

DATE: MARCH 17, 2022

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF THE SECOND AMENDMENT TO SUBRECIPIENT AGREEMENT NO. 17-3533 WITH EVERPORT TERMINAL SERVICES INC., BYD MOTORS LLC AND TAYLOR MACHINE WORKS, INC.

SUMMARY:

Staff requests approval of the Second Amendment to Subrecipient Agreement No. 17-3533 for the Port of Los Angeles' Everport Advanced Cargo Handling Demonstration Project (Project). The Amendment will modify the project schedule and extend the term of the Agreement until March 31, 2023. The Subrecipient Agreement is a multiparty agreement between the City of Los Angeles Harbor Department (Harbor Department), Everport Terminal Services, Inc. (Everport), BYD Motors LLC (BYD), and Taylor Machine Works, Inc. (Taylor) to develop and demonstrate five pieces of zero-emission (ZE) cargo handling equipment. The extension to the term of the Agreement and update to the project schedule account for the impacts of COVID-19 pandemic delaying the project timeline. All other terms and conditions remain the same, including the overall project costs and participant commitments. The associated California Energy Commission (CEC) Grant Agreement No. 17-3532 was amended and was approved by the Board of Harbor Commissioners (Board) on February 24, 2022. Expenditures incurred by the Subrecipient are funded by the CEC Grant Agreement No. 19-3666. The Harbor Department is financially responsible for \$2,000,000 for the infrastructure development at the site, which will be complete in March 2022.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

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;

DATE: MARCH 17, 2022

PAGE 2 OF 5

SUBJECT: SECOND AMENDMENT TO AGREEMENT NO. 17-3533

2. Approve the Second Amendment to Agreement No. 17-3533 between City of Los Angeles Harbor Department, Everport Terminal Services Inc., BYD Motors LLC, and Taylor Machine Works, Inc.;
3. Authorize the Board Secretary to transmit said Amendment to the Los Angeles City Council for approval in accordance with Charter Section 373 and Los Angeles Administrative Code Section 10.5(a);
4. Upon the approval of City Council in accordance with Los Angeles Administrative Code Section 10.5(a), authorize the Executive Director to execute and the Board Secretary to attest to said Second Amendment with Everport Terminal Services Inc., BYD Motors LLC, and Taylor Machine Works, Inc. for and on behalf of the Board after approval by City Council; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – On November 29, 2016, the CEC released a grant solicitation to implement and administer Sustainable Freight Transportation Projects (GFO-16-604). Nearly \$27,000,000 was made available statewide for all California seaports, marine terminal operators at California seaports, local air districts, and seaport tenants under the solicitation. The Harbor Department submitted a grant application to the CEC on behalf of Everport on January 26, 2017. On February 22, 2017, the CEC notified the Harbor Department that the application was selected and received a preliminary grant award offer in the amount of \$4,524,000. On May 10, 2017, CEC Commissioners approved the funding of the Project and instructed their staff to enter into agreement negotiations with the Harbor Department. In October 2017, the Harbor Department approved Grant Agreement No. 17-3532 with the CEC and Subrecipient Agreement No. 17-3533 with Everport, BYD, and Taylor. Grant Agreement No. 17-3532 was amended and was approved by the Board of Harbor Commissioners (Board) on February 24, 2022. The Subrecipient Agreement between the Harbor Department, BYD, Everport, and Taylor includes the same terms and conditions detailed in the CEC Grant Agreement.

Port of Los Angeles' Everport Advanced Cargo Handling Demonstration Project – The Project, which began in October 2017, consists of three ZE battery electric BYD yard tractors and two ZE battery electric Taylor top handlers. The yard tractors are charged with an Electric Truck Smart Plug-In System utilizing a connection arm to receive its charge, and the top handlers are charged utilizing a conventional system. The development of the yard tractors and smart charging system was delayed due to the COVID-19 pandemic as factory shutdowns and stay at home orders affected the Project

DATE: MARCH 17, 2022

PAGE 3 OF 5

SUBJECT: SECOND AMENDMENT TO AGREEMENT NO. 17-3533

team internationally and within the United States. The yard tractors and smart charging system will begin demonstration by the second quarter of 2022.

The ZE battery electric Taylor top handlers were delivered at the end of 2019 and put into operation in April 2020. The Project demonstration period for those units was completed in April 2021 and Everport continues to use the equipment.

Grant Match Funding Status - Taylor manufactured the ZE top handlers and provided in-kind match funding in the amount of \$121,500. BYD manufactured the ZE yard tractors and provided in-kind match funding in the amount of \$189,403. Everport provided match funds in the amount of \$856,000 for labor to operate and maintain the cargo handling equipment. Under the grant, the Harbor Department is financially responsible for \$2,000,000 for the design and construction of the electrical infrastructure to support this Project at the Everport terminal. This construction is expected to be complete in spring 2022. Total project cost inclusive of the grant funds and partner costs is \$7,690,903.

Subrecipient Agreement First Amendment – The First Amendment to the Subrecipient Agreement between the Harbor Department, BYD, Everport, and Taylor to demonstrate the ZE top handlers and ZE yard tractors included the modifications to the project to align with changes in the CEC Grant Agreement amendment and extended the term from November 14, 2020, to March 31, 2022.

Subrecipient Agreement Second Amendment – The proposed Second Amendment to the Subrecipient Agreement between the Harbor Department, BYD, Everport, and Taylor (Transmittal 1) includes the same modifications as detailed in the Third Amendment to the CEC Grant Agreement, including updates to the schedule and term extension from March 31, 2022, to March 31, 2023. The Amendment also addresses an assignment of the Agreement from BYD Motors Inc. to BYD Motors LLC due to a change in entity status. The proposed Second Amendment effective date will be April 1, 2022.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the Second Amendment to Subrecipient Agreement No. 17-3533 to fund a demonstration project to develop and demonstrate five pieces of zero-emission cargo handling equipment, which is an administrative activity involving basic data collection, field testing, and research of City Departments which do not result in serious or major disturbances to an environmental resource. The approval of the Second Amendment is considered an administrative activity, and the demonstration project involves data collection, field testing and research, which would not result in a serious or major disturbance to an environmental resource.

DATE: MARCH 17, 2022

PAGE 4 OF 5

SUBJECT: SECOND AMENDMENT TO AGREEMENT NO. 17-3533

Therefore, the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Second Amendment to Agreement No. 17-3533 extends the terms of the Subrecipient Agreement to March 31, 2023. There is no financial impact associated with this action. The Harbor Department applied for the grant on behalf of Everport. The Harbor Department functions as the grant administrator and passes the funds to BYD and Taylor upon milestone completion. No funds will be passed to Everport. Additionally, Everport pays for the electricity costs associated with charging the ZE equipment. The Harbor Department's financial responsibility continues to be \$2,000,000 for the development of electrical infrastructure and is budgeted in Capital Improvement Program Work Order 25453 – B. 226-236 Advanced Cargo Handling Demonstration.

The table below summarizes the costs and funds for the overall Project.

Project Partner	Vehicle Type	# Units	CEC Funds	Cost Share	TOTAL
BYD	Yard Tractor	3	\$870,000	\$189,403	\$1,059,403
Taylor	Top Handler	2	\$3,654,000	\$121,500	\$3,775,500
Everport			0	\$856,000	\$856,000
Harbor Department			0	\$2,000,000	\$2,000,000
TOTAL			\$4,524,000	\$3,166,903	\$7,690,903

Of the \$4,524,000 in grant funding, \$3,654,000 has been disbursed to subrecipients. The remaining amount of \$870,000 is expected to be distributed as follows:

FY2021/22	\$ 783,000
FY2022/23	\$ 87,000
TOTAL	\$ 870,000

DATE: MARCH 10, 2022

PAGE 5 OF 5

SUBJECT: SECOND AMENDMENT TO AGREEMENT NO. 17-3533

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved as to the form and legality the Second Amendment to Agreement No. 17-3533.

TRANSMITTALS:

1. Second Amendment to Subrecipient Agreement No. 17-3533 with Everport Terminal Services Inc., BYD Motors LLC, and Taylor Machine Works, Inc.

FIS Approval: MB
CA Approval: SO



CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director

CC:LW:TD:TGP:CB
AUTHOR: C. Batikian

FILE: Y:\ADMIN\BOARD REPORTS\AIR QUALITY\GRANTS\CEC - SUST FREIGHT TRANS PROJECTS 2016 GRANT (Taylor and BYD)\2021 SUBRECIPIENT SECOND AMENDMENT\Environmental_CEC Subrecipient Amendment 2_Board Report - AGENDA SETTING.docx
UPDATED: 2/9/2022 9:52 AM - TP