



**The Written Statement of
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**Before the
House Committee on Transportation and Infrastructure
Subcommittee on Coast Guard and Maritime Transportation
United States House of Representatives
“Port Development and the Environment at the Ports of Los
Angeles and Long Beach”**

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Mr. Chairman. Members of the Committee. Thank you for the opportunity to speak before the Committee today and for holding this important hearing at the Port of Long Beach. My name is Richard Steinke and I am the Executive Director for the Port of Long Beach. The Port of Long Beach is the second largest seaport in the United States and combined with our neighbor, the Port of Los Angeles, we are the fifth largest port complex in the world. In 2007, the Port of Long Beach handled more than 7.31 million containers, also known as Twenty Foot Equivalent Units (TEUs). Combined with Los Angeles, both ports handled over 15.7 million TEUs, which represented over 40% of all containerized goods entering United States ports.

The ports of Long Beach and Los Angeles, also known as the San Pedro Bay Ports, are the leading gateways for trade between the United States and Asia. Port operations support approximately 1.4 million jobs nationally and provide consumers and businesses with billions of dollars in goods each year. About \$4 billion a year is spent in the U.S. for port-industry services and trade valued annually at more than \$100 billion moved through the Port of Long Beach in 2007.

Due to the geographic location of the port complex, the ports of Long Beach and Los Angeles are well positioned in relation to the transportation and rail infrastructure system that transports products throughout the region and the country. Both ports are expected to meet the growing demand for international cargo which is estimated to more than double, from 15.7 million TEUs in 2007 to over 35.3 million TEUs by 2020.

In an effort to reduce emissions related to current and future trade demands, the Port of Long Beach has adopted aggressive environmental mitigation programs to help improve air quality. The Port's initial environmental mitigation plan, the Green Port Policy, was adopted by the Board of Harbor Commissioners in 2005 to protect the community from harmful environmental impacts related to Port operations, promote sustainability and employ the best available technologies to avoid or reduce environmental impacts.

In 2006, the Port of Long Beach worked with the Port of Los Angeles, the United States Environmental Protection Agency (USEPA), the California Air Resources Board (CARB) and the South Coast Air Quality Management District (AQMD) to develop the innovative Clean Air

Action Plan (CAAP). The Long Beach and Los Angeles Boards of Harbor Commissioners jointly approved the Clean Air Action Plan in November 2006, a Plan that seeks to reduce emissions associated with port operations by more than forty five percent over five years. The CAAP is expected to cut particulate matter pollution, nitrogen oxide and sulfur oxides from source categories that include ocean going vessels, harbor craft, cargo handling equipment, railroad locomotives and heavy-duty trucks.

A key component of the San Pedro Bay Ports' CAAP is the implementation of a Clean Truck Plan (CTP) which was adopted by our Board of Harbor Commissioners on November 5, 2007. The landmark Clean Trucks Plan will dramatically modernize the port trucking industry and significantly reduce truck-related air pollution. This Plan requires all heavy duty trucks operating at the San Pedro Bay Ports be replaced or retrofitted to meet the USEPA 2007 emissions standards by 2012. It is estimated that drayage trucks account for approximately 25 percent of the air pollution from port-related sources, including diesel particulate matter and nitrogen oxides, which pose significant health risks. That is why the CTP calls for all drayage trucks serving the ports be replaced with newer, cleaner trucks, which will result in truck-related air pollution reductions of approximately 80 percent. Although the ports do not own or operate the drayage trucks that serve port terminals, the ports have determined that a progressive ban on dirty trucks is the most direct way to cut air pollution and reduce public health risks posed by dirty diesel trucks, on a time frame that meets the needs of our local communities.

The Clean Trucks Plan calls for drayage truck owners to also scrap their older diesel powered trucks working at the ports, which will greatly benefit the region because those trucks will be off the road completely. Specifically, the Plan also includes a Clean Truck Fee imposed on Port cargo and truck concession requirements to identify clean trucks, ensure reliable short-haul service, and improve air quality, security and safety.

On December 17, 2007, the Board of Harbor Commissioners at the ports of Long Beach and Los Angeles approved a cargo tariff, the Clean Truck Fee, to help finance retrofits or replacement of banned trucks. The fee, to be charged to cargo owners, will place a \$35 fee on every loaded TEU cargo container entering or leaving any terminal beginning August 2008. This fee will not apply to containers entering or leaving the ports by train and is expected to generate \$1.6 billion, in addition to the \$143 million that has been committed by the ports of Long Beach and Los Angeles. The ports are also expecting to receive \$98 million from the state

Proposition 1B bond which California voters approved in 2006 to help pay for major transportation and air quality improvement projects. In total, the Clean Trucks Plan is expected to cost \$2.2 billion.

In an effort to encourage industry leaders to purchase “cleaner” trucks sooner, the Port of Long Beach will exempt or partially exempt cargo owners from paying the \$35 per loaded TEU Clean Trucks Fee if they use private funding to purchase trucks that meet our requirements. Cargo owners are 50 percent exempt from the Clean Trucks Fee if their merchandise is drayed by privately LNG or alternative-powered trucks that meet the 2007 federal emission standards. In addition, cargo owners are 100 percent exempt from the Clean Trucks Fee if their 2007 compliant diesel-fueled trucks were purchased with private funding before October 1, 2008.

In order to quickly remove the older, polluting trucks that would remain on the public roadways for many years, the Port will offer financial subsidies to help replace and retrofit heavy duty trucks. The Port will offer three financing plans which include a lease-to-own program, an up-front grant for purchase of a new clean truck and an up-front grant for retrofit.

The lease-to-own option will allow an applicant to exchange an older truck for a pre-approved new truck under a seven-year lease agreement. The monthly lease payment for the lease-to-own program will be \$300 to \$600 for the driver and the Port will augment the lease payments with Port monthly payments on average of \$800 to \$1,400, depending on the cost of the clean truck. Prepaid maintenance to be covered by the port will be included in the cost of the truck and at the end of the lease term, the Port will provide an additional 50 percent (\$7,000 - \$15,000) subsidy towards the purchase of the truck for the lessee. As a result, with a new truck, operators are expected to save on maintenance and fuel.

Another option under the Port’s CTP is an up-front grant for purchase of the heavy duty vehicle. An applicant can exchange an older truck for a pre-approved new truck with a Port grant of \$60,000 to \$75,000 for a clean diesel truck, \$90,000 to \$120,000 for Liquefied Natural Gas (LNG) or other alternative fueled truck. The grant applicant will provide the remaining costs and prepaid maintenance will also be included as part of the up-front grant. The third option for the CTP is the up-front grant for retrofit. The Port will provide a one-time grant, as much as \$20,000 towards the purchase of retrofit equipment for model year 1994 to 2003 trucks in 2008

and 2009. Retrofit applicants may be eligible later for purchase grants or leasing subsidies, if funding is available.

As part of the San Pedro Bay Clean Trucks Plan, only Port-permitted concession trucks will be allowed to work at the San Pedro Bay Ports. The concession system provides oversight and accountability for the trucking industry and ensures that our Ports' aggressive clean-air goals are being met.

Although the Ports of Long Beach and Los Angeles jointly adopted the Clean Trucks Plan and progressive ban on trucks, our respective Board of Harbor Commissioners have taken a different approach to the concession system for the Plan. The CTP at both ports require LMCs to: be in good standing with a valid license; operate clean trucks consistent with CTP and Tariff; comply with on-street parking ordinances; adhere to truck routes specified by local and state authorities or the ports; implement technology required for the Concession or CTP; post placards on the vehicle providing the public with a phone number to report concerns; provide an appropriate maintenance plan; comply with regulatory safety standards; comply with applicable security requirements and regulations; use drivers that meet security requirements including enrollment in the federal Transportation Worker Identification Credential program; maintain required insurance levels; and give preference to drivers with previous service at ports; and participate in workforce development.

However there remain some differences between the programs. Specifically, the Port of Long Beach concession system allows LMCs to use employee drivers, independent contractor drivers or a combination of employee and contractor drivers – as they do now. Choice in the drayage industry is important and under the Port of Long Beach Plan, drivers can choose to be an employee or be their own boss, while accomplishing the real goal of the Clean Trucks Plan - cleaning the air. As part of the concession system, the Port of Long Beach also requires LMCs to offer health insurance to all drivers, a provision that is not a requirement in the Los Angeles plan. In addition, the Port will grant five-year concessions to Licensed Motor Carriers who pay a one-time application fee of \$250 versus a fee of \$2,500 at the Port of Los Angeles, and a concession fee of \$100 per truck each year is charged by each Port for administration.

In addition to the Clean Trucks Fee, on January 14, 2008, the Port of Long Beach approved a tariff, Infrastructure Cargo Fee (ICF), to help finance local port-related goods movement

infrastructure. The money generated by this fee will be used to augment and compliment funding received from federal and state sources. The ICF will provide funds for upgrades to aging infrastructure that would reduce congestion, expedite goods movement, and improve air quality. This fee that is separate and distinct from the Clean Trucks Fee. The Infrastructure Cargo Fee will raise revenue directly from the goods movement industry to pay for about half of the costs of the approved list of harbor area projects. This Fee will be charged to cargo owners and will place a \$15 fee on every loaded TEU cargo container entering or leaving any terminal by truck or train beginning January 1, 2009 and will generate an estimated \$1.4 billion.

Direct industry user fees are needed at the San Pedro Bay Ports due to limitations in federal, state, local, and port funding for high-priority projects. The revenues from the fee program will provide the “private” component of a public-private partnership. Funds generated by the ICF will be used to match Proposition 1B bond funds to help pay for major transportation and air quality improvement projects, and will sunset after the projects are completed and paid in full. Local highway improvements include: replacement of the Gerald Desmond Bridge from Long Beach to Terminal Island and construction of an interchange to allow the removal of a traffic light at Navy Way and Seaside Avenue. The fee will also help to improve access from the Harbor Freeway to the Port of Los Angeles, and replace the Schuyler Heim drawbridge on the Terminal Island Freeway by building a four-lane, elevated expressway between Ocean Boulevard and Alameda Street at Pacific Coast Highway. Also ICF will improve a highway-railroad grade separation in south Wilmington. According to a directive from Mayor Bob Foster and the Board of Harbor Commissioners, projects identified to be funded through the ICF will not move forward before the Port moves forward on implementation of environmental projects.

The ICF will allow the ports to raise funds to pay for the projects as they progress and the ICF establishes a way for the goods movement industry to pay for a share of the needed infrastructure improvements. In total, the ICF and Proposition 1B funds will finance about \$3 billion in improvements. In addition to environmental and traffic benefits, these projects will help support the economy and jobs by ensuring the continued efficient movement of cargo. The ICF and other user fees will help ensure that the users of the Port provide their fair share toward critical infrastructure and air quality improvements.

In order to improve air quality and to move goods more efficiently from the San Pedro Bay Ports to regions across the nation, additional investments will need to be made to fund environmental

and infrastructure programs at the nation's ports. The Port of Long Beach looks forward to working with the Committee and other key stakeholders to develop progressive environmental policies and on the upcoming transportation authorization bill to develop a list of critically needed infrastructure projects that will allow goods that fuel our economy to continue moving.