

**PROPOSED MEMORANDUM OF UNDERSTANDING BETWEEN
THE SAN DIEGO COUNTY AIR POLLUTION CONTROL DISTRICT AND
THE SAN DIEGO UNIFIED PORT DISTRICT**

This Memorandum of Understanding ("MOU") is made as of [DATE] (the "Effective Date"), by and between the SAN DIEGO COUNTY AIR POLLUTION CONTROL DISTRICT ("SDAPCD"), a public entity acting by and through its Governing Board, and the SAN DIEGO UNIFIED PORT DISTRICT ("Port District"), a public entity organized and existing as a port district pursuant to Appendix 1 of the California Harbors and Navigation Code, acting by and through its Board of Commissioners. The SDAPCD and Port District shall be referred to collectively as Parties (each a "Party") to this MOU.

I. RECITALS

a. RECITALS BY SDAPCD

WHEREAS, the SDAPCD is a government agency that regulates stationary sources of air pollution within San Diego County with a mission to protect the public from the harmful effects of air pollution; and

WHEREAS, the federal Clean Air Act ("CAA") requires the U.S. Environmental Protection Agency ("EPA") to establish health-protective national ambient air quality standards ("NAAQS") for common outdoor air pollutants, including a national eight-hour-average ambient air quality standard for ozone in 2008 at a level of 0.075 parts per million ("2008 Ozone NAAQS"), and a more stringent national eight-hour-average ambient air quality standard for ozone in 2015 at a level of 0.070 parts per million ("2015 Ozone NAAQS"); and

WHEREAS, the CAA requires any area that does not meet either national ambient air quality standard for a pollutant to be designated nonattainment for that pollutant, and notwithstanding the achievement of significant progress over the past two decades in improving the region's ozone air quality, the EPA has designated San Diego County as a Severe nonattainment area for both the 2008 and 2015 Ozone NAAQS; and

WHEREAS, San Diego County is also a nonattainment area for the state ambient air quality standards for ozone;

WHEREAS, Assembly Bill 423 ("AB 423") was approved by the Governor of California in October 2019, which required (among other requirements) that SDAPCD be separate from the organization structure of the County of San Diego by March 1, 2021; and

WHEREAS, while SDAPCD has already satisfied many of the requirements set forth by AB 423, AB 423 also required SDAPCD to consider adopting an indirect source rule to address pollution from mobile sources that is associated with stationary sources, such as ports, warehouses, and distribution centers; and

WHEREAS, pursuant to SDAPCD Governing Board Item #E.3 on June 8, 2023, SDAPCD evaluated the feasibility of an indirect source rule applicable to water ports, and while SDAPCD believes that such a rule could still be considered in the future, SDAPCD has

determined an MOU with the Port District is a more expedient pathway for advancing clean technologies consistent with the Portside Community Emissions Reduction Plan ("CERP") and Maritime Clean Air Strategy ("MCAS"), to further protect public health from reducing oxides of nitrogen ("NOx") and particulate matter ("PM") to assist the region in achieving near-term criteria pollutant attainment deadlines; and

WHEREAS, so long as this MOU is in effect, it is intended to serve in place of an SDAPCD-developed indirect source rule applicable to operations at the San Diego Unified Port District. However, this MOU is not intended to stand in place of a possible more generally applicable indirect source rule for warehouses, distribution centers, or other sources that could encompass activities taking place on and around the Port District and its terminals; and

WHEREAS, on June 8, 2023, the SDAPCD Governing Board directed SDAPCD staff to pursue an MOU with the Port District that includes emissions reduction, facilitative, and health protective mitigation measures; and

WHEREAS, on December 14, 2023, the SDAPCD Governing Board directed SDAPCD staff to continue negotiations with the Port District on an MOU to support the CERP and MCAS implementation with consideration of: (1) Developing measurable interim milestones that include the MCAS benchmark years of 2026 and 2030, (2) Including a process for annual assessment of the progress in implementing the milestone measures, (3) A system where the Portside Community Steering Committee could approve providing increased incentive funding to the Port District, its tenants, and/or service providers if interim milestones are met, (4) Promoting measures that work towards reducing and ensuring no increase in emissions of diesel particulate matter from Port District activities, (5) Ensuring there is no regulatory exemption provided for the Port District or its tenants, and (6) Developing proactive steps towards pursuit of alternative equivalent options should milestones not be achieved.

b. RECITALS BY PORT DISTRICT

WHEREAS, as set forth by the San Diego Unified Port Act ("Port Act"), the establishment and purpose of Port District is for the acquisition, construction, maintenance, operation, development, and regulation of harbor works and improvements, including rail and water, for the development, operation, maintenance, control, regulation, and management of the harbor of San Diego upon the tidelands and lands lying under the inland navigable waters of San Diego Bay, and for the promotion of commerce, navigation, fisheries, recreation, environmental stewardship and other water-dependent uses in and around San Diego Bay, in conjunction with its protection, preservation, and enhancement of the physical access to the bay, the natural resources of the bay, including plant and animal life, and the quality of water in the bay; and

WHEREAS, the Port District's Board of Port Commissioners ("BPC") desires the Port District to be at the forefront of innovative measures, strategies, and projects that reduce criteria air pollutants, toxic air contaminants, and greenhouse gas ("GHG") emissions, to reduce local and regional impacts in a manner that also promotes and supports an efficient, modern, and sustainable maritime industry and related business opportunities with the Port

District and its member cities consistent with the requirements of the Port Act and the Public Trust Doctrine; and

WHEREAS, on October 12, 2021, the BPC approved the Maritime Clean Air Strategy ("MCAS"), with a vision of "Health Equity for All," demonstrating the Port District's commitment to environmental justice and the pursuit of future projects and initiatives to improve air quality and reduce air emissions from maritime sources in and around the San Diego Bay, while also supporting and advancing efficient and modern maritime operations; and

WHEREAS, the Port District's MCAS includes several aspirational near- and long-term goals and objectives that focus on electrification efforts to advance the MCAS vision of "Health Equity for All"; several pertinent, summarized goals and objectives are:

- Attain 100% zero-emission ("ZE") truck trips by 2030 for all trucks that call to the Port District's two marine cargo terminals;
- Transition all diesel cargo handling equipment ("CHE") to zero-emission equipment by 2030;
- Transition Port District-owned fleet of vehicles and equipment to ZE or near-zero-emission ("NZE") technologies in a manner that meets operational needs and reduces emissions;
- Equip marine terminals with shore power and/or an alternative technology to reduce air emissions from ocean-going vessels; and

WHEREAS, the Port District's MCAS also includes goals and objectives supporting Port District collaboration with the SDAPCD to advance shared goals, including but not limited to:

- Enabling Objective 1A: Pursue a potential Memorandum of Understanding with the San Diego Air Pollution Control District to administer California Air Resources Board Funding to help fund zero-emission/near zero-emission trucks and/or cargo handling equipment; and
- Health Objective 4: Collaborate with the San Diego Air Pollution Control District as they evaluate and consider developing a new rule to control emissions from indirect sources, in accordance with the timelines and dates established by the SDAPCD.

c. JOINT RECITALS

WHEREAS, the neighborhoods of Barrio Logan, Logan Heights, Sherman Heights, and west National City, adjacent to the Port District's Working Waterfront, were selected in 2018 for inclusion in the Community Air Protection Program, established by the California Air Resources Board ("CARB") pursuant to California Assembly Bill 617 ("AB 617") to identify community-focused strategies and actions to reduce air pollutants and improve public health, and these strategies and actions were included in the CERP; and

WHEREAS, on October 25, 2018, the SDAPCD established a 26-member Portside Community Steering Committee ("Portside CSC"), (half of which are local community residents and the remaining half are composed of a representative from the City of San Diego, Industrial Environmental Association, Port, San Diego Association of Governments ("SANDAG"), Environmental Health Coalition, City of National City, Greenlining Institute, California Department of Transportation ("Caltrans"), U.S. Naval Base San Diego, San Diego Gas and Electric ("SDG&E"), Mothers Out Front, a union representative, and a medical expert), to encourage collaboration and the development of emissions reduction programs that focus on residents impacted by poor air quality; and

WHEREAS, in 2021, CARB approved the CERP pursuant to the Community Air Protection Program, which includes strategies related to Portside Community-wide goals, heavy-duty trucks, and advocacy measures that are complementary and/or aligned with the Port District's MCAS and aim to reduce criteria air pollutants, toxic air contaminants, and GHG emissions and to improve public health within the surrounding communities; and

WHEREAS, the Port District and SDAPCD recognize that decreasing emissions of Diesel Particulate Matter (DPM) and NOx from cargo handling equipment, ocean-going vessels, commercial harbor craft, heavy-duty trucks, and locomotives, improve public health and air quality; and

WHEREAS, the Parties have an existing working relationship and meet regularly to collaborate on electrification projects and will continue to do so to implement this MOU.

WHEREAS, since 2020, the Port District, SDAPCD, Port District tenants, and other partners have committed approximately \$227 million (including SDAPCD funding over \$18 million in AB 617 Community Air Protection Program ("CAPP") funds, Carl Moyer funds, or federal Environmental Protection Agency Diesel Emissions Reductions Act ("DERA") funds) to maritime electrification and low or zero-emission projects, including but not limited to:

- Purchase of the first mobile heavy-lift all-electric harbor crane system in North America and associated infrastructure improvements;
- Facilitation of the development and deployment of the first electric tugboat in the United States, which is to be stationed and operated in San Diego Bay;
- Expansion of a second shore power system at the Port District's cruise terminals;
- Construction of shore power capabilities at the National City Marine Terminal, including the development of two shore power systems;
- Providing financial support and incentives to tenants for the purchase of electric yard tractors and heavy-duty trucks;
- Procurement of electric vehicles for the Port District's fleet of vehicles;
- Installation of a solar-powered microgrid at the Tenth Avenue Marine Terminal;
- Collaboration with the SANDAG and Caltrans on improving accessibility, sustainability, and economic vitality to the District's Working Waterfront through the "Harbor Drive 2.0" project;
- Procurement of cleaner combustion equipment and addressing at-berth and transiting emissions for marine Port District tenants; and

- Awarded approximately \$58,600,000 from the U.S. Environmental Protection Agency's Clean Ports Program contributing to a total project cost of approximately \$86,300,000 for a transformative project to facilitate electrical improvements, installation of additional shore power for vessels at berth, acquisition of electric cargo handling equipment, procurement of electric medium- and heavy-duty vehicles and drayage trucks, and electric vehicle chargers.

d. GENERAL PROVISIONS

- The purpose of this MOU is to set forth how the Parties, consistent with their respective legal authorities, intend to collaborate to advance clean technologies consistent with the MCAS and CERP in and adjacent to the Portside community through the implementation of the voluntary strategies developed by the SDAPCD and the Port District and described in Attachment A, Schedules 1-6 ("Schedules"). The Schedules set forth both the goals and specific voluntary commitments that are subject to the MOU.
- The Port District and SDAPCD support adaptive management principles encompassing an iterative process of implementation, monitoring progress, and making informed adjustments based on technological advancements, economic realities, and community needs, and the signatories of the MOU shall use these aspects to amend this MOU upon mutual agreement (if circumstances require), in accordance with II.t.
- The Port District and SDAPCD agree to collaborate during the MOU Term to identify and provide Letters of Support for one another for state and federal funding opportunities, to (1) help leverage external funding for infrastructure and other zero-emission technology opportunities and (2) increase competitiveness for infrastructure funding outside of this MOU in addition to other zero-emission technology funding opportunities.
- The Port District and SDAPCD agree to work together to help facilitate Port District tenants and service providers to go beyond existing CARB requirements (i.e. beyond regulation).
- The Port District and SDAPCD are supportive of good-paying, lower-emitting, and human operated equipment jobs.
- The Port District and SDAPCD agree to look for opportunities to further study and report on health impacts stemming from MOU implementation, including but not limited to, possible health benefits data.
- The Port District and SDAPCD agree to work collaboratively and take advantage of existing forums for the purposes of information sharing and coordination to support implementation of the MOU. Possible forums include but are not limited to Portside CSC Meetings, the Port District's Maritime Forum, CARB meetings, and/or SANDAG Freight Stakeholder Working Groups.

- viii. The Port District and SDAPCD agree to work collaboratively with other public agencies and within both respective agencies to seek opportunities to reduce traffic-related emissions in the area around the Port District through sustainable freight and goods movement management.

II. NOW, THEREFORE, in consideration of the mutual interests and benefits of all parties, the Parties hereto agree as follows:

a. PORT DISTRICT RESPONSIBILITIES

Upon execution of MOU through end of MOU term, the Port District agrees to the following:

i. IMPLEMENTATION

- a. Implement the Port District's commitments and support implementation of the joint commitments identified in Attachment A, Schedules 1 - 6

ii. MONITORING AND REPORTING

- a. The Port District will annually calculate any emissions reductions achieved through the implementation of the commitments outlined in Attachment A, Schedules 1 – 6.
- b. The Port District commits to conducting an inventory of criteria pollutants and greenhouse gas emissions associated with its maritime operations at cargo and passenger cruise terminals during the term of this MOU.

b. SDAPCD RESPONSIBILITIES

Upon execution of MOU through end of MOU term, the SDAPCD agrees to the following:

i. IMPLEMENTATION

- a. Implement SDAPCD's commitments and support implementation of the joint commitments identified in Attachment A, Schedules 1 – 6.

ii. MONITORING AND REPORTING

- a. SDAPCD to discuss future alternative MOU AB 617 incentive funding approaches with Portside CSC's as needed to accomplish Attachment A, Schedules 1 and 2.

c. JOINT RESPONSIBILITIES

Upon execution of MOU through end of MOU term, the Port District and SDAPCD agree to the following:

i. COORDINATION

- a. Establish a Point of Contact (“POC”) for each agency.
- b. Coordinate to convene quarterly meetings between each POC to review MOU progress and implementation.
- c. Coordinate with each POC to convene semi-annual meetings with POCs and Executive Management from both agencies to provide updates on MOU progress and MOU implementation.

ii. MONITORING AND REPORTING

- a. SDAPCD and Port District will monitor and provide necessary data annually regarding implementation of the commitments outlined in Attachment A, Schedules 1 – 6.
- b. SDAPCD and Port District will monitor and prepare annual progress reports on implementation of the commitments outlined in Attachment A, Schedules 1 - 6.
- c. Port District and SDAPCD will evaluate the effectiveness of incentive programs to ensure successful implementation of MOU.
- d. Port District and SDAPCD will publish these annual progress reports on their respective websites.
- e. Port District and SDAPCD will provide a joint presentation on an annual progress report to the Portside CSC or other interested stakeholder group as necessary and reasonably practicable.

d. MOU SCHEDULES

The commitments for which the SDAPCD and Port District agree to are identified in the following Schedules 1 through 6 in Attachment A and are incorporated as part of this MOU:

- i. MOU SCHEDULE #1 – CARGO HANDLING EQUIPMENT
- ii. MOU SCHEDULE #2 – MEDIUM AND HEAVY-DUTY TRUCKS
- iii. MOU SCHEDULE #3 – COMMERCIAL HARBOR CRAFT & OCEAN-GOING VESSELS
- iv. MOU SCHEDULE #4 – ENHANCED PUBLIC PARTICIPATION
- v. MOU SCHEDULE #5 – INFRASTRUCTURE
- vi. MOU SCHEDULE #6 – OFF-TIDELANDS PROJECTS WITHIN THE PORTSIDE COMMUNITY

Each MOU Schedule focuses on the commitment(s), time frame aligned with the MCAS progress milestones (i.e., 2026 and 2030), and includes technical details pertinent to the category such as:

- Metrics or performance targets
- Schedule for program implementation
- Annual reporting

e. TERM OF MOU

This MOU shall be in full force and effect when signed by all Parties. This MOU shall expire on December 31, 2031, unless terminated earlier pursuant to Section II.f, below. Prior to expiration of this MOU, the Parties will meet to evaluate whether to extend the term of the MOU. If the Parties agree they may extend the term of this MOU and amend applicable additional MOU schedules and provisions, as specified in II.t.

f. WITHDRAWAL AND EARLY TERMINATION

If any Party to this MOU determines that it wishes to no longer be a party to this MOU, then the Party shall provide notice to the other Party at least ninety ("90") days in advance of the specified date of termination of the MOU. The Parties commit to work together to attempt to resolve any issues and negotiate an amended MOU at least thirty ("30") days in advance of the specified date of termination of the MOU. If the Parties are unable to reach agreement, and unless otherwise agreed, the MOU shall terminate on the date specified in the notification.

g. CONTINUING COLLABORATION

The Parties will work collaboratively to implement this MOU. In the event that either Party does not meet their commitments identified in this MOU or anticipates an inability to perform commitments, that Party shall provide reasonable notice to the other Party and seek to negotiate an agreeable solution that may include amendment of this MOU. The Parties shall continue to implement this MOU during the negotiations as reasonably practicable. Nothing contained in this paragraph is intended to limit any rights or remedies that the Parties may have under law. The Parties shall attempt to resolve any controversy that may arise out of or relating to this MOU. If a controversy should arise that cannot be resolved by the respective staffs, executive level representatives of the Parties will meet to attempt to resolve the matter. The representatives will make reasonable efforts to meet as soon as reasonably possible at a mutually agreed time and location.

h. NOTICES

All notices that are required under this MOU shall be provided in the manner set forth herein, unless specified otherwise. Notice to a Party shall be delivered to the attention of the person listed below, or to such other person or persons as may hereafter be designated by that party in writing. Notice shall be in writing sent by U.S. certified mail,

Return Receipt Requested, or a nationally recognized overnight courier service. Notice shall be deemed to be received when delivered (written receipt of delivery).

SDAPCD: San Diego County Air Pollution Control District
10124 Old Grove Road
San Diego, CA 92131
ATTN: _____

Port: San Diego Unified Port District
3165 Pacific Highway
San Diego, CA 92101
ATTN: _____

i. AVAILABLE FUNDING

Each Party shall be responsible for its respective costs associated with this MOU and acknowledges that the agreements contained herein by the Parties are subject to the availability of appropriated funds and compliance with applicable laws. No Party will submit a claim for compensation to the other Party, or otherwise seek reimbursement of costs from the other Party, for activities carried out pursuant to this MOU.

j. FUTURE AGREEMENTS

This MOU does not restrict any future agreements between the Parties with respect to the subject matter stated herein or any other subject matter.

k. JOINT WORK PRODUCT

This MOU shall not be construed against the Party preparing the same, shall be construed without regard to the identity of the person who drafted such and shall be construed as if all Parties had jointly prepared this MOU and it shall be deemed their joint work product.

l. RECITALS

Each of the recitals is incorporated into this MOU.

m. ENTIRE UNDERSTANDING

This MOU, including all attachments, constitutes the entire understanding between the Parties and supersedes all other agreements, oral or written, with respect to the subject matter herein. This MOU shall not be amended except as specified in II.t.

n. VENUE

MOU shall be construed and interpreted and the legal relations created thereby shall be determined in accordance with the laws of the state of California. Venue for resolution of any disputes under this MOU shall be San Diego County, California, USA.

o. SEVERABILITY

If a court of competent jurisdiction holds any provision of this MOU to be illegal, unenforceable, or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of those provisions, will not be affected.

p. ATTORNEYS' FEES

In the event any action is filed in connection with the interpretation of this MOU, each party shall bear its own attorneys' fees and costs.

q. AUTHORITY

Nothing in this MOU shall be construed as a waiver of either Party's discretionary authority or deemed to restrict authority granted to any Party under law in any way with respect to future legislative, administrative, contractual, or other actions.

r. COMMITMENTS

The MOU addresses only the commitments identified in Attachment A and does not supersede existing and/or future rules that are established by the US EPA, CARB, SDAPCD, or legal, regulatory, or contractual obligations of Port District or SDAPCD.

Excluded equipment and activities. Nothing in the MOU is intended or shall be interpreted to apply to:

- i. Any equipment or activity that is not specifically identified in Attachment A.
- ii. The operation of any equipment or conduct of any activity that is not specifically identified in Attachment A.

s. MOU APPLICABILITY

- i. This MOU does not create State Implementation Plan ("SIP") creditable reductions; rather, it identifies voluntary goals and commitments intended to advance clean technologies. The MOU is not intended to and shall not be interpreted to limit the potential growth of Port District maritime and other operations.
- ii. The parties agree the MOU does not: (1) establish an emissions cap or any other facility-wide limit for NOx or any other pollutant; or (2) limit the Port's ability to seek incentive or grant funding through federal, state, and local programs, which may require emission reductions achieved through such programs to be voluntary in nature and exceed existing obligations to achieve emissions reductions.

- iii. The Parties specifically disavow any desire or intention to create any third-party beneficiary under this MOU and specifically declare that no person or entity shall have any remedy or rights of enforcement.
- iv. Nothing in this MOU shall constitute a regulatory exemption of local, State, or federal regulations for the Port District and/or Port District Tenants.
- v. This MOU does not obligate the Port District, its Board, or any individual, or otherwise constitute a commitment on behalf of the Port District, to take any specific action or impair the lawful exercise of the Board's discretion consistent with existing laws and regulations.
- vi. The Parties agree that the MOU is not to be construed as a regulation or requirement of the SDAPCD or the Port District.

t. MOU AMENDMENT AND MODIFICATION

This MOU may be subsequently modified as agreed by the Parties, but no modification shall be valid or binding unless made in writing and signed by authorized representatives of both Parties.

Immaterial modifications to the MOU, including immaterial modifications to the schedules included in Attachment A, may be made by mutual agreement of the Parties' respective staff as they deem necessary to accomplish the goals of this MOU.

u. COUNTERPARTS

The signature pages of this MOU are being executed in counterparts by authorized signatories of the Parties following the approvals by their respective public agency governing boards. When both Parties have signed, all executed counterparts taken together shall constitute one and the same instrument.

v. AUTHORIZED SIGNATURES

Each signatory of this MOU represents that they are authorized to execute on behalf of the Party for which they sign. Each Party represents that it has legal authority to enter into this MOU and to perform all obligations under this MOU.

w. NO ENFORCEMENTS AGAINST THIRD PARTIES

The SDAPCD shall not seek to enforce the measures specified in Attachment A or any of its terms against Port District tenants, concessionaires, third party licensees, vendors, or other relevant operators doing business at Port District facilities.

x. INDEMNITY

- i. Claims Arising from Sole Acts or Omissions of SDAPCD. SDAPCD hereby agrees to defend and indemnify Port District, its agents, officers and employees

(hereinafter collectively referred to in this paragraph as "Port District"), from any claim, action or proceeding against Port District, arising solely out of the acts or omissions of SDAPCD in the performance of this Agreement. At its sole discretion, Port District may participate at its own expense in the defense of any claim, action or proceeding, but such participation shall not relieve SDAPCD of any obligation imposed by this Agreement. Port District shall notify SDAPCD promptly of any claim, action or proceeding and cooperate fully in the defense.

- ii. Claims Arising from Sole Acts or Omissions of Port District. Port District hereby agrees to defend and indemnify the SDAPCD, its agents, officers and employees (hereafter collectively referred to in this paragraph as "SDAPCD") from any claim, action or proceeding against SDAPCD, arising solely out of the acts or omissions of Port District in the performance of this Agreement. At its sole discretion, SDAPCD may participate at its own expense in the defense of any such claim, action or proceeding, but such participation shall not relieve Port District of any obligation imposed by this Agreement. SDAPCD shall notify the Port District promptly of any claim, action or proceeding and cooperate fully in the defense.
- iii. Claims Arising from Concurrent Acts or Omissions. SDAPCD hereby agrees to defend itself, and Port District hereby agrees to defend itself, from any claim, action or proceeding arising out of the concurrent acts or omissions of SDAPCD and Port District. In such cases, SDAPCD and Port District agree to retain their own legal counsel, bear their own defense costs, and waive their right to seek reimbursement of such costs, except as provided in x.v. below.
- iv. Joint Defense. Notwithstanding x.iii. above, in cases where SDAPCD and Port District agree in writing to a joint defense, SDAPCD and Port District may appoint joint defense counsel to defend the claim, action or proceeding arising out of the concurrent acts or omissions of Port District and SDAPCD. Joint defense counsel shall be selected by mutual agreement of SDAPCD and Port District. SDAPCD and Port District agree to share the costs of such joint defense and any agreed settlement in equal amounts, except as provided in x.v. below. SDAPCD and Port District further agree that neither party may bind the other to a settlement agreement without the written consent of both SDAPCD and Port District.
- v. Reimbursement and/or Reallocation. Where a trial verdict or arbitration award allocates or determines the comparative fault of the parties, SDAPCD and Port District may seek reimbursement and/or reallocation of defense costs, settlement payments, judgments and awards, consistent with such comparative fault.

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IN WITNESS WHEREOF, the Parties hereto have caused this Memorandum of Understanding to be executed by their authorized representatives.

SAN DIEGO COUNTY AIR POLLUTION CONTROL DISTRICT

By: _____

Name: Paula Forbis

Title: Air Pollution Control Officer, SDAPCD

Date: _____

APPROVED AS TO FORM:

By: _____

HEIDI GABRIEL-PACK,

Senior Deputy County Counsel

Date: _____

SAN DIEGO UNIFIED PORT DISTRICT

By: _____

Name: Scott Chadwick

Title: President & Chief Executive Officer

Date: _____

APPROVED AS TO FORM:

By: _____

John Carter,

Senior Deputy General Counsel

Date: _____

ATTACHMENT A

MOU SCHEDULES

MOU SCHEDULE #1 – CARGO HANDLING EQUIPMENT (“CHE”)

GOAL: This MOU Schedule #1 aims to transition diesel powered cargo handling equipment to zero emission cargo handling equipment in support of the MCAS and CERP.

Cargo handling equipment is any motorized vehicle used to handle cargo or perform routine maintenance activities at seaports and intermodal railyards as generally defined in 13 CCR 2479. The type of equipment includes yard trucks (hostlers, UTRs), mobile harbor cranes, reach stackers, top handlers, forklifts, etc.

- I. TIMEFRAME – Upon execution of MOU through end of MOU term.
- II. SDAPCD COMMITMENTS
 - A. SDAPCD will seek approval from CARB for a Community Identified Project (“CIP”) pursuant to the Community Air Protection Incentives Guidelines. The CIP will prioritize a total of \$3 million of incentive funding to be made available for Port District tenants, service providers, and/or the Port District, to replace CHE with zero-emission equipment located at, or in support of, the Port District’s marine cargo terminals.
 - B. Requirements associated with the incentive funding include but are not limited to:
 - 1. No requirement to scrap existing CHE equipment.
 - 2. No cost-effectiveness thresholds or limits for the project, though SDAPCD will rank the projects based on cost-effectiveness.
 - 3. Incentive funding offered up to a “to-be-determined” percentage of the overall cost of the CHE equipment.
 - 4. Allowing the “stacking” of this incentive funding opportunity with other grant funding programs, provided the requirements of these other programs allow it and the project can be completed and consistent with the requirements of both programs.
 - 5. Not funding more than 100% of the purchase price of the zero-emission CHE equipment.
 - C. Incentive funding will be prioritized and offered as a “right of first refusal” for Port District tenants, service providers and the Port District during the timeframe outlined in the milestones below.

III. JOINT COMMITMENTS

A. Milestone #1

1. SDAPCD will develop and release a Notice of Funding Availability (“NOFA”) which prioritizes a total of \$3 million of incentive funding to be made available for Port District tenants, service providers, and/or the Port District, to replace CHE with zero-emission equipment located at, or in support of, the Port District’s marine cargo terminals.
2. Within 30 days of the release of the NOFA, the Port District will initiate outreach and technical assistance which may include but is not limited to: hosting workshops to review funding criteria, assisting with grant applications, discussing infrastructure planning needs, and coordinating with tenant and service providers on equipment priorities, etc.) to facilitate submission of applications to SDAPCD for funding to replace eligible CHE for a total funding allocation of at least \$3 million.
3. Within three years of the MOU effective date, SDAPCD will select the most cost-effective eligible zero-emission CHE equipment applications received from responsive Port District tenants, service providers, and/or the Port District, and will execute contract(s) with qualified applicants.
4. Alternative Equivalent Option – Milestone #1 if successful
 - a. If the \$3 million allocation of zero-emission equipment contracted under Milestone #1 are purchased/ordered, SDAPCD may seek a recommendation from the AB 617 Community Steering Committee(s) to allocate additional funding to support further acquisition of zero emission CHE projects.
5. Alternative Equivalent Option – Milestone #1 if not successful
 - a. If Milestone #1 is not fulfilled, SDAPCD and the Port District agree to the following sequential order of events:
 - i. Assess challenges and/or barriers to executing contracts totaling \$3 million and propose modifications to the incentive program to distribute funding successfully.
 - ii. Reallocate funding to other project categories that have been identified within the MOU Schedules which may include but are not limited to zero emission heavy-duty trucks, zero emission supporting infrastructure, and/or other “shovel-ready” projects consistent with the MCAS and CERP.
 - iii. If the above is not feasible, jointly pursue allocating remaining funding to projects that have not been identified in this MOU that may require more work/analysis to implement. Examples of such projects include but are not limited to: (1) allocating additional funding for projects “off Tidelands” in adherence with the Port District Maritime Industrial Impact Funding (“MIIF”) Board policy requirements or as directed by the Board of Port Commissioners,

and (2) Implementing possible sustainable freight strategies that may improve freight efficiencies and reduce emissions throughout the Port.

iv. Determine alternative community investment opportunities with the Portside CSC.

v. If the above is still not feasible, refer to MOU Section II.g.

B. Milestone #2 (pending funding availability and completion of Milestone #1 above)

1. SDAPCD will develop and release a Notice of Funding Availability (“NOFA”) which prioritizes additional incentive funding to be made available for Port District tenants, service providers, and/or the Port District, to replace CHE with zero-emission equipment located at, or in support of, the Port District’s marine cargo terminals.
2. Within 30 days of the release of the NOFA, the Port District will initiate outreach and technical assistance which may include but is not limited to: hosting workshops to review funding criteria, assisting with grant applications, discussing infrastructure planning needs, and coordinating with tenant and service providers on equipment priorities to facilitate submission of applications to SDAPCD for funding to replace eligible CHE for the entirety of the additional incentive funding.
3. Prior to the end of the MOU term, SDAPCD will select the most cost-effective eligible zero-emission CHE equipment applications received from responsive Port District tenants, service providers, and/or the Port District, and will execute contract(s) with qualified applicants.
4. Alternative Equivalent Option – Milestone #2 if successful
 - a. If the additional incentive funding allocation for zero-emission equipment contracted under Milestone #2 are purchased/ordered, SDAPCD may seek a recommendation from the AB 617 Community Steering Committee(s) to allocate additional funding to support further acquisition of zero emission CHE projects if the MOU term is extended or subject to a future MOU if one is adopted.
5. Alternative Equivalent Option – Milestone #2 if not successful
 - a. If Milestone #2 is not fulfilled, SDAPCD and the Port District agree to the following order of events:
 - i. Assess challenges and/or barriers to executing contracts for the additional incentive funding and propose modifications to the incentive program to distribute funding successfully.
 - ii. Reallocate funding to other project categories that have been identified within the MOU Schedules which may include but are not limited to zero emission heavy-duty trucks, zero emission supporting infrastructure, and/or other

“shovel-ready” projects consistent with the MCAS and CERP.

- iii. If the above is not feasible, jointly pursue allocating remaining funding to projects that have not been identified in this MOU that may require more work/analysis to implement. Examples of such projects include but are not limited to: (1) allocating additional funding for projects “off Tidelands” in adherence with the Port District Maritime Industrial Impact Funding (“MIIF”) Board policy requirements or as directed by the Board of Port Commissioners, and (2) Implementing possible sustainable freight strategies that may improve freight efficiencies and reduce emissions throughout the Port.
 - iv. Determine alternative community investment opportunities with the Portside CSC.
 - v. If the above is still not feasible, refer to MOU Section II.g.
- C. Port District and SDAPCD will educate Port District tenants with CHE about available grant programs (local, State, federal, and/or private sources) and encourage them to submit grant applications to these programs.
 - D. Port District and SDAPCD will encourage Port District tenants with CHE to provide SDAPCD with data to evaluate preliminary grant calculations for CHE projects prior to applicants applying.
 - E. Port District and SDAPCD will identify external funding sources, as available, to support the program.
 - F. Port District and SDAPCD will advocate for and support policies that would further encourage emissions reduction in the Portside area from CHE.

MOU SCHEDULE #2 – MEDIUM- AND HEAVY-DUTY TRUCKS

GOAL: This MOU Schedule #2 aims to transition diesel powered medium heavy-duty and heavy-duty (MHD/HHD) trucks to zero emission trucks consistent with the MCAS and CERP.

On-road MHD/HHD vehicles include a wide range of vocational and drayage trucks that typically transport cargo to and from the Port District's marine cargo terminals. These trucks are generally defined as any in-use on-road vehicle with a gross vehicle weight rating ("GVWR") 14,001 lbs and greater that is used for transporting cargo, such as containerized, bulk, or break-bulk goods.

I. TIMEFRAME – Upon execution of MOU through end of MOU term.

II. PORT DISTRICT COMMITMENTS:

- A. The Port District will promote the Zero Emission Vehicle Incentive ("ZEVI") program which provides incentives for carriers and/or customers who hire zero emission trucking fleets. The ZEVI program seeks to encourage zero-emission MHD/HHD truck trips in new and revised Port District contracts.
 - 1. No later than December 31, 2026, the Port District will evaluate existing participation in the ZEVI program and explore possible revisions to encourage greater participation and use of zero-emission MHD/HHD trucks. Possible revisions could include but are not limited to:
 - a. Possible incentive for operational funding for operators serving the Port District (e.g., incentive to encourage payment of charging costs at the Port District's proposed electric vehicle Truck Stop).
 - b. Potentially providing funding for each zero-emission truck trip to the Port District's marine cargo terminals.
 - c. Potentially providing funding to purchase new zero-emission trucks.
- B. Port District to contribute \$1 million during the MOU term specifically for zero-emission MHD/HHD truck acquisitions, use of zero-emission trucks and/or supporting infrastructure.
- C. The Port District will publish reports every six ("6") months of aggregated on-road MHD/HHD truck activity that summarize the total visits of MHD/HHD trucks with a Gross Vehicle Weight Rating ("GVWR") of 26,001 lbs or greater which transport freight to/from the Port District's marine cargo terminals. Truck activity reports will be made available to the public on the Port District's website. Aggregated truck characteristics and activity will include but is not limited to:
 - 1. Fuel type of trucks
 - 2. Model year of trucks

3. GVWR or GVWR Class
4. Temporal characteristics of truck visits (months, days, hours of day)

Aggregated truck activity reports will not include any personal or business names associated with any individual trucks.

III. SDAPCD COMMITMENTS:

- A. Continuation of the SDAPCD AB 617 Community Air Protection Program Portside Zero-Emission Truck Pilot Project which provides incentive funding towards procuring zero emission trucks which operate in the Portside Community.
 1. SDAPCD will prioritize \$4 million of incentive funding to be made available for Port District tenants, service providers, trucking companies, and/or the Port District, to replace diesel MHD/HHD trucks that transport cargo to and from, or in support of, the Port Districts marine cargo terminals with zero emission MHD/HHD trucks.

IV. JOINT COMMITMENTS:

- A. Zero-Emission Truck Pilot Project Milestone #1
 1. SDAPCD will develop and release a Notice of Funding Availability which prioritizes a total of \$4 million to be made available for Port District tenants, service providers, trucking companies, and/or the Port District, to replace diesel MHD/HHD trucks that transport cargo to and from, or in support of, the Port District's marine cargo terminals with zero emission MHD/HHD trucks.
 2. Within 30 days of the release of the NOFA, the Port District will initiate outreach and technical assistance which may include but is not limited to hosting workshops to review funding criteria, assisting with grant applications, and discussing infrastructure planning needs to facilitate tenants, service providers, and/or trucking companies to submit applications to SDAPCD for funding to acquire zero emission MHD/HHD trucks for a total funding allocation of at least \$4 million.
 3. Within three years of the MOU effective date, SDAPCD will select the most cost-effective eligible zero-emission MHD/HHD truck applications received from responsive Port District tenants, service providers, trucking companies, and/or the Port District, and will execute contract(s) with qualified applicants.
 4. Alternative Equivalent Option – Milestone #1 if successful
 - a. If the \$4 million allocation of zero-emission equipment contracted under Milestone #1 is purchased/ordered, SDAPCD may seek a recommendation from the AB 617 Community Steering Committee(s) to allocate additional funding to support further acquisition of zero emission MHD/HHD trucks.

5. Alternative Equivalent Option – Milestone #1 if not successful
 - a. If Milestone #1 is not fulfilled, both SDAPCD and the Port District agree to the following sequential order of events:
 - i. Assess challenges and/or barriers to executing contracts totaling \$4 million and propose modifications to the incentive program to distribute funding successfully.
 - ii. Reallocate funding to other project categories identified within the MOU Schedules, which may include but are not limited to zero emission cargo handling equipment, zero emission supporting infrastructure, and/or other “shovel-ready” projects consistent with the MCAS and CERP.
 - iii. If the above is not feasible, jointly pursue allocating remaining funding to projects that have not been identified in the MOU that require more work/analysis to implement. Examples of such projects include but are not limited to: (1) allocating additional funding for projects “off Tidelands” in adherence with the Port District Maritime Industrial Impact Funding (MIIF) Board policy requirements or as directed by the Board of Port Commissioners, and (2) Implementing possible sustainable freight strategies that may improve freight efficiencies and reduce emissions throughout the Port.
 - iv. Determine alternative community investment opportunities with the Portside CSC.
 - v. If the above is still not feasible, refer to MOU Section II.g.
- B. Zero-Emission Truck Pilot Project Milestone #2 (pending funding availability and completion of Milestone #1)
 1. SDAPCD will develop and release a Notice of Funding Availability which prioritizes additional incentive funding to be made available for Port District tenants, service providers, trucking companies, and/or the Port District, to replace diesel MHD/HHD trucks that transport cargo to and from, or in support of, the Port District’s marine cargo terminals with zero emission MHD/HHD trucks.
 2. Port District will consider additional incentive funding and other contributions during the MOU term specifically for zero-emission truck acquisitions and/or use of zero-emission trucks.
 3. Within 30 days of the release of the NOFA, the Port District will initiate outreach and technical assistance which may include but is not limited to hosting workshops to review funding criteria, assisting with grant applications, and discussing infrastructure planning needs to facilitate tenants, service providers, and/or trucking companies to submit applications to SDAPCD for funding to acquire zero emission MHD/HHD trucks for the entirety of the additional incentive funding.

4. Prior to the end of the MOU term, SDAPCD will select the most cost-effective eligible zero-emission MHD/HHD truck applications received from responsive Port District tenants, service providers, trucking companies, and/or the Port District, and will execute contract(s) with qualified applicants.
5. Alternative Equivalent Option – Milestone #2 if successful
 - a. If the additional incentive funding allocation for zero-emission equipment contracted under Milestone #2 are purchased/ordered, SDAPCD may seek a recommendation from the AB 617 Community Steering Committee(s) to allocate additional funding to support further acquisition of zero emission MHD/HHD trucks if the MOU term is extended or subject to a future MOU if one is adopted.
6. Alternative Equivalent Option – Milestone #2 if not successful
 - a. If Milestone #2 is not fulfilled, both SDAPCD and the Port District agree to the following order of events:
 - i. Assess challenges and/or barriers to executing contracts for the additional incentive funding and propose modifications to the incentive program to distribute funding successfully.
 - ii. Reallocate funding to other project categories identified within the MOU Schedules, which may include but are not limited to zero emission cargo handling equipment, zero emission supporting infrastructure, and/or other “shovel-ready” projects consistent with the MCAS and CERP.
 - iii. If the above is not feasible, jointly pursue allocating remaining funding to projects that have not been identified in the MOU that require more work/analysis to implement. Examples of such projects include but are not limited to: (1) allocating additional funding for projects “off Tidelands” in adherence with the Port District Maritime Industrial Impact Funding (“MIIF”) Board policy requirements or as directed by the Board of Port Commissioners, and (2) Implementing possible sustainable freight strategies that may improve freight efficiencies and reduce emissions throughout the Port.
 - iv. Determine alternative community investment opportunities with the Portside CSC.
 - v. If the above is still not feasible, refer to MOU Section II.g.
 - C. Port District and SDAPCD will educate Port District tenants and private trucking companies about available grant programs (local, State, federal, and/or private sources) and encourage them to submit grant applications to these programs.
 - D. Port District and SDAPCD will encourage Port District tenants and trucking companies to provide SDAPCD with data to evaluate preliminary grant calculations for Heavy-Duty Truck projects prior to applicants applying.

- E. Port District and SDAPCD to identify external funding sources, as available, to support the program.
- F. Port District and SDAPCD will advocate for and support policies that would further encourage emissions reduction in the Portside area from MHD/HHD trucks.
- G. Cooperate and coordinate on the Harbor Drive 2.0 concept as a freight prioritization and sustainable freight strategy project that will reduce emissions within the Portside community. Such activities include but are not limited to:
 - 1. Evaluating opportunities to engage with Caltrans, SANDAG, City of San Diego, or other regional agencies to fund or explore other opportunity for enhanced enforcement of existing truck routes, prior to implementation and as an interim step for Harbor Drive 2.0.
 - 2. Evaluating opportunities to facilitate truck monitoring on Port Tidelands (e.g. sensors, signage, outreach, hotline, maps, etc.).
 - 3. Evaluating opportunities to cooperate on education and incentive funding, as well as interagency cooperation to achieve the Harbor Drive 2.0 concept.

MOU SCHEDULE #3 – COMMERCIAL HARBOR CRAFT & OCEAN-GOING VESSELS (“OGVS”)

GOAL: MOU Schedule #3 is intended to promote initiatives that will lower emissions from ocean-going vessels and commercial harbor craft, consistent with the principles outlined in the MCAS and CERP.

Commercial harbor craft is any private, commercial, or government vessel type that serve many functions within and near San Diego Bay including crew and supply boats, charter fishing vessels, commercial fishing vessels, ferry and excursion vessels, pilot vessels, towboats, tugboats, barges, and work boats that do not otherwise meet the definition of ocean-going vessels or recreational vessels as generally defined in 17 CCR 93118.5.

Ocean-going vessels are any commercial, government, or military vessels meeting any one of the criteria defined in 17 CCR 93118.2, not including tugboats, towboats, or push boats.

The Port District’s Voluntary Vessel Speed Reduction (“VSR”) Program aims to achieve a 90% participation rate from ocean-going vessels calling at its marine terminals throughout the MOU term. Participating vessels in the voluntary program should not exceed an average speed of 12 knots for cargo vessels and 15 knots for passenger cruise vessels within a radius of forty (“40”) nautical miles of Point Loma.

I. TIMEFRAME – Upon execution of MOU through end of MOU term.

II. JOINT COMMITMENTS

- A. Port District and SDAPCD will educate Port District tenants with commercial harbor craft and/or ocean-going vessels about available grant programs (local, State, federal, and/or private sources) and encourage them to submit grant applications to these programs.
- B. Port District and SDAPCD will encourage Port District tenants with commercial harbor craft and/or ocean-going vessels to provide SDAPCD with data to evaluate preliminary grant calculations for commercial harbor craft and/or ocean-going vessel projects prior to applicants applying.
- C. Port District and SDAPCD will identify external funding sources, as available, to support the program.
- D. Port District and SDAPCD will advocate for and support policies that would further encourage emissions reduction in the Portside area from commercial harbor craft and ocean-going vessels.

III. PORT DISTRICT COMMITMENTS

- A. Voluntary Vessel Speed Reduction Program
 - 1. The Port District will develop and promote an enhanced recognition program to acknowledge and award ocean-going vessel operators who participate in the Voluntary VSR Program during each calendar year. The recognition program will be held annually,

likely in the month of May (Maritime Month) or September (Green Port Month).

2. The Port District shall have complete discretion as to the mechanisms used to enhance and publicize the Voluntary VSR Program. Such mechanisms may include, but are not limited to, the development of a dedicated program website, distribution of program materials to vessel operators, and/or negotiations in contracts.
3. The Port District shall track and determine the average speeds of ocean-going vessels calling at its marine terminals.
4. Following execution of this MOU, the Port District shall summarize participation rates and publish the data quarterly on the Port District website.

B. Commercial Harbor Craft

1. The Port District will collaborate with SDAPCD to provide educational outreach to owners and operators of Commercial Harbor Craft, focusing on, but not limited to, regulatory compliance, funding opportunities, incentive programs, and air pollution reduction technologies.

C. Green Marine Certification

1. The Port District will continue to participate in the Green Marine certification process, North America's largest voluntary environmental certification program for the maritime industry.
2. The Green Marine program is continually evolving its standards to reflect the latest advancements and best practices in maritime environmental stewardship.

IV. SDAPCD COMMITMENTS

- A. SDAPCD will recognize those vessel operators participating in the Port District's Voluntary Vessel Speed Reduction Program as part of routine updates on MOU implementation during a regularly scheduled meeting of SDAPCD Governing Board.
- B. SDAPCD will collaborate with the Port District to provide educational outreach to owners and operators of Commercial Harbor Craft, focusing on, but not limited to, regulatory compliance, funding opportunities, incentive programs, and air pollution reduction technologies.
- C. SDAPCD will consider new or modified incentive options for owners and operators of Commercial Harbor Craft to adopt vessel technologies which reduce pollution.

MOU SCHEDULE #4 – ENHANCED PUBLIC PARTICIPATION

GOAL: This MOU Schedule #4 supports public participation regarding Port District and SDAPCD projects which may occur within the Portside Community.

I. PROGRAM DESCRIPTION

Applicants are encouraged to engage with Port District and SDAPCD staff and the public as early as possible during Maritime Industrial Related Development Proposals design and evaluation processes to explore ways in which a proposed project can incorporate Project Design Features to be consistent with and aid the implementation of applicable Goals and Objectives of the MCAS and ten Actions within the CERP in which the Port District participates.¹

The review of Maritime Industrial Related Development Proposals will be conducted as part of SDAPCDs and the Port's standard review, permitting and entitlement process. For the Port District, the Tenant Project Review Process (Port Code Article 3), as established by Ordinance No. 3129 (Board Resolution # 2024-036) will be used to guide the review process. For SDAPCD, all applicable processes outlined in the most recent Governing Board approved version of the SDAPCD CEQA Guidelines will be used to guide the review process.

II. PROGRAM TIMEFRAME – Upon execution of MOU through the end of the MOU term.

III. PROGRAM PARAMETERS

“Maritime Industrial Related Development Proposals” shall be defined as “development consistent with or proposing the land use designation(s) of Marine Related Industrial, Marine Terminal and Maritime Services and Industrial, and that are situated on the Tenth Avenue Marine Terminal or the National City Marine Terminal as well as any land use designations on tidelands between the District's two terminals within the Portside Community.”

IV. PORT COMMITMENTS

#1 – The Port District will encourage an increased level of public engagement for Maritime Industrial Related Development Proposals.

A. Once a project is determined to be subject to Preliminary Project Review:

1. The Port District shall notify stakeholders (such as Barrio Logan Community Planning Group (“BLCPG”) and Portside CSC) of the pending Board of Port Commissioners hearing for preliminary project review, at least 14 days but not more than 60 days prior to the BPC hearing.
2. The applicant will be encouraged to present their project to interested community members, groups, and associations at a community meeting of neighboring residents (such as the following groups: Maritime Stakeholder Forum, AB 617 CSC, Barrio Logan

¹ CERP Actions: E1, E3, F1, F3, F5, F7, G1, G2, G3, G7

Community Planning Group, and National City Planning Commission) prior to the Preliminary Project Review Hearing.

- a. It will be recommended that the project applicant discuss their project goals and objectives, including information submitted with an Initial Service Request, consistent with Port Code Article 3, as amended, which generally includes a conceptual project description and location, a basic site plan and/or building rendering(s). If known at this time, the Project applicant should provide a description of the anticipated sources of emissions and potential ways to avoid or minimize air emissions.
3. If the applicant is not available to attend, Port District staff will present a project overview including, if known at this time, a description of the anticipated sources of emissions and potential ways to avoid or minimize air emissions (toxic air contaminants, greenhouse gases, criteria pollutants). Additionally, Staff will review the general project review process and anticipated date of the Preliminary Project Review Hearing Before the Board of Port Commissioners.

#2 – Activities leading up to Preliminary Project Review

- A. During the Preliminary Project Review hearing, Port District staff will summarize community outreach efforts accomplished to date.
- B. Information and materials provided to the Board of Port Commissioners in support of a project's Preliminary Project Review hearing would include information available at the time of hearing, including the project description and location, and a site plan and/or building rendering(s), consistent with Port Code Article 3. Additionally, if known at this time, a description of the anticipated sources of emissions and potential ways to avoid or minimize air emissions.
- C. Since projects at this point will be in the very early stages of the entitlement process, Project Design Features to avoid or minimize emissions may not yet be known to the project proponent.

#3 – Environmental Review Process

- A. Initial Study/Mitigated Negative Declaration ("IS/MND") Process
 1. Once a Maritime Industrial Related Development Proposal receives direction to proceed with the CEQA analysis in a Negative Declaration and/or Mitigated Negative Declaration, the proposed project will be evaluated as a part of the CEQA review process to determine whether it is consistent with or obstructs implementation of the applicable ten CERP Actions and MCAS goals and objectives, along with all applicable regulations.
 2. Port District staff will request to be on the next agenda during the public review period and make reasonable efforts to attend at least one community meeting of neighboring residents (such as to the following groups: Maritime Stakeholder Forum, AB 617 CSC, Barrio Logan Community Group, or National City Planning Commission) and present a

project overview and results of the Initial Study including identification of potential impacts and their proposed mitigation measures for all impacted resource areas, such as air quality, transportation, and land use.

- a. Results of the review for consistency or obstruction of the MCAS Goals and Objectives and the ten CERP Actions will be disclosed, and the audience directed to the location within the Initial Study, typically the Air Quality section, where this information can be found.
- b. All reasonable efforts will be made to present to a community group during the public review period.

B. Environmental Impact Report (“EIR”) Process

1. Once a Maritime Industrial Related Development Proposal receives direction to proceed with CEQA analysis in an Environmental Impact Report, the proposed project will be evaluated as a part of the CEQA review process to determine whether it is consistent with or obstructs implementation of the applicable ten CERP Actions and MCAS goals and objectives, along with all applicable regulations.
2. Port District staff will request to be on the next agenda during the public review period and attend at least one community meeting of neighboring residents (including but not limited to the following groups: Maritime Stakeholder Forum, AB 617 CSC, Barrio Logan Community Planning Group, National City Planning Commission) and present a project overview and results of the EIR including identification of potential impacts and their proposed mitigation measures for all impacted resource areas, such as air quality, transportation and land use.
 - a. Results of the review for consistency or obstruction of the MCAS Goals and Objectives and ten CERP Actions will be disclosed, and the audience directed to the location within the EIR, typically the Air Quality chapter, this information can be found.
 - b. All reasonable efforts will be made to present to a community group during the public review period.

#4 – Early Notification of Final Environmental Analysis and Public Hearing

- A. Port District staff will provide notice to the previously attended community group(s) (i.e., neighboring residents), and request to be placed on the agenda and attend at least one community meeting that occurs no less than 14 and not more than 60 days prior to the scheduled anticipated date for the Board of Port Commissioners to consider the project. Port District staff will provide directions on how to access project information and when the final documents will be published.
1. At this point in the project review process, Port District staff will be unable to respond to questions regarding previously submitted comments on the environmental analysis; the presentation will be limited to the information provided during the public review period

and information pertaining to the public hearing at which the Board of Port Commissioner may act on the CEQA analysis and consider project approval.

V. PORT DISTRICT MARITIME RELATED INDUSTRIAL DEVELOPMENT PROPOSALS – REQUEST FOR PROPOSAL SOLICITATIONS

RFPs related to Maritime Industrial Related Development opportunities will include language (i.e., within the due diligence package) to alert prospective project bidders to include information that demonstrates project operations can be consistent with applicable Goals and Objectives of the MCAS and the ten CERP Actions.

Applicability relates to the proposed projects operational emission sources. Construction emissions would be addressed through the CEQA analysis and permitting process as the MCAS and CERP do not contain goals or objectives related to reducing emissions from construction activities. The BPC maintains discretion to condition projects to achieve Port District goals and objectives.

VI. SDAPCD COMMITMENTS

#1 – SDAPCD will encourage an increased level of public engagement

- A. For proposed projects subject to the Schedule, during the processing of discretionary permit applications involving CEQA documentation pursuant to CEQA Guidelines Section 15063 and/or SDAPCD CEQA Guidelines Sections 4.3.2, 4.3.3 or 4.3.5, located within the Portside Community boundary (as defined in the Portside CERP), and where SDAPCD determines it is the CEQA Lead Agency pursuant to SDAPCD CEQA Guidelines section 4.3.1 Lead Agency Determination:
 1. SDAPCD Staff shall notify the Barrio Logan Community Group, Portside CSC and other interested stakeholders of an applicant's project/permit application requiring a discretionary permit approval by the Air Pollution Control Officer and where SDAPCD has determined they are the Lead Agency.
 2. The applicant will be encouraged to present their project to interested community members, groups, and associations at a community meeting of neighboring residents (such as the following groups: Maritime Stakeholder Forum, AB 617 CSC, Barrio Logan Community Planning Group, and National City Planning Commission) prior to initiating drafting an environmental document, e.g., ND or EIR.
 3. It is recommended that the project applicant discuss their project goals and objectives. If known at this time, the Project applicant should provide a description of the anticipated sources of emissions and potential ways to avoid or minimize air emissions.
 4. If the applicant is not available to attend, staff will present a project overview including, if known at this time, a description of the anticipated sources of emissions and potential ways to avoid or minimize air emissions (toxic air contaminants, greenhouse gases, criteria pollutants). Additionally, Staff will review the general project review process including CEQA review.

- B. SDAPCD's notification of application and attendance at a community meeting as described in the above paragraph shall occur at least 14 days but not more than 60 days prior to initiating the development of CEQA documentation pursuant to CEQA Guidelines Section 15063 and SDAPCD CEQA Guidelines Section 4.3.2.

#2 – Environmental Review

A. Initial Study/Mitigated Negative Declaration (“IS/MND”) Process

- 1. Once SDAPCD proceeds with the CEQA analysis in a Negative Declaration and/or Mitigated Negative Declaration, the proposed project will be evaluated as a part of the CEQA review process to determine whether it is consistent with or obstructs implementation of CERP Actions and MCAS goals and objectives, along with all applicable regulations.
- 2. SDAPCD staff will request to be on the next agenda during the public review period and make reasonable efforts to attend at least one community meeting of neighboring residents (such as to the following groups: Maritime Stakeholder Forum, AB 617 CSC, Barrio Logan Community Group, or National City Planning Commission) and present a project overview and results of the Initial Study including identification of potential impacts and their proposed mitigation measures for all impacted resource areas, such as air quality, transportation, and land use.
 - a. All reasonable efforts will be made to present to a community group during the public review period.

B. Environmental Impact Report (“EIR”) Process

- 1. Once SDAPCD proceeds with CEQA analysis in an Environmental Impact Report, the proposed project will be evaluated as a part of the CEQA review process to determine whether it is consistent with or obstructs implementation of applicable CERP Actions and MCAS goals and objectives, along with all applicable regulations.
- 2. SDAPCD staff will request to be on the next agenda during the public review period and attend at least one community meeting of neighboring residents (including but not limited to the following groups: Maritime Stakeholder Forum, AB 617 CSC, Barrio Logan Community Planning Group, National City Planning Commission) and present a project overview and results of the EIR including identification of potential impacts and their proposed mitigation measures for all impacted resource areas, such as air quality, transportation and land use.
 - a. All reasonable efforts will be made to present to a community group during the public review period.

#3 – Notification of Final Environmental Analysis

- A. SDAPCD will post the final environmental analysis documents on its website and send out notification of their availability to email subscribers.

MOU SCHEDULE #5 – INFRASTRUCTURE

GOAL: This MOU Schedule #5 will facilitate the transition to zero-emission vessels, equipment, and vehicles through proactive infrastructure planning, design, and construction consistent with the MCAS and CERP. The objective of this area is to progress project developments with the purpose of preparing “shovel ready” zero emissions infrastructure and electrical modernization projects that are positioned to apply for and pursue funding for implementation.

Infrastructure, for the purposes of this MOU, refers to the electrical systems, physical structures, components, and assets necessary to support the operation of zero-emission vessels, equipment, and vehicles. This includes but is not limited to electrical supply, distribution networks, charging equipment, substations, transformers, switchgear, and related facilities.

I. PROGRAM TIMEFRAME – Upon execution of the MOU through the end of the MOU term.

II. JOINT COMMITMENTS

- A. Port District and SDAPCD will educate Port District tenants with infrastructure needs about available grant programs (local, State, federal, and/or private sources) and encourage them to submit grant applications to these programs.
- B. Port District and SDAPCD will encourage Port District tenants with infrastructure needs to provide SDAPCD with data to evaluate preliminary grant calculations for infrastructure projects.
- C. Port District and SDAPCD will identify external funding sources, as available, to support the program.
- D. Port District and SDAPCD will advocate for and support policies that would further encourage emissions reduction in the Portside area facilitated by installation of infrastructure.

III. PORT DISTRICT COMMITMENTS

- A. Port District Compliance with CARB Regulations
 - 1. The Port District will comply with CARB’s Control Measure for Ocean-Going Vessels at Berth by providing shore power access, emissions capture control system (“bonnet”) upon CARB approval, or alternative compliance approaches, as approved by CARB, at the Tenth Avenue and National City Marine Terminals.
 - 2. The Port District will explore opportunities to further incentivize OGV operators to utilize the “Bonnet” emissions control system to achieve surplus emission reductions from non-regulated OGV’s, that include but are not limited to, Break Bulk vessels, and other vessel types that are not subject to CARB’s Ocean-Going Vessels At-Berth Regulation.

B. Electrification and Infrastructure Modernization Planning

1. The Port District will continue to develop electrification and infrastructure modernization plans for the Port's managed maritime facilities to progress zero emissions infrastructure needs.
2. The Port District will work closely with Port District tenants, service providers, and operators to align infrastructure needs to support zero emissions equipment, vehicle and vessel needs to streamline project implementation.
3. The Port District will work closely with SDG&E to prepare and coordinate on project implementation to streamline project delivery timelines.

C. Electrification and Infrastructure Project Summary Reporting

1. The Port District will present and provide updates on summary planning reports, engineering analyses, and project implementation status for Port-led projects within the Portside community to SDAPCD within the annual reporting schedule denoted below.
2. The Port District will prepare annual Infrastructure-related Project Summaries to inform stakeholders, which may include but is not limited to the Portside CSC and other relevant community forums, on Port District electrification plans and progress.

D. Electrification and Infrastructure Funding

1. The Port District will pursue funding opportunities for zero emission infrastructure planning, design, and construction for unfunded infrastructure needs for Port-led projects at Port District maritime facilities.

IV. SDAPCD COMMITMENTS

A. Electrification and Infrastructure Funding

1. The SDAPCD will provide letters of support to the Port District for grant applications for zero emissions infrastructure projects.
2. The SDAPCD will collaborate with the Port District to pursue funding opportunities for zero emission infrastructure planning, design, and construction for unfunded infrastructure needs for Port-led projects at Port District maritime facilities.

MOU SCHEDULE #6 – OFF-TIDELANDS PROJECTS WITHIN THE PORTSIDE COMMUNITY

GOAL: This MOU Schedule #6 is intended to identify potential projects off-tidelands to support implementation of the MCAS and Portside CERP and that may receive funding through the Port District's Maritime Industrial Impact Fund ("MIIF") established in Board of Commissioners Policy ("BPC") No. 773². The Board of Port Commissioners created the MIIF in July 2010 in recognition that certain communities may be subject to disproportionate adverse impacts and constraints because of the presence of the Port District's maritime industry and terminals. The MIIF can contribute to projects off-tidelands, as defined in BPC Policy 773, to mitigate impacts from the Port District's maritime industrial waterfront in adjacent communities.

I. PROGRAM TIMEFRAME – Upon execution of the MOU through the end of the MOU term.

II. PORT DISTRICT COMMITMENTS

- A. The Port District will work with SDAPCD to conduct education and outreach intended to inform stakeholders about MIIF program eligibility for agencies and the benefits of MIIF funded projects.
- B. Following identification of MIIF eligible projects and receipt of an application or proposal, Port District staff will review and evaluate proposals in adherence to the MIIF policy.
- C. Annually, Port District shall review MIIF availability for allocation which may further support implementation of eligible projects in the Portside Community that support Portside CERP implementation.

III. SDAPCD COMMITMENTS

- A. SDAPCD shall work with the Port District and the Portside Community Steering Committee to identify potentially eligible MIIF projects, activities, and recipients to make applications or proposals to the Port District for the use of available funding in the MIIF.
- B. SDAPCD may submit a proposal to the Port District requesting funding through the MIIF or work with an eligible entity to make an application.
- C. SDAPCD will only propose projects, activities, and applicants that meet the evaluation criteria for MIIF Funding stated in BPC Policy No. 773.

² San Diego Unified Port District Board of Port Commissioner (BPC) Policy 773: Maritime Industrial Impact Fund. <https://pantheonstorage.blob.core.windows.net/administration/BPC-Policy-No-773-Maritime-Industrial-Impact-Fund-MIIF.pdf>