



The California Trade Coalition

A Coalition Working to Keep California Competitive in a Global Economy

American Chemistry Council

APL Ltd.

Associated General
Contractors of California

California Association
of Port Authorities

California Business
Properties Association

California Business
Roundtable

California Chamber
of Commerce

California Manufacturers
& Technology Association

California Nevada Cement
Promotion Council

California Railroad Industry

California Retailers
Association

Consumer Electronics
Association

Grocery Manufacturers
Association

Industrial Environmental
Association

International Council
of Cruise Lines

International Council
of Shopping Centers

Matson Navigation Company

Maersk Inc.

Pacific Merchant
Shipping Association

Retail Industry Leaders
Association

Society of the
Plastics Industry

SSA Marine

Western Home
Furnishings Association

Western States
Petroleum Association

October 25, 2013

Kome Ajise, Deputy Director
CalTrans
1120 N St., MS-49
Sacramento, CA 95814

Delivered via e-mail to cfac@dot.ca.gov

RE: Draft National Freight Policy Recommendations for CFAC Consideration

Dear Mr. Ajise:

On behalf of the California Trade Coalition (CalTrade) we respectfully submit our comments on the draft Freight Policy Recommendations for Consideration by the CFAC at its next meeting. Our coalition is comprised of trade-related businesses and organizations throughout the supply chain that are dependent upon adequate goods movement facilities and efficient port operations in California.

We have reviewed the initial draft and submit the attached alternative for your consideration and review by CFAC. As the issues to be addressed in the development of both the State and National freight policies are not new, CalTrade respectfully suggests that these issues are best addressed in conformance with existing state policy or freight planning principles which have already been adopted by the Legislature or in administrative policy-making processes.

The CalTrade Draft Proposed Alternative, as annotated, reiterates the CFAC's current Vision Statement, the GMAP Policy Statement, and the provisions of SJR 33 (Lowenthal). With respect to the instant tasks ahead in developing a National Freight Policy, CalTrade suggests relying on the legislatively approved policy positions on the issues of the Harbor Maintenance Tax (SJR 15 (DeSaulnier)) and Customs Revenues (AJR 21 (Karnette)), and with respect to project funding selection and eligibility CalTrade would rely on the GMAP Infrastructure Project Selection Criteria and GMAP Accountability Criteria for Continuous and Simultaneous Improvement in public health and air quality.

These policy criteria are well-established, have already been the subject of intense public and stakeholder scrutiny, and represent what had been previously described as consensus processes within the Administration or adopted without controversy by the California State Legislature.

Sincerely,

The California Trade Coalition

[Draft Proposed Alternative] Freight Policy Recommendations for Consideration

As the national gateway for international trade, California enhances economic competitiveness by collaboratively developing and operating an integrated, multimodal freight transportation system that provides safe, sustainable freight mobility. This system facilitates the reliable and efficient movement of freight while promoting a prosperous economy, social equity, and a healthy environment.

CFAC Vision Statement

The State's and our Nation's economy and quality of life depend up on the efficient, safe delivery of goods to and from our ports and borders. At the same time, the environmental impacts from goods movement activities must be reduced to ensure protection of public health.

GMAP Policy Statement

The goods movement and logistics industry is an increasingly import sector of good jobs for Californians and throughout North America. It is vital to grow the industry by improving the essential infrastructure needed to move goods from California's ports to the rest of the country with a focus on the entire "coast to border" system of facilities, including seaports, airports, railways, dedicated truck lanes, logistics centers, and border crossings. This system of facilities is critical to the national goods movement network and must be the focus of a national freight policy.

Improving goods movement infrastructure also is pivotal to relieving congestion on freeways and increasing mobility for everyone nationwide, but especially in California. Further it is vital that local, state and federal authorities cooperate to ensure port, rail and road safety and security.

It is the recommendation of California that the national freight policy must improve and expand the goods movement industry and infrastructure in a manner which will:

- Generate jobs
- Increase mobility and relieve traffic congestion
- Improve air quality and protect public health
- Enhance public and port safety
- Improve the nation's quality of life

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Interstate and international trade activity through California's airports, land ports of entry, and seaports is crucial to the overall health of the state, national, and international economies; facilitates the creation of millions of jobs with higher than average wages; and contributes billions of dollars in federal, state, and local tax and fee revenues. The national supply chain, national economy, and international standing of the United States benefits from and depends on the airport, land port of entry, and seaport infrastructure that has been developed to facilitate interstate and international trade by the State of California, its local governments, and its residents.

SJR 33
(Lowenthal)
Resolution
Chap. 100,
Statutes of
2010

While there are many important benefits from facilitating international trade and California recognizes the need to continue to invest in its trade and freight infrastructure, the appropriate development of that infrastructure is impeded due to the lack of federal funding and a federally endorsed national freight policy.

SJR 33
(Lowenthal)
Resolution
Chap. 100,
Statutes of
2010

The primary responsibility for facilitating interstate and international trade and for mitigating the impacts of that trade rests with the federal government. But, the significant costs, both direct and indirect, of facilitating interstate and international trade rest primarily with the State of California, its local governments, or its citizens:

- California’s multiple airports of international significance facilitate interstate and international trade in the national interest, and operate within an aviation system facilitated by the Federal Aviation Administration, the Transportation Security Administration, and numerous other federal agencies.
- California’s significantly improved infrastructure at the land ports of entry at the United States-Mexico border facilitate interstate and international trade in the national interest and, with little federal participation in the creation of additional freight capacity beyond the immediate border region to mitigate the impacts, this international trade occurs under the auspices of the North American Free Trade Agreement and is regulated by United States Customs and Border Protection and numerous other federal agencies.
- California’s 11 public seaports, whose numbers include the first, second, and fifth busiest container ports in the country, facilitate interstate and international trade in the national interest, are locally financed entities that do not receive regular federal assistance or benefit from a fair percentage of the customs revenue (of which approximately \$8 billion is generated in California) or from the federal Harbor Maintenance Tax, and operate within a maritime commerce system facilitated by the Federal Maritime Commission, United States Customs and Border Protection, United States Coast Guard, and numerous other federal agencies.
- California taxpayers have recently committed \$3.1 billion of taxpayer funds to improve the international goods movement infrastructure in California, invest in additional seaport security measures, and reduce air pollution from international goods movement in California.

A lack of significant federal investment in interstate and international trade infrastructure in California has significant costs, most notably the additional impacts of traffic congestion on our local roads, highways, and railways; the emissions from heavy-duty equipment, trains, trucks, and ships on air quality and public health; and the public financing burdens associated with building and maintaining the transportation infrastructure necessary to grow and facilitate interstate and international trade.

The creation of a national freight policy would provide a federal basis for investment in trade-facilitating infrastructure development, public and private participation in financing trade infrastructure, significant emissions reductions and air quality benefits, and a platform for the equitable distribution of federal funds such that California and its local transportation partners would receive their fair share of those revenues.

SJR 33
(Lowenthal)
Resolution
Chap. 100,
Statutes of
2010

To achieve these goals it is imperative that the federal government develop its National Freight Policy with a focus on the immediate tasks of defining the National Freight Network, establishing a dedicated and adequately funded National Freight Infrastructure Program, and then establishing the criteria by which federal funds will be utilized to enhance and grow the National Freight Network.

~~Better Definition of Defining the National Freight System Network:~~

- Expand the primary freight network identified in MAP-21 beyond the currently designated 30,000 centerline highway miles, to include additional state and local connector routes to intermodal facilities such as seaports, intermodal rail yards, and airports with substantial cargo volumes, and other key freight facilities.
- Expand the network to include additional state highways and local roads with truck volumes that meet national thresholds.
- Expand the primary freight network to include seaports, railroad facilities, airports, ~~maritime~~ navigation channels connecting to seaports ~~included in the network~~, *dedicated truck lanes, logistics centers, border crossings*, and other key facilities that meet national freight thresholds.

Create A Dedicated and Adequately Funded National Freight Infrastructure Program:
~~Fund Sources~~

- *Initially fund the National Freight Infrastructure Program at a minimum of \$2 billion per year as contemplated upon the approval of MAP-21 and as discussed as a component of establishing projects of national significance.*
- ~~Add a Harbor Maintenance Tax expenditure requirement to utilize funding and not let it sit in the Trust Fund beyond a 20% reserve for emergencies. Expenditures should be 90% return to state of origin, with states selecting projects following national guidelines.~~
- Significantly increase federal funding from the Harbor Maintenance Trust Fund surplus for navigational improvements and continued operational and maintenance dredging in those federal channels that serve ports such that these expenditures equal the amounts contributed by each state. Otherwise, those states with ports which generate cumulative Harbor Maintenance Tax revenues in excess of the amounts received by ports within that state should end further contribution to the Harbor Maintenance Trust Fund.
- ~~Dedicate a percent of Customs fees proportional to amount of revenue generated in the Custom District to implement freight system preservation, maintenance, operations, safety, and security projects in that Custom district.~~
- Ensure a return of an equitable share of the Customs revenues generated by, and collected from, each Customs District in each state for dedication to port-of-entry infrastructure and security improvements.

SJR 15
(DeSaulnier)
Resolution
Chap. 66,
Statutes of
2012

AJR 21
(Karnette)
Resolution
Chap. 63,
Statutes of
2005

- Enable revenue generating activities at safety rest/truck stops with generated funding reinvested in maintenance, operations, rehabilitation, and expansion of those facilities.
- ~~Create a funding program for shortline freight railroads for capital improvements such as improved grade crossings, upgrade of track gauge, and other improvements.~~

Establishing Criteria to Enhance the Performance and Growth of the National Freight Network:

- ~~Create a Freight Program that has dedicated funding, rather than merely making freight projects eligible for existing federal funding at a higher share.~~ The Freight Program should be substantial and targeted to key national priority freight corridors and the full set of multi-modal facilities associated with the corridor.
- ~~Policy recognition~~ Priority should be accorded to those projects which will maintaining the and utilize existing infrastructure to sustain the and grow the throughput, velocity, and efficiency economy of freight movement. To do otherwise will punish those states which have taken the leadership to make critical investments on their own and with their private sector partners.
- Emphasize that community impact reductions are eligible uses of federal freight funding.
- Priority should be accorded to those projects which are located in states which have already adopted rules, regulations, incentives, and operating agreements which will necessarily provide for higher levels of environmental benefits, particularly with respect to air quality and greenhouse gas emissions. To do otherwise will punish those states which have taken a leadership role in addressing environmental impacts from freight movement.

GMAP Criteria for Selection of Infrastructure Projects:
 Increased:
 Throughput, Velocity, Reliability, Connectivity, Efficiency, Other Funding, and Technology.
 Reduced:
 Congestion and Community Impacts.
 (IV.B.)
 &
 GMAP Accountability Criteria for Continuous & Simultaneous Improvement for Public Health and Air Quality:
 1. Ongoing SIP Implementation
 2. CARB Goods Movement Emission Reduction Plan
 3. Project compliance with CEQA
 (VI.B.)