

KEEPING CALIFORNIA PORTS COMPETITIVE 2016 REPORT



OFFICE OF SENATOR RICARDO LARA



CALIFORNIA SENATE SELECT COMMITTEE ON

PORTS AND GOODS MOVEMENT

**TO ENSURE THE LEGISLATURE
HAS A CRITICAL ROLE IN
IDENTIFYING THE UNIQUE
CHALLENGES FACING
CALIFORNIA PORTS AND
PROVIDE A PLATFORM TO
EXPLORE OPPORTUNITIES THAT
POSITIONS THE PORTS TO REMAIN
COMPETITIVE ON A GLOBAL SCALE.**

MISSION

MESSAGE FROM COMMITTEE CHAIRMAN SENATOR RICARDO LARA



To the Members of the State Senate and public:

As Chairman of the Senate Select Committee on Ports and Goods Movement, it is my pleasure to present to you the first-ever *Keeping California Ports Competitive Report*. After meeting with port officials, workers and stakeholders, I am proud to share that the state of California ports is strong and that our trade gateways continue to grow and thrive!

Through a series of hearings and fact-finding tours, the Committee worked proactively to develop strategies that strengthen our ports to keep California at the cutting-edge of goods movement.

The San Pedro Bay Port Complex reported record growth last year in the midst of staggering delays up and down the west coast. Both ports are leading the way in implementing creative innovation and efficiency measures to bolster productivity to meet the demand of customers domestically and overseas. The Middle Harbor Terminal Redevelopment Project at the Port of Long Beach has become an industry model in engineering and innovation, working to build the greenest terminals around the world. The Port of Los Angeles welcomed the largest container ship to ever call at a North

American port. The CMA CGM Benjamin Franklin, comparable to the length of the Empire State Building, has the capacity to carry 18,000 TEUs (Twenty-foot Equivalent Units). With a container ship of this scale anchoring at the port, California continues to expand its connectivity with the Pacific Rim and other world-class markets.

Additionally, California's trade dominance stems from the success of our smaller, niche ports, which focus on general bulk cargo, fresh produce and automobiles. These ports go beyond receiving container ships. They are home to beautiful waterfronts, attracting tourism and generating millions of dollars in revenue to the local economy.

In 2016, the Committee continues to strengthen California's world-class system of ports. As Chair, I have introduced Senate Bill 1338, a measure that will provide our ports a new tax incentive program to stimulate future investments in zero-emissions and near zero-emissions technology. This pivotal bill will trigger the deployment of new, clean technology and again position California at the forefront of efficiency and innovation.

To that end, I want to thank my Senate colleagues on the

Committee for their collaboration and partnership. Together, we have engaged in critical dialogue with various stakeholder groups up and down the state, promoting the importance of our trade sector. I look forward to working with all of you for another productive year. I also want to thank the port workers across the state who truly are the backbone of our industry and are responsible for helping grow our state's economy.

Our ports are positioned to conduct business with world-class markets and that is why it is paramount for the Legislature to prioritize future investments that lead to a stronger supply chain and greater environmental sustainability. I look forward to working with you so that our maritime industry leads and remains competitive on a global scale.

Sincerely,
Ricardo Lara
SENATOR, DISTRICT 33
CHAIRMAN,
SELECT COMMITTEE ON PORTS AND GOODS MOVEMENT

KEEPING CALIFORNIA PORTS COMPETITIVE

PORT OF LONG BEACH

FRIDAY, MAY 8, 2015

The Committee held its first hearing of the year to discuss port operations at the San Pedro Bay Port Complex, comprised of twin ports - the Port of Los Angeles and the Port of Long Beach. These dual ports serve as the largest artery for imports into the United States. Committee members received an economic forecast for the year from the Los Angeles Economic Development Corpora-

tion who outlined the challenges and opportunities confronting the two ports.

The Ports of Los Angeles and Long Beach provided a breakdown on the state of the Port Complex, including an overview on work to mitigate congestion. Stakeholders such as the Pacific Merchant Shipping Association and the International Longshore & Warehouse Union also provided critical perspectives. Innovators developing emerging technologies aimed to lower emissions and protect the health of surrounding communities also participated.

Highlighted projects included



Senator Lara and Allen hear from port workers at the Port of Long Beach

the “sock on a stack” emission reduction technology and Middle Harbor Project at the Port of Long Beach. This much needed project will help rehabilitate and modernize aging infrastructure at Piers E

and F to meet business and consumer trade demands, dramatically reduce air pollution and health risks and create 14,000 permanent jobs in Southern California.

STRENGTHENING CALIFORNIA

NICHE PORTS

PORT OF SAN DIEGO

FRIDAY, JULY 10, 2015

The Port of San Diego provided the perfect backdrop for our discussion on niche ports. We focused on the needs of smaller ports such as Hueneme, San Diego, and San Francisco, which mainly focus on general bulk cargo, fresh produce, automobiles, steel, liquid bulk and project cargo.

The diverse business portfolio of these waterfronts include passenger cruise line services, restaurant and hotel services, entertainment, shopping, recreational boating, and fishing.



Senators Leyva, Lara, Hueso and Asm. Lorena Gonzalez listen to testimony at the Port of San Diego

For our hosts at the Port of San Diego, naval terminals provide the United States Navy the ability to engage with diplomacy in and around the Asia-Pacific Gateway. In 2015 alone, 49 U.S. Navy ships anchored in San Diego, leading to direct spending of about approximately \$2.6 billion dollars.

This Committee will continue to prioritize strengthening the influence of our niche ports, including working to identify opportunities for sustainable growth and modernization.

KEEPING CALIFORNIA PORTS COMPETITIVE - TRUCKING

LONG BEACH
CITY COLLEGE

WEDNESDAY,
NOVEMBER 4, 2015

Global trade is a critical link to the ecosystem of the California economy. Business with world class markets is made possible by strong workforce and the dedicated men and women working in goods movement fill a critical piece of the state's

supply chain. To that end, we heard from those who transport freight throughout the state - and country - once it arrives at our shores. Trucking is a major point of discussion related to port competitiveness and it is critical that this Committee continues championing the workers and businesses that keep our state moving.

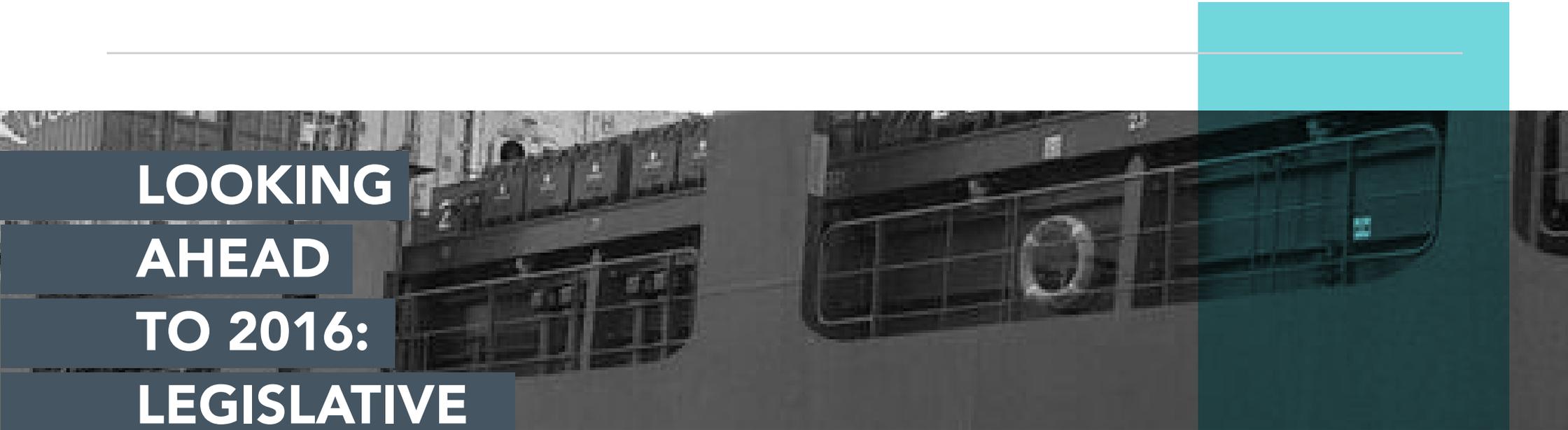
The Committee heard from both industry and labor, as it was critical to receive multiple perspectives on the status of the trucking workforce, including the challenges facing the

industry. Drivers from Shippers Transport Express and Pacific 9 Transportation shared personal experiences related to misclassification and wage theft. Cham-

pioning our maritime workforce and supporting our truck drivers and longshore workers will remain a top priority for the committee in 2016.



Senator Lara, Mendoza and Allen discuss California's vision to support the state's ports and trucking industry at the Long Beach City College hearing



LOOKING AHEAD TO 2016: LEGISLATIVE PRIORITIES

SENATE BILL 1338

I am proud to be the author of SB 1338, a measure that will provide our ports a new tax incentive program to stimulate future investments in zero-emissions and near zero-emissions technology. Continuing my work in the field of clean vehicle technology, this bill will trigger the deployment of new, clean tech that will position California once again at the forefront at efficiency and innovation.

GOVERNOR BROWN'S EXECUTIVE ORDER B-32-15

Under Executive Order B-32-15, the California Air Resources Board, along with other various state agencies, are working on the final draft of the California Sustainable Freight Action Plan that priorities programs and strategies aimed to implement goods movement efficiencies that meet Greenhouse Gas Reduction goals and increased competitiveness. We continue to monitor its development and will provide members timely updates throughout the year.

INLAND PORTS

Inland Ports are critical for robust supply chain. These hubs act as a conduit for shippers and distributors in connecting to rail networks and warehouses. We will prioritize efforts to identify opportunities to strengthen inland ports and create efficiencies that target congestion relief.

ENVIRONMENTAL IMPACTS

This Committee is aggressively monitoring environmental impacts associated from freight transportation. Addressing air quality and improving public health outcomes in and around

our port communities continues to remain a top priority. Bills such as SB 1338 (Lara) fosters greater environmental sustainability that is part and parcel to the competitiveness of our ports and integrated trade gateways.

FIRST HEARING OF 2016

We are working to put together the first informational hearing of the year at the Port of Oakland focused on "Future Ports," exploring the components that factor presently in the movement towards economically and environmentally sustainable operations to reduce emissions and grow trade.

MEMBERS OF THE COMMITTEE



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LONI HANCOCK
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TONY MENDOZA
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SENATORS TOUR CALIFORNIA PORTS



Senators McGuire, Leyva and Lara host a media briefing at Humboldt Bay Harbor



Senator Lara meets with officials with the Port of Oakland.



Senator Lara speaks with port officials from the Port of San Francisco.



Senators Lara and Jackson meet with officials at the Port of Hueneme.





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