

0150-11820-0002

**T R A N S M I T T A L**

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|---|------------------------|------------------|
| TO<br>Eugene D. Seroka, Executive Director<br>Harbor Department | DATE<br>06/26/2023     | COUNCIL FILE NO. |
| FROM<br>The Mayor   | COUNCIL DISTRICT<br>15 |                  |

**RESOLUTION NO. 23-10131 AND PROPOSED THIRD AMENDMENT TO CALIFORNIA ENERGY COMMISSION GRANT SUBRECIPIENT AGREEMENT NO. 17-3533 FOR THE EVERPORT ADVANCED CARGO HANDLING DEMONSTRATION PROJECT**

Approved and transmitted for further processing including Council consideration.  
See the City Administrative Officer report attached.

  
MAYOR  
(Chris Thompson for)

*Attachment*

MWS/PJH/JVW:SHF:10230120t

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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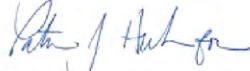
Date: May 9, 2023

CAO File No. 0150-11820-0002

Council File No.

Council District: 15

To: The Mayor



From: Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from Los Angeles Board of Harbor Commissioners (Board) dated February 9, 2023 regarding February 9, 2023 Board Resolution; referred by the Mayor for report on February 9, 2023

Subject: **RESOLUTION NO. 23-10131 AND PROPOSED THIRD AMENDMENT TO CALIFORNIA ENERGY COMMISSION GRANT SUBRECIPIENT AGREEMENT NO. 17-3533 FOR THE EVERPORT ADVANCED CARGO HANDLING DEMONSTRATION PROJECT**

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### RECOMMENDATIONS

That the Mayor:

1. Approve Los Angeles Harbor Department (Port) Resolution No. 23-10131 authorizing approval of the proposed Third Amendment to California Energy Commission Grant Subrecipient Agreement No. 17-3533 between Port, Everport Terminal Services Inc., BYD Motors LLC, and Taylor Machine Works, Inc. to extend the agreement term from April 1, 2023 to October 31, 2023 at no additional cost, for the Everport Advanced Cargo Handling Demonstration Project;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the February 9, 2023 Board of Harbor Commissioners Resolution No. 23-10131, that the proposed action is administratively and categorically exempt from requirements of CEQA under Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines; and
3. Authorize the Port Executive Director, or designee, to execute the proposed amendment and return the Resolution to the Port for further processing, including Council consideration.

### SUMMARY

The Los Angeles Board of Harbor Commissioners (Board) requested approval of its February 9,

2023 Resolution No. 23-10131 (Attachment 1) to execute the proposed Third Amendment to California Energy Commission (CEC) Grant Subrecipient Agreement No. 17-3533 (Subrecipient Agreement) to complete the Everport Advanced Cargo Handling Demonstration Project (Project) that develops and demonstrates five pieces of zero emission (ZE) cargo handling equipment at the Port of Los Angeles (POLA). Execution of the proposed amendment is contingent upon Council consideration and the Harbor Department (Port) effectuating the amendment. If approved, the term of the Subrecipient Agreement will be extended seven months from April 1, 2023 to October 31, 2023. Certain terms and conditions will be changed to align with the proposed amendment to the associated CEC Grant Agreement No. 17-3532 (Grant Agreement). The Project scope, required participant commitments, and total not to exceed amount remain the same at \$7,691,134.

The proposed amendment has been approved as to form by the City Attorney. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds three years. Our office has reviewed the request and recommends approval.

## **BACKGROUND**

On February 9, 2023, the Board approved Resolution No. 23-10131 authorizing approval to execute the proposed Third Amendment to CEC Subrecipient Agreement between Port, Everport Terminal Services Inc. (Everport), BYD Motors LLC (BYD, formerly BYD Motors Inc.), and Taylor Machine Works, Inc. (Taylor) to extend the term from April 1, 2023 to October 31, 2023 and to change certain terms and conditions in alignment with proposed changes to the associated CEC Grant Agreement for the Project.

Everport operates a containerized cargo marine terminal facility at Berths 226-236 on Terminal Island at POLA. The Project is a \$7.7 million joint effort between Port, CEC, Everport, BYD, and Taylor to fund the design, development, delivery and 12-month demonstration of three pre-commercial battery electric zero emission (ZE) BYD yard tractors, two pre-commercial battery electric ZE Taylor top handlers, and associated charging infrastructure at the POLA Everport terminal. The proposed seven-month extension is necessary to complete the Project due to delays caused by the COVID-19 pandemic, supply chain disruption, data collection issues, and yard tractor repairs.

*History of the Sustainable Freight Transportation Grant Project* - In January 2017, the Port applied for a CEC Sustainable Freight Transportation Projects grant on behalf of Everport for the Project. The goal of this CEC grant program is to enhance market acceptance and deployment of advanced medium- and heavy-duty vehicle technologies that will reduce greenhouse gas emissions, reduce petroleum use, and benefit disadvantaged communities. In May 2017, CEC commissioners approved the Project for approximately \$7.7 million, with \$4,524,000 in grant funding and a term from June 15, 2017 through December 31, 2020.

In October 2017, the Board approved Grant Agreement with the CEC and the Subrecipient Agreement with Everport, BYD and Taylor for a three-year term ending on November 14, 2020.

The total in-kind, cost share contributions from each of the subrecipients is \$3,167,134, which brings the total Project funding to \$7,691,134. The Port has met its cost share contributions including a \$2,000,000 commitment from the Port to develop required vehicle charging electrical infrastructure that was completed in March 2022 at a total cost of \$2,950,000.

*Unforeseen Delays* - The Port indicates that Taylor delivered the two ZE top handlers and Everport placed them into operation in February 2020. However, the development of the BYD yard tractors was delayed due to equipment certification issues and COVID-19 factory shutdowns and stay-at-home orders in both China and California for significant portions of 2020 and 2021. The BYD yard tractors and smart charging system began the required 12-month demonstration period in the first quarter of 2022; however the CEC officially recognized the start of the demonstration period to be May 2022 due to data collection and repair issues.

*Amendments to the CEC Grant Agreement* – The Board approved the First Amendment to the Grant Agreement on December 3, 2020 to modify the project schedule and extend the term from January 1, 2021 through March 31, 2022. On February 24, 2022, the Board approved the Second Amendment to correct an administrative error in the agreement and the Third Amendment to extend the term from April 1, 2022 through March 31, 2023. The Board approved the Fourth Amendment on February 9, 2023 to modify the project schedule and extend the term from April 1, 2023 through October 31, 2023 (Resolution No. 23-10130). The additional time is needed due to the aforementioned delays and to satisfy the 12-month demonstration requirement.

*Prior Amendments to the CEC Subrecipient Agreement* - The First Amendment to the Subrecipient Agreement extended the Project term and timeline milestones from November 15, 2020 to March 31, 2022. The Second Amendment extended the term from April 1, 2022 through March 31, 2023. These amendments were executed to align with the changes in the amendments to the Grant Agreement.

Port indicates that all tasks associated with the Project must be complete by October 31, 2023 or the CEC may require repayment of 10 percent of the Grant from the Port. Port indicates that the risk of this is low because staff are coordinating very closely with the CEC to ensure submission of all reports by the updated deadlines. Port further indicates there are no additional financial impacts associated with the proposed amendment.

## **CITY COMPLIANCE**

The City Attorney has reviewed and approved the proposed Third Amendment to the Subrecipient Agreement as to form. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds three years.

*California Environmental Quality Act (CEQA)* – On February 9, 2023, the Board determined that the proposed amendment with Everport, BYD, and Taylor is administratively and categorically exempt from requirements of CEQA pursuant to Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines.

## **FISCAL IMPACT STATEMENT**

The proposed Third Amendment for a 7-month extension to CEC Subrecipient Agreement No. 17-3533 for the Everport Advanced Cargo Handling Demonstration Project should not have any additional fiscal impact. The Port's cost share responsibility remains at \$2,000,000 to develop electrical infrastructure, funds for which are budgeted in the Harbor Revenue Fund Capital Improvement Program. The recommendations in this report and proposed actions comply with Port Financial Policies. There is no impact on the City General Fund.

Attachment 1 – February 9, 2023 Harbor Board report, Resolution 23-10131

*MWS:PJH/JVW:SHF:10230120*