



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: SEPTEMBER 25, 2018

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF A COST SHARE AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND THE PORT OF LONG BEACH TO FUND A TECHNOLOGY ADVANCEMENT PROGRAM PROJECT WITH NETT TECHNOLOGIES, INC.

SUMMARY:

Staff requests approval of the Cost Share Agreement between the City of Los Angeles Harbor Department (Harbor Department) and the Port of Long Beach (POLB) to fund a Clean Air Action Plan (CAAP) Technology Advancement Program (TAP) project to develop and demonstrate an emission control system dedicated to harbor craft (Project). The total cost of the project is \$1,200,000, with \$500,000 shared equally by the Harbor Department and POLB and the remaining amount paid by Nett Technologies, Inc. (Nett). As lead agency, POLB has already entered into an agreement with Nett to implement the Project and will bill the Harbor Department for 50% of the cost. The Harbor Department is financially responsible for 50% of the cost share of the Project totaling \$250,000.

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;
2. Approve the Cost Share Agreement between the City of Los Angeles Harbor Department and the Port of Long Beach for the reimbursement of \$250,000 for the cost share;
3. Authorize the Executive Director to execute and Board Secretary to attest to said agreement for and on behalf of the Board of Harbor Commissioners; and
4. Adopt Resolution No. _____.

SUBJECT: TECHNOLOGY ADVANCEMENT PROGRAM PROJECT WITH NETT TECHNOLOGIES, INC.

DISCUSSION:

Background/Context – On November 20, 2006, during a joint meeting between the Los Angeles and Long Beach Boards of Harbor Commissioners, the 2006 San Pedro Bay Ports CAAP was adopted. A significant initiative of the CAAP is the TAP, which 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. A CAAP Technology Advancement Program Advisory Committee (TAC) comprised of the United States Environmental Protection Agency (EPA), the California Air Resources Board (CARB), and the South Coast Air Quality Management District (AQMD), along with the Harbor Department and POLB, meets regularly to review and recommend projects for funding.

Project Selection – The Harbor Department and POLB released a Request for Proposals in July 2017 to demonstrate an emissions control system for harbor craft for an amount not-to-exceed \$500,000. Six proposals were received and evaluated by the TAC using scoring criteria published in the RFP (Transmittal 1). Nett received the highest ranking from all evaluators. Scoring of the six proposals is as follows:

Technology Developer	Evaluator 1	Evaluator 2	Evaluator 3	Evaluator 4	Evaluator 5	Average
A	82	90	90	75	90	85
B	67	71	68	72	72	70
C	61	71	68	67	75	68
D	67	37	75	38	77	59
E	51	36	49	45	59	48
F	11	14	30	16	58	26

Project Description – Nett will demonstrate their BlueMAX™ NOVA 320e, an emission control system developed for harbor craft. It consists of a combined active diesel particulate filter with upstream diesel oxidation catalyst in front of a selective catalytic reduction system with an ammonia slip catalyst. Nett has partnered with Pacific Tugboat Service (PTS), which is based out of the Port of Long Beach. The emission control system will be installed on PTS's Bass Harbor Tugboat, which is currently classified as a Tier II vessel. Nett intends to prove that its technology will take the Tier II vessel to the much cleaner Tier IV level.

Cost Share – In June 2007, the Harbor Department and POLB executed the CAAP Master Cost Share Agreement No. 2546 (Transmittal 2) to establish a cost sharing arrangement for TAP projects. In accordance with the provisions of this Master Cost Share Agreement, the Project Cost Share Agreement between the Harbor Department and POLB is being submitted for approval (Transmittal 3).

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The total amount of the cost share is \$500,000, shared equally by the Harbor Department and POLB. POLB has already entered into an agreement directly with Nett and assumes all project and contract management responsibilities. POLB will pay Nett directly and submit invoices to the Harbor Department for reimbursement of one-half the amounts paid by POLB. The POLB contract with NETT expires on December 1, 2020 and the cost share has no term.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the Cost Share Agreement with POLB for funding of the CAAP TAP Project. As an administrative activity and testing/demonstration of a new technology, 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 II, Section 2(f) and Article III, Class 6(2) of the City of Los Angeles CEQA Guidelines.

FINANCIAL IMPACT:

The proposed action is to approve the Cost Share Agreement with POLB for funding of the CAAP TAP Project. The total cost of the project is \$1,200,000 and the TAP share for the Project is \$500,000. The Harbor Department and POLB will share equally in the TAP share associated with the Project. As the lead agency, POLB has already entered into an agreement with Nett to implement the Project. As part of the Cost Share Agreement with POLB, the Harbor Department would reimburse POLB for \$250,000, which is 50% of the total TAP share of \$500,000.

It is anticipated that funds will be expended as follows:

FY 2018/19	\$ 50,000
FY 2019/20	\$200,000

Fiscal Year 18/19 Funds in the amount of \$50,000 for the Project are available in Account 59965, Center 0330, Program 000. Future Fiscal Year funds in the amounts of \$200,000 will be requested to be budgeted for Fiscal Year 19/20 as part of the annual budget adoption process.

CITY ATTORNEY:

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

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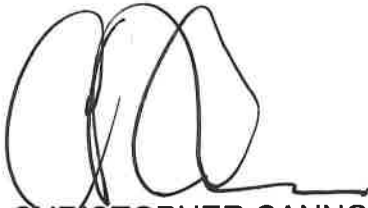
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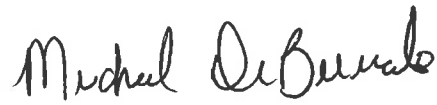
TRANSMITTALS:

1. TAP Proposal Evaluation Criteria
2. Master Cost Share Agreement with the Port of Long Beach
3. Project Cost Share Agreement with the Port of Long Beach

FIS Approval: MB
CA Approval: gmc



CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

CC:LW:TD:TGP
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