



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

Board of Harbor Commissioners

DATE: DECEMBER 11, 2019

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 MILLENNIUM MARITIME, INC.

SUMMARY:

Staff requests approval of the 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 with Harley Marine dba Millennium Maritime (Millennium) to design and develop a hybrid electric-drive tugboat (Project). The total cost of the Project is anticipated to be \$18,000,000, with \$235,000 shared equally by the Harbor Department and POLB. The remaining amount will be paid by Millennium and a grant from the California Air Resources Board (CARB) that will be administered by POLB. As lead agency, POLB has already entered into an agreement with Millennium to implement the Project and will bill the Harbor Department for 50% of the cost. The Harbor Department is financially responsible for 50% of the cost share of the Project totaling \$117,500.

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 Cost Share Agreement between the City of Los Angeles Harbor Department and the Port of Long Beach for the reimbursement of \$117,500 for the cost share;

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MILLENNIUM MARITIME, INC.

3. Authorize the Executive Director to execute and Board Secretary to attest to said agreement for and on behalf of the Board of Harbor Commissioners; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – On November 20, 2006, during a joint meeting between the Los Angeles 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 in future updates to the CAAP as new control measures, alternatives to existing measures, or as additional mitigation options for new projects. A CAAP Technology Advancement Program Advisory Committee (TAC) comprised of the United States Environmental Protection Agency (EPA), CARB, the California Energy Commission (CEC) and the South Coast Air Quality Management District (AQMD), along with the Harbor Department and POLB, meets regularly to review and recommend projects for funding.

Project Description – Millennium will develop a hybrid electric drive tugboat. The tugboat will have six C32 diesel engines (Tier 4) and two electric propulsion motors. The goal of this Project is to bring diesel electric hybrid technology into tugboat utility. The TAP funding will pay for tugboat design. Key deliverables include the tugboat specifications, a complete design drawing package, projected emission and fuel consumption reductions, a minimum of two shipyard construction quotes, and a final project report. It is anticipated that the entire cost of the tugboat Project will be approximately \$18,000,000. It will be partially funded through a CARB grant awarded to POLB in the amount of \$3,000,000. The remaining balance is the responsibility of Millennium.

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 total amount of the cost share is \$235,000, shared equally by the Harbor Department and POLB. POLB has already entered into an agreement directly with Millennium and assumes all Project and contract management responsibilities. POLB will pay Millennium directly and submit invoices to the Harbor Department for reimbursement of one-half the amounts paid by POLB. The POLB contract with Millennium expires on April 21, 2021, and the cost share has no term.

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MILLENNIUM MARITIME, INC.**

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the Cost Share Agreement with POLB for funding of the CAAP TAP 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 City of Los Angeles CEQA Guidelines.

FINANCIAL IMPACT:

The proposed action is to approve the Cost Share Agreement with POLB for funding of the CAAP TAP Project. The total TAP share for the Project is \$235,000. The Harbor Department and POLB will share equally in the TAP share associated with the Project. As the lead agency, POLB has already entered into an agreement with Millennium to implement the Project. As part of the Cost Share Agreement with POLB, the Harbor Department would reimburse POLB for \$117,500, which is 50% of the total TAP share of \$235,000.

It is anticipated that funds will be expended as follows:

FY 2019/20 \$ 117,500

Fiscal Year 19/20 Funds in the amount of \$117,500 for the Project are available in Account 59965, Center 0330, Program 000.

CITY ATTORNEY:

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

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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: JMC



CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:


FOR

EUGENE D. SEROKA
Executive Director

CC/YO
AUTHOR: C. Langlois

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