

BOARD MEETING DATE: September 4, 2020

AGENDA NO. 5

PROPOSAL: Recognize Revenue, Transfer Funds and Approve Budget and Expenditures for California Natural Gas Vehicle Partnership Activities and Projects

SYNOPSIS: The Board established the California Natural Gas Vehicle Partnership (CNGVP) to promote greater deployment of natural gas vehicles in California. These actions are to: 1) recognize revenue up to \$170,000 in membership dues from participating and future members of the CNGVP into the Natural Gas Vehicle Partnership Fund (40); 2) transfer \$25,000 from the Clean Fuels Program Fund (31) into Fund 40 for South Coast AQMD's two-year membership for FYs 2020-21 and 2021-22; 3) approve the FYs 2020-21 and 2021-22 CNGVP Budget; 4) authorize the Executive Officer to approve individual expenditures, as approved by the CNGVP, for FYs 2020-21 and 2021-22 up to \$75,000 but not to exceed \$225,000 for each fiscal year; and 5) approve a two-year contract with Gladstein, Neandross and Associates LLC to develop and implement communication strategies for the CNGVP in an amount not to exceed \$192,000 from Fund 40.

COMMITTEE: Technology, August 21, 2020; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize, upon receipt, up to \$170,000 in membership dues from participating and future members of the CNGVP into the Natural Gas Vehicle Partnership Fund (40);
2. Transfer \$25,000 from the Clean Fuels Program Fund (31) into the Natural Gas Vehicle Partnership Fund (40) for South Coast AQMD's two-year membership for FYs 2020-21 and 2021-22;
3. Approve the CNGVP budget for FYs 2020-21 and 2021-22;
4. Authorize the Executive Officer to approve individual expenditures, as approved by the CNGVP, for FYs 2020-21 and 2021-22 up to \$75,000 but not to exceed \$225,000 for each fiscal year; and

5. Approve a two-year contract with Gladstein, Neandross and Associates LLC to develop and implement communication strategies for the CNGVP in an amount not to exceed \$192,000 from the Natural Gas Vehicle Partnership Fund (40).

Wayne Natri
Executive Officer

MMM:NB:JI:PMB

Background

In 2002, the Board established the California Natural Gas Vehicle Partnership (CNGVP or the Partnership) to accelerate development of advanced natural gas vehicle technologies, establish a benchmark for lowering emissions from petroleum-based engines, and provide a pathway for transitioning towards fuel cells in the future. The CNGVP is comprised of state and federal air quality agencies, transportation and energy agencies, vehicle and engine manufacturers, fuel providers, transit organizations and refuse haulers.

The Partnership is overseen by a Steering Committee and is comprised of Voting and Associate Members. All members participate in the activities of the Steering Committee and the working groups and sub-committees created by the Steering Committee. Voting Members contribute for a two-year membership and participate on the Steering Committee and working groups. Steering Committee dues are \$25,000 or \$10,000 for private end-users and/or fleet operators. CARB and the U.S. DOE are also a Voting Member, participating as ‘non-dues paying’ environmental organization.

The Partnership’s Steering Committee meets on a periodic basis with high-level representation from each participating member. South Coast AQMD’s representation on the CNGVP includes three South Coast AQMD Board Members. Routine activities of the Partnership include members and invited guests providing and receiving updates on industry, legislative and regulatory activities. They also discuss and plan programs and projects that help promote the Partnership’s goals and objectives, which include the use of low carbon intensity renewable natural gas as a transportation fuel that can contribute to regional and global air quality issues. The Partnership communicates its message through the CNGVP website (cngvp.org), which is currently maintained under a contract with Gladstein, Neandross & Associates LLC (GNA). The website promotes the activities of the CNGVP and the natural gas vehicle industry in general.

Over the past two years, the Partnership has made significant strides towards improving and increasing the effectiveness of communicating its message on the multiple benefits of using renewable natural gas (RNG) to power ultra-low NOx heavy-duty natural gas-

powered vehicles. During this period, the Partnership also initiated transitioning the CNGVP to a self-administrated entity contracting third-party (non-member) services from GNA, to help reduce South Coast AQMD’s role in these activities.

Proposal

The CNGVP operates on a two-year budget cycle. These actions are to: 1) recognize revenue from participating and future CNGVP Members for FYs 2020-21 and 2021-22 into the Natural Gas Vehicle Partnership Fund (40); 2) transfer funds from the Clean Fuels Program Fund (31) into Fund 40 for South Coast AQMD’s two-year membership for FYs 2020-21 and 2021-22; 3) approve the FYs 2020-21 and 2021-22 CNGVP budget; 4) authorize the Executive Officer to approve individual expenditures, as approved by the CNGVP, for FYs 2020-21 and 2021-22; and 5) approve a two-year contract with GNA to develop and implement communication strategies for the CNGVP.

The following two tables list the CNGVP Steering Committee Members and Associate Members.

Table 1. CNGVP Steering Committee Members

Agility Fuel Solutions
CARB*
Clean Energy Fuels
CR&R Inc.**
Cummins Inc.
Sempra Energy Utilities
Trillium CNG
U.S. DOE*
Waste Management, Inc.**
South Coast AQMD

*Non-paying members

**Fleet operators/end users (reduced fee)

Table 2. CNGVP Associate Members

CEC
City of Los Angeles
Coalition for Clean Air
Colton Unified School District
Foothill Transit
Los Angeles County Metropolitan Transportation Authority
Natural Resources Defense Council
Orange County Transportation Authority
San Joaquin Valley Air Pollution Control District
SunLine Transit Agency
Union of Concerned Scientists
U.S. EPA
University of California Davis

Revenues and expenditures for FYs 2018-19 and 2019-20 are summarized in Table 3.

Table 3. CNGVP Fund Revenues and Expenditures

Available Funds (as of July 1, 2018)	\$434,397
Membership Dues Received	92,500
Interest Earned	\$16,565
Revenues (July 2018 – June 2020)	\$543,462
Website Maintenance	(\$30,000)
GameChanger Video	(\$30,000)
ACT 2018	(\$12,500)
Rethink Methane 2018	(\$10,000)
SJVCC “Trucking With Clean Fuels”	(\$10,000)
Renewable 360 (2019)	(\$10,000)
GNA Administration	(\$27,652)
GNA Communications Strategy	(\$48,000)
Expenditures (July 2018 – June 2020)	(\$178,152)
GNA Administration	(\$3,948)
GNA Communications Strategy	(\$16,000)
In-State RNG	(\$10,000)
RG 360 Webinar	(\$10,000)
Obligations as of June 30, 2020	(\$39,948)
Available Fund Balance for start FY 2020-21	\$325,362

The CNGVP Steering Committee two-year membership dues are currently up for renewal. If all current members renew their memberships, the Natural Gas Vehicle Partnership Fund (40) would be replenished with revenues totaling \$170,000 over the next two years. Projected revenues and proposed expenditures for FYs 2020-21 (July 1, 2020 to June 30, 2021) and 2021-22 (July 1, 2021 to June 30, 2022) are outlined in Table 4, which has been reviewed and approved by the CNGVP Steering Committee Members, pending South Coast AQMD Board consideration.

Table 4. Proposed FYs 2020-21 and 2021-22 CNGVP Budget

Available Funds for FYs 2020-21 and 2021-22	\$325,362
Anticipated Membership Dues	\$170,000
Total Anticipated Available Funds	\$495,362
GNA: CNGVP Administration (two-year; not-to-exceed)	(\$71,200)
GNA: CNGVP Communications Strategies (two year; not to exceed)	(\$192,000)
Special Consultation and Activity Coordination	(\$50,000)
Conference/Exhibition Sponsorships	(\$50,000)
Proposed Budget Expenditures	(\$363,200)
Estimated Unallocated Fund Balance	\$132,162

For FYs 2020-21 and 2021-22, the CNGVP membership will be directing their efforts toward furthering consumer and public awareness of the benefits of RNG and its use as a transportation fuel in heavy-duty vehicle applications that employ engines certified to CARB’s optional low NOx exhaust emissions standard of 0.02 gNOx/bhp-hr. The CNGVP plans to continue cosponsoring relevant conferences, identifying projects and studies to further the deployment of next-generation natural gas engines, and advancing the local production and use of low carbon intensity RNG as a transportation fuel for both on- and off-road mobile sources.

Benefits to South Coast AQMD

The implementation of this Partnership has brought public and private stakeholders together to assist in the development and deployment of advanced natural gas vehicles and refueling infrastructure expansion. The CNGVP will continue its leadership role to work with original equipment manufacturers, government and the public towards the advancement of natural gas vehicles in the marketplace to further address criteria pollutant emissions as well as greenhouse gases and energy needs. Natural gas used in in ultra-low NOx engines is a low emissions transportation fuel that can displace or augment petroleum fuel where economically feasible. In addition, the use of RNG can increase domestic fuel supply, help address landfill diversion efforts and waste biomass challenges, and concurrently reduce greenhouse gas emissions associated with waste

biomass. These activities are included in the *Technology Advancement Office Clean Fuels Program 2020 Plan Update* under “Infrastructure and Deployment (NG/RNG)” and “Assess and Support Advanced Technologies and Disseminate Information”.

Sole Source Justification

Section VIII.B.2 of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified. This request for sole source award is made under provision B.2.d.: Other circumstances exist which in the determination of the Executive Officer requires such waiver in the best interest of the South Coast AQMD. Specifically, these circumstances are B.2.d.(1): Projects involving cost-sharing by multiple sponsors; the CNGVP is a non-profit whose Steering Committee is collectively approving and funding this project with Gladstein, Neandross and Associates (GNA); and, B.2.d.(2): Time extension of an existing contract; the proposed work is an extension of the original work that GNA developed and delivered to the CNGVP; this project relies on the experience gained during the original work.

Resource Impacts

The current fund balance totaling \$325,362 plus anticipated membership fees over the next two years of \$170,000, which will be received into the Natural Gas Vehicle Partnership Fund (40), are sufficient to cover projected CNGVP expenditures, budgeted at \$363,200 for FYs 2020-21 and 2021-22. South Coast AQMD’s two-year membership for FYs 2020-21 and 2021-22 will not exceed \$25,000 from the Clean Fuels Program Fund (31). The Executive Officer will approve individual expenditures, as approved by the CNGVP, for FYs 2020-21 and 2021-22 up to \$75,000 but not to exceed \$225,000 for each fiscal year until such time the CNGVP is fully positioned and registered to assume full budget responsibilities of their organization. The contract with GNA for communication strategies will not exceed \$192,000 from Fund 40.

The Clean Fuels Program Fund (31) was established as a special revenue fund resulting from the state-mandated Clean Fuels Program. The Clean Fuels Program, under Health and Safety Code Sections 40448.5 and 40512 and Vehicle Code Section 9250.11, establishes the mechanism to collect revenues from mobile sources to support projects to increase the utilization of clean fuels, including the development of the necessary advanced enabling technologies. Funds collected from motor vehicles are restricted, by statute, to be used for projects and program activities related to mobile sources that support the objectives of the Clean Fuels Program.