



DATE: MAY 13, 2020

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING NO. 18-3617 AMONG THE CITY OF LOS ANGELES HARBOR DEPARTMENT, THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT AND THE PORT OF LONG BEACH FOR THE FUNDING OF THE EARLY ADOPTER TRUCK INCENTIVE PROGRAM

SUMMARY:

Staff requests approval of a proposed First Amendment to Memorandum of Understanding No. 18-3617 (MOU) among the City of Los Angeles Harbor Department (Harbor Department), the South Coast Air Quality Management District (SCAQMD), and the Port of Long Beach (POLB) to extend the MOU for an additional two years. The MOU is an agreement among the three parties for SCAQMD to manage the "Early Adopter Program" (Program) to assist truck operators servicing the ports of Los Angeles and Long Beach (Ports) in the purchase of new low-nitrogen oxide (NO_x) natural gas drayage trucks. The Harbor Department has funded its \$2,000,000 contribution to the Program in 2019 and no additional funds are requested for this action. SCAQMD reports that extra time is needed due to early delays in low-NO_x truck deployment, ongoing trucking company internal decision-making regarding future truck investments, and time to complete SCAQMD's pre-contract award administration activities.

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

DATE: MAY 13, 2020

PAGE 2 OF 5

SUBJECT: FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING NO. 18-3617

2. Approve the First Amendment to Memorandum of Understanding No. 18-3617 among the City of Los Angeles Harbor Department, the South Coast Air Quality Management District, and the Port of Long Beach to extend the termination date to June 15, 2022;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said First Amendment to Memorandum of Understanding No. 18-3617 with the South Coast Air Quality Management District and the Port of Long Beach for and on behalf of the Board; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – SCAQMD, in coordination with the Harbor Department and the POLB, applied for a grant from the California Energy Commission (CEC), proposing to develop a Program to assist truck owners in purchasing low-NO_x natural gas drayage trucks for goods movement operations in Southern California. The U.S. Environmental Protection Agency has certified the low-NO_x engines funded by the Program to be 90% cleaner with respect to NO_x than the cleanest trucks on the road today. SCAQMD, the Harbor Department and POLB each agreed to request \$2,000,000 from their respective Boards as matching fund contributions to support the Program.

In March 2018, CEC notified SCAQMD that the Program was selected and had received a preliminary grant award in the amount of \$8,000,000 contingent upon Board resolutions committing the SCAQMD, Harbor Department and POLB to provide \$2,000,000 each for a total of \$6,000,000 in proposed matching funds. The Harbor Department received Board approval to provide \$2,000,000 on November 15, 2018, and executed the MOU with POLB and SCAQMD. The MOU obligates the Harbor Department, SCAQMD, and POLB to provide the aforementioned \$2,000,000 each towards the Program.

Harbor Department funds were paid in full to SCAQMD in two installments on June 10, 2019, and September 20, 2019.

Program Status – SCAQMD began to prepare for administration of the Program on July 1, 2018, based on the \$8,000,000 preliminary CEC grant award and \$2,000,000 from SCAQMD. Once \$4,000,000 was added from the Harbor Department and POLB, a total of \$14,000,000 became available for disbursement. SCAQMD has committed that it will only disburse the \$4,000,000 provided by the Harbor Department and POLB for 40 drayage trucks. The trucks must be listed in the Ports Drayage Truck Registry (PDTR), and the grant recipients must agree to replace their existing drayage truck with a

DATE: MAY 13, 2020

PAGE 3 OF 5

SUBJECT: FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING NO. 18-3617

qualifying low-NO_x natural gas drayage truck. Harbor Department staff reviews all grant documentation prior to the disbursement of any Harbor Department fund money.

To date, SCAQMD has spent \$2,000,000 of the \$4,000,000 from the Harbor Department and POLB (\$1,000,000 from each) to assist in the purchase of 20 out of 40 low-NO_x drayage trucks. These trucks have been delivered and are registered in the PDTR.

SCAQMD reports that grant recipients have been identified for the remaining \$2,000,000 of funding (\$1,000,000 from the Harbor Department and \$1,000,000 from POLB) for the purchase of the remaining 20 trucks (10 trucks for each of the Ports), with the issuance of final grant awards pending pre-award contract finalization and delivery of the finished trucks.

Time Extension – The MOU expires on June 20, 2020. SCAQMD has requested an additional two years to complete its process to award grants for the remaining 20 trucks to be funded under the Program with money from the Harbor Department and POLB. SCAQMD reports that extra time is needed due to early delays in low-NO_x truck deployment, ongoing trucking company internal decision-making regarding future truck investments, and time to complete SCAQMD's pre-contract award administration activities.

As a result, staff proposes a First Amendment to the MOU that will extend the termination date of the three-party MOU an additional two years to June 15, 2022 (Transmittal 1). POLB is requesting a 2-year extension from its Board as well. No additional funds are requested at this time.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of a two-year extension to an MOU between the Harbor Department, SCAQMD, and POLB towards assisting truck operators in the purpose of new low-NO_x natural gas drayage trucks, which is an activity involving continuing administrative and personnel-related activities. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

This Board action supports the 2017 Clean Air Action Plan Update Early Adopter Truck Incentive Program. The Harbor Department funds of \$2,000,000 are combined with \$12,000,000 in grant funding (\$8,000,000 from CEC, and \$2,000,000 each from

DATE: MAY 13, 2020

PAGE 4 OF 5

SUBJECT: FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING NO. 18-3617

SCAQMD and POLB) for aggregate program funding of \$14,000,000. This aggregate level of funding supports existing truck owners in purchasing up to 140 new low-NO_x natural gas drayage trucks. The \$2,000,000 in Harbor Department funds will be applied towards the purchase of 20 new low-NO_x natural gas drayage trucks.

The table below summarizes the total cost and funding commitments by all participants:

Participants	CEC Funds	Match Funds	TOTAL
SCAQMD	\$8,000,000	\$2,000,000	\$10,000,000
Harbor Department		\$2,000,000	\$2,000,000
POLB		\$2,000,000	\$2,000,000
TOTAL	\$8,000,000	\$6,000,000	\$14,000,000

The \$2,000,000 allocated for this Program were paid to SCAQMD in two installments of \$1,000,000 on June 10, 2019, and September 20, 2019. No additional funds are being requested as part of this proposed Amendment.

CITY ATTORNEY:

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

DATE: MAY 13, 2020

PAGE 5 OF 5

SUBJECT: FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING NO. 18-3617

TRANSMITTAL:

1. First Amendment to Memorandum of Understanding No. 18-3617

FIS Approval: MB
CA Approval: MB



CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

CC/yo
AUTHOR: J. Goldberg

FILE: Y:\ADMIN_BOARD REPORTS\AIR QUALITY\EARLY ADOPTER INCENTIVE PROGRAM\FIRST AMENDMENT\Environmental_AQMD POLB First Amendment_Board Report - FINAL.docx
UPDATED: 5/13/2020 11:34 PM - YO