



10th largest economy in the world

Shares the characteristics of many nations



The collage features several distinct scenes: a film set with cameras and crew; a woman in a black dress holding a trophy; a large brick building under construction with a crane; a shipping yard with blue and red Hanjin containers; a beach with palm trees and a person walking; a university building with a clock tower; and agricultural fields with workers.

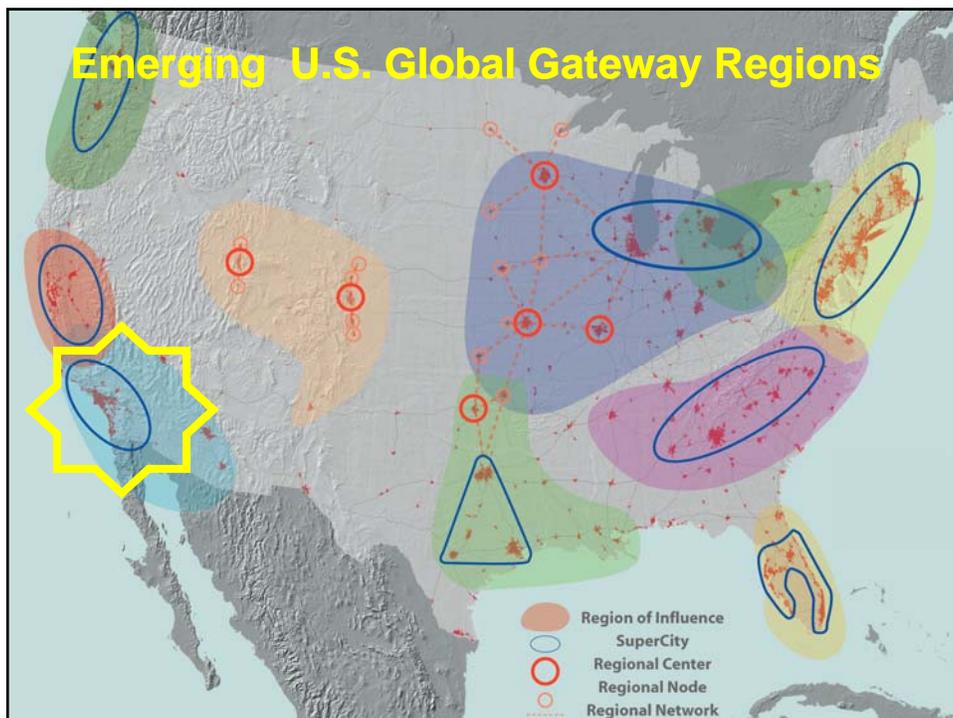
9,000 lane miles of freeway

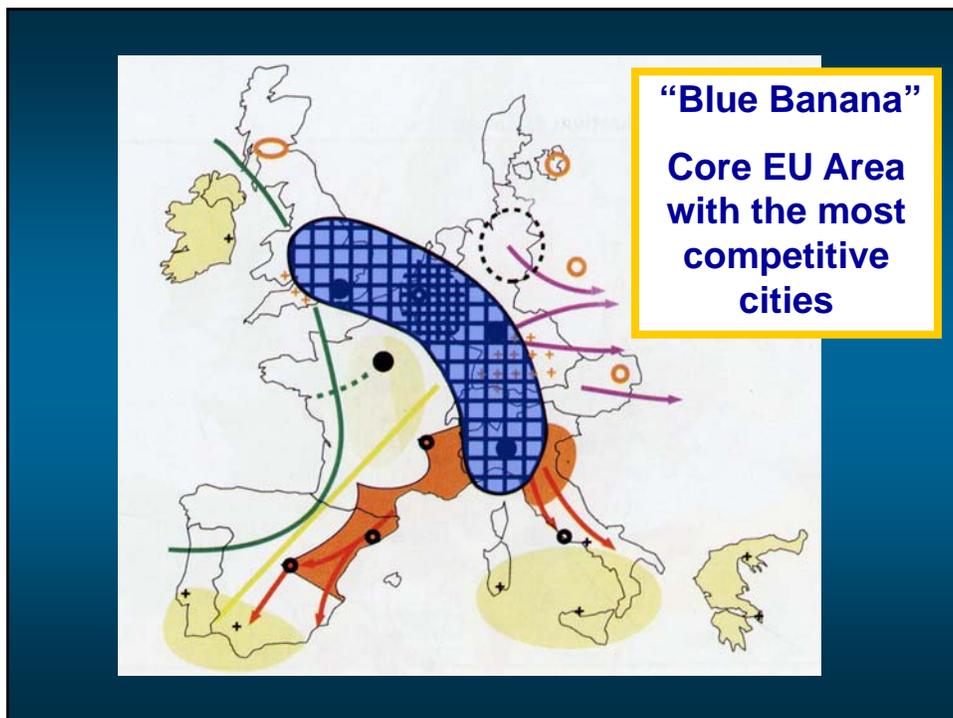
Four major airports

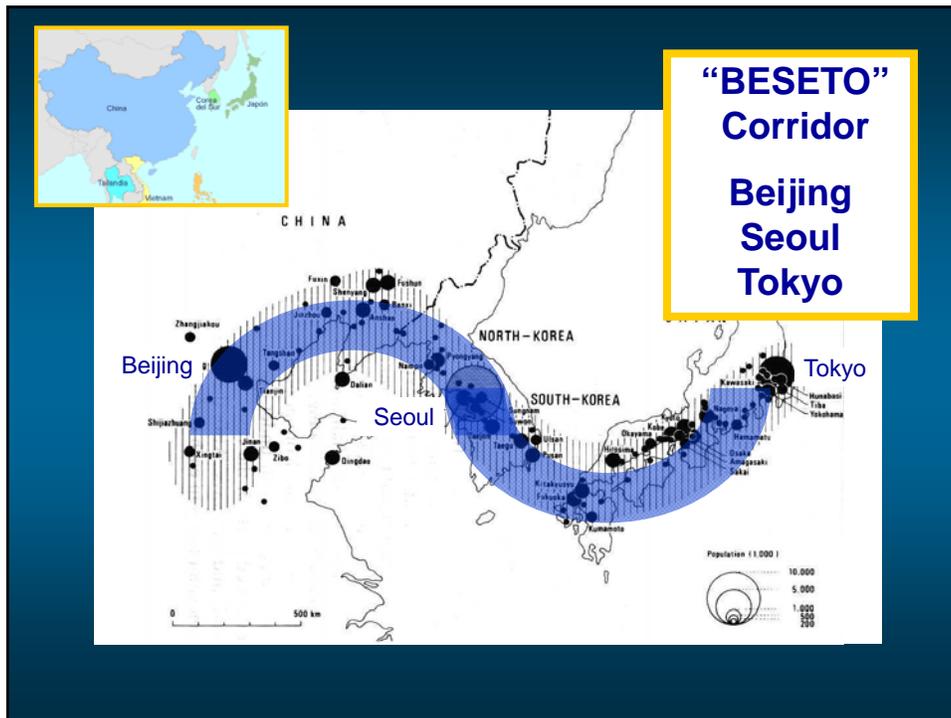
Nation's Global Gateway for Trade

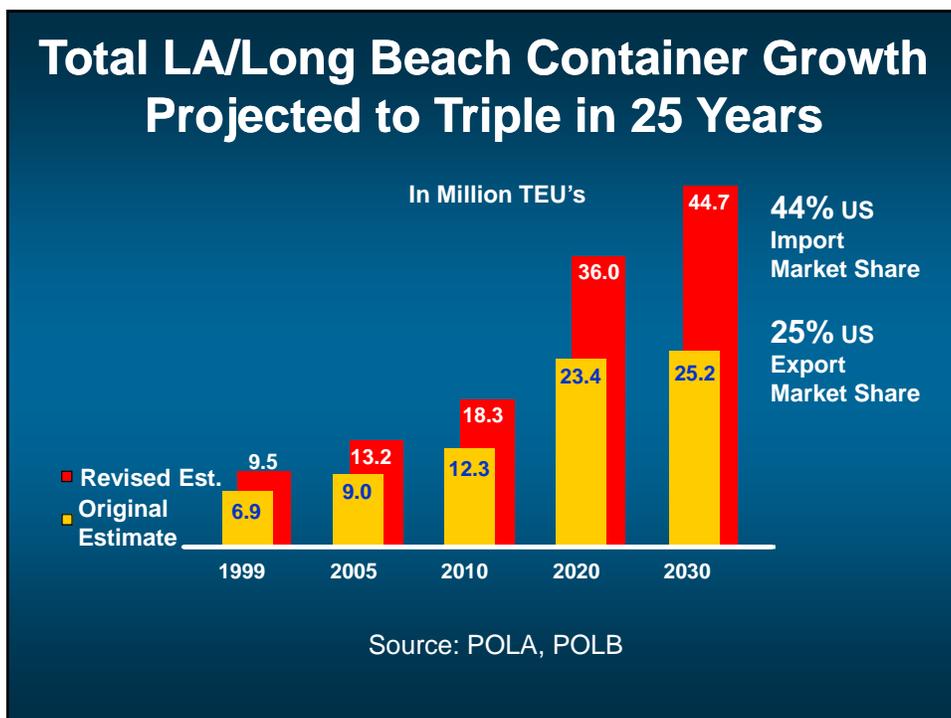
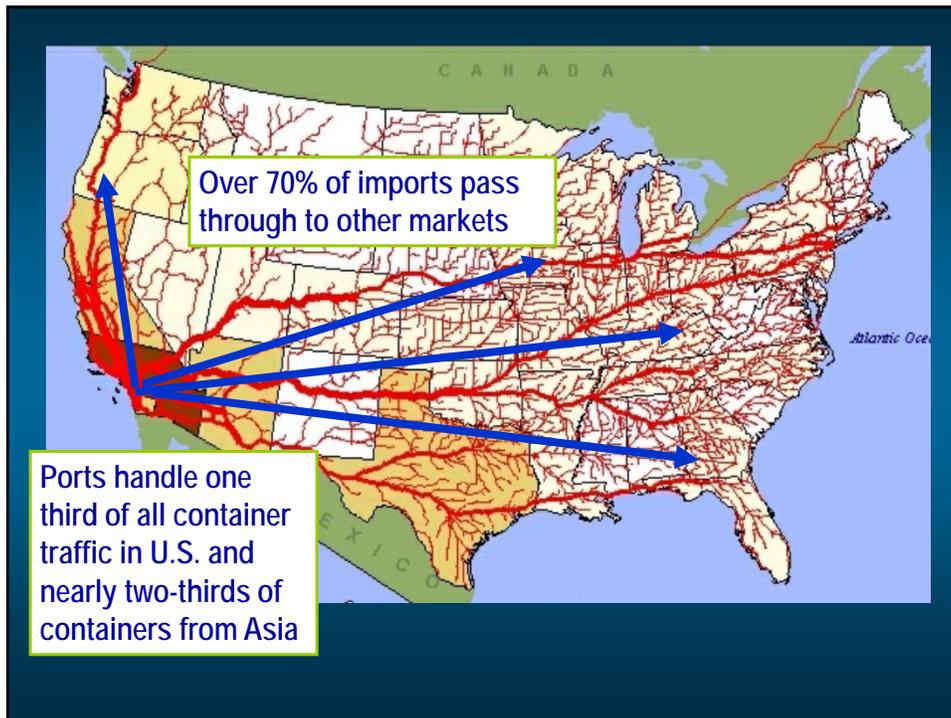


The map shows the state of California with a network of freeways in blue and red. Major airports are marked with green airplane icons. Labels for various regions and cities are provided: Ventura, Los Angeles, Hueneme, San Pedro, Long Beach, Orange, San Bernardino, Riverside, and Imperial.









What Does the Logistics Infrastructure and Work Force in the Region Offer Shippers That Other Destinations Don't?

Exactly What Shippers Want

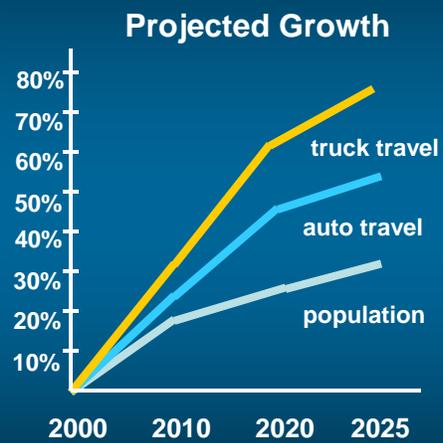


Just a Couple of Problems

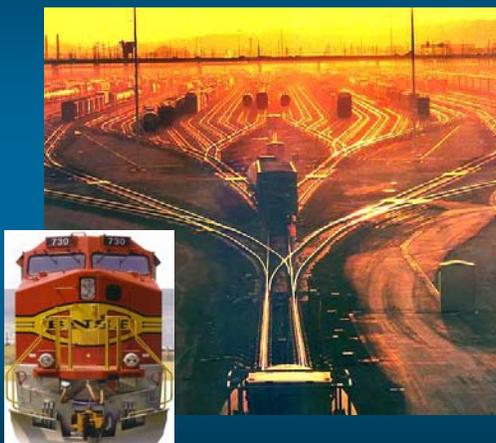
Highway Congestion



Worst in nation since 1982



Rail Congestion



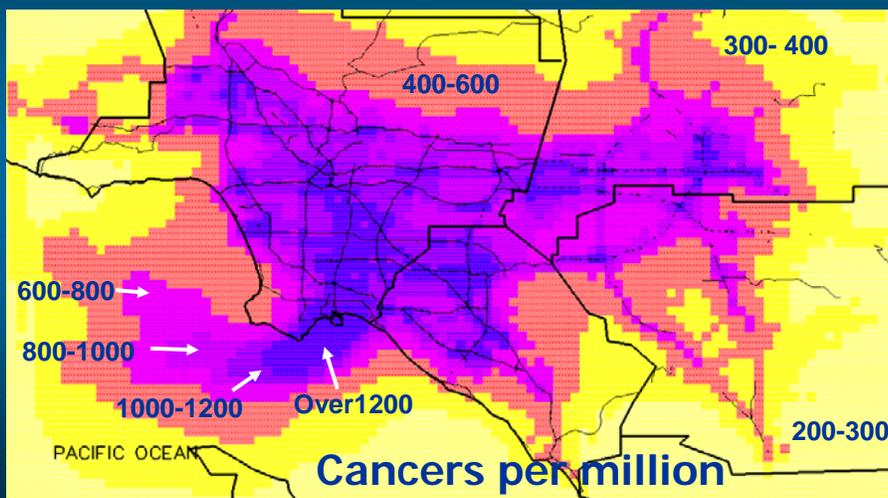
Year	Freight Trains per Day
2000	112
2010	165
2025	250

123% Increase

Source: SCAG Los Angeles - Inland Empire Railroad Mainline Advanced Planning Study

Air & Noise Pollution

Estimated Risk of Cancer from All Airborne Toxics: Including Diesel



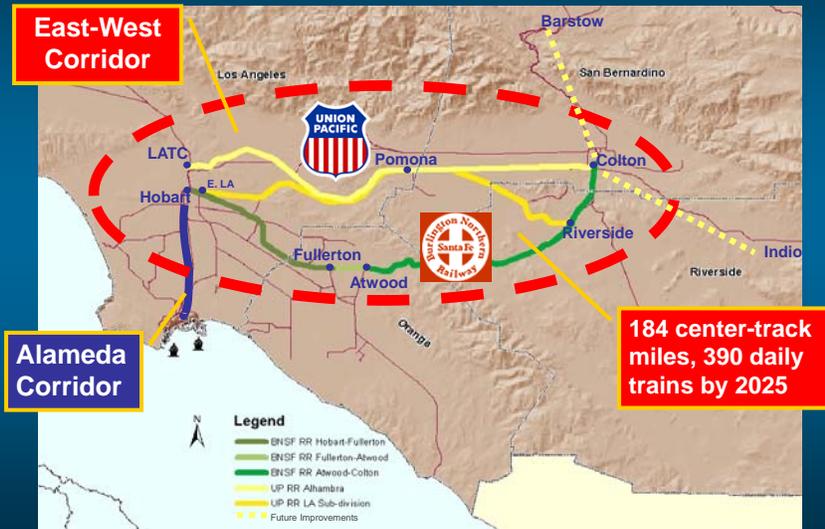
Source: SCAQMD, Multiple Air Toxics Exposure Study II, March 2000

What We Need To Do

Build Dedicated Truckway System



Improve Rail Capacity



Mitigate Environmental Impacts



The Cost

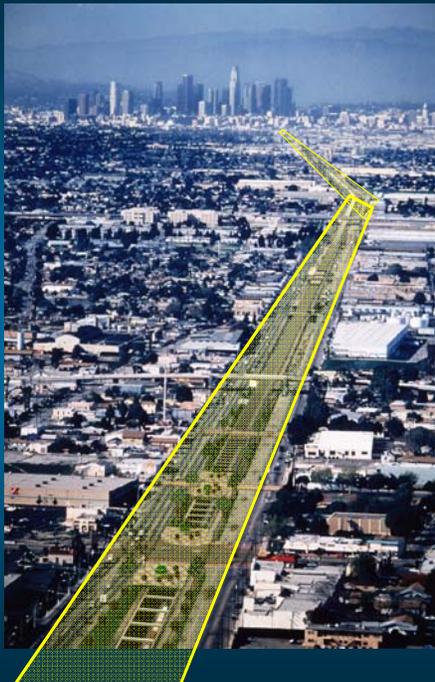
Dedicated Truck Lanes	\$20.2 Billion
Additional Rail Tracks	\$6.0 Billion
Environmental Mitigation	\$10.0 Billion

\$36.2 Billion

**Not Nearly Enough
Federal and State Funds
to Finance Construction**

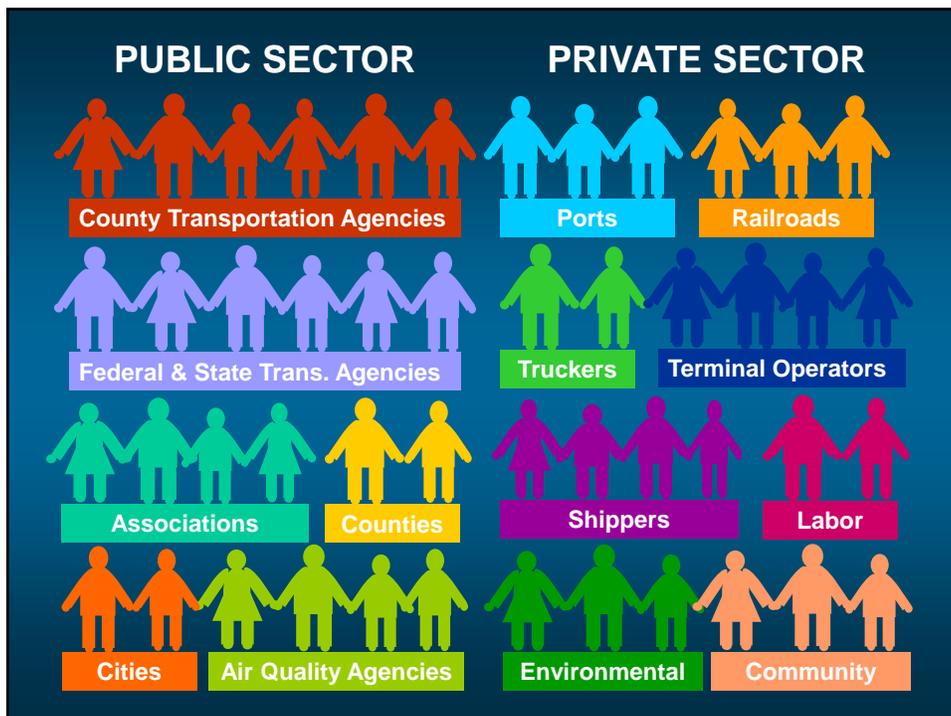
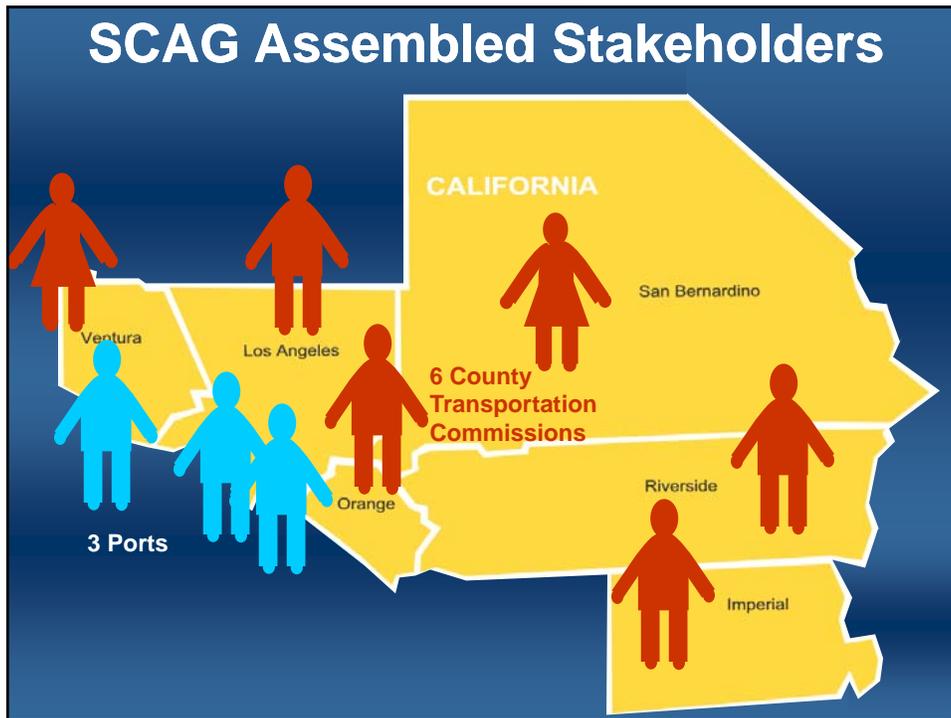
**No Institution in Place to
Execute Construction**

Successful Public/ Private Partnership Case Study



Alameda Train Corridor

- Planned by SCAG in 1984
- Joint Power Authority formed in 1989
- JPA secured needed funding of \$2.4 billion from the ports, transportation grants, federal loans and revenue bonds
- Construction initiated in 1997
- Groundbreaking in 2002
- Operating above planned volume
- User fees are paying off construction bonds and loans





Goods Movement Consensus



Goods Movement Action Plan

- 1.** Fund projects through a combination of public bonds and private user fees.
- 2.** Fund environmental improvements through a combination of regulation and incentive programs combined with fees.
- 3.** Implement through a series of Freight Investment Entities.



Needed California Legislation

- 1.** Allowing state, regional and local governments to enter into public-private partnerships
- 2.** Allowing faster project delivery (design-build)

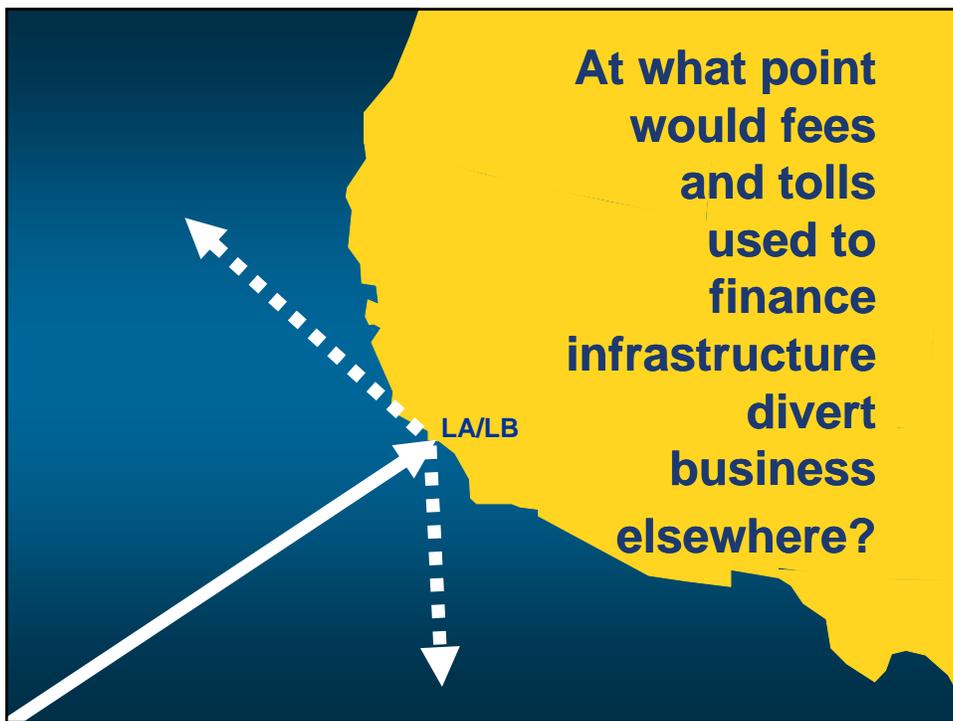


Needed Federal Legislation

1. Providing incentives for private investment
2. Providing additional direct funding for projects of “National Significance”

THANK YOU







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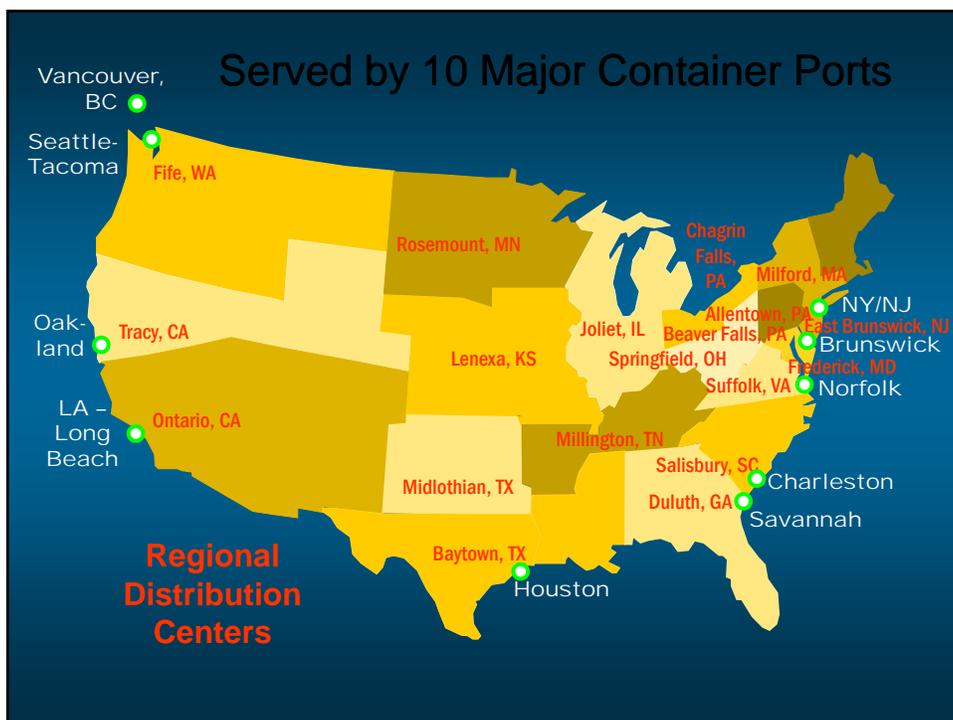
**A Study to
determine port
demand
elasticity**

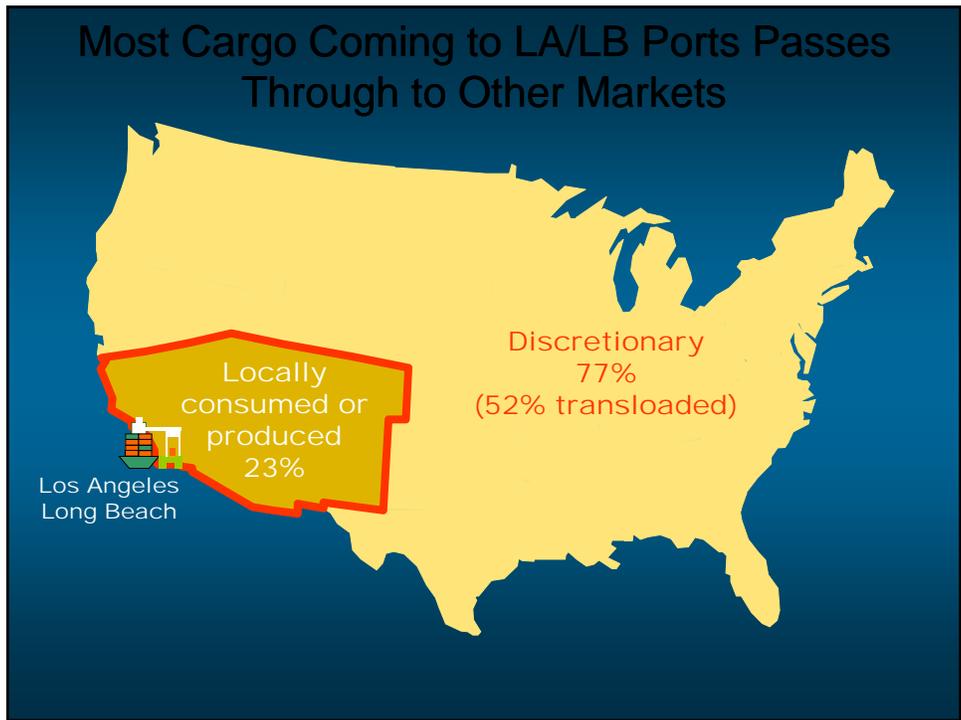
September 2005

The Elasticity Study

- **Interviewed**
 - Importers
 - Steamship Lines
 - Port Terminal Operators
 - Railroads and Trucking companies
 - Logistics companies
- **Analyzed current:**
 - trade flows and steamship services
 - steamship, rail and dray rates
 - labor and management practices at ports
 - third party logistics operations

Study Conducted by Leachman and Associates LLC, September 2005





The Study Analysis

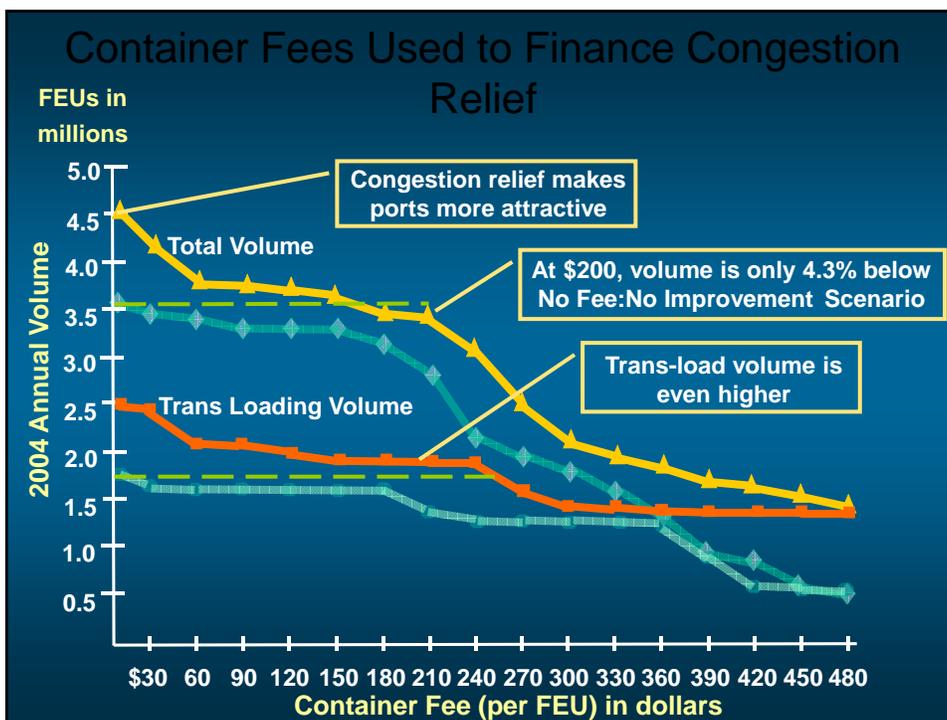
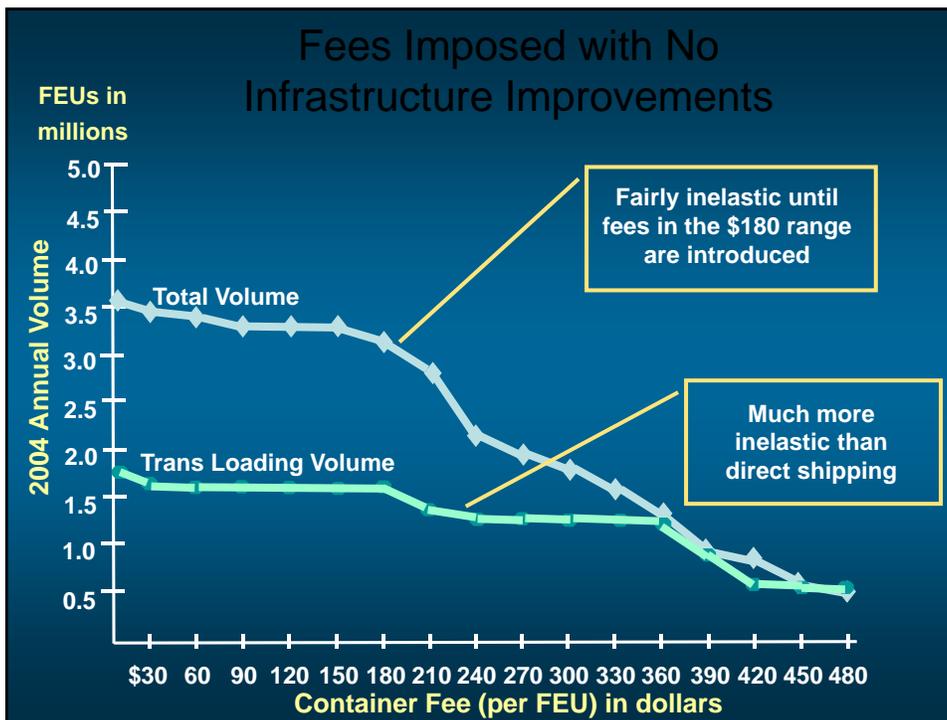
- **Distributed volume for 102 major importers among all regions proportional to their purchasing power**
- **Allocated import volumes among ports and modes as to minimize total transportation and inventory costs for each importer**

Study Conducted by Leachman and Associates LLC, September 2005

If Fees on 40-foot Containers Were Applied....

At what price point would using the LA/Long Beach ports stop making sense?

Study Conducted by Leachman and Associates LLC - Sept. 2005



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 this
strategy?**

EVERYONE

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

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

Americans Across the Nation



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

What has to be done?



- 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

What Do We Need?

Private Sector Leadership

Political Leadership

Federal Involvement and Support