

DATE: DECEMBER 7, 2022

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF AGREEMENTS WITH PERFORMANCE TEAM LOGISTICS, LLC AND MLI LEASING, LLC FOR THE ZERO EMISSION 25 TRUCK PILOT PROGRAM

SUMMARY:

Staff requests approval of two separate agreements with licensed motor carriers (LMC) Performance Team Logistics, LLC (Performance Team) and MLI Leasing, LLC (MLI Leasing) to deploy zero emission (ZE) trucks into drayage service at the Port of Los Angeles. The proposed Agreements will provide \$3,000,000 to each LMC for the deployment of total of 22 trucks and an amount of \$6,000,000. Performance Team and MLI were selected from the ZE 25 Request for Proposals issued on November 23, 2021. The City of Los Angeles Harbor Department (Harbor Department) is responsible for providing the funding from monies collected through the Clean Truck Fund (CTF).

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 proposed Agreement with Performance Team Logistics, LLC for a term of three years for the not-to-exceed amount of \$3,000,000;
3. Approve the proposed Agreement with MLI Leasing, LLC for a term of three years for the not-to-exceed amount of \$3,000,000;
4. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreements on behalf of the Board; and
5. Adopt Resolution No. _____.

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DISCUSSION:

Background/Context – On November 2, 2017, the Port of Los Angeles and Port of Long Beach (Ports) adopted the 2017 Clean Air Action Plan (CAAP) Update, which includes further advancement of the Clean Truck Program (CTP) to help the industry phase out older trucks and transition to the CAAP goal of 100 percent ZE drayage trucks by 2035.

One of the key CAAP strategies to achieve the ZE goal was the establishment of a CTF Rate, which charges a rate to cargo owners on loaded containers hauled by drayage trucks at Port of Los Angeles (POLA) terminals, with exemptions for ZE and Low NO_x trucks. On March 9, 2020, the Ports adopted a Joint Resolution to set the amount of the CTF Rate at \$10 per twenty-foot equivalent unit (TEU). Collection of the CTF Rate began on April 1, 2022.

As part of administering the CTF Rate, the Board also approved the CTF Spending Plan on March 24, 2022. The Spending Plan commits all funds collected under the CTF Rate to be spent exclusively on the development and deployment of ZE trucks and supporting infrastructure. The Spending Plan describes various pathways in general terms and provides an initial funding allocation to each pathway. One such pathway is dedicated to advanced truck technologies and allows for the Harbor Department to issue Requests for Proposals (RFP) for ZE truck projects.

ZE 25 Truck Pilot Program Request for Proposals Process – On November 23, 2021, the Environmental Management Division (EMD) issued an RFP for the submittal of proposals from project teams, consisting of a LMC and a heavy-duty truck Original Equipment Manufacturer, to rapidly deploy at least 10 zero emissions drayage trucks into service. The intent of the RFP was to deploy at least 10 ZE trucks into drayage service at the Port to assess the current capabilities of these truck models and receive feedback on overall driver satisfaction. Staff envisioned that near term deployments would be ideally suited for drayage operators that work within 25 miles of the Port. The “ZE 25” project would include a minimum 1-year demonstration period with more detailed reporting requirements, followed by extended operations through the remaining term of the contract. The RFP offered a maximum award of \$3,000,000. The RFP was announced through a press release on November 23, 2021 and was posted on the POLA’s website. Automatic email notifications were sent out to all firms registered on the Los Angeles Business Assistance Virtual Network under the applicable North American Industry Classification System Codes.

Five proposals were received by the January 11, 2022 deadline. All five proposals were considered responsive and were distributed to the evaluation panel for scoring. The evaluation panel consisted of a Marine Environmental Manager and the Harbor Planning

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and Research Director, an Environmental Affairs Officer from the Los Angeles Department of Water and Power, and an Air Pollution Specialist from the California Air Resources Board. Proposals were reviewed using evaluation criteria published in the RFP.

The table below shows the proposal evaluation scores for the five applicants in ranking order. As outlined in the RFP, proposals were scored to a total of 100 potential points.

| APPLICANT | AVERAGE SCORE |
|------------------|----------------------|
| A | 87.0 |
| B | 85.3 |
| C | 80.5 |
| D | 62.3 |
| E | 50 |

Following the evaluation of proposals, the evaluation panel finds that three responders: Applicant A, Performance Team, and MLI Leasing, each presented well qualified teams and plans to perform the demonstration in accordance with the requirements detailed in Exhibit A to each Agreement. These requirements include a minimum of 50 in-service drayage trips to the POLA annually for each funded truck and a regular reporting schedule.

The below table summarizes the truck deployments details for each proposed awardee.

| Proposed Awardee | OEM Partner | Total Trucks | Expected Delivery |
|-------------------------|--------------------|---------------------|--------------------------|
| Applicant A | Kenworth | 20 | Q1 2023 |
| Performance Team | Volvo | 10 | Q2 2023 |
| MLI Leasing | Peterbilt | 12 | Q4 2023 |
| TOTAL TRUCKS | | 42 | |

Staff is still coordinating with Applicant A to complete contract negotiations but have obtained acceptable terms for Performance Team and MLI Leasing. Staff recommends the approval of the proposed Agreements with these two applicants for \$3,000,000 each for a total of \$6,000,000 (Transmittals 1 and 2) and will return to the Board to request approval of the third agreement with Applicant A upon completion of term negotiations. Each proposed Agreement allows the recipients to invoice the Harbor Department \$250,000 per funded truck deployed, and \$50,000 per funded truck upon completion of the full demonstration.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the proposed Agreements with Performance Team Logistics, LLC and MLI Leasing, LLC to rapidly deploy at least 10 zero emissions drayage trucks into service 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:

The proposed Agreements will require the Harbor Department to distribute \$6,000,000 evenly across two awards for deployments of ZE trucks, each for a total of \$3,000,000. Each proposed Agreement allows the recipients to invoice the Harbor Department \$250,000 per funded truck deployed, and \$50,000 per funded truck upon completion of the full demonstration. Each proposed Agreement allows for a maximum of ten trucks to be funded by this grant. The additional two trucks that will be potentially purchased by MLI Leasing will not be funded by this grant, instead they will be funded on a cost-share basis. The expected spending by fiscal year is below.

| | |
|--------------|---------------------|
| FY 2022/23 | \$ 2,500,000 |
| FY 2023/24 | \$ 2,500,000 |
| FY 2024/25 | <u>\$ 1,000,000</u> |
| TOTAL | \$ 6,000,000 |

Funds for this program will be available in Account 59966 (Clean Truck Program Subsidies), Center 0330 (Environmental Management), Program 000 (Base Budget).

CITY ATTORNEY:

The Office of the City Attorney has prepared and approved the proposed Agreement as to form and legality.

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TRANSMITTALS:

1. Agreement with Performance Team Logistics, LLC
2. Agreement with MLI Leasing, LLC

FIS Approval: MB
CA Approval: SO


CHRISTOPHER CANNON
Director of Environmental Management

Michael DiBernardo
MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director

CC/yo
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FILE: Y:_ADMIN_BOARD REPORTS_AIR QUALITY\CTP\ZE Truck Pilot Program (ZE 25)\Performance Team and MLI Leasing Agreements\Environmental_Performance Team and MLI Leasing_Board Report - FINAL.docx
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