

Next stop: shaping our goods movement system together.

LOS ANGELES COUNTY GOODS MOVEMENT STRATEGIC PLAN

**Los Angeles County
Metro Goods Movement Strategic Plan
Freight Working Group**

**Attachment A:
Meeting #2 Summary of Findings and
Roundtable Discussions
July 16, 2019**



Introduction

LA Metro in partnership with the Cambridge Systematics consulting team held the second meeting of the Freight Working Group on July 16th, 2019. The purpose of the meeting was to solicit feedback on the vision, mission, and goals of Metro on the following questions:

1. What are the challenges facing LA County in this area?
2. What strategies could address these? Are there immediate steps that can be taken (“early wins”) to address these issues?
3. What should Metro do to pursue these strategies? What should Metro not do?

A summary of the key themes that emerged throughout the day are listed below.

1. Challenges Facing LA County –

- Current demands on the highway system and levels of congestion are unsustainable, and need to be addressed. We need long term, sustainable freight solutions.
- Infrastructure investment for the future is needed, including electrification and charging infrastructure to support electric vehicles.
- Air quality issues are significantly tied to freight issues. Not reaching federal air quality standards will have significant impacts on our goods movement operations.
- Information sharing is critical to address future challenges and combat misinformation and fear around issues, such as automation’s effect on jobs. Keeping the public informed is critical to Metro’s mission.
- Connections between affordable housing and employment opportunities continues to be critical.
- Planning is a long-term process, but challenges change quickly. Technology and culture changes like the “Amazon effect” may make plans based solely on today’s challenges obsolete in 10 years.



2. Strategies to Address the Challenges and Early Wins

- Partnerships will be key to addressing these challenges. Several key areas were discussed:
 - a. There is a need for a rail partnership, such as the CREATE public-private partnership in Chicago, to help address capacity issues on the rail system as well as grade crossings.
 - b. Workforce development partnerships, such as with the County of Los Angeles for a Transportation School that will be a pathway for young people to be trained for and connected with new jobs.
- The region should prioritize opportunities to leverage private sector dollars through public-private partnerships or similar.
- Pilot programs and technology investments should be focused on freight, or include freight elements, where possible.
- Innovative operations should be considered, such as trucks shared across multiple drivers, or innovative access to jobs solutions such as clustering logistics jobs near Metrolink stations.
- Need to be future-forward in our planning. Focus on early wins based on today's challenges, but also think strategically about what tomorrow's issues might look like and be prepared to address.
- Need to identify top early win projects and also funding and partnerships to move them forward.

3. Metro's Role

- It is important for Metro to maintain its position as a good steward of public resources and deliver on the promises made from Measure R and Measure M.
- Metro plays a role as a funder and implementer. Can influence the process through providing funding for projects and programs addressing critical issues.



- Metro can play a leadership role by being a convener of public and private sector partners to implement solutions.
- Metro should play the role as educator to share information with partners and the public on goods movement issues including correcting misconceptions about issues about automation and electrification. Can also help create a better “brand” for freight based on its economic performance.
- Metro has an opportunity to push for legislations that would allow for flexible funding for multimodal projects that are truly visionary and transformational.
- Metro can “make the case” for goods movement and logistics based investment, such as helping to demonstrate demand for market-ready technologies.
- Competitiveness is a critical factor, but there are limited metrics that can be used to track ‘competitiveness.’ Identifying and applying these can be an area of focus for Metro.
- Programs to expedite projects and project delivery will be key. Metro can take steps such as initial planning and environmental clearance to make projects “shovel ready.”



Summary of Roundtable Discussions

Table 1: Efficient Multi-Modal System

Participants:

- Dan Monnier, LA Customs Brokers & Freight Forwarders Assoc
- Connie Rivera, ACTA
- Peter Herzog, NAIOP
- Paul Hubler, SGVCOG
- Roderick Diaz, Metrolink
- Jessica Alvarenga, PMSA

Key takeaways:

- Metro should be considering the connection between operations and technology and the rapid pace of change. The group discussed transloading 20 years ago and freight in our neighborhoods today. When we make investments 20 years down the road, what's the new tech etc. that will be in place.
- Role for Metro is to be an implementer and a funder. Metro should play a regional role in evaluating and prioritizing. Metro should think short and long term, big and little, broad and local.
- Metro could expediate project planning and implementation. An example could be the CREATE program in Chicago. Metro could play a role at a regional level on this.

Notes:

- On the challenges facing LA County
 - Maintaining efficiency and sustaining market share
 - New and emerging technologies and their impact on jobs
 - Transloading and supply chain
 - Amazon truck delivery and related impacts
 - Investment in rail and grade separations
 - Amazonification of delivery and resulting increases in VMT
 - Changing tech



- Conflict between passengers and freight efficiency in shared corridors and related land use considerations
- SCIG
- Time required to get projects completed
- Warehousing in immediate/ central area
- Getting discretionary cargo through
- Encouraging warehousing to use transloading- rail facilities are ~500 miles out
- Environmental regulations
- On the strategies to address these
 - Metro could have a program like CREATE in Chicago
 - Coordinate grade separations > bring people together
 - Could environmental regulations be regional instead of local
 - Metro should be very focused on getting freeways in good shape
- On the immediate steps that could be taken (“early wins”) to address these issues
 - Identify top projects and funding
 - This identification should have an LAC focus
 - Consider public and private partnerships
- On what Metro should do to pursue these strategies
 - Could Metro do environmental clearance
 - Metro’s role is to fund and build, be a convener
 - Metro’s advantage is their community partners
 - Metro has a stronger role in land use
 - Implement and fund, evaluate
 - Plan for unknowns
- On what Metro should not do
 - N/A



Table 2: Strong Markets and Efficient Supply Chains

Participants:

- Judy Kruger, LAEDC (facilitator)
- Mario Archega, UPS
- Matthew Means, Watson Land Company
- Todd McIntyre, Metrolink
- Wil Ridder, Metro
- Michelle Boehm, City of LA Mayor’s Office
- One more participant from the City of LA

Key takeaways:

- There is an interest to invest in electric trucks but there is currently no infrastructure ready to charge them. **Updating the electric grid** and **demonstrating demand for market-ready technologies** were identified as ways that fleet electrification can come to fruition.

Notes:

What are the challenges facing LA County in this area?

- The market is being challenged because of the shared economy, such as Uber. There is a concern that non-professionals are not being held to the same standard of professionalism.
- Maintaining state-of-good-repair for infrastructure is difficult but necessary.
- The shift from B2B to B2C is becoming a challenge.
- In the context of Workforce Development, educators need to understand the variety of jobs that are currently and that will be available in the transportation and supply chain fields.
- Warehouse safety is a problem. Los Angeles and San Bernardino, combined, has about 2 billion square feet out of the 9 billion square feet of warehousing space in the country
- There currently is no infrastructure ready to charge electric trucks.
 - Mario Archega says that it takes the same amount of energy to power a building for 3 days and to charge a Tesla truck overnight.



- Currently, permitting a property takes years due to paperwork and the steps you have to go through with local government. In addition, community opposition lengthens the process as well.
- The impacts of tariffs are becoming a problem.
- The Ports of LA and LB are forecasted to double TEU's handled by 2035-2040, despite market share loss. The region needs to continue building infrastructure to support the increase, and LA County needs to find strategies to maintain market share but minimize impacts. We may never be the cheapest port but we can improve congestion and truck turn times.
- In response to a question raised about urban air freight and if it will be in the picture in the near future, Mario Archega mentioned that UPS has been doing drone testing in Africa. UPS now completes a daily transport of medical supplies in Africa. However, concerns for widespread implementation are security and safety, so for the time being, drones work for very specific areas and needs.
- City of LA has talked to Hyperloop One, and high-value goods may be the most viable option for transport through the Hyperloop tunnels. Michelle Boehm explained that no matter how advanced the technology is, ROW and permits are still needed. This causes the costs to increase and the process of creating a new way to transport goods (or people) is not dramatically easier than traditional processes.
- The following questions were brought up:
 - What are we doing to make the market less burdensome for people operating it and for the environment?
 - How do we push industry along to help businesses reach their goals (especially environmental and zero-emissions goals)?
- Don't ignore the need to update the grid – we need to be aggressive in policy-making but not too much to mandate something impossible.

What strategies could address these?

- To encourage market-ready technology for electric trucks to come into fruition, Ports of LA and LB could team with other West coast ports to build buy-in potential and demonstrate demand for market-ready electric vehicles, as the demand isn't fully demonstrated through one port's/market's needs.



Table 3: Strong Labor Force

Participants:

- Arthur Sohikian, AVS Consulting (Facilitator)
- Tom O'Brien, CSULB CTTI/METRANS
- Tina Backstrom, LAWA
- Kyle Gradinger, CalSTA
- Edel Vizcarra, LA County
- Dan Kopulsky, Caltrans

Key takeaways:

- Metro needs to excel in their first priority which is to reduce congestion while still having people commute to their jobs. There needs to be education and awareness of the available programs out there and Metro can serve as a catalyst to those. Metro can also play a role in data collection and putting it into an effective use.

Notes:

What are the challenges facing LA County in this area?

- Labor unions vs. management
- The access to the employment centers and linking where you work to where you live.
 - Looking at retaining employees based on access.
- Within the labor force there is an element of trust and the fear of the “unknown” with the transition of jobs (the challenge of automation).
 - There are workers in the middle class with well-paying jobs that require no degree that are being put at risk because of lack of preparation for the next steps of another job opportunity.

What strategies could address these?

- There needs to be policy development for transportation and commute options as well as intense incentive programs.
- Supporting regulation where innovation should be the goal, but safety also as a priority.
- Include freight when looking at pilot programs.



Are there immediate steps that can be taken (“early wins”) to address these issues?

- Looking into a pilot program that Metro can take on (i.e., Centers EO)
- Support the preparation in community college with technical training program.
- Partnership with the County of Los Angeles for a Transportation School that will be a pathway for young people in the direction of new jobs.

What should Metro do to pursue these strategies?

- Metro should lay the groundwork with good data for other agencies to use.
 - This includes: collaboration (COGs, County, etc.) for research needs and grant funding.
 - Looking more at congestion management and truck lanes.
 - Understand the differences in data collection.
- Metro should lead by example.



Table 4: Investment and Innovation

Participants:

- Jim Brogan, Cambridge Systematics (facilitator)
- Kendal Asuncion, LA Chamber of Commerce
- Mark Christoffels, San Gabriel Valley COG
- Tom Carranza, LA DOT
- LaDonna DiCamillo, BNSF
- Jerard Wright, Bizfed
- Matt Miyasato, AQMD
- Steve Gota, Metro
- Ernesto Chavez, Metro
- Wells Lawson, Metro

Key takeaways:

- It is important for Metro to maintain its position as a good steward of public resources and deliver on the promises made from Measure R and Measure M. It is also crucial to recognize that freight and the goods movement is critically tied to those sources of funding. Metro can take a lead role in guiding investments and utilizing available funding to push for system improvements.

Notes:

What are the challenges facing LA County in this area?

- Investment in infrastructure is a major challenge.
- Metro Board **priorities** do not correlate with the **promises** that have been made.
 - This includes **funding** within Measure R, Measure M, and SB1.
- There are no clear metrics for competitiveness.
- **Electrical infrastructure** is necessary; Metro should be focused on this.
 - The private industry needs to be incentivized and Metro should be taking the lead role.
- Technology on electric transit (i.e. electric scooters) does exist, but there are no clear policies.



- Workforce training and education
 - Re-training staff members who have been focused on diesel or CNG and now need to focus on electric.
- The private sector can potentially take over and compete with the public sector if the needed policy changes do not happen.
- There is a disconnect between state goals and local agencies.
- The fear of gentrification can possibly be another barrier to improvements.
- There will be constant collisions between equity, sustainability, and improvements.

What strategies could address these?

- Metro has a unique role as the builder, planner, and source of funding, which creates a good position to work on policies. They can take a lead role in guiding investments and utilizing available funding to push for system improvements.
- The private industry can bring innovative approaches to the freight industry, as they face fewer barriers than Metro and the public sector.
- Technologies such as Uber Freight or Google Maps for freight should be encouraged.
- Tracking technologies should be invested in, though they face resistance from truckers.
- The public sector and agencies need to work together to drive the necessary changes and bring forward new policies.
- There needs to be an emphasis on coordinating policy changes to prepare for the next generation of infrastructure.
- **Equity** and **sustainability** are detrimental to **improvements**. Difficult decisions need to be made in order to improve the system.
- Metro and other public agencies (i.e. Caltrans) can utilize new legislation, such as AB371 to improve freight planning.



Table 5:

Table 5: Equity and Sustainability

Participants:

- Michael Cano, Metro (facilitator)
- Gisele Fong, the California Endowment
- James Shankel, Caltrans
- Mike Murphy, NCTC
- Stephanie Wiggins, Metrolink
- Max Reyes, City of Los Angeles
- Southern California Edison
- SoCalGas

Takeaways:

- Metro can have a role in educating the general public on goods movement.
- Metro as a convener is a major role that can be stepped in to in the goods movement sector. Metro can continue to develop partnerships regionally in order to achieve a holistic approach to issues.
- Metro can help in creating incentives to think differently

Notes:

What are the challenges facing LA County in this area?

- We need to be informing the general public so that they are knowledgeable of the challenges occurring in the region. Currently, only people who work in the industry are aware. Challenge lies in **how** we inform the general public.
- There is not enough rail capacity – we need to accommodate both freight and commuter movements. This requires collaboration with partner agencies.
- Affordable housing is far from employment centers.
- Passenger and freight movements on highways must occur in a sustainable way. There is currently too much demand for use of the highway system. Highway system needs to be functional in order to serve both uses, as congestion leads to the entire region suffering.
- We need solutions to help corridors facilitate goods movement.



What strategies could address these?

- Solutions to access-to-jobs issue.
- Identify solutions to commuters and transportation hubs.
- Balance of jobs and houses.
- Think of additional opportunities, like non-traditional job areas.

Are there immediate steps that can be taken (“early wins”) to address these issues?

- More education for general public to increase knowledge of goods movement in LA County. There may be a need to “translate” the message so the public can understand.
- Better brand/message to constituents is needed.
- We can think of better incentives to encourage people to think differently
 - What if we brought more logistics-based jobs closer to Metrolink stations to secure better mobility and access for workers in these fields?
 - What if we shifted goods-movement related jobs and facilities that did not have to be located at/near the port, etc. to places like Santa Clarita that already has access to Metrolink and space for industrial facilities?
- Metro can bring multiple agencies together for collaboration.
- Maintaining market share and equity is important.



Table 6: Equity and Sustainability

Participants:

- Marnie Primmer, Future Ports
- Mark Yamarone, Metro
- Andrew Papson, Southern California Edison
- Philip Fine, South Coast Air Quality Management District
- Dan Kopulsky, Caltrans D7
- Eric Martell, Port of Los Angeles
- Another participant from Caltrans D7
- Susan DeSantis, Arellano Associates
- Akiko Yamagami, Metro

Takeaways:

- Metro can take a **leadership role in educating the public** on facts about goods movement and correcting misperceptions, including misunderstanding on impacts of automation and electrification on workforce.
 - There is a need to **distinguish the difference between automation and use of technology**. There will be new opportunities and new jobs created associated with technology advancement and innovation applied in logistics and goods movement.
- Metro as a county transportation agency has an **opportunity to leverage private sector resources to form public-private partnerships** to seek funding in a flexible manner.
- Metro has an opportunity to **push for legislation that would allow for flexible funding** for multimodal projects that are truly visionary and transformational.
- We all should be fully aware that if the South Coast Air Basin does not meet the federal air quality requirements, **we will lose our ability to conduct air quality** industry operations.

Notes:

What are the challenges facing LA County in this area?

- If the South Coast Air Basin does not meet the federal air quality requirements, the SCAB region will lose its control over air quality planning, and the federal government will take control over it. If that happens, the federal government could impose new restrictions that would impede goods movement activities. These include restrictions on truck operations (potentially, the days that trucks can operate on our roadways), federal highway funds for the SCAB region, and stationary sources which would impact



an ability to locate new goods movement facilities or retrofit existing goods movement facilities.

- Another challenge is to effectively communicate the facts and correct misinformation about goods movement activities and associated impacts. There are a number of misconceptions on automation and its impact on labor, air quality impacts, what technology might be able to achieve and when. How do we stay true to the facts and manage misconceptions?

What strategies could address these?

- Metro’s communication team is a great asset in disseminating facts and getting misinformation correct. Public education on automation and labor/workforce opportunities should be emphasized.
 - There is a need to clarify a misconception that many people have about technology advancement and automation. Technology advancement achieves efficiency through digital infrastructure, and is not the same as automation.
- Regarding funding needs and opportunities, we need to shift away from “scarcity” mentality and take “add on” approach. We tend to think “either this, or the other”, but we need to approach funding with “what else can be added to fill the gap?” and use partnerships across agencies and public-private partnership.
 - Efficiency improvement projects might present great public-private partnership opportunities. Logistics industry is generally operating with a slim profit margin, and has a difficult time upgrading their equipment to achieve higher efficiency. While at the same time, every time goods are touched (loss of efficiency), it increases the cost. Public sector may partner with private sector to help them upgrade and improve efficiencies in their operations.
- As an idea, truck sharing could be a value proposition to owner-operators to maximize the life of an asset (trucks). Federal restriction on driver operating hours prohibits a truck driver from operating a truck longer than the regulated hours (not sure if it’s 10 hours or 12 hours). However, a truck can be operated 24 hours. To maximize the value of a truck as an asset, a truck can be shared across multiple drivers. This might be a value proposition to those who are single owner-operators.

Additional comments not so in line with the questions:



Philip Fine (AQMD) mentioned that with right investments, we can achieve efficiency and sustainability through transformative projects. When Akiko Yamagami asked to define “right investments”, and whether I-710 South could have been a transformative project, his response was that the I-710 South project was set up for opposition. This is an interesting comment and I’d like to learn more about what he meant by “being set up for oppositions” and what Metro could have done differently.