



Executive Director's

Report to the

Board of Harbor Commissioners

DATE: APRIL 9, 2019

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - 2018 DIESEL EMISSIONS REDUCTION ACT GRANT ACCEPTANCE AND APPROVAL OF A COOPERATIVE AGREEMENT WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND SUBRECIPIENT AGREEMENTS WITH CROWLEY MARINE SERVICES INC. AND YUSEN TERMINALS LLC

SUMMARY:

Staff requests the Board of Harbor Commissioners (Board) accept and approve a Cooperative Agreement between the City of Los Angeles Harbor Department (Harbor Department) and the U.S. Environmental Protection Agency (EPA), and approve two Subrecipient Agreements. The first Subrecipient Agreement is with Crowley Marine Services, Inc. (Crowley) to upgrade the engines on two tugboats. The second Subrecipient Agreement is with Yusen Terminals LLC (YTI) to replace an existing sweeper with a lower-emission sweeper. On July 11, 2018, the EPA awarded the Harbor Department a grant award to replace and upgrade equipment at Port of Los Angeles (Port) terminals (Project). The total Project cost is \$753,121, which includes the EPA grant in the amount of \$263,280, Crowley's \$300,000 cost share and YTI's \$189,841 cost share. The Harbor Department is responsible for managing the grant and Subrecipient Agreements and will cover in-house staff time.

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. Accept and approve the Cooperative Agreement between the City of Los Angeles Harbor Department and the U.S. Environmental Protection Agency for grant funding of \$263,280;

DATE: APRIL 9, 2019

PAGE 2 OF 5

SUBJECT: 2018 DIESEL EMISSIONS REDUCTION ACT GRANT

3. Approve the Subrecipient Agreement between the City of Los Angeles Harbor Department and Crowley Marine Services, Inc. in the amount of \$200,000 to upgrade the engines on two Tugboats;
4. Approve the Subrecipient Agreement between the City of Los Angeles Harbor Department and Yusen Terminals LLC in the amount of \$63,280 to replace an existing Sweeper;
5. Authorize the Executive Director to execute, and the Board Secretary to attest to said agreements for and on behalf of the Board; and
6. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – On April 24, 2018, the EPA Office of Transportation and Air Quality released a grant solicitation for diesel emission reduction projects under the Diesel Emissions Reduction Act (DERA) grant solicitation for FY 2018. Projects within EPA Region 9 (California, Arizona, Nevada, Hawaii, and Pacific Islands) were eligible to receive a total of \$2.7 million under this grant solicitation. The solicitation provided funding to replace existing diesel engines or equipment with cleaner certified emission technologies.

The main goal of the grant is to reduce diesel emissions from fleets operating at or servicing goods movement facilities located in areas designated as having poor air quality. A 60% to 75% Subrecipient cost share is required to pay the difference between the cost of the equipment and the allocated grant funding.

Port of Los Angeles Call for Projects – On May 1, 2018, the Harbor Department released a Call for Projects to Port tenants inviting them to submit projects to be included in the Harbor Department's Project proposal. On June 12, 2018, the Harbor Department received Project proposals from Crowley and YTI and submitted to EPA a grant proposal on their behalf. Crowley's project will replace four auxiliary engines on two tugboats with new Tier 3 engines. Crowley will provide \$300,000 in cost share toward the project. YTI will upgrade one sweeper with a new lower-emission sweeper. Both of the engines on the new sweeper are Tier 4, the cleanest diesel engines currently on the market. YTI will provide \$189,841 in cost share toward the project. Table 1 provided below contains a breakdown of the allocated funding for the projects.

Funding Award – On July 11, 2018, the EPA announced that the Harbor Department is awarded \$279,750 for the 2018 DERA solicitation (\$200,000 for Crowley and \$79,750 for YTI). However, YTI has decided to purchase a less expensive sweeper and will now only

SUBJECT: 2018 DIESEL EMISSIONS REDUCTION ACT GRANT

receive \$63,280 in grant funding. As a result, the Harbor Department will accept the EPA award on behalf of Crowley and YTI, receiving \$200,000 and \$63,280 respectively.

Table 1: Proposed Grant Funded Equipment

Subrecipient	Equipment Type	Equipment Count	Engine Count	Estimated Total Cost	Grant Funding	Subrecipient Cost Share
Crowley	Tugboat	2	4	\$500,000	\$200,000	\$300,000
YTI	Sweeper	1	2	\$253,121	\$63,280	\$189,841
TOTAL		3	6	\$753,121	\$263,280	\$489,841

Health Benefits – The Project has estimated lifetime emission reductions of 11 tons of nitrogen oxides (NO_x), 1 ton of particulate matter (PM), 1 ton of hydrocarbons (HC) and 1 ton of carbon monoxide. NO_x has been linked to several health concerns including cancer, asthma, and premature death. The projected reductions in harmful air pollutants will benefit the State of California’s designated Disadvantaged Communities of San Pedro and Wilmington.

Cooperative Agreement – A Cooperative Agreement (Transmittal 1) was received from the EPA on July 11, 2018, which includes the terms, conditions, and requirements of accepting the EPA grant award. Acceptance of this grant commits the Harbor Department to act as grant administrator on behalf of the EPA for two projects: the replacement of four auxiliary engines on two tugboats at Crowley, totaling \$200,000, and the replacement of one sweeper at YTI, totaling \$63,280. The Harbor Department will be responsible for coordination of Project record keeping and reporting (e.g., project status, completion, and actual emission reductions) as required by the DERA funding program guidelines.

Subrecipient Agreements – Subrecipient Agreements between the Harbor Department and Crowley for \$200,000 (Transmittal 2) and the Harbor Department and YTI for \$63,280 (Transmittal 3) include the same terms and conditions as detailed in the EPA Cooperative Agreement, as well as standard Harbor Department contract terms. Crowley, YTI, 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 October 2018 to October 2020.

ENVIRONMENTAL ASSESSMENT:

The proposed action is comprised of three Agreements: (1) a Cooperative 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, (2) a Subrecipient Agreement between the Harbor

DATE: APRIL 9, 2019

PAGE 4 OF 5

SUBJECT: 2018 DIESEL EMISSIONS REDUCTION ACT GRANT

Department and Crowley that covers the conditions and requirements of the grant Project, and (3) a Subrecipient Agreement between the Harbor Department and YTI that covers the conditions and requirements of the grant Project, which are administrative activities. 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:

Staff requests that the Board accept and approve the EPA Cooperative Agreement in the amount of \$263,280 to fund the Project, approve a Subrecipient Agreement with Crowley for \$200,000 for four auxiliary engines, and approve a Subrecipient Agreement with YTI for \$63,280 to replace a sweeper.

Grant funds will be expended over the following schedule:

FY 2019	\$200,000
FY 2020	\$ 63,280
Total	\$263,280

The Harbor Department will pay invoices received from Crowley and YTI only after grant funds are received from the EPA. For administrative purposes, EPA grant funds related to the proposed Project will be recorded as non-operating revenues within Account 76083. Crowley and YTI invoices would then be subsequently paid via Account 89096, Center 6000, Program 000. Although funding for the Project was not adopted within the FY 2019 Budget, sufficient savings is expected to be available within A89097 to fund passthrough expenditures associated with the Project. Future Fiscal Year funds will be requested to be budgeted through the Harbor Department's annual budgeting process, upon Board approval.

There is no cost share required on the part of the Harbor Department. However, the Harbor Department will cover in-house staff time for managing the grant and Subrecipient Agreements. A 60% cost share (\$300,000) is required of Crowley, and a 75% cost share (\$189,841) is required of YTI. Total combined cost share requirement from the Subrecipients is \$489,841. Any costs in excess of the awarded grant awards will be the responsibility of the Subrecipients. Operating and maintenance costs subsequent to Project completion will be the responsibility of the Subrecipients.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the subject Agreements as to form and legality.


DATE: APRIL 9, 2019

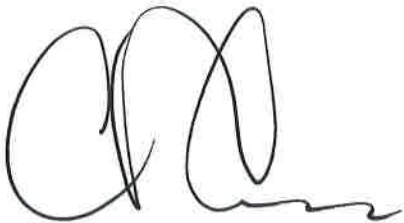
PAGE 5 OF 5

SUBJECT: 2018 DIESEL EMISSIONS REDUCTION ACT GRANT

TRANSMITTALS:

1. Cooperative Agreement with the U.S. Environmental Protection Agency
2. Subrecipient Agreement with Crowley Marine Services, Inc.
3. Subrecipient Agreement with Yusen Terminals LLC

FIS Approval: 
CA Approval: 



CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA ^{FOR}
Executive Director

CC:yo
AUTHOR: C. LANGLOIS

FILE: Y:_ADMIN_BOARD REPORTS_AIR QUALITY\GRANTS\EPA (DERA, etc)\2018 DERA Grant Crowley & YTI\Environmental_DERA Grant_Board Report - FINAL.docx
UPDATED: 4/9/2019 1:26 PM - MRX