



THE PORT
OF LOS ANGELES
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: JANUARY 3, 2024

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF A COST SHARE AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND THE PORT OF LONG BEACH TO FUND A TECHNOLOGY ADVANCEMENT PROGRAM PROJECT WITH CROWLEY MARINE SERVICES FOR A ZERO EMISSION HYBRID TUGBOAT

SUMMARY:

Staff requests approval of the proposed Cost Share Agreement between the City of Los Angeles Harbor Department (Harbor Department) and the Port of Long Beach (POLB) to fund a Clean Air Action Plan (CAAP) Technology Advancement Program (TAP) project (Project) with Crowley Marine Services (Crowley) to design, manufacture, and demonstrate a battery-plug-in hybrid tugboat for ship assist and harbor work. Crowley will work with the California Air Resources Board (CARB) to approve the tugboat as a Zero-Emission Advanced Technology (ZEAT) tug.

Under the proposed Agreement, the Harbor Department will be financially responsible for funding \$750,000, or 50%, of total TAP funding in the amount of \$1,500,000 which will partially offset the \$31,410,000 total cost of the tugboat. As lead agency, POLB will enter into an agreement with Crowley to implement the Project and will periodically invoice the Harbor Department for reimbursements up to the aggregate \$750,000 authorized under the proposed Agreement.

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;
2. Approve the Cost Share Agreement between the City of Los Angeles Harbor Department and the Port of Long Beach in the amount of \$750,000;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreement for and on behalf of the Board of Harbor Commissioners; and
4. Adopt Resolution No. _____.

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SUBJECT: TECHNOLOGY ADVANCEMENT PROGRAM COST SHARE AGREEMENT WITH POLB FOR CROWLEY MARINE SERVICES HYBRID TUGBOAT PROJECT

DISCUSSION:

Background/Context – On November 20, 2006, during a joint meeting between the Harbor Department and Long Beach Boards of Harbor Commissioners, the 2006 San Pedro Bay Ports CAAP was adopted. A significant initiative of the CAAP is the TAP, which is the catalyst for identifying, evaluating, and demonstrating new and emerging emissions reduction technologies applicable to the port industry that could be utilized as new control measures, alternatives to existing measures, or as additional mitigation options for new projects. A CAAP TAP Advisory Committee comprised of the United States Environmental Protection Agency, CARB, the California Energy Commission, and the South Coast Air Quality Management District, along with the Harbor Department and POLB, meets regularly to review and recommend projects for funding.

Project Description – Crowley will design, manufacture, and demonstrate a battery-plug-in hybrid tugboat for ship assist and harbor work. A key deliverable of the project is achieving CARB approval of the tugboat as a ZEAT tugboat under the recently updated Commercial Harbor Craft regulation. The tugboat will be powered by dual batteries with tier 3+ Diesel generator range extenders for recharging the batteries and pulling vessels. There will be a plug-in buffer between the grid and the charging system that allows for a rapid recharge of the vessel's batteries. This project does not include the costs associated with the required infrastructure. POLB and the Crowley team are expected to secure this funding once the infrastructure design is completed.

Key project milestones include design and manufacture; delivery, assembly, and system integration; testing, training, and commissioning; power system training and commissioning; in use demonstration; emissions testing; and final report.

Cost Share – In June 2007, the Harbor Department and POLB executed the CAAP Master Cost Share Agreement No. 2546 (Transmittal 1) to establish a cost sharing arrangement for TAP projects. In accordance with the provisions of this Master Cost Share Agreement, the Project Cost Share Agreement between the Harbor Department and POLB is being submitted for approval (Transmittal 2).

The entire cost of the Project is \$31,410,000. The total amount of the TAP contribution is \$1,500,000 shared equally by the Harbor Department and POLB, totaling \$750,000 each. Funding for the project comes from various sources and is broken down as follows:

Crowley	\$15,705,000
POLB ZANZEFF grant	\$ 2,940,000
Other grant awards to Crowley	\$11,265,000
POLB	\$ 750,000
Harbor Department	\$ 750,000
	<u>\$31,410,000</u>

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POLB will enter into an agreement directly with Crowley and assume all Project and contract management responsibilities. As milestones are completed, POLB will pay Crowley directly and submit invoices to the Harbor Department for reimbursement of one-half the amounts paid by POLB. The Master Cost Share Agreement has no term.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the proposed Cost Share Agreement between the Harbor Department and POLB to fund a CAAP TAP Project with Crowley to design, manufacture, and demonstrate a battery-plug-in hybrid tugboat for ship assist and harbor work, which is an administrative activity. 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:

The proposed action is to approve a Cost Share Agreement with POLB for funding the Crowley Marine Services tugboat Project. POLB is the lead agency and is responsible for implementing the Project.

TAP funding in the amount of \$1,500,000 will be split equally between the Harbor Department and POLB. The Harbor Department will reimburse POLB \$750,000, or 50%, of the total TAP funding. It is anticipated that funds will be expended as follows:

FY 2023/24	\$ 176,250
FY 2024/25	\$ 355,250
FY 2025/26	\$ <u>218,500</u>
TOTAL	\$ 750,000

Fiscal Year (FY) 2023/24 funding in the amount of \$176,250 is available within Account 59965 (Customer Environmental Subsidies & Incentives), Center 0330, Program 000. Future Fiscal Year funds will be requested to be budgeted as part of the annual budget adoption process, subject to Board approval.

CITY ATTORNEY:

The Office of the City Attorney has approved the Cost Share Agreement as to form and legality.

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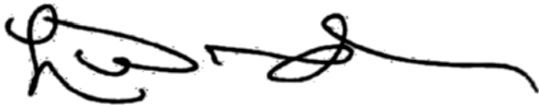
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TRANSMITTALS:

1. Master Cost Share Agreement with the Port of Long Beach
2. Project Cost Share Agreement with the Port of Long Beach

FIS Approval: MB

CA Approval: SO



LISA WUNDER
Acting Director of Environmental Management

Michael DiBernardo

MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director