

STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER
Governor

Department of Alcoholic Beverage Control
Department of Corporations
Department of Financial Institutions
California Highway Patrol
California Housing Finance Agency
Department of Housing & Community Development
Department of Managed Health Care



DALE E. BONNER
Secretary

Department of Motor Vehicles
Office of the Patient Advocate
Department of Real Estate
Office of Military & Aerospace Support
Office of Real Estate Appraisers
Office of Traffic Safety
Department of Transportation

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

September 19, 2007

Mr. James Ghielmetti
Chairman
California Transportation Commission
1120 N Street
Sacramento, CA 95814

RE: Trade Corridors Improvement Fund

Dear Mr. Ghielmetti:

The Business, Transportation and Housing Agency (BTH) is aware and appreciates that the California Transportation Commission (Commission) has been working hard over the past several months developing a framework for allocating the \$2 billion portion of the Trade Corridors Improvement Fund (TCIF), with the intent to call for project nominations by the end of 2007 and programming funds by March 2008.

As you know, years of under-investment and rapidly increasing demand have resulted in a growing backlog of needed investments in infrastructure and environmental mitigation for goods movement, a vitally important component of California's economic engine. We estimate the highest priority needs require an investment of at least \$16-20 billion in the next decade, and unfortunately, the purchasing power of existing TCIF dollars diminishes each day owing to rising construction costs.

The Governor feels strongly that goods movement transportation needs in California should be addressed from a statewide, systemic viewpoint so that bottlenecks are not simply shifted from one area to another. Highest priority should be given to projects that improve the statewide goods movement transportation system and achieve overall positive environmental impacts.

Based on information that surfaced during the Commission's proceedings and BTH's recent stakeholders meetings, it is clear that immediate and bold action is required to resolve regional differences and advance the goods movement agenda for the benefit of the state as a whole to

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ensure that systemic improvements are addressed. We have a concern that a funding strategy that relies on pre-determined regional funding targets may omit projects of systemic statewide importance.

The Administration's Goods Movement Action Plan (GMAP) released in January 2007 identifies priority projects and lays out a comprehensive plan to address California's present and future goods movement needs. In addition, the California Marine and Intermodal Transportation Advisory Council (CALMITSAC) report, mandated by the Legislature in 2004 and released in April 2007, endorsed a largely overlapping set of priority projects. Both reports recognize and incorporate material from related studies and place major emphasis on infrastructure improvements, environmental impacts and remedial strategies.

Many of these same priorities have been acknowledged by stakeholders that have participated in the Commission's goods movement workshops and our stakeholder meetings during the months of June and July in each of the four trade corridors identified in the GMAP and CALMITSAC report. The meetings confirmed a general consensus on the State's highest priorities, although there remain some differences among the regions relating to which projects should be funded first and in what amounts. The stakeholder meetings also revealed a growing concern among all parties that the problems caused by the delay in addressing goods movement system needs are getting worse, while progress in addressing obvious priorities is moving much too slowly, even though funding is now available.

In addition, while there is much that California itself can do to address the issues associated with goods movement, it is also a matter of vital *national* interest to help fund infrastructure and transportation systems that will keep pace with the growth in global trade, while protecting the health and quality of life for local communities that host this growing flow of traffic. Therefore, there must be a strong federal commitment to major investments that maintain and upgrade our freight transportation infrastructure.

Swift action by the Commission and regional stakeholders will serve the state well by helping to:

- (1) focus state and national attention on California's highest goods movement priorities;
- (2) maximize leveraging opportunities through encouragement of public-private partnerships and other sources of matching funds;
- (3) ensure that investments with inter-regional and statewide benefits will receive due consideration; and
- (4) accelerate the programming and delivery of vital infrastructure projects.

For these reasons, we are asking the Commission to adjust its current approach and adopt by December 31, 2007, a program of TCIF investments to begin addressing the widely acknowledged backlog of goods movement priorities. This timetable will permit the Administration to include a definitive TCIF proposal in the Governor's FY 2008-09 budget proposal and ensure that the

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Legislature can be fully engaged in the appropriation process immediately upon receiving the budget proposal in January.

At the Commission's September 20 meeting, I will discuss with Commissioners in greater detail a proposed plan of action for adopting a program that: (1) addresses the state's most urgent needs; (2) balances the demands of large and small ports, as well as between seaports, airports, and land ports of entry; (3) provides reasonable geographic balance; and (4) emphasizes investments that improve trade corridor mobility while reducing diesel particulate and other emissions.

We believe a TCIF program can and should be adopted based on the guidelines and criteria set forth in the Bond Act. Any further guidelines or criteria the Commission or the Legislature may seek to adopt should take into consideration the impact on statewide interests and the delay in the allocation of TCIF dollars.

We appreciate the Commission's willingness to consider this approach and look forward to discussing how the Administration, the Commission and the Legislature can work with all interested parties to make timely and prudent investments that will improve the quality of life for all California residents.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dale E. Bonner', with a long horizontal flourish extending to the right.

DALE E. BONNER
Secretary

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cc: John Chalker, CTC Vice-Chair
Bob Alvarado, CTC Commissioner
Marian Bergeson, CTC Commissioner
James Earp, CTC Commissioner
Carl Guardino, CTC Commissioner
R. Kirk Lindsey, CTC Commissioner
Joseph Tavaglione, CTC Commissioner
Larry Zarian, CTC Commissioner
John Barna, CTC Executive Director
Will Kempton, Caltrans Director
Metropolitan Planning Organizations
Regional Transportation Planning Agencies
Port of Los Angeles
Port of Long Beach
Port of Oakland
Port of San Diego
Port of Stockton
Union Pacific Railroad
Burlington Northern Santa Fe Railroad
Alameda Corridor Transportation Authority
Senator Don Perata, President pro Tempore
Senator Dick Ackerman, Senate Republican Leader
Assembly Member Fabian Nuñez, Speaker of the Assembly
Assembly Member Michael Villines, Assembly Republican Leader
Senator Alan Lowenthal, Chair, Senate Transportation and Housing Committee
Senator Tom McClintock, Vice-Chair, Senate Transportation and Housing Committee
Assembly Member Pedro Nava, Chair, Assembly Transportation Committee
Assembly Member Mike DuVall, Vice-Chair, Assembly Transportation Committee
Linda Adams, Secretary, California Environmental Protection Agency
Mary Nichols, Chair, Air Resources Board
Mike Chrisman, Secretary, Resources Agency