



THE PORT  
OF LOS ANGELES  
Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: SEPTEMBER 20, 2018**

**FROM: ENGINEERING**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF LOS ANGELES DEPARTMENT OF WATER AND POWER AND THE LOS ANGELES HARBOR DEPARTMENT FUND ELECTRIFICATION PROJECTS**

**SUMMARY:**

Staff recommends approval of the Memorandum of Understanding (MOU) between the Los Angeles Department of Water and Power (LADWP) and the Los Angeles Harbor Department (LAHD) to develop and support zero carbon fuel emission mobile sources by funding transportation electrification projects in the Harbor District that are consistent with the San Pedro Bay Ports' Clean Air Action Plan (CAAP) and support the statewide vision for more sustainable freight movement. The MOU's goal is to fund and create projects with methods that create documentable reductions in air emissions.

The MOU will become effective (Effective Date) upon full execution by both parties and shall remain in effect for five years after the Effective Date. LADWP will, at its discretion, provide transportation electrification program funding to LAHD in an aggregate amount up to \$15 million over five years. LAHD will submit to LADWP an Annual Work Plan each fiscal year that will describe the transportation electrification projects to be performed, including corresponding project schedules and milestones. LADWP will provide funding upon written approval of the Annual Work Plan and subject to LADWP budgeting and funding from sale of emission credits and/or other funding sources that may become available. Approval of the funding MOU does not approve any specific electrification projects, which will come to the Board as they are developed. Project costs not funded by the LADWP under the MOU are the responsibility of the Harbor Department.

The Board of the Los Angeles Department of Water and Power (LADWP) approved the MOU on June 12, 2018. City Council approval is not required.

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**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 generally exempt from the requirements of the California Environmental Quality Act (CEQA) under Sections 15060(c)(3) and 15378(b)(4) of the State CEQA Guidelines;
2. Approve the Memorandum of Understanding between the Los Angeles Department of Water and Power (LADWP) and the Los Angeles Harbor Department (LAHD) to fund transportation electrification projects in the Harbor District;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the MOU for and on behalf of the Board;
4. Authorize the Executive Director to implement the terms of the MOU on behalf of the Board, including submitting to LADWP the Annual Work Plan and all required reports; and
5. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background - In 2006, the ports of Long Beach and Los Angeles (Ports) created and approved the San Pedro Bay Ports Clean Air Action plan (CAAP), a groundbreaking strategy for dramatically reducing air pollution emissions from freight movement in and around the Ports. The CAAP addresses various sources of waterborne freight movement such as drayage trucks, ships, rail, cargo handling equipment and harbor craft, and was updated in 2010. In November 2017, the Ports approved the CAAP 2017 Update, which provides new strategies and emission (including GHG) reduction targets, setting the Ports firmly on the path toward zero-emissions freight movement. The CAAP 2017 Update strategies include GHG reduction targets and goals to transition to zero-emission trucks by 2035 and zero-emission marine terminal equipment by 2030 or as they become feasible. The proposed MOU provides the opportunity for LAHD and LADWP to work together for mutual benefit to each agency to meet their sustainability goals.

LADWP has voluntarily opted into the California Air Resources Board's (CARB) Low Carbon Fuel Standards (LCFS) program that supplies credits to members that have reduced their carbon intensity by switching to carbon alternative fuel products or taking steps to promote the use of carbon alternative fuel products.

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LADWP is also a covered entity under CARB's Cap-and-Trade Program, a key state strategy to reduce greenhouse gas (GHG) emissions and meet state GHG emission targets. Since the program is market-based, entities can purchase and sell California Carbon Allowances (CCAs).

LADWP will be using the proceeds from the sale of CARB LCFS credits and CCAs to fund LAHD's transportation electrification projects. The funding of such projects will be in compliance with CARB requirements with respect to the use of LCFS credits and CCA proceeds.

LADWP's funding of LAHD's transportation electrification projects allows LADWP to contribute to the CAAP goals and participate in CARB's LCFS and Cap-and-Trade programs. The anticipated benefits include reduced amounts of GHG, particulate and nitrogen oxide emissions for improved air quality, reduced health risk of residents in the Harbor District, and savings from reduced fuel costs. LADWP will also be able to claim LCFS credits by funding LAHD's transportation electrification projects.

LADWP and LAHD have not previously entered into an agreement of this type.

Proposed MOU – The purpose of the MOU is for LADWP to develop and support zero-emissions mobile sources by providing funding in an aggregate amount up to \$15-million over five years for transportation electrification projects at LAHD. LAHD will use the funding to help reduce air emissions consistent with LAHD's CAAP and support the statewide vision for more sustainable freight movement.

Activities for which funding under this MOU may be used include electrical infrastructure installed at LAHD for the following:

- Dredging equipment
- Cargo handling equipment
- Ships and harbor craft docked at berth
- Rail services
- On-road and off-road truck and vehicles supporting activities on LAHD property

LAHD will submit to LADWP an Annual Work Plan for each fiscal year that describes the projects, work to be performed, project schedules and milestones, estimates of emission savings, and the cost estimates to be funded by the MOU in the respective fiscal year. LADWP shall initiate a transfer of funds each year in the amount set forth in the Annual Work Plan at the beginning of the fiscal year. All LADWP funds provided under this MOU shall only be used to fund projects in the Annual Work Plans approved by LADWP.

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LADWP funding will be made available through and subject to the annual LADWP budgeting process using proceeds from the sale of emission credits through CARB's LCFS and GHG Cap-and-Trade Programs and/or other funding sources that may become available. LADWP is not directly required to comply with the LCFS rule but voluntarily opted into the program to generate LCFS credits and, through the sale of the credits, generate proceeds, which may be used under the MOU to benefit EV transportation. Proceeds from selling excess carbon allowances in the Cap-and-Trade Regulation can also be used for projects that reduce GHG emissions.

The Board of Water and Power Commissioners approved and adopted the MOU on June 12, 2018.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is a MOU between LADWP and LAHD to fund transportation electrification projects in the Harbor District. As such, the Director of Environmental Management has determined that the proposed action is generally exempt from the requirements of the California Environmental Quality Act (CEQA) under Sections 15060(c)(3) and 15378(b)(4) of the State CEQA Guidelines.

**FINANCIAL IMPACT:**

Approval of the MOU is an administrative action that would allow the Harbor Department to access funding for future projects which are consistent with the specifications contained within the MOU. This Board action does not authorize any expenditures related to future projects associated with the MOU nor does it commit the Harbor Department to complete future projects associated with the MOU. Award of any capital contracts related to future projects associated with the MOU would require Board approval under separate future actions.

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CITY ATTORNEY:

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

TRANSMITTAL:

1. MOU between LADWP and LAHD to fund transportation electrification projects

CA Approval: MC  
FIS Approval: MB



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APPROVED:



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