

DATE: MAY 22, 2024

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT ON BEHALF OF THE MOBILE SOURCE AIR POLLUTION REDUCTION REVIEW COMMITTEE TO FUND PUBLIC HEAVY-DUTY ZERO-EMISSION TRUCK CHARGING INFRASTRUCTURE

SUMMARY:

Staff requests approval of a proposed Memorandum of Understanding (MOU) between the City of Los Angeles Harbor Department (Harbor Department) and the South Coast Air Quality Management District (SCAQMD), on behalf of the Mobile Source Air Pollution Reduction Review Committee (MSRC), to fund nine public heavy-duty zero-emission (ZE) electric truck charging infrastructure locations with a total of 211 chargers (Projects). The Harbor Department will provide up to \$14,262,956 of Clean Truck Fund (CTF) Rate monies to SCAQMD. SCAQMD will administer the funding distribution during the construction of the Projects within the South Coast Air Basin to the Project applicants. The MOU will be for a term of eight years. The Harbor Department is financially responsible for up to \$14,262,956 in funding for these Projects.

RECOMMENDATIONS:

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 Memorandum of Understanding with South Coast Air Quality Management District on behalf of Mobile Source Air Pollution Reduction Review Committee to fund up to \$14,262,956 of Clean Truck Fund (CTF) Rate monies for nine public heavy-duty zero-emission truck charging infrastructure projects;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said Memorandum of Understanding for and on behalf of the Board; and
4. Adopt Resolution No. _____.

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DISCUSSION:

Background and Context - Clean Air Action Plan – On November 2, 2017, the Harbor Department and the Port of Long Beach adopted the 2017 Clean Air Action Plan (CAAP) Update. One CAAP goal includes further advancement of the Clean Truck Program (CTP) to help the trucking industry phase out older trucks and transition the Port of Los Angeles (Port) drayage trucks to ZE drayage trucks by 2035. The 2035 ZE truck goal aligns with a requirement in the recently adopted California Air Resources Board (CARB) Advanced Clean Fleet Regulation. As a result of the successful CTP efforts over the years, air emissions from trucks operating at the Port have been reduced by 98% for diesel particulate matter (DPM), 83% for nitrogen oxides (NO_x), 92% for sulfur oxides, and 16% for greenhouse gases compared to 2005.

CTF Rate and Spending Plan – An important element in the 2017 CAAP Update was the establishment of a CTF Rate, which charges a rate of \$10 per twenty-foot equivalent unit or \$20 per container longer than 20 feet to cargo owners or their authorized agents on loaded containers hauled by drayage trucks at Port terminals, with exemptions for ZE and Low NO_x trucks.

The Harbor Department started collecting the CTF Rate in April 2022 and has collected approximately \$82 million through March 2024. All CTF Rate funds will be spent pursuant to the Port CTF Rate Spending Plan adopted in Resolution No. 22-9984 on March 24, 2022, exclusively to pay for incentive programs to replace Port drayage trucks with ZE trucks, and to pay for associated ZE infrastructure as needed.

MSRC Request for Information Solicitation – The MSRC is comprised of South Coast Air Basin transportation agencies, SCAQMD and CARB. As part of the MSRC Work Program development process, the MSRC is committed to funding up to \$50 million to develop ZE vehicle refueling infrastructure for use by the goods movement industry. In September 2022, the MSRC initiated a Request for Information (RFI) solicitation process whereby the MSRC sought submission of projects to construct zero-emission refueling infrastructure within the geographical jurisdiction of SCAQMD. The MSRC, Harbor Department, and Port of Long Beach staff identified nine electric charging projects (Projects) through this RFI solicitation as listed in Transmittal 1. The estimated total cost of the Projects is \$140,466,733. Once completed, the Projects will provide 211 electric chargers for the South Coast Air Basin.

Memorandum of Understanding (MOU) – In an effort to support the CAAP goal to transition Port drayage trucks to zero emissions by 2035, Harbor Department staff recommends entering into an MOU (Transmittal 2) with SCAQMD, on behalf of the MSRC, to provide funding for the identified Projects from the MSRC Public ZE Truck Refueling RFI. The Harbor Department will provide up to \$14,262,956 total for the nine Projects paid for by the collected CTF Rate monies. In addition, Port of Long Beach is separately contracting with SCAQMD for the same amount using their collected CTF Rate monies. Each Project funding recipient is required to provide at least a 30% cost share (a

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minimum of which 10% must be cash, not in-kind) contribution to their Project. Funding recipients are required to submit analysis for reasonable expectation that the charging infrastructure will be utilized by drayage trucks to SCAQMD. Other project requirements can be found in Exhibit B of the MOU.

The Harbor Department will disburse each Project’s funding to SCAQMD as they complete contracting with each Project funding recipient. SCAQMD will then administer the funding for each of the Projects and distribute funds to the Project recipients per Project task milestones. Harbor Department staff will review each Project’s task milestones prior to SCAQMD agreement finalization with the Project recipient. The Harbor Department will receive quarterly reports from SCAQMD during the construction of each Project. Following the completion of a Project’s infrastructure, the recipient of the Harbor Department funds are required to submit biannual (every six months) reports to SCAQMD on infrastructure usage and downtime, if any, for up to five years after infrastructure completion. SCAQMD will then submit these biannual reports to the Harbor Department. Each of the Projects have different estimated construction completion dates over the course of the next three years. The contract with SCAQMD will last eight years to account for infrastructure construction completion and the five-year biannual reporting requirement.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the MOU with SCAQMD to fund public heavy-duty ZE truck infrastructure projects, 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:

If the proposed MOU is approved, the Harbor Department would be obligated to fund up to \$14,262,956 for nine public heavy-duty ZE truck charging infrastructure projects. The funding for these projects is secured through the collection of the CTF Rate, which the Port Tariff No. 4, Item 2030 provides for collection through December 31, 2034.

It is anticipated that funds will be expended as follows:

Fiscal Year 2024/25	\$ 7,450,000
Fiscal Year 2025/26	\$ 6,812,956
<u>Total</u>	<u>\$14,262,956</u>

Fiscal Year 2024/25 funds have been requested to be budgeted in Account 59966 (Clean Truck Program Subsidies and Incentives), Center 0330 (Environmental Management),

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Program 000, pending Board approval. Funding in future fiscal years will be requested through the annual budget adoption process, subject to Board approval.

The Harbor Department's financial obligations after the current fiscal year are contingent upon the Board appropriation of funds. If any subsequent fiscal year funds are not appropriated by the Board required by the MOU, the MOU shall be terminated. However, such termination shall not relieve the parties of liability for any obligations previously incurred.

CITY ATTORNEY:

The Office of the City attorney has reviewed and approved the MOU as to form and legality.

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TRANSMITTALS:

1. MSRC RFI Project List
2. MOU – Harbor Department and SCAQMD, on Behalf of MSRC, for Public Heavy-Duty ZE Truck Charging Infrastructure

FIS Approval: JS
CA Approval: JC



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Acting Director of Environmental Management

Dina Aryan-Zaklan
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Deputy Executive Director

APPROVED:

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