



Tab 19

Supply Chain Congestion

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Economic Significance of California Ports

- The Ports of Los Angeles (POLA) and Long Beach (POLB) are the two largest container ports (by volume) in the United States
- The San Pedro Bay Ports move:
 - Approximately 35% of all containers in the U.S.
 - About 40% of all U.S. imports
 - About 25% of all U.S. exports
- \$459 billion in trade value in FY 2019-20
- By 2045, imports to California by weight are expected to increase 120% while exports are expected to increase 301%

San Pedro Bay Ports Complex





Supply Chain Congestion

- Global Supply Chain Congestion Issues
 - Throughout the summer and fall, key ports and factories abroad have shut down for weeks due to COVID.
 - China's Hong Kong and Shanghai regions have been experiencing similar congestion to what we're seeing in the San Pedro Bay.
- Strong demand for consumer goods as the U.S. economy recovers from COVID-19 - Between January and September, over 7 million loaded containers imported through POLA/POLB, 18 percent higher than over the same period in 2018 (previous record).
- San Pedro Bay - Ports of LA/LB
 - Dozens of ships at anchor waiting to berth at San Pedro Bay ports
 - Shipping container dwell times and street dwell times for container chassis more than double the normal average
- Other Parts of the Supply Chain
 - Workforce Retention
 - Retailers / BCOs





White House Supply Chain Disruption Task Force

- Federal Government Policy Coordination to Address Supply Chain Disruption
- Port Special Envoy John D. Porcari
- Recent Actions:
 - Biweekly Reporting Supply Chain Metrics
 - Import Volume
 - Retail Inventory
 - Long-Dwelling Containers (9 days) down 41 percent since 11/1
 - Coordination of Sweeper/Loader Ships to Remove Empty Containers

White House Briefing Room

Transportation Supply Chain Dashboard (11/29/2021)

Imports Arriving at Ports of LA & Long Beach*	Long-Dwelling Containers*	U.S. Retail Inventories*	IRI On-the-Shelf Availability
410,000 for 10/31-11/13	75,000 as of 11/29/2021	\$458 Billion as of 10/31/2021	90% as of 11/28/2021
+16% YTD compared to previous peak (2018)	-41% since 11/1	+2.6% from 10/31/2020 level	-1% from 2/2020 level (91%)
<small>* Preliminary forecast</small>	<small>* Sitting on docks for 9 days+</small>	<small>* Inflation-adjusted and excluding autos</small>	



State of California: *California Supply Chain Success Initiative*

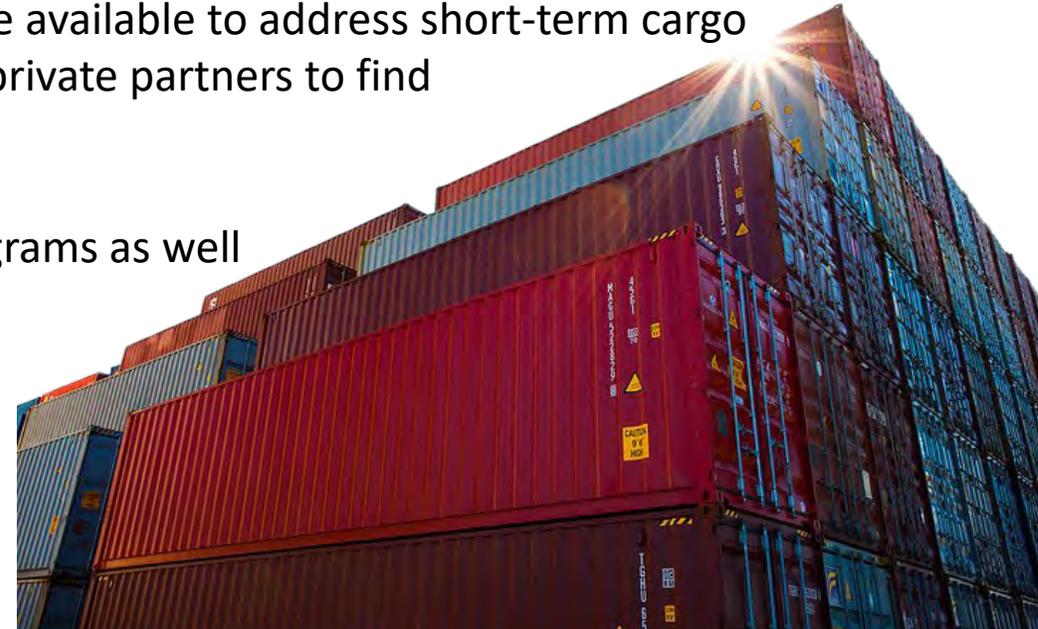
- *California Supply Chain Success Initiative* – GoBiz, CalSTA, POLB, CSU Long Beach Center for International Trade and Transportation (CSULB CITT)
 - September 2021 Engagement with POLA/POLB Supply Chain Stakeholders – Final Report in Coming Weeks. Areas of discussion / consensus include:
 - Create more temporary storage space for containers
 - Increase access to chassis
 - Transition the supply chain to 24/7 operation
 - Collect, share and use data more efficiently and effectively
 - Grow and prepare the supply chain workforce
 - Invest in infrastructure to increase capacity and resilience into the future.





State of California: *Executive Order N-19-21*

- **October 20, 2021 - Governor Newsom Signs Executive Order N-19-21 to Help Tackle Supply Chain Issues**
- **California Interagency Task Force to Implement EO N-19-21:** Task Force Chairs – GO/GO-Biz. Task Force Members – CalSTA, CDFA, LWDA, GovOps, DOF, Caltrans, CHSRA, CWDB, DGS, SLC.
- **EO-19-21 Provisions:**
 - The DGS to identify state owned properties that can be available to address short-term cargo container storage needs. GO-Biz is also working with private partners to find suitable space.
 - LWDA to create workforce training and education programs as well as expedite the implementation of AB 639.
 - The DOF to work with state agencies in developing long-term solutions that support port operations and goods movement for the Jan. 10 budget.





State of California: *Executive Order N-19-21 (Continued)*

- CalSTA, GoBiz, the CDFR, and the Labor shall continue to execute actions in coordination with the Biden-Harris Administration Supply Chain Disruptions Task Force.
- The California Department of Transportation to identify priority freight routes to be considered for temporary exemption to current gross vehicle weight limits and allow trucks to carry additional cargo.
 - Caltrans Issuing Overweight (88,000 lbs.) Intermodal Shipping Container Permits through June 30, 2022
- *In Addition to EO:* The California Department of Motor Vehicles Nearly Doubling CDL Testing Capacity
 - Saturday CDL Tests at 3 new locations (15 total), training new staff to conduct drive tests and redirecting examiners
 - 4,700 additional CDL Test Appointments a Month (approximately 10,000 total)



Federal Funding for Port & Freight Infrastructure in *Infrastructure Investment and Jobs Act* and *Build Back Better Act*

- *Infrastructure Investment and Jobs Act (IIJA) Highlights*
 - Port Infrastructure Development Program - \$2.25 billion over five years
 - 30 percent Multimodal Cap on NHFP (CA: \$662 million/5yrs) and INFRA (\$14 billion/5yrs)
 - National Infrastructure Project Assistance Program (Megaprojects) - \$15 billion over five years
 - Reduction of Truck Emissions at Port Facilities - \$400 million
- *Build Back Better Act (Federal Budget Reconciliation)* - \$600 million for the Maritime Administration to support supply chain resilience and increase port efficiency.



U.S. DOT / CalSTA Emerging Projects Agreement (EmPA)

- U.S. DOT will provide enhanced technical assistance for California freight/supply chain resilience projects to enter federal RRIF / TIFIA credit programs.
 - Transportation infrastructure federal credit assistance at treasury rates (or potentially lower)
- Current EmPA Supply Chain Resilience Program of Projects derived from California Freight Mobility Plan (CFPM)
 - Included input from regional stakeholders – POLA/POLB, Freight Railroads, ACTC, FresnoCOG
 - EmPA can be amended to add/remove projects – CalSTA seeking feedback.
- CalSTA meeting with interested project sponsors in coming months.



Questions?