



July 1, 2016

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The Honorable Brian Kelly
Secretary
California State Transportation Agency
915 Capitol Mall, Ste. 350B
Sacramento, CA 95814

RE: California Sustainable Freight Action Plan Comments

Dear Secretary Kelly:

Thank you for the opportunity to comment on the draft California Sustainable Freight Action Plan. The Plan takes the necessary first step to articulate a vision for a cleaner, safer, more reliable statewide goods movement system. MTC acknowledges the Plan represents only the beginning of a collaborative process to more clearly define and evaluate specific strategies, and we look forward to being a part of that conversation. Please be aware you are also in receipt of a separate correspondence from the Northern California Trade Corridors Coalition, including MTC, the Sacramento Area Council of Governments (SACOG), and the San Joaquin Council of Governments (SJCOG).

MTC focuses its comments on three aspects of the Sustainable Freight Action Plan: 1) the proposed targets, specifically the system efficiency target and economic growth target; 2) the relationship of these targets to the actions proposed by the Plan in Appendix C; and 3) the selection of the Plan's pilot projects and "transformational projects for future exploration."

The Plan's proposed system efficiency target calculates the value of goods and services in the freight sector relative to the amount of carbon produced. In our view, this target is too narrowly defined to the transportation and warehouse sector (NAACS 48-49) and should be expanded to reflect the consensus that freight operates as a larger economic cluster of activity, not simply a siloed sector. The metric should incorporate not only the core activities of trucking, rail, air, water, and warehousing, but other direct supply/input industries (e.g. logistics consulting), indirect support/infrastructure industries (e.g. construction trades and the industries that maintain the ports, terminals and connecting infrastructure), and customer industries (e.g. freight transportation arrangement).

The Plan's proposed economic growth target focuses on the aspirational goal of creating a better business climate, and working with industry to lessen negative impacts. However, no metric is specifically quantified. For this target, we suggest the Plan focus on the potential job diversity opportunities offered by goods movement dependent industries, specifically warehousing and logistics industries that do not require high levels of education and may be potential replacements for declining manufacturing employment. For example, the State might consider a measure that quantifies the economic development and training resources devoted to key workforce development, business attraction/retention efforts, or better yet, the outcomes these achieved by these investments.

The Action Plan component of the Plan (Appendix C) proposes a long list of activities by state agencies, including a number of potential new regulatory approaches to encourage the use of clean vehicles and equipment technologies and fuels. We have two primary comments about this list: first, there is no qualitative or quantitative assessment of how these actions might move toward the Plan's targets. Second, before proposing new actions, it would be helpful to understand how past goods movement regulatory approaches have affected the Plan's targets. This would enable partners and the public to understand the potential costs and benefits of what is being proposed.

Lastly, MTC seeks additional clarity about the process undertaken to determine the Plan's "pilot projects" and "transformational concepts for future exploration." In late 2015, MTC and its regional partners proposed a number of pilot project concepts spanning a cross-section of infrastructure improvements, technology applications, operational strategies, and community benefit programs in support of the Plan's goals. MTC and its partners also followed up with ARB staff to discuss these ideas. Unfortunately, none of the Bay Area's pilot projects have been included by the state agencies in this draft. Furthermore, the Plan includes the Marine Highway 580 project as a "transformational concept." While the Marine 580 project began in 2013 as a demonstration service, by 2014 it was transitioned to an as-needed service because it did not prove to be financially viable. MTC requests that the state agencies provide an explanation for how these projects were prioritized for inclusion.

Thank you for your consideration of this important matter. Should you wish to discuss the contents of this letter further, please contact Matt Maloney, MTC Principal for Major Projects, at 415-778-5220.

Sincerely,



Steve Heminger
Executive Director

cc: Susan Bransen, Executive Director, California Transportation Commission (CTC)
Malcolm Dougherty, Director, California Department of Transportation (Caltrans)