



STAFF REPORT
Board Meeting of January 20, 2021

AGENDA ITEM: 5-L
PREPARED BY: Patricia Taylor, Executive Director

SUBJECT:

California Inland Port Feasibility Study

Enclosure: No

Action: Support the Phase II Inland Port Feasibility Study Analysis in the amount of \$10,000

SUMMARY:

In 2019, the Central Valley Community Foundation along with the San Joaquin Valley Air Pollution Control District, The Ports of Long Beach and Los Angeles, all eight counties of the San Joaquin Valley, and other partners initiated a California Inland Port Feasibility Analysis. The purpose of the study was to assess the viability of establishing a rail-served inland port project in California. The study was conducted by Global Logistics Development Partners (GLDPartners), an investment advisory firm specializing in transportation and logistics investments.

The outcome of the study was a California Inland Port Feasibility Analysis Preliminary Business Model report, completed on April 8, 2020. The report documented the viability of an intermodal rail service to/from the Ports of Long Beach and Los Angeles northward through the Central Valley, and terminating in Sacramento, for replacing the current all-truck transport system.

The Preliminary Business Model concluded that a California inland port rail system is viable and that it would greatly reduce the amount of truck traffic and associated air pollution emissions on Valley highways by allowing goods to be shipped via railway instead of on heavy-duty trucks. The report also concluded that engaging the railroad companies and the State of California to play a leadership role in the project's implementation is needed.

A supporting air quality analysis performed by the San Joaquin Valley Air Pollution Control District showed that the movement of freight via rail has the potential of yielding significant emissions benefits: Nitrogen Oxide (NOx) emissions were reduced by as much as 83 percent and greenhouse gas emissions were reduced by as much as 93 percent.

The study also concluded that a Central Valley inland port would support new job creation and investment growth by fundamentally repositioning the economic competitiveness of the Central Valley. With a more robust and efficient distribution system and direct rail service to and from the deep-water seaports, costs for shippers that manage global supply chains would be reduced, and the Central Valley would become much more attractive to high-value manufacturing sectors.

The project sponsors have met with State officials and Caltrans and were encouraged to apply for a Sustainable Transportation Planning Grant for the second phase of the study. The project sponsors are requesting \$80,000 in support from the San Joaquin Valley Regional Transportation Planning Agencies to contribute toward the grant's matching requirement.

Phase II of the California Inland Port Feasibility Analysis will include creating a California Inland Port Advisory Council; assessing market interest, support and commitments among shippers; determining core project finance metrics; engage and work with the two Class One railroad companies; create functional transport centers that are models for clean energy transportation; develop associated economic competitiveness opportunities; and prepare a business plan for project implementation.

This item was brought to the attention of San Joaquin Valley Regional Planning Agencies' Directors' Committee during several meetings in the month of November 2020. The Directors' Committee met with Pete Weber of California Forward and the project consultants. The Directors' Committee is supportive of the project in concept as it would alleviate truck traffic on State Route 99, provide emission reduction benefits, and the project aligns with the State of California's climate goals and initiatives. It should be noted that the Merced County Association of Governments will not participate in the Phase II study.

Fresno COG has been designated as the lead agency to submit the Caltrans Sustainable Transportation Planning Grant application which will be due in late January 2021. It is anticipated the total cost of the Phase II study will be approximately \$450,000. The application to Caltrans would fund approximately \$250,000 of the total, with other cash contributions coming from the ports, the San Joaquin Valley Regional Planning Agencies, and other partners.

It is recommended that the Madera County Transportation Commission Policy Board support the Phase II Inland Port Feasibility Study Analysis in the amount of \$10,000 and to incorporate into the FY 2021-22 Budget.

FISCAL IMPACT:

No impact to the approved 2020-21 Overall Work Program and Budget.