M e m o r a n d u m

To: CHAIR AND COMMISSIONERS

CTC Meeting: March 20, 2014

Reference No.: 4.6
Action

From: ANDRE BOUTROS
Executive Director

Subject: **CALIFORNIA FREIGHT MOBILITY PLAN AND NATIONAL FREIGHT NETWORK UPDATE**

ISSUE:

Should the Commission provide comments to Caltrans to inform the development of the California Freight Mobility Plan?

Caltrans will provide a presentation on the California Freight Mobility Plan development and timeline as well as an update of U.S. Department of Transportation's National Freight Network.

BACKGROUND:

California Freight Mobility Plan (CFMP)

Caltrans is required, under Section 14036 of the California Government Code, to prepare a ten-year State Rail Plan updated biennially. The State Rail Plan must contain both a passenger element and a freight element.

Moving Ahead for Progress in the 21st Century (MAP-21) requires the U.S. Department of Transportation to "encourage" each state to develop a freight plan that provides a comprehensive plan for the immediate and long-range planning activities and investments for the State with respect to freight. MAP-21 also encourages each state to establish a freight advisory committee consisting of a representative cross-section of public and private sector freight stakeholders to participate in the development of that plan.

Assembly Bill (AB) 14 (Lowenthal, Chapter 223, Statutes of 2013) requires the California State Transportation Agency (CalSTA) to prepare a state freight plan in compliance with the relevant provisions of MAP-21. The state freight plan must also provide a comprehensive plan to govern the immediate and long-range planning activities and capital investments of the state with respect to the movement of freight. Additionally, the bill requires CalSTA to establish a freight advisory committee representing a cross-section of public and private sector freight stakeholders, including representatives of ports, shippers, carriers, freight-related associations, the freight industry workforce, the Commission, Caltrans, the Public Utilities Commission, the State Lands Commission, the State Air Resources Board, regional and local governments, and environmental, safety, and community organizations. Pursuant to

AB 14, the state freight plan is due to the Legislature, and the Governor, and certain agencies by December 31, 2014, and updated every 5 years thereafter.

By delegation from the Business, Transportation and Housing Agency (now CalSTA), Caltrans assumed the responsibility of producing the CFMP and forming and facilitating the California Freight Advisory Committee (CFAC).

Caltrans Division of Transportation Planning is currently developing the CFMP, an update to the Goods Movement Action Plan (GMAP). Similar to the GMAP, the CFMP will address current freight conditions, identify important trends, and respond to major issues in goods movement across all modes and regions of California. In addition, the updated plan will respond to a number of contemporary issues in terms of community impacts, trucking, new legislation, regional differences and linkages, and greenhouse gas emissions reduction strategies.

The CFMP will revisit and, as appropriate, renew the underlying GMAP goals to promote economic growth, encourage job creation, and increase mobility, while enhancing public safety and security and addressing the environmental challenges of moving goods via the State's highways, railways, airports, and seaports.

On January 23, 2014 the California Air Resources Board (ARB) adopted Resolution 14-2 (Attachment 1) which recognizes the development of the Sustainable Freight Strategy as a high priority; directs staff to engage stakeholders and build a coalition to affect change outside of ARB's immediate sphere of influence; and directs staff to indentify and prioritize actions to move California towards a sustainable freight transport system.

The Sustainable Freight Strategy will outline the needs and steps to transform California's current freight transport system to one that is more efficient and sustainable. The goals of the strategy include:

- Move goods more efficiently and with zero/near-zero emissions;
- Transition to cleaner, renewable transportation energy sources;
- Provide reliable velocity and expanded system capacity;
- Integrate with national and international freight transportation systems; and
- Support healthy, livable communities.

Resolution 14-2 provides for ARB to coordinate with Caltrans and CFAC in the development of principles and criteria that seek to establish air quality and climate benefits as co-equal to established transportation/mobility metrics in determining the priority of freight-related transportation projects and recommends inclusion of these principles and criteria in the 2014 Freight Mobility Plan.

National Freight Network

Pursuant to MAP-21, the U.S. Department of Transportation (USDOT) Secretary shall establish a National Freight Network (NFN) to assist States in strategically directing resources toward improved system performance for efficient movement of freight on highways, including national highway system, freight intermodal connectors and aerotropolis transportation systems. The National Freight Advisory Committee (NFAC) was established under the authority of the U.S. Department of Transportation, in accordance with the provisions of the Federal Advisory Committee Act (FACA), as amended, 5 U.S.C., App. 2. The objective of NFAC is to provide information, advice, and

recommendations to the U.S. Secretary of Transportation on matters relating to freight transportation in the United States and the implementation of the freight provisions of MAP-21.

The NFN will consist of the Primary Freight Network (PFN), the portions of the Interstate System not designated as part of the PFN, and critical rural freight corridors. The designation of the PFN will be based on an inventory of national freight volume conducted by the Federal Highway Administration, in consultation with stakeholders, including system users, transport providers, and States. The PFN will be comprised of not more than 27,000 centerline miles of existing roadways that are most critical to the movement of freight, but the 27,000 mile cap may be increased by an additional 3,000 centerline miles of existing and planned roadways that the Secretary deems critical to the future efficient movement of goods on the primary freight network.

On November 19, 2013, the USDOT published in the Federal Register the draft initial designation of the highway PFN. At the January 29, 2014 Commission meeting, the Commission unanimously approved the attached letter for transmittal to USDOT (Attachment 2). Additionally, CalSTA submitted their comments, prepared in consultation with CFAC, regarding the PFN to USDOT (Attachment 3).

Attachment 1: ARB Resolution 14-2
Attachment 2: Commission letter to USDOT
Attachment 3: CalSTA comment letter to USDOT

Attachment 1

State of California
AIR RESOURCES BOARD

Sustainable Freight Strategy Update

Resolution 14-2

January 23, 2014

Agenda Item No.: 14-1-5

WHEREAS, section 39003 of the Health and Safety Code charges the Air Resources Board (ARB or Board) with coordinating efforts to attain and maintain ambient air quality standards, to conduct research into the causes of and solution to air pollution, and to systematically attack the serious problem caused by motor vehicles;

WHEREAS, sections 39600 and 39601 of the Health and Safety Code authorize the Board to adopt standards, rules, and regulations and to do such acts as may be necessary for the proper execution of the powers and duties granted to and imposed upon the Board by law;

WHEREAS, sections 39666 and 39667 of the Health and Safety Code authorize the Board to regulate emissions of toxic air contaminants from non-vehicular and vehicular sources;

WHEREAS, section 43013 of the Health and Safety Code authorizes the Board to adopt and implement regulations, which the Board has found to be necessary, cost-effective, and technologically feasible to control air pollution from motor vehicles and off-road or non-vehicle engine categories;

WHEREAS, the federal Clean Air Act requires the Board and local air districts to prepare State Implementation Plans (SIPs) demonstrating how each nonattainment region will attain the national 8-hour ozone and fine particulate matter (PM2.5) standards, with plans due in 2016;

WHEREAS, the California Global Warming Solutions Act of 2006 (Assembly Bill 32; Chapter 488 Statutes of 2006; Health & Safety Code section 38500 et seq.) declares that global warming poses a serious threat to the economic well-being, public health, natural resources, and environment of California; it granted ARB the authority to monitor and regulate greenhouse gas emissions from all sources, and provided initial direction on creating a comprehensive multi-year program to reduce California's greenhouse gas emissions to 1990 levels by 2020, maintain and continue reductions beyond 2020, and initiate the transformations required to achieve the State's long range climate goals;

WHEREAS, Executive Order S-3-05 established a California greenhouse gas emission reduction target of 80 percent below 1990 levels by 2050; this target was reaffirmed in Executive Order B-16-2012 which established a California target for the transportation sector of 80 percent below 1990 levels by 2050;

WHEREAS, Assembly Bill 32 added section 38501 to the Health and Safety Code, which expresses the Legislature's intent that ARB coordinate with State agencies and consult with the environmental justice community, industry sectors, business groups, academic institutions, environmental organizations, and other stakeholders in implementing AB 32 and to design emissions reduction measures in a manner that minimizes costs and maximizes benefits for California's economy, maximizes additional environmental and economic co-benefits for California, and complements the State's efforts to improve air quality;

WHEREAS, section 38560 of the Health and Safety Code directs the Board to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective GHG emissions reductions from sources or categories of sources;

WHEREAS, the ships, harbor craft, trucks, locomotives, cargo equipment, and aircraft that move international and domestic goods to, from, and throughout California are significant contributors of direct PM2.5, black carbon, and greenhouse gas emissions, as well as the nitrogen oxides and sulfur oxides that form ozone and PM2.5; these emissions are a public health concern at both regional and community levels and also contribute to global warming;

WHEREAS, ARB defined an initial suite of necessary regulations and other actions to lower the health risk from diesel PM in the 2006 Emission Reduction Plan for Ports and Goods Movement in California;

WHEREAS, as outlined in the 2006 Plan, ARB adopted regulations over the next several years to reduce emissions of diesel PM and other air pollutants from drayage and other on-road trucks, transportation refrigeration units, marine vessels, cargo equipment, locomotives, and ARB is actively implementing and enforcing those regulations and related programs;

WHEREAS, local air districts, ports, transportation and energy agencies, cargo owners, trucking firms, railroads, shipping lines, and terminal operators are initiating or continuing activities to reduce freight related emissions; these actions are integral to the success of California's air quality and climate programs;

WHEREAS, ARB actions to date, combined with national emission standards and local initiatives, have significantly improved air quality in the highest risk communities affected by freight transport by reducing diesel PM emissions by 70 percent or more at the major seaports and by 50 to 70 percent at the highest risk rail yards since 2005;

WHEREAS, the diesel emissions from operations at major freight facilities (e.g., ports and rail yards, along roadways, and near warehouses, distribution centers, border crossings, and airports) still pose unacceptable health risks and must be further reduced to protect nearby communities;

WHEREAS, attainment of the national air quality standards for ozone and meeting the State's GHG reduction targets will require aggressive emission reductions and transformation of the freight sector to zero or near zero-emission technologies;

WHEREAS, public funding such as the Air Quality Improvement Program, Proposition 1B Goods Movement Emission Reduction Program, Carl Moyer Program, Cap-and-Trade auction proceeds, air district, port and federal funds, has or is anticipated to be critical in ensuring and supporting advanced development, demonstration, deployment, and commercialization of zero and near-zero technologies;

WHEREAS, the California Department of Transportation (Caltrans) is preparing a State Freight Mobility Plan that complies with the federal transportation funding requirements under Moving Ahead for Progress in the 21st Century (MAP-21, Pub. L. 112-141) and provides a comprehensive plan to govern the State's short- and long-term planning activities and capital investments relating to freight;

WHEREAS, Caltrans has established the California Freight Advisory Committee to advise the California State Transportation Agency on freight-related priorities, issues, projects, funding needs, and development of the State Freight Mobility Plan;

WHEREAS, ARB is participating in Caltrans' California Freight Advisory Committee, and Caltrans and ARB staff are working together to address the State's mobility needs, while reducing GHG emissions, criteria pollutants, and toxics;

WHEREAS, the United States Department of Transportation (USDOT), under the provisions of MAP-21, is in the process of establishing a national freight policy, a national freight network, a national freight strategic plan, and freight data planning and reporting tools;

WHEREAS, USDOT, through the metropolitan and statewide planning provisions of MAP-21, is working with California's Metropolitan Planning Organizations (MPOs) to support the continued requirement that planning processes consider projects and strategies to increase the accessibility and mobility of people and freight and enhance the integration and connectivity of the transportation system across and between modes;

WHEREAS, California's MPOs are already working to incorporate these freight planning requirements from MAP-21 into their Regional Transportation Plans and Federal Transportation Improvement Programs and integrating them with their regional air

quality goals and Sustainable Communities Strategies as they prioritize and fund transportation projects;

WHEREAS, California transportation infrastructure projects are developed, prioritized, and funded through State and regional transportation planning and programming processes;

WHEREAS, new freight infrastructure projects are being planned, permitted, and built in California to improve the logistic system, including projects for port infrastructure, rail yards, large distribution centers, and border crossings; this infrastructure expansion creates a need for a coordinated California freight effort to address transportation and environmental objectives;

WHEREAS, ARB approved the Air Quality and Land Use Handbook in 2005 to provide information to local land use decision makers on siting new housing, schools, and other facilities near existing sources of air pollution;

WHEREAS, the logistics industry is a critical contributor to California's economy and jobs, supporting small businesses, agriculture, manufacturing, and other sectors, as well as making a wealth of goods available to consumers;

WHEREAS, in April 2013, the South Coast Air Quality Management District, in cooperation with the San Joaquin Valley Air Pollution Control District, the U.S. Environmental Protection Agency, and ARB held a symposium on "Transitioning to Zero-Emission Freight Transport Technologies" to begin exploring the technologies that will be needed to support a sustainable freight system;

WHEREAS, in May 2013, ARB, in cooperation with business, transportation, port, and environmental organizations, convened the Haagen-Smit Symposium with over 80 leaders from government, industry, and communities to seek foundational input on the need and principles for developing a sustainable freight system in California; and

WHEREAS, the approach proposed by staff for the Sustainable Freight Strategy builds on the recommendations that emerged from three days of discussion at the Haagen-Smit Symposium.

WHEREAS, the Board finds that:

1. The Legislature, the Board, and regional transportation agencies have already begun to plan for sustainable communities to support personal mobility. A significant transformation in how the State moves cargo is also required to meet California's air quality, health, and climate goals.

2. There is an opportunity and a need for ARB to take a leadership role now with its agency partners to engage stakeholders in the context of California's long-term

effort to implement a sustainable freight system that can: move goods more efficiently with zero or near-zero emissions; transition to cleaner, renewable transportation energy sources; provide reliable velocity and expanded system capacity; integrate with the national and international freight transportation systems; and support healthy, livable communities.

3. This initiative should also recognize the value of: keeping California's ports and logistics industry competitive; supporting the delivery of California's products locally and to other states and countries; creating jobs in California and training local workers to support the new transport system; increasing energy security; and improving mobility.

NOW, THEREFORE, BE IT RESOLVED that the Board directs the Executive Officer to:

1. Engage cargo owners, the logistics industry, labor, ports, utilities, business leaders, environmental and community groups, environmental justice groups, academics, air, transportation and energy agencies at all levels, and other interested stakeholders to provide input on the development of a Sustainable Freight Strategy document that ARB staff will present to the Board in 2014. The document should identify and prioritize actions to move California towards a sustainable freight transport system and build a coalition to affect change outside of ARB's immediate sphere of influence.

2. Complete sector-based technology assessments for: truck, rail, ship, commercial harbor craft, cargo handling equipment, and air cargo; and undertake a systems analysis. Consider the "well-to-wheels" pollution impacts associated with different fuel and technology options to inform development of performance-based goals and/or standards. Seek advice from the logistics industry and academics on techniques that businesses could use to improve the efficiency of their freight transportation operations and actions that government could take to support efficiency improvements at the business, sector, and system levels.

3. Use the results of the work described above as the technical foundation for the development of freight-related strategies to aid regions in attaining air quality standards, reducing the localized health risk from freight operations, and meeting climate change goals. This work should also inform the recommendations for action to be included in the Sustainable Freight Strategy, as well as the freight-related measures in the State Implementation Plan and the Climate Change Scoping Plan.

4. Identify and implement near-term actions to reduce localized risk in communities near freight facilities. Begin development of broad principles and criteria for new and expanded freight facilities as a tool for local land use decision makers and community residents.

5. In coordination with Caltrans and the California Freight Advisory Committee, develop principles and criteria that seek to establish air quality and climate benefits as co-equal to established transportation/mobility metrics in determining the priority of freight-related transportation projects and recommend inclusion of these principles and criteria in the 2014 Freight Mobility Plan.

6. Coordinate planning with State energy agencies, including the California Energy Commission, the California Public Utilities Commission, and the California Independent System Operator to meet the energy requirements of a sustainable freight system.

7. In close coordination with the local air districts, evaluate and implement opportunities to prioritize transformative zero and near-zero emission technologies for incentive funding programs.

BE IT FURTHER RESOLVED that the Board considers the development of the Sustainable Freight Strategy document to be a high priority for the agency and directs the Executive Officer to proceed expeditiously.

I hereby certify that the above is a true and correct copy of Resolution 14-2, as adopted by the Air Resources Board.

Tracy Jensen

Tracy Jensen, Clerk of the Board

STATE OF CALIFORNIA

EDMUND G. BROWN Jr., Governor

Attachment 2

CALIFORNIA TRANSPORTATION COMMISSION

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January 29, 2014

Docket Management Facility
U.S. Department of Transportation
1200 New Jersey Avenue, SE, W12-140
Washington, D.C. 20590-0001

RE: Federal Highway Administration (FHWA, [Docket No. FHWA-2013-0050]; Designation of the Primary Freight Network

Dear Sir or Madam,

The California Transportation Commission (Commission) appreciates the importance that MAP-21 has focused on the efficient movement of goods to ensure our nation's prosperity and protect our environment. In particular, we appreciate the multifaceted efforts of the United States Department of Transportation to guide the development of a National Strategic Freight Plan. At this time, the Commission welcomes this opportunity to comment on the proposed designation of the Primary Freight Network (PFN).

Our freight moves on a system of systems and we recommend a continual focus on an integrated, comprehensive multi-modal network. As currently defined, the PFN is limited to highways and not representative of a "typical freight move". Furthermore, the Commission believes that the statutory cap of 27,000 centermiles is too restrictive to create a unified PFN. This statutory cap results in numerous gaps and missing segments in California, and thus not a continuous freight network. Many of these gaps and missing segments constitute the "first and last mile" connections to primary freight facilities, such as seaport, airports, intermodal yards, and border ports of entry. As an alternative, the more comprehensive 41,000 centerline miles plan identified by the U.S. Department of Transportation (U.S. DOT) during the PFN process would address the majority of gaps and missing segments.

Also within California there are several freight routes that have seasonal peak traffic such as in the agricultural and extractive industry regions. California's Central Valley, the Central Coast and the North State are nationally and internationally significant exporters of agricultural, forest

and mineral products. The freight mileage on these routes, averaged over an entire year, do not meet the PFN threshold yet still accommodate high numbers of truck traffic during the limited planting, harvesting, extraction and processing seasons. These regions are currently not represented under the proposed 27,000 or the conceptual 41,000 mile PFN. Any increase in the centerline miles of the PFN needs to include a provision for these seasonal freight routes. This is particularly important as we work to achieve our nation's goal of doubling our exports within 5 years.

The Commission supports FHWA's goal of strategically directing resources toward improving system performance for the movement of freight. The designation of a National Freight Network (NFN) is an important step towards achieving this goal, particularly if federal resources are specifically directed for the NFN. Critical to the success of the national freight program will be a substantial and sustainable funding source afforded protections to ensure that such funds are directed solely for the intended purposes and not stockpiled or circumvented for non-freight related programs or projects.

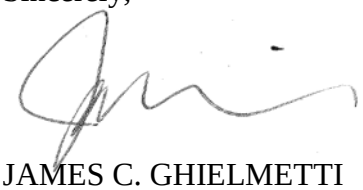
California has taken a leadership position in the reduction of greenhouse gas emissions by dedicating substantial state and local resources that ultimately provide national benefit. As such, we would be remiss not to address this issue as it relates to the designation of the NFN and the PFN. As a condition of federal funding, we strongly urge that recognition is given to states that demonstrate greenhouse gas reductions associated with the freight network.

Additionally, it is important that the NFN is developed through strong collaboration between states. The Commission urges a more holistic approach looking at freight corridors that reach beyond the confines of individual state lines in order to provide an effective and seamless freight network.

Given the dynamic nature of trade and e-commerce, the proposed ten-year PFN update cycle limits the ability to respond to shifting trends in national and international trade patterns. In order to address this issue, the Commission recommends the updating cycle be reduced, or at a minimum, provide an amendment process that enables states to request and receive approval for PFN changes between ten-year updates.

The stability of California and the national economy is directly linked to providing a robust and reliable freight network which includes a comprehensive network of highways, railroads, ports, air cargo, and border ports of entry. The identification of the PFN moves the state and the nation in that direction; however action is necessary to create an integrated multimodal system and to ensure that sufficient and sustainable funding is secured to implement and maintain a successful national freight network. The Commission appreciates the opportunity to comment and will continue to look for future opportunities to collaborate.

Sincerely,



JAMES C. GHIELMETTI
Chair

cc: Commissioners, California Transportation Commission
Senator Mark DeSaulnier, Chair, Senate Transportation Committee
Assembly Member Bonnie Lowenthal, Chair, Assembly Transportation Committee
Brian P. Kelly, Secretary, California State Transportation Agency
Vince Mammano, Division Administrator, Federal Highway Administration
Malcolm Dougherty, Director, Department of Transportation

Attachment 3

CalSTA
CALIFORNIA STATE TRANSPORTATION AGENCY

Edmund G. Brown Jr.
Governor

Brian P. Kelly
Secretary

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February 14, 2014

Docket Management Facility
U.S. Department of Transportation
1200 New Jersey Avenue, SE, W12-140
Washington, D.C. 20590-0001

RE: Federal Highway Administration (FHWA), [Docket No. FHWA-2013-0050]; Designation of the Primary Freight Network

Dear Sir or Madam:

Thank you for the opportunity to comment on the proposed Primary Freight Network (PFN) and for extending the comment period to enable more extensive consultations with our freight stakeholders. Identifying the nation's primary freight corridors is an important step in providing more resources to improving the United States (U.S.) freight system and our international competitiveness. I commend the work done by the U.S. Department of Transportation (USDOT) given the constrained circumstances provided under the Moving Ahead for Progress in the 21st Century Act (MAP-21).

California is the nation's international trade leader in terms of value and quantity of goods that are handled by its seaports, airports, railroads, and roadways. It is essential to California's future that we ensure the continued strength of the State's freight industry, and the larger national economy it supports, in ways that are more efficient and that minimize impacts to communities and the environment. The USDOT's freight program can help to accomplish this goal in California and other states. Despite the statutory limitations governing the extent of the proposed PFN, the USDOT has envisioned a rational highway network that can serve as the foundation for the eventual designation of a more expansive PFN that fully represents California's and the nation's full multi-modal freight system.

Although this letter represents the views of the State of California, the State has had extensive consultations with its diverse, 62-member California Freight Advisory Committee (CFAC) regarding the proposed PFN. Additionally, many of our CFAC member organizations submitted their own comments to the Federal Register to convey their particular needs and interests. Given the enormous scale of California's freight industry, it is important that regional and local issues are fully considered. In reviewing the entire set of comments submitted by California's freight stakeholders, the USDOT will find an overall consistency in the identification of the major needs of the PFN, including:

- Inclusion of all freight modes – not just highways – as part of the PFN.
- Creation of a national freight funding program.
- Description of how the PFN will guide policy at USDOT and other federal agencies.
- Substantial expansion of the proposed 27,000 centerline-mile PFN.
- Flexibility to adjust the PFN within the states based on state and local knowledge.
- Closure of critical first- and last-mile gaps in the PFN.
- Recognition of environmental and community impact mitigation as an eligible project funding category and as part of the overall freight program.

In addition, I would like to provide the following comments on funding and the timing for updates to the PFN:

- The PFN focuses attention on the nation's most important freight highway routes, thereby increasing the likelihood that additional funding will be directed to these vital corridors through a new, dedicated national freight funding program. Absent a new freight funding program, the designation of the PFN may have little impact, as there is insufficient funding capacity within existing transportation programs to support additional demands. Substantial and sustainable funding will be critical to the success of the national freight program.

- There is some concern that updating the PFN on a ten-year cycle is inadequate; therefore, I recommend at least a minimum five-year update cycle. With the metropolitan transportation planning process based on a four-year cycle, and freight and rail plans updated on five-year cycles, it is impractical to have the PFN updated only every ten years. Global trade is dynamic and will certainly experience significant change much more frequently than a ten-year update cycle can address. The update process should also include the ability for states to amend their designated network between update cycles as changing circumstances necessitate.

The Request for Comments listed five areas to address. Responses to each are detailed below.

(1) Specific route deletions, additions, or modifications to the draft initial designation of the PFN:

Expansion of the PFN is necessary to create a unified national highway freight network rather than a set of disconnected regional networks. It is not possible to create a truly national PFN under the 27,000 centerline-mile restriction.

California's portion of the proposed PFN has numerous gaps and missing segments that, if closed, would create a coherent, continuous, linked freight network within the State. Key among these missing and vital network segments are highways and local roads that make up the "first- and last-mile" connections to seaports, cargo airports, intermodal

yards, and commercial border ports of entry. It is essential that the PFN not abruptly terminate a few miles from these critical freight facilities, which the proposed PFN often does.

In addition, states should be granted authority to reallocate PFN miles within their state. Due to the limitations of national data sets used to designate the PFN, the USDOT has insufficient local knowledge to identify which PFN reallocations are the most important and strategic for a given locale. As such, I recommend that states be authorized to effect any of the following reallocations of PFN miles:

1. A portion of a proposed PFN route to another portion of that same route.
2. A portion of a proposed PFN route to a different proposed PFN route.
3. A portion of a proposed PFN route to a more critical non-PFN route that may have been overlooked during the initial PFN designation process, so long as the replacement segment has been determined by the state to be of higher priority.

Furthermore, states would be required to provide a technically supported justification for any reallocation and the total PFN centerline miles for a state would not change. Final approval for reallocations would be made by the USDOT.

(2) The methodology for achieving a 27,000-mile final designation:

I applaud the USDOT's utilization of a data-supported approach to identifying routes under this restriction. California's portion of the proposed PFN is largely consistent with the State's own analysis and largely represents California's highest-volume and most important highway freight routes, which are also critical routes serving the entire country.

If, however, adjustments are made to the methodology, the adjustments should consider freight routes that have high seasonal peak truck traffic, such as in the often overlooked agricultural and extractive industry regions. Averaged over an entire year, many of these critical routes do not reach the PFN threshold, but still accommodate high numbers of trucks during the planting, harvesting, extraction, and processing seasons. This is particularly true for California's Central Valley, the Central Coast, and the North State, each of which are nationally and internationally significant exporters of agricultural, forest, and mineral products. For example, the Central Coast's Salinas Valley, often referred to as the "salad bowl of the nation," does not have an extension of the PFN that reaches the Salinas Valley under the proposed 27,000- or conceptual 41,518-mile PFN; this omission should be remedied.

(3) How the National Freight Network (NFN) and its components could be used by freight stakeholders in the future:

As previously noted, absent a new freight funding program, the designation of the PFN may have little practical application, as there is no funding capacity within existing transportation programs to absorb new freight program needs. Further, the freight program must be funded in a way that creates a reasonable level of certainty that funding will be available when freight projects are ready for construction. This assurance is particularly important when private funding is being devoted to freight projects through public-private partnerships. Moreover, new funding opportunities must not eliminate current freight funding options.

In addition, designation of the NFN and PFN highlights the need to address community and environmental impacts along freight corridors at the time projects are initially proposed. Impacts from diesel emissions and freight activities are well-documented and particularly concentrated along the highest-volume freight corridors and hubs. Within any funding program that is targeted to serve freight, addressing air quality and public health impacts in the project selection process must be a priority. Freight projects also must address greenhouse gas (GHG) emissions.

I recommend that funding be made available to projects within 1,000 feet of a PFN route, and that it addresses and prioritizes air quality and public health benefits. Such prioritization has been successfully implemented through public-private collaboration, via both regulatory and voluntary means, to reduce environmental and public health impacts throughout California, as demonstrated by the use of more-efficient and lower-polluting engines, fuels, and operations strategies. These actions dramatically reduced diesel particulates and other pollutants emitted by the State's freight industry. Expanding such efforts to also apply to the NFN and PFN would be an appropriate and needed initiative.

(4) How the NFN may fit into a multimodal National Freight System:

MAP-21's highway-centric NFN is inadequate to meet the needs of the complex, dynamic intermodal national freight system. The NFN highway component is a good beginning, but the other freight modes must be added before the NFN can be considered a complete, integrated freight network. The NFN should be expanded to include the nation's major maritime ports and navigation channels, transcontinental railroad mainlines, major intermodal facilities, major air cargo airports, and major commercial border ports of entry. It is important that the connections to such facilities are on the PFN and not relegated to the more extensive NFN. I urge the USDOT to consult with states, regional agencies, and local freight interest prior to expanding the NFN to be multimodal.

(5) Suggestions for an urban-area route designation process:

I appreciate that the USDOT is specifically requesting input regarding the designation of urban-area freight routes. The tremendous amount of urban-based transloading, consolidation, packaging, warehousing, final assembly, manufacturing, and other freight-

related activities does not occur directly on the PFN, but these activities take place in facilities located near the PFN that are accessed by local roads. Thus, increased demand placed on these local roads and the needs of surrounding communities require that designation decisions be made at the local level.

Without knowing the implications of an urban-area route designation, it is challenging to recommend a unified national approach. Many local roads in California handle truck volumes that rival the volumes of most national PFN routes. Help is needed for communities where such roads exist, such as improving the routes and mitigating related impacts so the costs of accommodating the nation's international trade does not disproportionately burden low income communities. Therefore, I recommend that states be given the ability to work with their regional and local partners to designate urban-area freight routes. These routes should be eligible for enhanced pavement preservation, operational improvement, and impact-mitigation funding.

Although this initial effort to establish a national freight program and designate a national freight network does not address all issues that need attention, it is an important turning point for the nation's transportation program. The efficient movement of freight is essential to the United States' international competitiveness, and addressing the impacts that freight has on communities and the environment is essential to the nation's sustainability.

Sincerely,

BRIAN P. KELLY
Secretary