

AGENDA REPORT

Resolution: (1) Authorization for the Executive Director to Execute a Letter Committing the Port of Oakland to Support the Port of Long Beach's Application for a California Air Resources Board (CARB) Zero- and Near-Zero Emissions Freight Facilities (ZANZEFF) Grant by (a) Installing Charging Infrastructure to Serve up to 10 Battery-Electric, Zero Emissions Trucks at the Port of Oakland Seaport, and (b) Providing a Minimum Grant Match Contribution of \$1.25 Million Upon Execution of a Memorandum of Understanding (MOU) with the Port of Long Beach, which will be Subject to Future Board Approval; and (2) Finding That No Further Review Under California Environmental Quality Act is Required (**Maritime**)

MEETING DATE: 6/14/2018

AMOUNT: Preliminary Estimate at \$2,000,000 (FY 2019-2021)
Capital Expenditure

PARTIES INVOLVED: Port of Long Beach
Renee Moilanen, Air Quality Manager
Heather Tomley, Director of Environmental Planning

SUBMITTED BY: John C. Driscoll, Director of Maritime
Chris Chan, Director of Engineering

APPROVED BY: J. Christopher Lytle, Executive Director

ACTION TYPE: Resolution

EXECUTIVE SUMMARY

Port of Oakland (Port) staff has identified an opportunity to leverage grant funding for zero-emission (ZE) vehicle/equipment technologies, by working with the Port of Long Beach (Long Beach) on a grant application. More specifically, Long Beach has developed an application in collaboration with the Port, the Port of Stockton, SSA Marine, and Shippers Transport Express (STE), among others, to obtain approximately \$45 million of ZANZEFF grant funding made available by the California Air Resources Board. If the grant is awarded to Long Beach in accordance with its grant application, up to ten (10) ZE Class 8 drayage trucks would be deployed at the STE facility at the Port Maritime Area (Seaport), and up to five yard-trucks and one top handler would be deployed at the Matson Terminal at the Seaport. As its contribution to the grant project, the Port would commit to the design and construction of electrical infrastructure for up to ten (10) ZE charging stations at the STE facility, at its sole cost. The preliminary estimate for the electrical infrastructure is \$2 million, although the actual cost may be higher or lower. This Agenda Report seeks authorization to execute and submit a letter of commitment to Long

Beach for the Port's contribution to the grant project, which commitment would be triggered upon execution of a MOU, which would be subject to future Board approval.

BACKGROUND

CARB recently released a solicitation for the Zero- and Near-Zero Emissions Freight Facilities (ZANZEFF) grant opportunity, which will fund between four and six transformative projects that provide greenhouse gas (GHG), criteria air pollutant, and toxic air contaminant emission reduction benefits to disadvantaged communities, with an aggregate funding amount of \$150 million. Up to \$50 million per applicant may be awarded for projects with substantial, innovative deployments of ZE and near-ZE vehicles and equipment. The cost sharing ("match") requirement is a minimum of 50% of total project costs, including a minimum 10% cash match (the balance can be from in-kind contributions). Eligible grantees include California-based public agencies, such as local air districts, port authorities, municipalities, or qualified California based non-profit organizations. The grant opportunity is aimed at the demonstration of early commercial and pre-commercial ZE equipment, in order to advance the state of technology and lower costs as the market for ZE equipment develops.

The Port is seeking to participate in a ZANZEFF grant application proposed by Long Beach, branded as the Sustainable Terminals Advancing Regional Transformation (START) Project Phase 1. To maximize competitiveness, Long Beach has developed its application in collaboration with the Port, the Port of Stockton, SSA Marine, and STE, among others, to present a \$90 million project. The application would request a total of nearly \$45 million in grant funding for terminal equipment, trucks, harbor craft, and ships, matched by approximately \$45 million of non-grant funds. The Port would not be a signatory to the grant agreement, but is seeking to participate in the START Project pursuant to an MOU with Long Beach, which would be subject to future Board approval — and upon approval of the MOU, the Port would provide a match commitment. This commitment would comprise the installation of electrical infrastructure at the STE facility at the Seaport (see Analysis below).

Long Beach is seeking a letter of commitment (LOC) from the Port to include in its grant application. The LOC would commit the Port, upon execution of the MOU, to install charging infrastructure to serve up to 10 battery-electric, ZE trucks at the Seaport and provide a minimum match contribution of \$1.25 million. The Port's commitment would be to construct the charging infrastructure, which is not necessarily limited to \$1.25 million (i.e., the current estimate is preliminary and subject to revision). A draft LOC is provided as Attachment 2.

The applications are due to CARB by July 19, 2018. By September 2018, CARB will notify winning applicants of their award; all grant, sub-grant, and other agreements would be executed by December 31, 2018. Staff expects to enter into an MOU with Long Beach prior to December 31, 2018, which would outline the specifics of the Port's obligations based on the terms of the grant, if awarded.

The grant requires that construction of any infrastructure be completed by October 1, 2020, to allow for minimum demonstration period of three months, and provide for time to prepare reports due to CARB in March and April 2021.

ANALYSIS

Overall Benefits

Air quality improvement is a strategic and organizational priority for the Port. The early deployment of ZE technologies is costly and challenging; grant funding is critical to the advancement of these technologies in support of long-term ZE freight operations at the Seaport. The START Project will advance the usage and knowledge of ZE equipment at the Seaport, paving the way to future improvements in the growing ZE equipment marketplace. Further, collaborations on grant applications are valuable because they enhance the competitiveness of applications and make larger projects more affordable. In addition, the Port can learn a great deal from Long Beach's extensive experience in successfully applying for competitive grants, which can help the Port's future grant applications.

ZE Equipment & Infrastructure at the Seaport

If successful, the application would provide a total investment at the Seaport of approximately \$11.5 million, as follows:

- STE Facility: up to ten (10) ZE Class 8 drayage trucks for STE and related electrical infrastructure improvements; and
- Matson Terminal (Berths 60-63): up to five (5) ZE yard trucks, potentially one top handler, and related electrical infrastructure improvements.

Refer to Attachment 1 for the location of the subject properties.

STE Facility

The Port's contribution to the START Project would be the construction of electrical infrastructure, including switchgear, a transformer, and up to ten (10) ZE charging stations, to enable the charging of the 10 ZE drayage trucks deployed at the STE facility at the Seaport. Currently, at the conclusion of the grant performance period, STE is not obligated to keep the trucks if it is not satisfied with their performance; the trucks would be returned to Long Beach. Staff is currently working with Long Beach to modify this preliminary arrangement, such that (a) the Port could retain the trucks, and/or (b) STE's criteria for continuing or not continuing to operate the trucks is more specifically defined.

The Port's preliminary engineering estimate for the 10 charging stations is approximately \$2 million, inclusive of all Port labor, design, construction, contingency, and other project costs. Staff estimates the infrastructure can be constructed in approximately 18 months. If the grant is awarded in September 2018, and the MOU with Long Beach executed by December 31, 2018, Staff estimates that construction would start on or about August 1, 2019 and be completed on or about August 1, 2020.

Although the total preliminary cost estimate is \$2 million, Staff proposes that the LOC be for a project cost of \$1.25 million to eliminate the risk associated with overcommitting matching funds in the event of a lower-than-expected project cost. Importantly, the Port's commitment in the proposed MOU is to construct the infrastructure, which ultimately could cost more than \$2 million.

Matson Terminal

At the Matson Terminal, the START Project would deploy up to five (5) ZE yard trucks and may include one top handler, as mentioned above. The Matson Terminal is served by Pacific Gas and Electric (PG&E); it is expected that Matson and PG&E will collaborate to build the infrastructure necessary to charge this equipment. The Port is not expected to contribute financially to this infrastructure.

Letter of Commitment (LOC)

The Port's obligations in the proposed LOC would be triggered upon entering into an MOU with Long Beach after the grant is awarded. The MOU would memorialize and outline the responsibilities of each party based on the terms of the grant agreement. The MOU would be subject to Board approval. Staff wishes to emphasize that although the MOU is subject to approval, the LOC represents a clear intent to take part in the START Project and to expend Port funds for the work described in this report.

Other Port Requirements & Obligations

The Port will not be a grant recipient. However, pursuant to the MOU, the Port will have various obligations in addition to building the electrical infrastructure at STE, including data collection, cost reporting, performance reporting, etc. CARB has set requirements for intensive data collection throughout the performance period. Long Beach plans to hire a data collector to meet the grant reporting requirements.

Both the STE and Matson Terminal infrastructure will require Staff to negotiate various real property agreements (addressing, for example, lease conditions, access rights for PG&E, easements, allocation of responsibility for environmental contamination, etc.). These agreements have not yet been fully identified, negotiated, or finalized. Staff will seek Board approval of these agreements, as necessary, over the next 6-12 months.

BUDGET & STAFFING

While the Port's proposed 5-year Capital Improvement Plan (CIP) (FY 2019-23) currently being finalized for Board consideration does not include the proposed project, it does include \$2.5 million for "to be determined" air quality initiatives. As a result, this project is not expected to have a budgetary impact over the 5-year period.

Based on the current schedule, the majority of costs will be incurred in FY 2018-19 and FY 2019-20. The preliminary total cost of the 10 charging stations is \$2,000,000. If the cost is greater than this preliminary estimate, the Port would still be committed to completing the project once the Port executes the MOU. Of the \$2,000,000, approximately \$1,250,000 is for costs committed as grant match, and will be the Port's financial commitment to Long Beach. The balance of \$750,000 not included in the LOC comprises construction contingencies, Port staff overhead (burden), contract contingency, and other costs such as MAPLA and OCIP the Port may incur to complete the project, but may not be allowable matching funds by the grant guidelines. Table 1 provides the anticipated breakdown of the Port's costs.

Staff will seek Board approval of budget authority and contract authority, as necessary, after the grant is awarded. The Port will not apply for or receive ZANZEFF grant funding to offset the cost. The Port will fund its work using Port cash.

Performance of the project will require deferral of other important projects in the CIP, which may have operational impacts on Seaport activities.

Table 1. Proposed Project Estimated Cost

	Description	Total Preliminary Estimated Cost
Commitment Component of Preliminary Estimated Cost	Design	\$150,000
	Construction	\$1,000,000
	Port (Direct Labor)	\$100,000
	Subtotal	\$1,250,000
Non-Commitment Component of Preliminary Estimated Cost	Contingency	\$500,000
	Port labor overhead, MAPLA, OCIP, and misc.	\$250,000
	Subtotal	\$750,000
TOTAL		\$2,000,000

Staffing includes 0.5 FTE for engineering support in designing and constructing the project and 0.2 FTE for administrative support associated with assisting Long Beach in grant administration. This staff will be made available through the deferral of other projects, as referenced above.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

Authorizing the Executive Director to execute a LOC does not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Business Plan (2018-2022) <https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>.

- *Goal: Modernize and Maintain Infrastructure*
- *Goal: Care for Our Environment*

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations") do not apply to the requested action.

SUSTAINABILITY

Port staff have reviewed the Port's 2000 Sustainability Policy. The Letter of Commitment recommended in this agenda report facilitates the proposed START project. The Oakland component of the START project aligns with the Port Sustainability Policy by initiating the electrification of the Seaport. The use of electric equipment at the Seaport supports the MAQIP goals to reduce emissions from the use of diesel fuel. With renewable energy requirements, the use of grid electricity rather than diesel reduces greenhouse gas emissions from fuel usage. The START project as a whole contributes to the commercialization of zero-emissions seaport technologies to reduce emissions from all seaport operations.

ENVIRONMENTAL

California Environmental Quality Act (CEQA) Determination: Potential project activities at the former Oakland Army Base (OAB) are covered in the OAB Redevelopment Project Environmental Impact Report (EIR) (State Clearinghouse Number 2001082058), which was certified and adopted by the City of Oakland and Oakland Base Reuse Authority on July 29, 2002. An Addendum was prepared by the City of Oakland in May 2012. The Certified EIR as addended (collectively known as "Redevelopment EIR") included consideration of utility improvements and relocations such as those under consideration as part of this project at the STE location. The 2012 Initial Study/Addendum to the Certified EIR concluded that construction activities associated with new or expanded energy facilities and utility improvements are located within areas already subject to widespread ground disturbance; therefore, the removal, installation, and replacement of energy facilities and utility improvements would not cause significant environmental effects beyond those analyzed in the 2002 Certified EIR (which concluded less-than-significant environmental effects). Since publication of the 2002 Certified EIR, the City of Oakland has adopted Standard Conditions of Approval (SCA) that are applicable to all development projects within the City (including the proposed project area). The measures are included in the Standard Conditions of Approval and Mitigation Monitoring and Reporting Program for the 2012 Addendum. Electrical infrastructure at STE's Port of Oakland site would implement the relevant prescribed measures, resulting in similar impacts related to new energy facilities and utilities improvements as those described in the Redevelopment EIR. No further CEQA review per Section 15162 of the CEQA Guidelines is required.

Potential project activities at other areas of the Port, such as the proposed electrical improvements at the Matson Terminal, which Port staff expect to involve above-ground connections from an existing substation to new charging equipment, are categorically exempt from requirements of the CEQA Guidelines pursuant to Section 15301, Existing Facilities, which exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment or topographical

features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

GENERAL PLAN

Authorizing the Executive Director to execute a LOC does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required. However, any projects that result from this action would be subject to separate findings of conformity under the General Plan.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)

While pursuit of grant funding is not subject to the Port's Owner Controlled Insurance Program (OCIP) as it is not a capital improvement construction project, the applicable OCIP coverages and provisions would apply to the construction phase of any Port capital improvement construction project emanating from that grant funding.

OPTIONS

Staff has identified the following options for the Board's consideration:

- Authorize the Executive Director to execute a LOC, committing the Port, upon execution of an MOU, to support Long Beach's application for a ZANZEFF grant to install charging infrastructure to support up to 10 battery-electric, zero emissions trucks at the STE facility at the Seaport, and to provide a minimum match contribution of \$1.25 million, as described herein. This is the recommended option.
- Do not authorize the Executive Director to execute a LOC for the Long Beach application for a ZANZEFF grant, as described herein.

RECOMMENDATION

Staff recommends that the Board:

- 1) Authorize the Executive Director to execute a letter committing the Port of Oakland, upon execution of an MOU, to support the Port of Long Beach's Application for a CARB ZANZEFF grant by:
 - a) Installing charging infrastructure to serve up to 10 battery-electric, zero emissions trucks at the Port of Oakland Seaport; and
 - b) Providing a minimum grant match contribution of \$1.25 million; and
- 2) Find that execution of the proposed letter of commitment is categorically exempt from the requirements of the California Environmental Quality Act (CEQA), and that the improvements resulting from the letter of commitment will not result in new significant environmental impacts or a substantial increase in the severity of impacts previously identified under CEQA; therefore no further CEQA review is required.

ATTACHMENT 1

Location of STE Facility and Matson Terminal at the Seaport



ATTACHMENT 2

Draft Letter of Commitment

June __, 2018

Richard Corey
Executive Director
California Air Resources Board
1001 I Street
Sacramento, California 95814

Re: Sustainable Terminals Advancing Regional Transformation (START) Project Phase 1

Dear Mr. Corey:

The Port of Oakland (Oakland) is pleased to work with the Port of Long Beach (Long Beach) on the Sustainable Terminals Advancing Regional Transformation (START) Project Phase 1 under the California Air Resources Board's (CARB) Zero- and Near-Zero Emissions Freight Facility funding opportunity (START Project).

Assuming Long Beach is successful in obtaining the grant funds for the START Project and Oakland and Long Beach enter into a Memorandum of Understanding (MOU), Oakland will be committed to the success of the START Project and the completion of all activities assigned to it in the Scope of Work contained in the proposed MOU. Specifically, pursuant to the proposed MOU, Oakland would commit to installing charging infrastructure to support up to 10 battery-electric, zero-emissions trucks on Oakland-owned property currently occupied by Shippers Transport Express, Inc. (Infrastructure Project). Oakland has already completed all documentation required for compliance with the California Environmental Quality Act (CEQA). If Long Beach is awarded the grant for the START Project, pursuant to the proposed MOU, Oakland would commit to executing the Infrastructure Project and also assisting Long Beach with grant administration, including but not limited to participating in all required meetings with CARB staff, supporting the successful progress of all START Project components on Oakland property, and submitting documentation for monthly progress reports and the Final Report associated with the Infrastructure Project.

As a further sign of our commitment to the START Project, pursuant to the proposed MOU, Oakland would provide a match contribution to the START Project valued at a total of \$1,250,000. The match will be funded with cash and will be included in Oakland's FY 2019, FY 2020, and FY 2021 budgets.

If Long Beach receives an award for the proposed START Project and Long Beach and Oakland enter into an MOU, Oakland would guarantee the availability of its staff for their assigned tasks.

The cash-in-hand match will become available upon Long Beach executing a contract with CARB and Oakland executing an MOU with Long Beach and will remain available until the funds are expended or the START Project concludes. Further, pursuant to the MOU, Oakland would guarantee the availability of any other of its resources required to complete the activities assigned to it in the Scope of Work in the MOU for the duration of the START Project.

The Port of Oakland is extremely excited about the proposed START Project and I personally look forward to its progress. If you have any questions regarding our commitment, please feel free to contact me or Oakland's project manager, Jason Garben. Mr. Garben can be reached at 510-627-1153 and jgarben@portoakland.com.

Sincerely,

J. Christopher Lytle
Executive Director
Port of Oakland