



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MAY 19, 2020

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - FUNDING AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT TO FUND A TECHNOLOGY ADVANCEMENT PROGRAM PROJECT WITH DAIMLER TRUCKS NORTH AMERICA LLC

SUMMARY:

Staff requests approval of a Funding Agreement between the City of Los Angeles Harbor Department (Harbor Department) and the South Coast Air Quality Management District (SCAQMD) to fund a proposed Clean Air Action Plan (CAAP) Technology Advancement Program (TAP) Project to demonstrate 20 electric on-road trucks, which would be used in a variety of different applications in Southern California. The purpose of the proposed Project is to help advance the development of zero emissions trucks for use in the region, including the ports of Los Angeles and Long Beach (Ports). Daimler Trucks North America LLC (DTNA) will provide 5 Class 6 battery electric trucks and 15 Class 8 battery electric trucks, including associated charging infrastructure. Five of the Class 8 battery electric trucks will be demonstrated in drayage applications. Harbor Department funds for the proposed Project would be used to support demonstration of these five drayage vehicles. The total project cost to develop, operate and assess all of the trucks is \$31,340,144. The total requested TAP funding amount is \$2,000,000 to be split equally between the Harbor Department and the Port of Long Beach (POLB). The POLB entered into a separate agreement with SCAQMD for their \$1,000,000 contribution. The SCAQMD is the project manager and administrator of the proposed Project. The Harbor Department is financially responsible for \$1,000,000 under this Funding Agreement.

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;

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2. Approve a Funding Agreement between the City of Los Angeles Harbor Department and the South Coast Air Quality Management District for a term of three years in the amount of \$1,000,000;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreement with the South Coast Air Quality Management District for and on behalf of the Board; and
4. Adopt Resolution No. _____.

DISCUSSION:

Project Background/Context – On November 20, 2006, during a joint meeting between the Ports' 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. Additionally, the 2017 CAAP Update included a commitment to accelerate adoption of near-zero emissions (NZE) and zero-emissions (ZE) drayage trucks, specifically the pilot deployment of 50 to 100 zero-emission trucks.

The CAAP TAP Advisory Committee comprised of representatives from the U.S. Environmental Protection Agency (EPA), California Air Resources Board (CARB), SCAQMD, and the California Energy Commission, along with the Harbor Department and POLB, meets regularly and has reviewed and recommended this proposed Project for funding.

Proposed Project – The proposed Project involves DTNA developing 20 battery-electric heavy-duty trucks to demonstrate in real-world operations throughout Southern California. DTNA will supply 5 Class 6 battery electric trucks and 15 Class 8 battery electric trucks, including associated charging infrastructure. Trucking fleet partners will be identified to operate the trucks into a range of services and applications in the region to gather operational data for different types of duty cycles and to improve each charging and utilization scheme. Five of the Class 8 battery electric trucks will be dedicated for use in drayage operations throughout the Ports. Harbor Department funds for this proposed Project would be used to support demonstration of the five drayage vehicles.

All of these trucks are considered prototypes and are not commercial ready. Upon completion of this proposed Project, the trucks will be removed from service and

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thoroughly analyzed to further the development of a commercial-ready truck. The Harbor Department's support of this proposed Project continues to help advance the development of zero emissions trucks in the region, particularly drayage operations.

A detailed project scope with deliverables is attached to the Funding Agreement as Exhibit A (Transmittal 1). The proposed Project is funded by multiple parties including: DTNA, SCAQMD, a State Emissions Mitigation Fund, EPA Region 9, the Harbor Department and POLB as shown in the Table contained in the Financial Impact Section below. SCAQMD is the project manager and administrator for the proposed Project. The total requested TAP funding amount is \$2,000,000 to be split equally by the Harbor Department and POLB, of which \$1,000,000 will be paid by the Harbor Department.

Harbor Department staff has asked SCAQMD about opportunities for a return on this investment. SCAQMD has informed the Harbor Department that while it has already executed the contract for this particular proposed Project with DTNA, it will consider this question with DTNA in connection with any future development activity associated with this program. The POLB has already entered into agreement with SCAQMD to provide \$1,000,000.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Funding Agreement between the Harbor Department and SCAQMD to fund the DTNA demonstration of 20 on-road trucks and associated charging infrastructure, which is an administrative activity related to basic data collection, field-testing, research, experimental management and resource activities. 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.

FINANCIAL IMPACT:

Approval of this Board item supports the deployment of zero emission cargo transport technologies and commits \$1,000,000 from the TAP fund. The table below summarizes the total project cost and funding commitments by all participants:

Funding Source	Amount
DTNA	\$ 15,670,072
State Emissions Mitigation Fund	\$ 4,440,000
Port of Long Beach	\$ 1,000,000

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Harbor Department	\$ 1,000,000
U.S. EPA	\$ 500,000
SCAQMD	\$ 8,730,072
TOTAL	\$ 31,340,144

Harbor Department funds will be expended as follows:

FY 2019/20: \$ 731,979
FY 2020/21 \$ 268,021
TOTAL \$1,000,000

Funds in FY 19/20 are available in Account 59965 (Incentives), Center 0330 (Environmental Management Division), Program 000 (Base Budget). Future fiscal year funds will be requested through the Harbor Department's annual budgeting process. As this is a demonstration project, there are no ongoing operating and maintenance costs subsequent to project completion.

CITY ATTORNEY:

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

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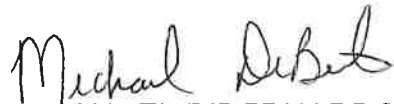
TRANSMITTAL:

1. Funding Agreement with South Coast Air Quality Management District

FIS Approval: MB
CA Approval: P



CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



FOK

EUGENE D. SEROKA
Executive Director

CC/YO
AUTHOR: T. Pisano

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UPDATE: 5/27/2020 4:24 PM