



Metro

**SPECIAL BOARD WORKSHOP
AUGUST 16, 2007**

**SUBJECT: PROPOSED GOODS MOVEMENT CONTROL MEASURES
FOR SOUTH COAST AIR QUALITY MANAGEMENT PLAN**

ACTION: APPROVAL

RECOMMENDATIONS:

- A. Request that the Southern California Association of Governments (SCAG) ensure that any Goods Movement Control Measures proposed for inclusion in the South Coast Air Quality Management Plan: 1) have a clear implementation plan which demonstrates the feasibility of implementation by the 2014 air quality deadline, 2) have a funding plan agreed to by all proposed funding partners, and 3) does not put the region at risk of losing federal transportation funds.
- B. Request that SCAG obtain written confirmation from the California Air Resources Board (ARB) of its commitment to “backstop” the proposed strategies prior to SCAG’s Regional Council action.
- C. Request that SCAG develop a detailed proposal for Goods Movement Control Measures and obtain the approval of each County Transportation Commission’s Governing Board prior to SCAG’s Regional Council action.

ISSUE

SCAG is currently developing Goods Movement Control Measure strategies to be amended into the South Coast Air Quality Management Plan (Air Plan) because of new requirements for PM 2.5 particulate matter emission reductions by 2014.

POLICY IMPLICATIONS

For any SCAG proposal, it is important to ensure that funding is guaranteed and that the project can be built on schedule. Once control measures are amended into the Air Plan, they must be implemented on schedule or the region risks losing federal transportation funds. Furthermore, if innovative funding sources are anticipated and do not materialize, these goods movement proposals would have a priority for the use of federal transportation funds and compete with funds approved for the Long Range Transportation Plan. This could potentially delay or defer Metro projects proposed to be implemented before 2014.

FINANCIAL IMPACT

SCAG is considering alternative Goods Movement Control Measure options that range from \$8-13 billion. Funding would need to be provided in the next several years in order for projects to be operational by 2014. This could impact Board priorities in the 2001 Long Range Transportation Plan, causing near term projects to be deferred or delayed. SCAG is considering funding these projects through a combination of the following sources: public/private partnership funding, SB 974 container fee funds, new Metrolink bonds, County Transportation Commission funding and Proposition 1B goods movement and air quality funding.

ALTERNATIVES CONSIDERED

The Board could accept SCAG's proposal even though any Metro commitment would impact near term Long Range Transportation Plan funding, or it could provide staff with other direction. Staff does not recommend this because it is unlikely that SCAG's proposed measures could be funded and implemented by 2014.

DISCUSSION

The South Coast Air Quality Management District (SCAQMD) has been in the process of developing its 2007 Air Quality Management Plan. SCAG is responsible for developing the transportation component of the Air Plan. In late April 2006, SCAG proposed adding two Goods Movement Control Measures to the Air Plan to address PM 2.5 attainment. These two strategies, developing a High Speed Rail Transport system and constructing Truck Lanes, were proposed to be implemented by 2014 and reduce emissions by 22 tons per day. Both were proposed to be implemented with private funds or unidentified additional funding. The cost of these proposals was estimated at approximately \$40 billion.

In accordance with federal air plan requirements, once control measure projects are adopted into an Air Plan, they must be implemented on schedule and the emission reductions must be met. Otherwise, federal transportation funds can be withheld from the entire region. If anticipated funding for these projects does not materialize, these projects become a priority to receive federal transportation funds and compete against projects in Metro's Long Range Transportation Plan. This could delay or defer projects approved by the Board. Many of Metro's projects are already classified as Transportation Control Measures for air quality purposes. Therefore, it is important to ensure that any project recommended for implementation in the Air Plan, especially in the short-term, has a funding commitment and can be implemented on schedule.

Upon reviewing SCAG's Goods Movement proposals, the County Transportation Commissions expressed concern about whether or not these strategies could actually be implemented by 2014. The County Transportation Commissions asked that these measures be removed from consideration in the Air Plan and given further study.

SCAG agreed to remove these measures, pending further consultation with the County Transportation Commissions.

On May 31st, the SCAQMD adopted the Air Plan and assigned the responsibility for meeting the 22 tons previously assigned to the Goods Movement strategy to the ARB. SCAG was directed to return with its Goods Movement recommendation after consulting with the County Transportation Commissions. SCAG has reconsidered its initial recommendations and is working with the County Transportation Commissions to review an alternate proposal which they believe has a greater likelihood of being implemented by 2014.

The new proposals that SCAG is considering are electrification of various rail corridors, grade separation strategies and the implementation of lower emission railroad locomotives within the South Coast Air Basin. A range of options is being studied that has different emission benefits and costs. SCAG assumes that these projects will be implemented by 2014 and that they will be funded by a combination of sources, including County Transportation Commission funds, new Metrolink bonds, State 1B Goods Movement and Air Quality Bonds, SB 974 Container Fees and bonding through a public/private partnership. None of these funding sources are currently committed to these projects.

Further, it is proposed by SCAG that these measures be incorporated into the Air Plan with the condition that they be "backstopped" by ARB. This means that if these projects are not implemented on schedule, ARB would assume the responsibility of meeting the emissions attributed to these strategies with other measures. At this time, it is not clear whether ARB will agree to this. Metro staff is concerned that unless a backstop agreement is made in advance of the Air Plan amendment, the region would be responsible for implementing proposed goods movement projects if such projects are approved by SCAG and submitted to ARB.

Metro staff is appreciative of SCAG's willingness to remove the initial goods movement strategies. Staff also appreciates the consultation that has taken place up to this point. Staff also acknowledges that improving air quality is an important public policy issue and that moving forward with all possible emission reduction strategies is essential. This is necessary in order to meet increasingly stringent air quality emission standards.

In reviewing SCAG's high level feasibility studies to date, Metro supports continued consideration of these strategies as long term strategies. It appears, however, that without more detailed analysis and clear funding commitments, it is still highly questionable whether these strategies can be implemented by 2014. As a result, Metro staff encourages SCAG to continue to explore these strategies and to conduct a detailed project analysis to provide project details, cost information and a project delivery schedule. Staff recommends that upon review of such a document and funding commitments by all parties, that a proposal be provided to each County Transportation Commission governing board for its approval. Given the magnitude of this project and the impact it could have on federal transportation

funding, it is recommended that the approval of all County Transportation Commissions is necessary before final action by the SCAG Regional Council.

Given the magnitude of the air quality challenge in Southern California, we support SCAG's efforts to explore all available strategies to reduce emissions and meet state and federal air quality requirements. In particular, we support SCAG in efforts to develop not only a regional emissions strategy, but also a strategy with commitments from our state and federal partners. We note that in addition to the regional responsibilities for reducing emissions, state and federal agencies also bear a responsibility for implementing emission reduction strategies.

NEXT STEPS

Transmit a letter to SCAG with actions recommended by the Metro Board regarding the direction and development of goods movement control measures.

It is our understanding that following a workshop on August 2nd, SCAG intends to further develop these strategies as part of SCAG's Regional Transportation Plan process. SCAG proposes to release their draft Regional Transportation Plan in October or November 2007, and then consider an amendment to ARB's State Implementation Plan.

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