



# San Gabriel Valley Council of Governments

3452 East Foothill Blvd., Suite 910, Pasadena, California 91107-3142 Phone: (626) 564-9702 FAX: (626) 564-1116 E-Mail [SGV@sgvcog.org](mailto:SGV@sgvcog.org)

---

## STATEMENT

**Of the Hon. Dave Spence**

**City Council Member, City of La Canada-Flintridge**

**President, Governing Board, San Gabriel Valley Council of Governments**

Appearing before a joint hearing

of the Subcommittee on Railroads, Pipelines & Hazardous Materials and the Subcommittee on Highways and Transit of the House Transportation and Infrastructure Committee regarding

“Confronting Freight Challenges in Southern California”

on Friday, February 20, 2009 in Los Angeles, California

Thank you, Chairwoman Brown, Chairman DeFazio and members of the Rail and Highways & Transit Subcommittees. My name is Dave Spence and I am a former Mayor and current Council member from the City of La Canada Flintridge. I am also the President of the Governing Board of the San Gabriel Valley Council of Governments (SGVCOG), a California joint powers authority which represents two million California residents living in 31 incorporated cities and Los Angeles County unincorporated communities. SGVCOG is the parent agency of the Alameda Corridor-East Construction Authority.

The global economic crisis and national recession have slowed the volumes of international trade traveling through the Southern California, particularly through the gateways of the San Pedro Bay ports, which saw volume decreases of double digits in the final months of 2008.

However, even with the current downturn in trade, which is likely to be cyclical in nature, the impact of goods movement continues to impose a heavy burden on our transportation infrastructure as well as on the health of our residents. Among the Californians who are exposed to dangerous levels of diesel emissions, more than 80 percent reside in our five Southern California counties. More than 1,200 residents of Southern California die prematurely every year due to the effects of goods movement.

Despite the downturn, the Ports of Los Angeles and Long Beach remain the busiest container ports in the country and are among the busiest in the world. Inland from the ports, Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties are the nation's leading international commerce gateway, handling 44 percent of the nation's containerized imports and 86 percent of California's port throughput, including 90 percent of its imports and 75 percent of its exports. This preeminence reflects Southern California's competitive advantage derived from its unique combination of large regional markets, extensively developed deep-water ports, location on the Pacific Rim and proximity to the California-Mexico border crossings, and the nation's largest concentration of logistics and supply chain facilities, many located in the Inland Empire to the east of Los Angeles.

Approximately three-quarters of the container-based goods handled by the San Pedro Bay ports are destined for markets outside the Southern California region. As a result, Interstates 710, 5, 10, and 15, four of the freeways in the region that are most heavily traveled by trucks, collectively carry some 103,000 total trucks per day. As for goods carried by rail, upwards of 100 trains a day traverse the region – and more than 90% of this rail traffic from the ports heads east. The air quality mitigation strategy shared by the Ports and the regional and state air quality agencies is, among other measures, to increase the share of freight carried by rail, therefore the number of freight trains is sure to increase.

Located to the immediate east of the Interstate 710 freeway and east of the terminus of the Alameda Corridor rail expressway, which together carry virtually all of the container traffic going to and from the ports, the San Gabriel Valley, with its 2 million residents and 31 cities, is at the crossroads – some say ground zero – for this onslaught of freight traffic on its path eastward to the rest of the nation. Three east-west freeways transecting the San Gabriel Valley, Interstate 10, Interstate 210 and the 60 freeway, have heavy truck traffic. The San Gabriel Valley Council of Governments supports a reasonable and equitable distribution of truck traffic on all the major east-west highway routes.

To increase safety and relieve congestion at rail crossings in the San Gabriel Valley in the face of the growth in freight traffic, the San Gabriel Valley Council of Governments more than a decade ago established the Alameda Corridor-East (ACE) Construction Authority. In recognition that it would be cost-prohibitive to grade separate all 54 crossings in the Valley, the ACE Construction Authority program called for building grade separations at 20 of the busiest crossings in the Valley and safety improvements at 39 grade crossings.

The federal TEA-21 authorizing legislation moved the ACE-San Gabriel Valley Project from a plan to a reality with substantial funding support for the ACE Project as National High Priority Corridor. Later, the SAFETEA-LU legislation provided support for the ACE Project as a Project of National and Regional Significance. Altogether, the ACE Project has received a total of \$218 million in Federal funds. Since then, the State and local governments have stepped up considerably in supporting the ACE Project, committing \$536.5 million in State funds, \$688.9 million in Los Angeles County Metropolitan Transportation Authority funds and \$21.6 million in City/County funds. The Union Pacific Railroad has contributed \$23.7 million. Total funds committed are \$1.488 billion, and we are deeply appreciative of this support from all quarters. Far from your conventional 80/20 Federally funded project, the Federal funding share of our project at this point stands at just under 15%.

ACE has made timely, significant and cost-effective progress toward project completion. Safety improvements have been completed at 39 grade crossings, five grade separation projects have opened to traffic, three grade separation projects are under construction and another two grade separation projects are prepared to start construction this year. The San Gabriel Trench project, which will lower the railroad in a 2-mile trench with street bridges constructed at four busy crossings, is progressing through design and is already approximately 70% funded from non-Federal sources. Another six ACE grade separation projects remain unfunded.

While recognizing the fiscal constraints imposed by the national recession and threats to traditional revenue sources, we are hopeful that the Federal commitment to goods movement infrastructure can again be reinforced with a new authorization of the federal transportation program this year.

Given the intense competition for an already overstretched Highway Trust Fund, we urge the establishment of a Freight Trust Fund as Congress deliberates the authorization of a new federal transportation program. We are a founding member of the Coalition for America's Gateways and Trade Corridors which has worked with Congress and your Committee in particular to seek a permanent Freight Trust Fund specifically designated for freight projects, which often have difficulty competing for funding with traditional highway projects because freight projects often involve multiple modes, typically cross between state and local jurisdictions and often are constructed in phases.

The Coalition for America's Gateways and Trade Corridors supports the establishment of a Federal Freight Trust fund along the following principles:

- Revenue should be assessed based on benefit from the freight transportation system
- Increases in goods movement should yield increases in revenue
- All potential funding mechanisms should be considered, including traditional highway user fees, tolls, custom and cargo fees
- The federal Freight Trust Fund should be dedicated, firewalled and sustained
- Funding priority should be given to federally designated Projects of National and Regional Significance
- Funding should be available for multi-jurisdictional projects
- Funding should be distributed based on objective, merit-based criteria
- Funding should be available to support approved projects through to completion, similar to the process available to projects with approved Full Funding Grant Agreements

At the state level, we have worked with legislative leaders and other stakeholders for the past three years to establish the concept of a cargo container user fee to support the construction of goods movement infrastructure projects and the implementation of clean air programs. We have not met with success, but the bill author, Senator Alan Lowenthal of Long Beach, has indicated he will continue to work with the regional stakeholders and the Administration in seeking a consensus to create a sustaining fund to benefit freight projects and clean air programs. At the regional level, the Ports of Long Beach and Los Angeles are also exploring an Infrastructure Cargo Fee for the benefit of regional projects, such as grade separations and rail improvements, beyond the immediate vicinity of the Ports.

In closing, we applaud Congress for appropriating \$1.5 billion program in the American Recovery and Reinvestment Act of 2009 for a new competitive grant program for surface transportation projects with nationally or regionally significant impact, including freight rail transportation projects. Federal highway funds are traditionally distributed on a formula basis, a process not well suited to allocating monies to freight infrastructure projects. We view this discretionary program as a very important step forward in providing an opportunity for freight projects to compete for funding, particularly in Southern California, which has not received the federal funding support needed to keep pace with the growth in freight traffic.

The ACE Construction Authority has three grade separation projects which could compete for American Recovery and Reinvestment Act funding through the discretionary program or formula programs. The ACE Construction Authority could obligate federal funds within 180 days of enactment of the bill for construction of the Baldwin Avenue Grade Separation Project in the City of El Monte. The project environmental document has been approved and property is being acquired. This \$68.1 million project would create 783 direct and indirect jobs. The ACE Construction Authority could obligate funds within 360 days to start construction of the Nogales Street Grade Separation Project in the City of Industry. The environmental document for this project is being finalized prior to commencing property acquisition. This \$81.8 million project would create 1,473 jobs. The third project, the San Gabriel Trench Grade Separation Project in the City of San Gabriel, is a regionally significant transportation enhancement project that would lower the railroad in a trench with street bridges built at four busy crossings. Federal stimulus funds could be obligated for this project within the timeframes set forth in the recovery act. And, as noted above, approximately 70% of the \$498 million project cost is already committed in non-Federal funds. This project would create 8,964 jobs.

Thank you very much for inviting me to share our progress today. I thank the Members of both Subcommittees for the interest and support you have shown.