

**DATE: JUNE 17, 2021**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - CLEAN TRUCK FUND RATE  
DEVELOPMENT ROADMAP**

**SUMMARY:**

Staff requests adoption of a Resolution to provide a clear and comprehensive roadmap (Roadmap Resolution) towards implementation of the Clean Truck Fund Rate (CTF Rate) as described in the 2017 Clean Air Action Plan (CAAP) Update and Board Resolution No. 20-9613. The Roadmap Resolution directs staff to take all feasible actions to accelerate deployment of zero emissions (ZE) trucks in accordance with the 2017 CAAP Update's 2035 ZE drayage truck goal, and conduct robust stakeholder outreach to inform key design elements of the forthcoming CTF Rate Tariff Amendment before making any recommendations. The Roadmap Resolution further directs staff to develop the proposed Tariff Amendment to implement the CTF Rate for consideration by the Board of Harbor Commissioners (Board) before the end of 4Q 2021 based on a series of key principles listed therein. This Roadmap Resolution will have no financial effect on the City of Los Angeles Harbor Department (Harbor Department) or others, unless and until CTF Rate collection commences pursuant to Board and City Council adoption of a Tariff Amendment as described in the Roadmap.

**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 generally and statutorily exempt from the California Environmental Quality Act (CEQA) under State CEQA Guidelines Sections 15061(b)(3), 15262, and 15273;
2. Approve, for planning purposes, the Clean Truck Fund Rate Development Roadmap; and
3. Adopt Resolution No. \_\_\_\_\_.

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**DISCUSSION:**

Background/Context – The San Pedro Bay Ports CAAP is a landmark environmental program adopted by the Board for the Port of Los Angeles (POLA), working jointly with the Port of Long Beach (POLB) (each a Port and collectively Ports). The original 2006 CAAP planned voluntary measures to reduce emissions from maritime freight operations at the Ports (ocean-going vessels, trains, trucks, cargo handling equipment and harbor craft) and was updated in 2010 and 2017.

The Clean Truck Program (CTP), implemented in 2008, was one of the most successful emissions reduction strategies contained in the CAAP, which helped to incentivize the trucking industry to replace the existing fleet of trucks that provided drayage services at the Ports with cleaner trucks. Since 2008, the Ports helped the industry transition towards compliance with State laws regulating drayage trucks, by advancing phased early adoption at the Ports.

The Ports also provided incentives to trucking companies to replace their older trucks with cleaner trucks, funded in part by a clean truck fee that was charged to cargo owners from 2009-2011 on loaded cargo carried by any drayage truck that did not meet the 2007 Environmental Protection Agency (EPA) compliance standard, ultimately adopted as an in-use requirement for statewide port trucks by the California Air Resources Board (CARB) under State law, effective in 2014. Despite the Tariff requiring the truck fee to be paid by the beneficial cargo owners, some drayage truck drivers have reported to the Ports that they were required by licensed motor carriers (LMCs) to pay the truck fee if they did not have a 2007 compliant truck. Payment of this fee, or alternatively shouldering the cost of financing a new truck, caused an adverse economic impact on many drivers, which led to some of them leaving the drayage industry altogether.<sup>1</sup>

The 2017 CAAP Update included new strategies to support the Ports' aggressive effort to clean the air for the community, move toward utilization of zero-emission freight moving equipment, plan for zero-emissions infrastructure, encourage freight efficiency, and address energy resources. As part of the 2017 CAAP Update, the Ports committed to a new version of the CTP. In order to reduce NOx and GHGs, the goal of the new version of the CTP is to help encourage the transformation of the current drayage fleet to ZE trucks by 2035. An important element in the 2017 CAAP Update's CTP is the establishment of a CTF Rate, which will charge a direct fee on Beneficial Cargo Owners (BCOs) for heavy-duty trucks hauling loaded containers that utilize Port terminals if those trucks are not rated by CARB as meeting Low NOx emissions or better. Board members

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<sup>1</sup> <https://cleanairactionplan.org/documents/final-2017-clean-air-action-plan-update.pdf> pp 37-38, and 48-49.

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have made public comments expressing concern that staff seek to address direct effects on drivers of this new CTF Rate.

On March 9, 2020, at a joint meeting of the Ports, the Boards of Harbor Commissioners of Los Angeles and Long Beach adopted Resolution No. 20-9613 (Joint Resolution, Transmittal 1). For planning purposes, the Joint Resolution set the amount of the CTF Rate at \$10 per Twenty-foot Equivalent Unit (TEU) to be collected pursuant to a future tariff amendment to be developed for Board consideration.

Relevant Actions – The Joint Resolution stipulated that the following key actions needed to occur in order to proceed with CTF Rate collection:

- The Board must adopt a “future Tariff Amendment adopted by the Board and, in the City of Los Angeles, the City Council,” after satisfaction of the four conditions precedent set forth in the 2017 CAAP Update and in Section 6 of the Joint Resolution.
- Affirm that both Boards meet annually to review the level of the CTF rate to ensure it continues to support long term CAAP goals. **This will be carried out annually after commencement of rate collection.**
- Continue to work with the South Coast Air Quality Management District (SCAQMD), the CARB, Equipment Manufacturers, and other partners as appropriate, to develop a comprehensive long-term strategy, including market development, technology development, and product deployment, aimed at supporting achievement of the goals established in the 2017 CAAP update. Provide regular updates on the strategy to the Boards with the first update within 4 months. **This report back was completed at the July 23, 2020 meeting of the Board.**
- Work to convene additional Port authorities to encourage similar Clean Truck Programs at ports in the United States and around the world. **On April 7, 2021, Los Angeles Mayor Eric Garcetti and POLA Executive Director Gene Seroka launched the C40 Cities Green Ports Forum working group, an international consortium of cities and ports collaborating on climate action solutions.**

Since the Joint Resolution, various stakeholders have requested clarification of the necessary steps to commence collection of the CTF Rate. At POLA’s June 3, 2021 Board meeting, the Board President and other commissioners requested a roadmap that describes the actions yet to be taken that will culminate in the adoption of the Tariff Amendment to collect the CTF Rate as well as commencement of collection of the CTF Rate. The proposed Roadmap Resolution (Transmittal 2) provides staff with the roadmap

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to achieve the CTF Rate collection, for planning purposes, and the following guiding principles:

**Zero Emissions Commitment:** The Board directs staff to take all feasible actions to accelerate deployment of ZE trucks by prioritizing the testing, demonstration and deployment of ZE equipment, and supporting infrastructure in accordance with the 2017 CAAP Update and the 2035 goal for ZE drayage trucks serving the POLA.

**Stakeholder Engagement:** In developing the Tariff, the Board directs staff to undertake robust stakeholder engagement to inform key design elements of the tariff, including but not limited to input from regulatory agencies, trucking associations, labor groups, environmental justice organizations, and port communities.

**Tariff Development:** The Board further directs staff to develop a proposed Tariff for the CTF Rate for Board consideration before the end of 4Q 2021. The proposed Tariff should be based on the following principles:

- Consider stakeholder input in development of tariff details;
- Coordinate with POLB to achieve, as much as feasible, uniform implementation across the San Pedro Bay Port Complex;
- Achievement of zero-emissions must be the overall goal, with incentives for acceleration of deployment of ZE trucks;
- Responsible treatment of the collected CTF Rate funds through expenditures consistent with the Tidelands Trust requirements and with the goals of the 2017 CAAP Update;
- Maximizing partnerships to accelerate ZE fleet transition that leverage other sources of funding, such as other public sources or funding and financing from the private sector;
- Exemptions based on federal and state clean truck regulations, with a permanent exemption for ZE trucks and an exemption to be developed following the Stakeholder Engagement process, for Low NOx trucks, as defined by CARB in their Low NOx Heavy-Duty Omnibus Regulation, that are purchased before the end of 2021, registered into the Port Drayage Truck Registry, and put into service before the end of 2022;
- Integration with and contribution to a regional strategy for ZE supporting infrastructure;
- Policy advocacy directed at increasing funding and at reducing direct costs, including taxes and insurance, for ZE drayage trucks and supporting infrastructure;
- Consider results from a survey of truck drivers to assist with development of solutions to reduce the direct and indirect costs to drivers arising from fleet conversion; and

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- Consider overall equity, including of economic and environmental outcomes and to drivers and port communities.

**Commencement of CTF Rate Collection:** In compliance with applicable laws, commence collection of the CTF Rate following adoption of a Tariff for the proposed CTF Rate completion of a fee collection system, and establishment of a plan to expend the collected funds.

Proposed Roadmap Resolution – As directed by the Board President and other commissioners at the June 3, 2021 Board meeting, staff requests Board adoption of the proposed Roadmap Resolution. Staff will follow direction set forth in the Roadmap Resolution to develop the final tariff amendment to be brought to the Board and City Council for final approval before the end of 4Q 2021. This proposed Roadmap Resolution is for planning purposes, and no rate amounts will be collected until after the future tariff amendment.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval a CTF Rate Roadmap Resolution, which is an action that can be seen with certainty that there is no possibility of a significant adverse effect on the environment, is a planning study for possible future action, and is the first step in a rate setting activity. Therefore, the Director of Environmental Management has determined that the proposed action is generally and statutorily exempt from CEQA in accordance with Sections 15061(b)(3), 15262, and 15273 of the State CEQA Guidelines.

**FINANCIAL IMPACT:**

This Roadmap Resolution is a planning activity for future action that has no financial effect to the Harbor Department or others, unless and until CTF Rate collection commences pursuant to a future Tariff adopted by the Board and City Council.

**CITY ATTORNEY:**

The Office of the City Attorney has reviewed and approved as to form and legality the Roadmap Resolution directing the development of the CTF Rate.

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**TRANSMITTALS:**

1. 2020 Joint Clean Truck Program Rate Resolution
2. Proposed Clean Truck Fund Rate Roadmap Resolution

FIS Approval:   
CA Approval: 

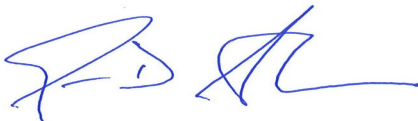


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