



Executive Director's

Report to the

Board of Harbor Commissioners

DATE: AUGUST 8, 2017

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - TERMINATION OF SUBRECIPIENT AGREEMENT NO. 16-3447 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND EVERPORT TERMINAL SERVICES AND APPROVAL OF A MULTIPARTY AGREEMENT AMONG THE CITY OF LOS ANGELES HARBOR DEPARTMENT, EVERPORT TERMINAL SERVICES INC., BYD MOTORS INC., CAPACITY OF TEXAS, INC., AND CLEAN ENERGY

SUMMARY:

Staff requests the Board of Harbor Commissioners (Board) terminate Subrecipient Agreement No. 16-3447 between the City of Los Angeles Harbor Department (Harbor Department) and Everport, and in its place approve a Multiparty Agreement among the Harbor Department, Everport Terminal Services Inc. (Everport), BYD Motors Inc. (BYD), Capacity of Texas, Inc. (Capacity), and Clean Energy Fuels (Clean Energy).

On December 15, 2016, the Board accepted a California Energy Commission (CEC) grant to fund a project (Project) to design, develop, and deliver five battery electric BYD zero-emission yard tractors and 20 liquefied natural gas (LNG) Capacity near-zero-emission yard tractors to Everport, the demonstration partner. At the time, the Board also approved Subrecipient Agreement No. 16-3447 between the Harbor Department and Everport to administer the Project. BYD, Capacity and Clean Energy would serve as contractors to Everport under their own separate contract. In recent months, CEC staff has requested that the Harbor Department designate BYD and Capacity as subrecipients in the CEC grant to facilitate direct payments to these project participants. Additionally, CEC suggested that Clean Energy also be designated as subrecipient since they will be providing cost share through the provision of the LNG mobile fueling unit to support the Project. To accomplish this, the proposed Multiparty Agreement is needed to replace Subrecipient Agreement No. 16-3447.

With the exception of a CEC-approved substitution of a BYD yard tractor for the initially-proposed retrofit of one Balqon yard tractor, the scope and term of the Project remains the same.

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RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 6 of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Terminate Subrecipient Agreement No. 16-3447 between the City of Los Angeles Harbor Department and Everport Terminal Services;
3. Approve a Multiparty Agreement among the City of Los Angeles Harbor Department and Everport Terminal Services Inc., BYD Motors Inc., Capacity of Texas, Inc., and Clean Energy to implement the Advanced Yard Tractor Deployment Project for a term of three years;
4. Authorize the Executive Director to execute and the Board Secretary to attest to said Multiparty Agreement with Everport Terminal Services Inc., BYD Motors Inc., Capacity of Texas, Inc., and Clean Energy for and on behalf of the Board;
5. Authorize the Executive Director to terminate Subrecipient Agreement No. 16-3447 between the City of Los Angeles Harbor Department and Everport Terminal Services; and
6. Adopt Resolution No. _____.

DISCUSSION:

Background/Context - On January 7, 2016, the CEC released a grant solicitation to implement and administer Alternative and Renewable Fuel and Vehicle Technology for Freight Transportation Projects at California Seaports (GFO-15-604). On March 24, 2016, the Harbor Department submitted a grant application to the CEC on behalf of Everport seeking funds for the Project. On May 19, 2016, the CEC notified the Harbor Department that the application was selected for a grant award in the amount of \$5,833,000. The first component of the CEC grant is the Advanced Yard Tractor Deployment Project that will fund the purchase and demonstration of five zero emission yard tractors and 20 liquefied natural gas (near-zero-emission) yard tractors, in the amount of \$4,863,000. The second component of the CEC grant is the *Eco-FRATIS* Drayage Truck Efficiency Project in the amount of \$970,000.

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Since the two CEC grant components dealt with two distinct projects under the same grant, staff presented two separate subrecipient agreements (the Yard Tractor Subrecipient Agreement or Agreement No. 16-3447, and the *Eco-FRATIS* Subrecipient Agreement or Agreement No. 16-3448) to the Board in December 2016. The proposed termination and substitution process described below only affects the Yard Tractor Subrecipient Agreement; no changes are proposed to the *Eco-FRATIS* Subrecipient Agreement.

On December 15, 2016, the Board accepted the CEC grant and approved the Yard Tractor Subrecipient Agreement. In early 2017, CEC staff asked the Harbor Department to include BYD and Capacity in the Yard Tractor Subrecipient Agreement in order to facilitate direct payments to contractors under the CEC grant. Additionally, CEC suggested that Clean Energy be added to the Yard Tractor Subrecipient Agreement since they will be providing cost share through the provision of the LNG mobile fueling unit to support the Project. In order to accommodate CEC's request, the Harbor Department proposes to terminate the Yard Tractor Subrecipient Agreement and replace it with the proposed Multiparty Agreement (Transmittal 1).

Balqon Yard Tractor Retrofit – In the initial proposal, BYD agreed to build four of their own battery electric yard tractors, and to retrofit an existing Harbor Department owned Balqon yard tractor with their own zero-emission drivetrain. BYD and the Harbor Department believed that the Balqon retrofit would be cheaper than building a BYD yard tractor. However, after a thorough evaluation of the Balqon Yard Tractor at BYD's manufacturing facility, BYD submitted an engineering report to the Harbor Department which concluded that a complete overhaul of the Balqon yard tractor was necessary, and the cost to complete the retrofit would be more expensive than the cost to build their own battery electric yard tractor. As a result, BYD recommends replacing the Balqon retrofit with one of its own battery electric yard tractors. Harbor Department staff agrees with BYD's recommendation. The Multiparty Agreement reflects this change.

CEC staff has approved this change and determined the CEC grant does not need to be amended since the Balqon yard tractor retrofit is not mentioned in the scope of work.

MULTIPARTY AGREEMENT RESPONSIBILITIES:

Harbor Department – will provide administrative oversight for the Project and act as fiduciary agent for reimbursement to subrecipients (BYD and Capacity) and will be responsible for the development and the cost of the electrical infrastructure (\$200,000) to deliver power to the BYD battery electric yard tractor chargers and to the mobile LNG fueling station.

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Everport – will be responsible for providing \$1,875,000 of match share. This amount will be satisfied through the cost of labor to operate and maintain the twenty-five advanced yard tractors, and the cost of RNG fuel and electricity to operate the advanced yard tractors throughout the 12-month demonstration.

BYD – will receive grant funding in the amount of \$1,500,000 to design, build, and deliver five pre-commercial zero-emission yard tractors for demonstration at Everport. BYD will provide the equipment to charge the yard tractors at no additional cost. The Harbor Department and BYD will work collaboratively to ensure that all conditions and schedules are met in accordance with the CEC Grant Agreement. At the conclusion of a successful demonstration, BYD intends to transfer title of the yard tractors to Everport.

Capacity – will receive grant funding in the amount of \$3,363,000 to design, build, and deliver twenty pre-commercial near-zero-emission yard tractors for demonstration at Everport. The Harbor Department and Capacity will work collaboratively to ensure that all conditions and schedules are met in accordance with the CEC Grant Agreement. At the conclusion of a successful demonstration, Capacity intends to transfer title of the yard tractors to Everport.

Clean Energy - will be responsible for providing \$499,264 of match share. This amount will be satisfied through Clean Energy's cost to provide a mobile LNG fueling station at Everport designed to supply RNG to fuel the twenty near-zero-emission yard tractors over the 12-month demonstration period.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Multiparty Agreement with Everport, BYD, Capacity and Clean Energy for implementation of the Advanced Yard Tractor Deployment Project. As an activity involving basic data collection, research, experimental management and resource evaluation activities which do not result in a serious major disturbance to an environmental resource, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article III Class 6 of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Staff requests that the Board terminate the Yard Tractor Subrecipient Agreement between the Harbor Department and Everport, and accept and approve a Multiparty Agreement among Everport, BYD, Capacity, and Clean Energy to implement the Project. The table

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below summarizes the costs and funds for the Yard Tractor component of the grant funded project.

Project	Subrecipient	CEC Funds	Grant Match Funds	Harbor Department Match	TOTAL
Advanced Yard Tractor Project	Capacity	\$3,363,000	N/A		\$3,363,000
	BYD	\$1,500,000	N/A		\$1,500,000
	Project Partner				
	Everport		\$1,875,000		\$1,875,000
	Clean Energy		\$499,264		\$499,264
	Harbor Department			\$200,000	\$200,000
			\$4,863,000	\$2,374,264	\$200,000

The Harbor Department applied for the grant on behalf of Everport. The Harbor Department will function as the grant administrator and will pass the CEC grant funds to BYD and Capacity. No funds will be passed to Everport or Clean Energy. The Harbor Department's financial responsibility includes \$200,000 for electrical infrastructure needed to support the yard tractors and will be paid out of the Capital Improvement Program Work Order# 25440 B.226 – Electrical Infrastructure for E-Truck Plug-In and LNG Fueling Stations and staff time to provide administrative oversight for the Project.

Payments to subrecipients will be made after CEC distributes funds to the Harbor Department. On December 15, 2016, the Board approved Grant Agreement No.16-3446 with the CEC and secured budgetary funds to implement the project. Funds are available in Account 89097, Center 6000, and Program 000.

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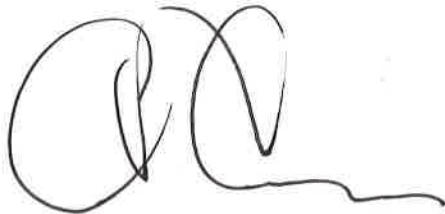
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CITY ATTORNEY:

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

TRANSMITTALS:

1. Multiparty Agreement between the City of Los Angeles Harbor Department and Everport Terminal Services Inc., BYD Motors Inc., Capacity of Texas, Inc.; and Clean Energy.



CHRISTOPHER CANNON
Director of Environmental Management

FIS Approval: MA (initials)
CA Approval: MA (initials)


MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

CC:yo
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