



DATE: AUGUST 26, 2014

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF A COOPERATIVE AGREEMENT WITH THE ENVIRONMENTAL PROTECTION AGENCY AND GRANT AGREEMENTS WITH S.A. RECYCLING LLC, AND APM TERMINALS PACIFIC LTD. PURSUANT TO THE 2013 DIESEL EMISSIONS REDUCTION ACT FUNDING OPPORTUNITY

SUMMARY:

On January 23, 2014, the Los Angeles Board of Harbor Commissioners (Board) authorized staff to submit a proposal for grant funding pursuant to the Environmental Protection Agency's 2013 Diesel Emissions Reduction Act (DERA) Funding Opportunity - Projects to Improve Air Quality at Ports. The City of Los Angeles Harbor Department's (Harbor Department) application for the "Port of Los Angeles Cargo Handling Equipment Retrofit Project" (Project) was selected for funding by the United States Environmental Protection Agency (EPA), which administers the DERA Assistance Program. The application requested \$469,000 to assist two Port of Los Angeles (Port) tenants in funding 14 equipment retrofit projects. The Harbor Department was awarded the full funding request of \$469,000, which covers 100% of the Project at no cost to the Harbor Department. In order to authorize the Harbor Department to administer the award, the Board is requested to (1) approve and accept the Cooperative Agreement with the EPA and (2) approve subrecipient Grant Agreements with two subgrantees, S.A. Recycling LLC (S.A. Recycling) and APM Terminals Pacific Ltd. (APM Terminals).

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve and accept the Cooperative Agreement between the United States Environmental Protection Agency and the City of Los Angeles Harbor Department;
2. Approve the subrecipient Grant Agreement between the City of Los Angeles Harbor Department and S.A. Recycling LLC to retrofit 13 pieces of cargo handling equipment using funds awarded under the 2013 Diesel Emissions Reduction Act Funding Opportunity - Projects to Improve Air Quality at Ports;

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3. Approve the subrecipient Grant Agreement between the City of Los Angeles Harbor Department and APM Terminals Pacific Ltd. to retrofit one piece of cargo handling equipment using funds awarded under the 2013 Diesel Emissions Reduction Act Funding Opportunity - Projects to Improve Air Quality at Ports;
4. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreements for and on behalf of the Board; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – The Diesel Emissions Reduction Act of 2010, 42 U.S.C. 16131 *et seq.* (DERA), authorizes the EPA to offer funding assistance to eligible entities on a competitive basis for projects that reduce emissions from existing diesel engines. According to the EPA, priority for funding is given to projects that will:

- (1) Maximize public health benefits
- (2) Reduce emissions in areas of poor air quality
- (3) Use a multi-stakeholder collaborative process

Fiscal Year (FY) 2008 was the inaugural year for the DERA program, and since then the EPA has awarded funds for over 500 projects to reduce diesel emissions nationwide. Under the “Projects to Improve Air Quality at Ports 2013 DERA Funding Opportunity” approximately \$4,000,000 was available nationwide for projects that would reduce diesel emissions at ports, with a maximum per project award of \$2,000,000.

Port of Los Angeles Call for Projects - On December 17 and 18, 2013, the Harbor Department released a Call for Projects to Port tenants inviting them to submit projects that could be included in the Harbor Department’s Project proposal. S.A. Recycling and APM Terminals submitted eligible retrofit projects. The Harbor Department prepared a proposal including both tenants’ projects, requesting \$469,000 to fund both projects.

Funding Award - On March 26, 2014, the EPA announced that the Harbor Department Project was awarded funding. The Project includes Level 3 diesel particulate filter (dpf) retrofits of one top handler, seven material handlers, two loaders, one dozer and three haul trucks (Transmittal 1). The total cost of the Project is \$469,000. This amount includes \$9,000 for the Harbor Department in order to offset costs incurred by the Harbor Department to administer the Project. Harbor Department Project administration

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costs can be attributed mainly to the time that one Environmental Specialist III will spend on grant coordination activities.

These retrofit projects will result in the reduction of 11.5 tons of particulate matter emissions, 29 tons of hydrocarbon emissions and 62 tons of carbon monoxide emissions per year.

Cooperative Agreement - A Cooperative Agreement was received from the EPA on April 3, 2014 (Transmittal 2) which includes the terms, conditions, and requirements of accepting the EPA grant award. Acceptance of this grant commits the Harbor Department to act as grant administrator on behalf of the EPA for two projects; the retrofit of 13 pieces of cargo handling equipment at S.A. Recycling, totaling \$425,000, and the retrofit of one piece of cargo handling equipment at APM Terminals, totaling \$35,000. The Harbor Department will receive \$460,000 for these retrofit projects. The remaining balance of \$9,000 will go to the Harbor Department to offset costs to administer the grant award, resulting in a total of award amount of \$469,000.

Subrecipient Grant Agreements - Subrecipient Grant Agreements between the Harbor Department and S.A. Recycling and APM Terminals (Transmittals 3 and 4), include the same terms and conditions as detailed in the EPA Cooperative Agreement, as well as standard Harbor Department contract terms. S.A. Recycling, APM Terminals, and the Harbor Department will work collaboratively to ensure that all grant conditions and schedules are met in accordance with the Agreements.

ENVIRONMENTAL ASSESSMENT:

The proposed action is comprised of three Agreements: 1) a Cooperative Agreement between the Harbor Department and the EPA that covers administrative functions relating to receiving funds under the DERA Funding Opportunity, 2) a Grant Agreement between the Harbor Department and S.A. Recycling that covers the conditions and requirements of the grant Project, and 3) a Grant Agreement between the Harbor Department and APM Terminals that covers the conditions and requirements of the grant Project.

Under the Grant Agreements, the subrecipients will use DERA funding to retrofit existing diesel equipment to achieve emission reductions. Therefore, as an administrative activity related to the rehabilitation of mechanical equipment to meet current standards of environmental protection, the Director of Environmental Management has determined that the proposed action is exempt from the requirements

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of the California Environmental Quality Act (CEQA) under Article II Section 2 (f) and Article III Section 1 (4) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The Harbor Department will receive \$469,000 in grant funding for the retrofit of 13 pieces of cargo handling equipment at S.A. Recycling, totaling \$425,000, and the retrofit of one piece of cargo handling equipment at APM Terminals, totaling \$35,000. The remaining balance of \$9,000 is reserved to offset Harbor Department costs to administer the grant, such as coordination with grant subrecipients to assure compliance with grant conditions and schedules, as well as satisfying any DERA reporting requirements. There is no cost share required on the part of the Harbor Department or the tenants and any costs in excess of the awarded grant amounts will be the responsibility of the tenants. Operating and maintenance costs subsequent to Project completion will be borne by the tenants.

ECONOMIC BENEFITS:

The Project associated with the proposed Resolution will support one direct and two secondary one-year equivalent jobs for the five-county region.

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CITY ATTORNEY:



The Office of the City Attorney has reviewed and approved the proposed Cooperative Agreement and Grant Agreements as to form and legality.

TRANSMITTALS:

- 1. Project List
- 2. Cooperative Agreement with the U.S. Environmental Protection Agency
- 3. Grant Agreement with S.A. Recycling LLC
- 4. Grant Agreement with APM Terminals Pacific Ltd.



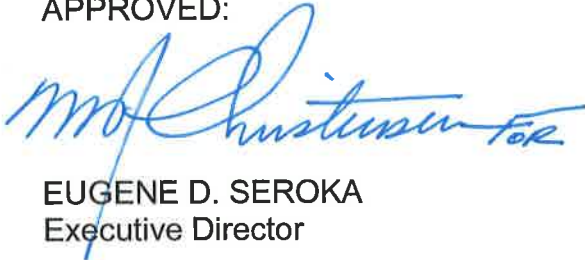
CHRISTOPHER CANNON
Director of Environmental Management

FIS Approval:  (initials)
CA Approval:  (initials)



MICHAEL R. CHRISTENSEN, P.E.
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

AUTHOR: TERESA PISANO
BOARD MEETING: 9/4/2014

FILE: G:_ADMIN_BOARD REPORTS_AIR QUALITY\DERA GRANT FUNDING APPLICATION REQUEST\FY2014\GRANT AGREEMENT\ENV_DERA GRANT - FINAL.docx
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