

February 26, 2008

Ms. Cynthia Marvin
Assistant Division Chief
California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

Sent To: Clerk of the Board
Air Resources Board
Fax: (916) 322-3928

Re: Comments on the Proposed Guidelines for Implementation of the Goods Movement Emissions Reduction Program

Dear Ms. Marvin:

The Port of San Diego (Port) appreciates the opportunity to comment on the Proposed Guidelines for Implementation (Guidelines) of the Goods Movement Emissions Reduction Program and the accompanying Staff Report on the Guidelines. The Port recognizes the efforts of the California Air Resources Board (CARB) to develop a funding and implementation concept that is simple, straightforward, and efficient, and to do so within a very compressed time period. Therefore, the Port submits the following comments and recommendations for the proposed Program Guidelines:

1. Funding Targets for Source Categories: Heavy Duty Trucks

As presently constructed, the Guidelines would limit the number of trucks servicing the entire San Diego/Border trade corridor that would be eligible for funding through this program. Many trucks operating within the San Diego/Border trade corridor, including those servicing the Port, travel into Northern Baja and other adjacent states. The provision that trucks commit to California-only service for 4-8 years significantly limits the number of trucks eligible for the Prop 1B funds.

Current language in the Guidelines also states that diesel trucks serving ports and intermodal rail yards must commit to four years frequent port service, equating to a minimum of **150 visits per year**. This provision will limit the number of trucks available for Prop 1B funds in the San Diego/ Border Trade Corridor. The Port of San Diego is considered a niche port and as such its cargo and economy is predicated on handling project specific cargos. Our past practices have emphasized cargos that include lumber, sand, cement and fertilizer products that support the construction industry. The current slowdown in the economy may shift our maritime cargos to other products. These changes may affect the frequency of individual truck visits to the Port, as well as the truck population currently servicing the Port.

Recommendations

First, the Port is recommending the Guidelines be revised to offer an alternative to the California-only provision based on their percentage of time and mileage spent in California. The guidelines need to be consistent with SB 88 and should not restrict trucks to California-only service. The adopted Health and Safety Code Section 39626a(1)E does not require that all emission reductions occur within California. It only states that "...emission reductions will continue in California for the project life." The Port proposes contingency criteria for trucks based on the Carl Moyer Program criteria for On-Road Heavy Duty Vehicles in Chapter One, Section V.A. Within the Carl Moyer Program, travel is not limited to California-only services, stating "Funded projects must have at least seventy-five percent of vehicle's annual miles traveled in California". A specific proportion of the total emissions occurring in California can be ascertained based on past and projected transportation practices and their cost-effectiveness can be determined.

Second, the Port recommends Local Agencies have the ability to prioritize eligible trucks by the number of visits to the Port per year instead of a fixed number of visits as currently stated in the Guidelines. Port trucks with the greatest frequency of visits will have the highest priority for funding. In addition, the Port recommends that if subsequent updates to the Guidelines alter the Port visit requirements, that the revised Guidelines become retroactive and apply to the original contracts entered into in FY 07-08.

2. Port and Other Trucks

Staff believes that some of the requirements on **Truck Retrofits and Replacements** are unreasonable and will create disincentives in truckers from obtaining Prop 1B funding. The four year contract commitment to obtain \$5,000 of Prop 1B funds and the eight year contract commitment to obtain \$50,000 are excessive, particularly given the complexities of changing cargos and potentially changing truck populations at the Port of San Diego.

Recommendations

The Port recommends that the four year requirement for retrofits be reduced to two years and that the eight year commitment for replacements be reduced to a maximum of five years.

3. Shore Power Matching Funds

The Staff Report on Proposed Guidelines suggests that the **matching funds** contributed by the shipping industry for cold-ironing or shore power projects be equivalent to a 2:1 match since the shipping industry has the greatest ability to pay.

Recommendations

The Port recommends that this provision be removed and that shore power and cold ironing projects be competitively compared within each trade corridor with the minimum 1:1 matching funds.

4. Timelines and Proposed Legislation for Unspent Funds

The schedules and timelines currently outlined in the Draft Guidelines are extremely aggressive. In addition, as currently proposed, **Prop 1B funds that are not spent** within the statutory timeline requirements will revert to the State.

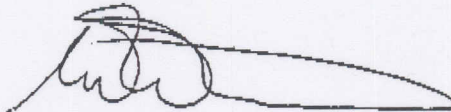
Recommendations

The Port recommends that the timelines be relaxed and that expectations become realistic, doable, reasonable and tempered. Issues that are not within the Local Agency's control, such as supply chains, manufacturer's deliveries, equipment dealer allotments, retrofit device manufacturers and installer backlogs, could cause monies to go unspent before the contract deadlines. The Port would support a legislative fix that would prevent unspent Prop 1B funds from reverting back to the State and instead remain in the Air District's (Local Agency) control for contract extension or reallocation based on a case-by-case review of the circumstances.

ARB Staff is proposing revisions to the guidelines in October 2008. We are hopeful these revisions will mitigate many issues raised in our letter. We also believe these revisions should be retroactive to any contract signed prior to the approval of the revisions.

The Port appreciates the opportunity to comment on the Guidelines and the associated Staff Report. If you have questions, please contact me at 619-686-7297.

Best Regards,



Michelle White
Senior Environmental Specialist

MW/jh
File: Prop 1B
cc: David Merk
Docs #282968