

DATE: JANUARY 23, 2024

FROM: ENVIRONMENTAL MANAGEMENT

**SUBJECT: RESOLUTION NO. _____ - THIRD AMENDMENT TO
SUBRECIPIENT AGREEMENT NO. 19-3685 WITH THE NATIONAL
RENEWABLE ENERGY LABORATORY**

SUMMARY:

Staff requests approval of the proposed Third Amendment (Amendment) to Subrecipient Agreement No. 19-3685 with the National Renewable Energy Laboratory (NREL) to complete data analysis for the grant-funded zero-emissions “Shore to Store” Project (Project). In this Project, largely funded by the California Air Resources Board (CARB), the City of Los Angeles Harbor Department (Harbor Department) partnered with Kenworth Truck Company (Kenworth), the Port of Hueneme (POH), NREL, and Shell Oil Products, US (Shell) to develop and demonstrate on-road hydrogen fuel cell electric trucks and off-road battery electric zero-emissions vehicles, including the necessary fueling infrastructure.

This proposed Amendment to Subrecipient Agreement No. 19-3685 with NREL is a no-cost twelve-month term extension to February 27, 2025 to finalize and provide results of data analysis for the completed technology demonstrations. All other terms and conditions will remain unchanged. Approval of the proposed Amendment will have no financial impact on the Harbor Department as this is a no-cost term extension through February 27, 2025.

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 and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines;
2. Approve the Third Amendment to Subrecipient Agreement No. 19-3685 between the City of Los Angeles Harbor Department and the National Renewable Energy Laboratory to extend the term for the “Shore to Store” Demonstration Project to February 27, 2025, with no other revisions;

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3. Authorize the Executive Director to execute and the Board Secretary to attest to said amendment for and on behalf of the Board; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – On March 7, 2019, the Board accepted a grant award from CARB in the amount of \$41,122,260 and approved Grant Agreement No. 19-3969 to develop and demonstrate equipment and administer the Project. On September 5, 2019, the Board approved Subrecipient Agreement No. 19-3685 with NREL and Subrecipient Agreements with Kenworth and POH. On July 23, 2020, the Board approved a Subrecipient Agreement with Shell. On April 1, 2021, the Board approved a Funding Agreement with the South Coast Air Quality Management District (SCAQMD) to receive \$1,000,000 to support the construction of the zero-emissions hydrogen fuel cell electric trucks manufactured by Kenworth and amended CARB Grant Agreement No. 19-3639 to extend the term of the Project. On October 21, 2021, the Board approved the First Amendment to Subrecipient Agreement No. 19-3685 with NREL, which was a no-cost time extension, to align with the amended CARB grant. The Second Amendment to the Subrecipient Agreement, approved by the Board on January 26, 2023, incorporated milestone updates to account for impacts of the COVID-19 pandemic and provided additional funding to cover the extended time.

“Shore to Store” Project Summary – The Harbor Department partnered with world-leading original equipment manufacturers, Kenworth, Shell, and Toyota Motor North America to establish a new forward-looking zero-emissions framework for future goods movement throughout Southern California and beyond. The Project focused on providing critical regional hydrogen fueling infrastructure for short, medium, and especially long-haul drayage provided by 10 zero emission hydrogen fuel cell electric drayage trucks. The Project showcased a complete zero-emissions supply chain from the time of ship arrival at the Port of Los Angeles until reaching its final storefront destination. Additionally, the Project was designed to expand into a statewide system serving not only Southern California, but someday, the entire state. Finally, the Project provided an opportunity for the POH to demonstrate zero-emissions battery electric yard tractors at its facility 60 miles north of the Los Angeles metropolitan area and support the deployment of a mobile zero-emissions ship-to-shore crane.

NREL Third Amendment – This Amendment is a no-cost term extension adding twelve-months to the NREL Subrecipient Agreement No. 19-3685 to accurately reflect impacts to the Project timeline (Transmittal 1). The technology demonstrations have been completed and this Amendment will provide time to finalize the data analysis work that NREL began on the Project and transmit the results. Project partners, including CARB and

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SCAQMD, expect this extended data analysis to provide valuable information for understanding zero-emissions cargo handling equipment operation.

NREL is a federal research agency of the U.S. Department of Energy which does not receive project funding from the federal government and is required by the federal government to receive advance funding before beginning work as a condition to its delivery of services. Under this provision, the Harbor Department has advanced the total contract amount of \$740,260. NREL has expended \$645,500 of the advance and the remaining balance of \$94,760 is sufficient to cover the work to be performed under this time extension.

Upon termination or completion of the project work any excess pre-paid funds shall be refunded to the Harbor Department. There are no other changes to the terms and conditions of the agreement request.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the Third Amendment to Subrecipient Agreement No. 19-3685 with NREL to extend the term to continue data analysis for the grant-funded, zero-emissions “Shore to Store” Project, which is a project involving basic data analysis, field testing, and research regarding zero-emissions technology; the data analysis element in this Agreement No. 19-3685 is an administrative activity which has no disturbances to an environmental resource. 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(2) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Third Amendment to Agreement No. 19-3685 will extend the period of performance of the agreement to February 27, 2025. This amendment will have no additional financial impact to the Harbor Department.

Funds of \$740,260, were expended from Account 21982 (State Pass-through Grant), Center 7000 (Liability), Program 000 (Base Budget). Upon termination or completion of the project work, any excess pre-paid funds shall be refunded to the Harbor Department. Expended funds of the project are reimbursable through a CARB Grant.

CITY ATTORNEY:

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

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TRANSMITTALS:

1. Third Amendment to Agreement No. 19-3685 - Modification No. 3 - No Cost Time Extension to Funds-In Agreement No. FIA-19-01905 with the National Renewable Energy Laboratory

FIS Approval: MB

CA Approval: JC



LISA WUNDER
Acting Director of Environmental Management

Michael DiBernardo

MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

Marla Bleavins

EUGENE D. SEROKA
Executive Director