

- 2) Establishes, pursuant to Proposition 1B, the TCIF program and allocates \$2 billion for infrastructure improvements along federally designated “Trade Corridors of National Significance” or other high-volume freight corridors.
- 3) Requires the California Transportation Commission (CTC), in determining project eligibility under TCIF, to consult various plans, including the California State Transportation Agency’s (CalSTA) state freight plan (See “Background” below), the state Air Resources Board’s (ARB) Sustainable Freight Strategy, and the statewide port master plan, among others. Eligible projects include, but are not limited to, improvements in highway capacity and operations, the freight rail system, ports, truck corridors, and border access, as well as improvements to surface transportation to facilitate goods movement to and from airports. TCIF applicants must provide at least a 50% match from local, federal, or private sources. TCIF funds have been fully programmed, but SB 1228 (Hueso, 2014) (see “Related Legislation” below) authorized continuation of the program so it could receive funds in the future.
- 4) Also allocates, pursuant to Proposition 1B, \$1 billion to the ARB for emission reductions, not otherwise required by law or regulation, from freight movement along California’s trade corridors. Establishes, pursuant to SB 88 (Senate Budget and Fiscal Review Committee, Chapter 181, Statutes of 2007) the Goods Movement Emission Reduction Program (GMERP) and requires ARB to establish guidelines to reduce air pollution emissions and health risk from freight movement along trade corridors. Under the GMERP, owners of goods movement equipment can obtain incentives to upgrade to cleaner technologies. GMERP funds have been fully programmed.

This bill:

- 1) Authorizes \$600 million in general obligation bonds to be issued, subject to voter approval at the June 5, 2018 statewide primary election, as follows:
 - a) \$200 million to the CTC for projects and programs eligible under TCIF. Prioritizes projects and programs identified under the Sustainable Freight Action Plan (SFAP).
 - b) \$200 million to the ARB for projects and programs consistent with the GMERP. Prioritizes projects and programs identified under the SFAP.

- c) \$200 million to ARB for projects and programs to expand the use of zero- and near-zero-emission trucks in areas of the state that are designated as severe or extreme nonattainment areas for ozone and particulate matter.
- 2) Requires the CTC to allocate federal freight funds under the FAST Act through the TCIF program, and revises the TCIF program as follows:
- a) Requires projects to be included in the California Freight Management Plan in order to be eligible for funding.
 - b) Requires the CTC, in determining projects for TCIF funding, to consult the SFAP, as well as regional trade infrastructure and goods movement plans, regional transportation plans, and port master plans.
 - c) Requires that eligible projects must further the state's economic, environmental, and public health objectives and goals for freight policy, as articulated in the plans to be consulted pursuant to this bill.
 - d) Adds to the list of projects eligible for funding: local road and rail capital capacity improvements; rail landside access improvements (e.g., rail access to ports); landside freight access improvements to airports, seaports, and land ports; capital and operational improvements to truck corridors and borders; rail terminals; and infrastructure improvement projects to enhance the capacity and efficiency of ports without having the effect of displacing workers in port operations.
 - e) Requires the CTC, in evaluating projects for funding, to evaluate the total potential costs and total potential economic and non-economic benefits of the projects to the state's economy, environment, and public health. Requires the CTC to consult with CalSTA, ARB, state Department of Transportation (Caltrans), Energy Commission, and the Governor's Office of Business and Economic Development, as well as metropolitan planning organizations.
 - f) Requires the CTC to allocate the FAST Act funds as follows:
 - i. \$150 million to fund improvements to land ports of entry on the California border with Mexico. Requires Caltrans, in consultation with the San Diego Association of Governments (SANDAG) and the Imperial County Transportation Commission (ICTC), to nominate projects to enhance goods movement across the border and to contribute to emissions reductions.

- ii. \$70 million to fund projects for the elimination, alteration, or improvement of hazardous rail crossings. Requires Caltrans to nominate projects jointly with a regional transportation agency.
 - iii. \$360 million to projects nominated by regional and other public agencies, in consultation with Caltrans, consistent with corridor-based programming targets pursuant to the TCIF guidelines, to provide reasonable geographic targets for funding allocations. Provides that SANDAG, ICTC, and other public agencies in those two counties shall be excluded from nominating projects for this portion of funding.
 - iv. Requires the CTC to adjust the distribution amounts in (i), (ii), and (iii) proportionately if the funding received is less or more than \$580 million.
- g) Adds reduction of greenhouse gas emissions to the criteria for project funding allocation.
 - h) Requires the CTC to adopt any amendments to the 2007 TCIF guidelines no later than 90 days after the effective date of this bill.
 - i) Requires the CTC, in adopting amended guidelines and in developing and adopting the program of projects, to accept nominations for projects from regional and local transportation agencies and Caltrans; recognize the key role of the state in project identification, and support integrating statewide goods movement priorities into the corridor approach; and place the highest priority for funding allocations to projects jointly nominated by Caltrans and a regional or other public entity.

Background:*1) California Freight Mobility Plan (CFMP)*

The federal transportation funding authorization of 2012, the Moving Ahead for Progress in the 21st Century (MAP-21), required the US Department of Transportation to develop a national freight strategic plan and encouraged states to develop their own freight plans. AB 14 (Lowenthal, 2013) (See “Related Legislation” below) required CalSTA to develop a state freight plan and to establish a freight advisory committee made up of federal, state, local, and regional representatives, as well as private sector and other interest groups, to guide the development of the plan. The CFMP was adopted in December 2015.

2) *Sustainable Freight Action Plan (SFAP)*

Through Executive Order B-32-15 in July 2015, Governor Brown directed CalSTA, the California Environmental Protection Agency, the Natural Resources Agency, ARB, Caltrans, the Energy Commission, and the Governor's Office of Business and Economic Development to develop an integrated action plan that establishes targets to improve freight efficiency, transition to zero-emission technologies, and increase the competitiveness of California's freight system. This plan is to be informed by existing state strategies such as the CFMP. The Executive Order also directed departments to initiate work on specified freight pilot projects within the state's primary freight corridors. The plan was released in July 2016.

3) *Sustainable Freight Strategy*

In April of 2015, ARB released their own draft plan, *Sustainable Freight: Pathways to Zero and Near-Zero Emissions* (commonly referred to as the sustainable freight strategy), to inform the SFAP. The plan "sets out ARB's vision of a clean freight system, together with the immediate and near-term steps that ARB will take to support use of zero and near-zero emission technology."

COMMENTS:

- 1) *Purpose.* The author states that the Ports of Los Angeles and Long Beach comprise the largest port complex in the United States, handling a quarter of all container cargo traffic in the nation. Furthermore, as the sixth largest economy in the world, California and its 11 public ports comprise a robust and intricate freight transportation system that supports significant international trade and domestic goods movement demands. While goods movement continues to be a major economic force for California and the state continues to receive funding through various federal and state programs for the improvement of its goods movement network, there is still a critical need to relieve congestion on freeways and increase mobility for all Californians. Additionally, it is important to decrease health risks for Californians living in trade corridors by reducing air pollution emissions from freight movement. This bill addresses these issues by providing \$1.18 billion to reduce emissions and health risks, and to improve the infrastructure, of California's goods movement network.
- 2) *Clarifying the GMERP allocation.* As noted above, although Proposition 1B funds for TCIF have been fully programmed, the Legislature has authorized continued existence of the program to receive future funding. Similar

authorization, however, has not occurred for GMERP although those Proposition 1B funds have also been fully programmed. This bill directs \$200 million to “projects and programs consistent with” GMERP. To ensure funds are allocated on a timely basis the author may wish to consider, going forward, amending this bill to explicitly reauthorize the program and explicitly allocate the funds to it.

- 3) *Clarifying the ‘clean trucks’ allocation.* This bill also allocates \$200 million for “projects and programs to expand the use of zero- and near-zero emission trucks in areas of the state that are designated as severe or extreme nonattainment areas for ozone and particulate matter.” Again, to ensure funds are allocated on a timely basis, the author may wish to consider, going forward, amending this bill to allocate the funds to an existing program or programs.
- 4) *FAST Act funding.* The language allocating the FAST Act funds is virtually identical to the language in SB 1 (Beall) (see “Related Legislation” below) and reflects an agreement that was reached on the last night of the 2015-16 legislative session in relation to AB 2170 (Frazier), which ultimately was vetoed by the Governor.
- 5) *Making Choices.* As with all general obligation bonds, the bond repayment comes from the general fund. Therefore, approving this bond means there will be less general fund monies available for other state purposes.
- 6) *Triple referral.* This bill has also been referred to the Environmental Quality Committee and the Governance and Finance Committee.

RELATED LEGISLATION:

SB 1 (Beall, 2017) — is a transportation funding bill that, among other things, establishes procedures for the allocation of freight funding under the FAST Act through the TCIF. The language in this provision of SB 1 is virtually identical to that in this bill. *This bill is set to be heard in the Senate Committee on Governance and Finance Committee on March 8, 2017.*

AB 1 (Frazier, 2017) — is a transportation funding bill that, among other things, establishes procedures for the allocation of freight funding under the FAST Act through the TCIF. The language in this provision of AB 1 is virtually identical to the language in AB 2170 of 2016 (see below). *This bill is in the Assembly Natural Resources Committee.*

AB 2170 (Frazier, 2016) — would have established procedures for the allocation of freight funding under the FAST Act through the TCIF. The language in AB 2170 differs in several aspects from the language in this bill; most notably, AB 2170 does not include the requirement for CTC to refer to SFAP in determining project eligibility and it does not include the specific allocations for FAST Act funds. *This bill was vetoed by the Governor.*

SB 1228 (Hueso, Chapter 878, Statutes of 2014) — continued the existence of TCIF in order to receive revenues from new funding sources, and governed the expenditure of those funds.

AB 14 (Lowenthal, Chapter 223, Statutes of 2013) — required CalSTA to develop a state freight plan and to establish a freight advisory committee.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, March 1, 2017.)

SUPPORT:

City of Lakewood
South Coast Air Quality Management District

OPPOSITION:

None received.

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