



STAFF REPORT
Board Meeting of November 23, 2022

AGENDA ITEM: 5-A

PREPARED BY: Dylan Stone, Principal Regional Planner

SUBJECT:

MCTC Policy Board Support of the California Inland Port Project and a Grant Application for Port and Freight Infrastructure Program Funding

Enclosure: Yes

Action: Adopt Resolution 22-18 expressing the MCTC Policy Board's support for the California Inland Port Project and a grant application for Port and Freight Infrastructure Program funding

BACKGROUND:

For decades, the San Joaquin Valley has served as the principal corridor for north-south goods movement in California. Approximately 1.1 million ocean containers move through the San Joaquin Valley, about half of that number representing imports, which are mostly consumer products from Asia, and the other half representing exports of mostly agricultural products destined for Asia. Currently, virtually all these goods are moved on highways by internal combustion engine-powered trucks.

Catalyzed by conversations among the Port of Los Angeles, California Forward, and Global Logistics Development Partners, an California Inland Port Project was conceived in 2019 to reduce congestion and to improve air quality at the San Pedro port complex area and in the San Joaquin Valley.

Initially, the primary idea was to transfer these goods from internal combustion engine trucks to rail. As the federal and state governments have now begun the transition from fossil fuels to sustainable energy, one of the highest priorities for transportation, the California Inland Port Project has now evolved into what will be the largest and most sophisticated logistics and investment corridor in the world, a fully integrated goods movement and economic development paradigm comprising "Trade Ports" (multi-modal logistics hubs) with long-haul movement via rail and final-mile movement via electric trucks, surrounded by "green" manufacturing, clean energy, e-commerce, and distribution operations. When fully built out, the project is expected to include two to four major "Trade Ports" and six to eight smaller "Satellite Trade Ports" (truck charging facilities), with a potential trade port located in Stanislaus County.

The California Inland Port Project's initial feasibility studies (Phases 1 and 2) were funded by the San Pedro Ports, the Air Districts in the San Joaquin Valley and South Coast, and San Joaquin Valley councils of government. The studies showed significant cost advantages for moving goods on rail vs. trucks, as well as significant environmental benefits, including a 93% reduction of Greenhouse Gases (GHG) and an 84% reduction of nitrogen oxides (NOx). Planning phases 3 and 4 are being funded by Caltrans and the United States Department of Transportation (US DOT), which has identified the California Inland Port Project as one of only five Regional Infrastructure Accelerator projects in the nation due to its ability to address the ongoing supply-chain crisis facing the nation.

In the first week of October 2022, the California Inland Port Project team met with the Port of Los Angeles and related port stakeholders, Pacific Harbor Rail (short-line railroad that serves the LA/LB ports) and the Alameda Corridor Transportation Authority (ACTA), which has a role in the rail corridor that moves goods out of the port and across the state and country. All expressed strong support for the proposed project, and the Project Team anticipates support letters from those agencies. During the second week of October, the California Inland Port Project team visited Sacramento and met with various state agencies and stakeholders to raise awareness and solicit support. These agencies included: California State Transportation Agency (CALSTA), Caltrans, California Transportation Commission, California Energy Commission, Office Planning & Research, California Department of Food and Agriculture, and the California Fuel Cell Partnership. In summary, all the agencies expressed strong support because the project aligns with the state's policy goals in multiple areas.

DISCUSSION:

Earlier this month, CALSTA released guidelines and a call for projects for the State's one-time Port and Freight Infrastructure Program with a budget of \$1.2 billion. The Port and Freight Infrastructure Program funding is considered to be a once-in-a-lifetime funding opportunity to bring much needed funding to the California Inland Port Project.

Public agencies (such as cities, counties, Metropolitan Planning Organizations (MPO), Regional Transportation Planning Agencies (RTPA), ports, Joint Powers Authorities, public construction authorities and Caltrans) that administer or operate the project are eligible to receive Port and Freight Infrastructure Program funding.

Eligible projects include but are not limited to:

1. Port-specific high-priority projects.
2. Intermodal railyard expansion and electrification.
3. Goods movement railway corridor capacity projects.
4. High-priority grade separations, and
5. Zero-emission goods movement demonstration projects.

CALSTA will award the entire \$1.2 billion in a single cycle through a single program of projects, with \$600 million available for projects in 2022-23 and \$600 million in 2023-24, consistent with funding availability.

Seventy percent of the funding is to be used to support infrastructure projects supporting

goods movement related to the Port of Los Angeles, the Port of Long Beach, or both. The remaining thirty percent is to be directed to other high-priority projects supporting ports and goods movement infrastructure in the rest of the state, including inland ports. The grant application submittal deadline for the Port & Freight Infrastructure Program is January 13, 2023.

The California Inland Port Project Team is preparing a grant application for FY 2022/23 Port and Freight Infrastructure Program funding and has asked the MPOs/RTPAs in the San Joaquin Valley for a resolution of support for their application. Tony Boren, Executive Director, Fresno COG and project manager for the California Inland Port project will present additional information concerning the grant application request and will be available to respond to any questions.

The California Inland Port Project has the potential to significantly address numerous transportation, air quality, and economic challenges facing the San Joaquin Valley and the State of California. These include:

- A more efficient national supply chain system,
- Substantial reductions in greenhouse gases and criteria pollutants in California,
- Significantly increased economic competitiveness and opportunity in the San Joaquin Valley,
- Reduced VMT, road congestion, and maintenance costs, as well as increased traffic safety,
- Improved social equity and environmental impacts,
- Improved availability of containers for Agricultural exports, and
- Leveraged public sector infrastructure investments anticipated to attract private sector investment.

For the reasons stated above, staff recommends that the Policy Board formally express its support, by resolution, for a California Inland Port grant application to the State of California's FY 2022/23 Port and Freight Infrastructure Program.

FISCAL IMPACT:

No fiscal impact to the approved 2022-23 Overall Work Program and Budget.