

DRAFT**RESOLUTION 20xx-xxx**

RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE AMENDMENT NO. 1 TO AGREEMENT WITH BLUE SOURCE, LLC, FOR MARKETING CONSULTANT FOR LCFS CREDITS REDUCING THE FEE, EXTENDING TERM FROM DECEMBER 31, 2024 TO DECEMBER 31, 2030, AND CONSENTING TO THE ASSIGNMENT FROM BLUE SOURCE, LLC, TO ANEW EV, LLC.

WHEREAS, the San Diego Unified Port District (District) is a public corporation created by the Legislature in 1962 pursuant to Harbors and Navigation Code Appendix 1, (Port Act); and

WHEREAS, the Board of Port Commissioners (BPC) adopted BPC Policy No. 110 to establish a policy governing the processing and administration of public projects, consulting and service agreements, grant funded projects and supplies, materials, and equipment purchases; and

WHEREAS, California established the Low Carbon Fuel Standard (LCFS) in 2012 and placed it under the direction of the California Air Resources Board (CARB); and

WHEREAS, the LCFS is a cap-and-trade-like program where the producers of fossil fuels must either increase the use of plant-based carbon (e.g. ethanol and soy bean oil) or buy credits to meet the requirement; and

WHEREAS, credits are created when vehicles, vessels and CARB-approved equipment use electricity instead of fossil fuels; and

WHEREAS, the credit represents the difference between the carbon intensity of the electricity versus the carbon intensity of the fossil fuel; and

WHEREAS, algorithms developed by CARB determine the number of credits created based on the alternative energy and equipment used; and

WHEREAS, CARB included shore power as an eligible resource starting January 1, 2019, and the program expires in 2030; and

WHEREAS, in order to benefit from the LCFS program the District requires the services of a qualified and experienced marketing consultant; and

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WHEREAS, the BPC approved the initial agreement between the District and Blue Source, LLC (Clerk Document No. 69872) effective April 22, 2019; and

WHEREAS, the District was the first port in California to join the Low Carbon Fuel Standard (LCFS) program in April 2019; and

WHEREAS, the District followed up with a competitive RFP issued in June 2019; and

WHEREAS, Blue Source was awarded the new contract (Clerk Document No. 70710) effective January 1, 2020 and continuing through December 31, 2024; and

WHEREAS, Blue Source, LLC merged with Element Markets, LLC in June 2022 to create a new company, Anew EV, LLC (Anew); and

WHEREAS, given that a) the LCFS program currently is expected to continue through December 31, 2030, and b) the LGSA with the Navy also continues through 2032, then the District and Anew needed to extend their agreement through December 31, 2030, as well; and

WHEREAS, the new agreement also decreases the fee that Anew charges the District from 5% to 4.25% of net revenue; and

WHEREAS, the differing nature and large LCFS qualified electrical volume of the proposed Navy agreement compared to the existing tenant LCFS agreements, allowed District to negotiate changes to the agreement with Anew which will result in substantial cost savings for the District and its partners; and

WHEREAS, these new benefits and the proposed term of the Navy agreement requires extending Anew's agreement to be in parallel to the Navy's agreement.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District, as follows:

That the Executive Director or his designated representative is hereby authorized and directed on behalf of the San Diego Unified Port District to execute Amendment No. 1 to Agreement with Blue Source, for marketing consultant for LCFS credits reducing the fee, extending term from December 31, 2024 to December 31, 2030, and consenting to the assignment from Blue Source, LLC to Anew EV, LLC.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL

By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 13th day of September 2022, by the following vote: