



SUPPLEMENTAL AGENDA REPORT

PROPOSED ACTION: Resolution: Approve and Authorize the Executive Director to: (1) ~~Apply for and, if Awarded,~~ Accept and Execute a Grant Agreement with the ~~United States~~U.S.–Environmental Protection Agency for the Clean Heavy-Duty Vehicles Grant Program for a Grant Amount ~~Not to Exceed~~ of \$10,499,274 ~~with \$5,158,500 of Matching Funds,~~ and (2) Execute All Ancillary Agreements such as Individual Sub-Grant Agreements with Project Partners to Enable Grant Funding; and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act. **(Environmental)**

Submitted By: Colleen Liang, Director of Environmental Programs and Planning;
Danny Wan, Executive Director

Parties Involved:

United States Environmental Protection Agency,
United Parcel Service,
Black Cultural Zone Community Development Corporation,
Lifers Leaving a Legacy

Amount:

EPA Grant Award: \$10,499,274
UPS Match: \$5,158,500
Port Match: \$0
Total Project Cost: \$15,657,774

EXECUTIVE SUMMARY:

In November 2024, the United States Environmental Protection Agency (EPA) awarded the Port of Oakland (Port) a Clean Heavy-Duty Vehicles Grant (Grant) in the amount of \$10,499,274, which requires \$4,961,250 of matching funds. Project partner United Parcel Service (UPS) will be providing the mandatory match as well as some voluntary cost share, totaling \$5,158,000. The Grant will support 1) the replacement of 60 Class 6 UPS delivery trucks with zero-emission (ZE) battery electric vehicles and install chargers at three San Francisco Bay Area logistics centers (Including 40 in East Oakland and the Oakland Airport Business Park), 2) community participation in the development and implementation of a community engagement plan; 3) workforce training on zero-emissions equipment, and (4) grant administration. ~~Action will be requested regarding applying for, accepting and executing a grant agreement with the U.S. Environmental Protection Agency (EPA) for the Clean Heavy-Duty Vehicles Grant Program and executing sub-grant agreements with project partners.~~

BACKGROUND & ANALYSIS

On July 25, 2024, the Port applied for an EPA Grant, titled *Empowering Delivery for Tomorrow: Port of Oakland and UPS Transition to Battery Electric Trucks Serving Bay*

Area Disadvantaged Communities (Project), in partnership with UPS, a major tenant of the Port and one of the largest fleet operators in Oakland and the greater San Francisco Bay area. The requested funding will be used to replace 60 UPS gasoline-powered Class 6 delivery trucks with ZE battery electric delivery trucks and install supporting charging infrastructure at three Bay Area logistics centers: 40 trucks and chargers at the Oakland facility adjacent to Oakland International Airport (OAK) in the Oakland Airport Business Park; 10 trucks and chargers at the San Francisco UPS facility, and 10 trucks and chargers at the Richmond UPS facility. On December 11, 2024, EPA announced the Port's selection and award of \$10,499,274 under the Grant.

The Project advances the Port's strategic vision of eliminating harmful emissions from Port activities and benefits some of the region's most vulnerable and underserved communities in Oakland, San Francisco, and Richmond. UPS delivery trucks currently travel through and serve disadvantaged communities, and so the replacement of older existing trucks with ZE technology will result in significant emissions and noise reductions in communities that are disproportionately impacted by air pollution. This EPA grant award is estimated to reduce annual greenhouse gas (GHG) emissions by 243 tons within Oakland and 61 tons of GHGs in each of the cities of Richmond and San Francisco.

Community and stakeholder engagement for the Project will build on the Port's existing deep relationships with residents and community-based organizations in East Oakland communities. Partners Black Cultural Zone Community Development Corporation (BCZ) and Lifers Leaving a Legacy (LLL) will provide support to ensure meaningful community engagement with environmental justice and disadvantaged communities. Both organizations have strong roots in Oakland and have important roles to play through the project's lifecycle and beyond. This includes educational and knowledge sharing activities, engagement and feedback collection as the Project progresses, and planning for future projects.

Under this grant, UPS will provide training to approximately 200 of their Bay Area staff operating and maintaining ZE vehicles, ensuring that the trucks will be operated efficiently and maintained to maximize useful life, while preventing displacement of the existing workforce. An early adopter of ZE technology, UPS has been able to create a sustainable workforce succession plan, ensuring that existing employees are able to remain employed during this transition.

Table 1 below summarizes grant amounts for each Project Partner and the Sub-Grant Agreement amounts. Table 1 also includes project costs for future consultants/contractors that will require a formal federal procurement process as required by EPA. Port staff will return to the Board of Port Commissioners for approval of the selected consultants/contractors.

Table 1
Project Partners Sub-Grant Awards Summary

Organization	Non-Profit Organization	EPA Award Amount
UPS	No	\$9,360,000
BCZ	Yes	\$510,850
LLL	Yes	\$428,424
Total Sub-Grant Awards		\$10,299, 274
Port Staff Support: Grant Administration Consultant	No	\$200,000
Grand Total EPA Award		\$10,499,274

Together with the project partners, the Project will support the Port's pathway to ZE operations, making a significant impact to Oakland and the region.

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:
15301 (Existing Facilities)
- ☐ Not a "Project" under CEQA, as defined in Public Resources Code § 21065.
- ☐ "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- ☒ Other/Notes: The proposed action is also exempt under CEQA Guidelines Section 15302 (Replacement or Reconstruction) and 15303 (New Construction or Conversion of Small Structures).

BUDGET

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

Analysis: No budget impact anticipated as the \$200,000 in FY 2025 unbudgeted grant administration consultant expense will be reimbursed in full by the EPA grant.

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 (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

- ☐ Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

No (Other) – see explanation below.

- ☒ Additional Notes: Action is a request to accept grant funds. The subsequent actions may be subject to Living Wage.

SUSTAINABLE OPPORTUNITIES:

Applies? Yes.

GENERAL PLAN (City Charter § 727):

Conformity Determination:

<u>Reason:</u> Implementation of this grant-funded project will accelerate the Port's zero emission operations goal and increase resiliency.	Maritime/Aviation – proposed action conforms to policies for transportation designation of the General Plan.
<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> <div> <div> <input type="checkbox"/> Grow Net Revenues <input checked="" type="checkbox"/> Improve Customer Service <input type="checkbox"/> Strengthen Safety and Security <input checked="" type="checkbox"/> Care for Our Environment </div> <div> <input type="checkbox"/> Modernize and Maintain Infrastructure <input type="checkbox"/> Pursue Employee Excellence <input checked="" type="checkbox"/> Serve Our Community </div> </div>	