

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: November 15, 2022

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Iso *Anak Keotahian - rg For* Assignment No: 22-09-0553
Chief Legislative Analyst

SUBJECT: Los Angeles Harbor Department 2023-2024 Legislative Proposals.

CLA RECOMMENDATION:

1. ADOPT the attached Resolutions recommending legislative positions for the 2023-2024 Federal Legislative Program, as submitted by the Los Angeles Harbor Department, to support legislative proposals that would:
 - Streamline the National Environmental Policy Act clearance process, and allow the use of state-prepared NEPA documents and clearances for National Highway Freight Network projects.
 - Utilize unspent Harbor Maintenance Tax revenues in a manner consistent with the framework outlined in the 2020 Water Resources Development Act.
2. ADOPT the attached Resolutions recommending legislative positions for the 2023-2024 Federal and State Legislative Programs, as submitted by Los Angeles World Airports, to support legislative proposals that would:
 - Create funding opportunities for the development of workforce development programs focused on training for zero-emission technologies.
 - Provide funding to implement and continue to advance the objectives of the Clean Air Action Plan.
 - Provide funding for grid and shoreside power infrastructure in concordance with the objectives of the Clean Air Action Plan and the Governor's Executive Order N-79-20.
 - Provide funding opportunities to expand the Port Optimizer consistent with stakeholder needs.
3. INSTRUCT the Chief Legislative Analyst (CLA), with assistance of the Los Angeles Harbor Department, to monitor the following proposals, and instruct the CLA to report and prepare resolutions, if necessary, when additional details regarding the legislation are available:
 - Legislation that seeks to address supply chain disruption, cost, and inefficiency.

SUMMARY

The Mayor and Council President requested that City departments submit recommendations for

legislation to be included in the 2023-2024 Federal and State Legislative Program. In response, Los Angeles Harbor Department (POLA) submitted multiple proposals for consideration. Our office recommends that Council support a number of these proposals and monitor for specific legislation as described in this report.

BACKGROUND

The Harbor Department (POLA) groups its policy and legislative priorities by their adherence to two of its 2018-2022 Strategic Plan Objectives: World-Class Infrastructure that Promotes Growth and A Secure, Efficient, and Environmentally Sustainable Supply Chain.

World-Class Infrastructure that Promotes Growth

The Infrastructure Investment and Jobs Act (IIJA) dedicated \$17 billion to ports and waterway infrastructure. The California state budget provided approximately \$1.2 billion for port and freight infrastructure. The IIJA establishes the Office of Multimodal Freight Infrastructure and Policy within the US Department of Transportation (USDOT), which will oversee the development of the National Freight Plan, planning activities, and grant coordination across modal administrations within USDOT. POLA states its intention to work with the relevant agencies and authorities to coordinate infrastructure investments across the region in accordance with a plan to address supply chain disruption while advancing sustainability and equity.

POLA states that one of its advocacy priorities is to streamline the clearance process for the National Environmental Policy Act. Currently, various modal administrations have different procedures for the clearance process. Additionally, POLA cannot use state-prepared NEPA documents and clearances for National Highway Freight Network projects, and is required to duplicate documents and clearances for USDOT that were already approved by Caltrans.

The state budget included funding for the nation's first Goods Movement Workforce Training Campus, to be located at the Port of Los Angeles. POLA recommends support for legislation that would create funding opportunities for the development of workforce development programs focused on training for zero-emission technologies, which will help POLA implement the Clean Air Action Plan (CAAP), a collaborative air quality plan developed in collaboration with the Port of Long Beach.

POLA states that data sharing and digital infrastructure can increase the efficiency with which existing infrastructure is used, empower cargo owners to optimize their supply chains, and improve asset utilization thereby reducing air emissions. The Port Optimizer is an information portal designed to digitize maritime shipping data for cargo owners and supply chain stakeholders through secure, channeled access. POLA recommends support for legislation that would expand the Port Optimizer consistent with stakeholder needs. POLA also states its intention to work with relevant federal and state agencies on a number of other digitalization and digital infrastructure fronts, including the Maritime Transportation Data Initiative, Freight Logistics Optimization Works initiative, and the Port Containerized Interoperability Grant Program.

A Secure, Efficient and Environmentally Sustainable Supply Chain

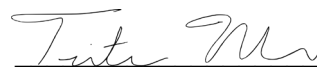
POLA notes that congestion across the supply chain made it more vulnerable, subject to prolonged delays and increased costs, and created more emissions of greenhouse gas and criteria pollutants. POLA's legislative and policy objectives for 2023-2024 are centered on addressing these issues.

The 2020 Water Resources Development Act (WRDA) included provisions for addressing water infrastructure policy and financing. It included reforms for fair and equitable allocation Harbor Maintenance Tax (HMT) revenues, by increasing allocations for ports that generate a significant share of the revenues. HMT is collected on the value of imports, certain domestic cargo, and on cruise passengers. Additionally, the Coronavirus Aid, Relief, and Economic Security Act also included the authorization of the full utilization of the Harbor Maintenance Trust Fund. Both funding mechanisms require Congress to appropriate these allocations through legislative action. POLA recommends support for legislation that would implement the WRDA's water infrastructure policies, and ensure that annual appropriations adhere to the 2020 WRDA HMT allocation framework.

POLA notes that IJJA, the California State Budget, and the Inflation Reduction Act open multiple opportunities to advance implementation of the CAAP, especially with respect to 100% zero emission cargo handling equipment by 2030 and 100% zero emission drayage trucks by 2035. In order to reach the electrification levels envisioned under the CAAP and the Governor's Executive Order N-79-20, POLA recommends support for legislation that would provide funding for grid and shoreside power infrastructure, which will allow ships to gather power for electricity instead of idling at berth.

Supply chain disruption has become an intense area of focus and both the state and federal levels. POLA indicates its intention to continue to participate in regular meetings of the federal Supply Chain Disruption Task Force, which works to identify problems as they arise and work collaboratively to develop solutions. POLA states that it will continue to monitor legislation that seeks to address supply chain disruption, cost, and inefficiency.

POLA also states its intention to work with federal agencies and regional law enforcement partners to develop of policies to protect the supply chain from pervasive direct and cross-sector cyber-attacks. Additionally, POLA notes that it has been asked to take a leadership role in a number of groups related to international collaboration, focused on issues of supply chain resiliency, data sharing, and shipping decarbonization.



Tristan Noack

Analyst

RESOLUTION

WHEREAS, any official position of the City of Los Angeles, with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, supply chain disruption has highlighted the need for increased investment in goods movement infrastructure at the state and federal levels; and

WHEREAS, as the largest and busiest container port in the United States, the Port of Los Angeles will have opportunities to benefit from these investments; and

WHEREAS, coordination between regional, state, and federal agencies is imperative to ensuring that these investments can appropriately address the challenges facing the ports; and

WHEREAS, one particular opportunity to increase coordination among entities is to streamline the National Environmental Policy Act (NEPA) clearance process; and

WHEREAS, currently, the US Department of Transportation requires different NEPA clearance processes for various modal administrations; and

WHEREAS, while the California Department of Transportation has NEPA assignment authority, the Port of Los Angeles is not able to use state-prepared documents or clearances for National Highway Freight Network projects; and

WHEREAS, it is obviously important to assess the environmental impacts of projects, but there are opportunities to streamline this process without sacrificing the assessments;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 Federal Legislative Program SUPPORT for any legislation that would streamline the National Environmental Policy Act Clearance process by creating a single process for the entire US Department of Transportation, and allowing the use of state-prepared National Environmental Policy Act documents and clearances to be used for National highway Freight Network projects.

RESOLUTION

WHEREAS, any official position of the City of Los Angeles, with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, Harbor Maintenance Tax (HMT), which was created based on the Water Resource Act of 1986, is a fee collected on the value of imports, certain domestic cargo, and on cruise passengers; and

WHEREAS, HMT was designed to provide the nation's ports with funds for port operation and maintenance projects; and

WHEREAS, HMT revenues are placed into a Harbor Maintenance Trust Fund (HMTF), then distributed to ports for maintenance; and

WHEREAS, the Port of Los Angeles is the country's largest and busiest container port, and generates such a significant portion of the HMT revenues nationwide that it is considered a "donor port;" but had historically received less than three percent of the revenue it had generated for the HMTF; and

WHEREAS, the 2020 Water Resources Development Act included a new framework for the allocation of HMT revenues to ports, including increased funding for donor ports, which had previously only received a very small share of the revenues that they had generated through HMT collections; and

WHEREAS, the 2020 Water Resources Development Act also expanded the use provisions for HMT funds, which included new use cases more befitting the needs of the Port of Los Angeles; and

WHEREAS, HMTF monies must be appropriated through legislation; and

WHEREAS, funding from the HMTF is important for the Port of Los Angeles' maintenance needs, and should be distributed in the manner laid out in the 2020 Water Resources Development Act;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 Federal Legislative Program SUPPORT for any legislation that would utilize unspent Harbor Maintenance Tax revenues in a manner consistent with the framework outlined in the 2020 Water Resources Development Act.

RESOLUTION

WHEREAS, any official position of the City of Los Angeles, with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, in 2017 the Board of Harbor Commissioners approved an updated Clean Air Action Plan, which was developed as a collaboration between the Port of Los Angeles (POLA) and the Port of Long Beach; and

WHEREAS, the Clean Air Action Plan (CAAP) sets aggressive emission reduction targets for the ports, and provides a high-level overview of strategies and approaches to achieving its goals; and

WHEREAS, the Infrastructure Investment and Jobs Act, the Inflation Reduction Act, and the California State Budget all provide POLA with funding opportunities to continue its implementation of the CAAP, particularly with respect to the goals of 100% zero emission cargo handling equipment by 2030 and 100% zero emission drayage trucks by 2035; and

WHEREAS, concordant with these goals, POLA has recognized the importance of tailoring workforce development initiatives to these new technologies; and

WHEREAS, in addition to workforce development, POLA will need resources to ensure that it has the infrastructure to achieve the electrification levels envisioned in the CAAP;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 State and Federal Legislative Programs SUPPORT for any legislation that would provide funding for the development of workforce development programs focused on training for zero-emission technologies.

BE IT FURTHER RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 State and Federal Legislative Programs SUPPORT for any legislation that would provide funding for the implementation and continued advancement of the objectives of the San Pedro Bay Ports' Clean Air Action Plan.

BE IT FURTHER RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 State and Federal Legislative Programs SUPPORT for any legislation that would provide funding for grid and shoreside power infrastructure.

RESOLUTION

WHEREAS, any official position of the City of Los Angeles, with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the Port of Los Angeles is the United States' largest port by container volume; and

WHEREAS, the Harbor Department states that accelerating digitalization for an end-to-end supply chain continues to be a top priority; empower cargo owners to optimize their supply chains, and improve asset utilization thereby reducing air emissions; and

WHEREAS, improvements in data sharing and investments in digital infrastructure can serve physical infrastructure investments, by increasing its efficiency, prolonging its usefulness, or revealing new opportunities; and

WHEREAS, in 2017, the Port of Los Angeles launched the Port Optimizer, which serves as an information portal designed to digitize maritime shipping data for cargo owners and supply chain stakeholders; and

WHEREAS, the Port Optimizer enhances supply chain performance by presenting data-driven insights to multiple stakeholders across the supply chain, allowing for increased collaboration between stakeholders; and

WHEREAS, further investment in digital assets like the Port Optimizer can result in easier planning and improve the efficiency of other assets at the Port;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 State and Federal Legislative Programs SUPPORT for any legislation that would provide funding for to expand the Port Optimizer consistent with stakeholder needs.