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Dear Interagency Partners:

SUBJECT: Comments submitted by the San Diego Association of Governments on the Draft California Sustainable Freight Action Plan

Thank you for the opportunity to comment on the Draft California Sustainable Freight Action Plan (SFAP). The San Diego Association of Governments (SANDAG) is supportive of the document's strategy to pursue consistent and transparent coordination among a wide cross-section of public and private stakeholders to reduce freight-related emissions.

As the Metropolitan Planning Organization for San Diego, SANDAG works closely with local jurisdictions, community partners, and private carriers, shippers, and operators to develop goods movement strategies that meet the infrastructure, environmental, and economic needs of the region. SANDAG participated in the development of statewide freight planning efforts, including the work of the California Freight Advisory Committee and the Freight Efficiency Working Group. With this in mind, SANDAG respectfully offers the following comments on the Draft SFAP.

Create Defined Industry Role

SANDAG strongly encourages the Interagency Partners to expand and codify the role that the freight industry plays in the development and implementation of the SFAP. In particular, SANDAG suggests that the State Agency Actions outlined in Appendix C include potential contributions from the private sector. While efforts were made to engage industry leaders in the

drafting of the Freight Efficiency Strategies White Paper Series with the purpose of informing the SFAP, almost all of the 70 proposed State Agency Actions appear to have been prescribed with little private sector involvement or feedback. For example, there are many actions that focus on engine standards and related emission technologies. These initiatives would be best cultivated for maximum impact by working with larger original equipment manufacturers that are able to produce commercially within the private sector.

In addition, there currently does not appear to be any action items or discussion related to cost-benefit analysis, either of past (California Statewide Truck and Bus Rule of 2008) or future efforts related to the SFAP. SANDAG encourages the Interagency Partners to work with industry to develop this action item. A cost-benefit analysis would assure both public and private SFAP partners that economic realities have been evaluated, thereby helping to substantiate the associated costs and benefits of SFAP implementation to all stakeholders.

In an April 20, 2015, comment letter on the Sustainable Freight Pathways to Zero and Near-Zero Emissions Document, SANDAG urged increased industry participation in the development of future statewide freight-planning efforts and further suggested a model partnership approach (Defense Advanced Research Agency Grand Challenge Model) to incentivize innovative and sustainable solutions and ensure strong collaboration. With this in mind, SANDAG supports the premise of a sustainable freight think tank (State Agency Action No. 5, page C-1), however, SANDAG suggests that a public-private oversight committee may be a better use of statewide funds and resources at this juncture.

Providing high-level industry stakeholders with a formal role and forum to provide input on feasibility assessments, data collection, and other research and advocacy efforts undertaken in support of the SFAP development would ensure that the economic competitiveness and system efficiency components of the plan are sufficiently addressed prior to moving towards policy and regulation development. Further, utilizing the knowledge and expertise of the freight industry would help to facilitate smarter investments, maximize public resources, and result in more impactful outcomes.

Freight Target-Setting

SANDAG urges the Interagency Partners to provide additional information regarding how the Freight Targets were developed, as well as any completed cost-benefit analysis of previous sustainable freight efforts and how this information was used to develop the SFAP targets.

Transition to Zero Emission Technology

SANDAG requests clarification regarding how the "100,000" threshold was determined for zero or near-zero emission freight vehicle and equipment deployment. The type of vehicles produced and the location of their deployment would result in widely varying air quality impacts. Similarly, what is the estimated air quality and economic impact of such a large deployment and were other thresholds or methods considered to achieve the same impacts?

System Efficiency

The System Efficiency Target appears to lack sufficient analysis and explanation. In particular, it is not clear how this metric captures “system efficiency.” Gross domestic product growth is a function of numerous factors beyond “system efficiency” inputs. Some context should be provided, including historical trends for particular industry sectors and how they performed in relation to this metric. Further, more information is needed on the derivation and sources of the data. The public-private oversight committee suggested above would be a valuable resource to help strengthen this target.

Economic Growth

SANDAG recommends the Interagency Partners work with private and public stakeholders to establish a clear and measurable target for increasing the economic competitiveness of California’s freight system. A stated goal of Executive Order B-32-15 is to “increase competitiveness of California’s freight system,” and “identify state policies, programs, and investments to achieve” this target. Without a defined metric or goal, it will be difficult to measure success or identify options for achieving this objective.

In addition, there is much more specificity in the policy recommendations and actions related to the environmental component of the SFAP versus any clear targets or state actions leading to increasing economic growth. Without an articulated strategy to quantify increasing economic competitiveness and with very few agency actions supporting this pillar, SANDAG is concerned that freight-related revenue and jobs in California will not be sufficiently supported nor will economic growth be sustained. SANDAG again encourages the Interagency Partners to solicit and incorporate the substantive feedback of industry leaders to help bolster this portion of the SFAP, prior to its final release.

Potential Freight Funding

SANDAG appreciates the efforts taken to identify the various sources of funding available to support implementation of a sustainable freight system in California. In addition, SANDAG supports the SFAP’s acknowledgement of the important role and many successes of the Trade Corridor Improvement Fund (TCIF) under Proposition 1B (2006).

That being said, the National Highway Freight Program (NHFP) remains a finite source of funding and it does not appear that the FY 2016-2017 state budget cycle will include significant new funding for freight purposes. Recognizing these limited resources, SANDAG encourages the Interagency Partners to consider the success of the model introduced under Proposition 1B, which utilized separate sources of funding to implement both a sustainable freight investment program (Goods Movement Emissions Reduction Program of 2008) and a freight capital infrastructure program (TCIF). Building on this strategic investment approach, SANDAG respectfully suggests that NHFP or TCIF funds be utilized to implement documented freight infrastructure capital needs and Cap-and-Trade funds be used to support the demonstration and deployment portions of the SFAP.

Future Regulations

SANDAG encourages the Interagency Partners to undertake further analysis with broad-based input before any actions are taken in response to the “Freight Hub Data Collection” initiative outlined in Appendix C, State Agency Actions, page C-41. Stating that “information collected will support

planning efforts for source/sector specific rule makings, incentives, enforceable agreements, freight facility performance targets, or other approaches to increase efficiency, reduce emissions, and further reduce health risks” may suggest that cap regulations are being considered for freight hubs.

In addition to the difficulty in measuring site or sector-specific source emissions, future potential cap regulations are particularly challenging in the San Diego region given its location along an international border. The inherent nature of the border means that emission sources could be traced to many sources such as: vehicles and equipment on either side of the border, the operational characteristics of warehouses on both sides of the border, the adequacy of border approach roads, and the operational practices of both U.S. and Mexican border and customs entities. Given the complex array of potential border-related emissions sources, it would be extremely difficult to enforce potential emissions caps for freight hubs along the border.

Discussion Concepts for Potential Future Action

SANDAG appreciates the inclusion of the Otay Mesa East Port of Entry in Appendix E and looks forward to continuing to work with the state agencies to further refine this concept. Chronic traffic congestion at border crossings is a major source of greenhouse gas emissions. To better manage the flow of freight and reduce pollution, SANDAG and Caltrans are designing and building an innovative third port of entry along the San Diego-Tijuana border that will provide fast, predictable, and secure crossings via tolled roads that serve both personal and commercial vehicles. This port of the future – Otay Mesa East – will feature state-of-the art intelligent transportation systems that maximize efficiency along the entire San Diego-Tijuana border: achieving greenhouse gas emissions reductions, time savings, and increased economic opportunities.

Specifically, implementation of this project will help to showcase new approaches to achieving sustainable goals along the border, including how new infrastructure designs, variable pricing, and other intelligent transportation system measures can be effective strategies for reducing emissions in freight projects.

Thank you for the opportunity to comment on the Draft Sustainable Freight Action Plan. If you have any questions, please feel free to contact Robyn Wapner, Senior Legislative Analyst, at (619) 699-1994 or by email at robyn.wapner@sandag.org.

Sincerely,


GARY L. GALLEGOS
Executive Director

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