



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 of Oakland to Receive Trade Corridor Enhancement Program Grant Funds from the California Transportation Commission in the amount of \$41,635,000, which Requires \$17,841,000 of Match Funds from the Port; and Find that a Negative Declaration Was Adopted for the Proposed Action.

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

Parties Involved:

California Transportation Commission as Grant Funding Agency; and California Department of Transportation as Grant Administrator

Amount:

\$41,635,000 State grant funding toward total anticipated project cost of \$59,476,000 (capital expense)

EXECUTIVE SUMMARY:

In June 2023, the Port of Oakland (Port) was awarded a Trade Corridor Enhancement Program (TCEP) grant in the amount of \$41,635,000, which requires \$17,841,000 of matching funds from the Port to plan, design, and install 145 chargers for battery-electric heavy duty trucks and cargo handling equipment in the Seaport; and 1 megawatt (MW) of solar panels; and up to 6.5 MW of battery storage; and associated substation upgrades. The TCEP grant is funded by the California Transportation Commission (CTC) and administered by the California Department of Transportation (CalTrans). This grant will help the Port support and accelerate the transition of heavy-duty equipment from diesel to zero emissions, in alignment with the Port’s Seaport Air Quality 2020 and Beyond Plan – the Pathway to Zero Emissions.

BACKGROUND & ANALYSIS

The Port applied for a TCEP grant in November 2022. TCEP is a statewide, competitive program, funded by Senate Bill 1 (SB1) through CTC and is administered by CalTrans. The purpose of the program is to fund infrastructure improvements on corridors with a high volume of freight movement. The Port’s application included 145 chargers for battery-electric heavy-duty trucks and cargo handling equipment in the Seaport, 1 megawatt (MW) of solar installation, and up to 6.5 MW of battery electric storage systems (BESS), and associated substation upgrades (collectively, the “Project”). In June 2023, CTC announced that the Port was awarded approximately \$41.6 million in TCEP funding, with a match obligation from the Port of about \$17.8 million, for a total of approximately \$59.5 million, which is consistent with the Port’s budgeting for the Project, as discussed below.

Installing charging infrastructure in the Seaport will help ensure truck drivers, terminal operators, and yard operators of availability of charging infrastructure as they invest in zero emissions vehicles that require charging. The solar and BESS components of the

Project will form a microgrid and help ensure resiliency, provide onsite generation, and assist with managing peak electricity loads.

The location of the charging stations will be informed by (a) the site assessments conducted for the Port's *Public Truck Charging and Alternative Fueling Study*, which the Port commissioned in December 2022 and has been heavily coordinated with tenants, and stakeholders, including the public and community, and should be completed in Spring 2024, and (b) the Call for Projects, a notice sent to marine terminal operators and off-dock yard operators in January 2023, which was designed to help the Port understand tenant interest and constraints for charging infrastructure on their leaseholds.

The solar installation is currently anticipated to be located at the Port's Harbor Facilities Center. Specific electrical load forecasting and utility infrastructure analysis will inform optimal BESS locations and any required substation and related infrastructure upgrades.

The Port must enter into a Baseline Agreement with the CTC before they can allocate the grant funds. The key terms of the Baseline Agreement are as follows:

Improvements: The Port must design and install 145 heavy duty equipment chargers, 1MW of solar, and 6.5MW of BESS.

Schedule: The design phase must be complete within three years of fund allocation by the CTC (CTC funding allocation anticipated in May 2024). Construction funds will be allocated after design is complete. Construction must be complete within five and one-half years from the CTC allocation of construction funds. Design and construction activities are currently estimated to be complete in approximately 5 years. A more detailed project phasing and delivery timeline will be developed as part of the design phase.

Cost & Contracting: The total preliminarily estimated Project cost of \$59,476,000 million is included in the Port's Five-Year CIP (FY 2024 - FY 2028), funded in part with grant funds equal to the CTC's award. The Port is committing to providing the balance of the funding (as match cash funds) of \$17,841,000 and will be solely responsible for any Project costs in excess of the estimated Project cost. Authorizing the Executive Director to execute the Baseline Agreement does not automatically authorize contracts or funding to implement the Project. Future contracts and/or budget authority will be presented to the Board for its consideration as those steps are ready for consideration.

Grant funds will be provided to the Port on a reimbursement basis, to be invoiced periodically as work is completed and pursuant to a Project Supplemental Agreement (PSA) between the Port and Caltrans that will follow execution of the Baseline Agreement and funding allocation from CTC. The Port will not be reimbursed for any work outside the terms of the grant.

Reporting: The Port is required to report to CalTrans on quarterly basis on progress toward Project implementation.

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: The Port prepared an Initial Study/Negative Declaration (IS/ND) in October 2023. The IS/ND was circulated for public comments from November 3, 2023, to November 27, 2023. No public comments were received. The IS/ND was adopted by the Board on December 6, 2023.

BUDGET

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

Operating Non-Operating Capital

Analysis: The FY 2024 Capital Budget includes \$25,000 for this project. It is anticipated approximately \$75,000 will be incurred in FY24, which will be offset by unused contingencies budgeted in other CIP projects.

STAFFING

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

<p><u>MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):</u></p> <p><u>Applies?</u> No (Other) - see explanation below.</p> <p><input checked="" type="checkbox"/> <u>Additional Notes:</u> Execution of this agreement does not require MAPLA, however MAPLA will apply to the future construction contracts.</p>	<p><u>LIVING WAGE</u> (City Charter § 728):</p> <p><u>Applies?</u></p> <p>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.</p> <p><input type="checkbox"/> <u>Additional Notes:</u></p>								
<p><u>SUSTAINABLE OPPORTUNITIES:</u></p> <p><u>Applies?</u> Yes.</p> <p><u>Reason:</u> Implementation of the projects under this grant will accelerate the Port's zero emission operations goal. The infrastructure will provide the power needed for the Port and tenants to charge electric vehicles and equipment.</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 checked="" 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 checked="" 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 checked="" type="checkbox"/> Improve Customer Service	<input type="checkbox"/> Pursue Employee Excellence	<input type="checkbox"/> Strengthen Safety and Security	<input checked="" type="checkbox"/> Serve Our Community	<input checked="" type="checkbox"/> Care for Our Environment	
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