



Are there any players left that you have not heard about?

## Partnerships: Many and Varied

- Federal
- State
- Local
- Public
- Private

**Partnerships needed to focus on policy and financing.**

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Freight Partnerships occur on many different levels



## Federal Partners

- Congress and Federal
  - Individual Members
  - Committees- Port Caucus
  - Commissions- House T&I Committee
  - Research and Oversight Agencies
  - Next Transportation Bill
- National Trade Associations
  - AAPA
  - Coalition for America's Gateways & Trade Corridors
- U.S. Department of Transportation
- Department of Commerce
- Environmental Protection Agency



Congress...

How many have Congressional Earmarks for Projects?

So that is self evident

We do as well

Proactively, you as individuals and your trade associations need to communicate the importance of freight to Congress

As reauthorization nears it is important to communicate to the House and Senate Committees as well as the staff. Here I hope we will see a continues collaboration between NARC and AAPA and the Freight Stakeholders.

Trades are important, they are your DC voice-Freight Stakeholders and their influence on SAFETEA-LU. NO on connectors, but yes on Freight Cooperative Research

USDOT: Each Mode has sway, and there is a continued need for a national freight policy, but this may be a bottoms up rather than a tops down.

Environmental issues are here to stay! Bit more in the CA experience se



State is equally important, and I would say that there is a great deal japping in freight on the state level.

CA Bond Bill

Washington State Freight Mobility Investment Boards

Virginia Investment in new terminals in Newport News and Hampton Roads

Implementing Earmarks in you state

New big player in CA= CARB \$1B GMERP

New Rail yards for Class I or Short Lines

State Trucking Associations, survey for freight imp, chokepoints, geometry, simple fixes



First time I have mentioned neighborhood groups. Hugely important.

Very informed in CA, the environmental justice issues

The more precise info about concentrated freight emissions

So with all these players...freight advisory groups are essential for an MPO


How many in this room have organized or are part of a freight advisory group?





## Recent California Experience: Partners and Projects

- Senate Bill 45 in 1997
  - CalTrans 25% STIP and MPOs 75% RTIP
- Proposition 1B in 2006
  - \$2B Trade Corridor Infrastructure Improvements
    - Statewide Goods Movement Action Plan
    - Statewide California Marine and Intermodal Advisory Committee (CALMITSAC)
    - CA Association of Port Authorities (CAPA)
    - Projects on RTIP
  - \$1B Goods Movement Emissions Reduction Program
    - Air Quality and Freight Investments Linked
- Assembly Bill 32 Global Warming Solutions Act of 2006
  - Greenhouse Gas levels of 1990 by 2020



***SB 45- great power and budget to MPOs***

***1B Movement and Air Quality***—\$3.2 billion—for projects to improve the movement of goods—through the ports, on the state highway and rail systems, and between California and Mexico—and for projects to improve air quality by reducing emissions related to goods movement and replacing or retrofitting school buses.

AB 32-still figuring out-restore 1990levels of green house gases?

How ? May think this is just a CA phenomenon, but think NOT



## Implementing State Bond Bill Infrastructure Projects

- San Diego context
- Landside access and community rationale
- CA Trade Corridor Improvement Fund (TCIF)
- Building project consensus and funding plan
- Local issues
- TCIF lessons learned
- National issues



I will focus on a partnership experience we forged Port of San Diego –  
improving Port Access

Otay Mesa East - Land POE

These were projects planned well before the Global Recession, but we are adjusting to the new realities...

Hopefully we have some lessons learned and a few thoughts to stimulate discussion as well...



Our Port is located literally a few blocks from the SD downtown, it sits atop some of the most expensive real estate in the US

See downtown...

And TAMT starts the Working Waterfront and NAMT bounds the S Side of the working waterfront





## Landside Access Improvements Community Rationale

- EJ Project: buffer Barrio Logan from truck traffic
  - Land use and A/Q challenge for Port
- Air quality: channel trucks out of EJ Community
- Economic prosperity: protect vital working waterfront/jobs
  - NASSCO shipyard & Navy Base San Diego
  - Tenth Ave. & National City terminals
  - >33,500 jobs






So what are we doing these projects...

Given that downtown location, our port has lots of neighbors to keep happy.

EJ-keep the barrio residents shielded from trucks and truck related emissions

Protect jobs. We do not have a huge high wage blue collar job base in SD. We have an economy that has been driven by tourism, and you know how that's been going with "staycations"

Therefore the important Navy jobs, shipyard jobs and Port jobs need to be protected and the working waterfront has to fit in and try to compliment the rest of the area. We are talking about almost 34,000 jobs.

Hence...the importance of the Port Access Projects



## CA Proposition 1B: Goods Movement Bond Bill

- Trade Corridors Improvement Fund (TCIF)
  - \$2 billion statewide
  - Focus on infrastructure improvements on high volume trade corridors
- Goods Movement Emission Reduction Program
  - \$1 billion statewide
  - Focus on projects that reduce air pollution related to goods movement





## Trade Corridors Improvement Fund: Background

- **Eligible Projects:**

- Highway and freight rail system improvements
- Enhancements to seaport capacity
- Border access projects to improve freight movements between California and Mexico



- **Dollar-for-dollar match required for projects**





## Trade Corridors Improvement Fund: San Diego Regional Approach

### Freight system needs criteria:

- Focus on:
  - Network integration
  - Intermodal projects
  - Increasing performance and reliability
  - Minimizing environmental community impacts
  - Fostering California's prosperity





## Building Consensus and Funding Plan

**The region was awarded \$27.8 million for prioritized port and rail projects to start construction in 2013:**

- \$2.8 million for port access improvements at 1:1 Match
- \$25 million for rail corridor improvements facilitating Class I rail services at 1:1 match



How are we financing these Projects?

A portion will be covered by the boldly crafted TCIF Bond Fund created by the State of CA. A \$2B fund to cover project in the state's 4 Gateway Regions (LA/LB, Oakland/SF, Central Valley (agriculture products) ..and us the Border Gateway Region

But we are not solely relying on the Bond fund, we are relying on a self help approach (a strong model in the State of CA).

so for the \$200M Port Access projects, it's 50% state \$\$ and 50% Port dollars

For our new border crossing, it's \$75M in state bonds and the remaining \$540M will be financed by tolls & loans





## TCIF – Partnership Lessons

- Identify Regional Freight Gateways and their respective issues
- Define partners
- Recognize and educate re: freight **system** needs
- Set system evaluation and performance criteria
- Sustainability: address freight externalities
- 1:1 Match can be realistic



## Local Partnership Challenges



- Land use challenges
  - No land use protections for freight operations
  - Costly legal challenges
  - Causes freight “sprawl”
- Funding builds partnerships
- Partnerships must be sustained
  - Shared staff between Port and MPO



**Summary**

1. Partnerships: build for the long term
  - changing policy and financial circumstances
2. Develop expertise re: other partner's issues
3. Focus on mutually beneficial strategies and outcomes
4. Resources for projects drive working partnerships
5. Hybrid models of public-private partnerships are evolving
6. Next Authorization is already focusing on freight partnerships

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What you know today will change in a year

Global logistics is fast moving and many players and the relative influence changes in various situations.

Have to know what the other are is planning ..logistics is dynamic and highway and port projects are long term capital investments.

If you have a freight working group...look for wins as SARAH has

No cookie cutter model, every partnership is a one off model.

Next Bill is a great opportunity...Jean, Kurt and others have been watch an evolving freight discussion for years. This looks t=like the right time

**National Issues: MAP-21 Reauthorization**

**National Freight Policy is Overdue**

Globalized Supply Chains + Free Trade Pacts =

**National Approach to Freight Infrastructure : PFN**

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As best we can predict, trade will and must recover.

Our economist tells us that there are 2 futures, a slow recovery or a faster recovery

If all things remain equal it should be faster:

- Pre-recession conditions
- Credit returns
- Liquidity returns
- Job growth continues (assisted by stimulus funds applications which produce jobs=infrastructure projects)
- No new trade barriers

It will be slower if:

No jobs or lack of credit to finance trade.  
Tariffs



## National Issues: Reauthorization

- NHS Intermodal Connectors – do it!
- PFN : Identify it - Include Ports - Fund it!
- Projects of National and Regional Significance – Expand the model!
- Shippers and carriers seek predictability and consistency in Port related investments
  - Air quality regulations
  - Tiger
  - TIFIA
  - What about fee approach?



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## Other National Issues: Policy and Funding

- National trade policies greatly impact local Port Gateway projects
- “Self Help” User Fees must be in mix
  - National based Fee?
  - Local Based Fee?
  - Possible Model with FAA Passenger Facility Fee?
- Ports most often located in Mega Regions = Compound Challenges
  - Externalities/Land Use/Congestion

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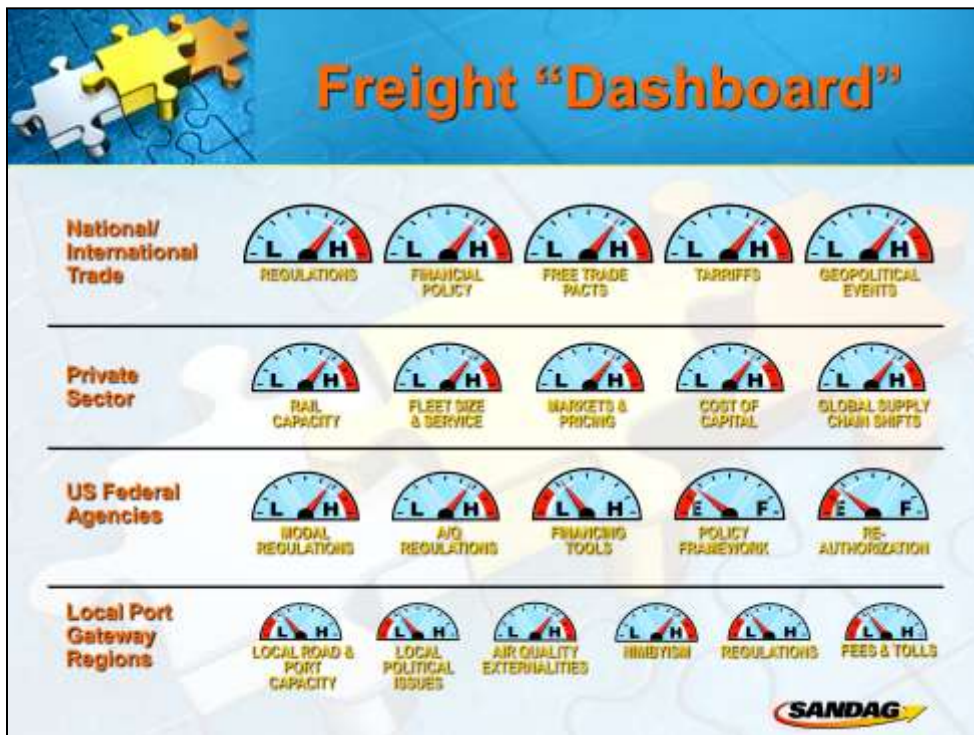
So sticking with this idea of balancing national and local responses I'll illustrate a “ first take” on the virtual “control panel” on freight flows in the next slide.

But for now, the burden of cost, externalities, congestion are most acute at the local level

More assistance from the federal level would be helpful, not only in funds but in freight policy and freight regulatory areas

For example...given the recent experience in CA with more aggressive a/q regs around freight carriers, ports and rail yards we found that our regs. may be creating a competitive disadvantage. It would be beneficial in A/Q areas to level the playing field.

The stimulus funds are very helpful if red tape is cut, and funds can quickly be applied to necessary, job generating projects that stimulate the construction industry



So I mentioned that it might be good to stimulate some discussion so we made this virtual control panel to illustrate lesson learned at the local level. The lessons are:

We don't control that much.....we react to many forces

We react to trade policies, trade pacts, tariffs, supply chain shifts, market forces, national regulations, credit liquidity, incentive funds etc etc

So...pause pause

The moral of the story is we don't control that much and when involved in complex infrastructure projects.....be prepared for the unexpected.





## Discussion

- Thank you.
- Christina Casgar
- [Christina.casgar@sandag.org](mailto:Christina.casgar@sandag.org)





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## **Enhancing Development Success Through Partnerships**

American Association of Port Authorities