

DATE: November 8, 2022

SUBJECT:

..Title

ADOPT A RESOLUTION IN ACCORDANCE WITH BOARD POLICY NO. 360, AUTHORIZING STAFF TO ISSUE A REQUEST FOR PROPOSALS (RFP) TO DEVELOP ZERO EMISSION (ZE) INFRASTRUCTURE FOR HEAVY DUTY (HD) TRUCKS ON TIDELANDS LOCATED AT THE INTERSECTION OF 19TH STREET AND TIDELANDS AVENUE IN NATIONAL CITY, AND ANY OTHER POTENTIALLY VIABLE LOCATIONS ON TIDELANDS WHICH STAFF OR RFP RESPONDENTS MAY IDENTIFY, AND PROVIDE DIRECTION TO STAFF.

..Body

EXECUTIVE SUMMARY:

The Maritime Clean Air Strategy (MCAS) includes a vision of “Health Equity for All” and 38 near-term objectives, several of which aim to reduce emissions from maritime-related activities and industries. Importantly, the MCAS aspires to achieve 40 percent zero emission (ZE) heavy-duty (HD) truck trips to and from the District’s marine cargo terminals by June 30, 2026, and 100 percent ZE HD truck trips by December 31, 2030. Infrastructure to power these ZE trucks, whether battery electric- or hydrogen fuel cell-powered, is critical to achieving these aspirations. MCAS Truck Goal 2 focuses on facilitating the deployment of infrastructure to support the transition to ZE trucks. More specifically, Truck Objective 2A directs staff to present a concept plan to the Board of Port Commissioners (Board) that identifies four potential HD truck infrastructure locations within the region to support the deployment of ZE trucks.

As the first step to implement Truck Goal 2 and Truck Objective 2A, staff released a Request for Information (RFI) solicitation for ZE Infrastructure for HD trucks serving the District and the region in order to learn more about the emerging technologies and the associated business models, as well as the appropriate site concepts and features the District should consider in the development of future ZE truck infrastructure sites. The RFI was open from May 23, 2022 to July 25, 2022 and identified four sites located on District Tidelands and four Regional Locations throughout San Diego County, along routes frequented by trucks traveling to and from the District’s marine cargo terminals, that could potentially be developed as infrastructure sites. Staff received 18 responses from a wide range of respondents including contractors and energy companies well-versed with installing turn-key infrastructure solutions, “startups” backed by venture capital firms, international corporations, truck manufacturers, and charging station vendors. Responses proposed both battery electric and hydrogen fuel cell infrastructure under a variety of business models. After reviewing the responses, staff determined that not one response alone met the needs of the District, however collectively, several provided promising site concepts and business models.

In September, staff conducted community and stakeholder engagement on the RFI responses and staff’s proposed next steps. The feedback received generally indicated that stakeholders are excited and supportive of the District’s goal to have increased ZE

trucks serve the District and deploying the infrastructure to fuel those trucks. However, some feedback indicated that one site was not enough while others did not want infrastructure sites located within their neighborhoods. Some stakeholders thought the trucks stops should be open to the public while others wanted to limit the sites to only trucks that serve the District's terminals. Some thought it was good to think regionally and work with Caltrans while others commented that the District should only focus on the District trucking needs.

Based on review of the RFI responses, staff proposes to move forward by requesting the Board adopts a resolution to issue a request for proposals (RFP) to develop zero emission (ZE) for heavy-duty (HD) trucks on Tidelands located at the intersection of 19th Street and Tidelands Avenue in National City, and any other potentially viable locations on Tidelands which staff or RFP respondents may identify. Additionally, staff would continue to collaborate with Caltrans and other public and private partners based in San Diego County to develop regional infrastructure sites at Caltrans-owned property located at, but not limited to, the I-15 and I-76 (Pala Rod) interchange in North County and/or in Otay Mesa adjacent to the international border.

This agenda item will include a presentation that summarizes the RFI, the responses, community and stakeholder feedback, and staff's recommendation on next steps.

RECOMMENDATION:

..Recommendation

ADOPT A RESOLUTION IN ACCORDANCE WITH BOARD POLICY NO. 360, AUTHORIZING STAFF TO ISSUE A REQUEST FOR PROPOSALS (RFP) TO DEVELOP ZERO EMISSION (ZE) INFRASTRUCTURE FOR HEAVY DUTY (HD) TRUCKS ON TIDELANDS LOCATED AT THE INTERSECTION OF 19TH STREET AND TIDELANDS AVENUE IN NATIONAL CITY, AND ANY OTHER POTENTIALLY VIABLE LOCATIONS ON TIDELANDS WHICH STAFF OR RFP RESPONDENTS MAY IDENTIFY, AND PROVIDE DIRECTION TO STAFF.

..Body

FISCAL IMPACT:

This presentation and request for direction has no direct fiscal impact, however, if the Board directs issuance of an RFP, it is anticipated that any resulting project may increase rent paid or reduce maintenance costs to the District. Additionally, the costs of any environmental review are anticipated to be borne by the selected final proposer(s). In the event, a consultant is needed to support staff processing the RFP funds for such an expenditure are budgeted for in the FY 2023 Planning Professional Services Account (#620100).

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.

Commented [h1]: Fiscal Impact:

Refer to:
-D2 1231834 for Standardized Language; and,
-D2 1127469 for Cash Flow Table, if required.

Commented [h2]: Insert a brief statement here regarding how the item supports the strategic goals or objective stated below.
(Remove green highlight and delete all unchecked goals.

- A thriving and modern maritime seaport.
- A Port with a healthy and sustainable bay and its environment.
- A Port with an innovative and motivated workforce.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

As discussed in the Executive Summary, to progress implementation of MCAS Truck Objective 2A, staff released a RFI to evaluate sites, business models and development concepts to deploy ZE Infrastructure for HD trucks serving the District's marine cargo terminals, Tenth Avenue Marine Terminal in San Diego and National City Marine Terminal in National City.

Request for Information (RFI)

The RFI was open from May 23, 2022 to July 25, 2022 and included four sites located on District Tidelands and four Regional Locations throughout San Diego County along routes frequented by trucks traveling to and from the District's marine cargo terminals that could potentially be developed as infrastructure sites.

Sites:

The four sites on District Tidelands included:

- "Dirt Lot" at TAMT (San Diego)
- Pepper Oil (National City)
- 19th Street/Tidelands Avenue NORTH (National City)
- 19th Street/Tidelands Avenue SOUTH (National City)

The four Regional Locations included:

- District Tidelands adjacent
- Otay Mesa
- I-8 Corridor
- I-15 Corridor

Within the four Regional Locations, the Otay Mesa and I-15 Corridor areas also identified specific sites. The Otay Mesa Regional Location included one site owned by Caltrans, adjacent to the future border crossing, and one site owned by de la Fuente Enterprises, presently under long-term lease to Pasha Automotive. The I-15 Corridor Regional Location included another Caltrans owned site located at the Park and Ride at Pala Mesa and I-76, which includes some already installed below ground infrastructure that could be leveraged to support EV charging for HD trucks.

Requested Content of Proposals:

For each District Tidelands and Regional Location site identified in the RFI, the following information was requested: (1) design concepts; (2) business models and operational plans; (3) technical barriers; (4) high-level cost considerations; and (5) proposed role of the District in such opportunities. Respondents were instructed to respond to sites they deemed as viable candidates for future infrastructure development.

The RFI sought to further understand the following issues related to publicly accessible HD truck electric charging and/or hydrogen fueling: (1) development interest; (2) business models; (3) District support; (4) siting preferences; (5) configuration potential; (6) capacity; (7) cost and timelines; (8) terms of agreements; (9) barriers; and (10) risks.

Responses to RFI

Staff received 18 responses from a wide range of respondents including contractors and energy companies well-versed with installing turn-key infrastructure solutions, “startups” backed by venture capital firms, international corporations, truck manufacturers, and charging station vendors. Responses proposed both battery electric and hydrogen fuel cell infrastructure under a variety of business models. After reviewing the responses, staff determined that not one alone met the needs of the District, however collectively, several respondents provided promising site concepts and business models to be considered as the District moves forward. The preferred concepts and models staff identified include:

- Turn-key Infrastructure
- Prioritize District trucking needs
- Development of infrastructure under a lease term
- Revenue-share models
- Preference for most financially feasible project and business model
- Demonstrated infrastructure development experience
- Integration of distributed energy resources including, but not limited to: microgrids; battery energy storage; solar; and energy management

Staff recognizes that developing enough infrastructure to support the transition to ZE HD trucks will be an iterative process and thus, has determined to initially focus on developing one battery electric charging site and expand the scope of infrastructure sites and technologies (e.g., hydrogen fuel cell) as the technology advances. The technology for ZE HD trucks is rapidly evolving and it is prudent to focus on one site at a time, recognizing that battery electric technology is more established. Future phases may explore deployment of more sites once higher capacity battery electric charging is available for HD trucks and hydrogen fuel cell technology is further developed. In addition, a phased approach offers the District the ability to leverage lessons learned that may benefit future phases of infrastructure development.

Out of all the proposed Tidelands sites and Regional Locations, respondents found the two sites located at the intersection of 19th Street and Tidelands Avenue in National City, one located at the northwest side of the intersection and the other located at the southwest side, to be the most viable candidates for future infrastructure development. The two Caltrans owned sites included in the Otay Mesa and I-15 Corridor Regional Locations were also found to be viable. Based on these responses, staff proposes to move the project forward with a two-fold approach: (A) issue a RFP to develop ZE truck infrastructure on Tidelands at one of the 19th Street and Tidelands Avenue sites in National City; and (B) collaborate with Caltrans to develop regional infrastructure sites at Caltrans-owned property located at, but not limited to, the I-15/I-76 Pala Road interchange in North County and/or in Otay Mesa adjacent to the international border.

Community and Stakeholder Engagement

In September, staff conducted community and stakeholder engagement on the RFI, the response received, and staff's proposed next steps and received mixed feedback. Staff presented at the following meetings:

- Coordination with Caltrans and San Diego Gas and Electric (SDG&E) – September 12, 2022
- District's Maritime Stakeholder Forum – September 15, 2022
- National City, City Council – September 20, 2022
- Barrio Logan Community Planning Group – September 21, 2022
- AB 617 Portside Communities Steering Committee – September 27, 2022

Generally, community members and stakeholders are excited and supportive of deploying infrastructure to support ZE trucks, however there are concerns that the proposed staff recommendation is not enough to support the District's ZE truck ambitions (e.g., 40% of all trucks calling the District's marine cargo terminals to be ZE by 2026). There are also concerns that the initial infrastructure available on Tidelands will only be in National City creating additional traffic congestion and increased operational impacts and not within other areas of the District's jurisdiction, for example the City of San Diego. Provided the MCAS Truck Objective 2A calls for "potential public-facing" charging, which is also in line with the San Diego Air Pollution Control District's Community Emissions Reduction Program (CERP) Action E1, there are concerns that the proposed infrastructure site at 19th Street and Tidelands Avenue will draw even more trucks, albeit ZE, to the National City community in search of (what is currently limited) infrastructure to charge ZE HD trucks.

Staff responded to these concerns by reminding community members and stakeholders that building this new and emerging infrastructure to support the transition to ZE HD trucks will be an iterative process and that this is only the beginning of a long-term effort to build enough infrastructure to support the MCAS ZE truck aspirations. Additionally, since the District is the first public agency in the region to commence developing such infrastructure, the District wants to be a leader for the region and explore the opportunity for sites to be publicly accessible, albeit with priority preference granted to trucks calling the District's marine cargo terminals, in order to assist with creating a ZE HD truck infrastructure network in San Diego County. In time, other partners will likely build additional infrastructure that ZE HD trucks calling to the District's marine cargo terminals will also be able to utilize, off Tidelands.

Next Steps

Pending Board authorization, staff would issue a RFP to develop ZE truck infrastructure on Tidelands located at the intersection of 19th Street and Tidelands Avenue in National City, and any other potentially viable locations on Tidelands which staff or RFP respondents may identify. The site at the northwest corner of the intersection is approximately 8.2 acres and the site at the southwest corner of the intersection is approximately 5 acres. Which site staff decides to move forward with, or the decision to move forward in developing both and/or additional sites, would depend on the responses received and business models and concepts proposed. Staff anticipates to release the RFP within the first quarter of the 2023 calendar year and select a respondent(s) prior to

the year's end. Prior to releasing the RFP, staff plans to notify all parties that demonstrated interest in the RFI, whether they responded to the solicitation or not, of the forthcoming RFP development opportunity. Upon receipt of responses, staff would evaluate each against the criteria identified in the RFP, which would be based on the preferred concepts and models identified above, as well as likely consultation with a third-party consultant, that would assist in the design of the RFP and evaluation of development proposals.

Additionally, staff would continue to collaborate with Caltrans and other public and private partners in San Diego County to develop regional infrastructure sites at Caltrans-owned property located at, but not limited to, the I-15 and I-76 (Pala Rod) interchange in North County and/or in Otay Mesa adjacent to the international border.

General Counsel's Comments:

The Office of the General Counsel has reviewed and approved this agenda and proposed resolution, as presented, as to form and legality.

Environmental Review:

This Board item does not constitute an "approval" or a "project" under the definitions set forth in California Environmental Quality Act (CEQA) Guidelines Sections 15352 and 15378 because no direct or indirect changes to the physical environment would occur. CEQA requires that the District adequately assess the environmental impacts of its projects and reasonably foreseeable activities that may result from projects prior to the approval of the same. Any project approval resulting in a physical change to the environment will be analyzed in accordance with CEQA prior to such approval. CEQA review may result in the District, in its sole and absolute discretion, requiring implementation of mitigation measures, adopting an alternative, including without limitation, a "no project alternative" or adopting a Statement of Overriding Consideration, if required. The current Board direction in no way limits the exercise of this discretion. Therefore, no further CEQA review is required.

In addition, this Board item complies with Section 87 of the Port Act, which allows for the establishment, improvement, and conduct of a harbor, and for the construction, reconstruction, repair, maintenance, and operation of wharves, docks, piers, slips, quays, and all other works, buildings, facilities, utilities, structures, and appliances incidental, necessary, or convenient, for the promotion and accommodation of commerce and navigation. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, this update is consistent with the Public Trust Doctrine.

Finally, this Board item does not allow for "development," as defined in Section 30106 of the California Coastal Act, or "new development," pursuant to Section 1.a. of the District's Coastal Development Permit (CDP) Regulations because it will not result in, without limitation, a physical change, change in use or increase the intensity of uses. Therefore, issuance of a Coastal Development Permit or exclusion is not required. However,

development within the District requires processing under the District's CDP Regulations. Future development, as defined in Section 30106 of the Coastal Act, will remain subject to its own independent review pursuant to the District's certified CDP Regulations, PMP, and Chapters 3 and 8 of the Coastal Act. The Board's direction in no way limits the exercise of the District's discretion under the District's CDP Regulations.

Diversity, Equity, and Inclusion Program:

This agenda sheet has no direct DEI impact on District contracting and workforce reporting at this time.

PREPARED BY:

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Attachment(s):

Attachment A: Request for Information (RFI) for ZE Infrastructure for HD trucks
serving Port of San Diego and the San Diego Region
Attachment B: Draft Presentation