



July 6, 2016

Attention: Freight Action Plan State Agencies

RE: DRAFT California Sustainable Freight Action Plan

We appreciate the opportunity to comment on the California Sustainable Freight Action Plan. Clean transportation strategies are critical to achieve air quality attainment, meet greenhouse gas (GHG) reduction targets, and improve the health of our local communities. The Southern California Association of Governments (SCAG) and our partner transportation agencies plan for investments designed to ensure that the region continues to serve the nation in the global supply chain while attaining clean air standards and quality of life for our communities. Consistent with our adopted 2016-2040 Regional Transportation Plan/Sustainable Communities Strategies, we are supportive of a strong commitment to reduce emissions from transportation sources through the broad deployment of zero and near-zero emission technologies. As we transition our freight transportation system to cleaner, more efficient technologies and strategies, coordinated partnerships will be critical. We look forward to ongoing collaboration with the state agencies, as well as our industry partners, to achieve an environmentally and economically sustainable freight system for the state of California. With this collaborative spirit in mind, we offer the following comments.

Overall, we commend the state agencies for developing a plan that is well-structured and balanced. While the primary focus of the Freight Action Plan on general principles is appropriate, additional clarification and details for some of the points would be helpful as noted below:

Executive Summary:

- We suggest that the Executive Summary clearly articulate the Freight Action Plan’s vision and succinctly identify key recommended actions, responsible parties, and participating agencies.
- Although the current draft provides a brief synopsis of the intent and background of the Freight Action Plan, there should be further clarification as to how this document relates to other existing state plans and initiatives. This clarification should be noted up front in the Executive Summary.
- Additionally, we urge the state agencies to acknowledge the breadth of work undertaken by regional/local agencies via their respective Regional Transportation Plan/Sustainable Communities Strategies that conform to existing state plans and policies—and therefore meet the goals of the Freight Action Plan. Acknowledgment would strengthen the document by

clarifying the logical relationship amongst the various plans while reflecting a more collaborative process.

- We recommend including additional context discussion about California’s market share of key freight-related industries and how this may shift and be sensitive to global market demands and policies external to the implementation of the Freight Action Plan.

California’s Freight Transport System in 2030 and Beyond—Current Policy Drivers:

- In reference to “preserving and enhancing freight infrastructure,” as noted on page 5, we encourage use of the term, “state of good repair” as identified under the Guiding Principles discussion and to ensure consistency with many local public agency initiatives.
- Under “improving safety and security,” we suggest citing grade separations and grade-crossing improvements as examples.
- Under “supporting economic competitiveness,” discussion should include improving market share of freight-related industries.

Freight Funding & Guiding Principles:

- The guiding principles listed on page 8 should explicitly call out the need for identifying and *“improving the effectiveness of freight-related funding programs and projects”* as called out on page 13, under section B.
- We strongly support the Trade Corridor Improvement Fund (TCIF) model that served local and state agencies so well with Proposition 1B funds. California would be well-served to distribute the formula portion of the FAST Act’s National Highway Freight Program via a TCIF framework.
- Cap-and-trade funding is an appropriate source for investing in the vehicle and fuels technology portions of the Freight Action Plan. The prioritization and programming of infrastructure projects within urbanized areas, however, should remain at the discretion of regional and local agencies, as it is currently structured.
- Please provide clarification as to the meaning of “natural systems” as noted on page 8 under Guiding Principles.
- Additional clarification is needed on the subject of investing in sustainable communities as noted on the last bullet on page 15. The statement suggests rewarding with funding those communities “that have adopted rules, regulations, incentives, and operating agreements that will provide for higher levels of environmental benefits.” It would be helpful to provide examples of actions that a jurisdiction should consider.
- The guiding principle, “Invest strategically to improve travel time reliability ...” is appropriate and important. However, certain other state initiatives seem to be running counter to this principle. For example, the draft SB 743 guidelines would make highway capacity improvements on freight corridors more difficult to obtain environmental clearance, primarily because of how a “significant VMT impact” is defined and analyzed. SCAG requested in a recent comment letter on the SB 743 guidelines that “Freight corridors documented in the California Freight Mobility Plan should be exempted from the induced growth analysis requirement. This is consistent with Executive Order B-32-15....” We appreciate recent communication from the State’s Office of Planning and Research (OPR) to delay the implementation of the guidelines in order to provide

additional opportunities for addressing our concerns. Accordingly, we would like clarification as to how the State plans to address freight related projects.

- The guiding principle, “Site freight projects to avoid greenfield development ...” will place an additional constraint on the ability of the logistics system to accommodate the need for growth and economic competitiveness. Siting and permitting of logistics facilities is highly complex and costly as it is, and appropriate mitigation can occur even on greenfield sites. The implications of this principle are unclear, and we request deletion of this principle, particularly as land use decisions are local in purview.

Freight Targets:

- The metric of “GDP for Freight” divided by freight-generated Carbon Dioxide Emission Equivalents (CO₂e) lacks sufficient analysis and explanation. In particular, it is not clear how this metric captures “system efficiency.” GDP growth is a function of numerous factors beyond simply “system efficiency” inputs. Some context should be provided, including historical trends for particular industry sectors and how they performed in relation to this metric. Linkage should be made to improving California’s market share.
- Further, more information is needed on the derivation and sources of the data. For example, if one were to take the data from the Bureau of Economic Analysis for Transportation and Warehousing in California, the GDP increased for this sector at an annual rate of 3.6% between 1997 and 2014. The forecast assumption in Appendix B of the Freight Action Plan is only 2.0% growth through 2050, substantially lower than the historical growth rate for Transportation and Warehousing. As noted in Appendix B, this is well short of the 25% increase in this measure that would be the goal for 2030. If this assumption were to be changed from 2.0% annual GDP growth to 3.0% GDP growth, the 2030 value of the metric would be 21.4%, almost at the 2030 target of 25%. The point of this comparison is that reaching the target will be very sensitive to GDP growth, and it would seem that the 2.0% assumption may under-estimate the GDP growth potential.
- In addition, there seems to be an inconsistency between GDP growth and the CO₂e forecast. The CO₂e forecast is taken from Table 7 of Appendix A in the “Sustainable Freight Pathways to Zero and Near-Zero Emissions” discussion document, which has an underlying assumption of a 90% increase in heavy duty trucks by 2050. This 90% increase is likely more aligned with the historical growth rate in GDP (3.6%) than the 2.0% assumption in the Freight Action Plan. However, more would need to be known about the source of the 90% assumption. Given the importance of the proposed metric of GDP/CO₂e, additional information is needed on the derivation of the data so that this relationship can be better understood.
- Also on page 9 under the Transition to Zero Emission Technology Target, the term “deploy” should be clarified. What will the truck counts actually include, given the substantial amount of inter-state travel by trucks? Will the focus be on vehicles registered in California? The same issue arises with trains, given that a small portion of a cross-country freight train trip occurs in California. Additional clarification is needed.
- Also, the Economic Growth Target could use some additional specificity. We would encourage working with industry representatives to better establish a metric that can indicate how well the State is doing from a competitiveness standpoint. For example, could the statement “positive environment for growing freight volumes” be translated into improvement in California’s national ranking of business climates or a business retention index?
- We encourage allocation of state resources to further research appropriate measures and targets in collaboration with private industry and public agency partners. We request that any target setting be tentative at this point and subject to this additional work and discussion.

State Agency Actions:

- We request clarification of the freight hub data collection effort for purposes of source/sector specific rulemakings and performance targets as referenced in Appendix C, page 41. Data collection as noted here suggests that an emission cap regulation could be established for freight hubs. We have concerns about the ultimate intent of this effort.
- We strongly agree with item 9 on page 18 regarding the need for coordination with the State's OPR and other stakeholders to identify processes to expedite the delivery of projects identified as meeting the objectives of the California Sustainable Freight Action Plan. It should be noted that the SB 743 guidelines as currently structured by OPR will not expedite the delivery of freight infrastructure projects but will, in fact, do just the opposite. Greater sensitivity is needed in the SB 743 guidelines to facilitate the environmental clearance and permitting of freight-related projects.
- State Agency Actions as listed on pages 17-18 should include working with the legislature to enact long-term legislation in support of public private partnerships—particularly in the context of freight investment initiatives.
- Under State Agency Action item 6, we support a statewide data sharing framework to better facilitate access and use of proprietary data for planning purposes without compromising competitiveness concerns of our private industry partners.

Pilot Projects:

- Metro, in partnership with SCAG, Caltrans District 7, the City of Los Angeles, the County of Los Angeles, Gateway Cities Council of Governments, the Port of Los Angeles, the Port of Long Beach, and the South Coast Air Quality Management District submitted "*the Los Angeles/Gateway Freight Technology Program*" as part of the original solicitation for pilot project ideas. We appreciate the selection of the LA/Gateway Freight Technology Program as one of three statewide pilot project concepts. Specifically, the components of the program related to Connected Vehicle Technology, Arterial Smart Corridors, Freeway Smart Corridors, and Zero and Near-Zero Emission Technology elements support the overall objectives of the Governor's Executive Order and in turn, the Freight Action Plan. We strongly encourage identification of funding to advance the implementation of the LA/Gateway program.
- Further, we would encourage official state designation of "high priority freight efficiency corridors," in consultation with regional and local agencies, to demonstrate the air quality, emission reduction, and economic benefits of applying various technology, operational, and infrastructure initiatives. Official state designation of specific corridors can jump-start innovative demonstration initiatives.

The SCAG region offers these comments to facilitate collaboration with state agencies in developing the California Sustainable Freight Action Plan. Once again, thank you for the opportunity to review the draft document.

Sincerely,



Mark Christoffels
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Authority



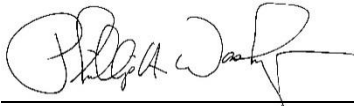
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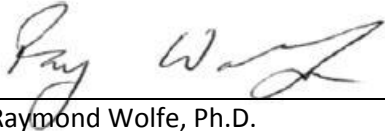
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