

**DATE: JANUARY 11, 2023**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - SECOND AMENDMENT TO AGREEMENT NO. 19-3685 WITH THE NATIONAL RENEWABLE ENERGY LABORATORY FOR THE ZERO EMISSION SHORE TO STORE DEMONSTRATION PROJECT**

**SUMMARY:**

Staff requests approval of the proposed Second Amendment to Subrecipient Agreement No. 19-3685 with the National Renewable Energy Laboratory (NREL) to perform data collection, analysis, and reporting for the grant funded, zero emissions “Shore to Store” Project (Project). In this Project, the Harbor Department is partnering with Kenworth Truck Company (Kenworth), the Port of Hueneme (POH), NREL, and Shell Oil Products, US (Shell) to develop and demonstrate on-road hydrogen fuel cell and off-road battery electric zero emissions vehicles, including the necessary fueling infrastructure.

The Project was approved by the Board of Harbor Commissioners (Board) on March 7, 2019, along with acceptance of the grant award from the California Air Resources Board (CARB), and approval of Grant Agreement No. 19-3969 in the amount of \$41,122,260 to implement the Project. The Board approved the First Amendment to Grant Agreement No. 19-3969 on April 1, 2021, to extend the project term. In October, 2021, the Board approved the First Amendment to Subrecipient Agreement No. 19-3685 with NREL to align with the amended Grant Agreement. This proposed Second Amendment to Subrecipient Agreement No. 19-3685 with NREL incorporates updates to the project schedule and milestones to account for the impacts of the COVID-19 pandemic on the project timeline and provides additional funding to cover the extended time. All other terms and conditions will remain unchanged. If the proposed Amendment is approved, the Harbor Department will be financially responsible for the payment of \$148,000 in additional funding to NREL to complete data collection, analysis and reporting related to the project.

**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;

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2. Approve the Second Amendment to Agreement No. 19-3685 between the City of Los Angeles Harbor Department and National Renewable Energy Laboratory to extend the term, add funds, and update the schedule and project milestones for the Shore to Store Demonstration Project;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said Second Amendment with the National Renewable Energy Laboratory for and on behalf of the Board;
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – On March 7, 2019, the Board accepted a grant award from CARB in the amount of \$41,122,260 and approved Grant Agreement No. 19-3969 to develop and demonstrate equipment and to administer the Project. On September 5, 2019, the Board approved Subrecipient agreements with Kenworth, POH, and NREL. On July 23, 2020, the Board approved a Subrecipient Agreement with Shell. On April 1, 2021, the Board approved a funding agreement with the South Coast Air Quality Management Department (SCAQMD) to receive \$1,000,000 to support the construction of the zero-emission hydrogen fuel cell trucks manufactured by Kenworth, and amended Grant Agreement No. 19-3639 to extend the term of the Project.

“Shore to Store” Project Summary – The Harbor Department is partnering with world-leading original equipment manufacturers, Kenworth, Shell, and Toyota Motor North America (Toyota) to establish a new forward-looking zero-emissions framework for future goods movement throughout Southern California and beyond. The Project focus is on providing critical regional hydrogen fueling infrastructure for short, medium, and especially long-haul drayage provided by 10 zero emission hydrogen fuel cell drayage trucks. The Shore to Store Project will showcase a complete zero emission supply chain from the time that a ship arrives at the Port of Los Angeles (Port) until it reaches its final storefront destination. Additionally, the Project is designed to expand into a statewide system serving not only Southern California but someday the entire state. Finally, the Project provides an opportunity for the POH to demonstrate zero emissions battery electric yard tractors at its facility 60 miles north of the Los Angeles metropolitan area and support the deployment of a mobile zero emission ship-to-shore crane.

NREL Amendment - The overall project schedule has been impacted due to the COVID-19 crisis, so a timeline amendment to the main contract is required. The amendment adjusts the internal project milestones of Agreement No. 19-3685 to accurately reflect the impacts to the project. (Transmittal 1). Data collection and analysis to support the Project will be conducted by the NREL. This proposed Second Amendment will add \$148,000 in budget to extend NREL’s staff time and incorporate the new project schedule and

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milestones. Overall, NREL will receive \$592,260 in grant funding and \$148,000 in funding from the Harbor Department for a total not-to-exceed amount of \$740,260.

NREL is a federal research agency of the U.S. Department of Energy that performs data collection and processing for a variety of entities including government agencies, industry, academia, nonprofits, and small businesses. NREL's operation is based on full cost recovery and does not receive project funding from the federal government. Therefore, NREL is solely funded by advance payment by each client for each project. As such, NREL is required by the federal government to receive advance funding before beginning work as a condition to its delivery of services.

The Harbor Department is therefore required to sign NREL's form entitled "Funds-In Agreement," which provides 90 days advance funding for costs to be incurred in the performance of the Project. Upon termination or completion of the project work under this Funds-In Agreement, any excess pre-paid funds shall be refunded by NREL to the Harbor Department. Attached to the NREL Funds-In Agreement, is a special Appendix D, Additional Contract Terms required by the City of Los Angeles, such as those in the subrecipient agreements signed by the other Subrecipients. These special terms are all retained through the proposed Second Amendment.

Harbor Department Responsibilities – As a federal research agency, NREL does not have the budgetary discretion to approve additional staff time in support of non-federal projects such as the Shore to Store Project due to project delays from the COVID-19 pandemic and the addition of one milestone to the project timeline. The Harbor Department is under obligation to complete the Shore to Store Project as agreed to in Grant Agreement No. 19-3969 with CARB. The Harbor Department is therefore responsible for providing the additional funding required to complete the Shore to Store Project.

#### **ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of the Second Amendment to a Subrecipient Agreement to fund data collection, analysis, and reporting for the grant funded, zero emissions "Shore to Store" Project, 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 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. 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.

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**FINANCIAL IMPACT:**

Approval of the proposed Second Amendment would increase by \$148,000 the funding committed to NREL under Subrecipient Agreement No. 19-3685. Currently, \$592,260 has been committed to NREL under Subrecipient Agreement No. 19-3685 with funding provided under Grant Agreement No. 19-3969 with CARB. Under the proposed Amendment, funding committed to NREL under Subrecipient Agreement No. 19-3685 will increase from \$592,260 to \$740,260. This increased funding commitment of \$148,000 will be provided solely by the Harbor Department.

It is anticipated that the additional \$148,000 will be expended in the current fiscal year. Funds are available in Account 54260 (Environmental Assessment Services), Center 0330, Program 000.

**CITY ATTORNEY:**

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

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**TRANSMITTAL:**

1. Second Amendment to Agreement No. 19-3685

FIS Approval: *MB*  
CA Approval: *JC*



CHRISTOPHER CANNON  
Director of Environmental Management

*Michael DiBernardo*

MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:

*Marla Bleavins* For

EUGENE D. SEROKA  
Executive Director

CC/yo  
AUTHOR: J. GOLDBERG

FILE: Y:\ADMIN\BOARD REPORTS\AIR QUALITY\GRANTS\CARB - ZANZEFF\NREL SUBRECIPIENT\NREL SECOND AMENDMENT - JAN 2023\Environmental\_NREL  
ZANZEFF 2 Amendment\_Board Report - AGENDA PREVIEW.docx  
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