



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: APRIL 18, 2023

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF THE SECOND AMENDMENT TO GRANT AGREEMENT NO. 19-3666 WITH THE CALIFORNIA ENERGY COMMISSION FOR THE ADVANCED INFRASTRUCTURE DEMONSTRATION PROJECT

SUMMARY:

Staff requests approval of the proposed Second Amendment to Grant Agreement No. 19-3666 (Agreement) between the City of Los Angeles Harbor Department (Harbor Department) and the California Energy Commission (CEC) for the Port of Los Angeles' Advanced Infrastructure Demonstration Project (Project). This proposed Second Amendment will modify the Agreement's Schedule of Products and Due Dates, modify the Special Terms and Conditions, and extend the term of the Agreement by fifteen months until June 30, 2025. The extension to the term of the Agreement addresses extended delays in the project timeline due to COVID-19 impacts on suppliers. The total cost of the Project is estimated to be \$11,349,155, of which the Harbor Department has committed matching funds of \$392,500.

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 Second Amendment to Agreement No. 19-3666 between the City of Los Angeles Harbor Department and the California Energy Commission for the Port of Los Angeles' Advanced Infrastructure Demonstration Project;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said Second Amendment to Grant Agreement No. 19-3666 with the California Energy Commission for and on behalf of the Board; and
4. Adopt Resolution No. _____.

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DISCUSSION:

Background/Context – On February 23, 2018, the Harbor Department submitted a grant proposal to the CEC under the Alternative and Renewable Fuel Vehicle Technology Program (ARFVTP). The Harbor Department applied for the grant on behalf of West Basin Container Terminal (WBCT), who developed the Project to provide the infrastructure required to support 10 battery-electric yard tractors that will be purchased under the U.S. Environmental Protection Agency’s (EPA) Targeted Air Shed Grant (TASG). On April 6, 2018, the CEC offered the Harbor Department a preliminary grant award in the amount of \$7,842,270 to fund the Project. On June 20, 2019, the Harbor Department approved Agreement No. 19-3666 with the CEC. A Subrecipient Agreement No. 20-3723, with WBCT and Wireless Advanced Vehicle Electrification, LLC (WAVE) was approved on February 6, 2020. On March 10, 2022, the Harbor Department approved the First Amendment to Agreement 19-3666 to modify the project schedule, update the budget table, change the subrecipient and supplier of the battery storage system, move infrastructure construction in-house, and extend the term of the Agreement until March 31, 2024.

Port of Los Angeles’ Advanced Infrastructure Demonstration Project – The Project, which began in July 2019, consists of an advanced inductive charging system to support 10 battery-electric yard tractors that will be operated at WBCT under the CEC grant. Twelve inductive charging stations will be installed at WBCT: 10 stations at the equipment corral lanes where WBCT currently parks their yard tractors when off-duty, and two additional stations at a central break facility as an opportunity charging location. The yard tractors are partially funded by a separate grant from the EPA. The development of the yard tractors and wireless charging systems were delayed due to the COVID-19 pandemic as factory shutdowns and stay-at-home orders affected the project team internationally and within the U.S.

The Project is divided into two phases. Phase 1, construction of two charging stations at the central break facility, was successfully commissioned in April 2022. Additionally, two yard tractors were commissioned and began demonstration in June 2022. Phase 2 is the construction of 10 additional charging stations supported by a large battery storage system to reduce overall power demand from the grid. Phase 2 construction was partially completed during the first quarter of 2023 and is expected to resume in the fourth quarter of 2023, once the battery storage system and associated equipment are delivered. The delivery of this equipment has been delayed due to the lack of availability of the required components. Phase 2 infrastructure and the remaining yard tractors are targeted for commissioning in the first quarter of 2024.

Grant Agreement Second Amendment – The proposed Second Amendment to the Agreement will extend the term of the Agreement until June 30, 2025 and update due

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dates in the Special Terms and Conditions to reflect the new term (Transmittal 1). This Amendment is a no-cost term extension to CEC Agreement No. 19-3666 (CEC No. ARV-17-049).

Subrecipient Agreement Amendment – An amendment to Subrecipient Agreement No. 20-3723 between the Harbor Department, WBCT, and WAVE is necessary in order to align its terms with the Agreement and is being sent to the Board concurrently for consideration in a separate Board Report.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the Second Amendment to the Agreement with the CEC for the proposed Project, 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 Amendment to the Agreement will not change any Harbor Department monetary commitments for the Project. Rather, it will extend the term of the Agreement by fifteen months to June 30, 2025. Since the Harbor Department applied for the grant on behalf of WBCT and functions as the grant administrator, it will pass \$2,843,420 in grant funds to WAVE upon milestone completion. The remaining grant balance of \$4,998,850 will be utilized by the Harbor Department to offset its cost for infrastructure development. WBCT will continue to be responsible for the electricity costs associated with charging the zero-emission equipment but will not receive any grant funds for the Project. The Harbor Department's financial responsibility for infrastructure development is budgeted in Capital Improvement Program Work Order 25576 - B. 100 West Basin Container Terminal (WBCT) - Advanced Infrastructure Demonstration.

The table below summarizes the costs and funds for the overall grant project.

Participants	CEC Funds	TASG Funds *	Match Funds	TOTAL
WAVE	\$2,843,420		\$126,885	\$2,970,305
WBCT *		\$1,787,500	\$1,200,000	\$2,987,500
Harbor Department	\$4,998,850		** \$392,500	\$5,391,350
TOTAL	\$7,842,270	\$1,787,500	\$1,719,385	\$11,349,155

* EPA's TASG funding is considered Match Funds by the CEC and includes cost-share from the SCAQMD for support of that grant.

** This total represents \$312,500 to support the TASG plus an estimated \$80,000 in Harbor Department staff time.

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CEC funds are expected to be disbursed as follows:

FY2022/23	\$ 6,362,799
FY2023/24	<u>\$ 1,479,471</u>
TOTAL	\$ 7,842,270

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the Second Amendment to Agreement No. 19-3666 as to form and legality.

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TRANSMITTAL:

1. Second Amendment to Grant Agreement No. 19-3666 with the California Energy Commission

FIS Approval: MB
CA Approval: SO



CHRISTOPHER CANNON
Director of Environmental Management

Michael DiBernardo

MICHAEL DIBERNARDO
Deputy Executive Director

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director

CC/mrx
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FILE: Y:_ADMIN_BOARD REPORTS_AIR QUALITY\GRANTS\CEC - ADVANCE YARD INFRASTRUCTURE (WBCT and WAVE)\SECOND AMENDMENT\Environmental_CEC Second Amendment AID Project_Board Report - FINAL.docx UPDATED: 4/18/2023 4:34 PM - MRX