



**THE PORT  
OF LOS ANGELES**  
Executive Director's  
Report to the

Board of Harbor Commissioners

**DATE: APRIL 25, 2012**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - TECHNOLOGY ADVANCEMENT PROGRAM SUPPLEMENTAL COST SHARE AGREEMENT WITH THE PORT OF LONG BEACH FOR THE HUG TIER IV TUG RETROFIT DEMONSTRATION PROJECT**

**SUMMARY:**

The San Pedro Bay Ports Clean Air Action Plan (CAAP) Technology Advancement Program (TAP) Advisory Committee has reviewed and recommended funding for the Hug Filtersystems (Hug) Tier IV Tug Retrofit Demonstration Project (Project). The Project proposes to retrofit the tug boat named "Arapaho" operated by Sause Bros. with the HUG Mobiclean® system. The system is designed to reduce Tier II engine emissions to Tier IV levels or better. The total Project cost is \$531,308, with co-funding in the amount of \$100,000 anticipated from the South Coast Air Quality Management District (SCAQMD). The contribution from the City of Los Angeles Harbor Department (Harbor Department) and Port of Long Beach (POLB) (Ports) is \$265,654 under a contract to be entered into and administered by the POLB. The remaining balance of the Project cost, \$165,654, will be paid by Hug Engineering, Inc. (Hug Engineering), located in Switzerland. The proposed action is to approve a Supplemental Cost Share Agreement (Agreement), under which the Harbor Department will reimburse POLB for fifty percent (50%) of the joint port contribution in the amount of \$132,827.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Approve the Supplemental Cost Share Agreement between the City of Los Angeles Harbor Department and Port of Long Beach for the reimbursement of \$132,827 to the Port of Long Beach from the Harbor Department as established by the Clean Air Action Plan Master Cost Share Agreement No. 2546;
2. Authorize the Executive Director to execute and the Board Secretary to attest to said Supplemental Cost Share Agreement, for and on behalf of the Board; and
3. Adopt Resolution No. \_\_\_\_\_.

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**DISCUSSION:**

Background - On November 20, 2006, the CAAP was adopted during a joint meeting between the Boards of Harbor Commissioners for Los Angeles and Long Beach (Boards). On November 22, 2010, during another joint meeting between the Boards, the CAAP was updated. The TAP, a significant initiative of the CAAP, will accelerate the availability of new strategies into the suite of control measures that will ultimately result in significant reductions of diesel particulate matter (DPM), nitrogen oxides (NOx), sulfur oxides (SOx), and other pollutants. The Mission Statement for the TAP is:

*To accelerate the verification or commercial availability of new, clean technologies, through evaluation and demonstration, to move towards an emissions free port.*

The TAP is the catalyst for identifying, evaluating, and demonstrating new and emerging emissions reduction technologies applicable to the port industry that could be utilized in future updates to the CAAP as new control measures, alternatives to existing measures, or as additional mitigation options for new projects.

Project Description - The TAP Advisory Committee, comprised of representatives of the U.S. Environmental Protection Agency, California Air Resources Board, SCAQMD, and technical and administrative staff from both Ports, recently received and approved a proposal to demonstrate the use of a Tier IV emissions level retrofit kit on a harbor tug. The Project proposes to retrofit the tug boat Arapaho with the Hug Mobiclean® system. Sause Bros. operates the Arapaho exclusively in the San Pedro Bay Ports region.

The Arapaho was repowered in late 2010 and is now equipped with two 2010 12V 2000 M60 four-stroke engines (Tier II) rated at 805 horsepower (hp) manufactured by MTU Detroit Diesel Company. The Hug Mobiclean® system will bring these engines to, and/or exceed, Tier IV emission levels. The system is a combined diesel particulate filter (DPF), diesel oxidation catalyst (DOC), and selective catalytic reduction (SCR) passive system that targets reductions in DPM, NOx, and hydrocarbons (HC). Emissions reductions are projected to be greater than 70% and 80% in DPM and NOx, respectively.

Hug Engineering intends to secure California Air Resources Board (CARB) verification of the HUG Mobiclean® system and market the product as a Tier IV Emission Upgrade Kit. The flexibility and modularity of the system allows for application to any 150-900 hp four-stroke marine engine and exceeds the levels required under the CARB commercial harbor craft regulation.

Cost Sharing of Project - In June 2007, the Harbor Department and POLB executed the Clean Air Action Plan Master Cost Sharing Agreement No. 2546 to establish a cost sharing arrangement for all joint, non-legal CAAP expenditures. In accordance with the provisions of this Master Cost Sharing Agreement, a draft supplemental Agreement

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(Transmittal 1) between the Ports is being submitted for approval. This Agreement identifies the POLB as the contracting port and establishes that the costs associated with the Project will be shared by the Harbor Department and POLB in the amount of \$132,827 each. The POLB Board approved co-funding of this Project and a subsequent cost share agreement with the Harbor Department, both in the amount of \$132,827, on November 7, 2011.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of an Agreement with POLB for a reimbursement to POLB for a demonstration Project involving a Tier IV tug retrofit under the TAP. As an activity involving the installation of an environmental protection device for use in conjunction with exiting equipment and an activity involving data collection and field testing by a City Department that does not result in a major disturbance to an environmental resource, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 1(6) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

The total cost of this project is \$531,308 which will be funded as follows:

Hug Engineering	\$ 165,654
SCAQMD	\$ 100,000
POLB	\$ 132,827
Harbor Department	\$ 132,827
<b>TOTAL</b>	<b>\$ 531,308</b>

POLB is the lead port on the Project and will contract directly with Hug Engineering for the total Ports contribution of \$265,654. Approval of this item allows the Harbor Department to enter into a cost share agreement to reimburse the POLB \$132,827 over the next two consecutive fiscal years (FY):

FY 2012/2013	\$ 73,000
FY 2013/2014	\$ 59,827
<b>TOTAL</b>	<b>\$ 132,827</b>

Funds in FY 2012/13 have been requested to be budgeted in Account 59965, Center 0330, Program No. 000. Funds for future FY 2013/14 will be requested to be budgeted through the next annual budget adoption process, also subject to Board approval.

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**ECONOMIC BENEFITS:**

This Board action will have no direct employment effect in the five-county region.

**CITY ATTORNEY:**

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

**TRANSMITTAL:**

1. Supplemental Cost Sharing Agreement

FIS Approval:   *CB*   (initials)

CA Approval:   *MC*   (initials)

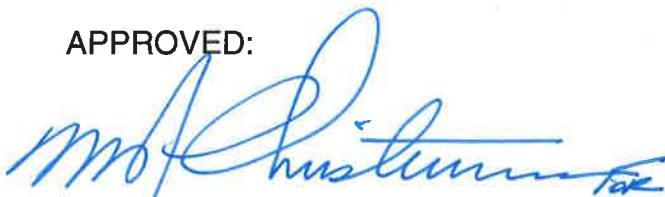


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APPROVED:



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BOARD MEETING: 05/03/2012

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