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March 22, 2010

Chair Mary Nichols  
California Air Resources Board  
1001 I Street  
P.O. Box 2815  
Sacramento, CA 95812

Dear Chair Nichols:

The California Association of Port Authorities (CAPA) appreciates the opportunity to provide additional comments on the staff proposal to shift California Ports, Infrastructure, Security and Air Quality Improvement Account (Proposition 1B) funds intended for drayage trucks to non-port trucks. CAPA, which is comprised of the state's eleven commercial publicly-owned seaports, urges the Air Resources Board to allot these funds to other port emissions reduction projects, particularly shore power and cleaner cargo-handling equipment. These projects, according to our estimates, will provide substantial emissions reductions and health benefits, inject nearly \$370 million dollars into the state's ailing construction sector and generate jobs for about 1,560 Californians over the next few years.

Despite the successful turnover of drayage trucks, California ports continue to face significant air quality challenges. The state's ports are committed to reducing the emissions associated with activities at their facilities; however, the recent economic downturn and projected decrease in private investment could delay projects like shoreside power and the electrification of rubber-tired gantry cranes (RTGs). Proposition 1B provides critical funds to complete these major infrastructure projects, which will continue to accrue statewide health and economic benefits well beyond the initial investment.

**Projects Eligible for Immediate Funding**

With immediate and adequate funding, California seaports could complete as many as half of their shoreside power projects by 2012. In addition, the ports could upgrade cargo-handling equipment, such as electrification of the 200 RTGs operating at the ports of Long Beach and Los Angeles. Both of these project types would provide early and extra emissions reductions in compliance with Proposition 1B guidelines. Ultimately, the ports will need to spend nearly \$600 million to electrify RTGs and provide shorepower at all of their berths.

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**Emissions Reductions and Health Benefits**

CAPA estimates these projects will reduce NO<sub>x</sub> emissions by 3,100 tons per year and diesel particulate matter (DPM) by 280 tons per year. In addition, shoreside power will decrease SO<sub>x</sub> emissions by 1,440 tons per year.

These emissions reductions translate into real health benefits for Californians. CAPA estimates these potential projects will avert nearly 100 premature deaths per year, and over the next 10 years, may result in:

- 3,000 fewer cases of asthma and lower respiratory infections
- 243 fewer cases of acute bronchitis
- 62 fewer hospital admissions for respiratory and cardiovascular illnesses
- 7,100 fewer lost work days

These health benefits will be felt largely in the dense, urban areas surrounding the ports, such as Los Angeles, Long Beach and Oakland. Non-port truck replacement, on the other hand, is likely to generate emissions reductions and health benefits in more sparsely populated rural areas, potentially diluting the health impact of Proposition 1B funds.

**Jobs and Economic Benefits**

CAPA also estimates that port-related projects will generate an average of 1,560 construction jobs per year for each year of construction, providing an immediate boost to the state's economy, and many more long-term jobs as a result of capital investment in one of the state's most vital sectors. The goods movement industry provides hundreds of thousands of jobs for Californians and is a key economic driver for the state and the nation.

Heavy-duty trucks, in contrast, are manufactured primarily in other states, and non-port trucks may or may not stay in California beyond their contract period. As a result, California taxpayer funds may be spent on projects that boost economic activity elsewhere and may not guarantee long term emissions reductions in California. Port-related infrastructure projects, like shoreside power and RTG electrification, are located within the state, provide direct jobs to Californians and offer ongoing health and economic benefits. Investment of public dollars in these public facilities will provide significant public benefit throughout the terms of the bonds.

**Prior Investments and Commitments**

California ports and their private partners have already invested a significant amount of money into pollution reduction projects in excess of state regulations. The ports and private industry have spent more than \$600 million to clean up the Southern California drayage truck fleet and nearly \$60 million on shoreside power projects in addition to numerous other expenditures on emissions reduction programs for cargo-handling equipment, harbor craft and ships.

In addition, the major California ports have commitments in place from shipping lines ready to hook up to shoreside power. Among them:

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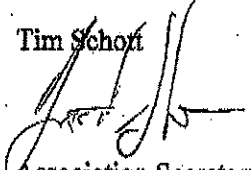
- APL is in the process of retrofitting five of their ships that call at the Port of Oakland, with at least one of their vessels ready for shore power use by the end of this year, and the balance ready by 2011;
- Through lease agreements, the Port of Long Beach has required 100% use of shoreside power at two of its terminals (ITS and SSA/Matson) and has a memorandum of understanding with BP for shore power at its liquid bulk facility and two vessels. In addition, the Middle Harbor Redevelopment Project, once completed, will require 100% cold-ironing at the terminal;
- Through lease agreements, the Port of Los Angeles has required use of shoreside power at two of its terminals (TraPac and China Shipping).

CAPA believes these prior commitments should be taken into consideration when evaluating early emissions reductions and contributing fund requirements for Proposition 1B monies.

In summary, CAPA believes that diverting port truck funds to non-port projects misses an opportunity for significant port-related emissions reductions. With immediate funding, ports can achieve early and extra emissions reductions through shore power and electrification projects, in addition to other potential projects such as engine repowers in harbor crafts and locomotives. These projects, in turn, will lead to long lasting emissions reductions and health benefits, inject millions of dollars into the state economy, generate jobs for Californians, and strengthen the goods movement industry for clean growth in the future.

Thank you for your thoughtful consideration of our concerns.

Tim Schott



Association Secretary