The Ports of Los Angeles and Long Beach
Clean Trucks Program

Program Announcement #SPBP-PA002

Availability of Truck Replacement Funds Under the
GOODS MOVEMENT EMISSIONS REDUCTION PROGRAM
“PROPOSITION 1B”
Fiscal Year 2007-08

OVERVIEW
Under this second Program Announcement, the Port of Los Angeles and the Port of Long Beach
(the Ports) are seeking additional applications for the 2008 Goods Movement Emissions
Reduction Program. This Proposition 1B program allows port truckers who own qualifying
trucks to receive up to $50,000 in state funds to partially fund the replacement of their older
trucks. In addition, the Ports are using this Program Announcement to seek qualifying truck
replacement projects to be cost shared with Port funds under their Clean Trucks Program. These
two sources of truck replacement funds can be applied for separately, or applicants can request a
combination of funds, which will pay a very substantial portion of the costs to lease (and
eventually own) or purchase a new, 2007-emissions-compliant heavy-duty port truck. However,
each truck owner receiving truck replacement assistance must also pay a significant portion of
the new truck’s costs. As described below, other requirements apply.

As noted below, additional information and forms to apply for grant funding can be obtained at
the Clean Trucks Center, Pier S Avenue and New Dock Street on Terminal Island, along with
assistance to complete the application.

IMPORTANT NOTICE: ASSISTANCE FOR PORT TRUCK OWNERS
The Ports are providing one-on-one support to help owners of qualifying port trucks to fully
understand the Prop. 1B grant program and complete all application forms. Assistance is
available in English or Spanish at the Ports’ Clean Trucks Center on Terminal Island. To obtain
additional details and make an appointment to meet with an advisor, truck owners should visit or
call the Clean Trucks Center at:

Clean Trucks Center
Pier S Avenue and New Dock Street, Terminal Island
(3593 New Dock St., San Pedro, CA 90731)
1-888-KLN-TRUX (1-888-556-8789)
GOODS MOVEMENT EMISSIONS REDUCTION PROGRAM
The California Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, also known as Proposition 1B, authorizes $1 billion to reduce emissions from goods movement in California’s busiest trade corridors. The resulting Goods Movement Emission Reduction Program is a partnership between the California Air Resources Board (CARB) and local agencies such as the Port of Long Beach and the Port of Los Angeles to quickly reduce air pollution emissions and health risk from freight movement within four major trade corridors. Under the Ports’ jointly managed portion of this Program, financial incentives are specifically intended to reduce diesel-related emissions from port trucks within the Los Angeles / Inland Empire trade corridor.

An important feature of the Program is that funded projects through the Ports must achieve emission reductions not required by law, regulation, memorandum of understanding, or tenant agreements. Projects required by court or administrative order, settlement, or other legally enforceable mechanisms shall not receive funding under this program.

This Program Announcement #SPBP-PA002 provides general information about the Prop. 1B program and specific details about how it is being implemented to help cost share portions of the Ports’ Clean Trucks Program.

INTRODUCTION
Emissions from the diesel engines in trucks, locomotives, ships, harbor craft, and cargo-handling equipment contribute to local, regional, and global air pollution. The diesel pollution from current goods movement operations greatly impacts the health of community residents near ports, rail yards, distribution centers, and roads with high truck traffic. In the Los Angeles/Inland Empire region, which has California’s largest concentration of goods movement facilities (e.g., ports and rail yards), the result has been major health risks associated with very high regional levels of ozone and fine particulate (PM$_{2.5}$) pollution.

The State Fiscal Year (FY) 2007-08 budget includes the first installment of $250 million, plus implementing legislation via Senate Bill 88 (Chapter 181, Statutes of 2007) that created the Goods Movement Emission Reduction Program. Assembly Bill 201 (Chapter 187, Statutes of 2007) includes a minor clarification. SB 88 requires CARB to adopt Program Guidelines to ensure the Program achieves the statutory objectives. These guidelines were finalized in February 2008 and can be accessed at the following web address:

http://www.arb.ca.gov/bonds/gmbond/docs/final_guidelines_cleanVers_3-10-08.doc

STATEWIDE FUNDING TARGETS
The total proposed funding targets for each trade corridor, including all state and local Program administration funds, are:

<table>
<thead>
<tr>
<th>Trade Corridor</th>
<th>Funding Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles/Inland Empire trade corridor</td>
<td>$ 550,000,000</td>
</tr>
<tr>
<td>Central Valley trade corridor</td>
<td>$ 250,000,000</td>
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</tbody>
</table>
Bay Area trade corridor $140,000,000
San Diego/Border trade corridor $60,000,000
TOTAL $1,000,000,000

For the Los Angeles/Inland Empire trade corridor, Prop 1B funds are being allocated over multiple fiscal years to the following “local agencies”: 1) the Ports (acting jointly as co-local agencies), and 2) the South Coast Air Quality Management District. As shown in the table below, CARB has awarded the Ports $98 million in FY2007-2008 to focus on a single, high-priority funding category and type of project. Specifically, the Ports are applying their FY2007-2008 Prop 1B funds to replace heavy-duty port trucks that regularly serve terminals at the Port of Los Angeles and/or the Port of Long Beach.

**FY 2007-08 Funding Awarded to the Ports for Dispersion Qualifying Port Truck Owners**

<table>
<thead>
<tr>
<th>Funding Category</th>
<th>Specific Vehicle Application and Available Project Type*</th>
<th>Total Available Amount</th>
<th>Maximum Bond Funding*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Road Trucks</td>
<td>Class 8 Drayage Trucks Serving Intermodal Rail Yards or Goods Movement • Truck Replacement</td>
<td>$98,000,000</td>
<td>$50,000 / truck</td>
</tr>
<tr>
<td><strong>Total Available Funding for FY2007-2008</strong>*</td>
<td><strong>$98,000,000</strong></td>
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</tbody>
</table>

- Funding amounts shown are the maximum per funding category; individual projects may get lesser awards.
- The original award of $98 million will be reduced after the first round of funding awards is finalized; the exact amount of remaining funds for the second round (i.e., awards under this Program Announcement) remains to be determined. Roughly, it is anticipated that at least $85 million will be available for the second round (and beyond).

**RESTRICTIONS ON USE OF STATE FUNDS**

As required by Prop 1B, any truck replacement projects that the Ports fund will be designed to achieve emissions reductions that are real, quantifiable, and not otherwise required by law or regulation. All emission reductions resulting from funded projects will be retired by the Ports.

**NOTE 1:** To avoid double counting of emission reductions, there are restrictions against truck replacement projects receiving funds from the Prop 1B program if they are also receiving funds from the Carl Moyer Memorial Air Quality Standards Attainment Program. Other restrictions may apply; all sources of cost sharing for equipment projects must be disclosed on the application for funding. Please check with the Program Administrator (949-833-7131) if you have any questions about commingling of Prop1B funds with other type of air quality incentive programs.

**NOTE 2:** For further information about laws or regulations that may affect a given vehicle’s eligibility for funding, see [http://www.arb.ca.gov/msprog/onrdiesel/onrdiesel.htm](http://www.arb.ca.gov/msprog/onrdiesel/onrdiesel.htm)

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1 The South Coast AQMD is focusing on non-port Class 8 trucks and other vehicle types for its Prop 1B funding. SCAQMD’s program announcement is accessible by visiting its website (www.aqmd.gov).
PROCESS TO SOLICIT AND EVALUATE PORT TRUCK PROJECTS
To administer Prop 1B funds per program guidelines, the Ports are issuing this second Program Announcement #SPBP-PA002, which opens a new solicitation for applications from equipment (port truck) owners meeting the requirements further described below. Under this Program Announcement (and subsequent versions), multiple awards will be granted based on competitive ranking and the availability of funds allocated by CARB.

For the currently available funding (estimated to be at least $85 million), all proposals will be competitively evaluated based on criteria set forth in this Program Announcement and the detailed application, as derived from CARB’s Program Guidelines (see http://www.arb.ca.gov/bonds/gmbond/gmbond.htm). The Ports will evaluate and/or verify information submitted by each applicant. At the Ports’ discretion, consultants to the Ports may conduct all or part of such evaluation and/or verification. Data verification during the evaluation and contracting process may cause initial cost-effectiveness rankings, and associated awards, to change. Furthermore, the Ports reserve the right to make adjustments to awards based on the subsequent verification of information as well as changes in cost-effectiveness.

IMPORTANT INFORMATION ABOUT CALIFORNIA’S PROP 1B PROGRAM
The following is summary information about the Program. Additional information specific to port truck replacement projects are provided elsewhere in this Program Announcement and within the program application (available at the Clean Trucks Center, with assistance provided by bi-lingual advisors).

- Certain state and local air quality regulations currently being implemented may reduce or eliminate eligibility for Prop 1B funding under this Program Announcement.
  Compliance with existing air quality regulations is a pre-requisite for Program funding. Only emission reductions in excess of a regulatory requirement can be considered for Program funding. Applicants are responsible for ensuring that they are in full compliance with all applicable regulations and that vehicles/equipment requests under the Program provide early or extra emissions reductions. Assistance will be provided at the Clean Truck Center.

- Any tax obligation associated with the award is the responsibility of the grantee. Any individual or company receiving grant funding to upgrade or replace vehicles / equipment will be issued a 1099-G form by the Ports for the full award amount.

- All projects receiving Program funds must be operational within prescribed dates after contracts are executed between the Ports and the grantee. For truck replacement projects, the maximum allowable time to complete and close out a Prop 1B-funded equipment project is 18 months. This refers to the time interval from the date of contract execution to the expenditure of Program funds.

- No third party contracts will be executed.

- Pre- and post-inspection of all vehicles/engines/equipment approved for funding are required.
• Destruction of the truck being replaced is required.
• Applicants must provide historical documentation of previous usage (fuel receipts or logs, mileage records, ledger entries, etc.) for the two years preceding the date of application.

PROGRAM ADMINISTRATION
The Prop 1B Program is being administered locally by the Ports and their designated Clean Trucks Program Administrator.

OVERVIEW OF FUNDING OPTIONS FOR PARTICIPANTS
Under the Ports’ joint Clean Trucks Program, applicants seeking financial support to replace their old truck(s) have the option to request funds from the following sources and mechanisms: 1) a grant using Proposition 1B funds alone, 2) a “lease-to-own” program using a combination of Proposition 1B and Port funds, or 3) a subsidized loan from the Ports whereby the applicant purchases the new truck(s) up front and receives a monthly payment to help reimburse the capital costs. The “best” option for each applicant will depend on individual circumstances, which is why the Ports are providing one-on-one assistance for applicants (see below).

IMPORTANT NOTICE: ASSISTANCE FOR INTERESTED PORT TRUCK OWNERS
There are important differences in the funding options available to port truck owners. The Ports are providing one-on-one support to help owners of qualifying port trucks to fully understand the Prop 1B grant program and complete all application forms (if interested). Assistance is available in English or Spanish during normal working hours at the Ports’ Clean Trucks Center, located on Terminal Island at 3593 New Dock St. in San Pedro (Pier S Avenue and New Dock St.). All application forms and additional Program information will be provided to interested truck owners when they visit the Clean Truck Center. Additional details and appointments to meet with an advisor at the Clean Truck Center can be obtained by visiting or calling the Clean Truck Center at:

<table>
<thead>
<tr>
<th>Clean Trucks Center</th>
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<tr>
<td>3593 New Dock St.</td>
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<tr>
<td>San Pedro, CA 90731</td>
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<tr>
<td>1-888-KLN-TRUX (1-888-556-8789)</td>
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</tbody>
</table>

It is important to note that all funding options have the following features and requirements in common:

✓ Each truck owner receiving an award for truck replacement funds must pay a significant portion of the new truck’s costs. Roughly, the percentage the owner must pay will vary from 20% to 50%.

✓ Defaulting on payments for the new truck or failure to meet CARB or Port requirements will result in the Ports taking corrective action. This may include repossession of the truck and its redeployment to another qualified driver.
√ Each successful applicant must sign over the title to their old truck(s), which must be scrapped (destroyed) by the Program Administrator.

CONTACT FOR ADDITIONAL INFORMATION
Answers to questions regarding the Proposition 1B program and other aspects of the Ports’ Clean Trucks Program can be obtained by calling the following number or visiting the Clean Truck Center (noted above):

1-888-KLN-TRUX (1-888-556-8789)

OVERVIEW OF PROGRAM REQUIREMENTS / DELIVERABLES
Interested applicants will be provided with a complete application at the Clean Trucks Center. Applicants must sign the application indicating their understanding of the requirements for submittal of additional project information to finalize a contract and that all vehicles, engines or equipment must be in operation within certain prescribed time periods (that may vary by project and/or equipment type). Unssigned applications will be deemed ineligible and will NOT be considered for funding.

It is essential that all funded projects achieve the air quality benefits as intended under CARB’s guidelines for the Program. All applicants selected for grant funding must execute a contract with the Ports that will include a scope of work and schedule of deliverables. These are necessary to demonstrate compliance with the requirements of the Proposition 1B Goods Movement Emissions Reduction Program as administered by CARB and the Ports.

NOTE: Applicants seeking replacement trucks powered by eligible alternative fuels (e.g., liquefied natural gas used in certain certified engines) will be required to include a plan for refueling the proposed vehicles/equipment (for example, providing a letter of agreement from their fuel provider). Assistance can be provided at the Clean Trucks Center.

Requirements for truckers receiving funding through the Ports’ Clean Trucks Program vary depending on which type of funding is selected by the applicant. Therefore, it is important to seek assistance at the Clean Trucks Center when preparing and completing your application.

The following provides an overview of criteria for all truck replacement projects receiving Prop 1B and/or Port funds. Please visit the Clean Trucks Center for greater detail.

- Program-funded truck replacement projects shall be completed and operational at least three years prior to any regulatory requirement for a truck meeting model year 2007 emissions standards, except as follows: 1) for independent owner operators the replacement vehicle(s) must be placed into operation at least two years prior to a regulatory requirement for a truck meeting model year 2007 emissions standards; and 2) for a 1997 or earlier existing vehicle (the truck to be replaced), its corresponding replacement vehicle must be placed into operation by the participant at least two (2) years prior to a regulatory requirement for a truck meeting model year 2007 emissions standards.
Truck owners receiving Program grant funding must:

**NOTE:** some of the requirements below vary by funding source and are best explained to the applicant during a one-on-one session with a program advisor. Please make an appointment to visit the Clean Trucks Center to obtain details.

- Commit to a prescribed number of years and/or mileage of California-only operation and California based registration (at least 7 years and/or 350,000 miles). Dual plates, International Registration Plan (IRP), and any other out-of-state registrations are prohibited.
- Travel at least 50% of the vehicle annual miles within the identified trade corridors in the Regions of Operation portion of this application (page 8).
- Make a minimum number of trips* per year to the San Pedro Bay Ports and/or other port or inter-modal rail yard facilities. (*This requirement ranges from a minimum of 150 trips to 300 trips per year, depending on how the project is funded. Seek assistance at the Clean Trucks Center.)
- Agree to accept the installation of an Automatic Vehicle Locator (AVL) device, Radio Frequency Identification (RFID) device, and California Air Resources Board (CARB) Drayage Truck Registry (DTR) sticker. These devices may be used to monitor the location and operation of the awarded truck.
- Make the old truck available for pre-award inspections and destruction and make the new truck available for inspection after the award is made.
- Have already paid or otherwise settled all outstanding violations, including but not limited to CARB violations, against the old truck. (Applicants with outstanding violations at the time of application will be ineligible for funding during the current round of solicitations, but they may reapply in subsequent solicitation periods once they have rectified any and all violations.)
- Receive an IRS 1099-G Form equal to the amount of the award, which makes them responsible for the reportable income as a result of participation in the program.

Truck owners must also provide annual reporting to the Ports on the following:

- Updated contact information (owner name, address, phone, etc.)
- Proof of California registration
- Odometer reading and annual vehicle miles of travel (including mileage/activity logs for documentation)
- Certification of California-only operation (including certification that permits were not utilized to make out-of-state trips).
- Certification and documentation of at least 50% of travel in trade corridors
- Summary of maintenance performed and inspections conducted
Documentation of the number of port visits within 12 month period

Certification that the State-funded project was operated in accordance with signed contract and that all information submitted is true and accurate

Other information as requested by the Ports or their designated Administrator

*Equipment owners / grantees are required to retain, at minimum, all documents, invoices, and correspondence associated with the application, award, contract, monitoring, enforcement, and reporting requirements at least two years after equipment project contact term or three years after final payment, whichever is later. Records shall be readily available and accessible to the Ports, CARB, or their designee upon request for the purposes of ongoing evaluations or auditing.

NON-PERFORMANCE PROVISIONS
All equipment project contracts are required by CARB to include non-performance provisions enforceable by the local agency (the Ports). Non-performance on the part of the equipment owner / grantee includes, but is not limited to:

- Failure to meet the terms and conditions of an executed equipment project contract, including but not limited to equipment operating conditions and geographic restrictions.
- Equipment/engine is non-operational or malfunctioning
- Failure to meet established deadlines for equipment project completion
- Failure to allow for an electronic monitoring device, or tampering with an installed device or data
- Misuse of direct payments to vendors provisions
- Insufficient, incomplete, or faulty equipment project documentation
- Failure to provide required documentation or reports in a timely manner

The Ports’ remedies for equipment project non-performance may include, but are not limited to:

- Repossession of any replacement vehicles financed with State and/or Port funds
- Recovery of all, or a portion, of State and/or Port funds
- Other fiscal penalties on equipment owners based on the severity of the non-performance
- Cancellation of the contract
- A ban on the equipment owner’s ability to participate in future State incentive programs and/or to continue serving the San Pedro Bay Ports

PROJECT COST
Applicants will be required to provide cost information in their applications. Assistance for applicants will be provided at the Clean Trucks Center. Required information includes the following:

San Pedro Bay Ports PA #SPBP-002 -8- October 20, 2008
• Total project cost
• Program dollars requested
• Source and amounts of other funding (private, local, other State, federal)
• Request for a direct payment to vendor (if applicable)
• Documentation of match funding availability

Applicants are not required to calculate their project’s cost-effectiveness. The Ports’ will perform these calculations and rank all projects according to Program Guidelines.

SUBMITTAL OF APPLICATIONS
All applications must be submitted according to specifications set forth in this Program Announcement and the application forms themselves. Truck owners wishing to apply can obtain complete assistance by making an appointment at the Clean Trucks Center. Applications must be signed at the time of submittal. Submittal of all applications should be made at the Clean Trucks Center before the deadline. Failure to adhere to these specifications may be cause for rejection of the proposal without evaluation.

Application Forms and Supporting Documentation: Program application forms are available at the Clean Trucks Center, along with complete assistance to prepare the forms. Call the Clean Trucks Center (1-888-KLN-TRUX) to make an appointment and get further instructions about the paperwork to bring to the appointment. All advisors are bi-lingual in English and Spanish.

Due Date – Applicants must submit the original, signed application at the Clean Trucks Center. All applications must be received no later than 5:00 p.m., on Thursday, November 20, 2008. It is recommended that you make an appointment at the Clean Trucks Center that allows plenty of time to complete the application and get it submitted to the advisors before the deadline. Applications can also be mailed to the Clean Trucks Center, but it is recommended that you take advantage of the assistance provided at the facility, and submit the application directly to the advisor assisting you. Postmarks are not accepted as proof of deadline compliance. Faxed or e-mailed applications will not be accepted.

Applications must be received before the note deadline above (also see Schedule of Events), at the following address:

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<thead>
<tr>
<th>Clean Trucks Center</th>
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<tbody>
<tr>
<td>3593 New Dock St.</td>
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</tbody>
</table>

Any correction or resubmission done by the applicant will not extend the submittal due date.

Grounds for Rejection – An application may be immediately rejected if:
• It is not prepared in the format described
• It is not signed by an individual who owns the truck(s) to be replaced or is not authorized to represent the firm
• It does not include current cost quotes, Contractor Statement Forms and other forms required (to be supplied at the Clean Trucks Center)

**Missing Information** – Within four business days of the proposal due date, the Ports or their Program Administrator will contact applicants regarding any missing information. Applicants will have up to two business days to provide the requested missing information.

**Disposition of Applications** - The Ports reserve the right to reject any or all applications. All applications become the property of the Ports. Submitted materials will be returned only if requested and at the applicant’s expense.

**SCHEDULE OF EVENTS**

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
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<tbody>
<tr>
<td>Release of Program Announcement #SPBP-PA002</td>
<td>Monday, October 20, 2008</td>
</tr>
<tr>
<td>All Applications Due by 5:00 pm</td>
<td>Thursday, November 20, 2008</td>
</tr>
<tr>
<td>Anticipated posting of competitive ranking for proposed projects</td>
<td>Friday, December 12, 2008</td>
</tr>
<tr>
<td>Anticipated consideration of awards by Ports</td>
<td>Monday, January 7, 2009</td>
</tr>
</tbody>
</table>

**ALL APPLICATIONS (FOR THIS PROGRAM ANNOUNCEMENT*) MUST BE RECEIVED AT THE CLEAN TRUCKS CENTER NO LATER THAN 5:00 P.M. ON THURSDAY, NOVEMBER 20, 2008**

*The Ports anticipate that additional program announcements will be released periodically over the next two years, until all available state funds have been allocated. Truck owners who aren’t able to get their applications submitted in time for this Program Announcement will be eligible to apply for grant funding under subsequent announcements, to the extent that additional program funds are available.