

GOODS MOVEMENT ACTION PLAN INTEGRATING WORK GROUP

Co-Chairs

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Introduction

Improving the movement of goods in California is among the highest priorities for Governor Schwarzenegger. It is the policy of this Administration to improve and expand California's goods movement industry and infrastructure. The Schwarzenegger Administration has established a Cabinet Work Group to lead the implementation of this policy for goods movement and ports by working collaboratively with the logistics industry, local and regional governments, neighboring communities, business, labor, environmental groups, and other interested stakeholders to achieve shared goals.

Beginning in June 2004, the Schwarzenegger Administration began a concerted effort to assemble goods movement stakeholders to learn about the problems, opportunities, and challenges facing the future of goods movement within the State. These efforts led to the formation of the Administration Goods Movement Policy, "Goods Movement in California," in January 2005. The "Goods Movement Action Plan, Phase I, Foundations," was published in September of 2005. Part of a two-phase process, it is an attempt to characterize the "why" and the "what" of the State's involvement in goods movement in the following four segments: (1) the goods movement industry and its growth potential; (2) the four "port-to-border" transportation corridors that constitute the state's goods movement backbone and the associated inventory of infrastructure projects being planned or are underway; (3) the extent of environmental and community impacts—as well as a description of mitigation approaches; and (4) key aspects of public safety and homeland security issues. Substantial effort was focused on developing the inventory of existing and proposed goods movement projects. The listing includes previously identified projects in various Regional Transportation Plans (RTP) and Regional Transportation Improvement Programs (RTIP) prepared by Municipal Planning Organizations (MPOs), Transportation Commissions and Councils of Governments (COGs). In addition, the listings include a wide range of outlined projects underway or under consideration by the ports, railroads, and other third parties.

The Phase II Action Plan, to be completed by December 2005, will develop a statewide implementation plan for goods movement capacity expansion including financing options for facilities, environmental impact mitigation, community impact mitigation, and enhancement of homeland security and public safety. It will define the "how," "when," and "who" required to synchronize and to integrate efforts to achieve relief and improvement as quickly as possible.

The Phase II effort will be executed by work groups comprised of stakeholders, technical experts, and members of the public in conjunction with support from BTH and CalEPA staffs.

Work Group Focus

The Integrating Work Group will review, assess, and reconcile the products of the five companion goods movement supporting work groups to develop recommendations for an integrated, consistent, and complete Action Plan that meets the Administration's goods movement policy objectives:

It is the policy of this Administration to improve and expand California's goods movement industry and infrastructure, in a manner that will:

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

Specifically, the Action Plan will incorporate a statewide set of goods movement projects, measures, and strategies that improve operational performance and expand capacity, mitigate adverse environmental impacts, mitigate adverse community-related impacts in communities adjacent to goods movement facilities and operations, reduce homeland security risks, and improve public safety. The Action Plan will also detail appropriate means to finance the range of improvements and mitigations in an affordable, cost effective, and equitable manner. In a broad sense, the Action Plan will define the "how," "when," and "who" components necessary to strengthen California's goods movement infrastructure for world-class performance and exemplary sensitivity to the environment and impacted communities.

The Integrating Work Group has the challenge to balance competing objectives between and among the component parts. Industry proponents seek improvements to expand throughput, increase velocity, and enhance reliability. Homeland security and public safety officials must consider measures that tend to dampen these outcomes. Environmental, public health, and community advocates seek mitigation strategies for immediate and lasting relief from existing and future activity levels.

While weighing the alternative interests in developing a comprehensive solution, the Integrating Work Group must also consider the cost implications of alternative strategies, including the cost and consequences of doing nothing. The Work Group, while recognizing the supremacy of protecting public health, must seek strategies that do not undermine the State's economy, the State's comparative advantages, and the State's interests in future job creation.

Prospective Factors for Integrating Work Group Consideration

For the Action Plan to succeed, the Work Group must seek to develop a virtuous circle of projects and strategies that can yield near-term benefits while providing a foundation for long-term value. Key steps in that process include establishing a broad and

comprehensive framework to evaluate prospective projects, build consensus, maintain focus, exercise clout, and build synergies. The Work Group may want to consider the following as guidelines in its evaluation of alternatives:

- Consider all goods movement infrastructure and related operations throughout the State as part of one integrated, multi-modal system regardless of funding or ownership (i.e., public, private, or mixed public-private). Such a perspective highlights improvements that can maximize public benefit, leverage existing assets, encourage private investment, promote stability and diversity, and expand customer choices.
- Advance projects with highest rates of return. Because resources are always limited, ranking projects on a statewide basis relative to their contribution to performance improvement of the entire statewide goods movement system helps achieve faster improvements.
- Recognize project benefits within, between, and among goods movement corridors that are otherwise ignored or undervalued. When project merits are evaluated by traditional metrics, the value a project may have to the State at large may not be captured. Primary examples include goods movement projects that can open bottlenecks and increase throughput for an entire transportation corridor or projects that relieve congestion and reduce emissions. Properly identifying benefits helps prioritize projects and secure funding for the projects that can do the most good.
- Acknowledge the environmental impacts and identify needed resources and strategies to help mitigate those impacts. Air quality and community impact mitigation must be fully integrated into goods movement system improvements. Significant investment in emission reduction strategies such as fleet modernization, the use of cleaner fuels, and adoption of cleaner emission control technologies is necessary in order for California to accommodate the expected growth in goods movement and continue progress in protecting the environment.
- Secure statewide consensus on projects when pursuing federal support. A major factor that causes California to get less than its “fair share” of federal funding is intrastate jockeying for limited federal dollars. Presenting a unified, statewide slate of projects (as most other states do) helps increase the likelihood for the State to receive its fair share allocation.
- Instill a sense of urgency to accelerate project delivery and environmental protection. By their nature, infrastructure projects are long lead-time endeavors that face many obstacles until they are placed into service. Relating the importance of goods movement projects and environmental improvement to the State’s economic well-being will help keep projects on schedule and provide motivation for aggressive action to relieve local communities from unfavorable goods movement-related impacts.
- Spur private sector investment and public-private partnerships to leverage public investment. The goods movement system is a complex supply chain of activities

and facilities under private, public, and mixed public-private ownership. Gaining consensus on a statewide basis for the major elements necessary to build out the State's goods movement system helps provide the confidence needed by the private sector to determine how best to make private and public-private investments that add value to the system.

- Provide a higher-level forum to engage cooperation outside state jurisdiction. California's goods movement system requires cooperation and support from stakeholders who are not subject to California control. These include adjacent states, the federal government, and foreign carriers. In addition, other stakeholders that operate in the State but have national or global operations (including retailers, railroads, and logistics companies) are critical participants in the process. Operating at the State level with these stakeholders improves the State's overall position as compared to merely allowing each region and locality to vie for attention separately.
- Create awareness for relevance of the goods movement industry to Californians. Just as the goods movement industry is a critical element of the State's economy, having the support and confidence of the people of California is critical to expanding the infrastructure and mitigating the impacts of the industry's operation. The State can play an important role in the education process and can reinforce the efforts of local and regional entities to communicate the needs and benefits of improving the goods movement infrastructure to the public.
- Seek opportunities to promote synergies with other statewide policy initiatives. Active consideration of goods movement issues with statewide initiatives in areas such as housing, land use, agriculture, international trade, economic development, military base re-use, and energy resources promotes good public policy. Most of all, achieving the Administration's purpose will require flexibility, perseverance, and commitment.

Framing Questions

- *What short-term (one to three years) operational improvements (e.g., Pier Pass) can be made to enhance velocity and throughput, while providing congestion relief or emission reductions?*
- *What can the State do to resolve technical, institutional, or funding barriers to operational improvements?*
- *Are these improvements able to be implemented statewide or will the improvements need to be specific to particular port-to-border regions?*
- *To what extent should environmental and community impact mitigation be tied to specific infrastructure projects? Conversely, how should the costs of environmental and community impact mitigation that are not tied to specific infrastructure projects be financed?*

- *In determining the relative priority of capital projects, how important is velocity, throughput, and reliability? Should one or all of these outcomes be the predominant criterion for prioritization?*
- *How do velocity, throughput, and reliability match up with regional funding priorities, air quality priorities, community priorities, and homeland security priorities? What process should be used to avoid mutually exclusive prioritization?*
- *What role should the available financing source (e.g., federal, state, private) play in the selection of the mix of projects and strategies?*
- *What mechanisms should be developed to account for projects that provide benefits between and among corridors (e.g., short rail projects that relieve congestion) but cannot otherwise be reflected in the project's specific value.*
- *What legislation or policy changes should be sought at the local, regional, state, federal, and international level that would improve the prospects of advancing desirable projects or strategies?*
- *What mechanisms should be established to appropriately reflect accrual of public and private benefits from project development?*
- *What types of public-private partnership structures should be established to assure financial accountability but enable flexible private delivery?*