



R-16

Date: March 8, 2022

To: Honorable Mayor and Council

From: Councilwoman Cindy Allen, Second District
Councilwoman Mary Zendejas, First District
Councilmember Roberto Uranga, Seventh District

Subject: Committee Review of Infrastructure Funding Alliance "Freedom Villages"
Goods Movement Enhanced Infrastructure Finance District Proposal

RECOMMENDED ACTION:

Request the Climate Action and Environmental Committee to work with appropriate City staff, the Infrastructure Funding Alliance, Southern California Edison, labor organizations, and other stakeholders to be identified to better understand the potential regional and local impacts of the proposed "Freedom Villages" project and consider the formation of an Enhanced Infrastructure Finance District, and forward recommendations to the Ports, Transportation, and Infrastructure Committee, and;

Request the Ports, Transportation, and Infrastructure Committee to review the recommendations of the Climate Action and Environmental Committee, working with appropriate City staff, the Infrastructure Funding Alliance, Southern California Edison, labor organizations, and other stakeholders to be identified, and forward recommendations to the City Council.

DISCUSSION:

The Infrastructure Funding Alliance approached Harbor staff and City Council offices in 2021 regarding a Zero-Emissions freight corridor project white paper, originally prepared for Edison International, that would reduce truck trips into the Port complex and provide a significant, grid-level electricity storage element to help with regional power grid resiliency. Harbor staff were generally supportive of the idea in concept but did not at the time have the capacity nor the direction to engage further with the proposal.

Throughout 2021 and into 2022, the Infrastructure Funding Alliance has been in active communication with local elected leaders, labor unions, Harbor staff, and other regional partners about their proposal. The response from each has been generally positive. The project is proposed to be financed by the formation of an Enhanced Infrastructure Financing District, which is an incremental tax mechanism. Such a structure would



affect both the City's and the County's tax base and needs to be further analyzed by staff in conjunction with County staff.

The project would implement project development, environmental analysis, and business plan development. It would include transportation technology that facilitates bi-directional "Free Flow" of containers between docks and shipping terminals using carbon-free electric transportation. The technology that enables the bi-directional free flow of containers between the docks and shipping terminals would reduce truck traffic on the 710 freeway and idling in the Port complex. The 710 freeway is an overwhelmed portion of the regional system. This project would increase capacity in "last mile movement".

Marine containers would move quickly from the Port terminals along an elevated concrete aerial span guideway to transshipment nodes, described in the proposal as Freight Villages, to expedite delivery to cargo owners, customers, and new manufacturing centers in the immediate Port area.

The concrete aerial span guideway is also proposing to house new high-temperature superconducting wire (HTS). This superconducting wire HTS as proposed would take the place of old high-voltage power lines that deliver electricity to the ports, freeing up as many as 1,200 acres of valuable right-of-way land immediately adjacent to the Port, which could be repurposed for new uses.

This zero-emissions goods movement project as described would reduce emissions from goods transportation, directly benefiting local impacted communities, predominantly communities of color who have suffered for decades. The regional air quality would also be considerably improved, and the proposed grid-scale energy storage system is promising, especially as continuity of operations at our ports is extremely important. The surge capacity of stored power could provide stability to assist with the regional transition to zero-emission energy sources.

*As a note of historical context, when the state power grid is stressed due to cloudy, windless days with high summer temperatures, there have been times when ships in the Ports were ordered to disconnect from shore power to reduce demand on the electrical grid, unfortunately increasing local pollution as ships switched to onboard generators. Grid-scale electricity storage could potentially alleviate this issue.

The labor community is a critical part of this project. The proposers have conducted significant outreach to the labor community, and so far, have obtained letters of support from IBEW-NECA Local 11, Teamsters Local 848, and UAW-LETTC, and outreach to ILWU and others continues.



Finally, given the cargo surge recently and still impacting our local air quality severely, with effects rippling throughout the entire national supply chain, it is crucial to explore additional efficiencies and capacity in our Port complex to improve cargo throughput via zero-emission systems.

This proposal is promising and deserves further consideration and analysis by this City Council. The City Council should broadly support this proposal and utilize the Committee structure to undertake further analysis with staff and the proposers.

This matter was reviewed by Budget Manager Grace H. Yoon on February 28, 2022.

FISCAL IMPACT:

This recommendation requests the Climate Action and Environmental Committee to work with the appropriate stakeholders to better understand the potential regional and local impacts of the proposed "Freedom Villages" project and consider the formation of an Enhanced Infrastructure Finance District. The recommendation also requests the Ports, Transportation, and Infrastructure Committee to review the recommendations of the Climate Action and Environmental Committee. The future formation of an Enhanced Infrastructure Financing District may require significant resources from the City; therefore, staff will require further research to determine the impact of implementation. The requested action is anticipated to have a minimal impact on staff hours beyond the budgeted scope of duties and is expected to have a minimal impact on existing City Council priorities. There is no local job impact associated with the recommendation.

EQUITY LENS STATEMENT:

Staff will consider issues of equity and access with any program proposals brought forward to ensure the City's commitment for everyone reaching their highest level of health and potential for a successful life, regardless of background, neighborhood, or identity.