

**DATE: JULY 30, 2024**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - FIRST AMENDMENT TO AGREEMENT NO. 22-9849 WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR A DIESEL EMISSION REDUCTION ACT GRANT TO FUND THE ZERO EMISSION SWITCHER LOCOMOTIVE PROJECT**

**SUMMARY:**

Staff requests approval of the First Amendment to the United States Environmental Protection Agency (EPA) Diesel Emission Reduction Act (DERA) Grant Agreement No. 98T27801 (City of Los Angeles Harbor Department Agreement No. 22-9849) to fund the Zero-Emissions Switcher Locomotive Project (Project) with Project partner Union Pacific Railroad Company (UP). The proposed First Amendment updates the Project schedule and milestones and extends the term of the Agreement by two years to account for delays in the Project timeline due to disruptions in the battery supply chain. All other terms and conditions remain the same, including the overall Project costs and participant commitments.

On January 4, 2021, the Board of Harbor Commissioners (Board) accepted EPA DERA Grant Agreement No. 98T27801 awarding \$2,025,000 for Project expenditures and administrative costs. Under the terms of the Grant Agreement, the City of Los Angeles Harbor Department (Harbor Department) is responsible for the administrative management of the Project. UP is financially responsible for all other Project costs. The Harbor Department is not required to commit any funding to the Project beyond staff time and resources to act as Grant Manager.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

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 First Amendment to Agreement No. 22-9849 between the Harbor Department and the EPA;

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3. Authorize the Executive Director to execute and the Board Secretary to attest to said Amendment with the EPA for and on behalf of the Board; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – On March 16, 2021, the Harbor Department applied for a grant award in the amount of \$2,025,000 on behalf of UP in response to the EPA’s DERA grant solicitation.

On January 14, 2022, the Board accepted the cooperative grant agreement (Grant) from the EPA and approved Agreement No. 22-9849 (EPA Grant Number 98T27801) in the amount of \$2,025,000. Through this Grant, the Harbor Department is administering funds to subrecipient UP to develop with manufacturer, Wabtec, and demonstrate a Zero-Emissions Switcher Locomotive and the necessary charging components. The Harbor Department was awarded \$5,000 for grant administration and will not commit any additional funding to this Project beyond staff time and resources to act as Grant manager.

Battery-Electric Locomotive Project – The Harbor Department is administering a grant for UP to purchase and demonstrate a new zero-emissions switch locomotive which includes battery capacity. A switcher locomotive makes short distance movements of rail cars, such as assembling and disassembling trains at various locations in and around the Port of Los Angeles (Port) complex, sorting cars of inbound cargo trains for subsequent delivery to terminals, and short distance hauling of rail cargo within the Port. The battery-electric switcher locomotive is expected to have a run time of up to 24 hours, depending upon charging and utilization rates. The DERA grant award does not provide funding for infrastructure and the cost of the charging infrastructure is not included in this Project cost; however, UP will install charging infrastructure at their primary yard for the switcher locomotive. The switcher locomotive’s battery will be able to recover energy through dynamic braking and is designed to work in tandem with a train consisting of at least one other locomotive. It cannot work on its own.

Proposed First Amendment - The overall Project schedule has been impacted due to a disruption in the battery supply chain, as a result a Project timeline update and Project term extension are required. The First Amendment to Agreement No. 22-9849 (Transmittal 1) extends the Project timeline by two years to September 30, 2026.

Harbor Department Responsibilities - The Harbor Department’s responsibility under this agreement is limited to grant administration and passing grant funds through to UP after payment from the EPA. Any shortfalls in the budget or the schedule are the responsibility of UP. The remaining work under the Project will be conducted at various sites owned and operated solely by the project partners and not on Port property. This work was

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contracted under the previously approved Subrecipient Agreements. Any budget shortfalls or schedule timings on task items under the EPA Grant Agreement are the responsibility of the subrecipient.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of the First Amendment to the United States EPA DERA Grant Agreement to fund the Zero-Emissions Switcher Locomotive Project with Project partner UP, 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 Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

This proposed Board action is for approval of a time extension to US EPA Grant Agreement No. 98T27801, Harbor Department Agreement No. 22-9849. There is no financial impact associated with this Board item, other than staff time administering the Project. It is anticipated that all funds from this grant will be received by the Harbor Department in Fiscal Year 2026/2027.

The Harbor Department will function as grant administrator and pass \$2,020,000 to subrecipient UP. The remaining \$5,000 will be retained by the Harbor Department to offset costs to administer the grant. Any staff time above the \$5,000 grant award will be considered a match share by the Harbor Department.

**CITY ATTORNEY:**

The Office of the City Attorney has approved the First Amendment to Agreement No. 22-9849 as to form and legality.

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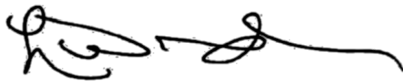
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**TRANSMITTALS:**

1. First Amendment to Agreement No. 22-9849 with the EPA

FIS Approval: JS  
CA Approval: JC



LISA WUNDER  
Acting Director of Environmental Management

*Michael DiBernardo*

MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:

*Erica M. Calkoun* for

EUGENE D. SEROKA  
Executive Director

LW/MRX  
AUTHOR: B. FORD

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