



MAJESTIC REALTY CO.

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February 28, 2006

Dr. Alan Lloyd
Secretary
Cal EPA
1001 "I" Street
Sacramento, CA 95814

Ms. Catherine Witherspoon
Executive Officer
Air Resources Board
1001 "I" Street
Sacramento, CA 95814

Re: Comments – Draft Emission Reduction Plan for Ports and International Goods
Movement in California

Dear Dr. Lloyd and Ms. Witherspoon:

First, we would like to take this opportunity to personally thank Dr. Lloyd for your years of dedicated service in pioneering technology advancement and providing thoughtful leadership in pursuing cleaner air for all Californians. We will truly miss you. We have welcomed the opportunity to be a member of the Integration Committee for the Goods Movement Action Plan and appreciate your tireless efforts to find solutions. We share your resolve and commend you for engaging all the stakeholders. We would also like to add our thanks to the staff of CalEPA for their long hours of hard work in facilitating broad discussions and their efforts to bring about consensus.

With regard to the Draft ARB Emission Reduction Plan, Majestic Realty Co. believes strongly that the goods movement/logistics industry is a vital sector of the state and nation's economy. Achieving efficient goods movement and a cleaner environment are not mutually exclusive goals, and we appreciate your agency's ongoing efforts to facilitate collaborative solutions.

We recognize that we are trying to find solutions for a moving target, and therefore the milestones for measuring our success are more complicated. We do not believe that it is realistic to try to separate and/or differentiate between domestic and international goods. We need to be able to move all goods economically and environmentally efficiently. To accomplish our mutual goals, we believe that incentive-based programs will be the fastest, most effective, and result-oriented approach. We commend your agency's voluntary MOU with the Class 1 Railroads as a step in the right direction. It is our belief that agreements made in collaboration with the private sector to achieve our common goals are always more effective.

Towards this end, we have some suggestions regarding the Carl Moyer Fund program. We support the ultimate goal of achieving the fastest possible turnover/retrofit of equipment with high levels of emissions. Removing potential barriers to the programs success should remain a priority. First, in order to address the potential application and tax burden barriers faced by



independent operators, consideration should be granted to utilizing an independent entity to hold the assets, making the new equipment available for lease to qualified applicants. The "neutral pool" or "co-op pool" concept has been utilized in shared chassis operations in Norfolk, Boston and by CSX Rail. Trac Lease, Inc. and Virginia Intermodal Management, LLC. have experience as independent operators of similar pools. Perhaps this type of concept could be implemented for port related trucking. Secondly, recent legislation removed the five year project life span from project eligibility requirements specified in statute. Therefore, any policy requiring an eligible project to achieve emission reductions three years prior to regulation is contrary to the spirit of the legislation, and thus is in conflict with the ultimate goal of achieving the highest turnover of equipment with high emissions. Furthermore, barriers to effective program delivery due to inadequate resources to support the administrative requirements associated with the program should be reevaluated. Continued efforts to streamline the administrative requirements and to support the active participation of all 35 air quality districts should be made

We rely on the technical analyses provided by your staff and encourage the expanded use of your advanced technology expertise in formulating our overall solutions. We support staff efforts to continue to evaluate solutions to facilitate local goods movement/export movements at the same time that we search for efficient ways to move the goods that are destined for the rest of the nation. We encourage efforts to investigate the potential for expanded use of the rail to meet local cargo distribution needs.

Additionally, since ships have been identified as a major source of pollutants and statistics tell us that as much as 30% of the existing capacity is currently on order with new models, we want to explore ways that our ports/terminal operators may encourage these ship operators to use the newer models in our rotations.

Finally, we would also like to mention that regular maintenance and proper usage of all vehicles – whether they are ships, railcars, trucks or automobiles – play a key role in having our transportation system run efficiently. We all know that improperly maintained equipment adds to our pollution problems. Ways in which we can encourage and incentivize regular maintenance should be very well received and relatively low in cost.

We look forward to continuing to work with you. We share your goal of finding effective solutions and again commend you for engaging all stakeholders in identifying and pursuing the solutions.

Sincerely yours,

MAJESTIC REALTY CO.

Fran Inman
Senior Vice President