



AGENDA REPORT

PROPOSED ACTION: Resolution: Approve and Authorize the Executive Director to Execute the Baseline Agreement and All Other Related Documents Necessary for the Port to Receive Volkswagen Environmental Mitigation Trust Zero Emission Freight and Marine Program Grant Funds from the California Air Resources Board in the Amount of \$4,998,144 for Shore Power Infrastructure Development to Serve Berth 22 and Find that the Proposed Action is Not a Project Under the California Environmental Quality Act **(Maritime)**

Submitted By: Bryan Brandes, Director of Maritime; Danny Wan, Executive Director

Parties Involved: California Air Resources Board as Grant Lead Agency; and Bay Area Air Quality Management District as Grant Administrator	Amount: \$4,998,144 (State grant; as part of approximately \$15,700,000 expenditure)
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EXECUTIVE SUMMARY: In August 2024, the California Air Resources Board (CARB) awarded the Port of Oakland (Port) approximately \$5 million under the Zero Emission Freight and Marine Grant Program (ZEFM Grant) for the installation of shore power infrastructure at Berth 22, located within the Port’s Maritime area (Seaport). The grant funds do not require a funding match from the Port, however the Port will need to spend an additional \$10.7 million to install shore power at Berth 22, for a total cost of about \$15.7 million. This grant will offset the Port’s costs to install shore power at Berth 22, which will serve a new bulk (aggregate) marine terminal and support the Port’s Seaport Air Quality 2020 and Beyond Plan – the Pathway to Zero Emissions.

BACKGROUND & ANALYSIS

The Volkswagen (VW) Environmental Mitigation Trust (Trust) was established as part of a settlement between the United States District Court for the Northern District of California and VW for VW’s use of illegal emissions testing in certain diesel vehicles. The ZEFM Grant, created through the Trust, awards grantees funding towards efforts that are intended to mitigate the excess emissions caused by VW’s actions. CARB is the lead grant agency, acting as beneficiary to implement California’s share of grant funds totaling approximately \$423 million, and the Bay Area Air Quality Management District (BAAQMD) is the grant administrator.

Port Staff applied for approximately \$15.7 million of ZEFM Grant funds for the installation of shore power infrastructure at Berth 22, to cover the full estimated cost of the work. Shore power is a requirement of the lease between the Port and Eagle Rock Aggregates, Inc. (ERA), which became effective July 1, 2023. To deliver an operational shore power system, both ERA and the Port must perform work inside and outside ERA’s leasehold. Pursuant to the lease agreement, the Port bear the full cost of the shore power installation including the cost of the Port’s own work and reimbursing ERA costs for its portion of the

work. The Port had previously budgeted for the costs of the full system in the planned FY 2025 – FY 2029 budget using Port cash and proceeds from the sale of Low Carbon Fuel Standard (LCFS) credits.

In August 2024, the Port was notified by BAAQMD that CARB awarded \$4,998,144 of ZEFM Grant monies towards shore power work at Berth 22. This grant funding will offset approximately one-third of the total estimated \$15.7 million cost, and Port Staff plans to prioritize use of the grant funding to offset the Port's investments outside the ERA leasehold. The Port must enter into a baseline agreement (Baseline Agreement) with BAAQMD before allocation of the ZEFM Grant funds. The key terms of the Baseline Agreement are as follows:

- Project Completion: Shore power equipment must be installed and operational by October 14, 2027. Port Staff believes this timeline to be reasonable given the current development schedule. Vessels that serve ERA are currently being designed/re-designed to connect to shore power and are estimated to be ready to connect in 2027 (a vessel connection is necessary to test the shore power system and clear it for routine operation).
- Grant Payment: Grant funds will be provided to the Port in a lump sum payment after shore power is operational (the Port has 90 days to send an invoice for the full grant amount, including all required documentation). The Port will not be reimbursed for any work outside the terms of the grant.
- Reporting: The Port is required to provide annual monitoring reports to BAAQMD starting 12 months from execution of the Baseline Agreement until the completion of three years of shore power operability. During the construction/implementation phase, the annual reports will contain progress on work efforts. Once operational, the annual reports will include details such as number of shore power vessel connections, total time (hours) of connection, total electricity (kilowatt-hours) used, and any missed connection/plug-ins.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- Categorically exempt under the following CEQA Guidelines Section:
Choose an item.
- Not a "Project" under CEQA, as defined in Public Resources Code § 21065.
- Other/Notes:

BUDGET

- Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
 - Operating
 - Non-Operating
 - Capital

Analysis: The proposed grant funding will be non-operating revenue to offset the Port's expenditure for the proposed shore power infrastructure, which (prior to grant award) already was included in the Maritime Division budgets for FY 2025 through FY 2029. Other funding sources are Port cash and proceeds from the sale of LCFS credits. In FY 2025 specifically, the proposed grant funding is not expected to have any budgetary impact.

STAFFING

- No Anticipated Staffing Impact.
- Anticipated Change to Budgeted Headcount.
Reason:
- Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? **No (Other) - see explanation below.**

- Additional Notes: MAPLA does not apply to this action to accept the grant but shall apply to the shore power improvements, which are subject to additional future Board approval(s).

LIVING WAGE (City Charter § 728):

Applies?

No (No Covered Agreement) – proposed action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage requirements.

- Additional Notes:

<p><u>SUSTAINABLE OPPORTUNITIES:</u></p> <p><u>Applies?</u> Yes.</p> <p><u>Reason:</u> Implementation of the project under this grant will help meet the Port's zero emission operations goal.</p>	<p><u>GENERAL PLAN</u> (City Charter § 727):</p> <p><u>Conformity Determination:</u></p> <p>No Project – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>								
<p><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) and objective(s) in the Port's Strategic Business Plan:</p> <table border="0"> <tr> <td><input type="checkbox"/> Grow Net Revenues</td> <td><input checked="" type="checkbox"/> Modernize and Maintain Infrastructure</td> </tr> <tr> <td><input type="checkbox"/> Improve Customer Service</td> <td><input type="checkbox"/> Pursue Employee Excellence</td> </tr> <tr> <td><input type="checkbox"/> Strengthen Safety and Security</td> <td><input type="checkbox"/> Serve Our Community</td> </tr> <tr> <td><input checked="" type="checkbox"/> Care for Our Environment</td> <td></td> </tr> </table>		<input type="checkbox"/> Grow Net Revenues	<input checked="" type="checkbox"/> Modernize and Maintain Infrastructure	<input type="checkbox"/> Improve Customer Service	<input type="checkbox"/> Pursue Employee Excellence	<input type="checkbox"/> Strengthen Safety and Security	<input type="checkbox"/> Serve Our Community	<input checked="" type="checkbox"/> Care for Our Environment	
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