

**DATE: SEPTEMBER 14, 2022**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF A MEMORANDUM OF UNDERSTANDING AMONG THE CITY OF LOS ANGELES HARBOR DEPARTMENT, THE PORT OF LONG BEACH AND THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT FOR MATCH-SHARE FUNDING IN SUPPORT OF THE JOINT ELECTRIC TRUCK SCALING INITIATIVE PROJECT**

**SUMMARY:**

Staff requests approval of a proposed three-year Memorandum of Understanding (MOU) among the City of Los Angeles Harbor Department (Harbor Department), the Port of Long Beach (POLB), and the South Coast Air Quality Management District (SCAQMD) to provide funding support for the Joint Electric Truck Scaling Initiative (JETSI) Project to deploy 100 zero emission (ZE) trucks into drayage service at the ports of Los Angeles and Long Beach (Ports).

The total Project cost is expected to be \$74,017,175, and funding will be derived by a variety of sources in addition to the Harbor Department's \$1,500,000 commitment under the proposed MOU. The SCAQMD is the Project manager and administrator of the Project and will be providing funding in the amount of \$5,605,704. Additionally, SCAQMD has received a joint grant award from the California Air Resources Board (CARB) and the California Energy Commission (CEC) in the amount of \$26,984,271 to support this Project. POLB will contribute \$1,500,000, and additional funding in the amount of \$38,427,200 will also be provided by the Project partners. If the proposed MOU is approved, the Harbor Department would be financially responsible for funding \$1,500,000 in Project expenses.

**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 and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines;
2. Approve the Memorandum of Understanding among the City of Los Angeles Harbor Department (Harbor Department), the Port of Long Beach, and the South Coast Air Quality Management District obligating the Harbor Department to \$1,500,000 for a term of up to three years;

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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. \_\_\_\_\_.

**DISCUSSION:**

Project Background/Context – On November 19, 2020, CARB and the CEC released a grant solicitation to allocate \$44.1 million to support large-scale deployments of on-road, zero-emission Class 8 drayage and regional haul trucks as well as the necessary zero-emission vehicle fueling infrastructure needed for service operation.

JETSI Project – SCAQMD submitted a proposal to CARB and CEC’s solicitation on behalf of a zero-emissions truck regional collaborative, which included the Ports, the Mobile Source Air Pollution Reduction Review Committee (MSRC), and Southern California Edison (SCE) to cost share the deployment of 100 Class 8 battery electric regional haul and drayage trucks. Fleet partners NFI Interactive Logistics, Inc. (NFI) and Schneider National, Inc. (Schneider) will operate 80 Daimler and 20 Volvo trucks, and are bringing a total of \$25,427,200 in cost share to the Project. Each partner will operate 50 trucks and install charging infrastructure and distributed energy resource technologies such as solar and battery energy storage. As part of the application, the Harbor Department, in conjunction with the POLB, submitted a letter that committed to requesting approval of \$1,500,000 from each Port’s Board should the Project be awarded.

CARB and CEC have awarded the SCAQMD proposal \$26,984,271 in grant funds to support this Project. On June 4, 2021, the SCAQMD Board accepted the terms of the grant and allocated their cost-share funds of \$5,605,704 for the Project. The total Project cost is expected to be \$74,017,175. The total requested from the Harbor Department is \$1,500,000.

POLB’s Board approved the proposed MOU to provide their portion of the cost share on April 25, 2022. Staff now requests approval of the proposed MOU (Transmittal 1). The Project has been delayed by contract negotiations with recipient partners, and the current Project schedule anticipates the first phase of truck deployment to be completed in December 2022 and the second phase deployment to be completed by March 2023.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the is approval of a Funding Agreement between the Harbor Department, POLB, and the SCAQMD to fund a CAAP TAP project to deploy 100 ZE Trucks into drayage service at the Ports, which is an administrative activity and basic data collection, field testing, research, experimental management, and resource activities which do not result in a serious or major disturbance to an environmental resource. Therefore, the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of CEQA under Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines.

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**FINANCIAL IMPACT:**

Approval of this Board item supports the pilot deployment of 100 battery electric trucks, with funding from the Clean Truck Fund. The table below summarizes the total Project cost and funding commitments by all participants:

<b>Funding Source</b>	<b>Amount</b>
CARB	\$ 16,019,316
CEC	\$ 10,964,955
NFI	\$ 16,772,200
Daimler (Schneider)	\$ 8,655,000
MSRC	\$ 8,000,000
SCAQMD	\$ 5,605,704
SCE	\$ 5,000,000
Harbor Department	\$ 1,500,000
POLB	\$ 1,500,000
<b>TOTAL</b>	<b><u>\$ 74,017,175</u></b>

Harbor Department funds will be expended in Fiscal Year 2022/23. This MOU is wholly funded by the Clean Truck Fund Rate and budgeted in Account 59966 (Clean Truck Program Subsidies & Incentives), Center 0330 (Environmental Management Division, Program 000 (Base Budget).

If the proposed MOU is approved, staff anticipates that the Harbor Department will disburse \$1,500,000 in Fiscal Year (FY) 2022/23. FY 2022/23 funding is available within Account 59966 (Clean Truck Program Subsidies & Incentives), Center 0330, Program 000. Funding in future years will be requested through the annual budget adoption process, subject to Board approval. Harbor Department disbursements under the proposed MOU will be wholly funded by the Clean Truck Fund Rate.

As this is a demonstration project, there are no ongoing operating and maintenance costs subsequent to Project completion.

**CITY ATTORNEY:**

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

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**TRANSMITTAL:**

1. Memorandum of Understanding with the Port of Long Beach and South Coast Air Quality Management District

FIS Approval: MB  
CA Approval: SO



CHRISTOPHER CANNON  
Director of Environmental Management



MICHAEL DIBERNARDO  
Deputy Executive Director

APPROVED:

 For

EUGENE D. SEROKA  
Executive Director

CC/YO  
AUTHOR: J. Goldberg

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