

CALIFORNIA ASSOCIATION OF PORT AUTHORITIES

MEMBERS

Humboldt Bay Harbor District
Port of Hueneme
Port of Long Beach
Port of Los Angeles
Port of Oakland
Port of Redwood City
Port of Richmond
Port of San Diego
Port of San Francisco
Port of Stockton
Port of West Sacramento



OFFICERS

Wayne Darbeau
President
Monique Moyer
Vice President
Dianna L. Baker
Treasurer
Timothy N. Schott
Executive Secretary

October 25, 2013

Mr. Kome Ajise
Deputy Director for Planning and Modal Programs
California Department of Transportation (Caltrans)
1120 N Street, MS-49
Sacramento, CA 95814

Delivered via email to cfac@dot.ca.gov

RE: Comments in response to the Draft National Freight Policy Recommendations

Dear Mr. Ajise:

The California Association of Port Authorities (CAPA) appreciates the opportunity to review and respond to the proposed draft national freight policy recommendations that were distributed recently to members of the California Freight Advisory Committee (CFAC). CAPA is comprised of California's eleven publicly-owned, commercial seaports and is dedicated to maintaining a vigorous and vital port industry in the state. Over 40% of the total containerized cargo entering the United States arrives at California ports, and almost 30% of the nation's exports flow through ports in the Golden State. In addition to a CAPA representative, the CFAC includes members from the Ports of Long Beach, Los Angeles and Oakland.

We would first like to express our appreciation and support for the efforts that have been undertaken both within CFAC and throughout Caltrans and the State Transportation Agency to develop the California Freight Mobility Plan and to achieve consensus on a set of freight principles. We believe that the State of California needs to speak with a stronger unified voice with federal policy makers as current initiatives are underway that relate directly to the requirements of MAP-21 (e.g. the pending US Department of Transportation designation of the Primary Freight Network and development of the National Freight Strategic Plan) as well as the development of the next transportation reauthorization bill.

Draft Freight Policy Recommendations

We feel that this initial draft would benefit from a general reorganization in its structure and intent, including reexamination and reconsideration of the principles which form the basis for the state's freight recommendations, and additional discussion among CFAC members of the timing rationale and the key audiences that this document is intended to inform. The following provides more specific comments/suggestions:

Plan Vision Statement, Goals, and Objectives: Firstly, the preamble should set the framework for the policy recommendations by referencing key elements of the California Freight Mobility Plan, such as the goals and objectives recently confirmed by the CFAC. Further, the introduction should emphasize California's role as the unparalleled trade gateway to the nation, evidenced by the highest concentration of goods movement dependent industries and associated employment in the country (e.g., transportation and warehousing, retail trade, manufacturing, construction and wholesale trade). This type of information would help to better frame the recommendations.

To that end, we would strongly encourage you to build on work already accomplished by the CFAC. We recommend the opening mission statement be replaced with the Revised Draft Freight Plan Vision Statement as discussed by the CFAC membership: "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." As you may recall, the development of even this draft vision statement required significant input and deliberation from the CFAC membership and it would be best to maintain the consistency of such input as the draft principles are developed.

Freight Plan Structure and PNRS: We agree that the development of a multi-modal national freight program should be a state priority, and would support use of merit-based programs such as the Projects of National and Regional Significance (PNRS) as basis for such a freight program. Because a PNRS program is currently contained in MAP-21, it's important to develop a state and federal plan that identifies key priority gateways and corridors within which PNRS would be selected via an objective, merit-based process. These gateways and corridors should be multi-modal in nature (i.e., include highways and freight lines with significant highway-rail crossing delays). The benefit of this structure and process is that it would yield a more rational identification and prioritization of projects in the State plan and ultimately the National Freight Strategic Plan itself. The gateways and corridors should be established with clear, objective criterion, including but not limited to: freight volume (measured by TEUs and tonnage); freight vehicle miles traveled, congested lane miles, and system delays, etc.

It is important to note that the past state efforts, as well as the CFAC work to date, have focused on **major freight gateways and corridors** and those concepts should be reflected in the draft recommendations. Additionally, we would recommend that port authorities, as significant drivers of economic development in the state, should be added as eligible project sponsors of PNRS.

Freight Network: With regard to definition of the National Freight System, we agree that the state and national freight network should be multi-modal and comprehensive (including seaports, intermodal facilities, airports, maritime navigation channels connecting to seaports, and other

freight facilities) in order to reflect the needs of the entire supply chain. As a second tier step beyond the identification of key corridors/gateways, expanding the Primary Freight Network identified in MAP-21 beyond the initial 30,000 centerline highway is recommended. This could be achieved in the next re-authorization, or alternatively, changing the network renewal period from ten years to five years.

Funding: Addressing the proposed dedicated freight fund sources section, we feel that the state would be better advised to first identify overarching goals and objectives and actual recommendations of the state's freight plan before directly moving into the identification of specific freight-related funding sources. We question the suitability of certain items in this section such as the Harbor Maintenance Tax (HMT) and Customs Fees, given the lack of attention devoted to these matters during the CFAC proceedings and discussions. While the goals of these specific policy items may in some cases be meritorious and worthwhile, additional discussion and examination of the underlying policy rationale must be undertaken.

With regard to the HMT specifically, the item would more appropriately be considered within a new "Additional Policy Considerations" section or under the current "Fix the Existing System" portion as the HMT is not a direct freight funding source and should be directed to its intended purposes. We would direct you to S.J.R. 15, signed by Governor Brown in 2012, which has a detailed discussion of the importance of the HMT and its currently authorized uses. CAPA also has put forward HMT principles for reauthorization in the water resources legislation currently being considered by the Congress that can inform further deliberations, and we will share these with you under separate cover.

Specific Modal Recommendations: We also question the level of specificity included in the proposed set of principles. The aforementioned issue of gateways/corridors and PNRS should guide the plan development first. Projects such as truck stops and short-line railroad infrastructure could be yielded out of this overarching process.

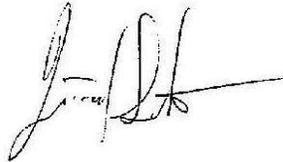
Performance Measures: The U.S. DOT's rulemaking process for MAP-21 performance measures is scheduled to commence later this year. As the CFAC proceeds to develop recommendations specific to freight performance measures in developing the California Freight Mobility Plan, policy recommendations should include some suggestions for key measures. These measures should align with recently established goals and objectives for our statewide plan while ensuring that California's longstanding self-help approach to freight investments is recognized and accounted for in measuring progress towards MAP-21 goals.

Sustainability and Air Quality Issues: California also stands out as having one of the nation's most sustainable and environmentally-responsive freight systems, and the state's ports and their tenants and customers have been at the forefront of ensuring that the ships, trucks, railroad, cargo-handling equipment and related transportation infrastructure that are utilized in the international maritime cargo supply chain are among the cleanest available. We strongly support advocating for a national framework that rewards projects and project sponsors for making progressive and environmentally sustainable investments in trade and transportation infrastructure, while still allowing for ports to successfully compete in a global marketplace. California has a very strong recent history of successful freight programs from Proposition 1B, including projects that improve the efficiency and effectiveness of the freight network as well as

projects and programs that reduce the impacts on local communities. The principles that the State used to advance those successful programs should be incorporated into the recommendations for the future federal program. Programs such as the Trade Corridor Improvement Fund and the California Air Resource Board's (ARB) Goods Movement Emissions programs were built upon the goals of simultaneous improvements in the transportation network and air quality, leveraging additional funding to the greatest extent possible, and focusing on **key gateways and corridors**. The State should seek a national freight program that leverages the significant local, regional, state and private investments being made in California. Thus, we recommend that the prioritization of PNRS, for example, account for emission (including Greenhouse Gases) reductions

Once again, thank you for the opportunity to comment on this proposed draft freight policy and we look forward to additional discussions on this item at the November 6th California Freight Advisory Committee meeting in San Diego. Please feel free to contact me, at (916) 444-7158 or email at tschott@schottlites.com with questions, concerns, or for further discussion.

Thank you,

A handwritten signature in black ink, appearing to read 'Tim Schott', with a long horizontal line extending to the right.

Tim Schott
Executive Director