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MR. SCHENENDORF: Again, if everybody would please take their seats. We need to get started with our last panel. That includes the commissioners, Commissioner McArdle.

Again, I am going to mention that we welcome anybody in the audience that wants to come up and provide a few comments after our next panel. But in order to do that, we ask that you sign up. There is a sign up-sheet somewhere in the back, and ask that you do sign up in advance of that period.

Now, we'd like to welcome our third panel and final panel of the day, Mr. Grasso and Mr. Smith.

And we'll start with Mr. Grasso.

MR. GRASSO: Mr. Vice Chair, Commissioners,

1 thank you very much. I had the opportunity to be
2 before you in Los Angeles on Wednesday, so I will --
3 this familiar face comes back to haunt you again.
4 Thank you very much.

5 First of all, in the booklet you put
6 together, under reports you have United States map
7 with an arterial system. And if we look at Southern
8 California into this region, I guess I would call
9 that the carotid artery. And looking how wide that
10 artery is and how red you've painted it, and that
11 report drives us to be here today, I guess.

12 MR. SCHENENDORF: Where is this?

13 MR. GRASSO: First map under reports there.

14 MR. SCHENENDORF: Right.

15 MR. GRASSO: Yeah. I don't know who did
16 that. I just flipped through the book and saw that
17 that was there. And that's a telling story, just in
18 looking at that arterial system there.

19 MR. SCHENENDORF: Okay.

20 MR. GRASSO: Anyhow, in review here, I won't
21 go through a lot of the testimony that you saw,
22 again, in Los Angeles, but I will make some comments
23 and then we can go to questions.

24 The opportunity for the West Coast to work
25 together, particularly here in Nevada working with

1 our partners in Nevada and Arizona, I think we have a
2 lot in common. If you look at our major connector,
3 the I-15 freeway, it crosses a number of major
4 arterials that take people and goods from the
5 West Coast to the rest of the United States.

6 If you look at I-10 and Southern California
7 SR-60 in Riverside County, I-10 in San Bernardino and
8 Riverside County, I-40 going into -- from 15 into
9 Arizona, I-80 in Northern California through and into
10 Nevada, and then if you look at I-90, all of these
11 are major connectors along I-15. So I guess our
12 common connector for discussion amongst these states
13 is I-15 and how we work together to move people and
14 goods in a good fashion.

15 From where I sit in my office, our office
16 sits at a restored -- historically restored Santa Fe
17 depot. So I look out my window everyday at trains,
18 the metro link system, commuter rail system is there,
19 the bus system is there, a trans-modal system is
20 there. And we are about three miles away from the
21 Colton Crossing where the Burlington North in
22 Santa Fe crosses the Colton at-grade, and one waits
23 for the other as we move forward.

24 So we see the modal systems all coming
25 together right from our window. And we all see it at

1 a standstill while the rest of the United States
2 waits for the people with goods and information to
3 move forward.

4 When we discuss trade capacity, we
5 have to -- and the infrastructure needs, we have to
6 talk about the force, rail, highway infrastructure
7 translating facilities, the existing technology,
8 intermodal facilities, and grade separations. We're
9 looking for inland ports may be part of the future
10 discussion of how we logistically move things, and a
11 one-stop move to an inland port that's a land port
12 potentially in Northern California.

13 I think where Commissioner Heminger is at,
14 as much access as you can use with the Port of
15 Stockton to facilitate your uses is a good use as
16 well. But focusing on any isolated portion of this
17 doesn't get us anywhere. We have to look at this
18 from a systems approach and how we move things
19 forward.

20 Some of the California issues that have
21 mentioned but become a burden to you here as well in
22 this fine state, 30 percent of the goods entering the
23 U.S. via the ports of Los Angeles and Long Beach are
24 destined for local markets.

25 Further, 25 percent makes it's first stop in

1 the region as part of some value-added activity
2 before moving on. The rest move more or less
3 directly to 49 other states. So the infrastructure
4 burden for 49 states is born a lot in the Southern
5 California region, California itself.

6 One of the things that is critical that we
7 have to address, in Southern California particularly,
8 to improve these infrastructures, we look at it as
9 probably a \$30 billion investment just for trade
10 movement in our area to facilitate the rest of the
11 United States. Another \$10 billion will get us to
12 air quality compliance. That's what we project in
13 working with the air quality management districts
14 that's going to be needed to facilitate that.

15 I think our key issues we have to look at is
16 how we separate people movement and goods movement.
17 And today, we're trying to do that on the same
18 system. We've got trains crossing roads. We've got
19 trucks crossing people, and I think the trucking
20 industry has a better understanding of what's going
21 around them amongst the cars.

22 Our car motorists don't have any
23 understanding of what it takes to operate a truck.
24 And when we've got those crossing together, we have a
25 recipe for disaster. So anything we can do to move

1 forward to separate people and goods is going to be a
2 good opportunity.

3 I guess in some of the suggestions to move
4 forward, we need to accomplish a number of things by
5 developing policy, discussions that address funding
6 opportunities for commerce quarters that are shared
7 nationally. This discussion must include all uses of
8 transportation and address contributory impacts and
9 gains for such users.

10 Local, state, and federal private interests
11 can no longer sidestep their role in the future
12 transportation needs. The policy development must
13 include and be included in the next renewal of the
14 surface transportation act.

15 As was mentioned before, traditional user
16 fees aren't going to work. We're seeing greater
17 efficiencies in the automobile, a greater value for
18 each dollar. Those things have to be addressed in a
19 different system of revenue gaining. So I guess that
20 we would urge that we develop some principals towards
21 the national or federal freight fund -- excuse me,
22 freight trust fund. Thank you.

23 Cost of goods movement should be some
24 portion of the cost expanding related to needed
25 infrastructure. All potential funding mechanisms and

1 funding sources should be considered and based on
2 benefit. Funding should be protectable, dedicated
3 and sustained. It should be based on objective merit
4 based criteria with higher cost projects, subject and
5 more stringent evaluation than lower costs.

6 Funding should be linked with projects and
7 manners similar to full-funding grant agreements that
8 ensure, once the project is approved, it's funded
9 fully. We hope that the commission will help place
10 dedicated freight funds as a top priority, initiate a
11 national freight benefit study, emphasis on benefit.

12 And then some of the other things, I think,
13 to move forward, and some of the discussions, I just
14 wrote some notes. So I am going off script here a
15 little bit. But some of the things that I think are
16 critical to us, the question was asked, "What would
17 you ask the federal government to do?"

18 And in probably the most basic of
19 statements, and I don't mean to offend anybody, but
20 I've lived by the rule, You lead, follow, or get out
21 of the way. We look at the federal government to
22 lead and to bring us together in areas where
23 interstate commerce and other conflicting regulatory
24 situations do not allow the partners that we need to
25 sidestep their role. And to hide behind any of the

1 regulations so you don't have to come to the table
2 isn't going to work in the future.

3 And if we ask the state to be sure that
4 their role, making sure that they conform -- I mean
5 the government, the federal government, excuse me --
6 take a role of conformance, compliance and safety and
7 allow compliant states to collect federal fees if we
8 need to and take care of their situation.

9 I heard Wednesday from commissioners that
10 the state of California has the most stringent
11 regulatory, environmental air quality standards in
12 the nation. So we're doing it. So just make sure
13 that we're all in compliance. And if the return to
14 source isn't working, let us collect those sources
15 and use them as long as we're in a compliance mode
16 and set at a federal standard.

17 Some of the things that we fight from the
18 region -- I am a County Transportation Authority
19 Commission. We have federal regulations to deal
20 with. We have state regulations. There is a
21 Southern California Metropolitan Transit organization
22 that does our planning, yet we've got to deliver
23 that.

24 Interstate commerce committee, commission,
25 the PUC, Endangered Species Act, Land Use

1 organizations, everybody gets a chance to take a shot
2 at what we're doing in our projects. Let's have that
3 review process all happen at the same table, at the
4 same time, stamp it and move it forward.

5 I don't know how we get there, but right now
6 I've got a project we just put out a ground breaking
7 on last month. It took us 15 years to get there.
8 There is no reason. It would take in one review,
9 then the next review, then the next review. Let's do
10 those simultaneously and I think we could short
11 circuit some of those things.

12 This is a project that's taken us forever to
13 get there in funding. It was designed in 1942. It
14 was built in 1959. And the social injustices with
15 that design has made one city divide -- part of the
16 city divided from the other. You can't get off that
17 freeway and go westbound. You have to go into the
18 heart of the city and not into where the residents
19 live, and that's made it a tough situation.

20 And so 15 years ago, we undertook fixing
21 this freeway and we are now breaking ground. Fifteen
22 years is a long time to solve our problems. So if we
23 can do things parallel rather than in a series, we're
24 in good order.

25 So one last comment, then I'll move forward,

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if I may. A comment made earlier, I think we need to review environmental review on congestion mobility relief and a right-of-way that's always been proved. You're not expanding that right-of-way and you can demonstrate mobility improvement and congestion improvement, we shouldn't have to go back to square one on environmental review.

Thank you.

MR. SCHENENDORF: And thank you very much.

MR. GRASSO: Thank you.