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California State Assembly

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INFORMATIONAL HEARING

Goods Movement in California: *What do we need to support a vibrant economy?*

Monday, August 24, 2015
1:30 p.m. ♦ State Capitol, Room 4202

Background Paper

Introduction

The purpose of today's hearing is to learn what is needed to develop a vigorous freight system in California - one that moves goods efficiently, reduces emissions, and supports a vibrant economy. To this end, representatives of the California State Transportation Agency (CalSTA), California Air Resources Board (ARB), Southern California Association of Governments, San Diego Association of Governments, and other key goods movement stakeholders will discuss their perspectives on how we can create this type of freight system in California.

Background

California is one of the largest economies in the world with a gross state product of more than \$1.9 trillion. California's goods movement system is the bedrock of the economy, with land, air, and sea ports of entry serving as key international commercial gateways responsible for the more than \$500 billion in products entering and exiting the United States each year.

In addition to the nearly limitless opportunities that California's goods movement industry brings to the state, the industry presents tremendous challenges, particularly those related to marine shipping and trucking. For example, in the Los Angeles area, port-related traffic impacts the quality of life for residents throughout the region by way of increased traffic congestion, noise levels, and air pollution. These impacts are keenly felt in low-income and disadvantaged communities near transportation hubs and corridors.

Proposition 1B

To begin to address these impacts, in 2006 voters approved Proposition 1B, which authorized the issuance of nearly \$20 billion in general obligation bonds to fund transportation projects to relieve congestion, improve the movement of goods, improve air quality, and enhance the safety and security of the transportation system. Among other programs, Proposition 1B created the Transportation Corridor Infrastructure Fund (TCIF), a \$2 billion program to improve goods movement. The TCIF program, administered by the California Transportation Commission, was devoted to infrastructure improvements along federally designated "Trade Corridors of National Significance" or along other corridors within the state that have a high volume of freight movement. The \$2 billion in Proposition 1B TCIF funds attracted a wide range of additional private, local, regional, and federal investments that ultimately resulted in the completion of 69 freight projects valued at \$6.5 billion. Although the TCIF program is still in existence, all Proposition 1B monies are fully obligated and no other funding sources have been committed to the program.

Current planning efforts

The most recent federal transportation reauthorization, the Moving Ahead for Progress in the 21st Century Act (MAP-21), specifically addresses the need for comprehensive goods movement planning across the nation. Although MAP-21 did not specifically require states to produce freight plans, it signaled that those states with freight plans in place would be primed to receive federal monies for goods movement should funds become available. MAP-21 also directed the U.S. Department of Transportation (USDOT) to develop a national freight program to provide a basis for federal investment in trade-facilitating infrastructure development. MAP-21 also directed USDOT to convene a National Freight Advisory Committee to advise and make recommendations to the USDOT on matters related to freight transportation in the United States.

AB 14 (Lowenthal), Chapter 223, Statutes of 2013, answered MAP-21's call for state freight planning and mandated the preparation of a state freight plan by CalSTA. AB 14 also established the California Freight Advisory Committee whose membership represents a broad cross section of state, federal, local, business and community interests in goods movement. Specifically, AB 14 required CalSTA to complete the state freight plan with specified elements to govern immediate and long-range planning activities and capital investments with respect to freight movement. The freight plan, which was released on December 31, 2014, identified \$168 billion worth of freight-related infrastructure projects across the state. Of the \$168 billion, top priority goods movement projects totaled of \$30 billion.

In an effort to reduce diesel particulate matter and greenhouse gas emissions in the freight sector, the ARB released a discussion document earlier this year entitled "Sustainable Freight: Pathways to Zero and Near-Zero Emissions." This document identifies and recommends measures to reduce freight sector emissions and will serve to inform ARB's Sustainable Freight Strategy that is expected to be released later this year.

In July 2015, Governor Brown issued Executive Order B-32-15, ordering the Secretaries of CalSTA, California Environmental Protection Agency, and the Natural Resources Agency to

lead relevant state departments in developing an integrated freight action plan by July 2016. Specifically, the Governor noted that the integrated plan must establish clear targets to improve freight efficiency, include a transition to zero-emission technologies, and increase competitiveness of California's freight system. It is envisioned that CalSTA's state freight plan and ARB's Sustainable Freight Strategy will be melded, with input from relevant stakeholders, into a single, statewide planning document that addresses goods movement.

In June, the Governor called a special session to fix how California funds roads, highways, and other infrastructure. When announcing the special session, the Governor pointed out that repair, maintenance, and efficient operation of the state's highway system are vital to the state's continued economic growth but that current funding fails to adequately fund the needed work, noting that about \$5.7 billion in repairs go unfunded annually. For the special session, the Governor has directed the Legislature to enact permanent and sustainable funding to maintain and repair the state's critical infrastructure, improve the state's key trade corridors, and complement local infrastructure efforts.

Conclusion

With the possibility that long-term funding will be available for key freight corridors, it is important that the Legislature determine exactly how freight system needs should be addressed and how investments should be prioritized. Given that needs are great and resources are limited, it is important that the Legislature understand what is contained in existing state and local plans and talk with stakeholders, particularly system end users, to ensure that the projects that are funded give us the greatest "bang for our buck." It is critical that these projects not only help us achieve our air quality goals, but also help us achieve the goal of enhancing our freight system in a way that grows our economy and creates jobs.