

Last Mile Freight Program (LMFP)

Guidelines and Call for Projects

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A. LMFP BACKGROUND and OVERVIEW

Last mile freight activity is a critical component of supply chains for both consumers and intermediary businesses dealing with physical goods. E-commerce has had a profound impact on last mile delivery growth, and in 2020, the COVID-19 pandemic has only exacerbated the frequency of deliveries, adding further stress to global supply chains. At the same time, air quality challenges continue to impact public health throughout the region.

The Accelerated Electrification strategy, part of SCAG's Connect SoCal Plan (2020 – 2045 Regional Transportation Plan/Sustainable Communities Strategy), is a Key Connection of the Plan, seeking to decarbonize or electrify vehicles, including those within the goods movement sector. The Last Mile Freight Program (LMFP) serves as an initial step towards implementing freight-related clean vehicles, equipment and infrastructure to support cleaner air goals.

SCAG has partnered with the Mobile Source Air Pollution Reduction Review Committee (MSRC) to establish Program Guidelines and issue a Call-for-Projects for the LMFP. The LMFP is a component of a larger goods movement emissions reduction effort established by the MSRC.

SCAG has developed a two-phased approach for the LMFP:

Phase 1: Focusing on the commercial deployment of zero-emission or near-zero emission (ZE/NZE) heavy- and/or medium- duty on road trucks (including ZE/NZE equipment and supporting infrastructure).

Phase 2: Expanding Phase 1 projects through coordination with both public and private sector stakeholders to more broadly deploy innovative technologies that are currently being demonstrated by leading last mile delivery companies, particularly in e-commerce-related use-cases.

A total of \$10,000,000 is available for Phase 1 of the LMFP through the Call-for-Projects and selection process. The Program Guidelines below will support the solicitation of applications for the LMFP.

B. LMFP GOALS

The LMFP aims to:

- Achieve immediate reduction in greenhouse gas (GHG) and criteria pollutant (NO_x and PM_{2.5}) emissions from commercially deployed vehicles/equipment and facilitate supporting infrastructure;
- Inform both industry and the public regarding ZE/NZE vehicle/equipment and supporting infrastructure performance, and how this information can be used to scale emissions reductions to contribute to regional air quality goals;
- Provide private operators and the public with information on return-on-investment (ROI) and cost-effectiveness insights into ZE/NZE vehicle/equipment and infrastructure operations, maintenance, and reliability;
- Create greater transparency regarding the need for public versus private ZE/NZE supporting infrastructure;
- Inform the needs and/or help address the challenges to significantly scale ZE/NZE vehicles/equipment and infrastructure in the region; and

- Achieve geographic funding diversity and ensure that the LMFP provides economic and environmental benefits across the entire region.

Additionally, the LMFP is guided by a set of core principles as follows:

- Creating transparency as to critical barriers impeding the transformation of the last mile freight market;
- Measuring success for both public and private entities;
- Optimizing where investments can generate the strongest benefits for further growth; and
- Achieving reductions in emissions from GHGs and criteria pollutants.

C. LMFP AWARD INFORMATION

1. Amount Available

A total of \$10,000,000 Assembly Bill (AB) 2766 Discretionary Funds (Clean Transportation Funding™) are available to be awarded for the LMFP on a competitive basis. Awarded projects will demonstrate direct and tangible emission reductions for criteria air pollutants, GHGs, and other benefits as detailed further in the Program Guidelines. Eligible projects for Phase 1 include ZE/NZE heavy and/or medium duty on road trucks, equipment and supporting infrastructure.

2. Funding Restrictions

Award selection will consider the following conditions on a program-wide basis and should not be interpreted to mean that each project needs to meet these conditions:

i. Investment Funding Maximum

Awards may not exceed \$5,000,000 per project. This assumes that a combined funding total of \$10,000,000 will cover the four county areas as specified below.

ii. Geographic Funding Minimum

One of the goals of the LMFP is to achieve geographic funding diversity. Award selections will consider the geographic funding minimum for each county in the South Coast Air Basin (Los Angeles, Orange, Riverside, and San Bernardino counties), in the amount of \$1,250,000. This funding minimum per county applies to the entire funding amount of \$10,000,000, and it should not be interpreted that each proposal needs to meet this requirement.

If there are insufficient meritorious proposals in the aggregate to meet a county geographic minimum, those funds would become available to projects in other counties within the South Coast Air Basin.

iii. Investment Funding Minimum for Project(s) Proposed by Small Sized Businesses

- To facilitate funding access to small sized businesses, \$3,000,000 of the Clean Transportation Funding™ is intended to be used for meritorious project(s) proposed by

qualified small sized businesses. This minimum set-aside for small sized businesses applies to the entire funding amount of \$10,000,000.

- As may be applicable, proposals qualifying under the small size business category should include size standards from the U.S. Small Business Administration as validation. An applicant must not exceed the size standard corresponding to its primary industry classification in order to qualify as a small size business.
- The SBA publishes a Table of Small Business Size Standards (<https://www.sba.gov/document/support--table-size-standards>) which lists the size standard that applies to each NAICS code. Additionally, SBA's size standards tool (<https://www.sba.gov/size-standards>) can help businesses determine whether they qualify.
- If there are insufficient meritorious proposals to meet the small sized business funding minimum for the program, those funds would become available to other projects.

3. Reimbursement of Funds

Selected projects shall be reimbursed from available funds based upon submission of invoices which shall include a detailed accounting of labor hours and other expenses, as well as submission of any third-party invoices. Project match as specified below, must be expended proportionally with awarded Clean Transportation Funding™. No funds shall be paid until provided proof of vehicle/infrastructure purchase/completion and revenue service deployment is provided, including invoice(s). Expenses from a selected project which is not yet complete may not be used as match for a completed project.

i. Investment Matching Minimum

Investment matching minimum of 1:1 for each project proposal.

- Investment matching should include a minimum 1:1 cash or equivalent such as in-kind co-funding including driver, labor, or other fleet expenses.
- Investment matching should be expended proportionately with Clean Transportation Funding™ funds.
- Additionally, investment matching minimum will take into consideration the leveraging of the Program funding with other funding programs, including but not limited to, the California Energy Commission (CEC) and Air Resources Board (ARB) where appropriate.
- If other grant programs are used to meet the investment matching minimum, contingency plans should be provided to ensure coverage in case other grant funds do not materialize.
- Matching funds should clearly indicate the source of match with justification of value. If the match will be contributed by a partner applicant or stakeholder, a commitment letter must be provided.

The grant will not compensate for the indirect costs, overhead, or administrative expenses directly incurred by the applicant associated with applying for this funding opportunity or the completion of the project.

4. Period of Performance

All LMFP funds are anticipated to be expended by June 30, 2023. The project must be operational, and/or construction started prior to December 31, 2022. Vehicle or equipment projects must be in

operation and construction projects must commence before the deadline noted above. Once the project is fully operational, a minimum of six months operations and data collection will be required. The applicant must submit the required data with the progress reports and final report. As part of the review and selection process described in the Application Evaluation and Selection Process section, SCAG will consider a project’s likelihood of being ready to proceed and be completed within the anticipated time frame.

D. LMFP ELIGIBILITY INFORMATION

To be selected for a LMFP award, an applicant must be an eligible applicant and the project must be an eligible project.

1. Eligible Applicants

Eligible applicants for the LMFP include those engaged in delivering goods within all or any one of the four counties within the South Coast Air Basin (e.g., large and small/medium sized businesses), such as asset-owners/operators, independent contractors, asset-light logistics entities, leasing companies, among others. Applicants must be domiciled in a county, operate a last-mile facility within a county, or perform last mile deliveries within a county, that is part of the South Coast Air Basin. Note: Each project applicant may submit no more than one application as the project lead.

2. Eligible Projects

LMFP proposals should consider the following components for eligible projects:

Heavy and medium duty truck categories, used by the U.S. Environmental Protection Agency and the California Air Resources Board (CARB) for emission standards, are classified based on the gross vehicle weight rating of the truck. The Federal Highway Administration classifies trucks in a slightly different way, based on the number of axles that the truck has and the configuration of the truck. For the LMFP, the table below defines the truck classifications that are eligible and provides typical examples of the different types of trucks that fall in each category.

CARB Weight Class	Examples	
Medium Duty Trucks	Class 4 14,001-16,000 lbs 2 or 3 Axles Parcel Delivery Trucks	Class 5 16,001-19,500 lbs 2 Axles, 6 tires (dual rear tires) Single Unit Trucks
	Class 6 19,501-26,000 lbs 3 Axles Single Unit Trucks	Class 7 26,001-33,000 lbs 4 or more Axles Single Unit Trucks
Heavy Duty Trucks	Class 8a 33,001-60,000 lbs 3 or 4 Axles Single Trailer Trucks, “Tractor-Trailers”	Class 8b > 60,000 lbs 5 or more Axles Single or Multiple Trailers, “Tractor-Trailers”

- ZE/NZE heavy/medium duty vehicle eligible projects include but are not limited to: (1) last mile delivery vehicles supporting e-commerce industries such as package/parcel deliveries to residents and businesses; (2) last mile delivery vehicles supporting retail/wholesale trade, manufacturing, construction, and other transportation and logistics services from business to business; (3) last mile delivery vehicles supporting major freight facilities.
- ZE/NZE heavy/medium duty equipment eligible projects include but are not limited to: (1) trailer equipment supporting e-commerce industries, retail/wholesale trade, manufacturing, construction, and other transportation logistics services from business to business; (2) Last mile operating equipment for local delivery station, sortation, and other local facilities serving residents and businesses.
- ZE/NZE heavy/medium duty supporting infrastructure eligible projects include but are not limited to: (1) on- or off-site fueling charging hubs or depots.

An application may describe a project that contains more than one component and may describe components that may be carried out by parties other than the applicant. SCAG expects, and will impose requirements on fund recipients to ensure, that all components included in an application will be delivered as part of the program. SCAG may award funds for a component, instead of the larger project, if that component (1) independently meets minimum award amounts described in the LMFP Award Information section and all eligibility requirements described in the LMFP Eligibility Information section; and (2) independently aligns with the selection criteria specified in the LMFP Application Evaluation and Selection Process section. All project components that are presented together in a single application must demonstrate a relationship or connection between them.

3. Reporting Requirements

Reporting requirements will include conditions within the LMFP Application and Submission Information Section below, with specific emphasis on the incorporation of data elements, including a baseline versus project benefits assessment. The final report will be delivered after the project has been in operation for six months and data metrics can be provided as part of the final report.

E. LMFP APPLICATION AND SUBMISSION INFORMATION

1. Address

Applications must be submitted online no later than July 14, 2021. Instructions for submitting applications can be found at: www.scag.ca.gov/last-mile-freight-program .

2. Content and Organization of Application Submission

SCAG recommends that the applicant follow the listed items below to address the Program requirements and assist evaluators in locating relevant information. The application is broken down into three main categories: Project Summary (30 points), Project Readiness and Implementation (30 points), and Funding Request and Cost Effectiveness (40 points). These categories are further detailed below:

A. Project Summary (30 Points)

i. Project Description

The first section of the application must provide a description of the project, including the type of ZE/NZE technology being proposed, clarity on operational needs for deployment, and direct components of

vehicles, equipment, and supporting infrastructure. The application should discuss challenges and opportunities for further scaling these technologies and demonstrate how the LMFP can contribute to these efforts, including how the project can lead to a transformational impact on last mile operations. Applicants must also include a detailed statement of work that focuses on the core aspects of the project and supporting details, including those defined in the Fleet and Infrastructure Components section below.

ii. Fleet and Infrastructure Components

This section must consider the following conditions:

- Specifications regarding the number and type of ZE/NZE vehicles that will be procured, and the potential to scale up to convert additional vehicles, and vehicle turnover history, if applicable.
- Considerations for regional fueling/charging hubs or depots, grid integration of ZEs, etc., including the establishment of a plan to manage charging in the peak loads for proposed charging depot/infrastructure.
- Incorporation of data elements.
 - Vehicle/equipment data elements should include daily operating vehicle miles traveled (VMT), a comparison of emissions performance (NO_x and PM_{2.5} and greenhouse gas emissions – GHG) from non ZE/NZE vehicles versus ZE/NZE vehicle for the same routes, and origin/destination and route
 - Supporting ZE/NZE infrastructure data elements should include fueling/charging station locations, daily operating fueling/charging needs, etc.
- Specifications regarding how investments support the combined needs of vehicles and infrastructure – if a project is seeking funding for its fleet, how will it provide for the associated infrastructure needs and vice versa?
- Specifications regarding vehicle and infrastructure lead times including but not limited to vehicle/equipment procurement, California Environmental Quality Act (CEQA) process, building permits, etc.
- Considerations for involvement with third parties including utility companies, others, and supporting Letter of Intent (LOI) or other documents should be clarified.

iii. Project Location

This section of the application should describe the project location, including a geographical description of the proposed project as noted in the Geographic Funding Minimum and Eligible Applicants sections, and a high-level map of the project's location.

B. Project Readiness and Implementation (30 Points)

i. Project Readiness

This section of the application should include enough information to evaluate whether the project is reasonably expected to begin implementation in a timely manner. To assist project implementation risk review, the applicant should provide the information requested on project schedule, required approvals, assessment of project risks and mitigation strategies outlined below:

- Project Schedule: The applicant should include a project schedule that identifies all major project milestones. Examples of milestones include required approvals such as CEQA, permitting, etc., approval of plans, specifications and estimates, procurement, implementation agreements,

including agreements with utility companies, etc. The project schedule should be sufficiently detailed to demonstrate that:

- The project can be implemented quickly upon selection and award.
- All necessary activities will be complete by the June 30, 2023 deadline, as stated in the LMFP Award Information section inclusive of the six-month operations and data collection period.
- Required Approvals
 - CEQA approvals to be completed at the time the project has entered a Memorandum of Understanding (MOU)
 - Building/Other Permits
 - Vehicle/Equipment Procurement
- Assessment of Project Risks and Mitigation Strategies: Project risks, such as procurement delays, vehicle acquisition issues, environmental uncertainties, increase in acquisition costs, permitting delays, etc., affect the likelihood of successful project start and completion. The applicant should identify all material risks to the project and the strategies that the applicant and any project partners have undertaken or will undertake in order to mitigate those risks. The applicant should indicate that it has reviewed the model MOU form, and should indicate any exceptions to the MOU.

C. Funding Request and Cost Effectiveness (40 points)

i. Funds, Sources and Use of Project Funds

This section of the application should describe the budget for the proposed project:

- Cost for the proposed project.
- A budget distinguishing between overall project cost, versus the awarded funds and match components (vehicles/equipment or infrastructure). If the project contains multiple components, the budget should separate the costs of each project component. If the project will be completed in phases, the budget should separate the cost of each phase. The budget detail should sufficiently demonstrate that the project satisfies the cost-sharing requirements described in the Cost Sharing or Matching section.

D. Selection Criteria

This section of the application should demonstrate how the proposed project aligns with the criteria described in the Application Evaluation and Selection Process section. SCAG encourages applicants to either address each criterion or expressly state that the project does not address the criterion. The components within the Content and Organization of Application Submission section should be related to the selection criteria as follows:

1. Project Summary (30)

- Project Description
- Fleet and Infrastructure Components
- Project Location

2. Project Readiness and Implementation (30)

- Implementation Risk

3. Funding Request and Cost Effectiveness (40)

- Funds, Sources and Use of Project Funds

E. Point of Contact

The applicant must establish a point of contact (POC), responsible for submitting the application and communication in the event the application is selected for award.

3. Submittal Information

Applications must be submitted online no later than July 14, 2021. Instructions for submitting applications can be found at: www.scag.ca.gov/last-mile-freight-program .

- Applications must be submitted by 5:00 PM P.S.T. on July 14, 2021.
- Only applicants who comply with all submission deadlines will be eligible for award. Applicants are strongly encouraged to make submissions in advance of the deadline.
- Late applications will not be considered.

F. LMFP APPLICATION EVALUATION AND SELECTION PROCESS

This section specifies the evaluation criteria that SCAG and MSRC will use to evaluate and make award recommendations for the LMFP. Applications that do not demonstrate a potential for immediate benefits based on these criteria will not proceed in the evaluation process.

Evaluation Committee members will include senior and technical staff from SCAG and the MSRC Last Mile Subcommittee. The total score for each project application will be the total combined score of all Evaluation Committee members. The top scoring project applications will advance to the MSRC Technical Advisory Committee (TAC)/Board and SCAG Regional Council (RC) for recommendation and approval.

1. Project Summary (30 points)

The Project Summary will consider information from the Content and Organization of Application Submission (Project Description, Fleet and Infrastructure Components, and Project Location sections). Proposed projects will be evaluated with a maximum of 30 possible points as follows:

- The proposed project clearly advances emissions reductions for criteria pollutants (NO_x and PM_{2.5}) and GHG through commercial deployment.
- The proposed project specifies the type of ZE/NZE technology being used, including the way in which all operational deployment components (vehicles, equipment, and supporting infrastructure) contribute to improving emissions reductions.
- The proposed project is innovative and provides competitive advantages over conventional last mile delivery operations.

2. Project Readiness and Implementation (30 points)

Proposed projects will be evaluated with a maximum of 30 possible points as follows:

- The proposed project will address and overcome critical barriers to successful commercial deployment.

- The qualifications, experience, capabilities, and credentials of the key team members are suitable to the tasks described in the LMFP Application and Submission Information and will lead to successful completion of the project.
- The proposed project has an aggressive but achievable schedule for completing all necessary tasks.

3. Funding Request and Cost Effectiveness (40 points)

Proposed projects will be evaluated with a maximum of 40 possible points as follows:

- The proposed project results in a lower cost of operations and maintenance, or at a minimum, is competitive with traditional last mile operations and maintenance costs, excluding initial capital required.
- The proposed project results in a high benefit-cost score defined as the ratio of NOx and PM2.5 equivalent reduction per dollar of LMFP investment.
- The proposed project’s match funding commitments are documented, verifiable, and will support the successful completion of the project.

G. LMFP SCHEDULE AND INFORMATION

The following schedule outlines important dates for Phase 1 of the LMFP.

LMFP Milestone	Date
LMFP Call-for-Projects Opens	May 10, 2021
LMFP Application Workshop	May 18, 2021
LMFP Deadline for Questions	May 28, 2021
LMFP Questions Responses Posted	June 4, 2021
LMFP Call for Projects Submittal Deadline	July 14, 2021
SCAG/MSRC Approval of Selected Projects	September 2021
LMFP Selected Projects Posting	September 2021

1. Project Questions, Responses, and Selection Notice

SCAG will provide information on all questions received and responses and announce selected projects by posting information and a list of selected projects at www.scag.ca.gov/last-mile-freight-program.

Notice of selection is not authorization to begin performance or to incur costs for the proposed project. Following announcement, the relevant SCAG staff will contact the point of contact listed in Section D. (2.) g. to complete the MOU for authorization. Recipients of Clean Transportation Funding™ will not receive a lump-sum cash disbursement at the time of selection announcement or obligation of funds. Instead, Clean Transportation Funding™ will be reimbursed to recipients only after the project has been confirmed as operational and accompanying payment information has been provided as described in the Reimbursement of Funds section.

2. Reporting

Each project selected for Clean Transportation Funding™ must submit information to be included within quarterly progress reports, an interim and final progress report, to monitor project progress and ensure accountability and financial transparency in the LMFP. A quarterly report will include:

- Project description;
- Fleet and infrastructure components;
- Project location;
- Funds, sources, and use of project funds;
- Selection criteria; and
- Implementation risks.
- Identify any obstacles and their solutions
- Answer questions regarding data elements

The final report is due after the project has been operational for a minimum of six months. The report should track data elements provided as part of the project application, and provide quantifiable data demonstrating the results of implementation.

LMFP CONTACT INFORMATION

For further information concerning the Program Guidelines, please contact SCAG LMFP staff via e-mail at lmfp@scag.ca.gov .

H. LMFP OTHER INFORMATION

1. Protection of Confidential Business Information

If the applicant submits information that the applicant considers to be a trade secret or confidential commercial or financial information, the applicant must provide that information in a separate document, which the applicant may cross-reference from the application information or other portions of the application. For the separate document containing confidential information, the applicant must do the following (1) state on the cover of that document that it “Contains Confidential Business Information (CBI)”; (2) mark each page that contains confidential information with “CBI”; (3) highlight or otherwise denote the confidential content on each page; and (4) at the end of the document, explain how disclosure of the confidential information would cause substantial competitive harm. SCAG will protect confidential information complying with these requirements to the extent permitted under applicable law. If SCAG receives a Public Records Act request pursuant to Government Code sections 6250 et seq. (PRA) for the information that the applicant has marked in accordance with this section, SCAG will withhold such information from disclosure to the extent permitted under the PRA. Only information that is in the separate document, marked in accordance with this section, and ultimately determined to be confidential under the PRA will be exempt from disclosure.

2. Publication/Sharing of Project Information

Except for the information properly marked as described in the Protection of Confidential Business Information section, SCAG may make application information publicly available or share application information within SCAG, MSRC or with other local agencies if SCAG determines that sharing is relevant to the respective LMFP’s objectives, or that disclosure is required by applicable law, including the PRA.

3. Memorandum of Understanding

Once a project has been selected, the project will need to enter an MOU with SCAG prior to implementing the commercial deployment project. Implementation of the project will include the monitoring and reporting of application information as specified in the LMFP Schedule and Information section. The MOU

will ensure that selected applicants comply with all applicable requirements in use of the Clean Transportation Funding™ funds and project implementation.