



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: NOVEMBER 23, 2020

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF THE FIRST AMENDMENTS TO GRANT AGREEMENT NO. 17-3532 WITH THE CALIFORNIA ENERGY COMMISSION FOR SUSTAINABLE FREIGHT TRANSPORTATION PROJECTS AND SUBRECIPIENT AGREEMENT NO. 17-3533 WITH EVERPORT TERMINAL SERVICES INC., BYD MOTORS INC., AND TAYLOR MACHINE WORKS, INC.

SUMMARY:

Staff requests approval of the first Amendments to California Energy Commission (CEC) Grant Agreement No. 17-3532 and Subrecipient Agreement No. 17-3533 for the Port of Los Angeles' Everport Advanced Cargo Handling Demonstration Project (Project). The Amendments will modify the project schedule and extend the terms of both Agreements until March 31, 2022. The Subrecipient Agreement is a multiparty agreement between the City of Los Angeles Harbor Department (Harbor Department), Everport Terminal Services, Inc. (Everport), BYD Motors, Inc. (BYD), and Taylor Machine Works, Inc. (Taylor). The additional requested time is necessary to complete the demonstration project in accordance with the approved project scope.

The CEC awarded the Harbor Department a grant in the amount of \$4,524,000 to fund the design, development, delivery, and demonstration of three pre-commercial battery electric zero emission (ZE) yard tractors and two pre-commercial battery electric ZE top handlers at Everport, the Project demonstration partner. The three ZE yard tractors are expected to be put into service in the first Quarter of 2021 and the two ZE top handlers, built by Taylor have been in use at the terminal since April 2020. Under the grant, the Harbor Department is financially responsible for \$2,000,000 for the infrastructure development of the site.

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 and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines;

DATE: NOVEMBER 23, 2020

PAGE 2 OF 5

SUBJECT: FIRST AMENDMENTS TO AGREEMENTS NOS. 17-3532 AND 17-3533

2. Approve the First Amendment to Agreement No. 17-3532 between the City of Los Angeles Harbor Department and the California Energy Commission for the Port of Los Angeles' Everport Advanced Cargo Handling Demonstration Project;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said Grant Agreement with the California Energy Commission for and on behalf of the Board;
4. Approve the First Amendment to Agreement No. 17-3533 between City of Los Angeles Harbor Department, Everport Terminal Services Inc., BYD Motors Inc., and Taylor Machine Works, Inc.;
5. Authorize the Board Secretary to transmit said amendments to the Los Angeles City Council for approval in accordance with Charter Section 373 and Los Angeles Administrative Code Section 10.5(a);
6. Upon the approval of City Council in accordance with Los Angeles Administrative Code Section 10.5(a), authorize the Executive Director to execute and the Board Secretary to attest to said Multiparty Agreement with Everport Terminal Services Inc., BYD Motors Inc., and Taylor Machine Works, Inc. for and on behalf of the Board after approval by City Council; and
7. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – On November 29, 2016, the CEC released a grant solicitation to implement and administer Sustainable Freight Transportation Projects (GFO-16-604). Nearly \$27,000,000 was made available statewide for all California seaports, marine terminal operators at California seaports, local air districts, and seaport tenants under the solicitation. The Harbor Department submitted a grant application to the CEC on behalf of Everport on January 26, 2017. On February 22, 2017, the CEC notified the Harbor Department that the application was selected and received a preliminary grant award offer in the amount of \$4,524,000. On May 10, 2017, CEC Commissioners approved the funding of the Project and instructed their staff to enter into agreement negotiations with the Harbor Department. In October 2017, the Harbor Department approved Grant Agreement No. 17-3532 with the CEC and Subrecipient Agreement No. 17-3533 with Everport, BYD, and Taylor.

Port of Los Angeles' Everport Advanced Cargo Handling Demonstration Project – The Project, which began in October 2017, consists of 3 ZE battery electric BYD yard tractors and 2 ZE battery electric Taylor top handlers. The yard tractors will be charged with an Electric Truck Smart Plug-In System utilizing a connection arm to receive its charge, and

DATE: NOVEMBER 23, 2020

PAGE 3 OF 5

SUBJECT: FIRST AMENDMENTS TO AGREEMENTS NOS. 17-3532 AND 17-3533

the top handlers will be charged utilizing a conventional system. The development of the yard tractors has been delayed due to equipment certification issues and Covid-19 factory shut downs and stay at home orders in both China and California. The yard tractors are expected to arrive and be put into operation during the first quarter of 2021.

The ZE battery electric Taylor top handlers were delivered at the end of 2019 and put into operation in February 2020. The demonstration period for those units will be complete in February 2021. Operational data is currently being collected by Everport and reported to the Harbor Department on a monthly basis. Although some repair and maintenance has been required and there were issues with charging, general feedback on the equipment from the terminal and equipment operators has been very good.

Grant Agreement First Amendment – The First Amendment to Grant Agreement 17-3532 between the Harbor Department and the CEC was amended by the CEC to extend the term and modify the project schedule. The term has been modified from December 31, 2020 to March 31, 2022. The additional time is necessary to complete the demonstration project.

Subrecipient Agreement – The First Amendment to the Subrecipient Agreement between the Harbor Department, BYD, Everport, and Taylor (Transmittal 2) to demonstrate the ZE top handlers and ZE yard tractors includes the same modifications to the project detailed in the CEC Grant Agreement amendment and will be extended from November 14, 2020 to March 31, 2022. The Subrecipient Agreement will be backdated to November 15, 2020 upon approval of City Council.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the first amendments to Grant Agreement No. 17-3532 and Subrecipient Agreement No. 17-3533 to fund a demonstration project to develop and demonstrate five pieces of zero-emission cargo handling equipment, which is an administrative activity involving basic data collection, field testing, and research of City Departments which do not result in serious or major disturbances to an environmental resource. The approval of the amendments is considered an administrative activity, and the demonstration project involves data collection, field testing and research which would not result in a serious or major disturbance to an environmental resource.

Therefore, the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines.

DATE: NOVEMBER 23, 2020

PAGE 4 OF 5

SUBJECT: FIRST AMENDMENTS TO AGREEMENTS NOS. 17-3532 AND 17-3533

FINANCIAL IMPACT:

Approval of the proposed first amendments to Agreements Nos. 17-3532 and 17-3533 would extend the terms of both Agreements until March 31, 2022, and there is no financial impact associated with this action. The Harbor Department applied for the grant on behalf of Everport. The Harbor Department functions as the grant administrator and passes the funds to BYD and Taylor upon milestone completion. No funds will be passed to Everport. Additionally, Everport pays for the electricity costs associated with charging the ZE equipment. The Harbor Department's financial responsibility continues to be \$2,000,000 for the development of electrical infrastructure and is budgeted in Capital Improvement Program Work Order 25453 – B. 226-236 Advanced Cargo Handling Demonstration.

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

Project Partner	Vehicle Type	# Units	CEC Funds	Cost Share	TOTAL
BYD	Yard Tractor	3	\$870,000	\$189,403	\$1,059,403
Taylor	Top Handler	2	\$3,654,000	\$121,500	\$3,775,500
Everport			0	\$856,000	\$856,000
Harbor Department			0	\$2,000,000	\$2,000,000
TOTAL			\$4,524,000	\$3,166,903	\$7,690,903

Of the \$4,524,000 in grant funding, \$3,288,600 has been allocated. The remaining amount of \$1,235,400 is expected to be distributed as follows:

FY2020/21	\$ 783,000
FY2021/22	\$ 452,400
TOTAL	\$ 1,235,400

CITY ATTORNEY:

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

DATE: NOVEMBER 23, 2020

PAGE 5 OF 5

SUBJECT: FIRST AMENDMENTS TO AGREEMENTS NOS. 17-3532 AND 17-3533

TRANSMITTALS:

1. First Amendment to Grant Agreement No. 17-3532 with the California Energy Commission
2. First Amendment to Subrecipient Agreement No. 17-3533 with Everport Terminal Services Inc., BYD Motors Inc., and Taylor Machine Works, Inc.

FIS Approval: AB
CA Approval: JS



CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL DIBERNARDO
Deputy Executive Director

APPROVED:



FOR EUGENE D. SEROKA
Executive Director

CC:yo
AUTHOR: T. PISANO

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