



Infrastructure Cargo Fee

Why are the ports considering an Infrastructure Cargo Fee (ICF)?

The goods movement industry is vital to the California economy. The Proposition 1B bond measure was approved by California voters in 2006, and is intended to fund a portion of the costs for trade-related infrastructure and emission-reduction projects. However, industry funds are needed to provide the required match to federal grants and state bond funds. The fees would also serve to leverage future state bond proceeds and federal transportation revenues.

All of the port-area highway projects are on state highways, serving a significant amount of non-port traffic. Therefore industry should not be responsible for 100 percent of the costs. However, industry will pay its fair share. The revenues from the fee program would provide the “private” component of a public-private partnership.

What transportation projects would receive funds from the fee program?

The following projects are included in the program:

- Gerald Desmond Bridge Replacement
- SR-47 Expressway
- Navy Way/Seaside Avenue Interchange
- South Wilmington Grade Separation
- I-110 Connectors Program
- Ports rail systems to facilitate use of on-dock rail

The State and federal government have identified these projects as critical for mobility for all motorists, as demonstrated by their designations as high-priority projects recommended for Proposition 1B bond funding in the recently released State of California Business, Transportation, & Housing Agency/CalEPA Goods Movement Action Plan; and as “Projects of National & Regional Significance” and “High-Priority Projects” by Congress.

All of these projects are considered high priorities in one or more recent goods movement planning documents, including the state Goods Movement Action Plan (GMAP), the CALMITSAC report to the State legislature, the Regional Transportation Plan, and the Multi-County Goods Movement Action Plan (MCGMAP). The port-area projects listed above were selected based on criteria developed by the Goods Movement Task Force established by the Mayors of Los Angeles and Long Beach.

What about the I-710 freeway improvements and other goods movement projects?

In the future the Ports may decide that other projects, when ready, should receive a component of ICF revenues. In the future, additional fees (or an extension of the original fees) may be necessary to help fund other important infrastructure projects. In all cases, there must be a clear link between the project and port-related cargo movement.

Would the fee be used to cover preliminary design and environmental documentation?

No. The fee would apply only after an environmental impact report/statement has been approved following the state's CEQA/NEPA process. The infrastructure fee would cover a portion of the costs for the later stages of projects, including final design, utility relocation, right-of-way acquisition, construction and construction management.

When would the fee begin and how long would it last?

The fee would be phased in as projects become ready for implementation. It is anticipated that the collection of the ICF would begin in January 2009.

The fee would last until the projects are fully funded.

How much would the fee be?

The estimated total fee for the high-priority infrastructure projects is \$15 per loaded twenty-foot equivalent container unit (TEU) in 2009. Based on the current schedules of the projects, the fee would be \$18 in 2010 and 2011. As projects are completed, the fee could be reduced to \$14 in 2012 through 2014 and to \$10 in 2015.

How much money would the infrastructure fee raise?

The infrastructure component of the fee would raise about \$1.4 billion, or 48% toward the \$2.9 billion total cost of the port-area infrastructure projects. This can be done without borrowing.

Who pays the infrastructure fee?

The infrastructure fee would be assessed on containerized cargo (loaded containers, not empty) and would be paid by cargo owners.

How will the funded projects benefit the environment?

The infrastructure projects to be partially funded through the ICF program may also help to reduce environmental impacts. The ports' rail projects will divert some cargo from road to rail, reducing the amount of pollution produced to move that cargo.. Roadway projects, such as the Gerald Desmond Bridge replacement, the SR-47 Expressway, elimination of a Terminal Island traffic signal, and improved connections to the Harbor Freeway will reduce current levels of port-related traffic congestion and will help to improve air quality.

Additionally, the ports' Clean Air Action Plan includes a clean truck program, shoreside electricity, alternative fuels and other environmental improvements. The ports and industry will be spending billions of dollars in coming years on environmental improvements that are not funded through the proposed ICF, such as the costs for shoreside electricity, cargo equipment upgrades, locomotive purchases and many other improvements.