



Elizabeth Warren, Exec. Director
1328 N. Avalon Blvd., Suite A
Wilmington, CA 90744
www.FuturePorts.org

BOARD OF DIRECTORS

Stacey G. Jones, P.E., President
Halcrow, Inc.

Clay Sandidge, Vice President
Weston Solutions, Inc.

Fran Inman, Secretary/Treasurer
Majestic Realty Co.

E. Dan Allen, P.E.
Moffatt & Nichol

Michael R. Buckantz
Justice & Associates

LaDonna DiCamillo
The BNSF Railway Co.

Capt. Thomas A. Jacobsen
Jacobsen Pilot Service, Inc.

Frances Keeler
Keesal, Young & Logan

Ralph Larison
Herzog Contracting Corporation

George Kieffer
Manatt, Phelps & Phillips, LLP

Tim Hanson
Manson Construction Co.

Andy Perez
Union Pacific Railroad

Catherine H. Reheis-Boyd
**Western States Petroleum
Association**

PARTNERING ORGANIZATIONS

Bay Planning Coalition

**Coalition for America's
Gateways & Trade Corridors**

**County of San Bernardino
Economic Development Agency**

**Inland Empire Economic
Partnership**

**Long Beach Area
Chamber of Commerce**

**Los Angeles Area
Chamber of Commerce**

**Pasadena Chamber of
Commerce**

**Regional Hispanic
Chamber of Commerce**

**San Gabriel Valley Economic
Partnership**

**Valley Industry & Commerce
Association**

**Wilmington Chamber of
Commerce**

HOUSE TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME
TRANSPORTATION:

**“PORT DEVELOPMENT AND THE ENVIRONMENT AT THE
PORTS OF LOS ANGELES AND LONG BEACH.”**

WITNESS TESTIMONY

August 4, 2008

Good afternoon. My name is Elizabeth Warren, and I am the Executive Director of FuturePorts. Thank you for the opportunity to address the sub-committee this afternoon. FuturePorts, a membership-based advocacy group based in this area, has over 40 member companies and over a dozen strategic partnering organizations. Our members and partners combined represent tens of thousands of employees throughout Southern California.

Our members include industries throughout the entire goods movement supply chain. They provide jobs that are directly related to the ports, such as marine terminal operators, railroads, warehouses and distributions centers. Our members also provide jobs indirectly related to the trade and logistics industries, including civil engineers and environmental consultants; construction companies and labor unions; attorneys and public relations firms, just to name a few.

Most of our members have an office within a 5-mile radius of the ports; however many have multiple offices throughout California and beyond. But all of our members have at least two things in common. One is a vested interest in the economic performance of our San Pedro Bay Ports of Los Angeles and Long Beach. The other is that we all agree and believe in the need for cleaner air.

FuturePorts believes that by growing our ports, we can advance economic performance while concurrently improving our environment. No one in this room will deny that clean air is important to each one of us, and no one said achieving this goal would be easy or inexpensive. However, how we achieve this goal and how we pay for it in an equitable and economically sustainable manner is where the discussion and dialogue needs to occur. *We firmly believe that doing nothing is not an option, and to clean our ports we must simultaneous and continuously grow, while growing green.*

Companies are incented to invest in green technology when presented with opportunities to grow their business, which provides the resources necessary to fund conversion to the new technologies. Thus, we have

an opportunity to achieve both port expansion and port emissions reduction. These goals are complementary. In fact, it is precisely by modernizing terminals—by replacing outmoded, high-emissions equipment and increasing the efficiency of operations—that we can achieve this result. The ports recognize this and have offered a variety of programs to facilitate this outcome through standards and technology incentives.

The port can simultaneously increase jobs, expand trade and reduce emissions. Projects that achieve environmental benefits, increase port capacity and generate jobs must proceed as quickly as possible and not be over-burdened by uncertainty and expense.

EMISSION REDUCTION INITIATIVES AT THE SAN PEDRO BAY PORTS

I would like to summarize some of the many efforts underway to reduce emissions from port-related emission sources. Recently, the ports released their 2006 emissions inventories, and although there were increases in emissions over 2005 levels, emissions on a per TEU basis went down. In fact, the benefits of many adopted programs, which were not in existence in 2006, are being realized.

For example, as you know, rail is the most environmentally friendly way to move freight over land. Rail is two to three times more efficient than trucks, and one double stack container train can replace up to 280 trucks. Nonetheless, in California's South Coast Air Basin, rail in 2008 will make up 0.8% and 3.4%, respectively of PM and NOx. In order to assist in lowering Basin emissions, the railroads have undertaken numerous steps to reduce pollution in the South Coast Air Basin. In fact, the California Air Resources Board (ARB) staff estimates, by 2010, emissions around rail yards will be reduced about 65% from 2005 levels as a result of state regulations already adopted, the two railroad Memorandums of Understanding and some additional future investments from the Moyer or other programs. I have attached to my written testimony an ARB fact sheet summarizing these initiatives.

Voluntary and incentive based programs like the PierPASS off-peak program have been particularly effective to reduce emissions and congestion at the ports. The success of these voluntary programs to cut pollution is highly encouraging. PierPASS has successfully moved 45% of the daytime traffic to off peak hours. It shows that when the ports and business work together on air pollution problems from specific sources, we see dramatic results.

In addition, industry has accomplished significant reduction in emissions from cargo handling equipment. Particulate emissions from cargo handling equipment were reduced at the Port of Los Angeles by 10% between 2001 and 2006 and NOx emissions were reduced by 47%, even with a 63% growth in cargo. These emissions reductions are primarily the result of voluntary programs which provided incentives to terminal operators to install retrofit devices on their equipment and use cleaner fuels. In addition, the terminal operators proactively replaced their older equipment with equipment using on-road engines, which meet a cleaner standard. Other voluntary programs include the use of cleaner fuels, reduced vessel speed and use of shore power. The success of these voluntary

programs to cut pollution is highly encouraging. Again, when the ports and business work together on air pollution problems from specific sources, we see results.

PORT CLEAN TRUCK PROGRAMS

With respect to trucks, we have urged the ports and elected officials to focus on implementing a truck plan that took into consideration the legal implications of the ports' actions to mandate certain restrictions on the trucking industry.

We need to place the highest emphasis on air quality improvements that can be implemented in a timely manner, such as the truck replacement program.

Businesses and industry are not opposed to organized labor; however, we believe our first priority is to implement a sustainable air-quality improvement program. Business can not function with the level of uncertainty that is occurring because of this issue.

Businesses have proven that they will make the investment in clean equipment, but they can not be pushed into making unsound business decisions that will only continue to delay the truck replacement program.

CONTAINER FEES

We are aware of the many container fees that are currently in place and also being proposed at the local, state, and federal level. We have many concerns about how these fees are being proposed and implemented, and the potential unintended consequences of these fees.

I do not mean to say industry opposes all fees. There are several examples where negotiated project fees have provided industry benefit. For example, the PierPASS off-peak program was negotiated by shippers and terminals to levy a \$100 fee (per FEU) for peak-period gate moves. Similarly, the railroads negotiated the Alameda Corridor fee because the Corridor provided efficiency benefits. But these user fees should be distinguished from legislated fees.

If fees are levied, specific projects should be identified for funding, the account must be firewalled or protected to use for the specific project or projects for which it was intended, and there should be a sunset once the projects are complete. Projects funded by fees should allow industry to see a return on that investment. Priority projects are those that will increase efficiencies while reducing emissions creating a win-win situation for everyone – ports, businesses and the community.

We are also concerned that not enough analysis has been given to the overall number of local and state fees and total amount being levied against the shippers. A summary of the various adopted and proposed fees is attached. Studies have shown that there is a threshold that will drive business away, creating unintended consequences: inefficiencies, emission increases, loss of jobs, and economic harm.

UNCERTAINTY

We used to think that the volume of cargo at our ports could never be diverted in the numbers that it is today. However, we are seeing significant declines in our cargo volume, and our concern is that once the cargo is gone, it will never return. Cargo is just like water it travels on – it will seek and find the path of least resistance.

Billions of dollars of investment in new, green terminals are going to Houston, Jacksonville, and Canada because of the uncertainty facing our industry. Those billions of dollars could have been invested here – creating state of the art terminals that operate more efficiently, providing thousands of good jobs, and pumping up the local and regional economy. One of the world’s largest retailers used to ship millions of containers of goods through our ports. Now, those containers and all of the jobs that go with it are going through the Panama Canal and to the Gulf Coast ports.

The twin San Pedro Bay ports are no longer any shipper’s first or only choice. We are one of many choices, and more often we are coming in as the last choice because of uncertainty and cost.

To give an historical perspective, fifty years ago San Pedro was a fishing town – the docks were lined with fishing boats and canneries. Granted those times are long gone, but no one back then ever thought fishing would leave the harbor area. Thirty years ago, my mom and dad and a lot of other folks, worked in the aerospace industry in Southern California. No one ever thought aerospace would leave the region, but it did. The auto industry is not the industry in Detroit like it used to be, leaving behind a city full of unemployment, crime and foreclosures.

We are being penny wise and pound foolish if we dare to think that twenty years from now, we will have the same port industry as we do today. If business is not allowed to make the investment with a level of certainty that they will have a reasonable return on their investment, then they will take their business, and the jobs and technology, elsewhere.

Port transportation providers can continue to help reduce emissions while improving the state’s economy and quality of life, but they can’t do it unless we can continue to efficiently and safely deliver goods to and from California’s ports, rail yards, and borders. Patchwork regulations by local districts, cities, or counties threaten the economy and, in fact, may result in unintended consequences, including increased emissions by diverting goods to less efficient modes or routes. Uniform federal regulation and policy is critical to provide consistency and certainty for transportation providers.

JOBS

The San Pedro Bay Ports, the busiest in the United States, are a national asset and critical component of the LA regional and U.S. economy. Combined, the ports of Los Angeles and Long Beach comprise the largest port complex in the U.S. and the fifth largest port in the world and represent \$350 billion in trade each year. The ports are the largest source of

employment in the greater Southern California Region and provide good wages - averaging above manufacturing sectors.

The point has been made that growing our ports in a clean, responsible manner is critical to growing the Southern California and national economies. However, more importantly it is critical to improving our air quality. More of what we have now, and doing nothing, is not an option. It's been seven years since we've had a major infrastructure project, we must start now.

Los Angeles County is not only in a crisis mode with our air quality and traffic congestion, we're also in crisis with killings and gun violence. We have more gang members per capita than any other city in the country – maybe even the world. More people – young people, our future – are killed in Los Angeles County every year than are in Iraq. And where is the outrage from us as a community on this statistic?

You've heard me and others say that quality of life begins with a job. Community leader Father Boyle from Homeboy Industries needs to be quoted – “nothing stops a bullet like a job.”

The fact, which can not be stressed enough, is that the Ports of Long Beach and Los Angeles are the centerpiece of Southern California's \$350 billion trade and logistics sector, supporting approximately 500,000 regional jobs with annual wages in the tens of billions of dollars. This is the main industry in Southern California. Hollywood is a drop in the bucket compared to the trade and logistics industry.

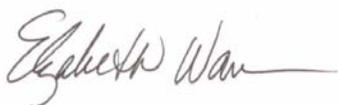
A majority of trade and logistics jobs are high-wage jobs with built-in career ladders for workers and job seekers at all education and skill levels. Across the industry, annual salaries average about \$45,000 per year versus only about \$29,000 per year for retail jobs. One new project will create hundreds of construction jobs, and probably several thousand permanent new direct and indirect jobs. We have many construction projects waiting to be approved that would provide the boost to the economy that we need, and will clean the air.

CONCLUSION

Thank you again for the opportunity to address the sub-committee today. We hope that you will take our concerns into consideration. We look forward to continuing the dialogue with you and welcome your questions.

Sincerely,

FuturePorts



Elizabeth Warren
Executive Director