

Memorandum

Tab 16

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 29-30, 2016

Reference No.: 4.11
Action

From: SUSAN BRANSEN
Executive Director

Subject: **COMMENTS ON THE DRAFT CALIFORNIA SUSTAINABLE FREIGHT ACTION PLAN**

ISSUE:

Should the Commission approve staff comments on the draft California Sustainable Freight Action Plan prepared by the California Air Resources Board (ARB), the California Department of Transportation (Caltrans), California Energy Commission (CEC) and the Governor's Office of Business and Economic Development (GoBIZ)?

RECOMMENDATION:

Staff recommends the Commission approve the attached letter for transmittal in response to the May 3, 2016 draft California Sustainable Freight Action Plan (Action Plan). The comment period deadline is July 6, 2016. Items addressed in the draft comment letter include the following:

1. Clarify the policy intent.
2. Freight industry should be thoroughly involved during the development of any statewide freight plan.
3. Efficiency target should be clarified to resolve ambiguity in calculating the reduction of greenhouse gas emissions.
4. Establish a measurable target for increasing the competitiveness of California's freight transport system.
5. Develop and incorporate an economic analysis of the actions and recommendations.
6. Define "*Sustainable Congestion Reduction*".
7. Articulate that future state funding for freight projects should balance the need to address environmental, efficiency and competitiveness goals.
8. Measures to eliminate CEQA impediments to freight sector competitiveness should be identified and implemented. Suggest the State agencies investigate possible streamlining of the extensive state permitting process necessary for freight projects during the environmental phase.
9. Provide a comprehensive listing of criteria for potential projects that addresses economic and competitiveness issues.
10. Ensure consideration of existing State and regional freight plans.
11. Include details on economic viability and possible funding sources for the three pilot projects identified in the Action Plan. Acknowledgement that other possible pilot projects might be more preferable upon further investigation allowing for future pipeline of suitable projects.

BACKGROUND:

Executive Order B-23-15 was issued in July 2015 directing the California State Transportation Agency, the California Environmental Protection Agency, and the Natural Resources Agency to lead other relevant State departments including ARB, Caltrans, CEC, and GoBIZ to develop an integrated action plan by July 2016 that establishes clear targets to improve freight efficiency, transition to zero-emission technologies, and increase competitiveness of California's freight system.

The four principle State agencies responsible for the development of the Action Plan formed the Freight Efficiency Strategies Development Group made up of freight experts from academia, industry and government. The main purpose of this group was to prepare a series of six white papers that identify promising strategies for increasing the efficiency of the freight system.

Following the completion of the six white papers, the State agencies developed the Action Plan. The Action Plan is intended to integrate investments, policies, and programs across several State agencies to help realize a single State government vision for California's freight transportation system. The plan is intended to provide recommendations on a high-level vision and broad direction to the Governor to consider and State agencies to use when developing specific investments, policies, and programs related to the freight transportation system.

SENATOR JIM BEALL, Ex Officio
ASSEMBLY MEMBER JIM FRAZIER, Ex Officio

SUSAN BRANSEN, Executive Director



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June 29, 2016

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Secretary John Laird
California Natural Resources Agency
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Dear Secretaries Kelly, Rodriquez and Laird,

The California Transportation Commission (Commission) considered the draft California Sustainable Freight Action Plan (Action Plan) prepared in response to the Governor's Executive Order B-32-15 at its May and June meetings. The Commission recognizes and appreciates the extensive efforts undertaken by the State agencies responsible for preparing the Action Plan. As stated in the Governor's Executive Order, policies and investments of State transportation and environmental agencies can influence California's freight system to be more efficient, competitive and environmentally sustainable.

The Commission commends the agencies involved in the development of this plan for highlighting implementation of the successful Trade Corridor Improvement Fund Program (TCIF). This program funded projects that improved mobility while reducing emissions, improving the efficiency of freight infrastructure and benefiting California's economy for many years to come. The Goods Movement Emission Reduction Program (GMERP) administered by the California Air Resources Board was also beneficial in reducing emissions from the freight

sector. Both the TCIF and GMERP programs received a broad range of support and successfully directed funding to important freight transportation improvements.

The Commission has long-supported and approved funding for transportation projects throughout the state with the express purpose of improving California's transportation system and decreasing the transportation related air quality impacts (including greenhouse gas emissions). It is with this perspective that we offer the following comments for your consideration:

1. Clarify Statewide Policy Intent. The Action Plan indicates a lack of State agency unity through a disclaimer that states "*The publication does not signify that the contents reflect the views and policies of any of the preparing or associated agencies, or of the Governor; constitute approval of the agencies to any particular course of action or decision.*" Consensus among State agencies and the Governor on a statewide plan for freight is of the utmost importance to the Commission as it proceeds to develop guidance to inform the California Transportation Plan as well as other important plans and programs. Further, at minimum, the regulated community must rely on alignment among the Administration and state agencies for consistent and transparent implementation.
2. Ensure Freight Industry Involvement. The multimodal freight sector operates as a system of systems with huge investments from both our public and private partnerships. The freight industry needs clarity and certainty as a basis for their future economic investments. It is important that experts responsible for the movement of freight in and through California, such as key representatives serving on both the Freight Efficiency Work Group and the California Freight Advisory Committee (CFAC), are directly involved in the development of any statewide freight policy document. Therefore, while we understand that the CFAC has been briefed on the plan, extensive consultation with private sector experts should be considered to ensure that the California's freight sector competitiveness is not placed at a disadvantage as a result of the proposed policies and programs.
3. Expand Freight System Efficiency Target to Address Velocity and Throughput. The system efficiency target states: "*Improve freight system efficiency 25 percent by increasing the value of goods and services produced from the freight sector, relative to the amount of carbon that it produces by 2030.*" As proposed, system efficiency will be measured by the value of gross domestic product in relation to the amount of carbon dioxide emissions from the freight sector. The value of gross domestic product, an economic output, is not a comprehensive measure of freight efficiency. Specifically, it is difficult to ascertain how efficiency in freight transportation improves by increasing the value of freight moved in and through California while also reducing greenhouse gas emissions. Therefore, a revised system efficiency metric that addresses freight velocity and throughput in addition to gross domestic product should be provided.

4. Establish a Measurable Economic Growth Target for Increasing the Competitiveness of California's Freight Transport System. A specific definition of “competitiveness” should be explained in the plan. For the freight industry, competitiveness may include consideration of cost, velocity and regulatory requirements. Examples of measurements might include market share, trade volumes, and manufacturing output. For regional and State purposes, competitiveness may mean attracting and retaining industry, number of jobs, and investments in the expansion and enhancement of the current freight facilities.

In lieu of a measurable target for increasing competitiveness, the Action Plan calls for fostering actions to lessen immediate potential negative economic impacts, which should be a standard practice for any regulation. However, the Action Plan should additionally set forth a measurable goal coupled with specific steps to increase the competitiveness of California's freight program. Just like freight efficiency and emission reduction goals, it is equally important to ensure a common understanding of the specific economic growth target to be achieved as investment policies and decisions are contemplated. It is also important that actions to achieve this goal are dynamic so as not to hamper private sector innovation and competitiveness.

The work conducted by the Southern California Association of Governments (SCAG) for their recent Regional Transportation Plan (RTP) should be considered in measuring economic progress. SCAG's economic analysis examines the improved economic and job creation performance of the Southern California region that flows as a direct result of the improved transportation system and investment embodied in the RTP. The Commission recommends a quantifiable economic growth target that focuses on growth of the California goods movement/freight sector (jobs, value of goods and services) over some baseline, such as growth of that particular relevant metric compared to the national average over the same time periods. The comparison to a baseline of national or peer averages on the metrics has the advantage of allowing an analysis of competitive factors over the same time period and economic conditions, while removing any exchange rate issues.

5. Identify Impact of Recommendations and Actions to California's Economy. The Commission supports the Action Plan stipulation that subsequent implementation of the proposed actions is conditional upon successful completion of public processes; obtaining necessary financing approvals; as well as economic and environmental reviews. Given the importance of the freight sector to California's economic vitality, an economic analysis of the actions and recommendations as set forth in the Action Plan is critical for achieving the Governor's Executive Order to increase the economic competitiveness of the freight sector in California. Therefore, it is important that a credible economic analysis be completed as soon as possible.

6. Define Sustainable Congestion Reduction. The Action Plan sets forth ten guiding principles, one of which is: “*Invest strategically to improve travel time reliability and to achieve sustainable congestion reduction on key bottlenecks on primary trade corridors.*” The phrase “*sustainable congestion reduction*” should be clarified to ensure consistent interpretation for implementation. A major factor hindering the efficiency and competitiveness of California’s freight system is a result of traffic congestion on key freight routes that have a high percentage of truck traffic. Although new technology holds promise in addressing highway capacity issues, the Action Plan should acknowledge that additional lane capacity to relieve congestion in key corridors may be necessary.
7. Identify the Need for Freight Funding to Comprehensively Achieve Environmental, Efficiency and Competitiveness Goals. While the Governor’s Executive Order requires the State agencies to develop a unified approach to improve efficiency, zero-emission technologies, and competitiveness of California’s freight transport system as a whole, the overarching emphasis of the Action Plan appears to be on achievement of environmental goals. The stated goals of the Executive Order are not mutually exclusive. To achieve the desired results, the plan should acknowledge and provide a framework for future state funding to comprehensively address environmental, efficiency and competitiveness goals.
8. Identify and Implement Measures to Reduce California Environmental Quality Act (CEQA) Impediments to Freight Sector Competitiveness. Modernizing CEQA to reduce the costs associated with implementing infrastructure improvements is important to protecting and promoting California’s freight sector competitiveness. The Action Plan calls upon the Governor’s Office of Planning and Research and other stakeholders to identify process improvements to expedite freight project delivery. The Commission recommends that measures to reduce and/or eliminate significant delays and costs associated with carrying out CEQA compliance in the delivery of freight projects be identified and implemented through this process. A measure to streamline the extensive State permitting process should also be identified and implemented.
9. Identify Impacts on Future Transportation Funding Decisions. The Action Plan should clearly identify how the plan will impact future transportation funding decisions. The plan should also clarify that it is not intended to replace other programming processes used for selecting and funding infrastructure projects. In addition, the summary of potential criteria should be based on a comprehensive vision for infrastructure investment that balances the three main areas identified in the Executive Order.
10. Ensure Consideration of State and Regional Freight Plans. It is important that the Action Plan acknowledges the December 2014 California Freight Mobility Plan (CFMP) as the statewide freight infrastructure master plan. The California Department of Transportation (Caltrans) prepared the CFMP with input from the CFAC and other stakeholders, which efforts led to general consensus and wide support of the document by

the freight industry and other stakeholders. The CFMP, as well as freight plans prepared by regional transportation agencies as part of their RTPs and Sustainable Communities Strategies, address and identify high-priority freight corridors and projects. Ensuring a common understanding of how the Action Plan recommendations will correlate with the other planning efforts and regional freight plans is crucial. Citing the benefits and performance criteria in the specific freight corridors discussed in the Action Plan will be helpful.

11. Identify Pilot Project Selection Methodology and Expected Outcomes. The Action Plan should state how the three pilot projects were selected and will be funded. Appendix D states that an Action Plan progress report, estimated to be completed by July 2018, will include further research on the three pilot projects identified in the plan. To determine if the pilot projects are feasible, this research should be conducted through a transparent process.

Lastly, given the complexities involved in developing this important statewide plan, the Commission suggests that an extension in completing the Action Plan should be considered to ensure all stakeholders have had an opportunity to provide constructive input.

Thank you for the opportunity to provide comments on this document. Please contact Garth Hopkins, Commission Deputy Director, at (916) 653-3148 if you have any questions.

Sincerely,

BOB ALVARADO
Chair

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