

**Board Report**

File #: 2020-0231, **File Type:** Motion / Motion Response**Agenda Number:** 10.

**PLANNING AND PROGRAMMING COMMITTEE
APRIL 15, 2020****SUBJECT: RESPONSE TO MOTION 8.1 - 710 CLEAN TRUCK PROGRAM****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

APPROVE staff recommendation to program \$50 million in Metro-controlled funding sources, including but not limited to Measure R funds identified in the expenditure plan for the Interstate 710 South and/or Early Action Projects, as seed funding for the 710 Clean Truck Program, to be made available contingent upon a Record of Decision issued by the Federal Highway Administration for the Interstate 710 South Project

BONIN AMENDMENT: Money cannot be spent on fossil fuel infrastructure.

ISSUE

At the January 2020 Board meeting, Directors Hahn, Solis, Butts, Garcia and Najarian introduced Motion 8.1 (Legistar File #2020-0067) that directed staff to include the 710 Clean Truck Program as an Early Action Item under both the Goods Movement Strategic Plan and the I-710 South Corridor Project. The Board also directed staff to report back within 60 days with a framework for implementing the 710 Clean Truck Program, delineating at a minimum the following items:

1. Assessment of eligible Metro funding sources and recommendations for seed funding.
2. Development of implementation details, including eligibility requirements, institutional arrangements, management, staff resources and administration.
3. Evaluation of potential strategies to accelerate progressive transition to Zero Emission Trucks in the I-710 corridor.
4. Recommendations on how to encourage the participation of key regulatory agencies and stakeholders in the development of the program, with a specific focus on community-based organizations, non-profits, and community advocacy groups.

This report, which was originally scheduled to be presented in March 2020, provides a recommendation for seed funding for the 710 Clean Truck Program and a response to the Board's request for the current framework for implementation.

BACKGROUND

On March 1, 2018, the Metro Board of Directors adopted Alternative 5C as the Locally Preferred Alternative (LPA) for the I-710 South Corridor Project (710 Project) to advance into the Final Environmental Document. Included as a programmatic component of Alternative 5C is the development of a phased-in Zero Emission Truck Technology Development Program to deploy an additional 4,000 near-zero-emission (NZE) or zero-emission (ZE) heavy duty (Class 8) trucks for use within the I-710 Corridor by 2035.

In addition to approving the LPA for the 710 Project, the Board also approved two motions-Motion 5.1 by Directors Hahn, Solis, Garcia, and Dupont-Walker (Legistar File # 2018-0053) and Motion 5.2 by Directors Solis, Garcia, Ridley-Thomas, Butts, Najarian, and Hahn (Legistar File # 2018-0068)-that provide additional direction for Metro staff to follow in implementing the 710 Project and its component, the phased-in Zero Emission Truck Technology Development Program.

Relevant to the establishment and implementation of the 710 Clean Truck Program, these motions directed the following actions:

Motion 5.1

- Changed the name of the Zero Emission/Near Zero Emission truck technology development program to the phased-in Zero Emission Truck Technology Development Program. The phased-in Zero Emission Truck Technology Development Program will be called the “710 Clean Truck Program” throughout this board report.
- Increased the program funding target from \$100 million to \$200 million. The program will include incentives and grant investment in the acceleration of ZE technologies both for long haul trucks and for freeway infrastructure, including but not limited to “under the pavement” vehicle charging capacity as one option to consider.
- Called for Metro to convene a working group comprised of the California Air Resources Board (CARB), California Department of Transportation (Caltrans), Southern California Association of Governments (SCAG), South Coast Air Quality Management District (SCAQMD), California Transportation Commission (CTC), the Ports of Los Angeles and Long Beach, ZE industry experts and other key stakeholders to develop a policy recommendation for a full, ZE only, dedicated lane including, but not limited to, “rechargeable roadways” on the entire 19-mile stretch of the 710 freeway, between its southerly end and State Route 60, as part of the re-evaluation of the remaining elements of Alternative 5C, after the Early Action Projects have been completed.

Motion 5.2

- Directed the CEO to establish a working group with the freight industry, air quality regulators, transportation and metropolitan planning organizations, the Gateway Cities Council of Governments (GCCOG) and other relevant stakeholders to explore the lead authorities, financial impact and other implementation factors to:
 - Develop a strategic plan that is consistent with the South Coast Air Quality Management Plans, which expedites the transition from diesel freight trucks to NZE

vehicles as soon as possible and outlines a transition to ZE vehicles as the cleanest, most reliable technology becomes available.

- Host an industry forum aimed at stimulating and accelerating the deployment of cleaner freight truck alternatives. The forum shall include, but not be limited to, topics such as funding and financing, public-private partnerships, new technologies, on- and off-dock rail support facilities, best practices research and development, demonstration programs, creative purchase/lease incentive programs, etc.

Subsequent to the approval of Motions 5.1 and 5.2, Metro initiated a planning effort to develop the Los Angeles County Goods Movement Strategic Plan. Through stakeholder discussion and development of the strategic plan, staff identified the need to focus on implementing clean freight technology throughout the region as a near-term priority, including deployment of clean trucks across the county.

Parallel to the goals set forth by the Board in Motions 5.1 and 5.2, staff convened the LA Metro Countywide Clean Truck Initiative (CCTI) Working Group comprising regional stakeholders aligned with the goals identified in the motions. The focus of the CCTI Working Group was originally to develop a countywide approach to implementing cleaner truck technology within Los Angeles County.

Motion 8.1, approved by the Board in January 2020, tasked staff developing the Goods Movement Strategic Plan with implementing the 710 Clean Truck Program as an early action item for the CCTI (and the Goods Movement Strategic Plan) and directed staff to return with a response to the motion in March 2020. The motion also sought a recommendation for “seed funding” for the 710 Clean Truck Program as part of the response, with an eye toward meeting the requests by federal agencies reviewing the FEIR/FEIS for the 710 Project to secure a commitment from Metro and Caltrans to implement the 710 Clean Truck Program.

Completion of the environmental review of the 710 Project requires the Federal Highway Administration (FHWA) to issue a Record of Decision (ROD), which signals the formal federal approval of the FEIR/FEIS and allows Metro and Caltrans to proceed with the design, right-of-way acquisition, and construction of the project elements. As part of the National Environmental Protection Act (NEPA) review process, FHWA is legally required to consult with the United States Environmental Protection Agency (EPA) and other state and local agencies on the Project’s ability to meet project-level air quality conformity requirements. This multi-agency consultation process began before the draft environmental document was prepared. A final air quality conformity determination is needed before the environmental document can be finalized. Since the proposed 710 Clean Truck Program would be the Project’s principal air quality improvement, EPA is requesting Metro and Caltrans to provide a written commitment to fund and implement the 710 Clean Truck Program as a condition of completing its review and allowing FHWA to issue the ROD.

In October 2018, EPA issued a white paper delineating all the requirements that would constitute the written commitment, including programming of funds towards program implementation. Metro Highway Program staff has been in negotiations with EPA since that communication and reached out to all local and regional agencies that helped initiate the 710 Project and through extensive coordination was able to develop a Memorandum of Understanding (MOU) in partnership with Caltrans, SCAG and the GCCOG supporting the commitment to the 710 Clean Truck Program. Metro Highway Program staff will continue negotiations with EPA and seek resolution of EPA’s

concerns.

In response to EPA's request, Caltrans and Metro have already signed the MOU and re-affirmed that the Project's environmental document is in itself a written commitment to the implementation of the 710 Clean Truck Program. Now, a Board commitment to provide funding for the 710 Clean Truck Program will enhance Metro's ability to negotiate effectively with EPA.

DISCUSSION

The recommended Board action to program \$50 million in funding from Metro-controlled sources, including but not limited to Measure R, as "seed funding" for the 710 Clean Truck Program, to be made available contingent upon a ROD issued by FHWA for the 710 Project will accomplish three important goals -

- (1) Sending a strong signal from Metro to the EPA that Metro intends to fund and implement the 710 Clean Truck Program following FHWA's issuance of a ROD for the 710 Project,
- (2) Programming the initial funding to allow Metro to develop the 710 Clean Truck Program in partnership with regional stakeholders and regulatory agencies, and
- (3) Identifying the initial tranche of local funding that will allow Metro to leverage matching funds from state and federal discretionary grant programs to fulfill the Board's \$200 million funding target to support the implementation of the 710 Clean Truck Program.

Scope of the 710 Clean Truck Program

To identify sources of eligible Metro-controlled funding sources to provide "seed funding" for the 710 Clean Truck Program, staff first developed potential elements of the program. These elements include, but are not limited to, the following:

- Incentive funding (through voucher, lease, or other mechanism) to convert or replace diesel heavy-duty (Class 8) trucks to NZE or ZE technology
- Supporting infrastructure to be built on or near the I-710 corridor to support the charging or fueling of NZE and ZE heavy duty trucks or to provide geolocation data monitoring truck usage
- Administration and staffing of the 710 Clean Truck Program:

Currently the development of the program is supported by the professional services contract for the Goods Movement Strategic Plan, which is set to expire on July 1, 2020. Staff will return with a recommendation on how best to administer and staff this program.

Assessment of Eligible Metro Funding Sources

Following the identification of potential elements of the 710 Clean Truck Program, staff reviewed all available funding sources controlled by Metro - including local, state, and federal funding - and met with County Counsel to confirm that Measures R and M funds identified for the 710 Project may be used to implement the 710 Clean Truck Program, in addition to several other federal formula funding sources Metro controls.

Staff identified the following funding sources as eligible and appropriate sources to provide seed

funding for the 710 Clean Truck Program (Table 1):

Table 1
Potential Metro-Controlled Funding Sources for the 710 Clean Truck Program

Funding Source	Funding Capacity (\$ millions)	Funding Availability Start Date	Recommendation
Measure R ¹ : Interstate 710 South and/or Early Action Projects	\$590	FY 21	Yes - timely availability and eligible for all potential elements of program
Measure M ² : I-710 South Corridor Project (Phase 1)	\$250	FY 26	Not timely for "Seed Funding" purposes
Measure M ² : I-710 South Corridor Project (Phase 2)	\$250	FY 32	Not timely for "Seed Funding" purposes
Congestion Mitigation & Air Quality (CMAQ): Metro formula funding ³	Subject to Short-Range Financial Forecast	Post FY 22	Potential use for clean truck funding for 710 Clean Truck Program
Regional Surface Transportation Block Grant Program (RSTBGP): Metro formula funding ⁴			Potential use for infrastructure needs only for 710 Clean Truck Program

¹ Measure R Expenditure Plan, Line 37, Interstate 710 South and/or Early Action Projects (https://media.metro.net/measure_R/documents/expenditure_plan.pdf)

² Measure M Expenditure Plan (https://theplan.metro.net/wp-content/uploads/2016/09/measur_m_ordinance_16-01.pdf): Line 20, I-710 South Corridor Project (Phase 1) and Line 28, I-710 South Corridor Project (Phase 2)

³ Congestion Mitigation & Air Quality (CMAQ):

<https://www.transportation.gov/sustainability/climate/federal-programs-directory-congestion-mitigation-and-air-quality-cmaq>

⁴ Regional Surface Transportation Block Grant Program (RSTBGP): <https://www.fhwa.dot.gov/specialfunding/stp/>

Given the need to program "seed funding" for the 710 Clean Truck Program, the need to leverage Metro-controlled funding with near-term discretionary grant opportunities, and the eligibility of funding required to cover the elements expected to be included in the 710 Clean Truck Program, staff recommends the use of the funding sources in Table 1 as the source for "seed funding" for the program, with Measure R funding as the most eligible and available source of funding for this program.

Funding Source Consideration and Recommendation

The purpose of the \$50 million in "seed funding" recommended for the 710 Clean Truck Program, pursuant to Motion 8.1, is intended to accomplish the following goals:

- Implement the full scope of the 710 Clean Truck Program
- Secure matching state, federal and other funds to fulfill the Board-adopted target of \$200 million for the program
- Support the Metro Highway Program’s efforts to secure a ROD from FHWA by demonstrating a strong commitment to the EPA that Metro will program funds from available sources to the 710 Clean Truck Program

710 Project Measure R funding accomplishes all three of these goals; thus, staff recommends \$50 million in Measure R funds for the 710 Project be committed to the 710 Clean Truck Program.

Staff will seek to offset some of the \$50 million in Measure R funding with other sources identified in

Table 1 where possible, if appropriate for the use and timeliness of the funds to implement the program scope or to leverage additional funding. To inform this action staff will need to (1) determine the scope of the 710 Clean Truck Program, (2) receive input from EPA on the program elements, (3) identify requirements for local match to pursue state and federal discretionary grant and other funding opportunities, and (4) assess the availability, eligibility, and timeliness of Table 1 funds in relation to implementing the 710 Clean Truck Program.

Development of the 710 Clean Truck Program

Metro staff, through the development of the Los Angeles County Goods Movement Strategic Plan and in consultation with its many regional stakeholders, previously identified the need to advance the deployment of cleaner truck technologies throughout Los Angeles County as a means of improving air quality and reducing public health impacts associated with goods movement by all types of trucks throughout the county.

In support of this goal, staff convened the CCTI Working Group in December 2019 that comprised representatives from the spectrum of stakeholders necessary to develop, support and implement any type of clean truck program in Los Angeles County. The invited roster for this meeting included representatives from the following groups:

- Regulatory agencies (CARB, SCAQMD, California Public Utilities Commission)
- Caltrans District 7
- California Transportation Commission
- California Energy Commission
- Trucking industry representatives
- Community-based organizations and advocacy groups
- Air quality advocacy groups
- The Ports of Long Beach and Los Angeles
- Original equipment manufacturers
- Utilities
- Academic institutions
- Local and regional government agencies (SCAG, COGs, etc.)
- ZE and NZE technology experts and advocates.

Participants in this meeting held a robust discussion about the various challenges and opportunities in implementing cleaner truck technologies across the county. A summary of this meeting can be found in Attachment A.

With the Board action (Motion 8.1) to place the development of the 710 Clean Truck Program within the Goods Movement Strategic Plan through the CCTI, staff will re-orient that group to focus on the 710 Clean Truck Program as an early action item. The 710 Clean Truck Program was conceptually defined in the 710 Project draft environmental document; now the details of program implementation will need to be developed. Following the January Board action, staff communicated by letter (Attachment B) to each CCTI stakeholder the results of Motion 8.1 and the need for more stakeholder input in advance of the next scheduled CCTI meeting in March 2020 regarding several important questions and key issues that form the crux of the development of the 710 Clean Truck Program. These questions and the initial input gathered from CCTI stakeholders are found in Attachment C.

Staff re-convened the CCTI on March 17, 2020 to discuss the implementation of Motion 8.1 and received valuable input that will help develop the framework for the 710 Clean Truck Program. More outreach and discussion will be held through smaller focus groups in April and May to help develop the first phase of the 710 Clean Truck Program. Staff will report back to the Board with an update when these meetings are completed and the program framework is developed.

Stakeholder Participation

Motion 8.1 directed staff to provide recommendations on how to encourage the participation of key regulatory agencies and stakeholders in the development of the program, with a specific focus on community-based organizations, non-profits, and community advocacy groups.

Central to the success of the 710 Clean Truck Program as developed through the CCTI is the participation of a robust and broad group of key stakeholders across communities, industries, and agencies that have a stake in and expertise in the deployment of cleaner truck technologies throughout Los Angeles County.

As part of its communication with all identified stakeholders, staff asked for feedback on the following questions:

- What other community groups, non-profits, equity-focused groups, regulatory agencies, organizations, etc., need to be in the room to ensure a robust and inclusive stakeholder group as envisioned by the Metro Board?
- What aspects of equity need to be identified and included in the development of the 710 Clean Truck Program? What are the key challenges and opportunities available in regards to advancing equity needs?

Additionally, staff met with the Coalition for Environmental Health and Justice (CEHAJ) on February 19, 2020 to discuss the 710 Clean Truck Program and seek recommendations on how best to work with key community-based organizations, non-profits and community advocacy groups to ensure their expertise and points of view are included in and help to shape the development of the program.

Staff is receiving feedback from all of these stakeholders and will incorporate their recommendations and expand the roster of stakeholders responsible for developing the 710 Clean Truck Program accordingly to fulfill the Board directive.

Equity Platform

The staff recommendation helps support and advance Metro's Equity Platform in the following ways:

- I. Define and Measure:
 - Metro will seek out and involve the diverse range of voices to collaborate on the

development of the 710 Clean Truck Program and help define what equity is and how equity can be achieved through the development of this program.

II. Listen and Learn:

- Through the creation of the LA Metro Countywide Clean Truck Initiative, Metro staff invited members of the community-based organizations, non-profits, and environmental advocacy groups that have long desired cleaner trucks along the I-710 corridor to have a seat at the table and work with Metro to develop this 710 Clean Truck Program.

III. Focus and Deliver:

- Metro has an opportunity to lead in this equity arena by developing the 710 Clean Truck Program to meet the goals of the I-710 environmental document as well as community goals on a progressive path toward a ZE truck corridor for I-710.
- Metro also has the opportunity to lead in bringing together equity-focused groups to help develop the 710 Clean Truck Program and develop an ongoing conversation with these groups.
- Metro also has an opportunity to partner with Caltrans, the Ports of LA and Long Beach, and various agencies to fund and implement the necessary infrastructure.

FINANCIAL IMPACT

Adoption of the staff recommendation would commit Metro to programming \$50 million of the \$590 million identified in the Measure R Expenditure Plan for the 710 Project to its component project, the 710 Clean Truck Program. Staff will seek to offset Measure R funds with other Metro-controlled fund sources as identified in Table 1 where possible, pending completion of the scope of the program, discussions with the EPA, and identification of strategies to leverage these funds with discretionary grants and other funding opportunities..

As this funding source is specific to implementation of the 710 Project-including the 710 Early Action Program, and as the Board has approved the 710 Clean Truck Program as the first Early Action Project for the 710 Project, this request will not affect any other existing Board commitment, but it will reduce the amount of Measure R funding available for the remainder of the 710 Early Action Program, which will be defined in the near future.

Impact to Budget

The recommendation is for \$50 million of 710 Project Measure R funding to be programmed for the 710 Clean Truck Program. Any such funding needed in FY21 would be in addition to the existing preliminary budget request for the Project in FY21. This funding recommendation may ultimately be spread across additional fiscal years. Staff will also review and recommend the use of any other funding sources from Table 1 to offset the Measure R commitment for the 710 Clean Truck Program “seed funding” recommendation, pending further development of the 710 Clean Truck Program and strategies to implement it. Staff will also develop a cash flow and funding plan for the 710 Clean

Truck Program once it is developed to clarify in what fiscal years these funds will need to be drawn down.

As the \$50 million funding recommendation is only 25% of the \$200 million target set by the Board for this program, staff will seek additional state, federal and private funding sources to leverage this local commitment and reduce the demand on Measure R funding available for the 710 Project.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The staff recommendation supports Metro's strategic plan in multiple ways:

Goal #1: Provide high-quality mobility options that enable people to spend less time traveling:

Development of the 710 Clean Truck Program will support Metro's ability to secure a ROD for the entire 710 Project, thus allowing for the implementation of various interchange and facility improvements on I-710 and local projects in adjacent communities to provide safer and greater mobility opportunities along the I-710 South corridor.

Goal #2: Deliver outstanding trip experiences for all users of the transportation system:

Improvements planned for I-710 South will help alleviate congestion and improve safety along the highway and at key interchanges, with a focus on potential car vs. truck conflicts inherent on the major highway that serves freight demand in Los Angeles County.

Goal #3: Enhance communities and lives through mobility and access to opportunity:

In addition to improving multimodal mobility options through the Early Action Program to be designed with input from the Gateway Cities Council of Governments, this project will provide much-needed emissions reductions in the corridor impacting communities adjacent to I-710.

Goal #4: Transform LA County through regional collaboration and national leadership:

Reduction of harmful tailpipe emissions associated with the movement of goods by diesel-fueled trucks in Los Angeles County-specifically along the I-710 South Corridor-will require Metro to convene a regional, collaborative, and focused group of stakeholders to support this overall goal.

The development of the 710 Clean Truck Program will specifically require Metro to understand and transcend existing barriers to implementation such as traditional technology, infrastructure, policies, funding, and institutional arrangements.

Metro has already started the process by bringing together a Countywide Clean Truck Initiative to convene stakeholders to address these questions.

ALTERNATIVES CONSIDERED

Staff considered delaying the approval of seed funding for the 710 Clean Truck Program until further negotiations with EPA regarding the 710 Project are completed, but this delay would not support the Board's goal to accelerate the deployment of NZE/ZE truck technology for the 710 Corridor. The commitment to program seed funding this month also provides a good faith signal to EPA that Metro will fund the 710 Clean Truck Program contingent upon FHWA issuing the 710 Project ROD.

Staff also considered a smaller funding request to serve as "seed funding" for the 710 Clean Truck Program, but determined that the amount recommended (\$50 million) would provide a 25% local funding commitment that will support Metro's ability to secure matching state, federal and private funding for the 710 Clean Truck Program to meet the Board's approved \$200 million program target.

NEXT STEPS

Highway Program staff will work with EPA to identify the path forward to obtaining concurrence on project-level air quality conformity and approving the FEIR/FEIS for the 710 Project and to securing the ROD from FHWA.

Planning staff will continue to meet regularly with the LA Metro Countywide Clean Truck Initiative working group to develop a framework for implementing the 710 Clean Truck Program and will report back to the Board on a regular basis with updates on the progress of the framework. Through this process Planning staff will work with the Gateway Cities Council of Governments to gain input on potential local funding strategies to support the \$50 million commitment of Metro-controlled funds for the 710 Clean Truck Program.

Planning staff will develop the cash flow for the \$50 million commitment of Metro-controlled funding, including final funding recommendations for Measure R and other funds identified in Table 1, and report back to the Board once completed.

Planning staff will identify potential sources of state, federal and private funding to leverage the \$50 million commitment of Metro-controlled funds for the 710 Clean Truck Program and report back with strategies to secure funding through upcoming discretionary grant programs and other opportunities.

ATTACHMENTS

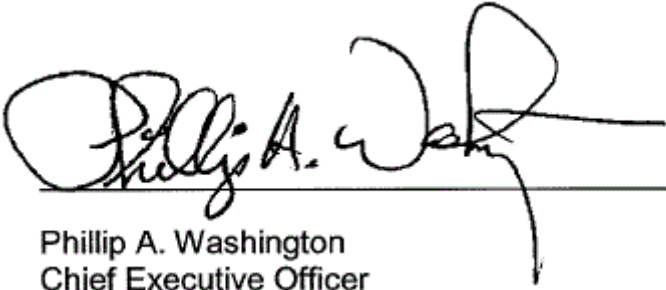
Attachment A - LA Metro Countywide Clean Truck Initiative Working Group Summary (December 2019) and Appendices

Attachment B - March 2020 LA Metro Countywide Clean Truck Initiative Working Group Meeting Invitation

Attachment C - Development of the 710 Clean Truck Program

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