

**DATE: APRIL 29, 2025**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF A MEMORANDUM OF UNDERSTANDING WITH THE CITY OF LONG BEACH FOR THE CALIFORNIA AIR RESOURCES BOARD LOS ANGELES MARINE EMISSION REDUCTION PROJECT**

**SUMMARY:**

Staff requests approval of the proposed Memorandum of Understanding (MOU) between the City of Los Angeles Harbor Department (Harbor Department) and the City of Long Beach to provide support for the Los Angeles Marine Emission Reduction (LA MER) Project (Project). The Harbor Department was awarded the California Air Resources Board (CARB) Fiscal Year (FY) 2021/22 and 2022/23 Advanced Technology Demonstration and Pilot Projects Grant to implement the Project, which includes Catalina Channel Express (CCE) deploying a passenger ferry with Tier 4 engines and a diesel particulate filter (DPF) as available, and Harbor Breeze Corp. (HBC) deploying two zero-emission (ZE) capable excursion boats.

Grant Agreement No. 25-10082-RC with CARB, Subrecipient Agreements with CCE and HBC, as well as the Harbor Department's financial obligation under the grant were presented and approved by the Board of Harbor Commissioners (Board) on January 16, 2025. The Harbor Department will be responsible for managing the Project and overseeing the proposed MOU, which obligates the City of Long Beach to contribute \$340,000 in funding and in-kind services to support the Project.

**RECOMMENDATION:**

It is recommended that the 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 Memorandum of Understanding between the City of Los Angeles Harbor Department and the City of Long Beach, for the LA MER Demonstration Project;

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3. Authorize the Executive Director to execute and the Board Secretary to attest to said Memorandum of Understanding for and on behalf of the Board; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – On November 19, 2021, CARB approved \$40 million for the Advanced Technology Demonstration and Pilot program allocated under the FY 2021/22 Funding Plan for Clean Transportation Incentives (Funding Plan). On November 17, 2022, CARB approved an additional \$135 million allocated under the FY 2022/23 Funding Plan. These two funding allocations, in addition to \$50 million in funding from the California Energy Commission to support infrastructure, were combined under one grant solicitation. In October 2023, the Harbor Department applied for the grant on behalf of CCE and HBC for the LA MER Project .

On March 7, 2024, CARB notified the Harbor Department that the proposed Project was selected and had received a preliminary grant award offer in the amount of \$30,980,376. The Grant Agreement with CARB and the Subrecipient Agreements with CCE and HBC were approved by the Board on January 16, 2025. The Harbor Department’s cost share of \$650,000 in matching funds and in-kind services, including data collection and analysis, a Next Generation Harbor Craft Technology Assessment, and sponsored tours, was presented to the Board as part of the January 2025 action.

LA MER Project – The Harbor Department, with partners CCE, HBC, and the City of Long Beach, is undertaking the LA MER Project to reduce emissions for disadvantaged communities while advancing the understanding of cutting-edge harbor-craft technologies for the future. This multi-faceted Project will demonstrate two different emission-reduction technologies in different vessel types across many duty cycles. Additionally, the Harbor Department will work with the City of Long Beach, harbor craft operators, regulators, engine manufacturers, technology developers, and the United States Coast Guard to evaluate next-generation technologies that could be feasible for tugboats, ferries, and pilot vessels operating in the San Pedro Bay.

The Project also includes a robust workforce plan, training harbor-craft workers in new engine technologies and advanced battery-electric solutions while supporting recruitment programs that draw from the local, underserved community. The LA MER Project balances the need to reduce near term air-quality and health-risk impacts on adjacent disadvantaged communities with the long-term goal of carbon-neutral, zero-emission harbor vessels. Emission benefits include an estimated 1,503 metric tons reduction of carbon-dioxide equivalent (CO<sub>2e</sub>) emissions and 113 weighted tons of criteria and toxic emissions per year.

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Next Generation Harbor Craft Technology Evaluation – Alongside the advanced harbor craft deployments, this project will also develop a report to evaluate the commercial status of emission-reduction technologies, assess the feasibility of marinizing DPFs, request information from engine manufacturers on future low-carbon fuels and technologies, identify infrastructure gaps for ZE harbor craft, and understand workforce development needs specific to tugs, ferries, and pilot boats operating in the San Pedro Bay. Staff will develop the report with the support of currently retained consultants under existing As-Needed Air Quality Support Services.

This effort is important in the planning for ZE harbor craft operations at the San Pedro Bay Ports. Understanding the current technological capabilities and future development trajectory of the harbor craft market will assist the Harbor Department in future infrastructure developments that will be needed to support cleaner harbor craft operations. Most commercial harbor craft operators in the San Pedro Bay work in both ports. Collaboration with the Port of Long Beach will enable this report to cover the needs and expectations of the fleet of harbor craft servicing the port complex.

The Next Generation Harbor Craft Technology Evaluation will be equally funded by the Harbor Department and the City of Long Beach, with each entity committing to \$250,000 for a total of \$500,000. Additionally, the Harbor Department and the City of Long Beach each committed to \$90,000 for in-kind services to each host 50 harbor tours onboard the HBC vessels during the demonstration period for a total of \$180,000.

MOU - The City of Long Beach has committed to contributing \$340,000 to support the Project – \$250,000 for the Next Generation Harbor Craft Technology Evaluation, as well as \$90,000 in in-kind services to host 50 harbor tours onboard the HBC vessels during the demonstration period. Staff requests approval of the proposed MOU (Transmittal 1) with the City of Long Beach for \$340,000 to cover their contribution to support the Project.

#### **ENVIRONMENTAL ASSESSMENT:**

The proposed action is to accept and approve the MOU with the City of Long Beach for the LA MER Project, which is an administrative activity involving data gathering and research. 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 of the Los Angeles City CEQA Guidelines.

#### **FINANCIAL IMPACT:**

Approval of the proposed action will authorize the Harbor Department to enter into an MOU with the City of Long Beach to obligate the City of Long Beach to contribute to the LA MER Project as follows:

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<b>TASK</b>	<b>PROJECT PARTICIPANT</b>	<b>MATCH FUNDING</b>
Next Generation Harbor Craft Technology Evaluation	City of Long Beach	\$ 250,000
Harbor Tours (50)	City of Long Beach	\$ 90,000
	<b>TOTAL:</b>	<b>\$ 340,000</b>

Through the MOU, the City of Long Beach will reimburse the Harbor Department \$250,000 for the data collection and technology evaluation and will provide \$90,000 in in-kind services by hosting boat tours to showcase the new technologies.

It is anticipated that the City of Long Beach will reimburse the Harbor Department and provide the in-kind services in FY 2026/27.

**CITY ATTORNEY:**

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

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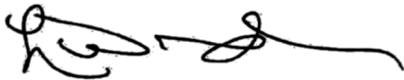
SUBJECT: CARB MEMORANDUM OF UNDERSTANDING FOR LA MER PROJECT

**TRANSMITTALS:**

1. City of Long Beach Memorandum of Understanding

FIS Approval: JS (initials)

CA Approval: SO (initials)



LISA WUNDER  
Acting Director of Environmental Management



MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:

*Erica M. Calhoun* for

EUGENE D. SEROKA  
Executive Director

LW; TP: JG  
AUTHOR: L.HUNTER

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