



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

Board of Harbor Commissioners

DATE: OCTOBER 8, 2014

FROM: ENVIRONMENTAL MANAGEMENT

**SUBJECT: RESOLUTION NO. _____ - APPROVAL OF FIRST
AMENDMENT TO AGREEMENT NO. 12-3072 WITH SEASIDE
TRANSPORTATION SERVICES, LLC. UNDER THE PORT OF LOS
ANGELES AIR QUALITY MITIGATION INCENTIVE PROGRAM FOR
THE REPOWER OF RUBBER-TIRED GANTRY CRANES**

SUMMARY:

In December 2007, the Board of Harbor Commissioners (Board) awarded an Air Quality Mitigation Incentive Program (AQMIP) Grant for \$875,000 to Seaside Transportation Services, LLC (STS). The grant was initially intended to retrofit 14 rubber-tired gantry crane engines (RTGs) with California Air Resources Board (CARB) Level III verified diesel particulate filters (DPFs). Due to delays with the DPF technology verification, STS formally changed their request, which was approved by the Board in June 2011, to use a portion of the grant, \$350,000, to retrofit 14 top picks with CARB-verified Level II emission control technologies, with the remaining balance of \$525,000 to be used to retrofit 11 RTGs when the DPF technology was verified by CARB.

In May 2012, the Board approved Agreement No. 12-3072 with STS, for \$525,000, to retrofit 11 RTG engines with CARB certified Level II DPFs which would be later upgraded to Level III DPFs. Instead, STS has decided to repower the 11 RTGs with CARB Certified Tier 4i Caterpillar engines rather than retrofit the existing engines with DPFs. This change in scope requires an amendment to Agreement No. 12-3072. Staff recommends amending Agreement No. 12-3072 to allow STS to utilize \$525,000 to offset the cost to repower 11 RTGs with CARB Certified Tier 4i Caterpillar engines for a term of three years ending June 24, 2015. The First Amendment to Agreement No. 12-3072 is the financial responsibility of the City of Los Angeles Harbor Department (Harbor Department).

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the First Amendment to Air Quality Mitigation Improvement Program Grant Agreement No. 12-3072 between the City of Los Angeles Harbor Department and Seaside Transportation Services, LLC., in the not-to-exceed amount of \$525,000 for 11 rubber-tired gantry crane engine repowers;
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. _____.

SUBJECT: FIRST AMENDMENT TO AGREEMENT NO. 12-3072 WITH SEASIDE TRANSPORTATION SERVICES

DISCUSSION:

AQMIP Background/Context - In accordance with the 2004 Amended Stipulated Judgment (ASJ) between the Natural Resources Defense Council et al. and the City of Los Angeles (City), the Harbor Department established the AQMIP and committed over \$30 million to pay for air quality mitigation projects. These projects would either (1) reduce DPM and oxides of nitrogen (NOx) emissions from Port of Los Angeles (Port) operations in the communities of San Pedro and Wilmington, or (2) develop emission reducing technologies that may be applied throughout the San Pedro Bay. Although the AQMIP preceded the San Pedro Bay Ports Clean Air Action Plan (CAAP), the projects funded support the emission reduction goals of the CAAP.

Project Information - In December 2007, STS was awarded a grant under the AQMIP, in an amount not-to-exceed \$875,000, to retrofit 14 RTGs with CARB-verified Level III DPFs. On August 11, 2008, the Harbor Department entered into Agreement No. 2662 with STS to fund the project; however, the project was put on hold because the DPF had not been verified at Level III by CARB.

In June 2011, the Board terminated Agreement No. 2662 and approved Agreement No. 11-2988 with STS allocating \$350,000 of the unspent grant funds to retrofit 14 top picks with CARB-verified Level II emission control technologies. The retrofitting was successfully completed, and the 14 retrofitted top picks are estimated to reduce DPM emissions by 0.70 tons per year, resulting in a greater emissions benefit than the original project estimate of 0.57 tons per year. In June 2011, the Board also approved the remaining grant funds of \$525,000 to be used to retrofit 11 RTGs with Level III DPFs once the technology was verified.

Since there were still delays with CARB verification of the level III DPFs, in May 2012, Agreement No. 12-3072 was approved by the Board to allow STS to retrofit 11 RTGs with CARB-verified Level II DPFs and when the DPF achieved Level III verification, STS would make the necessary adjustment to the DPFs to meet the higher level. When STS began installation of the DPFs, they became aware that the engines in the RTGs were not approved to be retrofitted by DPFs. After discussing their options with CARB, STS decided to replace their RTG engines with cleaner CARB Certified Tier 4i Caterpillar (Tier 4i) engines instead of using DPFs to achieve emission reductions. STS has requested the First Amendment to Agreement No. 12-3072 to allow the \$525,000 to be used to offset the cost for the repower of 11 RTGs instead of retrofits. The cost for 11 new Tier 4i engines is \$1,199,534. STS will be responsible for all costs above the \$525,000 for purchase, installation, and maintenance of equipment. This project is estimated to reduce DPM by 0.28 tons per year and nitrogen oxides by 10.81 tons per year. Staff recommends that the Board approve the First Amendment to Agreement No. 12-3072 in the not-to-exceed amount of \$525,000 (Transmittal 1) with STS to repower the RTGs with the Tier 4i engines.

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**SUBJECT: FIRST AMENDMENT TO AGREEMENT NO. 12-3072 WITH SEASIDE
TRANSPORTATION SERVICES**

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Amendment to Agreement No. 12-3027 with STS to allow STS to use AQMIP grant money to repower 11 RTGs with new CARB certified Tier 4i engines instead of using the money for DPF retrofits for the existing engines. Tier 4i Caterpillar engines provide greater emission reductions than the previously proposed DPF retrofits. Therefore, as an activity involving the addition of environmental protection devices for use in conjunction with existing mechanical equipment, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article III, Class 1(6) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

Approval of the proposed Amendment to change the Scope of Work will have no employment impact.

FINANCIAL IMPACT:

The proposed First Amendment to Agreement 12-3072 changes the Scope of Work to allow STS to repower 11 RTGs with CARB Certified Tier 4i Caterpillar engines instead of retrofitting with DPFs. There is no change to the total cost of the project. The First Amendment to Agreement No. 12-3072 is the financial responsibility of the Harbor Department. STS will be responsible for any costs above \$525,000 and is responsible for on-going operating and maintenance costs associated with this project.

The grant is funded under the China Shipping Air Quality Mitigation Incentive Funding Account 21951, Center 7000, Program 000 and will be expended in Fiscal Year 14/15.

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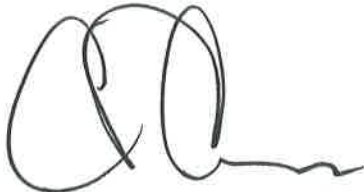
CITY ATTORNEY:

The Office of the City Attorney has prepared and approved the First Amendment to Agreement No. 12-3072 as to form and legality.

TRANSMITTAL:

1. Proposed First Amendment to Agreement 12-3072 between the Harbor Department and Seaside Transportation Services, LLC.

FIS Approval: WP (initials)
CA Approval: pr (initials)

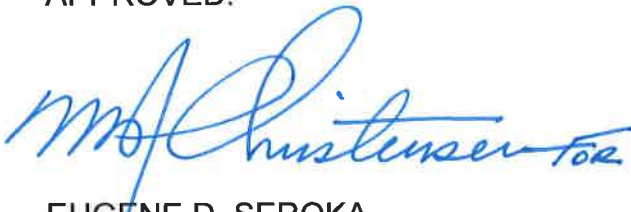


CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

APP NO.: 030507-513
AUTHOR: TERESA GIOIELLO PISANO
BOARD MEETING: 10/16/2014

FILE: G:_ADMIN_BOARD REPORTS_AIR QUALITY_CHINA SHIPPING ASJ COMPLIANCE\AQMIP\SEASIDE
TRANSPORTATION SERVICES\STS REPOWER 11 RTGs 2014\ENV_STS 1st AMEND - AGENDA SETTING.docx
UPDATED: 10/08/2014 7:52 AM - MRX