

NATIONAL SUMMIT ON AG AND FOOD TRUCK TRANSPORTATION FOR THE FUTURE

California is the world's fifth largest supplier of food and agricultural commodities. We produce over 400 different crops and everything from world-renowned wines, to special items such as almonds and strawberries and almost 50% of the nation's fruit and vegetables.

For more than fifty years, the men and women who work California's fertile fields have made this state the nation's No. 1 agriculture producer and exporter. Exporting about 20% of what we grow. If it's for breakfast, lunch or dinner, it may have been grown in the Golden State.

Production year 2005, the latest year for which we have records, was almost \$32 billion dollars; California has 77000 farms and ranches, less than 4% of the nation's total. Yet, the Golden state's agricultural production represents 13 percent of the nation's total value from farm gate sales.

Of that total, California's top 20 crop and livestock commodities account for 80 percent of the state's gross farm income. The commodities contributing most to the value were milk with over \$5 billion dollars in value, almonds over \$2 billion and grapes at over \$ 2.5 billion in farm gate value.

California has some of the most agriculturally productive counties in the nation. Of the top 10 agricultural producing counties nationwide, nine are located in California. Fresno, my home county, leads the nation with over \$4.6 billion in farm gate value and this would place it ahead of 22 other states in the nation.

Economic Implications and the San Joaquin Valley:

Nearly seven million businesses rely on the U.S. transportation network to conduct local business, engage in interstate commerce, and carry out international trade. At the same time, more than 100 million households rely on freight transportation to provide access to goods and services produced by businesses both here and abroad.

The growth rate of the region in which I live, California's San Joaquin Valley, is projected to be 65% higher than the state average through the year 2030. This valley is also an agricultural powerhouse with \$20 of the 32 billion in agricultural value earned annually. How effectively the region improves its transportation system to accommodate this kind of growth and volume of agricultural products will be an important determinant of the valley's future and the future of the entire state.

In addition to growth pressure, the Valley does not currently meet health-based standards set by the US EPA for ozone and particulate matter. This puts further strain on our highway system and the quality of roads and vehicles that transport our perishable products.

Highway 99 from Bakersfield through the San Joaquin Valley carries more than a million vehicles a day and is the backbone of Central California and most of the ag production is either produced here or moves through here. Congestion, delays and safety problems prevent trucks from transporting their products at the most economical speeds. Every second a truck idles due to congestion and traffic, the more pollution it is releasing into the air and the more energy it is using. Efficient movement of perishable agricultural products is critically important to the San Joaquin Valley.

Transporting Perishable Products

Food today travels farther than ever, with fruits and vegetables in the United States logging in hundreds to thousands of miles from farm to store. Perishable products

accounted for about 30% of total U.S. food and agricultural exports in 2000. In California specifically, about 98% of its fresh fruits and vegetables are hauled by truck because they are highly perishable.

All of these perishable fruits and vegetables must be transported by Truck Refrigeration Units (TRUs). Approximately 10 percent of the trucking fleet has TRU units. Challenges with TRU units occur when there are excessive delays, mechanical failures or idling. Perishable products must remain at stable low temperatures all the way from farm to store, and the slightest adjustment in temperature can ruin a load of fruits or vegetables.

Perishable Products require a lot of Energy

Increasingly open world markets allow the import of fresh produce year-round, regardless of season or location. But as food travels farther, energy use soars. Trucking accounts for the majority of food transport, though it is nearly 10 times more energy-intensive than moving goods by rail or barge.

WHAT ARE THE PREFORMANCE AND CAPACITY CHALLENGES AND ARE ANY SPECIFIC TO AGRICULTURE

*Driver shortages

- Increases in insurance cost
- California's very expensive workmen's Comp insurance
- Highway Infrastructure
- Record Fuel Prices
- Especially Calif's. due to Reformulated diesel
- Safety and security Measures
- Environmental Regulations and the ability to find incentives to fund the turn over of higher polluting engines

Action, Action, Action. Challenges from the West

California will continue to spin-off unique environmental programs – some championed by Governor Schwarzenegger – that will eventually come to a state near you.

In the Gov's Environmental Action Plan

He has a goal of cutting Air Pollution Statewide by Up To 50 Percent

- The Gov. Insists on **strong enforcement** of federal and state rules to require significant reductions in particulate matter and other emissions from diesel-fueled trucks and buses.
- Implementing market-based means of reducing congestion on California's highways including such policies as **congestion pricing**.

In May 2007, the Calif. Air Resources Board will begin workshops (a precursor to regulations) to consider an "On Road Diesel Emissions Reduction" regulation – to reduce diesel PM and NOx.

This measure will regulate long and short haul truck-tractors, and any other diesel-powered trucks with a gross vehicle weight rating of 14,000 pounds or greater.

They will likely propose state rules to require:

Installation of After-Treatment on Existing Engines such as

- Particulate Traps
and/or
- Catalytic Converters (That Don't Commercially Exist)

And a push towards accelerating turnover to Federal Tier 4 engines.

Just last week the ports of Long Beach and Los Angeles, the nations busiest seaport complex proposed and unprecedented overhaul of dockside trucking that would slash diesel pollution from trucks by 80% in five years.

More than 40% of all goods imported to the United States moves through these two ports,

In the plan, all 16000 short haul trucks that move goods from the docks to nearby rail yards and warehouses would be scrapped or retrofitted, starting next year, at a cost of \$1.8 billion

The cost of replacing the current, aging trucks would be funded largely by per-trip fees, with some matching state bonds and taxpayer money. A second part of the plan would impose fees on every container of goods moved through the ports to help fund rail and highway improvements.

2. In the Gov,s Climate Change Action Plan

The Governor has set climate change emission reduction targets:

- By 2010, reduce emissions to 2000 levels;
- By 2020, reduce emissions to 1990 levels;
- By 2050, reduce emissions to 80 percent below 1990 levels.

Some examples of the plan's targets for emission reduction:

- Diesel Anti-Idling
- Transport Refrigeration Units
- Requiring Biodiesel Blends;
- Heavy-Duty Vehicle Emission Reduction Measures;
- Reduced Venting and Leaks in Oil and Gas Systems; and
- The Hydrogen Highway

In addition to the action plan, California law passed in 2006 establishes a program of regulatory and market mechanisms to assist in achieving the goals of the action plan and a supreme court decision earlier this month affirms the regulation of green house gasses is in the cards for the future.

3. Goods Movement Action Plan

The Gov's Goods Movement action plan seeks to improve the essential infrastructure with a focus on the entire "coast to border" system of facilities, including:

- Seaports;
- Airports;
- Railways;
- Dedicated truck lanes;
- Logistics centers; and,
- Border crossings.

This Plan includes approximately 200 possible projects covering infrastructure, public health and environmental impact mitigation, community impact mitigation, homeland security, public safety and workforce training.

It's noted that in our unique state there's a strong demand to mitigate for environmental and public health issues related to the investment in infrastructure, i.e. build a road – fund environmental mitigation or to run a port or terminal

While there's over \$1 billion in bond monies for emission reduction projects related to goods movement – we should expect that the transportation and port sector will be asked for its share of environmental mitigation monies.

And in closing:

Whether it's domestic or imports—Transportation and logistics may be asked to contribute to food safety supply chain requirements (such as handling and tracing) and for controlled environment for quality purposes.

The Ag. industry found in Calif., --- You either develop food safety guidelines or someone will develop them for you.