



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

Board of Harbor Commissioners

DATE: DECEMBER 21, 2011

DIVISION: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - CHINA SHIPPING AMENDED STIPULATED JUDGMENT AIR QUALITY MITIGATION INCENTIVE PROGRAM GRANT AGREEMENT WITH BOSHART ENGINEERING, INC.

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) entered into Agreement No. 09-2812 with Boshart Engineering, Inc. (Boshart), a California Corporation, in the amount of \$348,120 to demonstrate and verify a diesel particulate filter to reduce nitrogen oxides (NOx) and particulate matter (PM) emissions in forklifts and top picks (Boshart Project). A new agreement has been developed to incorporate changes to scope and replace the previous agreement which expired in November 2011. There is no change in the funding amount.

RECOMMENDATION:

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

1. Approve the Agreement between the City of Los Angeles Harbor Department and Boshart Engineering, Inc. for an amount not-to-exceed \$348,120;
2. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreement for and on behalf of the Board; and
3. Adopt Resolution No. _____.

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SUBJECT: AGREEMENT WITH BOSHART ENGINEERING, INC.

DISCUSSION:

Background - The Air Quality Mitigation Incentive Program (AQMIP) was established in the China Shipping Amended Stipulated Judgment in 2004 in order to identify projects with the potential to reduce air impacts at the Port of Los Angeles, especially in the San Pedro and Wilmington areas. The AQMIP includes a process to evaluate and recommend projects for funding which includes receiving proposals from applicants; review by a Technical Advisory Committee comprised of representatives from regulatory agencies (U.S. Environmental Protection Agency, California Air Resources Board, South Coast Air Quality Management District Carl Moyer Program and Mobile Source Reduction Program) recommendations from the Port Community Advisory Committee (PCAC); and approval from the Board.

On November 20, 2008, the Boshart Project was one of 48 projects awarded a grant under the Harbor Department's 2007-2008 AQMIP by the Board. Agreement No. 09-2812 was executed in November 2009 in the amount of \$348,120 for a term of two years.

Project Details - Agreement No. 09-2812 authorized Boshart to demonstrate Econix-L 102 De NOx (Econix-L) diesel particulate filters on forklifts and top picks at California Cartage Company (Cal Cartage) and Yusen Terminals Incorporated (YTI). The technology was expected to achieve an 85% emission reduction in PM and a 25% emission reduction in NOx on each piece of equipment.

Boshart has now requested changes to the project scope. Boshart has requested to demonstrate the Clean Air Tec Permagreen low NOx diesel particulate filter system (Permagreen) instead of Econix-L because it is further developed and closer to commercialization. The Permagreen technology is expected to achieve PM and NOx reductions equal to or better than the Econix-L technology. The Permagreen technology will now be demonstrated on forklifts and top picks at Seaside Transportation Services (STS) instead of Cal Cartage and YTI. The number of test hours for each engine has also been reduced. The reduction in test hours was done in accordance with recommendations from CARB, who advised that previous number of test hours was more than required for CARB verification.

The Boshart Project supports elements of the Board-adopted San Pedro Bay Ports Clean Air Action Plan by continuing to promote clean air initiatives. If successful, the technology can be installed on yard equipment operating within the San Pedro Bay Ports.

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Agreement - Since a number of changes are being made, and Agreement 09-2812 has recently expired, a new Agreement has been developed. The Agreement is for a term of two years and in the same not-to-exceed amount of \$348,120. Boshart will be compensated in accordance with Section V of the Agreement (Transmittal 1) upon satisfactory completion of milestones detailed in Exhibit A of the Agreement.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Agreement between the City of Los Angeles Harbor Department and Boshart Engineering, Inc. to demonstrate a diesel particulate filter system in accordance with the AQMIP. As an activity involving the installation of environmental protection devices for use in conjunction with existing mechanical equipment, the Director of Environmental Management has determined the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Article III, Class 1(6) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The Boshart Project is part of the AQMIP funded from the China Shipping Settlement Agreement. The total grant award for this Boshart Project is \$348,120. There is not expected to be any ongoing operating and maintenance costs associated with this project subsequent to project completion as the project is a demonstration project only.

FY 2011/2012	\$300,000
FY 2012/2013	\$48,120

Funds in the amount of \$348,120 are available in Account No. 21951(Air Quality Mitigation), Center No. 7000, Program 000.

ECONOMIC BENEFITS:

Spending under this Agreement will support approximately five one-year full-time-equivalent jobs in the five-county region.

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CITY ATTORNEY:

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

TRANSMITTAL:

1. Agreement with Boshart

FIS Approval: ED (initials)

CA Approval: CB (initials)



CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

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ADP No.: 030507-513
BOARD MEETING: 01/05/12

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