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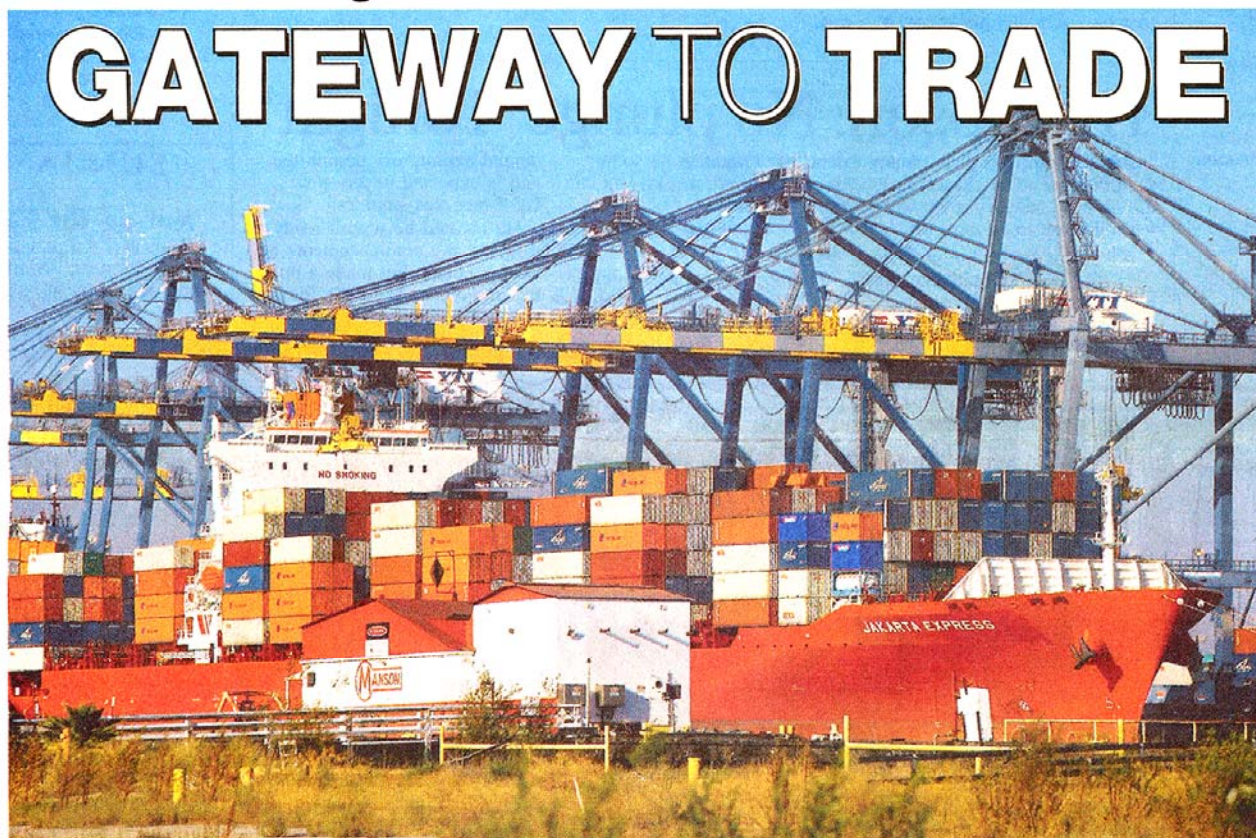
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50 Cents
DESIGNATED AREAS HIGHER

Delays and difficulties in handling shipping
cargo threaten state's title as a

GATEWAY TO TRADE



David McNew/Getty Images

Cranes move shipping containers on a ship at the Rio Doce Pasha Omni Terminal at the Port of Los Angeles.

Officials developing plans to ease congestion, pollution

BY HARRISON SHEPPARD
Sacramento Bureau

SACRAMENTO — With cargo becoming increasingly difficult and expensive to ship across the Southland, state officials are wrestling with ways to ease the jam before it jeopardizes the region's economy.

With thousands of local jobs and billions of dollars in international trade at stake, experts say California needs to quickly expand its infrastructure or risk losing its reputation as the nation's gateway to international trade.

"Unless we find a more efficient and cleaner way of (accommodating

growth), we're not going to be able to handle all that cargo," said Bill Allen, CEO of the Los Angeles County Economic Development Corp.

"It would be a shame if we can't handle the cargo, because hundreds of thousands of people's jobs in Southern California depend on our ability to handle the increasing cargo flows from Asia."

Together, the ports of Los Angeles and Long Beach handle roughly 43 percent of the nation's imports. They make up the world's fifth-largest port complex, handling some \$300 billion

Key proposals

Here are some of the proposals to speed the movement of goods throughout California:

- **Inland ports:** Logistics centers in the Antelope Valley, Victorville and other sites where trains can deliver cargo containers directly from the port to be unloaded and repacked.
- **Container fee:** A \$30 fee on every container moving through California ports would pay for infrastructure improvements.
- **Alameda Corridor East grade separations:** Separating train tracks from roadways in four Southern California counties to speed the flow of goods and passenger vehicles.
- **High Desert Corridor:** New highways linking the Antelope and Victor valleys.
- **Gerald Desmond Bridge replacement in Long Beach:** Improves access, allows passage of larger ships.

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TRADE:

Proposals aim to ease port woes

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worth of goods in 14 million containers every year.

More than 16,000 trucks travel through the Los Angeles port every day, clogging the 710 Freeway and other thoroughfares.

But the issue of improving the flow of goods has become increasingly controversial.

Business interests worry about Democratic proposals that would impose new costs on the private sector — and Democrats fret that business interests are downplaying the need to reduce air pollution.

Earlier this year, Gov. Arnold Schwarzenegger proposed a \$15 billion Goods Movement Action Plan, with some 200 projects designed to improve transit in California.

Those priorities were culled from a list of \$47 billion in projects that were identified statewide.

"California's economy moves in its trucks, in its trains, through its airports, and through its seaports," said Richard Nordahl, chief of Caltrans' goods movement office.

"In order for the California economy to operate successfully and provide the benefits people expect, the freight-movement system has to be improved — both in terms of its capacity, its operational efficiency and to minimize its impact on the environment."

The recommended projects include operational changes like staggering the times for vessel departures and arrivals; expanding the labor force at the ports; and using ships rather than rail



More than 16,000 trucks travel through the Los Angeles port every day, clogging roads and freeways. Experts say the state needs to quickly expand its infrastructure.

Brian Harr
Daily News

and trucks to transport goods between Southern and Northern California.

Infrastructure projects include grade separations along the Alameda Corridor so trains and passenger vehicles do not have to slow down at crossings; widening freeways to the Mexican border; and building truck-only lanes on major trade corridors.

The plan also involves homeland security upgrades including new technology for data management and sensors for hazardous materials; and pre-screening high-risk containers at departure points.

Slow going

Another major element includes mitigating air quality and community impacts, by imposing stricter standards for clean fuels on trucks, ships and trains; reducing idling time and requiring ships to use electric power while idling; and reducing the discharge of marine debris.

The program is slowly mov-

ing forward, although the state has secured only a fraction of the necessary funding.

State officials say part of the plan will be funded through a \$20 billion transportation bond approved by voters last year. It includes about \$2 billion for goods movement and \$1 billion for air quality improvements.

The biggest challenge will be other ways to fund shipping improvements, such as state grants, public-private partnerships and contributions from local and federal agencies.

The Legislature also is debating a new fee on imports and exports, although the business community considers it a "job killer" that would hurt the state's economy.

Under the proposal by Sen. Alan Lowenthal, D-Long Beach, the \$30-per-container fee would generate an estimated \$500 million a year now, and up to \$1.5 billion by 2020, to help fund infrastructure improvements.

Lowenthal says the revenue would be split between air qual-

ity and infrastructure projects and spent in the region where it was collected.

Sticky situation?

A study projects that only a minimal amount of shipping would be diverted from California's ports if the fee is imposed.

"We are embarking on a system now that's held together by chewing gum, and that's quadrupled in growth in the last 10 years without any major investment," Lowenthal said.

"It's time to fix this or else we're going to lose out as one of the world's economic players."

Schwarzenegger vetoed a similar Lowenthal measure last year, saying it lacked accountability and failed to coordinate with other funding sources.

He hasn't taken a public position on the latest bill.

Business interests remain opposed to Lowenthal's container fee, fearing it will increase costs while limiting the business community's participation in deciding which projects are funded.

The California Chamber of Commerce has included the measure on its list of "job-killer" bills that it considers the most harmful to the state's business interests.

"It's a tax on imports and exports through all of California's ports," said chamber spokesman Vince Sollitto said.

"That harms people who are exporting goods and importing goods and all of the businesses that rely on those businesses, including California farmers."

Administration officials estimate that international trade generates about \$436 billion for the state's economy, or about a quarter of its gross-domestic product.

And the volume of goods moving through the ports has steadily increased over the years, with some analysts predicting that the facilities could reach capacity by 2010 without infrastructure improvements.

Port of Los Angeles spokeswoman Theresa Adams Lopez said officials are working on plans to improve terminals and rail facilities while reducing air pollution and the impact on neighboring communities.

Potential projects include replacing the Gerald Desmond Bridge to allow larger ships to pass, building more terminals and adding rail-loading capability.

In addition, ports officials last year created a plan to reduce emissions by 45 percent in five years, while still allowing business growth.

One proposal would require every truck entering the ports complex to meet the updated federal environmental standards. Because it would require the replacement of many trucks, the plan has drawn vocal opposition from the trucking industry.

Another proposal would require ships to run on electric power when docked in order to reduce diesel emissions.

Looking inward

At the same time, some policymakers are looking to take the pressure off the ports by moving some operations inland.

One idea calls for establishing "inland ports" — or logistics centers in the Antelope Valley, Victorville and other remote areas — where shippers could establish distribution centers far from the noise and congestion of the ports.

The Victorville area has already been developing logistics facilities, including an airport, while the Antelope Valley idea was just recently proposed by Los Angeles County Supervisor Michael D. Antonovich.

The Southern California Leadership Council — composed of about two dozen business leaders, including four former California governors — is examining the challenge of goods movement and trade.

Executive Director Lee Harrington said the system is nearing the breaking point, in terms of being able to accommodate growth. Rail operations could hit capacity in seven years, while package handling is already lagging.

"The good news about this challenge is we estimate that over 1 million jobs can be created by the growth in the logistics industry," Harrington said.

"That's the challenge these days — coming up with smarter systems, smarter technologies to get the job done and move the freight efficiently."

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