



**DATE: AUGUST 28, 2018**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - SECOND AMENDMENT TO GRANT AGREEMENT NO. 16-3395 WITH THE CALIFORNIA AIR RESOURCES BOARD AND SECOND AMENDMENT TO SUBRECIPIENT AGREEMENT NO. 16-3396 WITH PASHA STEVEDORING & TERMINALS L.P. FOR THE IMPLEMENTATION OF ZERO AND NEAR-ZERO EMISSION TECHNOLOGIES**

**SUMMARY:**

Staff requests that the Board of Harbor Commissioners (Board) approve the proposed Second Amendment to Agreement No. 16-3395 with the California Air Resources Board (CARB) and the proposed Second Amendment to Subrecipient Agreement No. 16-3396 with Pasha Stevedoring & Terminals L.P. (Pasha or Subrecipient) to extend the Green Omni Terminal Project (Project) by one year, reallocate grant funding, modify Project milestones, and modify the disbursement schedule. No additional funds are being requested.

**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 Second Amendment to Grant Agreement No. 16-3395 with the California Air Resources Board to add time, change project milestones and the disbursement schedule;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said Second Amendment to Agreement No. 16-3395 with the California Air Resources Board for and on behalf of the Board;

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4. Approve the Second Amendment to Subrecipient Agreement No. 16-3396 with Pasha Stevedoring & Terminals L.P. to add time, modify project milestones disbursements schedule, and increase the amount by \$88,000 for a total not-to-exceed amount of \$14,510,400;
5. Direct the Board Secretary to transmit the Second Amendment to Subrecipient Agreement No. 16-3396 to the City Council for approval pursuant to Charter Section 373 and Administrative Code Section 10.5;
6. Authorize the Executive Director to execute and the Board Secretary to attest to said Second Amendment to Subrecipient Agreement No. 16-3396 with Pasha Stevedoring & Terminals L.P. for and on behalf of the Board upon approval of City Council; and
7. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – On June 23, 2015, CARB released a grant solicitation to implement and administer Multi-Source Facility Demonstration Projects under the Cap and Trade Grant Program. On September 24, 2015, the Harbor Department submitted a grant application to CARB seeking funds under the Cap and Trade Grant Program for the Project. On January 13, 2016, CARB notified the City of Los Angeles Harbor Department (Harbor Department) that the Project was selected and had received a preliminary grant award offer in the amount of \$14,510,400. On May 19, 2016, the Board accepted the grant and approved Subrecipient Agreement No. 16-3396 with Pasha to implement the Project. In March 2017, the Board approved the first Amendments to these agreements to modify project milestones and modify the disbursements schedule.

Green Omni Terminal Project – The Project is designed to test pre-commercial zero and near-zero emission technologies that will encourage the sustainable movement of goods throughout the Southern California region. The Project includes the demonstration of four electric yard tractors, two electric (Class 8) on-road trucks, three electric hi-tonnage forklift retrofits, and an at-berth vessel emissions control system. An additional Project component is the construction of a solar powered microgrid, which will be supported by 2.6-megawatts of backup battery storage intended to provide critical power to the charging units for the plug-in electric equipment as well as terminal systems during a grid power outage. The status of the Project is summarized in Transmittal 1.

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Second Amendments – Staff proposes a Second Amendment to Agreement No. 16-3395 (Transmittal 2) and a Second Amendment to Subrecipient Agreement No. 16-3396 (Transmittal 3) to extend the term of the Agreements, redistribute \$88,000 of grant funding to the Subrecipient, modify the project milestones, and modify the disbursements schedule.

The primary driver for the extension of the grant until March 2020 is to allow adequate time for the one-year demonstration of the electric vehicles and ShoreKat emissions treatment system. Delays in equipment fabrication and deployment require a schedule extension.

The redistribution of \$88,000 of grant funding to the Subrecipient is recommended to cover the purchase of data loggers necessary to analyze the equipment and to cover additional Project management costs that will be incurred due to the 11-month Project extension. In 2016, the Harbor Department intended to retain this funding for unanticipated Project or administrative costs. However, to support additional administrative activities due to the extension of the Project and to help cover unanticipated data logger expenditures, the \$88,000 in grant funding will be passed through to the Subrecipient. This is reflected in the Subrecipient Agreement total amount change from \$14,422,400 to \$14,510,400.

The modifications to the Project milestones and disbursements schedule are necessary to move funding from tasks that do not require the funding, to tasks that require more funding to complete. These changes are detailed in the proposed amended scope of work and disbursement schedule. Specifically, funding will be reallocated from the repower of a top handler to the infrastructure construction. Pasha's operations currently do not involve the movement of containers and the electrified top handler would not be used. Instead, a 21-ton forklift will be repowered since it will incur more operating hours and will provide a better demonstration opportunity and greater emissions reductions. The difference in the cost of the two pieces of equipment is \$575,255. This funding is proposed to be used to cover unanticipated costs associated with infrastructure construction such as permitting, temporary installation of power to operate a cooling system for the battery storage systems, conversion of foundations from housekeeping pads to spread footings, conversion of above ground conduits to underground, and addition of a new 480-V switchboard.

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**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of a Second Amendment to Agreement No. 16-3395 with CARB and a Second Amendment to Agreement No. 16-3396 with Pasha to extend the term of the agreements, modify the project milestones, and modify the disbursement schedules for the Green Omni Terminal Project, which is an administrative activity. As such, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

The proposed Second Amendment to Grant Agreement No. 16-3395 extends the Project term by eleven months, modifies Project milestones and the disbursement schedule. These same changes are incorporated into the Second Amendment to Subrecipient Agreement No. 16-3396 as well as increasing the disbursement amount to the subrecipient by \$88,000. These funds were initially allocated to the Harbor Department for administrative costs but they will be reallocated to the subrecipient for the purchase of the data loggers and project management costs over the eleven-month Project time extension. The grant award of \$14,510,400 remains the same.

The Harbor Department is financially responsible for administrative costs to manage the grant agreement which to date is \$48,000 in staff time. The Harbor Department has received \$9,557,181 in grant funds and distributed them to Pasha. As a pass through grant, funds are drawn from CARB only after the subrecipient has performed work and submitted an invoice to the Harbor Department.

**CITY ATTORNEY:**

The Office of the City Attorney has reviewed and approved the two Second Amendments as to form and legality.

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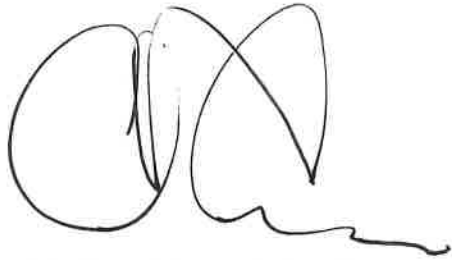
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**TRANSMITTALS:**

1. Project Status
2. Second Amendment to Grant Agreement No. 16-3395
3. Second Amendment to Subrecipient Agreement No. 16-3396

FIS Approval: MB  
CA Approval: JMC



CHRISTOPHER CANNON  
Director of Environmental Management



FOR MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:



FOR

EUGENE D. SEROKA  
Executive Director

CC/yo  
AUTHOR: T. PISANO

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