Executive Summary
The Port of Long Beach has received a grant award from the California Air Resources Board (CARB) for $50 million in funds for near-zero and zero-emissions vehicles and equipment in Long Beach, Port of Oakland, and Port of Stockton. The Board of Harbor Commissioners is requested to approve a subgrant agreement with Matson Navigation Lines (Matson) in order to pass through grant funds and terms to support the execution of this project.

Key Points
- The Port of Long Beach has received a $50 million grant under the Zero- and Near-Zero Emissions Freight Facility funding program (ZANZEFF). The Sustainable Terminals Advancing Regional Transformation (START) Project will deploy 102 pieces of zero-emissions cargo-handling equipment and trucks in Port of Long Beach, Port of Oakland, and Port of Stockton; deploy a near-zero-emissions tugboat in Long Beach, and deploy two Tier 3 ships - the cleanest in the world - to Long Beach and Oakland.
- The Board of Harbor Commissioners approved the CARB grant agreement on December 10, 2018.
- The total project cost is nearly $103,000,000, which includes nearly $53,000,000 in matching funds from public and private partners. The Port has committed $7,891,157 in matching funds, consisting of in-kind expenditures, $496,157 in cash, and funds expected from other partners.
- Matson Navigation Lines will deploy two Tier-3 container ships to Long Beach and Oakland; these ships will be the cleanest container ships ever to call in regular service on the West Coast. The total project cost for Matson’s portion of the project is $18,800,000. Matson will receive $2,800,000 in grant funds and provide $16,000,000 as match.
- The project must be completed by June 2021.
- The Port must enter into a subgrant agreement with Matson in order to pass through the grant funds and the terms and conditions of the grant.

Recommendation
Approve a subgrant award agreement with Matson Navigation Lines for the California Air Resources Board Zero- and Near-Zero Emissions Freight Facility Grant.
provided by Matson. There are no Port funds allocated to these projects. These pass-through expenditures will take place largely in Fiscal Year 2020.

**Background**
The Port received a $50 million CARB grant under the Zero- and Near-Zero Emissions Freight Facility Grant program. The overall grant requires a 50% cost share of which 10% must be in cash. The project must be completed by June 2021. Under the START Project, operators will deploy 102 pieces of zero-emissions cargo-handling equipment and trucks in Port of Long Beach, Port of Oakland, and Port of Stockton; deploy a near-zero-emissions tugboat in Long Beach, and deploy two Tier 3 ships - the cleanest in the world - to Long Beach and Oakland.

Matson will deploy two Tier-3 container ships to Long Beach and Oakland; these ships will be the cleanest container ships ever to call in regular service on the West Coast. The ships use selective-catalytic conversion and exhaust-gas recirculation to reach Tier 3, which has 75 percent fewer nitrogen-oxide emissions than the previous generation of ships. Additionally, the ships will be dual-fuel capable, meaning they can run on liquefied natural gas and low-sulfur diesel. The total project cost for Matson’s portion of the project is $18,800,000. SSA Terminals will receive $2,800,000 in grant funds and provide $16,000,000 as match. The ships are being built in San Diego.

**Detailed Discussion of Current Issues**

The Port must enter into a subgrant agreement with Matson in order to pass through the grant funds and the terms and conditions of the grant. The Board is asked to approve the Matson subgrant agreement.

Attachments:  Matson Navigation Lines Subgrant Agreement