

2/8.8.24
RECOMMENDATION APPROVED;
RESOLUTION 24-10402 ADOPTED AND;
AGREEMENT 24-9850-A APPROVED
BY THE BOARD OF HARBOR COMMISSIONERS

August 8, 2024
AM KLESGES
AMBER M. KLESGES
Board Secretary



DATE: JULY 30, 2024

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. 24-10402 - FIRST AMENDMENT TO AGREEMENT NO. 22-9850 WITH UNION PACIFIC RAILROAD COMPANY FOR A DIESEL EMISSION REDUCTION ACT GRANT TO FUND A ZERO EMISSION SWITCHER LOCOMOTIVE PROJECT

SUMMARY:

Staff requests approval of the First Amendment to Agreement No. 22-9850 (Agreement) with Union Pacific Railroad Company (UP). The Agreement requires UP to design and manufacture a Zero-Emissions Switcher Locomotive for a demonstration project (Project). The Environmental Protection Agency (EPA) Grant Agreement No. 22-9849 between the United States Environmental Protection Agency (EPA) and the City of Los Angeles Harbor Department (Harbor Department) is being amended under a separate board action. The First Amendment to the Agreement with UP will incorporate the same change as the EPA Grant Agreement which is extending the term of the Agreement by two years. The extension request is necessary to account for delays in the project schedule due to disruptions to the battery supply chain. All other terms and conditions of the Agreement remain the same, including the overall project costs and participant commitments.

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 First Amendment to Agreement No. 22-9850 between the Harbor Department and UP to extend the term of the Agreement by two years;
3. Direct the Board Secretary to transmit the First Amendment to the City Council for approval pursuant to City Charter Section 373;
4. Authorize the Executive Director to execute and the Board Secretary to attest to said Amendment with the EPA for and on behalf of the Board; and

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5. Adopt Resolution No. 24-10402.

DISCUSSION:

Background/Context – On March 16, 2021, the Harbor Department applied for a grant in the amount of \$2,025,000 pursuant to the EPA's Diesel Emission Reduction Act (DERA) grant solicitation for the Zero-Emissions Switcher Locomotive Demonstration Project. On January 14, 2022, the Board approved Subrecipient Agreement No. 22-9850 with UP to perform the Project, along with Grant Agreement No. 22-9849.

Battery-Electric Locomotive Project – The Harbor Department is providing administrative support for the Project which has UP developing and demonstrating a new zero emissions switch locomotive, including battery capacity. A switcher locomotive makes short distance movements of rail cars, such as assembling and disassembling trains at various locations in and around the Port of Los Angeles (Port) complex, sorting cars of inbound cargo trains for subsequent delivery to terminals, and short distance hauling of rail cargo within the Port. The battery-electric switcher locomotive is expected to have a run time of up to 24 hours, depending upon charging and utilization rates. The DERA grant award does not provide funding for infrastructure and the cost of the charging infrastructure is not included in this Project cost; however, UP will install charging infrastructure at their primary yard for the switcher locomotive. The switcher locomotive's battery will recover energy through dynamic braking and is designed to work in tandem with a train consisting of at least one other locomotive. It cannot work on its own.

Proposed First Amendment - The overall Project schedule has been impacted due to a disruption in the battery supply chain; therefore, an Amendment to the Grant Agreement is required to reflect the new timeline and terms of the Agreement. This First Amendment to the Agreement (Transmittal 1) is required to reflect the same changes as the Grant Agreement. It extends the Project timeline by two years to February 22, 2027.

Harbor Department Responsibilities - The Harbor Department's responsibility under this agreement is limited to Project administration and passing the grant funds through to UP upon release of funds by the EPA in accordance with the Agreement schedule. Any budget shortfalls or schedule timing on task items under the EPA Grant Agreement are the responsibility of UP.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the First Amendment to the UP Grant Subrecipient Agreement to design and manufacture the zero emissions Switcher Locomotive Demonstration project, which is an administrative activity. Therefore, the Director of

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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 First Amendment will extend the term of the Agreement with UP and update the schedule and project milestones for the Zero Emissions Switcher Locomotive Demonstration Project. It is anticipated that the \$2,025,000 in funding from this grant will be received by the Harbor Department in Fiscal Year 2026/2027.

The Harbor Department will not commit any additional funding to the Project beyond its staff time and resources to act as Project Manager, including ensuring all Project deliverables are completed in accordance with the EPA Grant Award, Agreement No. 22-9850.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the First Amendment to Agreement No. 22-9850 as to form and legality.

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TRANSMITTALS:

1. First Amendment to Agreement No. 22-9850 with UP

FIS Approval: JS
CA Approval: JC



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/MRX
AUTHOR: B. FORD

FILE: Y:_ADMIN_BOARD REPORTS_AIR QUALITY\GRANTS\EPA (DERA, etc)\2021 DERA Grant Union Pacific_UP AMEND 1\Environmental_DERA Grant
Union Pacific Amend 1_Board Report - FINAL.docx
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