IN WITNESS WHEREOF, this MOU has been executed by each of the Parties as of the date set forth next to such Party's authorized representative's signature.

[Signature Page to follow.]

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Appendix A

Examples of Agencies Plans and Goals to Implement Clean Truck Emissions Technology

a. SCAQMD: 2016 Air Quality Management Plan (AQMP)

Page 5 Executive Summary: *Identify and secure significant funding for incentives to implement early deployment and commercialization of zero and near-zero technologies. The 2016 AQMP control strategy strongly relies on a transition to zero and near-zero emission technologies in the mobile source sector, including automobiles, transit buses, medium- and heavy-duty trucks, and off-road applications. The plan focuses on existing commercialized technologies and energy sources including their supporting infrastructure, along with newer technologies that are nearing commercialization based on recent demonstration programs and limited test markets. Prioritizing and expanding funding in Environmental Justice (EJ) areas will be sought.*

Page 4-3: *The 2016 AQMP relies strongly upon partnerships at federal, state, and local levels, seeking to expand existing collaborations and establish new coalitions. These strategies include aggressive new regulations and development of incentive funding and supporting infrastructure for early deployment of advanced control technologies... The SCAQMD will continue to support technology demonstration projects for both mobile and stationary sources and will work to create new or expanded funding opportunities for earlier deployment of cleaner technologies, thus contributing to a smooth transition to zero and near-zero emission technologies in the mobile and stationary source sectors.*

b. SCAG: 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy

Page 107: *The 2016 RTP/SCS focuses on a two-pronged approach for achieving an efficient freight system that reduces environmental impacts. For the near term, the regional strategy supports the deployment of commercially available low-emission trucks and locomotives while centering on continued investments into improved system efficiencies. For example, the region envisions increased market penetration of technologies already in use, such as heavy-duty hybrid trucks and natural gas trucks. Applying ITS solutions to improve operational efficiency is also recommended. In the longer term, the strategy focuses on advancing technologies – taking critical steps now toward the phased implementation of a zero- and near zero-emission freight system. SCAG is cognizant of the need to incorporate evolving technologies with plans for new infrastructure. These include technologies to fuel vehicles, as well as to charge batteries and provide power. The plan to develop and deploy advanced technologies includes phased implementation, during which technology needs are defined, prototypes are tested and developed, and efforts are scaled up. The phases are summarized as follows:*

- *Phase 1: Project Scoping and Evaluation of Existing Work*
- *Phase 2: Evaluation, Development and Prototype Demonstrations*
- *Phase 3: Initial Deployment and Operational Demonstration*

- *Phase 4: Full-Scale Demonstrations and Commercial Deployment*

Page 43: *The 2016 RTP/SCS Goods Movement Appendix further details an updated environmental action plan for the goods movement system that builds on regional progress to date. This includes an Action Plan for Advancement of Zero-Emission Technology. As the four phases of the updated action plan are reviewed, the text also points to progress made related to specific action steps identified in 2012. The technology development and deployment plan is inclusive of all stages of technology development and deployment: beginning from an initial definition of key operational parameters, moving through prototype development, initial demonstration and evaluation, and eventually a staged roll-out. This start-to-finish framework is useful as there are many potential technologies available, each at different stages of readiness.*

Significant regional actions will be needed in order to realize this vision of a zero- and near zero-emission freight transportation system that meets regional objectives for long-term sustainability and can also meet the performance objectives required by industry. SCAG may act together with key partner agencies such as the Port of Los Angeles, the Port of Long Beach, the SCAQMD and the region's county transportation commissions to update and implement this plan as needed. Since SCAG adopted the 2012 RTP/SCS, the region has attracted outside funding and committed its own funding to support research and development efforts. Several studies have been conducted to date that contribute to "project scoping" by providing a greater understanding of the regional truck market and how truck use defines key performance parameters such as range and power needs. To evaluate and develop prototypes, three large-scale research and development efforts are underway to develop and test zero-emission trucks and charging infrastructure. These projects require continuing collaboration between original equipment manufacturers and public sector agencies.

c. Port of Long Beach

The 2017 San Pedro Bay Ports Clean Air Action Plan Update set the Port of Long Beach on the path to zero-emission goods movement, with a goal of transitioning terminal equipment to zero emissions by 2030 and on-road trucks by 2035.

d. Port of Los Angeles: Zero Emission Technologies

Although significant emissions reductions have been achieved under the San Pedro Bay Ports Clean Air Action Plan (CAAP), the Ports of Los Angeles and Long Beach (the San Pedro Bay Ports) continue to place great emphasis on green development, including a particular focus on zero emission technologies. Fostering the development of zero emission technologies is not only a key component of the Ports' plans to achieve their voluntary air quality goals, but it will also help to greatly reduce regional greenhouse gas emissions. To that effect, the San Pedro Bay Ports prepared a Zero-Emissions Roadmap designed to guide their actions going forward.

- e. California Air Resources Board (CARB): 2016 AQMP Appendix IV-B CARB Mobile Source Strategy: “Further Deployment of Cleaner Technologies: On-Road Heavy-Duty Vehicles”

Page IV-B-50: Overview: *The goal of this proposed measure is to identify concepts that will further reduce NOx emissions. These concepts will include additional incentive funding and developing technologies to accelerate the penetration of near-zero and zero equipment beyond the rate of natural turnover achieved through implementation of the other proposed measures identified for on-road heavy-duty vehicles. This measure is specifically for the South Coast.*

Page IV-B-51: *Expand and enhance existing incentive and other innovative funding programs for heavy-duty vehicles to increase the emphasis on and support for purchase of near-zero and zero equipment. Funding mechanisms would target technologies that meet either lower NOx standards or are hybrid/zero-emission technologies. If incentive funding is the primary mechanism to achieve the scope of further technology deployment described above, funding would be required for approximately 15,000 to 20,000 trucks per year over a seven year period, depending upon the availability of zero-emission vehicles and engines certified to [C]ARB’s optional low-NOx standards of 0.05 g/bhp-hr and 0.02 g/bhp-hr or other advanced hybrid/zero-emission technologies. The incentive funding required for this effort would go beyond the amount currently authorized for existing programs through 2023. Continued incentive funding post-2023 to further accelerate the deployment of trucks meeting or exceeding a 0.02 g/bhp-hr standard would provide additional reductions for 2031.*

Determination of the needed resources will be based on assessment of the incremental cost of technologies, cost effectiveness, and the type of financing mechanism employed. Funding needs and mechanisms will be identified working in collaboration with the District and other State agencies over the next several months.

- f. USEPA: National ZEV Investment Plan

Page 3: *As required by Appendix C to the 2.0-Liter Partial Consent Decree entered by the U.S. District Court for the Northern District of California on October 25, 2016, Volkswagen Group of America is investing \$1.2 billion over the next 10 years in zero emission vehicle (ZEV) infrastructure, education, and access outside California to support the increased adoption of ZEV technology in the United States, representing the largest commitment of its kind to date. Based on figures from the Council of Economic Advisors and U.S. Department of Transportation related to highway and transit investments, the \$1.2 billion being spent here is estimated to support up to 15,000 jobs throughout the United States over the 10 year course of the investment [Dept. of Transportation, Council of Economic Advisors]. The first cycle of a separate investment of \$800 million in California is the subject of the California ZEV Investment Plan, which was submitted to the California Air Resources Board on March 8.*