

**DATE: JANUARY 7, 2025**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - GRANT ACCEPTANCE AND APPROVAL OF A GRANT AGREEMENT WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY PURSUANT TO THE 2024 CLEAN PORTS PROGRAM FUNDING OPPORTUNITY AND APPROVAL OF FORM OF SUBRECIPIENT AGREEMENTS**

**SUMMARY:**

Staff requests acceptance and approval of Grant Agreement No. 97T27601 with the U.S. Environmental Protection Agency (EPA) awarded to the City of Los Angeles Harbor Department (Harbor Department) in the amount of \$411,688,296 for the SEA-CHANGE: Sustainable Equipment Adoption: Community, Harbor, and Neighborhood Growth & Empowerment Project (SEA-CHANGE Project) under the EPA Fiscal Year 2024 Clean Ports Program Funding Opportunity. The SEA-CHANGE Project will fund the deployment of an estimated 424 battery-electric human-operated zero-emission (ZE) pieces of cargo handling equipment at five container terminals and an additional estimated 250 ZE drayage trucks, including related ZE infrastructure installation. The Project includes \$51 million for workforce development and community engagement efforts. The total SEA-CHANGE Project cost is \$644,212,160, which includes the EPA grant and Project Partners \$104,081,432 cost share, and the Harbor Department's contribution of \$128,442,432.

**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 CityCEQA Guidelines;
2. Accept and approve Grant Agreement No. 97T27601 between the City of Los Angeles Harbor Department and the U.S. Environmental Protection Agency for grant funding of \$411,688,296;

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3. Delegate to and authorize the Executive Director to execute, and the Board Secretary to attest, all documents to finalize the Project Grant Award consistent with the Grant Agreement, subject to approval to form and legality by the Office of the City Attorney;
4. Approve the form of Subrecipient Agreements to be entered into with Project grant subrecipients, to be finalized and executed by the Executive Director and attested by the Board Secretary, subject to approval to form and legality by the Office of the City Attorney;
5. Direct staff to present to the Board (i) a Receive and File action for the final Grant Agreement, Subrecipient Agreements and any documents executed by the Executive Director pursuant to the delegation of authority above, and (ii) an annual report on progress of the Project, beginning in 2026; and
6. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – The Inflation Reduction Act of 2022 allocated \$3 billion in funding to the EPA to create and carry out a Clean Ports Program grant process to deploy ZE port equipment around the country. The EPA began development on the program publicly in late 2022, with several Requests for Information issued and public meetings hosted to discuss the new program. The EPA Clean Ports Program Notice of Funding Opportunity (NOFO) opened on February 28, 2024, to fund ZE port equipment and infrastructure as well as climate and air quality planning at US ports. The NOFO allowed applicants to request up to \$500 million in funding to deploy ZE port equipment.

The NOFO detailed the requirements and limitations of the grant program. Eligible projects would be located at a US Port and could only deploy human-operated, fully ZE equipment, vehicles, and/or infrastructure. On March 1, 2024, Harbor Department staff sent a notice to all its major container terminal partners requesting information on potential project components to be included in the Harbor Department's application.

Five container terminals, Everport Terminal Services (Everport), TraPac, LLC. (TraPac), Fenix Marine Services (Fenix), APM Terminals (APMT), and Yusen Terminal Inc. (YTI), submitted requests for specific ZE equipment deployments and infrastructure installations within the NOFO's guidelines. In parallel, staff developed internal project elements and coordinated public outreach through the Harbor Community Benefits Foundation (HCBF).

On May 24, 2024, the Harbor Department applied to the EPA for the SEA-CHANGE Project, requesting \$411,688,296 in EPA funding to be matched with \$232,523,864 in both private and Harbor Department funds.

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Funding Award – On October 16, 2024, the EPA notified the Harbor Department it was awarded a grant for the requested amount of \$411,688,296. On December 4, 2024, the EPA sent the Grant Agreement (Transmittal 1) including specific terms and conditions. The Harbor Department will administer and distribute the subgrant amounts to the five container terminal tenant participants and the HCBF.

The tenant subrecipients will receive a total of \$293,688,296 grant funds and are required to contribute matching funds of \$104,081,432. Tenant projects are set forth below as developed and submitted in the SEA-CHANGE Project application.

<b>Tenant</b>	<b>EPA Grant</b>	<b>Equipment Summary</b>	<b>Infrastructure</b>
Everport	\$142,769,976	137 Yard Tractors 31 Top Handlers 5 Heavy Lifts 8 Forklifts	168 chargers
TraPac	\$59,874,000	120 Yard Tractors 4 Top Handlers	4 Battery Storage Systems 115 chargers 1 solar installation
Fenix	\$19,440,000	30 Yard Tractors	20 chargers
APMT	\$48,409,320	40 Yard Tractors 9 Top Handlers 2 Reach Stackers 2 Heavy Lifts 4 Cone Carts	2 Battery Storage Systems 64 chargers 1 solar installation
YTI	\$23,195,000	10 Yard Tractors 12 Top Handlers 3 Heavy Lifts	4 Battery Storage Systems with chargers

The tenant projects have an estimated lifetime emission reductions of 55 tons of nitrogen oxides (NOx), 1.5 tons of diesel particulate matter (DPM), 41,500 tons of carbon dioxide (CO2), and over 3.5 million gallons of diesel fuel eliminated. The projected reductions in harmful air pollutants will benefit the State of California’s designated disadvantaged communities of San Pedro and Wilmington.

In addition to the tenant projects, the grant incorporates a \$50,000,000 community and

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workforce development component that will be developed by the HCBF. HCBF will serve a dual role as subrecipient under the SEA-CHANGE Project. First, HCBF will be responsible for developing and managing a robust community engagement plan for the entire project with support from Harbor Department staff. This engagement effort will collect and manage community feedback and input into ongoing project elements and establish a new system for incorporating the community into large ZE deployment projects. Secondly, HCBF will directly receive funding to develop and implement a subgrant program and a workforce development program. Each program will conform to EPA's NOFO requirements and will be developed and managed by HCBF with direct guidance from the local community.

The Harbor Department will receive \$68 million for project elements that will be implemented directly by staff. \$50 million will be used to develop and issue a ZE Truck Deployment Subgrant aligned with past spending efforts managed by the Harbor Department under the Clean Truck Fund Rate program, deploying an estimated 250 ZE trucks into drayage service. An additional \$16 million will fund the installation of Alternative Maritime Power connectors for Auto-Carrier vessels (roll-on-roll-off or "ro-ro") under Project 2570800 B.195-199 - WWL Terminal Alternative Maritime Power. \$1 million will fund the development of a new curriculum development program called POLA Teaching Energy Advancements in Cargo Handling (POLA TEACH) that will be developed by staff. The final \$1 million will be allocated to the administration of this grant award. The Harbor Department will issue a future Request for Proposals for Grant Management Administration to support this EPA grant. This grant management agreement will be brought to the board through a separate board action.

Grant Agreement – The Grant Agreement, which includes the terms, conditions, and requirements of accepting the EPA grant award, was received from the EPA on December 4, 2024. Acceptance of this grant commits the Harbor Department to act as grant administrator on behalf of the EPA for the SEA-CHANGE Project. The Harbor Department will be responsible for coordination of all Project record keeping and reporting (e.g., project status, completion, and actual emission reductions) as required by the EPA funding program guidelines, and for implementing the elements of the project that will be directly managed by the Harbor Department. These elements include the ZE Truck Deployment Subgrant, the Shore Power installation at Berth 195-199, and the POLA TEACH program.

Project Partners and Subrecipient Agreements - Subrecipient Agreements between the Harbor Department and the Project Partners require the Subrecipients to comply with all the terms and conditions detailed in the EPA Grant Agreement, as well as federal subgrant requirements and standard Harbor Department contract terms. Project Partners and the Harbor Department will work collaboratively to ensure that all grant conditions are met in accordance with the EPA Grant and within the award period of January 2025 through December 2028. The Office of the City Attorney has prepared two

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Subrecipient Agreement Template forms (Template No. 1 for Terminal Operators, and Template No. 2 for Othe Parties that are not Terminal Operators), which are attached as Transmittal 2. Staff requests the Board approve the Subrecipient Templates at this time. Staff will work with the City Attorney to finalize each Project Partner's Subrecipient Agreement by adding the specific Exhibit B – Scope of Work and Exhibit C – Project Payment Schedule. It is recommended that the Board also delegate authority to the Executive Director to finalize and execute the Subrecipient Agreements, with approval to form and legality by the Office of the City Attorney, and Board Secretary attestation.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is comprised of two types of Agreements: (1) a Grant Agreement between the Harbor Department and the EPA that covers conditions and requirements of the grant Project and the administrative functions relating to receiving funds under the DERA Funding Opportunity and (2) Subrecipient Agreements between the Harbor Department and Project partners that covers the conditions and requirements of the grant Project funding. This action is limited to the acceptance of the award and the approval to form of the Subrecipient Agreements, which are administrative activities. The individual project implemented with the use of funding will be subject to separate environmental review by the lead agency with jurisdiction over the project and will be completed prior to the full execution of the Subrecipient Agreement. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA under Article II Section 2(f) of the City of Los Angeles CEQA Guidelines.

**FINANCIAL IMPACT:**

The total SEA-CHANGE Project cost is \$644,212,160, which includes the EPA grant of \$411,688,296 and match share of \$232,523,864 by Project Participants. Acceptance of this grant commits the Harbor Department to contribute \$128,442,432 to the Project. The grant award and cost share distribution are as follows:

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<b>PARTICIPANT</b>	<b>EPA GRANT</b>	<b>MATCH SHARE</b>	<b>POLA MATCH SHARE</b>	<b>TOTALS</b>
Everport	\$142,769,976	\$ 47,589,992	\$47,589,992	<b>\$237,949,960</b>
TraPac	\$ 59,874,000	\$ 19,958,000	\$19,958,000	<b>\$99,790,000</b>
Fenix	\$ 19,440,000	\$ 6,480,000	\$6,480,000	<b>\$32,400,000</b>
APMT	\$ 48,409,320	\$ 16,136,440	\$16,136,440	<b>\$80,682,200</b>
YTI	\$ 23,195,000	\$ 13,917,000	\$9,278,000	<b>\$46,390,000</b>
HCBF	\$ 50,000,000	\$0	\$0	<b>\$50,000,000</b>
POLA	\$ 68,000,000	N/A	\$29,000,000	<b>\$97,000,000</b>
<b>TOTAL:</b>	<b>\$411,688,296</b>	<b>\$104,081,432</b>	<b>\$128,442,432</b>	<b>\$644,212,160</b>

The Harbor Department will function as the grant administrator and will pass the subgrant funds to the subrecipients only after subrecipient invoices are approved by EPA and grant funds are released to the Harbor Department.

It is anticipated that grant funds to the Harbor Department and subrecipients will be distributed as follows:

<b>Fiscal Year</b>	<b>Amount</b>
2024/25	\$ 32,726,662
2025/26	\$106,605,960
2026/27	\$121,123,011
2027/28	\$ 99,238,188
2028/29	\$ 51,994,475
<b>Total</b>	<b>\$411,688,296</b>

The Harbor Department match share of \$128,442,432 and the Harbor Department's grant award of \$68,000,000 will fund the following:

	<b>Harbor Department Funds</b>	<b>Grant Funds</b>
Tenant Projects	\$99,442,432	
WWL AMP Project	\$ 4,000,000	\$16,000,000
ZE Truck Deployment	\$25,000,000	\$50,000,000
POLA TEACH		\$ 1,000,000
Grant Administration		\$ 1,000,000
<b>TOTAL:</b>	<b>\$128,442,432</b>	<b>\$68,000,000</b>

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The tenant and WWL AMP projects will be funded out of the Capital Improvement Program, and the ZE Truck Deployment will be funded out of the collected Clean Truck Fund Rate proceeds. The POLA TEACH and Grant Administration components will be funded through the Government Affairs Operational Budget and Environmental Management's Operational Budget, respectively. Funding for the Harbor Department program components listed above will be requested through PDC and the annual Harbor Department budget adoption process.

**CITY ATTORNEY:**

The Office of the City Attorney has reviewed and approved to form and legality, the Grant Agreement and Subrecipient Agreement Templates attached as Transmittal 1 and Transmittal 2, respectively. Furthermore, the Office of the City Attorney is required to review and approve to form and legality the final versions of any additional EPA documents, if any, to finalize the Grant Agreement, and the final Subrecipient Agreements prior to the Executive Director's execution.

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**TRANSMITTALS:**

1. Grant Agreement with the U.S. Environmental Protection Agency
2. Subrecipient Agreement Templates:
  - a. Subrecipient Agreement Template No. 1 – Terminal Operators
  - b. Subrecipient Agreement Template No. 2 – Other Parties

FIS Approval: JS (initials)  
CA Approval: JC (initials)



LISA WUNDER  
Acting Director of Environmental Management

*Michael DiBernardo*

MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:

*Erica M. Calhoun* for

EUGENE D. SEROKA  
Executive Director

LW:TP:JG  
Author: J. Goldberg

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