

DATE: FEBRUARY 15, 2022

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF THE SECOND AND THIRD AMENDMENTS TO GRANT AGREEMENT NO. 17-3532 WITH THE CALIFORNIA ENERGY COMMISSION FOR SUSTAINABLE FREIGHT TRANSPORTATION PROJECTS

SUMMARY:

Staff requests approval of the Second and Third Amendments to California Energy Commission (CEC) Grant Agreement No. 17-3532 (Agreement) for the Port of Los Angeles' Everport Advanced Cargo Handling Demonstration Project (Project). The Second Amendment is requested to correct an error that occurred in the total grant funding amount identified in the First Amendment, and the Third Amendment will modify the project schedule and extend the term of the Agreement until March 31, 2023. The update to the project schedule and extension to the term of the Agreement are due to COVID-19 related delays in the project timeline. All other terms and conditions of the Agreement remain the same, including the overall project costs and participant commitments. Under the grant, the City of Los Angeles Harbor Department (Harbor Department) is financially responsible for \$2,000,000 for electrical infrastructure development, which is expected to be complete in March 2022.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines;
2. Approve the Second and Third Amendments to Agreement No. 17-3532 between the City of Los Angeles Harbor Department and the California Energy Commission for the Port of Los Angeles' Everport Advanced Cargo Handling Demonstration Project;

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3. Authorize the Executive Director to execute and the Board Secretary to attest to said Second and Third Amendments to Grant Agreement No. 17-3532 with the California Energy Commission for and on behalf of the Board; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – On November 29, 2016, the CEC released a grant solicitation to implement and administer Sustainable Freight Transportation Projects (GFO-16-604). Nearly \$27,000,000 was made available statewide for all California seaports, marine terminal operators at California seaports, local air districts, and seaport tenants under the solicitation. The Harbor Department submitted a grant application to the CEC on behalf of Everport Terminal Services, Inc. (Everport) on January 26, 2017. On February 22, 2017, the CEC notified the Harbor Department that the application was selected and received a preliminary grant award offer in the amount of \$4,524,000. On May 10, 2017, CEC Commissioners approved the funding of the Project and instructed their staff to enter into agreement negotiations with the Harbor Department. In October 2017, the Harbor Department approved a Grant Agreement with the CEC and Subrecipient Agreement No. 17-3533 with Everport, BYD Motors Inc. (BYD), and Taylor Machine Works, Inc. (Taylor).

Port of Los Angeles' Everport Advanced Cargo Handling Demonstration Project – The Project, which began in October 2017, consists of three zero emission (ZE) battery electric BYD yard tractors and two ZE battery electric Taylor top handlers. The yard tractors are charged with an Electric Truck Smart Plug-In System utilizing a connection arm to receive its charge, and the top handlers are charged utilizing a conventional system. The development of the yard tractors and smart charging system were delayed due to the COVID-19 pandemic as factory shutdowns and stay at home orders affected the project team internationally and within the United States. The yard tractors and smart charging system will begin demonstration by the second quarter of 2022.

The ZE battery electric Taylor top handlers were delivered at the end of 2019 and put into operation in April 2020. The Project demonstration period for those units was completed in April 2021 and Everport continues to use the equipment.

Grant Agreement First Amendment – The First Amendment to the Grant Agreement was amended by the CEC to extend the term and modify the project schedule. The term was modified from December 31, 2020, to March 31, 2022. This amendment was approved by the Board on December 3, 2020.

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Grant Agreement Second Amendment – The Second Amendment to the Grant Agreement, if approved, will correct an administrative error made in the First Amendment that reduced the maximum agreement amount to \$3,600,000 (Transmittal 1). The maximum agreement amount will be corrected to reflect the original grant amount of \$4,524,000.

Grant Agreement Third Amendment – The Third Amendment to the Grant Agreement, if approved, will extend the term and modify the project schedule (Transmittal 2). The term has been extended from March 31, 2022, to March 31, 2023. The additional time is necessary to complete the Project due to delays caused by the COVID-19 pandemic. The California legislature extended liquidation dates of all grants due to the impacts of the COVID-19 pandemic.

Subrecipient Agreement Second Amendment – A Second Amendment to the Subrecipient Agreement No. 17-3533 between the Harbor Department, BYD, Everport, and Taylor will also be necessary in order to align its terms with the Grant Agreement. It will be presented to the Board for consideration under a separate Board item.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the Second and Third Amendments to a Grant Agreement to fund a demonstration project to develop and demonstrate five pieces of ZE cargo handling equipment, which is an administrative activity involving basic data collection, field testing, and research of City Departments which do not result in serious or major disturbances to an environmental resource. The approval of the amendments is considered an administrative activity, and the demonstration project involves data collection, field testing and research which would not result in a serious or major disturbance to an environmental resource.

Therefore, the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Second and Third Amendments to the Grant Agreement will correct an administrative error in the total grant funding amount identified in the First Amendment and extend the term of the Grant Agreement to March 31, 2023, respectively. There is no financial impact to the Harbor Department associated with this action. The Harbor Department applied for the grant on behalf of Everport and functions as the grant

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administrator and passes the funds to BYD and Taylor upon milestone completion. No funds will be passed to Everport. Additionally, Everport pays for the electricity costs associated with charging the ZE equipment. The Harbor Department’s financial responsibility continues to be \$2,000,000 for the development of electrical infrastructure and is budgeted in Capital Improvement Program Work Order 25453 – B. 226-236 Advanced Cargo Handling Demonstration.

The table below summarizes the costs and funds for the overall grant project.

Project Partner	Vehicle Type	# Units	CEC Funds	Cost Share	TOTAL
BYD	Yard Tractor	3	\$870,000	\$189,403	\$1,059,403
Taylor	Top Handler	2	\$3,654,000	\$121,500	\$3,775,500
Everport			0	\$856,000	\$856,000
Harbor Department			0	\$2,000,000	\$2,000,000
TOTAL			\$4,524,000	\$3,166,903	\$7,690,903

Of the \$4,524,000 in grant funding, \$3,654,000 has been disbursed to subrecipients. The remaining amount of \$870,000 is expected to be distributed as follows:

FY2021/22	\$ 783,000
FY2022/23	\$ 87,000
TOTAL	\$ 870,000

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved as to form and legality the Second and Third Amendments to Agreement No. 17-3532.

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TRANSMITTALS:

1. Second Amendment to Grant Agreement No. 17-3532 with the California Energy Commission
2. Third Amendment to Grant Agreement No. 17-3532 with the California Energy Commission

FIS Approval: MB
CA Approval: SO



CHRISTOPHER CANNON
Director of Environmental Management

Michael DiBernardo

MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director

CC: LW:TD:TGP
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FILE: Y:\ADMIN\BOARD REPORTS\AIR QUALITY\GRANTS\CEC - SUST FREIGHT TRANS PROJECTS 2016 GRANT (Taylor and BYD)\2021 SECOND & THIRD AMENDMENTS\Environmental_CEC 2 & 3 Amendments_Board Report - FINAL.docx
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