



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

**DATE: NOVEMBER 17, 2015**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF AGREEMENT WITH SEASIDE TRANSPORTATION SERVICES, LLC UNDER THE PORT OF LOS ANGELES AIR QUALITY MITIGATION INCENTIVE PROGRAM TO FUND PARTS AND LABOR FOR THE REPOWERS OF 11 RUBBER-TIRED GANTRY CRANES**

**SUMMARY:**

In December 2007, the Board of Harbor Commissioners (Board) awarded an Air Quality Mitigation Incentive Program (AQMIP) Grant for \$875,000 to Seaside Transportation Services, LLC (STS) for cargo handling equipment retrofits. A portion of the award, \$350,000, was used to retrofit 14 top picks with California Air Resources Board (CARB) verified emission control technologies. The remaining balance of \$525,000 was approved by the Board to be used to repower 11 rubber-tired gantry cranes (RTGs). The \$525,000 grant contract has now expired before payment could be made to STS for the repowers, though the repower of the 11 RTGs has been completed, they are in use, and the project results in the reduction of .28 tons of diesel particulate matter (DPM) and 10.81 tons of oxides of nitrogen (NOx) per year. A new agreement is now necessary to reimburse STS for the cost of parts and labor that were incurred in replacing the 11 RTG engines. Staff recommends approval of the new agreement (Agreement) between the City of Los Angeles Harbor Department (Harbor Department) and STS for an amount not to exceed \$461,572, which is the cost incurred for parts and labor, for a term of six months to reimburse STS. Since the actual reimbursable cost of the retrofit was less than the originally anticipated \$525,000, the remaining grant balance of \$63,428 will be reallocated to the Harbor Community Benefit Foundation in a manner agreed upon by the parties to the China Shipping Settlement. The new agreement is the financial responsibility of the Harbor Department.

**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 exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;

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2. Approve the Agreement between the City of Los Angeles Harbor Department and Seaside Transportation Services, LLC., in the not-to-exceed amount of \$461,572;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreement for and on behalf of the Board; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

AQMIP Background/Context - In accordance with the 2004 Amended Stipulated Judgment (ASJ) between the Natural Resources Defense Council et al. and the City of Los Angeles (City), the Harbor Department established the AQMIP and committed over \$30 million to pay for air quality mitigation projects. These projects would either (1) reduce DPM and oxides of nitrogen (NOx) emissions from Port of Los Angeles (Port) operations in the communities of San Pedro and Wilmington, or (2) demonstrate emission reducing technologies that may be applied throughout the San Pedro Bay. Although the AQMIP preceded the San Pedro Bay Ports Clean Air Action Plan (CAAP), the projects funded support the emission reduction goals of the CAAP.

Project Information - In December 2007, STS was awarded a grant under the AQMIP, in an amount not-to-exceed \$875,000. Of this amount, \$350,000 was allocated to retrofit 14 top picks with CARB-verified Level II emission control technologies. The retrofitting was successfully completed, and the 14 retrofitted top picks are estimated to reduce DPM emissions by 0.70 tons per year.

In June 2011, the Board allocated the remaining grant funds of \$525,000 to retrofit 11 RTGs with DPFs. Subsequently, STS decided to replace the engines with CARB Certified Tier 4i engines instead of using DPFs to achieve emission reductions. The grant contract in the amount of \$525,000 has now expired before payment could be made to STS for their repowers, and the repowers of the 11 RTGs are complete and the RTGs are in use. In order to ensure that STS is compensated for the expenses for labor and parts incurred to repower the 11 RTGs, a new Agreement (Transmittal 1) has been prepared. Staff recommends approval of the new agreement (Agreement) between the City of Los Angeles Harbor Department (Harbor Department) and STS for an amount not to exceed \$461,572, which is the cost incurred for parts and labor, for a term of six months to reimburse STS. Since the actual reimbursable cost of the retrofit was less than the originally anticipated \$525,000, the remaining grant balance of \$63,428 will be reallocated in a manner consistent with the China Shipping Settlement.

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The repower of the 11 RTGs results in the annual reduction of .28 tons of diesel particulate matter (DPM) and 10.81 tons of oxides of nitrogen (NOx).

The remaining AQMIP funding totaling \$63,428 will be reallocated to the Harbor Community Benefit Foundation in a manner agreed upon by the parties to the ASJ.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of an Agreement with STS to reimburse them for parts and labor costs incurred in replacing 11 RTG engines with Tier 4i engines. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

The proposed Agreement is to reimburse STS \$461,572 for expenses incurred for parts and labor to repower 11 RTGs with CARB Certified Tier 4i Caterpillar engines. This funding is in place of previously approved grant funding; it is not in addition to it. STS will be responsible for any costs above the Agreement amount and is responsible for on-going operating and maintenance costs associated with this project.

The Agreement is the financial responsibility of the Harbor Department. The grant is funded under the China Shipping Air Quality Mitigation Incentive Program out of Account 21951, Center 7000, Program 000 and will be expended in Fiscal Year 15/16.

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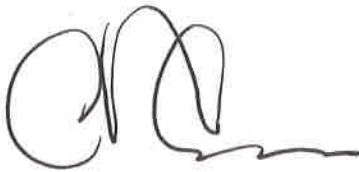
**CITY ATTORNEY:**

The City Attorney's Office has prepared and approved the proposed Agreement as to form and legality.

**TRANSMITTAL:**

1. Agreement between the City of Los Angeles Harbor Department and Seaside Transportation Services, LLC

FIS Approval: ms (initials)  
CA Approval: MS (initials)



CHRISTOPHER CANNON  
Director of Environmental Management



MICHAEL DIBERNARDO  
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA  
Executive Director

APP NO.: 030507-513  
AUTHOR: TERESA G. PISANO  
BOARD MEETING: 12/3/2015

FILE: G:\\_ADMIN\\_BOARD REPORTS\\_AIR QUALITY\CHINA SHIPPING ASJ COMPLIANCE\AQMPI\SEASIDE TRANSPORTATION SERVICES\STS  
PAYMENT FOR INCURRED EXPENSES 2015\ENV\_STS - FINAL.docx  
UPDATED: 11/18/2015 10:30 AM - YO