

DATE: NOVEMBER 20, 2023

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF A COST SHARE AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND THE PORT OF LONG BEACH TO FUND A TECHNOLOGY ADVANCEMENT PROGRAM PROJECT WITH PACIFIC HARBOR LINE, INC.

SUMMARY:

Staff requests approval of the proposed Cost Share Agreement between the City of Los Angeles Harbor Department (Harbor Department) and the Port of Long Beach (POLB) to fund a Clean Air Action Plan (CAAP) Technology Advancement Program (TAP) project with Pacific Harbor Line, Inc. (PHL) to design and demonstrate battery-electric locomotive (BEL) charging infrastructure for the "EMDX 50" zero-emission (ZE) switcher locomotive Project (Project). The total cost of the Project is \$4,751,904. TAP funding in the amount of \$845,390 will be split equally between the Harbor Department and POLB. The PHL project team will pay the remaining amount. As lead agency, POLB has already entered into an agreement with PHL to implement the Project. If the proposed Agreement is approved, then the Harbor Department would be financially responsible for \$422,695, or 50% of the TAP cost share of the Project.

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 of the Los Angeles City CEQA Guidelines;
2. Approve the Cost Share Agreement between the City of Los Angeles Harbor Department and the Port of Long Beach for the reimbursement of \$422,695;
3. Authorize the Executive Director to execute and Board Secretary to attest to said agreement for and on behalf of the Board of Harbor Commissioners; and
4. Adopt Resolution No. _____.

DATE: NOVEMBER 20, 2023

PAGE 2 OF 4

SUBJECT: TECHNOLOGY ADVANCEMENT PROGRAM PROJECT WITH PACIFIC HARBOR LINE

DISCUSSION:

Background/Context – On November 20, 2006, during a joint meeting between the Los Angeles and Long Beach Boards of Harbor Commissioners, the 2006 San Pedro Bay Ports CAAP was adopted. A significant initiative of the CAAP is the TAP, which is the catalyst for identifying, evaluating, and demonstrating new and emerging emissions reduction technologies applicable to the port industry that could be utilized in future updates to the CAAP as new control measures, alternatives to existing measures, or as additional mitigation options for new projects. A CAAP TAP Advisory Committee comprised of the United States Environmental Protection Agency, California Air Resources Board, the California Energy Commission, and the South Coast Air Quality Management District, along with the Harbor Department and POLB, meets regularly to review and recommend projects for funding.

Project Description – PHL and project partners Progress Rail, a subsidiary of Caterpillar, Inc., and Dynaletric have collaborated to design and demonstrate a ZE switcher BEL and its associated charging infrastructure at PHL railyard located in the Port of Los Angeles. The ZE BEL will be powered by onboard batteries, will utilize six alternating current traction motors producing 2.4 megawatt-hours, and will plug into the enhanced grid charging infrastructure at PHL's facility. The TAP funding provided by the Harbor Department and POLB will pay for the completion and demonstration of the charging infrastructure. The designed system is intended to deliver a full charge within four hours, which could provide enough energy for the BEL to effectively substitute for a standard diesel-electric switcher.

Key project milestones include charging system infrastructure design and manufacture; delivery, assembly, and system integration; testing, development and permitting; charging infrastructure testing and commissioning; in use demonstration; and issuing a final report. The project will evaluate the performance of the BEL and charging system, as well as collect data on battery performance.

Cost Share – In June 2007, the Harbor Department and POLB executed the CAAP Master Cost Share Agreement No. 2546 (Transmittal 1) to establish a cost sharing arrangement for TAP projects. In accordance with the provisions of this Master Cost Share Agreement, the Project Cost Share Agreement between the Harbor Department and POLB is being submitted for approval (Transmittal 2).

The total cost of the Project will be \$4,751,904. The total amount of the TAP award is \$845,390, shared equally by the Harbor Department and POLB, or \$422,695 for each Port. PHL and their project team will pay the remaining costs. POLB has already entered into an agreement directly with PHL and assumes all Project and contract management responsibilities. As milestones are completed, POLB will pay PHL directly and submit invoices to the Harbor Department for reimbursement of one-half the amount paid by

DATE: NOVEMBER 20, 2023

PAGE 3 OF 4

SUBJECT: TECHNOLOGY ADVANCEMENT PROGRAM PROJECT WITH PACIFIC HARBOR LINE

POLB. The POLB contract with PHL expires on December 31, 2024 and the cost share has no term.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Cost Share Agreement between the Harbor Department and POLB to fund a CAAP TAP project with PHL to design and demonstrate battery-electric locomotive charging infrastructure for the Project, which is an administrative activity and basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious major disturbance to an environmental resource. Therefore, 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 of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The proposed action is to approve a Cost Share Agreement with POLB for funding the PHL BEL Zero Emission Switcher Locomotive Project. POLB is the lead agency and is responsible for implementing the Project. The total cost of the project is \$4,751,904 and TAP funding in the amount of \$845,390 will be split equally between the Harbor Department and POLB. The Harbor Department will reimburse POLB \$422,695 (50%) of the total TAP funding. It is anticipated that funds will be expended as follows:

FY 2023/24	\$ 246,000
FY 2024/25	\$ 176,695
TOTAL	\$ 422,695

Funds in the current fiscal year are available in Account 59965 (Customer Environmental Subsidies & Incentives), Center 0330 (Environmental), Program 000 (Base Budget). Future Fiscal Year funds will be requested to be budgeted as part of the annual budget adoption process.

The Harbor Department's financial obligations for future fiscal years are contingent upon Board appropriation of funds. If any subsequent fiscal year funds are not appropriated by the Board for the work required by the cost share agreement, the agreement would be terminated. However, such termination shall not relieve the parties of liability for any obligations previously incurred.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the proposed agreement as to form and legality.

DATE: NOVEMBER 20, 2023

PAGE 4 OF 4

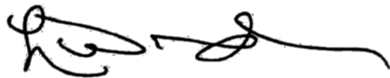
SUBJECT: TECHNOLOGY ADVANCEMENT PROGRAM PROJECT WITH PACIFIC HARBOR LINE

TRANSMITTALS:

1. Master Cost Share Agreement with the Port of Long Beach
2. PHL ZE Switcher Locomotive Project Cost Share Agreement with the Port of Long Beach

FIS Approval: MB

CA Approval: SO



LISA WUNDER
Acting Director of Environmental Management

Michael DiBernardo

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Deputy Executive Director

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
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FILE: Y:_ADMIN_BOARD REPORTS_AIR QUALITY\TAP\POLB - PHL\Environmental_TAP Cost Share PHL_Board Report - FINAL.docx
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