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Secretary Sunne McPeak
 Business, Transportation and Housing Agency
 980 Ninth Street, Suite 2450
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Secretary Allan C. Lloyd
 California Environmental Protection Agency
 1001 I Street
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Dear Secretary McPeak and Secretary Lloyd:

Thank you for the opportunity to review the *Phase II Progress Report - Draft Framework for Action of the Goods Movement Action Plan*. SANDAG values the efforts of both agencies in developing statewide goods movement initiatives.

I would like to offer general comments on the framework's evaluation criteria as well as recommendations to refine the Criteria for Selection of Projects and Actions (Section III.B) and the Metrics for Evaluation after Implementation (Section III.C). I believe that the refinements to the evaluation criteria and metrics suggested below would more effectively address the Principles for Implementation outlined in Section III.A.

Attachment one describes binational trade and freight facts unique to the San Diego/Border Region Port-to-Border Goods Movement Corridor. It also presents findings from a recently released SANDAG study¹ that quantified economic opportunities missed because of current and projected traffic congestion and delays at the San Diego-Baja California ports of entry (POEs). In particular, current delays for both personal crossborder trips and freight movement cost California nearly \$3.2 billion in lost output and a loss of more than 35,000 jobs in 2005. If steps are not taken to improve border crossing and transportation infrastructure and management, these losses are projected to more than double in the next ten years.

1. Evaluation Criteria

The evaluation criteria falls short of addressing several Guiding Principles. Three themes that are not fully addressed are to "consider the four port-to-border corridors as one integrated system," to "undertake simultaneous and continuous improvement in infrastructure and mitigation," and to "develop partnerships to advance goals."

¹ SANDAG, *Estimating Economic Impacts of Wait Times at the San Diego-Baja California Border*, 2006.

As a result, the outcome of the project evaluation has resulted in the exclusion of proposed projects that would improve linkages between port-to-border corridors from the preliminary candidate actions included in the Phase II report. In addition, the criteria do not appear to recognize "goods movement actions that can open bottlenecks and increase throughput for an entire transportation corridor or actions that relieve congestion and may also reduce emissions" (Guiding Principle No. 7).

Goods movement in the San Diego/Border Region and the Los Angeles/Inland Empire Region relies upon a continuous inter-regional highway network that includes Interstates 5 and 15. Improvements to this North-South freight corridor, which links the Otay Mesa POE (the busiest commercial crossing in California) with the Los Angeles/Long Beach seaports and inland railheads, should be considered as an integrated and vital system for California. Within the San Diego/Border Region corridor, intra-regional highways that serve freight movements and provide linkages to the Los Angeles/Inland Empire corridor include Interstate 805, Otay Mesa Road/Interim State Route (SR) 905, and the proposed SR 11, which will connect to the East Otay Mesa-Otay II POE. SANDAG's 2030 Regional Transportation Plan includes improvements such as a network of Managed Lanes to improve the flow of people and goods on those Interstate corridors. In addition, as seaports "extend" California's boundaries, land POEs play a similar role of extending goods movement corridors into Mexico. Increased crossborder travel and trade as well as stricter security screenings at the international border crossings, coupled with transportation infrastructure constraints, have led to longer and unpredictable waits at the border which impact the U.S. and Mexican economies at the regional, state, and national levels.

Logistic managers from major crossborder manufacturers interviewed by SANDAG, stressed that the entire supply chain is important (seaports, highways, railways, land ports of entry).² Delays at any point in the supply chain significantly impact operations both for finished goods imports and exports as well as for manufacturing/production timelines. This means that delays at the Otay Mesa POE are equally important to delays at the Ports of Los Angeles/Long Beach.

Recommendation: The implementation of a network of managed lanes for Interstates 5, 15, and 805, the completion of SR 905, and expanded crossborder travel capacity (East Otay Mesa POE and SR 11) are vital improvements to the goods movement transportation infrastructure for both the San Diego/Border and the Los Angeles/Inland Empire corridors. SANDAG recommends these improvements, most of which already were identified in the Phase I report and also should, be included in the Phase II preliminary candidate actions.

In addition, the framework acknowledges the need for cooperation and support from stakeholders outside state jurisdiction (Guiding Principle No. 19). Staff recommends, in addition to the partners identified, Mexico's governmental agencies and freight stakeholders be engaged in the proposed forum.

2. Criteria for Selection of Infrastructure Projects and Operational Improvements

Staff concurs with the elements included in this set of criteria. However, examples that go beyond the description of seaports would paint a broader picture of the multimodal nature of California's goods movement. Similar concepts, as described for seaports such as throughput density, also are valid for the volume of goods handled at land ports of entry.

² Ibid.

3. Metrics for Infrastructure Projects and Operational Improvements

The description of the Velocity and Throughput as well as Reliability metrics is applicable to multimodal goods movement. However, overall, the proposed metrics fail to consider transborder truck movements at land POEs.

Recommendation: Proposed refinements to Section III.C.1 are outlined below.

Velocity and Throughput Metrics

- Average processing time for inspected containers: This metric also applies to containers crossing at land ports of entry. If a separate metric is preferred, staff recommends using average processing time for inspected loaded trucks.
- For land ports of entry, a measurement of the number of trucks waiting for the primary inspection module would be a valuable indicator of possible congestion on roads accessing the federal inspection facilities or at those facilities.

Reliability Metrics

- Customs availability, which is defined as the average variation in length of time in which cargo containers clear Customs also applies to loaded trucks/containers processed at land ports of entry. Unpredictable delays to clear Customs also affect the logistics chain of crossborder manufacturers.

Thank you for the opportunity to provide SANDAG's input in the development of the Goods Movement Action Plan. I would be glad to further discuss these comments with you or provide any additional information.

Sincerely,


GARY L. GALLEGOS
Executive Director

EA/kj

cc: Pedro Orso-Delgado, District Director, Caltrans District 11
Richard Nordahl, Chief, Office of Goods Movement, Caltrans Headquarters

Attachment 1

The San Diego/Border Region Port-to-Border Goods Movement Corridor***Binational Trade and Freight Facts***

- Among the four port-to-border corridors identified in the Goods Movement Action Plan, a unique characteristic of the San Diego/Border Region corridor is the crossborder trade activity that is handled through the Otay Mesa and Calexico East international ports of entry (POEs).
- Mexico is the United States' second largest trading partner and California's number one export market. In 2004, California's exports to Mexico exceeded \$17 billion or 16 percent of the State's merchandise exports.
- In 2004, the Otay Mesa/Mesa de Otay POE handled \$22.2 billion worth of goods in both directions that were transported in more than 1.4 million trucks. The Otay Mesa POE is the first in California and the third along the entire U.S.-Mexico border in terms of value of trade.
- Trucks carry nearly all California-Mexico freight (99%) and about 78 percent of this freight has destinations outside San Diego and Imperial Counties. In the San Diego region, the highway network that serves goods movement includes Interstates 5, 15, and 805 as well as Otay Mesa Road/State Route 905.

California and U.S.: Economic Impacts of Congestion and Delays at the Land POEs

- Inadequate infrastructure capacity, which is failing to keep up with the growth in crossborder personal travel, trade, and security requirements at the San Ysidro, Otay Mesa, and Tecate border crossings, currently creates traffic congestion and delays that cost the U.S. and Mexican economies an estimated \$6 billion in gross output in 2005. Fully 51,325 jobs are lost because of the reduction in output.
- For California alone, delays for both personal crossborder trips and freight movement result in nearly \$3.2 billion in lost output and more than 35,000 fewer jobs.
 - At today's level of processing time at the border, more than two hours per truck, it is estimated that California loses \$716 million in annual output from reduced freight activity. This translates into more than 3,600 jobs or \$204 million in lost labor income (2005). For the United States, total output losses are estimated at \$1.3 billion and employment losses at 7,646 jobs.
 - Long and unpredictable waits at the border also discourage personal crossborder trips. In California, at today's levels of wait times, congestion leads to an estimated \$2.48 billion in lost output and more than 31,400 fewer jobs (2005).
- If steps are not taken to improve border crossing and transportation infrastructure and management, as border delays keep growing, the losses incurred by the regional and national economies would more than double in the next ten years.