

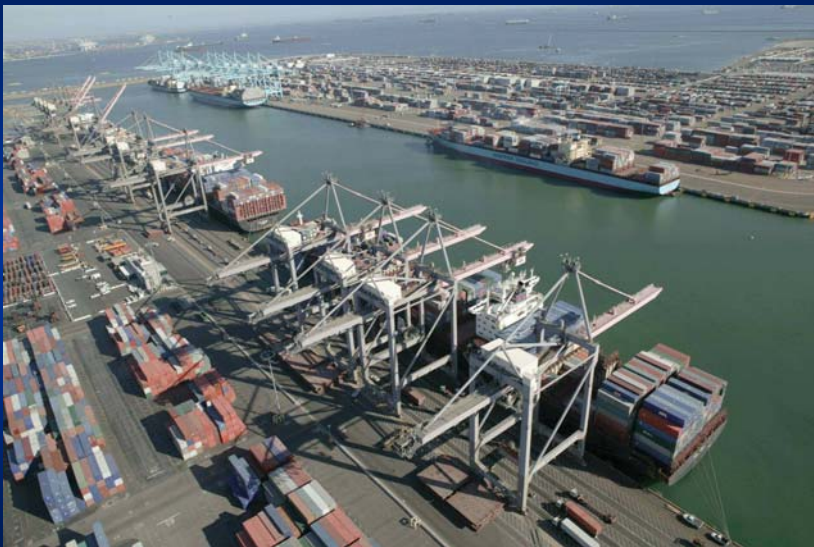


On-Road Trucking: Truck Toll Lanes

**Turning a
Competitive
Advantage into a
Win for
Communities
and Businesses**

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LA/Long Beach Port Complex is Largest in the U.S. and 5th in the World



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Ports Handle the Bulk of Asia – U.S. Containerized Trade

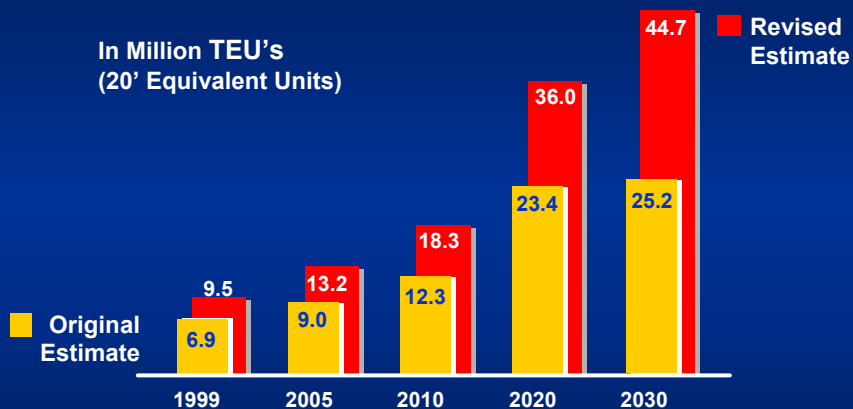
Port Region	Imports	Exports
LA-Long Beach	60.5%	39.7%
Other US West Coast	16.1%	30.8%
US Gulf + East Coasts	23.4%	29.5%

Shares measured on a TEU basis in 2003

Source: PIERs, courtesy of MARAD

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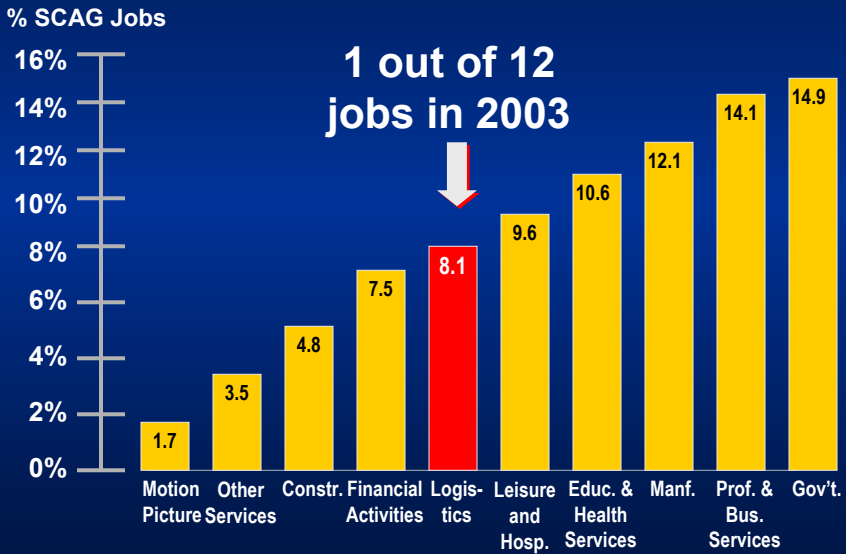
Total LA/Long Beach Container Growth Projected to Triple in 25 Years



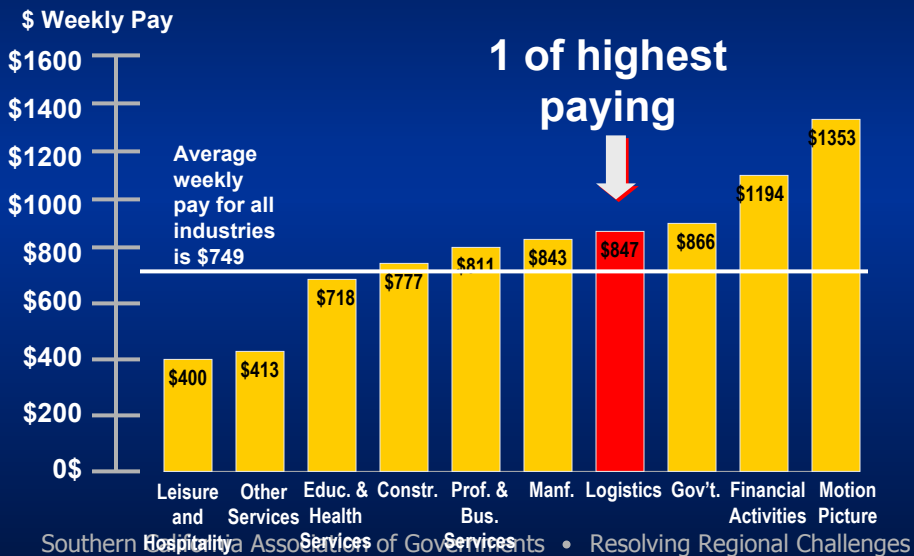
Source: POLA, POLB

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The Logistics Industry Provides Jobs to 8% of Southern Californians



And Those Jobs Pay Well



Job Growth in Logistics Could be Significant

Logistics Investment, Job Creation, 2005-2030

<u>Activity</u>	<u>Job Creation</u>
Logistics Natural Growth	325,000
Logistics: Additional Growth Due To System Efficiency	95,000
Rail Capacity, Grade Separation, Truckway	277,000
Rest of Economy Growth: System Efficiency	83,000
Maglev LAX-ONT	91,000
Multiplier Impacts	<u>510,000</u>
	1,381,000

**good pay and upward mobility opportunities available
to a growing blue collar labor force**

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Landside Congestion is Putting Our Advantage in Jeopardy

**By
2025**



**Projected to nearly
double**



**Without improvements,
nothing will be moving**

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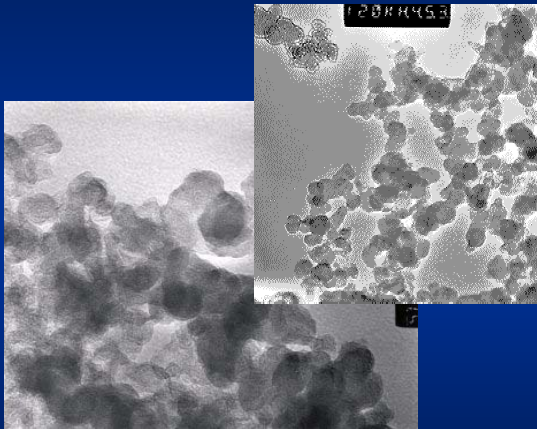
The Pollutants it Creates are Putting Our Health in Jeopardy



- Progress has stalled and diesel emissions from ships, locomotives and port complex are projected to increase
- The mega-region continues to have the worst air quality in the U.S.

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Diesel Particulates Are at the Root of the Problem



They comprise **71%** of the major pollutants contributing to cancer risk in the South Coast Air Basin

Source: SCAQMD, Multiple Air Toxics Exposure Study II, March 2000

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

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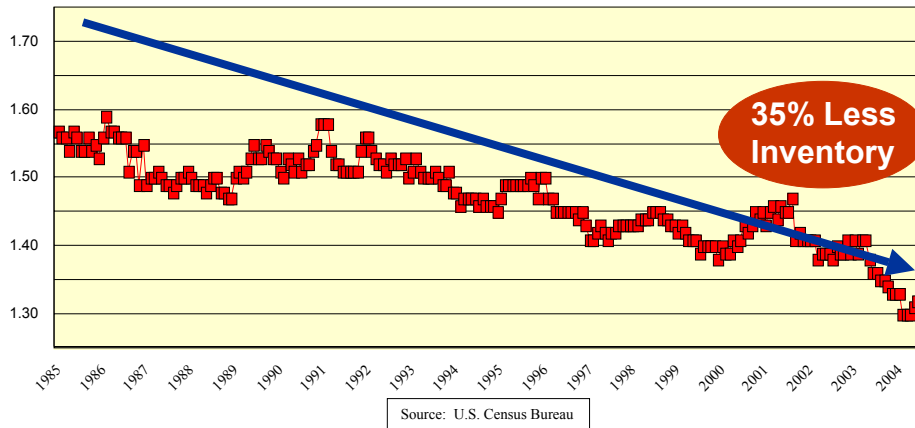
Two Productivity Gains

- Shippers' inventory savings
- Transporters' efficiency gains

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Carrying Less Inventory Saves Money

U.S. Inventory to Sales Ratios: 1985 - 2004



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“Just-In-Time” Savings

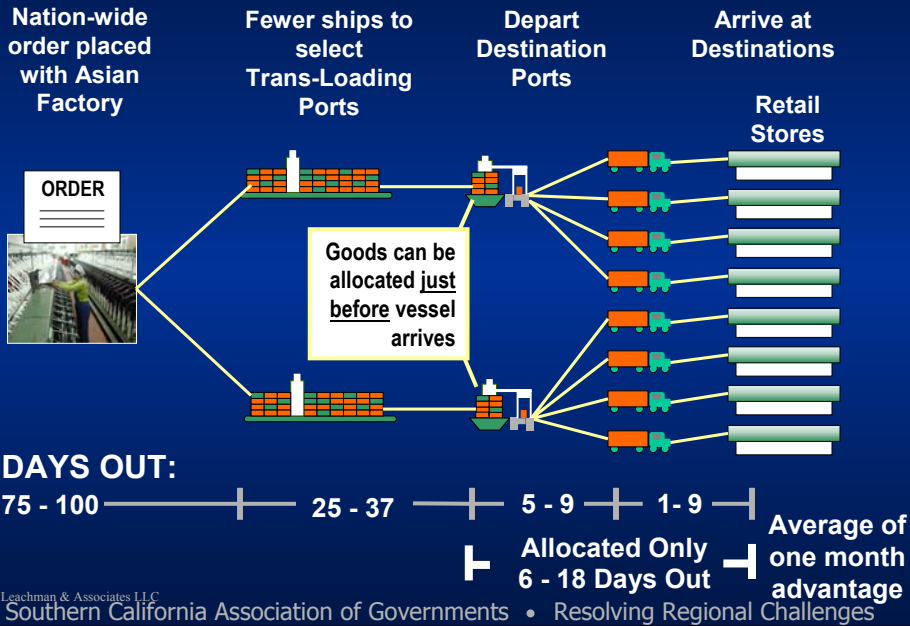
The trans-loading of weekly shipments from Asia affords large, nation-wide retailers an 18-20% reduction in their total pipeline plus safety stock inventory compared to direct shipping from Asia.

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

Leachman & Associates LLC

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Consolidated Shipping Time Savings



“Just-In-Time” Savings

The savings amount to over \$1 Billion annually on inventory interest alone.

Leachman & Associates LLC

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The investments and their price tags

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Dedicated Truck Lanes



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Separated from Car Lanes



Dedicated Right-of-Ways or Elevated Roadway

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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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The Public/Private Solution

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

Container
Fees & Tolls
to
USE
the facilities
AFTER
they are built

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

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The Value of Time

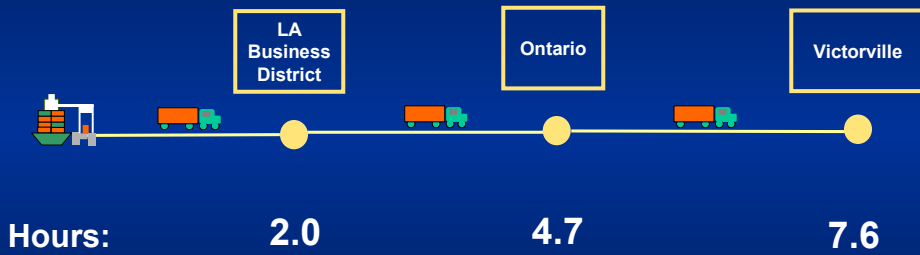
Trucking Industry Value of time	\$25 to \$200 per hour depending on cargo
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FHWA Freight Management and Operations: Measuring Travel Time in Freight-Significant Corridors,
www.ops.dot.gov/freight/time.htm

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Travel Time In the Year 2030

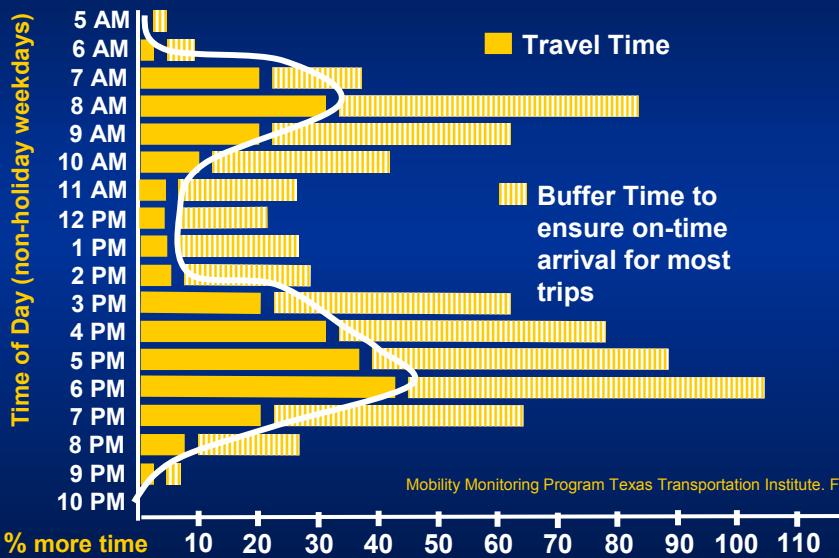
AM Peak Travel Planning Time* in Hours



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Planning Time in 2030

Index by Time-of-Day

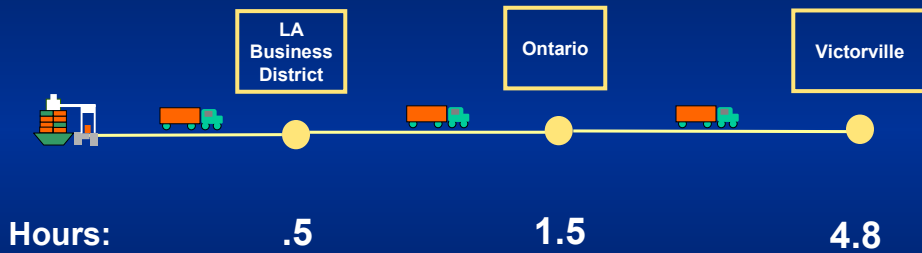


Mobility Monitoring Program Texas Transportation Institute. FHA

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In the Year 2030 with Truck Lanes

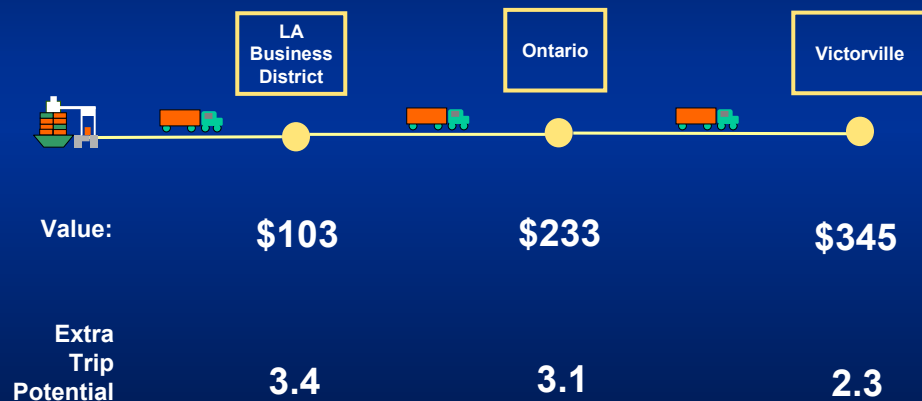
AM Peak Travel Planning Time in Hours



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Cash Value of Time Savings with Truck Lanes

AM Peak Travel @\$73 per hour



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If truckers paid an \$.86/mile toll to use the truckways, what would be their ROI?

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Value of Infrastructure at A.M. Peak Travel Times - 2030

Warehouse District		Value @ \$73/hr	Toll @ \$.86/Mile	ROI per Trip after Toll	ROI Ratio
Downtown	To	\$103	\$17	\$86	6:1
	From	\$118	\$17	\$101	7:1
Ontario	To	\$233	\$32	\$201	7:1
	From	\$361	\$32	\$329	11:1
Victorville	To	\$345	\$64	\$281	5:1
	From	\$490	\$64	\$336	8:1

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\$1 Invested = \$5 to \$11 Return

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Not Nearly Enough Federal and State Funds to Fix the Problems



- **Dramatic growth in traffic is running head-long into limited transportation funding and high infrastructure improvement costs.**

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Port & Modal Elasticity Study

Key Study Finding:

Shippers are more sensitive to congestion (delay) than to the cost of transportation

Study Conducted by Leachman and Associates LLC - Sept. 2005

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Premise

- 1. Infrastructure improvements will reduce transit time for shippers and improve efficiency and reliability.**
- 2. Reliability has a real dollar value to shippers.**
- 3. The value of time saved will be significantly greater than the investment to achieve the time saved.**

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Two “What-If” Scenarios

As-Is Scenario

Fees imposed but NOT used to provide regional congestion relief

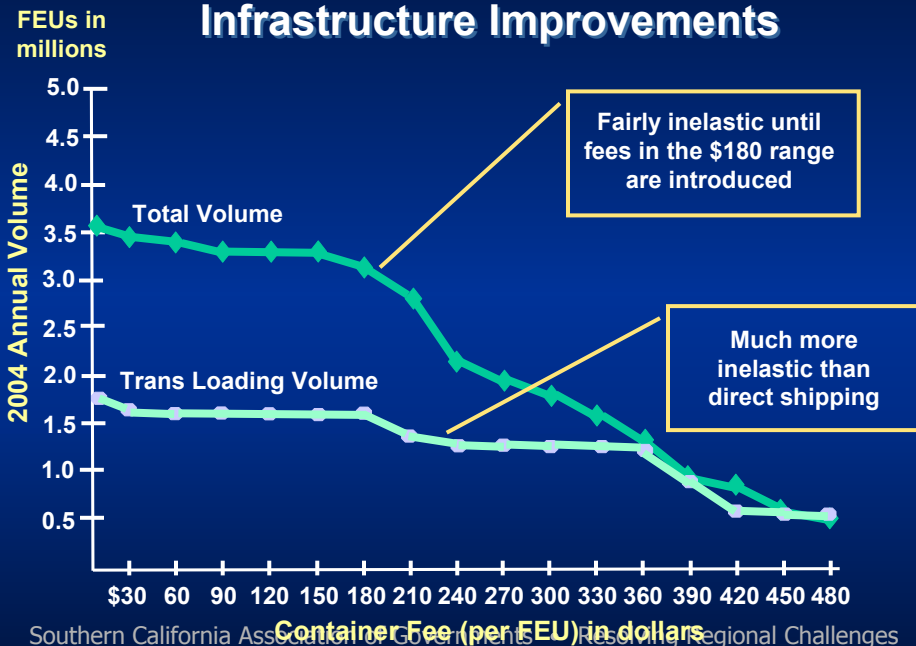
Congestion Relief Scenario

Fees and/or tolls paid by users of newly constructed highway and rail systems that provide regional congestion relief.

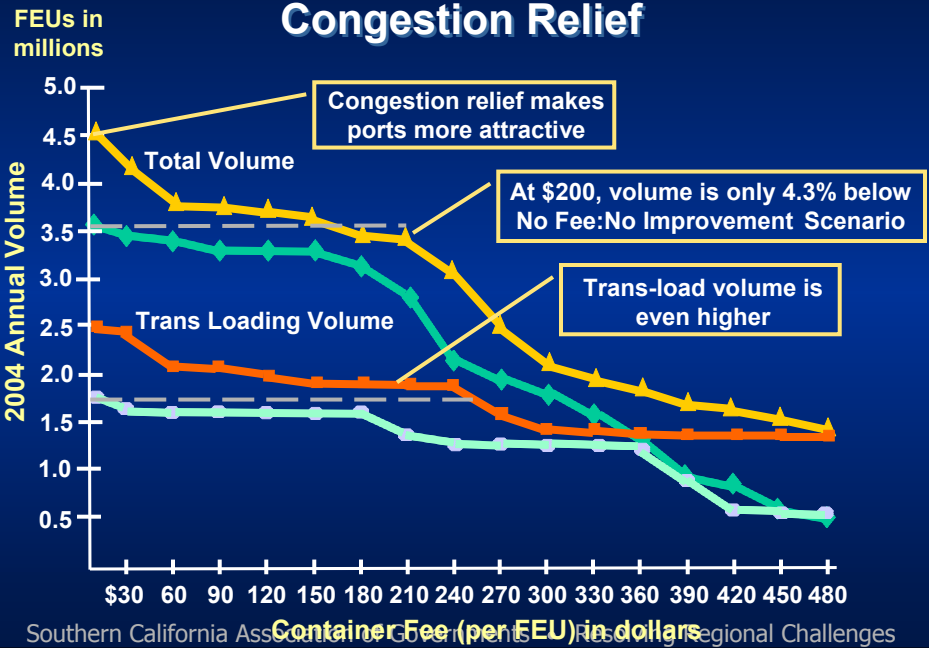
Study Conducted by Leachman and Associates LLC - Sept. 2005

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Fees Imposed with No Infrastructure Improvements



Private Sector Investment in Congestion Relief



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Strategy for a Brighter Future