



**THE PORT  
OF LOS ANGELES**

Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: MAY 13, 2024**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF THE THIRD AMENDMENT TO GRANT AGREEMENT NO. 19-3666 WITH THE CALIFORNIA ENERGY COMMISSION FOR THE ADVANCED INFRASTRUCTURE DEMONSTRATION PROJECT**

**SUMMARY:**

Staff requests approval of the Third Amendment to California Energy Commission (CEC) Grant Agreement No. 19-3666 (Agreement) for the Port of Los Angeles Advanced Infrastructure Demonstration Project (Project). This Third Amendment will modify the Special Terms and Conditions (T&C) attachment, allow for early release of retention funds held by the CEC, and extend the term of the Agreement until June 30, 2026. The extension request is due to external supply chain delays which impacted on the timeline. All other terms and conditions of the Agreement, including the CEC grant amount of \$7,842,270, remain the same.

The City of Los Angeles Harbor Department (Harbor Department) will be financially responsible for payment of Project costs estimated to be \$11,349,155. However, after applying proceeds from the \$7,842,270 CEC grant as well as \$3,114,385 in other third party funding, staff anticipates the Harbor Department will ultimately be financially responsible for \$392,500 in Project costs.

**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 exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the Third Amendment to Agreement No. 19-3666 between the City of Los Angeles Harbor Department and the California Energy Commission for the Port of Los Angeles' Advanced Infrastructure Demonstration Project;

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3. Authorize the Executive Director to execute and the Board Secretary to attest to said Third Amendment to Grant Agreement No. 19-3666 with the California Energy Commission for and on behalf of the Board; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – On February 23, 2018, the Harbor Department submitted a grant proposal to the CEC under the Alternative and Renewable Fuel Vehicle Technology Program (ARFVTP). The Harbor Department applied for the grant on behalf of West Basin Container Terminal (WBCT), who developed the Project to provide the infrastructure required to support 10 battery-electric yard tractors that will be purchased under the U.S. Environmental Protection Agency’s (EPA) Targeted Air Shed Grant (TASG). On April 6, 2018, the CEC offered the Harbor Department a preliminary grant award in the amount of \$7,842,270 to fund the Project. On June 20, 2019, the Harbor Department approved Agreement No. 19-3666 with the CEC. A Subrecipient Agreement No. 20-3723, with WBCT and Wireless Advanced Vehicle Electrification, LLC. (WAVE) was approved on February 6, 2020. On March 10, 2022, the Harbor Department approved the First Amendment to Agreement No. 19-3666 to modify the project schedule, update the budget table, change the subrecipient and supplier of the battery storage system, move infrastructure construction in-house, and extend the term of the agreement until March 31, 2024. The approved First Amendment also added the Special Terms and Conditions attachment to the agreement, detailing specific deadlines associated with the amendment. On April 27, 2023, the Harbor Department approved the Second Amendment to Agreement No. 19-3666, which was a no-cost term extension through June 30, 2025.

Port of Los Angeles Advanced Infrastructure Demonstration Project – The Project, which began in July 2019, consists of an advanced inductive charging system to support 10 battery-electric yard tractors that will be operated at WBCT under the CEC grant. Twelve inductive charging stations will be installed at WBCT: 10 stations at the equipment corral lanes where WBCT currently parks their yard tractors when off-duty, and two additional stations at a central break facility as an opportunity charging location. The yard tractors are partially funded by a separate TASG grant from the EPA. Development of the yard tractors and wireless charging systems 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 and affected availability of materials and project components. Manufacturing and supply chain challenges persisted through 2023 and into the First Quarter of 2024, further delaying gear needed to energize the infrastructure.

The Project is divided into two phases. Phase 1, construction of two charging stations at the central break facility, was successfully commissioned the week of April 11, 2022. Two-yard tractors were commissioned and began demonstration on June 16, 2022. Phase 2

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is the construction of 10 additional charging stations supported by a large battery storage system to reduce overall power demand from the grid. Due to manufacturing delays with the battery storage system and associated gear needed to energize the charging system, Construction & Maintenance closed Phase 2 during the First Quarter of 2023 and resumed construction later in the Fourth Quarter of 2023. Phase 2 infrastructure and the remaining yard tractors are targeted for commissioning later in the Second Quarter of 2024.

Grant Agreement Third Amendment – The proposed Third Amendment to the Agreement No. 19-3666 will extend the term of the Amendment until June 30, 2026 (Transmittal 1). This is a no-cost term extension of CEC Agreement No. 19-3666 (CEC No. ARV-17-049).

Subrecipient Agreement Second Amendment – An amendment to Subrecipient Agreement No. 20-3723 between the Harbor Department, WBCT, and WAVE will also be necessary to align its terms with the Agreement. It is concurrently presented to the Board for consideration.

#### **ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of the Third Amendment to the Harbor Department's Grant Agreement with CEC to modify the release of retention funds and extend the term of the Agreement, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

#### **FINANCIAL IMPACT:**

Approval of the proposed Amendment to the Grant Agreement will modify the Special Terms and Conditions (T&C) attachment, allow for early release of retention funds held by the CEC, and extend the term of the Grant Agreement to June 30, 2026. Since the Harbor Department applied for the grant on behalf of WBCT and functions as the grant administrator, it will pass a total of \$2,843,420 in funds to WAVE upon milestone completion. The remaining grant balance of \$4,998,850 will be collected by the Harbor Department to offset its cost for infrastructure development. WBCT will continue to be responsible for the electricity costs associated with charging the zero-emission equipment but will not receive any CEC grant funds.

Project Match Funds totaling \$3,549,152 were submitted to the CEC, which exceeds the commitment amount of \$3,506,885. The CEC will release remaining Reimbursable Funds totaling \$1,479,471 by June 30, 2024. Of those funds, \$1,203,587 will be retained by the Harbor Department and \$275,884 will be passed through to WAVE. The Harbor Department's financial responsibility for infrastructure development is budgeted in Capital

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Improvement Program Work Order 25576 – B. 100 West Basin Container Terminal (WBCT) - Advanced Infrastructure Demonstration.

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

<b>Participants</b>	<b>CEC Funds</b>	<b>TASG Funds *</b>	<b>Match Funds</b>	<b>TOTAL</b>
WAVE	\$2,843,420		\$126,885	<b>\$2,970,305</b>
WBCT *		\$1,787,500	\$1,200,000	<b>\$2,987,500</b>
Harbor Department	\$4,998,850		** \$392,500	<b>\$5,391,350</b>
<b>TOTAL</b>	<b>\$7,842,270</b>	<b>\$1,787,500</b>	<b>\$1,719,385</b>	<b>\$11,349,155</b>

\* EPA's TASG funding is considered Match Funds by the CEC and includes cost-share from the SCAQMD for support of that grant.

\*\* This total represents \$312,500 to support the TASG plus an estimated \$80,000 in Harbor Department staff time.

CEC funds are expected to be disbursed as follows:

FY2022/23	\$ 6,362,799
FY2023/24	<u>\$ 1,479,471</u>
<b>TOTAL</b>	<b>\$ 7,842,270</b>

**CITY ATTORNEY:**

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

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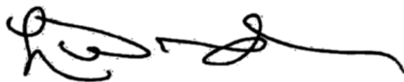
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**TRANSMITTAL:**

1. Third Amendment to Grant Agreement No. 19-3666 with the California Energy Commission

FIS Approval: JS  
CA Approval: SO



LISA WUNDER  
Acting Director of Environmental Management

*Michael DiBernardo*

MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:

*Erica M. Calhoun* for

EUGENE D. SEROKA  
Executive Director

LW:TGP:JG:LH  
AUTHOR: L. Hunter

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UPDATED: 05/13/2024 1:34pm - MRX