



**THE PORT  
OF LOS ANGELES**  
Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: DECEMBER 5, 2018**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF FIRST AMENDMENT TO MEMORANDUM OF AGREEMENT NO. 15-3364 TO FUND THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT'S OVERHEAD CATENARY SYSTEM PROJECT**

**SUMMARY:**

Staff requests that the Board of Harbor Commissioners (Board) approve the proposed First Amendment (First Amendment) to Memorandum of Agreement No. 15-3364 (Agreement) with the South Coast Air Quality Management District (SCAQMD) and the China Shipping Petitioners which include the Natural Resources Defense Council (NRDC), San Pedro and Peninsula Homeowners Coalition, San Pedro Peninsula Homeowners United, Inc., and the Coalition for Clean Air, Inc. (collectively the Petitioners) to modify the project scope for the overhead catenary zero emission truck demonstration project and to extend the term of the Agreement by six months. The Agreement will continue to be the financial responsibility of the Harbor Department, and no additional funding beyond what has already been committed would be required if the proposed First Amendment is approved.

**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 Memorandum of Agreement No. 15-3364 substantially as to the form attached hereto to extend the term by 6 months and to modify the project scope;
3. Direct the Board Secretary to transmit the First Amendment to Memorandum of Agreement No. 15-3364 to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5 of the Los Angeles Administrative Code;

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4. Upon approval by the City Council, authorize the Executive Director to execute and the Board Secretary to attest to said Memorandum of Agreement, for and on behalf of the Board; and
5. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – On March 26, 2003, the Los Angeles County Superior Court approved a settlement agreement between the City of Los Angeles Harbor Department (Harbor Department) and the China Shipping Petitioners which include the NRDC, San Pedro Peninsula Homeowners United, San Pedro and Peninsula Homeowners' Coalition, and the Coalition for Clean Air, which enabled the Harbor Department to proceed with the China Shipping Terminal project, subject to the settlement agreement's restrictions and limitations. Among other things, this settlement agreement, which was amended in June 2004 (and referred to as the Amended Stipulated Judgment or ASJ), established a community mitigation fund that was initially funded at \$50,000,000 and eventually grew to \$75,030,060, after later augmentation per its terms. The purpose of the fund was to identify local community aesthetic and air quality mitigation projects for Wilmington and San Pedro through a process where the local community would select projects which would eventually be approved by the Board.

According to the terms of the ASJ, any aesthetic or air quality mitigation funds that were not committed to specific projects within five years of establishment of the ASJ, would be transferred to an independent air quality mitigation program available to administer the funds, provided such program was mutually agreeable to the parties of the settlement. The mitigation funding amount that remained uncommitted was \$9,226,944.

After extensive discussion, investigation, analysis and negotiations between the Harbor Department and the Petitioners, \$5,226,944 was allocated to a third party administrator, the Harbor Community Benefits Foundation, and the remaining \$4,000,000 was allocated to SCAQMD to support the Overhead Catenary Zero Emissions Goods Movement System (Project). In November 2015, the Board approved Memorandum of Agreement No. 15-3364 with SCAQMD for a term of three years to provide co-funding for the development and demonstration the Project.

SCAQMD Overhead Catenary Zero Emissions Goods Movement System Project – The Project, which began in 2015, provides electricity to heavy duty trucks via an overhead catenary wire system along a one mile span of Alameda Street in the City of Carson. This first of its kind demonstration utilized heavy duty trucks with three different kinds of drive trains (diesel hybrid, natural gas hybrid, and battery electric) on a catenary system. The cost to plan and construct the catenary system and to manufacture the trucks was estimated to be \$16 million. However, there were a number of unanticipated design and construction delays that resulted in significant cost increases. In order to remain within the budget, SCAQMD modified the project scope of Memorandum of Agreement No. 15-

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3364 to reduce the number of demonstration trucks from four to three and shorten the demonstration period from 12 months to six months. SCAQMD provided a final report containing written documentation for the project changes and delays (Transmittal 2) to all the parties of the Agreement. The demonstration is now completed and the infrastructure in Carson is in the process of being decommissioned.

SCAQMD Overhead Catenary System Project Proposed Amendment – In order for the Harbor Department to fully compensate SCAQMD, staff proposes amending Memorandum of Agreement No. 15-3364 to reflect the changes that were necessary to complete the Project described above. First Amendment to Memorandum of Agreement No. 15-3364 replaces the original Exhibit A with a new Exhibit A and extends the term by six months. The term extension was requested in order allow SCAQMD additional time to prepare a decommissioning report and finalize administrative requirements in closing out the Project. No additional funding is requested.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is an amendment to an agreement for an overhead catenary zero emission truck demonstration project, 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 Board item is for an approval to modify the project scope and to extend the term of Memorandum of Agreement No. 15-3364 by six months. As such, there is no financial impact associated with this approval.

Of the \$4,000,000 allocated to SCAQMD to support the Project, \$2,000,000 remains as an outstanding balance which will be paid in Fiscal Year 18/19. Payment of the \$2,000,000 outstanding balance by the Harbor Department will be recognized as a reduction in the liability within Account 21951, Center 7000, Program 000 in Fiscal Year 18/19.

**CITY ATTORNEY:**

The Office of the City Attorney prepared the proposed Amendment and approved it as to form and legality.

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**TRANSMITTALS:**

- 1. First Amendment to Memorandum of Agreement No. 15-3364
- 2. Project Demonstration Final Report

FIS Approval:   
 CA Approval: 

  
 CHRISTOPHER CANNON  
 Director of Environmental Management

  
 FOR MICHAEL DiBERNARDO  
 Deputy Executive Director

APPROVED:

  
 FOR  
 EUGENE D. SEROKA  
 Executive Director

CC:yo  
 APP NO.: 030507-513  
 AUTHOR: T. PISANO

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