



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

Board of Harbor Commissioners

DATE: JUNE 11, 2013

FROM: ENVIRONMENTAL MANAGEMENT

**SUBJECT: RESOLUTION NO. _____ - APPROVAL TO SUBMIT
APPLICATIONS FOR FUNDING TO THE NATIONAL DIESEL
EMISSION REDUCTION PROGRAM**

SUMMARY:

The Diesel Emissions Reduction Program (DERA) was created under the Energy Policy Act of 2005. DERA gives the United States Environmental Protection Agency (EPA) new grant and loan authority for promoting diesel emission reductions and authorizing appropriations. In December 2011, DERA grants were reauthorized for fiscal year (FY) 2012 through FY 2016 and \$9 million has been appropriated for FY2013. For EPA Region 9, proposals from regional, state, local or port agencies requesting funding between \$600,000 and \$1,200,000 will be considered. The City of Los Angeles Harbor Department (Harbor Department) intends to submit applications for funding for various tenant projects. Applications are due June 25, 2013, with award notification expected to begin in July/August 2013. Under the program's requirements, in order to receive awarded funding there is a September 30, 2015 deadline to: (1) complete projects that have been selected for funding; and (2) expend funds awarded to selected projects. The Harbor Department is seeking the ability to apply for and accept EPA DERA funding.

RECOMMENDATION:

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

1. Authorize and direct the Executive Director to apply for funding from the 2013 Diesel Emission Reduction Act Assistance Program for the City of Los Angeles Harbor Department tenant projects;
2. Authorize and direct the Executive Director to negotiate and return to the Board for approval the Diesel Emission Reduction Act funding assistance agreements with the United States Environmental Protection Agency for Diesel Emission Reduction Act monies awarded to the City of Los Angeles Harbor Department; consistent with the provisions of this Board Letter and the United States Environmental Protection Agency Diesel Emission Reduction Act Request for Proposals, subject to approval of the City Attorney as to form;

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3. Authorize and direct the Executive Director to negotiate and return to the Board for approval agreements with the City of Los Angeles Harbor Department tenants regarding tenant projects awarded Diesel Emission Reduction Act funds, with no cost to the Harbor Department, consistent with the provisions of this Board Letter and the United States Environmental Protection Agency Diesel Emission Reduction Act Request for Proposals, subject to approval of the City Attorney as to form;
4. Adopt Resolution No. _____.

DISCUSSION:

Background/Context - The EPA through its National Clean Diesel Funding Assistance Program Campaign released a Request for Proposals (RFP) on May 9, 2013, which includes \$9 million in FY 2013, available nationwide for projects that reduce diesel emissions. In order to be eligible for funding, projects must be ready for immediate implementation with awarded funds expended by September 30, 2015. Priority for funding under this program will go to projects that are the most cost-effective, reduce diesel emission exposure in areas designated as having poor air quality (such as ports), and have used community-based, multi-stakeholder, collaborative efforts to reduce toxic emissions. EPA Region 9 will be accepting applications requesting funding between \$600,000 and \$1,200,000. Applications must be submitted by June 25, 2013. Each EPA regional office will evaluate applications submitted within its region. Final decisions for each region will be made by EPA headquarters based on funding availability.

EPA Region 9 is responsible for California, Arizona, Nevada, Hawaii, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. EPA Region 9 has established the following evaluation criteria for this RFP:

- Achieves and clearly quantifies fuel savings, greenhouse gas reductions (carbon dioxide and/or black carbon reductions) and diesel criteria pollutant reductions (particulate matter and/or nitrogen oxide reductions) through voluntary projects;
- Reduces emissions along interstate and international goods movement corridors; and
- Clearly demonstrates inclusion of community, neighborhood, and/or tribal organizations and extent of the current and future partnership activities, including partner letter(s) of commitment as appropriate.

Based on these criteria, staff believes Port of Los Angeles-related (Port) would be good potential candidates for funding under the DERA Assistance funding program.

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General project categories established for 2013 DERA funding and their associated DERA funding percentages of the total projects' costs are as follows:

- Verified Exhaust Control Technologies - up to 100%
- Verified/Certified Engine Upgrades - up to 40%
- Verified/Certified Cleaner Fuel Use - 100% of Differential Cost only if combined on the same vehicle with new eligible verified exhaust controls, eligible clean alternative fuel conversions, eligible engine upgrades, eligible certified engine repowers or eligible certified vehicle/equipment replacements
- Verified Idle Reduction Technologies for Locomotives (40%), Shore Power (25%) and Truck Stop Electrification (25%) or up to 100% if combined with Verified Exhaust Control Technologies
- Certified Engine Repowers - up to 40%
- Verified Aerodynamic Technologies - 100% only if combined on the same vehicle with Verified Exhaust Control Technologies
- Low Rolling Resistance Tires - 100% only if combined on the same vehicle with Verified Exhaust Control Technologies
- Certified Vehicle/Equipment Replacement - up to 25% for non-road diesel vehicles and equipment or highway diesel vehicles and equipment
- Certified Vehicle/Equipment Replacement - up to 50% for drayage truck replacement for models with a 2007 or newer heavy-duty engine
- Clean alternative fuel conversion - up to 40% of the cost of an eligible clean alternative fuel conversion (labor and equipment)

Only regional, state, local, tribal, or port agencies with jurisdiction over transportation or air quality, and certain non-profit organizations are eligible to apply for DERA funding. The Harbor Department, through agreements with its tenants, can seek DERA funding for tenant diesel emission reduction projects.

Harbor Department Staff sent tenants a Call-for-Projects, requesting desired projects for this application. Depending on the nature of the project (replacement, repower, retrofit, etc.), tenants are eligible for 25% to 100% of the total project cost. Any remaining balance will be the responsibility of the tenant with no financial contribution from the Harbor Department. Projects proposed by tenants will be evaluated and the most competitive, cost-effective projects (emissions reduced per grant amount requested) will be included in the application. All tenant proposals that meet the DERA application requirements, and are consistent with the Clean Air Action Plan, must include a letter of intent providing the required cost share match with their funding application.

EPA anticipates contacting applicants that received awards in July 2013. Since DERA funded projects are required to be completed by September 30, 2015, expeditious processing of all related agreements will be essential to successful implementation of the projects.

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The Harbor Department will be responsible for coordinating Harbor Department and tenant project record keeping and reporting (e.g., regarding project status, completion, and actual emission reductions) as required by the DERA Assistance funding program guidelines. The Harbor Department anticipates including a small amount, not to exceed 2%, of funding in its DERA funding to cover the estimated cost associated with these Harbor Department administrative efforts. No use of outside consultant time is anticipated to be employed for grant administration or tracking.

ECONOMIC BENEFITS:

The Board action will have no employment impact.

ENVIRONMENTAL IMPACT:

The proposed action is approval to apply for EPA DERA grant funding. This action is limited to authorization to apply for DERA grant funding and any projects that may result from award of such grant money would be subject to separate environmental review. Therefore, as an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II Section 2 (f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Applying for funding under the DERA does not have a financial impact upon the Harbor Department as any agreements entered into will require subsequent Board approval.

The Harbor Department intends to include up to two percent of funding in its DERA funding application on behalf of port tenants to offset Port administrative costs associated with grant-related coordination activities. As such, no use of outside consultants for grant coordination activities is anticipated to be employed by the Harbor Department. Projects that are not completed by the September 30, 2015 deadline will lose grant funding and port tenants awarded grants will bear full responsibility for project costs, including cost share incurred. The Harbor Department will not incur any cost share or tenant project costs or operating and maintenance costs at any time during or after this process.

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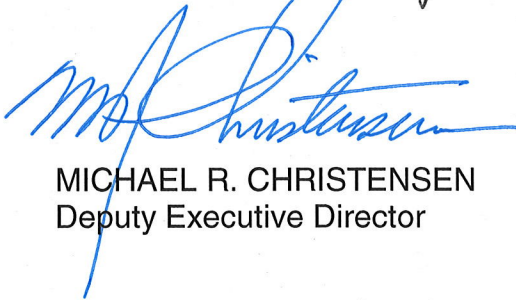
CITY ATTORNEY:

The City Attorney's Office has reviewed the Board Report and finds no legal issues at this time.

FIS Approval: KR (initials)
CA Approval: gnc (initials)



CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

AUTHOR: RENE SPENCER
BOARD MEETING: 06/20/2013

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