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RECOMMENDATION APPROVED;
RESOLUTION 24-10356 ADOPTED AND;
AGREEMENT 24-3723-B APPROVED
BY THE BOARD OF HARBOR COMMISSIONERS

May 23, 2024
AM KLESGES
AMBER M. KLESGES
Board Secretary



DATE: MAY 13, 2024

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. 24-10356 - APPROVAL OF THE SECOND AMENDMENT TO SUBRECIPIENT AGREEMENT NO. 20-3723 WITH WEST BASIN CONTAINER TERMINAL AND WIRELESS ADVANCED VEHICLE ELECTRIFICATION, LLC FOR THE ADVANCED INFRASTRUCTURE DEMONSTRATION PROJECT

SUMMARY:

Staff requests approval of the Second Amendment to Subrecipient Agreement No. 20-3723 (Agreement) for the Port of Los Angeles Advanced Infrastructure Demonstration Project (Project) with West Basin Container Terminal (WBCT) and Wireless Advanced Vehicle Electrification, LLC (WAVE). This Project is funded under a Grant Agreement with the California Energy Commission (CEC), Agreement No. 19-3666. A third amendment to Agreement No. 19-3666 is being considered under a separate Board Action. The proposed Second Amendment to Subrecipient Agreement No. 20-3723 will extend the term of the Agreement to June 30, 2026 and incorporate milestone date changes made to the third amendment to Grant Agreement No. 19-3666 with the CEC. The extension to the term of the Agreement is due to extended delays in the project timeline related to external supply chain impacts. All other terms and conditions of the Agreement will remain the same.

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 exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the Second Amendment to Agreement No. 20-3723 between the City of Los Angeles Harbor Department, West Basin Container Terminal and Wireless Advanced Vehicle Electrification, LLC for the Port of Los Angeles' Advanced Infrastructure Demonstration Project;

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3. Direct the Board Secretary to transmit the Second Amendment to the City Council for approval pursuant to City Charter Section 606;
4. Authorize the Executive Director to execute and the Board Secretary to attest to said Second Amendment to Agreement No. 20-3723 with West Basin Container Terminal and Wireless Advanced Vehicle Electrification, LLC for and on behalf of the Board; and
5. Adopt Resolution No. 24-10356.

DISCUSSION:

Background/Context – On February 23, 2018, the City of Los Angeles Harbor Department (Harbor Department) submitted a grant proposal to the CEC under the Alternative and Renewable Fuel Vehicle Technology Program (ARFVTP). The Harbor Department applied for the grant on behalf of WBCT, who developed the Project to provide the infrastructure required to support 10 battery-electric yard tractors that would be purchased under a separate grant, the U.S. Environmental Protection Agency's (EPA) Targeted Air Shed Grant (TASG). On April 6, 2018, the CEC offered the Harbor Department a preliminary grant award in the amount of \$7,842,270 to fund the Project. On June 20, 2019, the Harbor Department approved Agreement No. 19-3666 with the CEC. A Subrecipient Agreement No. 20-3723, with WBCT and Wireless Advanced Vehicle Electrification, LLC (WAVE) was approved on February 6, 2020. On March 10, 2022, the Harbor Department approved the First Amendment to Agreement No. 19-3666 to modify the project schedule, update the budget table, change the subrecipient and supplier of the battery storage system, move infrastructure construction in-house, and extend the term of the Agreement until March 31, 2024. The approved First Amendment also added the Special Terms and Conditions attachment to the agreement, detailing specific deadlines associated with the amendment. On April 27, 2023, the Harbor Department approved the Second Amendment to Agreement No. 19-3666, which was a no-cost term extension through June 30, 2025.

Port of Los Angeles Advanced Infrastructure Demonstration Project – The Project, which began in July 2019, consists of an advanced inductive charging system to support 10 battery-electric yard tractors that will be operated at WBCT under the CEC grant. Twelve inductive charging stations will be installed at WBCT: 10 stations at the equipment corral lanes where WBCT currently parks their yard tractors when off-duty, and two additional stations at a central break facility as an opportunity charging location. The yard tractors are partially funded by a separate TASG grant from the EPA. The development of the yard tractors and wireless charging systems were delayed due to the COVID-19 pandemic as factory shutdowns and stay-at-home orders affected the project team internationally and within the United States and affected availability of materials and project components. Manufacturing and supply chain challenges persisted through 2023

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and into the First Quarter of 2024, further delaying gear needed to energize the infrastructure.

The Project is divided into two phases. Phase 1, construction of two charging stations at the central break facility, was successfully commissioned the week of April 11, 2022. Two-yard tractors were commissioned and began demonstration on June 16, 2022. Phase 2 is the construction of 10 additional charging stations supported by a large battery storage system to reduce overall power demand from the grid. Due to manufacturing delays with the battery storage system and associated gear needed to energize the charging system, Construction & Maintenance closed Phase 2 during the First Quarter of 2023 and resumed construction in late Fourth Quarter of 2023. Phase 2 infrastructure and the remaining yard tractors are targeted for commissioning in the late Second Quarter of 2024.

Grant Agreement Third Amendment – For consideration under a separate Board item, a proposed Third Amendment to the Agreement No. 19-3666 will extend the term of the Agreement until June 30, 2026 to provide additional time to demonstrate the effectiveness of the advanced charging system. This is a no-cost term extension of CEC Agreement No. 19-3666 (CEC No. ARV-17-049). The Third Amendment will also adjust the dates in the Special Terms and Conditions attachment to reflect the extended timeline.

Subrecipient Agreement Second Amendment – The proposed Second Amendment (Transmittal 1) to Subrecipient Agreement No. 20-3723 between the Harbor Department, WBCT, and WAVE is also necessary in order to align its terms with the proposed Third Amendment to the Grant Agreement No. 19-3666. Specifically, the Second Amendment of the Subrecipient Agreement extends the term until June 30, 2026 and incorporates milestone date changes made to the Third Amendment of Grant Agreement No. 19-3666. All other responsibilities and terms will remain unchanged.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the Second Amendment to the Harbor Department's Subrecipient Agreement with WBCT and WAVE to modify the project schedule and extend the term of the Agreement, 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 Second Amendment to the Subrecipient Agreement will extend the term of the Subrecipient Agreement to June 30, 2026, and no additional funds will be added to the \$392,500 ultimate financial responsibility of the Harbor Department. Since

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the Harbor Department applied for the grant on behalf of WBCT and functions as the grant administrator, it will pass \$2,843,420 in funds to WAVE upon milestone completion. The remaining grant balance of \$4,998,850 will be collected by the Harbor Department to offset its cost for infrastructure development. WBCT will continue being responsible for the electricity costs associated with charging the zero-emission equipment but will not receive any grant funds. Project Match Funds totaling \$3,549,152 were submitted to the CEC, which exceeds the commitment amount of \$3,506,885. The CEC will release the remaining Reimbursable Funds totaling \$1,479,471 by June 30, 2024. Of those funds, \$1,203,587 will be retained by the Harbor Department and \$275,884 will be passed through to WAVE. The Harbor Department's financial responsibility for infrastructure development is budgeted in Capital Improvement Program Work Order 25576 – B. 100 West Basin Container Terminal (WBCT) - Advanced Infrastructure Demonstration.

The table below summarizes the reimbursable funds and match share commitments for the overall grant project.

Participants	CEC Funds	TASG Funds *	Match Funds	TOTAL
WAVE	\$2,843,420		\$126,885	\$2,970,305
WBCT *		\$1,787,500	\$1,200,000	\$2,987,500
Harbor Department	\$4,998,850		** \$392,500	\$5,391,350
TOTAL	\$7,842,270	\$1,787,500	\$1,719,385	\$11,349,155

* EPA's TASG funding is considered Match Funds by the CEC and includes cost-share from the SCAQMD for support of that grant.

** This total represents \$312,500 to support the TASG plus an estimated \$80,000 in Harbor Department staff time.

CEC funds are expected to be disbursed as follows:

FY2022/23	\$ 6,362,799
FY2023/24	<u>\$ 1,479,471</u>
TOTAL	\$ 7,842,270

CITY ATTORNEY:

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

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TRANSMITTAL:

1. Second Amendment to Subrecipient Agreement No. 20-3723

FIS Approval: JS
CA Approval: SO



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:TGP:JG:LH
AUTHOR: L. Hunter

FILE: Y:\ADMIN\BOARD REPORTS\AIR QUALITY\GRANTS\CEC - SUBRECIPIENTS - ADVANCED YARD INFRASTRUCTURE (WAVE AND WBCT)\SUBRECIPIENT
SECOND AMENDMENT\Environmental_CEC AID Subrecipients Amendment 2_Board Report - AGENDA SETTING.docx
UPDATED: 05/13/2024 2:13PM - MRX