

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Supervisor Buster

SUBMITTAL DATE: September 26, 2006

SUBJECT: Goods Movement Impacts in the Inland Empire

RECOMMENDED MOTION: That the Board support the attached joint resolution also being considered by the San Bernardino Board of Supervisors

BACKGROUND: Goods movement has a dramatic and increasing impact on the Inland Empire. This resolution is intended to bring the issue to the attention of state and federal officials and to unify Inland Empire counties and cities behind common measures to reduce its adverse effects and maximize its benefits.

Supervisors and mayors of key cities from both counties will be meeting on September 27th to publicly announce our concerns.

Bob Buster, Chairman

1 WHEREAS, it is the responsibility of elected Inland Empire officials to make
2 certain that the region's perspective on the growth of logistics be clearly understood by
3 state and national leaders in order for the Inland Empire to receive the consideration it
4 deserves.

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6 NOW, THEREFORE BE IT RESOLVED by the Board of Supervisors that the
7 County of Riverside supports a cooperative effort with the County of San Bernardino
8 and the forty-eight cities within both counties to ensure that the Inland Empire region is
9 given its due consideration by state and federal officials in regards to the goods
10 movement expansion in Southern California.

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12 PASSED AND ADOPTED by the Board of Supervisors of the County of
13 Riverside, State of California, by the following vote:

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Statement By Elected Representatives of Every Jurisdiction In San Bernardino & Riverside Counties

Goods Movement Must Become Southern California's Overriding Priority

As local, regional, national and state leaders discuss the impacts of the goods movement on Southern California, those of us who are elected Inland Empire officials want to make it very clear that we intend that our region's perspective on the growth of logistics be clearly understood and receive the weight it deserves. We collectively agree that the region's overriding priority must be to find a solution to the health, infrastructure and employment issues associated with goods movement. We say this as our communities are the state's fastest growing and because, along with the immediate harbor area, our 4 million residents have the most to gain or lose by the manner in which Southern California's logistics growth is handled:

1. **Down-Wind.** The Inland Empire is downwind from the coastal counties and much of the pollution generated by ships, trains, trucks and congestion, there, ultimately adds to health risks, here.
2. **Huge Impact Of Trade.** The vast majority of goods moving across Southern California travel through the Inland Empire via our area's Cajon (*I-15, BNSF & UP Railroads*) and San Geronimo (*I-10, UP Railroad*) passes. The resulting growth of truck traffic is exacerbating congestion and tearing up our freeways. The expanding rail traffic is adding to diesel particulate emissions, while often stopping traffic and emergency vehicles at our numerous at-grade crossings.
3. **Jobs & Incomes Needed.** The Inland Empire now supplies over half of Southern California's new homes and faces a difficult jobs:housing imbalance. Our lower rents and home prices have also led to a major in-migration from the coastal counties, a fact partly responsible for 50% of our adults not having gone beyond high school. This has impacted local income levels and placed added stress on local health care and other social systems. Our area thus has a disproportionate need for the decent paying jobs that an efficient fast-growing logistics system can generate.
4. **Room To Grow But Health Concerns.** The communities most impacted by the need for good-paying goods movement jobs tend to be located deeper inside the Inland Empire where logistics operations can locate due to the availability of large tracts of undeveloped industrial land. Community support for these activities, however, will depend upon addressing the transportation infrastructure and health risks posed by this type of activity.

Given these facts, we seek the following 6-step approach to the health, infrastructure and job issues raised by the goods movement expansion in Southern California:

1. **Full Systems Approach.** Create a strategic framework to addressing the full range of issues raised as goods move from the ports through Barstow, Indio and beyond. This must include an integrated solution dealing with the full range of geographic, transportation, health, community and economic issues raised by Southern California's rising volume of cargo. It must simultaneously address the concerns of fragmented industry groups, agencies with limited jurisdictions, and stakeholders with widely divergent interests.
2. **Health Improvement.** Work with industry, health organizations, environmental groups, community groups and regulatory agencies to create a strategy and agreed upon project list to lower particulate emissions and other pollutants from ships, trains, trucks, intermodal yards and airports to significantly below today's levels, even as logistics activity rise.
3. **Private Sector Investment.** Encourage private sector investment for new transportation infrastructure by allowing companies to receive tax credits and/or allowing them to issue tax exempt bonds in exchange for financing the construction of new transportation projects and/or related environmental mitigation measures.

4. **Federal Customs.** Work with federal legislators to have the incremental growth in U.S. customs revenues designated for use in financing a system of regional improvements to the goods movement transportation system and related environmental mitigation measures.
5. **Voluntarily Negotiated User Fees.** Work with federal and state legislators to enable shipping and transportation companies that interact with the nation's sea ports to voluntarily negotiate user fees to help fund dedicated regional goods movement infrastructure improvements and related environmental mitigation measures.
6. **Universal Project List.** Create a carefully considered goods movement transportation project list that is universally supported by regional stakeholders, allowing for maximum relevance and support among federal and state decisions-makers.

Goods Movement Must Become Southern California's Overriding Priority

Questions & Answers

- 1. Is it possible to create an integrated solution given the divergent issues and groups?** Southern California's good movement issues defy piecemeal solutions. Too widespread an area is affected, the relevant agencies and industries are fragmented, and the issues in conflict are inextricably linked. Given this fact, mechanisms must be created to facilitate reconciliation of diverse concerns and opportunities. One approach is the Multi-County Goods Movement Action Plan work financed by Caltrans, SCAG, and County Transportation Commissions from Ventura to San Diego. Another is an attempt by most of these agencies to convene a strategic Southern California National Freight Gateway Collaborative involving local, regional, state and federal entities plus industry, environmental and other stakeholders to create a memorandum of understanding aimed at creating agreement on regional transportation and environmental projects and the expeditious permitting and funding of them.
- 2. Why a vetted list of environmental projects?** There has been much discussion about the need to lower particulate and other emissions. To turn these discussions into action, it would be helpful to have scientific, regulatory and industry experts detail a strategy and budget for attaining such a result. These must be credible, measurable and acceptable to the people it will affect including community groups, environmental groups and the segments of the goods movement industry. Each of these groups has historically been capable of stalemating action that does not have their consent.
- 3. Why private sector investment?** It will take far more money to build the transportation infrastructure and related environmental mitigation projects than there will be public dollars available. The long term underlying financial strategy must therefore make it within the financial interest of investors to help finance such projects. The combination of tax credits and tax exempt bonds has been shown to be effective in increasing the flow of private funds into publicly desirable projects. The concept is to tap these sources to help fund solutions to the goods movement problem.
- 4. Why attempt to tap the incremental growth of federal customs fees?** The U.S. government collects billions in customs fees on imports flowing into the country. None of this money is currently financing the transportation infrastructure or related environmental mitigation projects needed to deal with moving these goods inland from the ports. Instead, local communities are having to use local funds to deal with these issues. This is flawed policy. The reason for only looking at the incremental growth is to lower the opposition from representatives of states that are benefiting from the current system, whereby tariff revenues are spent on items like agricultural subsidies. It will also hopefully deflect some of the opposition from ocean carriers who oppose existing tariff levels.
- 5. Why voluntarily negotiated fees instead of mandated fees to finance the construction of goods movement infrastructure and associated environmental mitigation measures?** Given the billions of dollars needed, it will be impossible to build the goods movement infrastructure and associated environmental mitigation measures without private companies investing in paying off the debt incurred in building the system. The approach advocated is to make partners of the logistics firms using Southern California's transportation system. This will require showing them that by investing in the system via user fees, the speed and reliability of their cargo deliveries will increase, helping their profits. To date, the research indicates that this will be the case. If that becomes the consensus view of the affected firms, a negotiated process would ensure that the funds are appropriately raised, protected and invested. Without such a voluntarily negotiated approach, a fees system would likely never survive the political process.

6. **Why a universally supported project list with maximum relevance to state/federal decision makers?** Ultimately, the success of Southern California's goods movement infrastructure will require an integrated agreement about what needs to be built across seven counties (*Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Ventura*). Partial solutions will not work. As a result, the public officials representing these areas at the local, regional, state and federal levels must be given a consensus group of integrated projects to fund and build.