

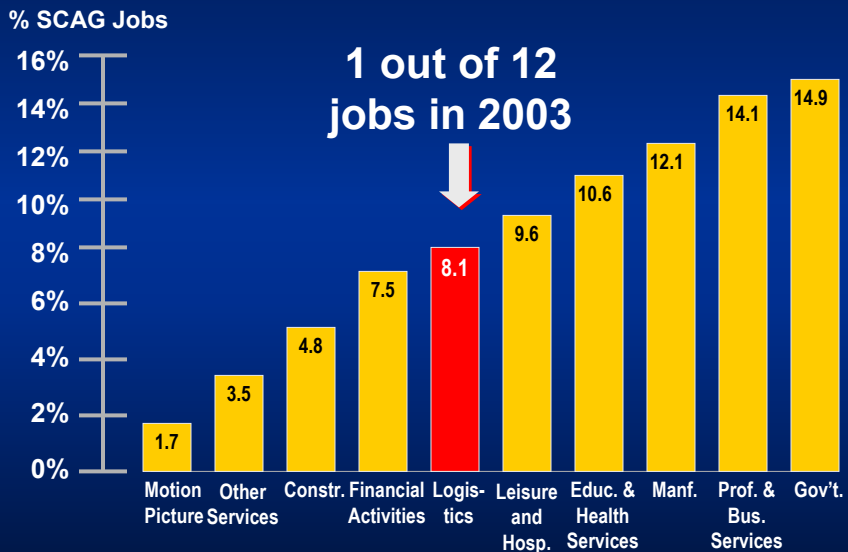


Moving Goods in Southern California.

Turning a Competitive Advantage into a Win for Communities and Businesses

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The Logistics Industry Provides Jobs to 8% of Southern Californians



And Those Jobs Pay Well

	<u>Average Annual Pay</u>
LOGISTICS	\$45,314
MANUFACTURING	\$43,871
CONSTRUCTION	\$40,439

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Two Productivity Gains

- Shippers' inventory savings
- Transporters' efficiency gains

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“Just-In-Time” Savings

The trans-loading of weekly shipments from Asia affords large, nation-wide retailers an 18-20% reduction in their total pipeline plus safety stock inventory compared to direct shipping from Asia.

Assuming a 6% average error in nationwide one-week-ahead sales forecasts

Leachman & Associates LLC

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Transporters’ Efficiency Gains

**Does the investment
required to make
transportation
infrastructure
improvements and employ
clean air strategies make
business sense?**

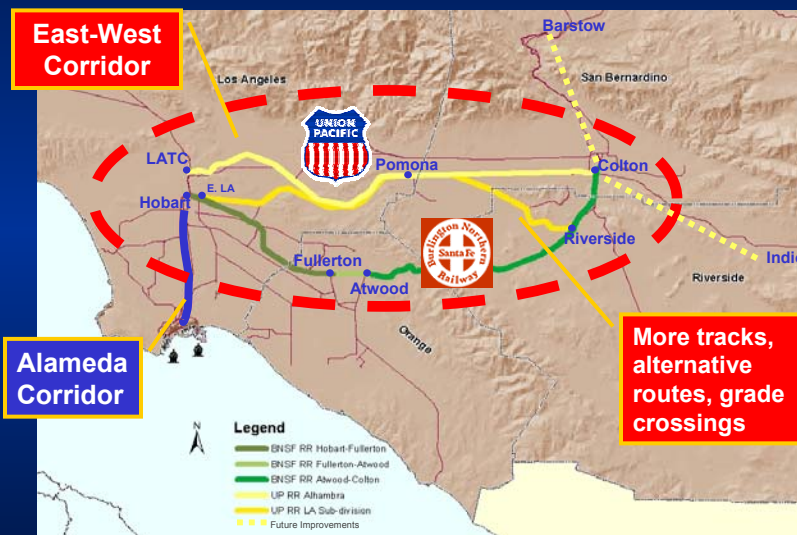
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Dedicated Truck Lanes



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Rail Expansion & Improvements



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Air Quality Improvements

Cost-effective emission reduction measures

Subsidize fleet modernization to alternative fuels



Scrap or retrofit dirty old vehicles and convert to clean fuels

Provide onshore electric power for ships at berth (Alternative Marine Power)



Focus investments to reduce emissions near people

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The Cost

In Billions

	Lanes/Tracks Only	Other Operational Improvements	TOTAL
Dedicated Truck Lanes	\$16.5	\$3.5	\$20.0
Additional Rail Tracks	\$3.4	\$2.6	\$6.0
		TOTAL	\$26.0
TOTAL with \$10B Environmental Mitigation			\$36.0

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What are speed and reliability worth to users of the system?

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The Value of Time

Trucking Industry Value of time	\$25 to \$200 per hour depending on cargo
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FHWA Freight Management and Operations: Measuring Travel Time in Freight-Significant Corridors,
www.ops.dot.gov/freight/time.htm

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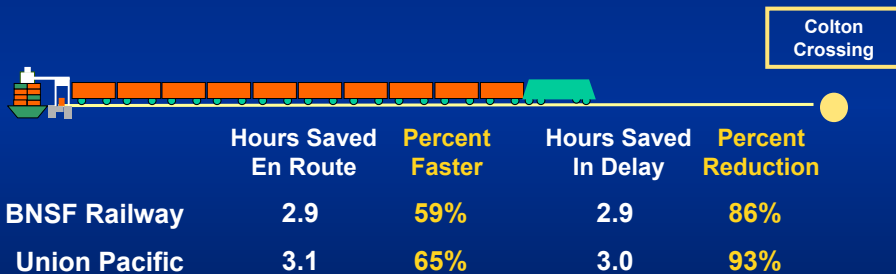
Cash Value of Time Savings with Truck Lanes

AM Peak Travel @\$73 per hour



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Railroads Will Receive Great Benefits from Capacity Improvements



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Two Gains: A Quick Summary

1. The LA/LB ports offer shippers a competitive advantage
2. Transportation infrastructure improvements would offer rail, truck, and shipping companies significant cost and time savings

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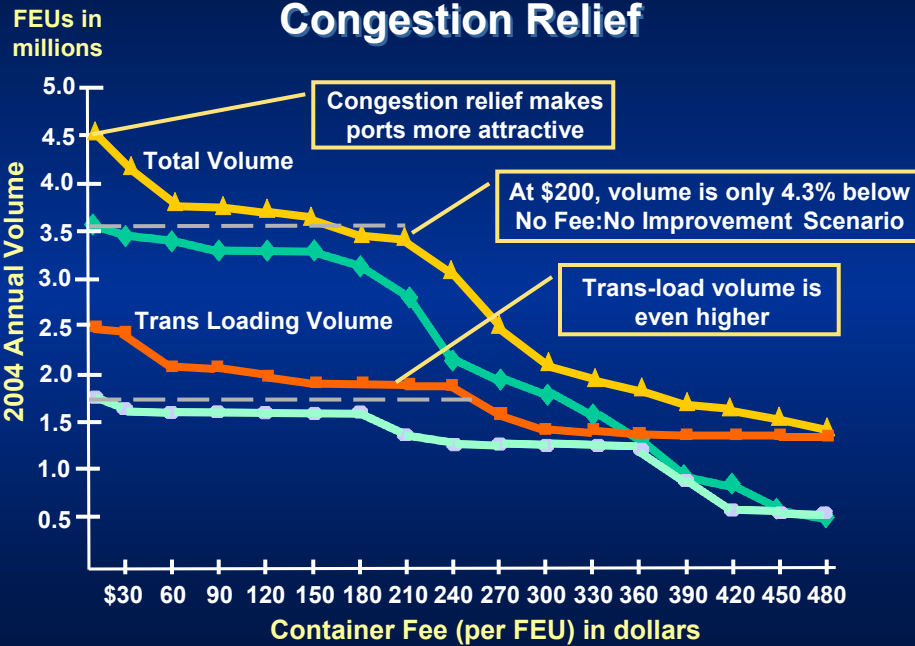
The Public/Private Solution

Tax-Exempt
Bonds and
Tax Credit
Financing
to
BUILD
the facilities

Amortize the
private
investment with
a fee schedule
AFTER
facilities are
built

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Private Sector Investment in Congestion Relief



Estimated Private Sector Level of Investment

Dedicated Truck Lanes	\$60 - \$70 per FEU plus \$0.86 per mile	} Investment Levels Fall Within Study Parameters for Acceptable Rate of Return
Additional Rail Tracks	\$15 - \$30 per FEU	
Total Highway & Rail System	\$120 - \$130 per FEU plus \$0.86 per mile	
Total with Environmental Mitigation (\$10B)	\$160 - \$170 per FEU plus \$0.86 per mile	

**Who wins with this
strategy?**

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EVERYONE

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Shippers



A 18-20% reduction in their total pipeline plus safety stock inventory cost

Truckers



Faster turn-around times resulting in more trips per day and more profit per hour

Railroads



60% improvement in train flow with an average 90% reduction in costly delays

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Southern Californians



Over 1 million new jobs in the Logistics and Construction Industries

25% improvement in travel speeds and improved safety for the driving public

Improved air quality due to reduced diesel idling and transition to clean fuel technologies

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Americans Across the Nation

**All the goods they want, when
they want them, at a price they
can afford**



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What Do We Need?

Private Sector Leadership

Political Leadership

Federal Involvement and Support

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- **Conduct a Peer Review of strategy by those with financial stake in system**



- **Create an institution to execute infrastructure construction (may require legislation)**



- **Pass legislation that paves the way for public/private infrastructure financing and a streamlined construction process**

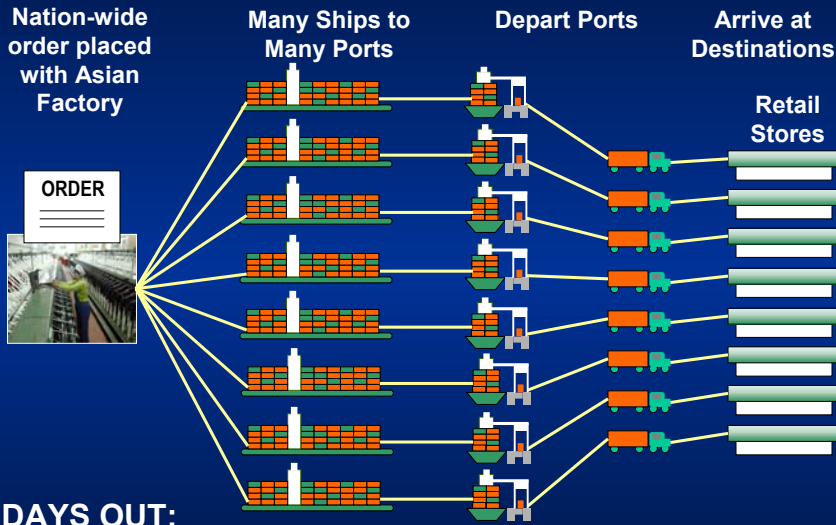
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Moving Goods in Southern California. Strategy for a Brighter Future

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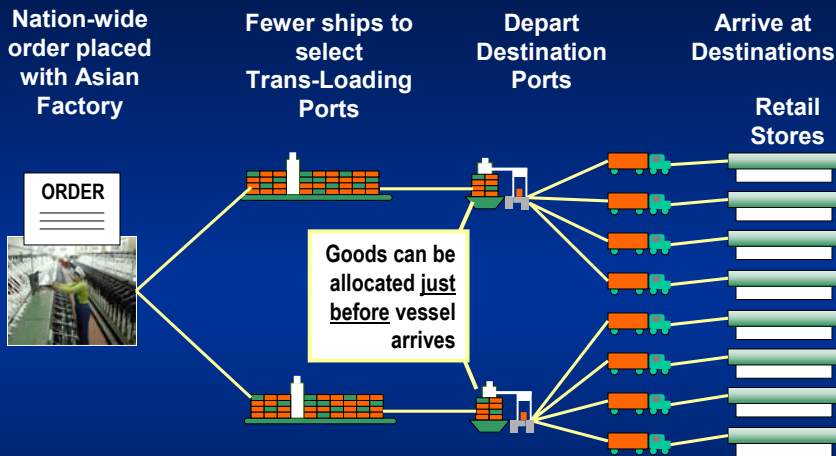
Direct, Non-Consolidated Shipping



DAYS OUT:
 75 - 100 | 25 - 40 | 1 - 5 | 1 - 10

Allocated 27 - 55 Days Out

Consolidated Shipping Time Savings



DAYS OUT:
 75 - 100 | 25 - 37 | 5 - 9 | 1 - 9

Allocated Only 6 - 18 Days Out
 Average of one month advantage