

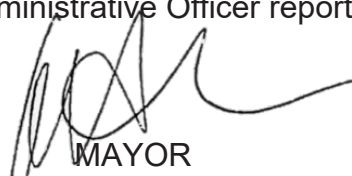
0150-11820-0001

T R A N S M I T T A L

TO Eugene D. Seroka, Executive Director Harbor Department	DATE 05/18/2022	COUNCIL FILE NO. 21-0713
FROM The Mayor	COUNCIL DISTRICT 15	

**PROPOSED SECOND AMENDMENT TO CALIFORNIA ENERGY COMMISSION GRANT
SUBRECIPIENT AGREEMENT NO. 17-3533 FOR THE EVERPORT ADVANCED CARGO
HANDLING DEMONSTRATION PROJECT**

Transmitted for further processing and Council consideration.
See the City Administrative Officer report attached.



MAYOR

(Andre Herndon for)

MWS:JCY:10220122t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

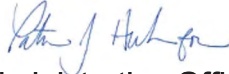
Date: May 17, 2022

CAO File No. 0150-11820-0001

Council File No. 21-0713

Council District: 15

To: The Mayor



From: Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Harbor Department dated March 24, 2022; referred by the Mayor for report April 5, 2022

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

RECOMMENDATIONS

Approve Harbor Department (Port) Resolution No. 22-9982 authorizing a proposed Second Amendment to California Energy Commission Grant Subrecipient Agreement No. 17-3533 to reflect a 12-month extension of the Everport Advanced Cargo Handling Demonstration Project; and return the Resolution documents to the Port for further processing, including Council consideration.

SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Resolution No. 22-9982 authorizing a proposed Second Amendment to California Energy Commission Grant Subrecipient Agreement No. 17-3533 (Subrecipient Agreement) for the Everport Advanced Cargo Handling Demonstration Project (Project) to reflect a 12-month, no-cost Project term extension and timeline and assignment adjustments. The Project scope and all other terms of the Agreement remain the same, including the Port's Capital Improvement Program (CIP) commitment of \$2 million for the development of electrical infrastructure for the Project.

Everport Terminal Services Inc. (Everport) operates a containerized cargo marine terminal facility at Berths 226-236 on Terminal Island at the Port of Los Angeles (POLA). The Project is a \$7.7 million joint effort among the Port, the California Energy Commission (CEC), Everport, BYD Motors LLC (BYD, formerly BYD Motors Inc.), and Taylor Machine Works, Inc. (Taylor) to fund the design, development, delivery and 12-month demonstration of three pre-commercial battery electric zero emission (ZE) yard tractors and two pre-commercial battery electric ZE top handlers at the POLA Everport terminal. Everport and the Port jointly applied for a CEC Sustainable Freight Transportation Projects grant for the Project in January 2017. 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 \$7,690,903, with \$4,524,000 in grant funding, with a term of approximately 3.5 years, from June 15, 2017 through December 31, 2020. In October 2017, the Board approved Grant Agreement No. 17-3532 (Grant Agreement) with the CEC and the Subrecipient Agreement with Everport, BYD and Taylor for a three-year term, through November 14, 2020, with \$3,166,903 of in-kind, cost share contributions from each to complete the Project funding. The cost share contributions included a \$2 million commitment from the Port to develop required vehicle charging electrical infrastructure.

The Port reports that Taylor delivered the two ZE top handlers and Everport placed them into operation in February 2020, with generally good feedback from operators despite some maintenance needs and issues with charging. However, the development of the yard tractors was delayed due to equipment certification issues and Covid-19 factory shut downs and stay-at-home orders in both China and California for significant portions of 2020 and 2021. The CEC approved a 12-month no-cost extension through March 31, 2023 to complete the Project and the 12-month demonstration requirement, with related updates to the Project timeline milestones and an assignment change due to BYD's entity status and name change. The proposed Amendment reflects those changes in the Subrecipient Agreement, including extension through March 31, 2023. The Board approved the updated CEC terms in the Second and Third Amendments to the Grant Agreement at its meeting on February 24, 2022 (Resolution No. 22-9970). The First Amendment to the CEC and Subrecipient Agreement (C.F. 21-0713) previously extended the Project and timeline milestones for 15 months, through March 31, 2022, for the same reasons. The Port reports that BYD delivered the Project's three demonstration yard tractors as of March 2022 and that the Port has completed its infrastructure development commitment.

The Port reports that there are no additional financial impacts associated with the proposed Amendment. The Port committed funding for the Project from the Harbor Revenue Fund in the CIP budget. The City Attorney has approved the proposed Amendment as to form and legality. The Port states that the proposed action is an administrative activity and has therefore determined that the proposed action is administratively and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II Section 2(f) and Article III Class 6(2) of the Los Angeles City CEQA Guidelines.

FISCAL IMPACT STATEMENT

The proposed Second Amendment to California Energy Commission Grant Subrecipient Agreement No. 17-3533 for the Everport Advanced Cargo Handling Demonstration Project to reflect a 12-month, no-cost Project term extension and timeline and assignment adjustments maintains a \$2 million commitment requirement from the Harbor Department (Port) to develop electrical infrastructure, funds for which are budgeted in the Harbor Revenue Fund Capital Improvement Program. There is no additional impact on the Harbor Revenue Fund. The recommendations in this report and proposed actions comply with Port Financial Policies. There is no impact on the City General Fund.