



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JANUARY 7, 2025

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND STAX ENGINEERING, LLC. FOR ON-CALL OCEAN-GOING VESSEL EMISSIONS CONTROL SERVICES

SUMMARY:

Staff requests approval of a proposed Agreement between the City of Los Angeles Harbor Department (Harbor Department) and STAX Engineering, LLC. (STAX) for on-call ocean-going vessel emissions control services (Agreement). The California Air Resources Board (CARB) has updated the At Berth Regulation with stricter emissions control requirements for container, cruise, and reefer vessels as well as for Roll-On/Roll-Off (RoRo), tanker, and auto carrier vessels that will require them to start controlling their emissions on January 1, 2025. On-call ocean-going vessel emissions control services will ensure that the Harbor Department is meeting the Port of Los Angeles (Port) obligations for the CARB At Berth Regulation as these services will be available for vessels that cannot use shore power.

The proposed Agreement is for a term of one year with two, one year renewal options for a maximum term of three years total and a total not to exceed amount of \$3,000,000, if all options are exercised. The Harbor Department will be financially responsible for on-call emission control services until a tariff is adopted by the Board under a separate action.

RECOMMENDATIONS:

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 Agreement between the City of Los Angeles Harbor Department and STAX Engineering, Inc. for on-call ocean-going vessel emissions control services for a term of one year for \$1,000,000 with the option for one-year renewals up to a maximum of three years total and a total not to exceed amount of \$3,000,000;

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- 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. _____.

DISCUSSION:

Background and Context – In 2020, CARB updated the At Berth Regulation¹ to include stricter emission control requirements for existing regulated vessel types, shared responsibilities between terminal/vessel operators and ports, and new regulated vessel types. Regulated vessels must control vessel emissions while at berth with a very limited number of exceptions. A summary of the new requirements is as follows:

Vessel Type	Date Emissions Must be Controlled
Container, Cruise, Reefer	January 1, 2023
Ro-Ro, Tanker, Auto Carrier	January 1, 2025

- Control of vessel emissions is no longer the vessel operators’ sole responsibility
 - Terminal operators and port authorities also have responsibilities to ensure vessel emissions are controlled while at berth
 - Terminal/Port plans, which were submitted to CARB, delineate terminal vs. port responsibilities
- A limited number of Terminal and Vessel Incident Exceptions (TIE/VIE) are provided to terminal and vessel operators
 - Port authorities do not have any exceptions

CARB has different compliance options for the At Berth Regulation, known as the CARB approved emissions control strategy (CAECS). Examples of CAECS include shore power and barge-based capture and control technologies. The Harbor Department owns and maintains the existing shore power (Alternative Maritime Power or AMP) infrastructure at our cruise and container terminals. The Harbor Department is responsible for maintaining and repairing Harbor Department owned infrastructure. If the Harbor Department’s AMP current or future infrastructure fails, then the emissions generated by the vessel while at berth would be the Harbor Department’s responsibility. In instances where AMP infrastructure fails and immediate repairs cannot be made (e.g. part delays, coordination needed to shut off power, etc.) or AMP has not been installed yet, an on-call ocean-going vessel CAECS service could be utilized to control emissions to meet CARB At Berth Requirements and reduce harmful emissions from vessels.

¹ <https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2019/ogvatberth2019/fro.pdf>

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Request for Proposals – A request for proposals (RFP) for on-call ocean-going vessel emissions control services was released on April 18, 2024. Proposals were due by June 17, 2024. The RFP required the proposer to currently have a CAECS Executive Order from CARB or a CARB approved test plan for CAECS testing. This requirement was incorporated because the Harbor Department is looking for on-call services from the proposer rather than technology development. At the time of the RFP release, only four companies had a CAECS Executive Order or CARB approved test plan: 4G Management, Inc.; AERAS Technologies, LLC; Clean Air Engineering – Maritime, Inc.; and STAX Engineering, LLC. As of the writing of this Board Report, these are still the only companies that meet the requirement.

The Harbor Department received two proposals with only the proposal from STAX (Transmittal 1) deemed responsive. The other proposal was deemed unresponsive due to missing insurance paperwork and consultant definition forms. The Harbor Department asked the proposer to supply the missing documents, but they failed to provide the documentation within the additional time provided.

A selection committee of a Harbor Department Environmental Specialist, a Harbor Department Chief Management Analyst, and a Senior Maritime Project Administrator from the Port of Oakland reviewed the proposal from STAX. The STAX proposal was determined by the selection committee to meet the requirements of the RFP.

On-Call Service Agreement - Harbor Department staff requests approval of the proposed Agreement (Transmittal 2) between the Harbor Department and STAX for on-call ocean-going vessel emissions control services for a term of one year and for \$1,000,000. The proposed Agreement has the option for one-year renewals up to a maximum of three years total for a total not-to-exceed amount of \$3,000,000. Due to the ever-changing landscape of CAECS technology development, the renewal option provides the opportunity for staff to assess the need to conduct a new RFP to add additional services providers or to continue with the current agreement. STAX services will only be used when AMP infrastructure is unavailable either due to repair or it has yet to be installed.

When any current or future AMP infrastructure is down for repair, Harbor Department Construction and Maintenance staff will contact STAX to treat vessel emissions for any vessel(s) calling to the Port while repairs are being made at the berth. Costs incurred will be paid by the Harbor Department to STAX. This will ensure the Harbor Department continues to meet its port responsibilities as listed in the terminal/port plans and protect the health of the surrounding community.

In cases where AMP has not been installed at a terminal, the shipping operator or their agent has the option to utilize the Harbor Department's proposed Agreement for services or arrange their own emission control services. If the shipping operator or their agent uses the proposed on-call Agreement for services, then STAX will invoice the Harbor Department for payment. The Harbor Department will pay and seek reimbursement from

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the shipping operator or agent for the cost of the emission control service plus administrative costs from the Harbor Department. This will be done through a Tariff amendment in a separate Board action.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval for the Agreement with STAX to provide on-call ocean-going vessel emissions control services, 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:

Approval of the proposed Agreement will allow STAX to provide on-call ocean-going vessel emissions control services to the Harbor Department. The proposed Agreement is for one year with the option for two, one-year renewal options for a maximum term of up to three years with a total not-to-exceed amount of \$3,000,000, if all options are exercised. It is anticipated that funds for this Agreement will be expended as follows:

FY 2024/25	\$ 1,000,000
FY 2025/26	\$ 1,000,000
FY 2026/27	\$ 1,000,000
TOTAL	\$ 3,000,000

Funding for the services in FY 2024/25 are available as follows: \$500,000 in Account 544160 (Miscellaneous Professional Services), Division 32010 (Construction and Maintenance), Program 000 (Base Budget) and \$500,000 in Account 544160 (Miscellaneous Professional Services), Division 45010 (Wharfingers), Program 000 (Base Budget). The Harbor Department will pay for these services and then seek reimbursement from the shipping operator or agent for the cost plus administrative costs.

The Harbor Department's financial obligations after the current fiscal year are contingent upon the Board's appropriation of funds. If any subsequent fiscal year funds are not appropriated by the Board for the work required by the Agreement, the Agreement shall be terminated. However, such termination shall not relieve the parties of liability for any obligations previously incurred.

CITY ATTORNEY:

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

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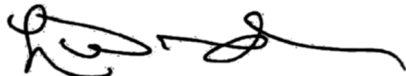
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TRANSMITTALS:

1. STAX Engineering, LLC. Proposal
2. Agreement between the City of Los Angeles Harbor Department and STAX Engineering, Inc. for on-call ocean-going vessel emissions control services

FIS Approval: JS

CA Approval: SO



LISA WUNDER
Acting Director of Environmental Management

Michael DiBernardo

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APPROVED:

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