

DATE: JUNE 11, 2024

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - FIRST AMENDMENT TO AGREEMENT NO. 21-9805 AMONG THE CITY OF LOS ANGELES HARBOR DEPARTMENT, PORT OF LONG BEACH, PORTCHECK, LLC AND MARINE TERMINAL OPERATORS FOR CLEAN TRUCK FUND RATE COLLECTION SERVICES

SUMMARY:

Staff requests approval of a proposed First Amendment to Agreement No. 21-9805 (Amendment) among the City of Los Angeles Harbor Department (Harbor Department), Port of Long Beach (POLB), PortCheck, LLC (PortCheck), and Marine Terminal Operators (MTO) for Clean Truck Fund (CTF) Rate collection services for the Harbor Department and POLB (collectively known as Ports). PortCheck CTF Rate collection services include upgrades and maintenance of the CTF Rate collection system, collection of the CTF Rate, application of exemptions in accordance with the Ports' Tariffs, and remitting the collected CTF Rate revenues to the Ports.

The proposed Amendment will (1) expand truck movement data collected to comply with recent State truck regulation requirements; (2) extend the term of the agreement by five years from three years, currently to eight years, as proposed; and (3) increase total compensation by \$21,068,130 from \$10,000,000 currently to a new total not-to-exceed amount of \$31,068,130. The Harbor Department will be financially responsible for payment of \$15,534,065, or 50%, of the expenses incurred under the proposed Amendment. The POLB will continue to be financially responsible for the payment of the other 50%. The payment of expenses incurred under the agreement will be offset by CTF Rate revenues collected by PortCheck.

RECOMMENDATIONS:

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;

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2. Approve the First Amendment to Agreement No. 21-9805 among the City of Los Angeles Harbor Department, Port of Long Beach, PortCheck, LLC, and Marine Terminal Operators;
3. Direct the Board Secretary to transmit said Amendment to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5(a) of the Los Angeles Administrative Code;
4. Authorize the Executive Director to execute and Board Secretary to attest to said Amendment for and on behalf of the Board of Harbor Commissioners; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background and Context - Clean Air Action Plan – On November 2, 2017, the Ports of Los Angeles and 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 trucking industry phase out older trucks and transition to the CAAP goal of Zero Emissions (ZE) drayage trucks by 2035, which aligns with a requirement in the recently passed CARB Advanced Clean Fleet Regulation. As a result of the successful CTP efforts over the years, air emissions from trucks operating at the Harbor Department have been reduced by 98% for diesel particulate matter, 83% for nitrogen oxides, 92% for sulfur oxides, and 16% for greenhouse gases compared to 2005.

Clean Truck Fund Rate Collection – An important element in the 2017 CAAP Update is the establishment of a CTF Rate, which charges a rate of \$10 per twenty-foot equivalent unit or \$20 per container longer than 20 feet to cargo owners or their authorized agents on loaded containers hauled by drayage trucks at Port terminals, with exemptions for ZE and Low NO_x trucks.

On May 11, 2021, the Board approved Agreement No. 21-9805 with PortCheck to establish the mechanism and provide the services to collect the CTF Rate from non-exempt trucks hauling loaded containers at both Ports' container terminals.

PortCheck began collecting the CTF Rate on April 1, 2022 and has collected approximately \$81.7 million through March 2024 for the Harbor Department. PortCheck has collected a similar CTF Rate amount for POLB. All CTF Rate funds will be used exclusively to pay for incentive programs to replace port drayage trucks with ZE trucks, and to pay for associated ZE infrastructure as needed.

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Proposed First Amendment – The proposed Amendment (Transmittal 1) will extend Agreement No. 21-9805 for an additional five years with added compensation in the amount of \$21,068,130 for a total not-to-exceed amount of \$31,068,130. To meet recently adopted CARB truck regulations recordkeeping requirements, the Amendment will also expand the type of truck data provided by PortCheck and the MTOs to the Ports. The new data will include information on all trucks entering the container terminals rather than only truck visits with containers. Previously, information on trucks with no chassis or only chassis was not provided. This expanded data will require PortCheck to obtain additional computer equipment and upgrade existing equipment.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the First Amendment to Agreement 21-9805 to extend the agreement for 5 additional years and increase compensation to accommodate recently adopted CARB requirements, 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:

Approval of the proposed Amendment will increase the agreement amount by \$21,068,130 for a total of not-to-exceed amount of \$31,068,130. The payment of costs incurred under the agreement will continue to be shared equally with POLB where each port will be financially responsible for \$15,534,065 or 50% of the total contract amount.

The costs incurred under the agreement are offset by the revenue collected from the Clean Truck Fund Rate. Through March 2024, Portcheck has collected approximately \$81.7 million in CTF Rate revenue for the Harbor Department and the Harbor Department has expended approximately \$6.7 million.

It is estimated that funds will be expended as follows:

Fiscal Year (FY)	\$ Amount
Prior years	\$3,077,371
2024/2025	\$1,500,000
2025/2026	\$2,500,000
2026/2027	\$2,500,000
2027/2028	\$2,500,000
2028/2029	\$3,456,694
Total	\$15,534,065

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Fiscal Year 2024/2045 funding in the amount of \$1,500,000 is available in Account 59967 (Clean Truck Program Administrative Costs), Center 0330 (Environmental), Program 000 (Base Budget). Future year funding will be requested through the annual budget adoption process, subject to Board approval.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the proposed First Amendment to form and legality.

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TRANSMITTALS:

1. First Amendment to Agreement No.21-9805

FIS Approval: 
CA Approval: 



LISA WUNDER
Acting Director of Environmental Management

Michael DiBernardo

MICHAEL DIBERNARDO
Deputy Executive Director

APPROVED:

Erica M. Calhoun for

EUGENE D. SEROKA
Executive Director

LW:TP:mrx
Author: A. Coluso

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