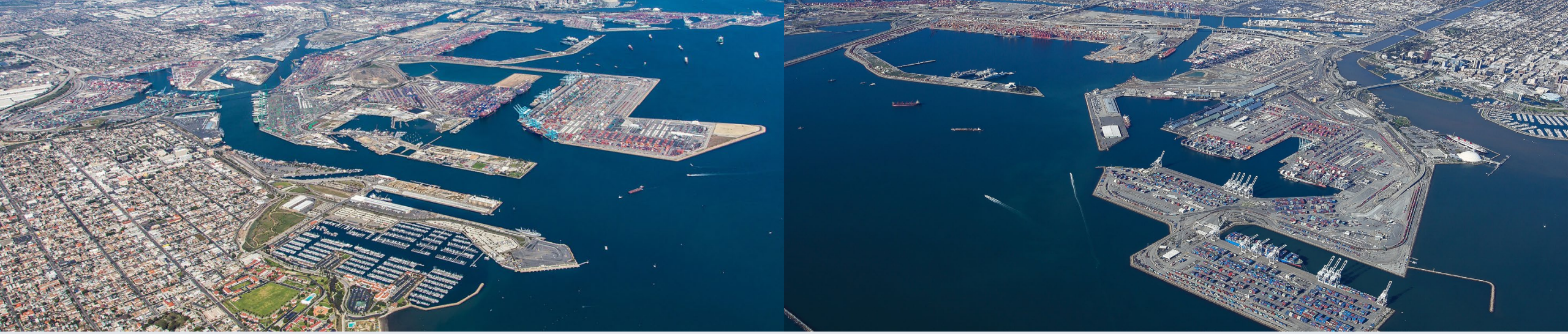




Proposed Cooperative Agreement with the Ports of Long Beach and Los Angeles

**BOARD MEETING
November 7, 2025**

Background

- ❑ Working on Port measure since 2017
 - Two MOU attempts
 - In 2022, initiated Proposed Rule 2304
- ❑ In 2024, Proposed Rule 2304 focused on comprehensive zero emission infrastructure at Ports of Long Beach and Los Angeles (Ports)
- ❑ Infrastructure planning is first critical step to zero emissions



Ports recently proposed a Cooperative Agreement in lieu of a rule

Initial Draft Cooperative Agreement Submitted by Ports

Recitals

Agreements

**‘CAAP Plus’
Measures**

Staff focus
during
recent
negotiation

**South
Coast
AQMD and
Ports**

**Rulemaking
Authority
in
Contract**

Enforcement

**South
Coast
AQMD
Role**

**Contract
Duration
(Term)**

**ZE
Infrastructure**
*(focus of
PR 2304)*

**Other
Measures**

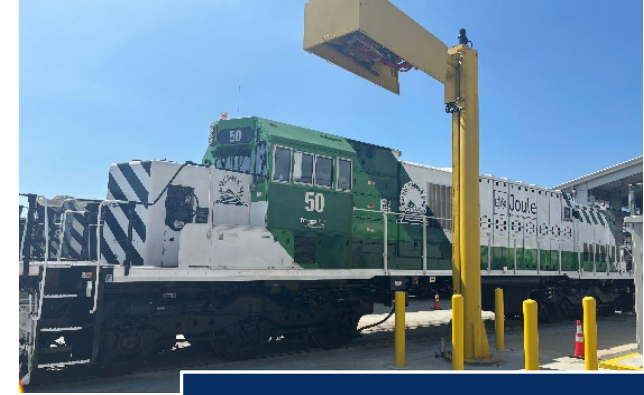
Zero-Emission (ZE) Infrastructure Plans Cover All Port Sources



Ocean Going Vessels



Trucks



Local Switchers



Cargo Handling Equipment



Harbor Craft

Details of ZE Infrastructure Plans

- ❑ Ports must complete development of ZE Infrastructure Plans in three phases (2027 – 2029)
- ❑ Plans include:
 - Planning targets
 - Key milestones within the Port's control
- ❑ Public review and comment built into the Agreement for ZE Plan development, modification and approval

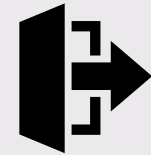


Agreement Term and Exit Clause



5-year term

- Allows time for development and implementation of ZE Infrastructure Plans



45-day exit clause

- Any party can exit Agreement early for any reason
- 45-day notice to parties (Reduced from 90-day notice)



Board Resolution

- ❑ Pause Ports rulemaking for five years unless Agreement terminated early
- ❑ Report to Board and public on implementation progress
 - Extend, amend, or create a new Agreement, or
 - Pursue rulemaking

Enforcement Provisions

❑ Financial consequences for contract defaults

- Plan submission / approval / modification process
- Public process
- Plan implementation milestones within Port control

❑ Payments go to South Coast AQMD Board-managed Clean Air Mitigation Fund

- Public process before funds spent
- Must benefit near-port community



Penalty Structure for Contract Defaults

Tier	\$ per Default
Tier I	\$50,000
Tier II	\$100,000
Tier III	\$200,000

Dispute Resolution Processes also included



~30 Public Meetings Since 2022

Also presented at 6 Board Meetings and 7 Mobile Source Committee Meetings

Community Concerns Have Shaped Proposed Cooperative Agreement



Added specific enforcement triggers and doubled penalties



Cooperative Agreement does not contract away rulemaking authority



South Coast AQMD has distinct roles for verification of Plans



Includes public process for development and modification of ZE Infrastructure Plans



South Coast AQMD will quantify potential for emission reductions in annual report



Ports must describe how old equipment will be decommissioned

Key Issues

5-year pause in rulemaking

- Board retains its rulemaking authority
- Board directs staff priorities
- Pause allows time to plan for infrastructure, and begin installation
- Regular updates will be provided to public and Board, and Board can quickly pivot to rulemaking if it desires

Lack of emission reductions

- Infrastructure is critical first step to emission reductions
- More time needed to develop emission reduction measures
 - both for public input and negotiation

Key Issues

Concern about using public funding for automation

- South Coast AQMD primary focus is zero emission technologies and deferred to the Ports on the issue of automation
 - Ports response to comment: Acknowledges where existing federal and state laws specify use of some funding programs for human-operated equipment only

Public process prevented meaningful public engagement

- Infrastructure planning concept was developed through extensive public process over several years
- Staff conducted significant outreach to solicit feedback
- Many stakeholder suggestions in past three months have been incorporated into proposed agreement

Why Proceed With Cooperative Agreement?

- ❑ Multiple attempts to establish requirements for Ports
- ❑ Proposal covers same scope as PR 2304
- ❑ Fosters continued collaboration with faster outcomes
- ❑ Ability to exit quickly and pivot if it doesn't work



Next Steps for Additional Measures

- Staff will continue to negotiate with Ports on additional measures to add to Cooperative Agreement
 - Goal of returning to Board in Spring 2026

Focus of negotiations:

- Near-term actions (e.g., next 5 years)
- Emission reductions
- Facilitating actions for longer-term, more significant emission reductions

Public process will include:

- Working group meetings
- Community meetings
- Office hours
- AB 617 CSC Meetings
- Release of draft documents for comment
- Mobile Source Committee updates

Staff Recommendation

Adopt the Resolution:

- CEQA determinations: Cooperative Agreement qualifies as a later activity within the scope of 2022 AQMP EIR, cost recovery provisions are exempt from CEQA, and creation of Clean Air Mitigation Fund is not a project under CEQA
- **Authorize Executive Officer to sign and execute the Cooperative Agreement**

Budget actions:

- Establish Port Clean Air Mitigation Fund
- Authorize Executive Officer to recognize receipt of funds due to contract enforcement in Port Clean Air Mitigation Fund
- Authorize Executive Officer to recognize receipt of funds paid to cover necessary South Coast AQMD administrative costs to oversee Cooperative Agreement into general fund