



Date: July 17, 2008
To: State Legislation Committee
From: *fw* Patrick H. West, City Manager *PHW*
Subject: SB 974 (Lowenthal) Update

On July 15, 2008, the California State Assembly passed SB 974, The Ports Investment Bill, authored by State Senator Alan Lowenthal. The bill was approved with a 46-24 vote along party lines, with Democrats voting in support and Republicans in opposition. The bill will now be sent to the Senate for concurrence in Assembly Amendments, and then it will go on to the Governor.

SB 974 authorizes a fee of up to \$30 on each twenty-foot equivalent (TEU) shipping container processed at the Ports of Los Angeles, Long Beach and Oakland to fund congestion relief and air pollution mitigation projects related to the ports.

Attached please find an informational fact sheet on the July 2008 Assembly Amendments. For more information regarding this bill, please contact Tom Modica, Manager of Government Affairs, at 8-5091.

cc: Mayor and Members of the City Council
Suzanne Frick, Assistant City Manager
Reginald Harrison, Deputy City Manager
Tom Modica, Manager of Government Affairs
Jyl Marden, City Council Liaison
Mike Arnold and Associates

Attachment
TM: ca
M:\IGR\State\Container Fee\Draft Amendments

SB 974 – Summary of July 2008 amendments

- Updates the implementation dates from 2008 to 2009.
- Does not grant any exemptions to the fee.
- Adds a finding that resolving the rail/road conflicts due to locomotives carrying containers to and from the ports is vital to the movement of goods in CA and that improving these conflicts (building the grade separations) will benefit the owners of the cargo by mitigating rail expansion.
- Clarifies that the fee in SB 974 is separate from any fee the ports of LA, Long Beach or Oakland may enact.
- Clarifies that a priority for listing the infrastructure includes those projects closest to construction.
- **Project Eligibility in Southern California.** The amendments specify which projects are eligible, specifically the amendments: list the grade separation projects (in Orange County, Los Angeles County, Riverside County and San Bernardino County), the Colton crossing, on-dock rail (at the ports of LA/Long Beach), and a project for electrifying the rail or using maglev or other zero-emission technology (no other projects are listed) and this part of the fee sunsets once these projects are complete.
- Changes the makeup of the entity in Southern California (the Authority) that is compiling the list of infrastructure projects. The entity would now consist of representatives from (the new ones are in bold): a representative of the Port of Long Beach, Port of Los Angeles, City of Long Beach, City of Los Angeles, Alameda Corridor Transportation Authority, LA County MTA, Riverside County Transportation Commission, Orange County Transportation Authority, SANBAG, **City of Anaheim, City of Riverside, and City of San Bernardino.**
- Allows the Authority (the group selecting the projects in the Southern California) to remove a project listed in the bill if it's determined that the project does not directly relate to the movement of container cargo to and from the ports.
- Allows the Authority (in So. California) to approve a project that is similar, but not identical to one listed in the bill (this is to account for typos and such potential errors when actually listing projects in the bill).
- Changes the makeup of the selection for infrastructure in Northern California to specify that the Metropolitan Transportation Commission (MTC) and the Port of Oakland shall jointly compile the list of infrastructure projects using the funds generated from the Port of Oakland.
- Clarifies that the funds from SB 974 can be used to match other funds (including TCIF).
- Clarifies that if a project is being funded from TCIF, that the SB 974 funds are intended to supplement not supplant the funds for the TCIF.

- Allows the commission to approve in advance an infrastructure project listed in the bill for advance construction authority.
- Clarifies that projects in Oakland shall not be inconsistent with the city charter of the City of Oakland.
- Allows “loans” to be part of the funding mix for air quality programs.
- Specifies that the South Coast Air Quality Management District, the Port of Los Angeles and the Port of Long Beach, shall jointly develop the list of air quality projects, and submit the list to the California Air Resources Board for acceptance.
- In Southern California, directs the Air District and ports when developing the air quality project list to give the highest priority for truck retrofit and replacement.
- Specifies that the Bay Area Air Quality Management District, the Port of Oakland, shall jointly develop the list of air quality projects, and submit the list to the California Air Resources Board for acceptance.