



Agricultural Council
of California



LOS ANGELES AREA
CHAMBER OF COMMERCE



October 19, 2021

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

Governor Newsom:

We are writing to you as the unified business community asking you to coordinate with President Biden's efforts to address the urgent crisis at the California ports, which are the heartbeat of our state and national economy. The president has taken a number of steps to

address the crisis, including working with the Port of Los Angeles to enable operation 24 hours a day, which follows on previous actions taken by the Port of Long Beach to move to this mode of operation. But this latest step alone will do little without immediate action from the state to address other barriers that have created bottlenecks at the ports, warehouses, trucking, rail, and the entire supply chain.

While we agree that some of the port congestion is driven by pent-up demand and the ongoing impact of COVID-19, the supply chain crisis at the ports is the inevitable culmination of a lack of coordinated focus to invest and improve this important sector and a series of state, regional and local mandates forced upon every aspect of the goods movement economy.

Without your leadership, costs which will drive inflation will continue to increase rapidly. The entire nation is now feeling the impact of this crisis. Inflation, which is a de facto regressive tax, is rapidly increasing across the country and within the state. Families with disposable income may have the ability to stockpile essentials like diapers, non-perishable foods and other goods now, but families who carefully budget their monthly paychecks cannot afford to spend more now in anticipation of forthcoming supply shortages. This is felt even more acutely in California, where the cost-of-living has already driven more working families into poverty.

Let's be clear, we are not asking for your leadership in order to ensure there are toys on the shelves for Christmas; we are asking for your leadership in order to ensure working families have access to affordable medical supplies, diapers, and other basic necessities.

Moreover, the environmental impact of this crisis cannot be understated. For months on end, large cargo ships are idling for days waiting for an opening at the port to unload. Congestion within the ports and at every point along the goods movement system of systems adds further to an increase in emissions.

Exports, especially California-grown agricultural products, are also affected. Port congestion is keeping commodities from moving out as well, which is directly impacting California farmers and ranchers. For an industry that is already suffering through the worst drought in decades, the delay and difficulty in shipping products internationally is devastating.

California can take a unique national leadership role in partnering with the Biden administration, the ports, and the many companies within the state engaged in goods movement to address this crisis. Therefore, we are asking for the following comprehensive plan to be enacted:

1. Declare a State of Emergency at the ports and the associated transportation links to enable quick action to resolve bottlenecks as they arise;
2. Suspend implementation of AB 701 until the supply chain has normalized and goods movement has been restored;
3. Suspend AB 5 and allow independent truckers to operate in and through California until the supply chain has normalized;

4. Provide flexibility on existing Air Resources and local port drayage truck regulations, and ensure upcoming deadlines on new regulations take into account delays in manufacturing and delivery of new trucks;
5. Suspend implementation of the Indirect Source Rule recently promulgated by the South Coast Air Quality Management District until the supply chain has normalized;
6. Suspend local and regional mandates that interfere or limit goods movement, including local prohibitions on unloading goods at stores after hours; and
7. Direct already appropriated state resources to clean up homeless encampments in and around goods movement corridors; and
8. Expedite the CEQA and permitting processes, including conditional use permits, for warehouses, rail line and other critical components of goods movement.

The suspension of these mandates will not undermine or diminish the state's goals to reduce greenhouse gases and improve the environment in and around the ports. California is the global leader in creating a "clean" goods movement sector. But if we do not immediately address the crisis in front of us, we will show the world that it is not possible to transition to cleaner technologies while allowing commerce and the economy to thrive. The inability to meet the moment and address the demand crisis we are facing would be a major setback in the fight for global emissions reductions.

Right now, we have floating warehouses idling off the coast, wasting fuel. Inaction has—and will continue to have—far more of an environmental impact than the requests contained in this letter. In fact, CEQA-driven inaction has become a barrier to move forward projects, even those that would remove as many as one million truck miles from our roads per year. There is absolutely no available capacity in the warehousing sector due to the difficulty in developing any new capacity. Meanwhile the industry responds by building those facilities in Nevada, Arizona and Utah to provide capacity. This is not an efficient solution in terms for the California economy or environment.

California has long promised that its climate change goals can exist alongside economic prosperity. Now, it is time to live up to that promise and remove unnecessary barriers to goods movement and address the crisis at the ports head-on.

This crisis requires a concerted focus and the state's immediate attention. We stand ready to work with you and your administration to addressing port/supply chain congestion now and to help build more resilient goods movement sector now and in the future.

Sincerely,

California Business Roundtable
California Retailers Association
California Manufacturers & Technology Association
California Business Properties Association
National Federation of Independent Business, California

California Trucking Association
Agricultural Council of California
Western Growers
California Association of Winegrape Growers
California Grocers Association
California Building Industry Association
California Asian Pacific Chamber of Commerce
Inland Empire Economic Partnership
Southern California Leadership Council
Los Angeles Area Chamber of Commerce
Orange County Business Council
Los Angeles County Business Federation (BizFed)
Southern California Logistics Council
Torrance Area Chamber of Commerce

cc: The Honorable Eleni Kounalakis, California Lieutenant Governor
Dee Dee Myers, Senior Advisor to the Governor and Director of the Governor's Office of
Business and Economic Development (GO-Biz)
All California State Legislators
Liane M. Randolph, Chair, California Air Resources Board
Members, California Air Resources Board
The Honorable Eric Garcetti, Mayor, City of Los Angeles
Members, Los Angeles City Council
The Honorable Robert Garcia, Mayor, City of Long Beach
Members, Long Beach City Council