

DATE: APRIL 27, 2021

FROM: ENVIRONMENTAL MANAGEMENT

**SUBJECT: RESOLUTION NO. _____ - FIRST AMENDMENT TO AGREEMENT
NO. 19-3686 WITH EFFENCO DEVELOPMENT INC. FOR THE ZERO-
EMISSION IDLING CARGO HANDLING EQUIPMENT
DEMONSTRATION PROJECT**

SUMMARY:

Staff requests approval of the proposed First Amendment to Agreement No. 19-3686 with Effenco Development Inc. (Effenco) to modify project milestones and the payment schedule for the Zero-Emission Idling Cargo Handling Equipment Demonstration Project (Project), previously approved by the Board in 2019 under the Technology Advancement Program (TAP). No additional funds or time extension is 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 First Amendment to Agreement No. 19-3686 with Effenco Development Inc. to modify project milestones and the payment schedule;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the amendment for and on behalf of the Board; and
4. Adopt Resolution No. _____.

DISCUSSION:

Project Background/Context – The TAP is a San Pedro Bay Ports Clean Air Action Plan initiative that provides grant funding on a cost share basis to support the development of

DATE: APRIL 27, 2021

PAGE 2 OF 4

SUBJECT: FIRST AMENDMENT TO AGREEMENT NO. 19-3686

technologies with the potential to reduce air pollution at the ports. The TAP is funded by the City of Los Angeles Harbor Department (Harbor Department) and the Port of Long Beach (POLB) with each allocating up to \$1.5 million annually to the program, which is used for grants that can be leveraged with funding from other parties. The TAP Advisory Committee, comprised of representatives from the U.S. Environmental Protection Agency, California Air Resources Board (CARB), and the South Coast Air Quality Management District, evaluates and recommends projects for funding. To date, nearly \$12 million has been allocated to TAP projects since the program's inception in November 2006.

Zero-Emission Idling Cargo Handling Equipment Demonstration Project – On September 5, 2019, the Board approved \$180,000 for the Project and entered into Agreement No. 19-3686 with Effenco. The Board also approved a cost share agreement with POLB, who will share \$90,000 of the Project cost. The Project will demonstrate six yard tractors at APM Terminals retrofitted with Effenco's zero-emission start-stop idling technology. The Effenco technology is a hybrid upgrade that automatically turns off the combustion engine when the vehicle is immobile and provides electric power to vehicle systems such as transmission or air conditioning when the engine is off, thus reducing the amount of vehicle engine run time. The Project, if successfully demonstrated, is expected to reduce engine run time up to 52% and reduce fuel consumption and related emissions by up to 31%.

First Amendment – Staff proposes a First Amendment to Agreement No. 19-3686 to modify the Project milestones and payment schedule. Originally, Effenco intended to seek CARB verification for their start-stop idling technology. In recent Project meetings, CARB has informed the Project team that they do not issue verification for hybrid or anti-idle technology. Rather, Effenco will receive a permit to demonstrate and apply for an after-market parts approval to be able to sell these units in California. The Project milestones were modified to reflect these discussions with CARB. Additionally, the payment schedule was updated to reflect delays due to the COVID-19 pandemic. Since the funding disbursement is based on milestone completion, there will be no change to the duration of the overall Project or the total monetary disbursement of \$180,000. It is not necessary to amend the cost share agreement with POLB.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a proposed First Amendment to Agreement No. 19-3686 between the Harbor Department and Effenco to modify Project milestones and the payment schedule. 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.

DATE: APRIL 27, 2021

PAGE 3 OF 4

SUBJECT: FIRST AMENDMENT TO AGREEMENT NO. 19-3686

FINANCIAL IMPACT:

The proposed First Amendment to Agreement No. 19-3686 modifies the Project milestones and payment schedule. The grant award of \$180,000 remains the same. The Harbor Department is financially responsible for initially funding \$180,000 in Project costs, of which \$90,000 will be reimbursed through a cost share agreement with POLB.

The total cost of this Project is approximately \$625,163 paid by the following funding partners:

Effenco	\$	445,163
Harbor Department	\$	90,000
Port of Long Beach	\$	90,000
TOTAL	\$	625,163

The Harbor Department will initially incur cash outflows of \$180,000 and record these outflows using Account 59965 (Customer Environmental Subsidies) and Account 11225 (Reimbursable Costs – Environmental Projects). \$90,000 in aggregate expenses are expected to be incurred within Account 59965, and funding for FY 20/21 is available in Center 0330 Account 59965, Program 000. The remaining \$90,000 in cash outflows will be recorded as a receivable within Center 7000, Account 11225, Program 000. The outstanding balance within Account 11225 will be subsequently amortized as reimbursements are from POLB are received. Cash outflows are anticipated to occur as follows:

<u>Funding year</u>	<u>Account 59965</u>	<u>Account 11225</u>
FY 2020/2021	\$ 58,350.00	\$ 58,350.00
FY 2021/2022	\$ 26,941.50	\$ 26,941.50
FY 2022/2023	<u>\$ 4,708.50</u>	<u>\$ 4,708.50</u>
TOTAL	\$ 90,000.00	\$ 90,000.00

Funding will be requested in future years as part of the Harbor Department's annual budget adoption process, subject to Board approval.

CITY ATTORNEY:

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

DATE: APRIL 27, 2021

PAGE 4 OF 4

SUBJECT: FIRST AMENDMENT TO AGREEMENT NO. 19-3686

TRANSMITTALS:

1. First Amendment to Agreement No. 16-3686

FIS Approval: *MB*
CA Approval: *JS*


CHRISTOPHER CANNON
Director of Environmental Management

Michael DiBernardo
MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

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EUGENE D. SEROKA
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