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Governor

Brian P. Kelly
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January 18, 2017

Mr. Bob Alvarado
Chair
California Transportation Commission
1120 N Street, MS-52
Sacramento, CA 95814

Dear Chair Alvarado:

I write regarding the California Transportation Commission's work to develop guidelines for the National Highway Freight Program (NHFP), which was established by the federal Fixing America's Surface Transportation Act (FAST Act). I appreciate the Commission's quick start on these guidelines to meet the requirements of California Senate Bill 826 (Leno, Statutes of 2016) that direct federal National Highway Freight Program funds to corridor-based projects selected by local agencies and the state.

To assist the Commission in this effort, I want to provide some background on this issue. The budget bill language in SB 826 was proposed by the Administration in the May Revision of the Governor's Budget to expedite important freight infrastructure projects. Additionally, the Administration proposed trailer bill language to establish the program in statute. The Administration had positive discussions with the Legislature, and worked with the Legislature to develop statutory language to ensure both Administration and Legislative priorities were met; however, no legislation has become law to date.

As part of the discussion with the Legislature, the Administration shared priorities for these NHFP funds, which are expected to total about \$580 million for California over the five-year FAST Act period. The Administration has two top priorities for these funds: first, completing freight projects on California's border with Mexico to reduce cross border wait times from hours to minutes; and second, to achieve freight benefits through important rail grade-crossing safety projects. To accomplish these outcomes, the Administration had worked with the Legislature on language that would direct \$150 million to border projects, \$70 million to rail safety projects, and \$360 million for regionally nominated projects, with shares adjusted proportionally if revenue changes. The Administration also supports improvement to primary freight corridors, especially

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those that serve our largest ports, such as improvements to the I-710 Corridor serving the ports of Los Angeles and Long Beach.

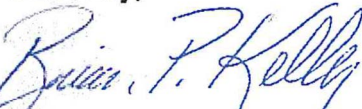
As the Commission develops National Highway Freight Program guidelines pursuant to SB 826, I ask that the Commission consider incorporation of these Administration priorities, either as outlined above, or through an alternative mechanism that would still allow for the same Administration priorities to be met.

I am sure the Commission is also aware that the Governor signed Senate Bill 1279 (Hancock, Statutes of 2016) that prohibits the Commission from programming or allocating any state funds for new bulk coal terminal projects. In his signing message, Governor Brown wrote that localities and the state should take steps to reduce, and ultimately, to eliminate the shipment of coal through all California ports. I encourage the Commission to consider how the NHFP guidelines can be crafted to further that goal.

Incorporation of these priorities is consistent with both the California Freight Mobility Plan and the California Sustainable Freight Action Plan.

I am happy to offer staff from both CalSTA and the Department of Transportation where you deem helpful for this effort, and look forward to moving important freight projects forward this year.

Sincerely,



BRIAN P. KELLY
Secretary