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RESOLUTION NO. _____

A Resolution of the Board of Harbor Commissioners of the City of Los Angeles (Board), approving the 2021 Clean Truck Fund (CTF) Rate Development Roadmap (CTF Rate Development Roadmap Resolution).

FINDINGS

The Board makes the following findings:

Clean Air Action Plan and the Clean Trucks Program

1. The San Pedro Bay Ports Clean Air Action Plan (“CAAP”) is a landmark environmental program adopted by the Board for the Port of Los Angeles (POLA), working jointly with the Port of Long Beach (POLB) (each a Port and collectively Ports). The original 2006 CAAP planned voluntary measures to reduce emissions from maritime freight operations at the Ports (ocean-going vessels, trains, trucks, cargo handling equipment and harbor craft) and was updated in 2010 and 2017. The Final 2017 CAAP Update (“2017 CAAP Update”), adopted by the Ports’ Boards on November 2, 2017, set a goal to transition drayage trucks operating at the Ports to zero-emission trucks by 2035.

2. One of the most successful emissions reduction strategies contained in the CAAP was the Clean Truck Program (“CTP”), which helped to incentivize the trucking industry to replace the existing fleet of trucks that provided drayage services at the Ports with cleaner trucks. Since 2008, the Ports helped the industry transition towards compliance with State laws regulating drayage trucks, by advancing phased early adoption at the Ports. The Ports also provided incentives to trucking companies to replace their older trucks with cleaner trucks, funded in part by a truck fee from 2009-2011 on loaded cargo carried by any drayage truck that did not meet the 2007 EPA compliance standard, which was adopted as an in-use requirement for statewide Port trucks under State law effective in 2014. Despite the Tariff requiring the Truck Fee to be paid by the beneficial cargo owners, some drayage truck drivers have reported to the Ports that they were required by licensed motor carriers (LMCs) to pay the Truck Fee if they did not have a 2007 compliant truck. Payment of this fee, or alternatively shouldering the cost of financing a new truck, caused an adverse economic impact on

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many drivers, which led to some of them leaving the drayage industry altogether.¹

3. The Board finds that a roadmap with principles for development of a tariff and commencement of collection of the CTF Rate shall continue to help the trucking industry transition towards compliance with State laws regulating drayage trucks at the Ports.

Clean Air Action Plan 2017 Update and the Clean Truck Fund Rate.

4. A critical element in the 2017 CAAP Update's CTP is the establishment of a Clean Truck Fund Rate ("CTF Rate" or "Rate") to help incentivize the transition to ZE drayage trucks. The 2017 CAAP Update provides that a rate will be charged to the beneficial cargo owners ("BCOs") on loaded containers hauled by heavy-duty trucks that enter or exit the Ports' terminals, with exemptions for trucks that have engines certified to the California Air Resources Board ("CARB") Zero Emissions (ZE) standard and Low NOx Emissions (Low NOx) manufacturing standard or better.

5. As further stated in the 2017 CAAP Update, implementation of this CTF Rate would be contingent upon the following factors:

a. Completion of a truck feasibility assessment to understand the current status of Low NOx and ZE heavy-duty truck technology development, including evaluation of availability of heavy-duty trucks meeting the lower emissions standards. **This was completed in 2018.**

b. Completion of an economic study of the CTF Rate to understand the potential effect of the Rate on cargo diversion and the local drayage truck industry. **This was completed in March 2020.**

c. Establishment of a CTF Rate collection mechanism. **Contract approved by the Board on May 20, 2021 and Vendor work on Collection System to commence in 2021 upon FMC contract review completion;** and

d. Regulatory agency adoption of a heavy-duty Low NOx engine manufacturing standard. **CARB approved its Low NOx Heavy-Duty Omnibus Regulation on August 27, 2020.**

6. The 2017 CAAP Update did not have an express requirement to address impacts of the new CTF Rate on drivers.

7. On March 9, 2020, both Boards of Harbor Commissioners for Los Angeles and Long Beach adopted a Resolution setting the CTF Rate amount at \$10 per TEU "for planning purposes to allow the Ports' stakeholders to plan for future

¹ <https://cleanairactionplan.org/documents/final-2017-clean-air-action-plan-update.pdf/> pp 37-38, and 48-49.

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implementation.” The March 2020 Rate Setting Resolution set out certain additional actions to be taken by the Ports in order to proceed with the CTF Rate Collection:

a. The Board must adopt a “future Tariff Amendment adopted by the Board and, in the City of Los Angeles, the City Council,” after satisfaction of the conditions precedent set forth in the 2017 CAAP Update and in Section 5 of the Findings above. This resolution, as part of the CTP Rate development process, therefore establishes a timeline by which the Board will vote on a proposed Tariff.

b. Affirm that both Boards of Harbor Commissioners will meet annually to review the level of the CTF rate to ensure it continues to support long-term CAAP goals. **This will be carried out annually after commencement of rate collection.**

c. Continue to work with the South Coast Air Quality Management District, the California Air Resources Board, Equipment Manufacturers, and other partners as appropriate, to develop a comprehensive long-term strategy, including market development, technology development, and product deployment, aimed at supporting achievement of the goals established in the 2017 CAAP update. Provide regular updates on the strategy to the Boards of Harbor Commissioners with the first update within 4 months. **This report back was completed at the July 23, 2020 of the Board.**

d. Work to convene additional Port authorities to encourage similar Clean Truck Programs at ports in the United States and around the world. **On April 7, 2021, Los Angeles Mayor Eric Garcetti and Port of Los Angeles Executive Director Gene Seroka launched the C40 Cities Green Ports Forum working group, an international consortium of cities and ports collaborating on climate action solutions.**

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Harbor Commissioners of the City of Los Angeles:

Section 1. [CEQA] This 2021 CTF Rate Development Roadmap Resolution is the first step in a rate setting activity for the purpose of purchasing equipment, and as such, is exempt from the California Environmental Quality Act under State CEQA Guidelines § 15273.

Section 2. [CEQA] This 2021 CTF Rate Development Roadmap Resolution is a planning study for possible future action, and as such, is exempt from the California Environmental Quality Act under State CEQA Guidelines § 15262.

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Section 3. [CEQA] It can be seen with certainty that there is no possibility that the approval of this 2021 CTF Rate Development Roadmap Resolution may have a significant adverse effect on the environment, as such, the Resolution is therefore exempt under the common-sense exemption of State CEQA Guidelines § 15061(b)(3).

Section 4. [CEQA] The Harbor Department Director of Environmental Management shall file a notice of CEQA exemption with the County Clerk of the County of Los Angeles and with the State Office of Planning and Research.

Section 5. [Zero Emissions Commitment] The Board directs staff to take all feasible actions to accelerate deployment of ZE trucks by prioritizing the testing, demonstration and deployment of ZE equipment, and supporting infrastructure in accordance with the 2017 CAAP Update and the 2035 goal for ZE drayage trucks serving the Port.

Section 6. [Stakeholder Engagement] In developing the tariff, the Board directs staff to undertake robust stakeholder engagement to inform key design elements of the tariff, including but not limited to input from regulatory agencies, trucking associations, labor groups, environmental justice organizations, and port communities.

Section 7. [Tariff Development] The Board further directs staff to develop a proposed tariff for the CTF Rate for Board consideration by the end of 4Q 2021. The proposed tariff should be based on the following principles:

- Consider stakeholder input in development of tariff details;
- Coordinate with Port of Long Beach to achieve, as much as feasible, uniform implementation across the San Pedro Bay Port Complex;
- Achievement of zero-emissions must be the overall goal, with incentives for acceleration of deployment of ZE trucks;
- Responsible treatment of the collected CTF Rate funds through expenditures consistent with the Tidelands Trust requirements and with the goals of the 2017 CAAP Update;
- Maximizing partnerships to accelerate ZE fleet transition that leverage other sources of funding, such as other public sources or funding and financing from the private sector;
- Exemptions based on federal and state clean truck regulations, with a permanent exemption for ZE trucks and an exemption to be developed following the Stakeholder Engagement process, for Low NOx trucks, as

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defined by CARB in their Low NOx Heavy-Duty Omnibus Regulation, that are purchased before the end of 2021, registered into the Port Drayage Truck Registry, and put into service before the end of 2022;

- Integration with and contribution to a regional strategy for ZE supporting infrastructure;
- Policy advocacy directed at increasing funding and addressing barriers to adoption of ZE trucks, such as reduction of direct costs, including taxes and insurance, for ZE drayage trucks and supporting infrastructure;
- Consider results from a survey of truck drivers to assist with development of solutions to reduce the direct and indirect costs to drivers arising from fleet conversion; and
- Consider overall equity, including of economic and environmental outcomes and to drivers and port communities.

Section 8. [Commencement of CTF Rate Collection] Commence collection of the Clean Truck Rate following adoption of a tariff for the proposed Clean Truck Rate completion of a fee collection system, and establishment of a plan to expend the collected funds and compliance with applicable laws.

Section 9. Authorize the Board Secretary to execute the proposed Resolution. This resolution shall take effect upon its adoption by the Board of Harbor Commissioners and compliance with City Charter Sec. 245.

I HEREBY CERTIFY THAT the foregoing Order was adopted by the Board of Harbor Commissioners of the City of Los Angeles at its meeting held on

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AMBER M. KLESGES
Board Secretary

APPROVED AS TO FORM AND LEGALITY

_____, 2021
MICHAEL N. FEUER, City Attorney
JANNA B. SIDLEY, General Counsel

By _____
JOY M. CROSE, Assistant General Counsel