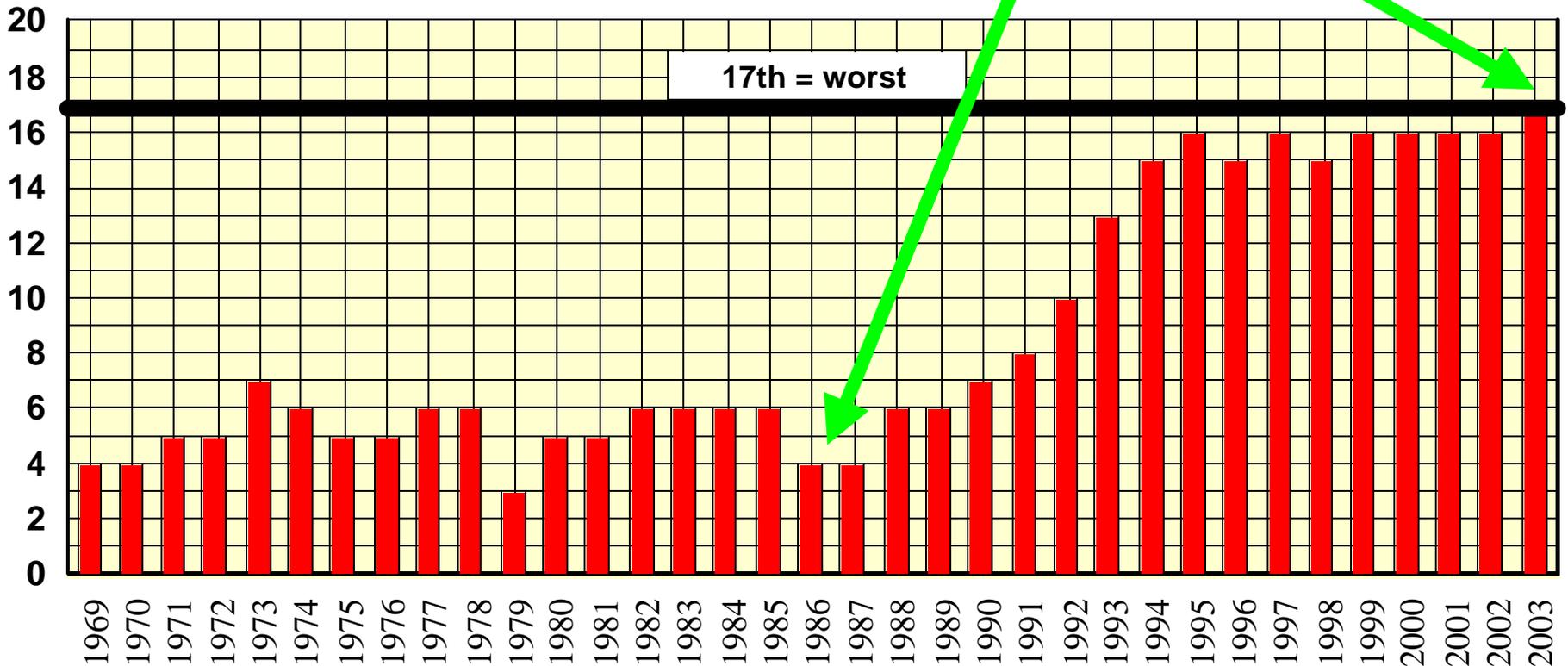


**Logistics ... A 1,000,000 Job
Economic Development Strategy
For Southern California**

SCAG Region's Falling Economic Status

Exhibit 8.-Per Capita Income Rank, 1969-2003
SCAG Rank of 17 Consolidated Metropolitan Areas



Source: Southern California Association of Governments

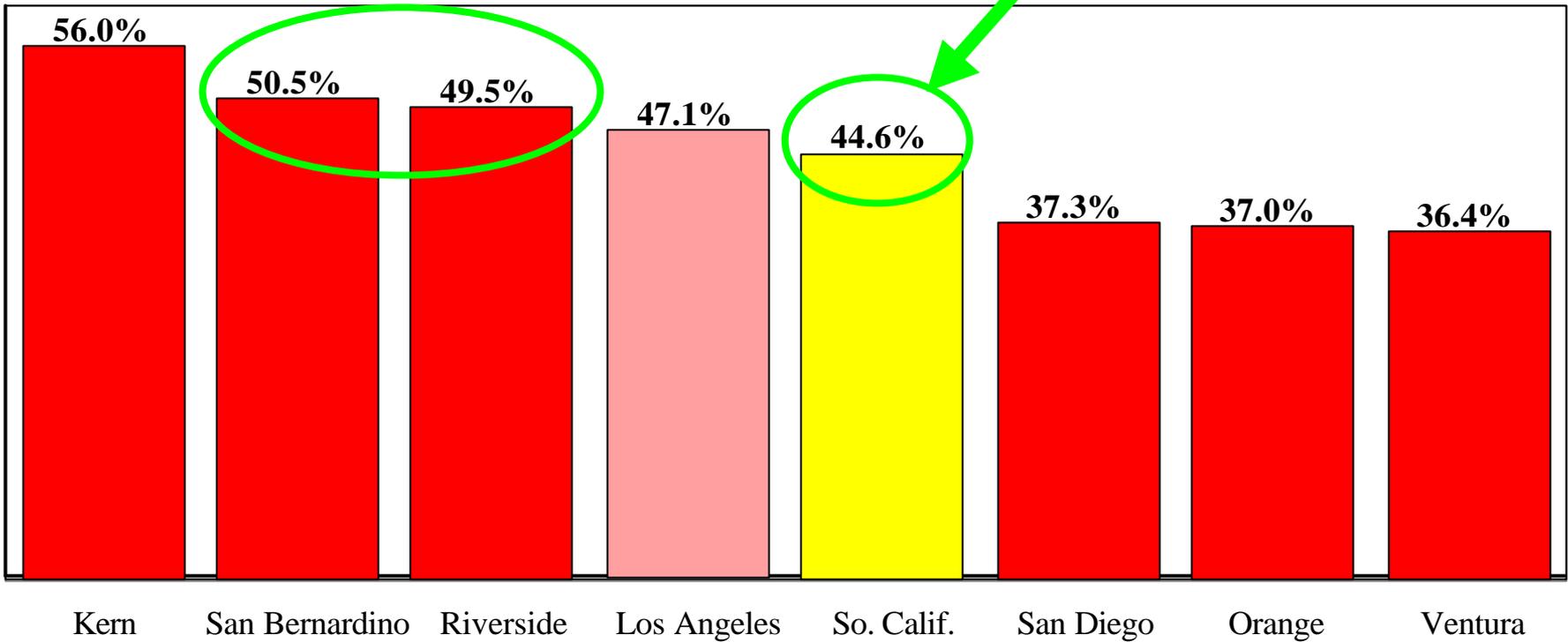
1990-2003

LOSING SECTORS: Avg. Pay \$45,165

GROWING SECTORS: Avg. Pay \$33,145

High-End Economic Development Miss Much of Southern CA's Population

Exhibit 2.-Share of Workers With High School or Less Education
Population 25 & Over, 2003



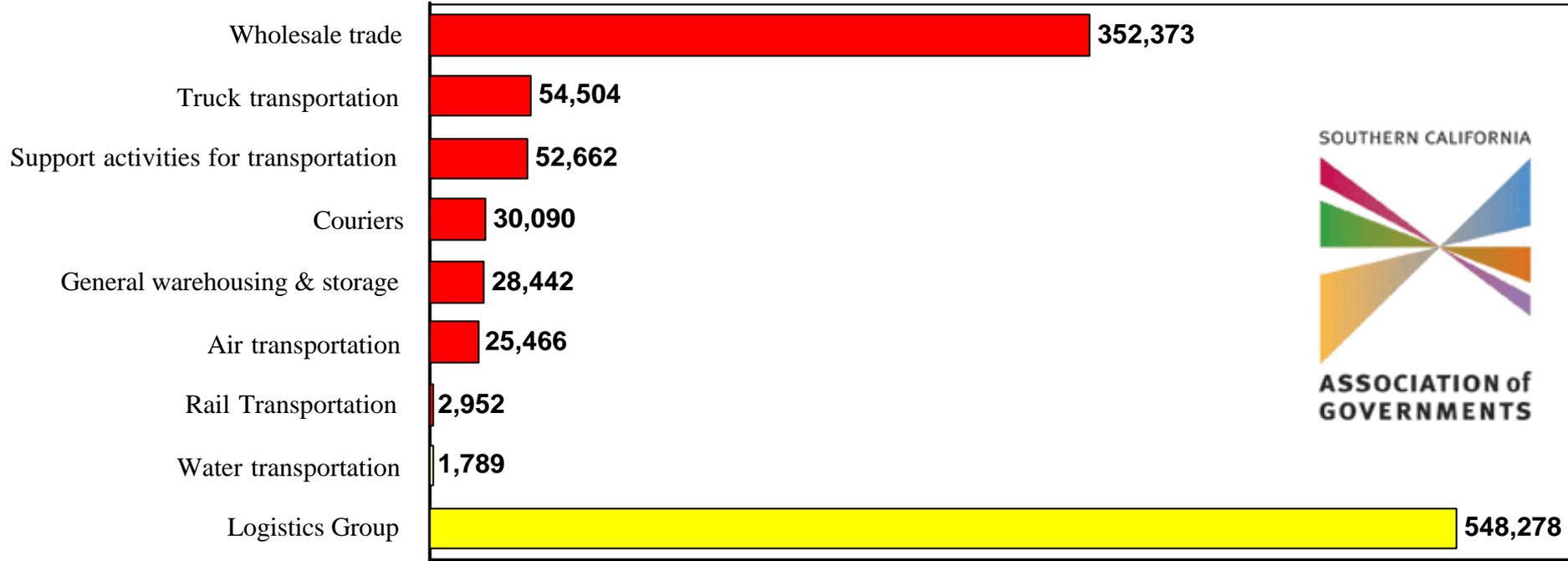
Source: American Community Survey by U.S. Census, 2005

Logistics Has Each Of These Traits



2. Jobs in Logistics Sectors (2003) = 548,278 Jobs

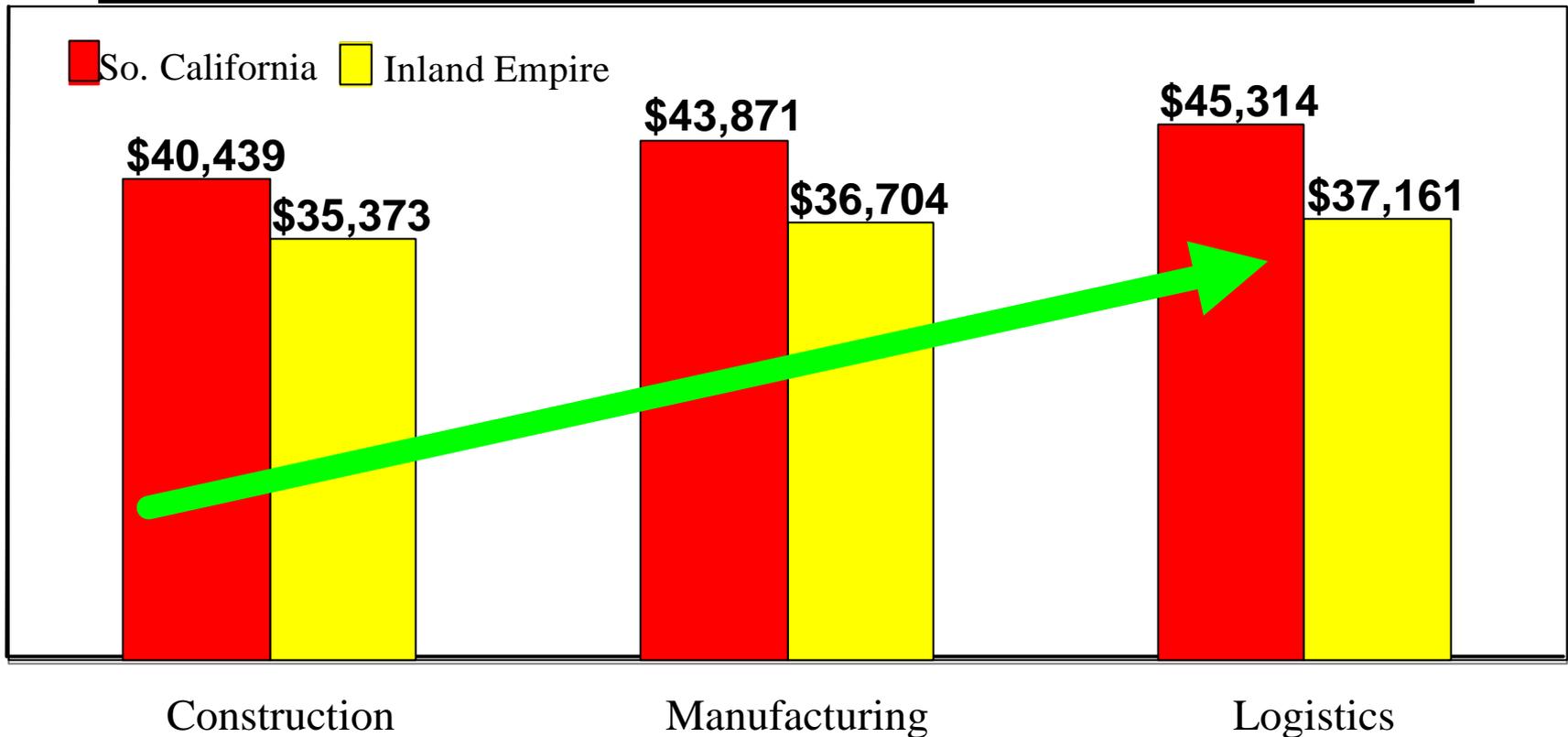
**Exhibit 11.- Wage & Salary Employment, Logistics Group
By Sector, SCAG Region, 2003**



Source: Quarterly Census of Employment Wages, CA Employment Development Department, 2004

Logistics ... Highest Blue Collar Pay

**Exhibit 14.-Average Annual Wage & Salary
Blue Collar Sectors, SCAG & Inland Empire Regions, 2003**



Source: Quarterly Census of Employment Wages, CA Employment Development Department, 2004

4. Defined Skill Ladders

Example: Wholesale Furniture

**\$16.00 Per Hour For All Jobs in Sector
Not Requiring a Bachelors Degree**

Entry Level 

5. High Pay Due To Use Of Technology

Computerized Order Receiving

Personal Digital Assistants

Robotic Goods Handling

Random Product Testing & Measurement Equipment

Geographic Information Systems Truck Routing

Laser Scanners

Global Positioning System Tracking of Vehicles

Internet Communications

Manufacturing Inside Warehouses



So. California Has Strong Competitive Advantages For Logistics



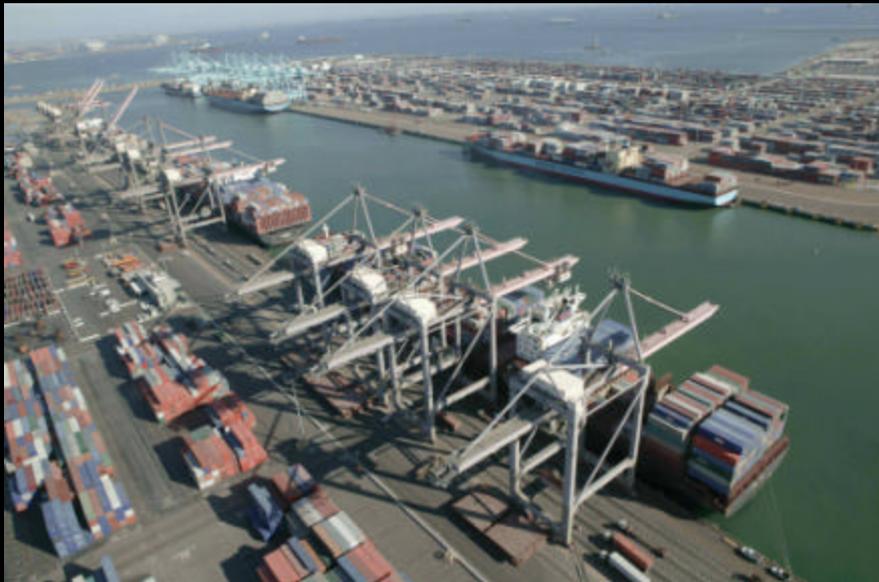
Los Angeles



Long Beach

19 trains come stacked **Trains 172 times daily**
3. Only 4 West Coast Harbors Can Handle These Ships

4. Best West Coast Landside Infrastructure



Inventory Not Managed From So. Cal.

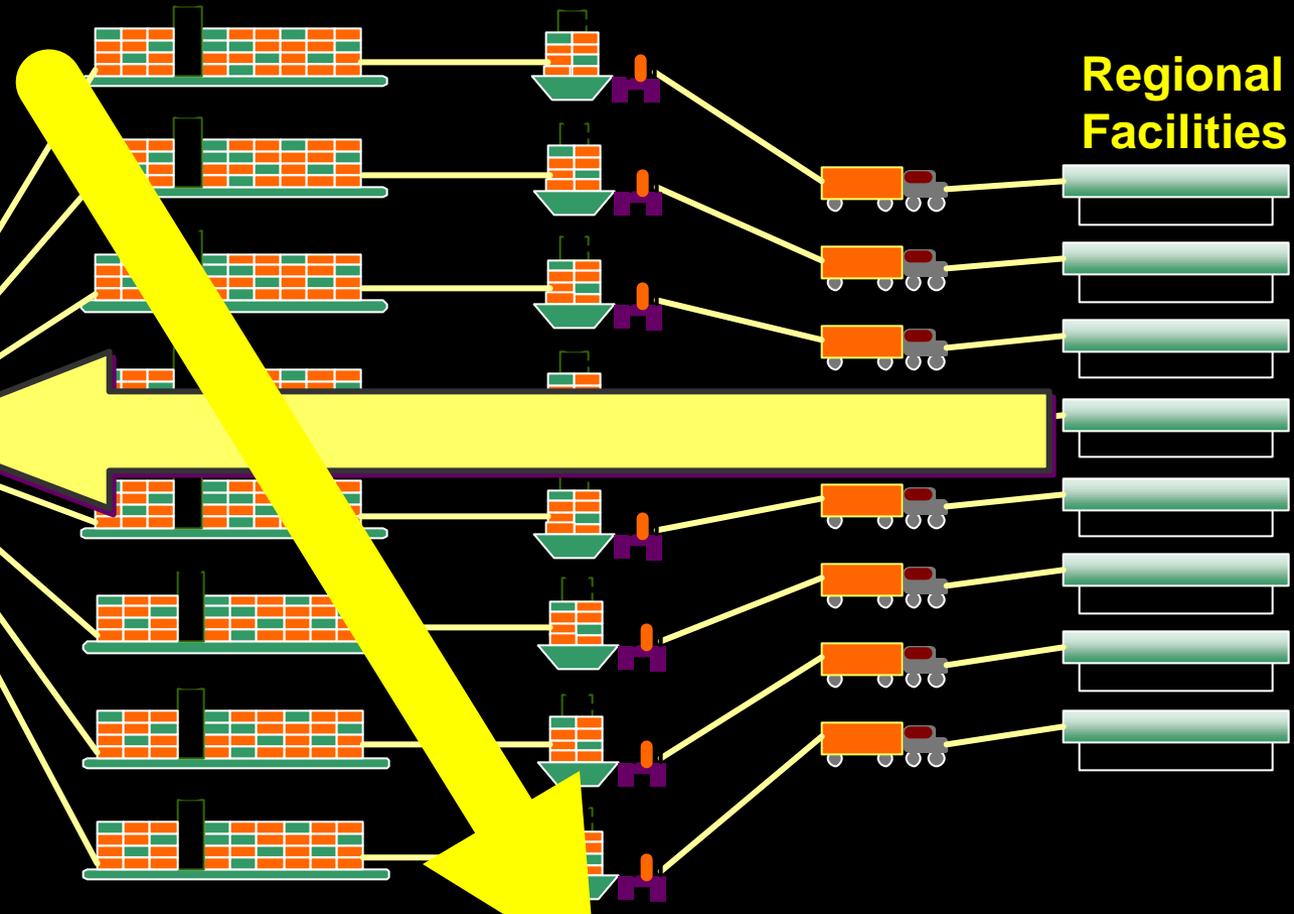
Nation-wide
order placed
with Asian
Factory

En Route to
Destination Port

Depart Destination
Port

Arrive at
Destination

Regional
Facilities



DAYS OUT:

75 - 100

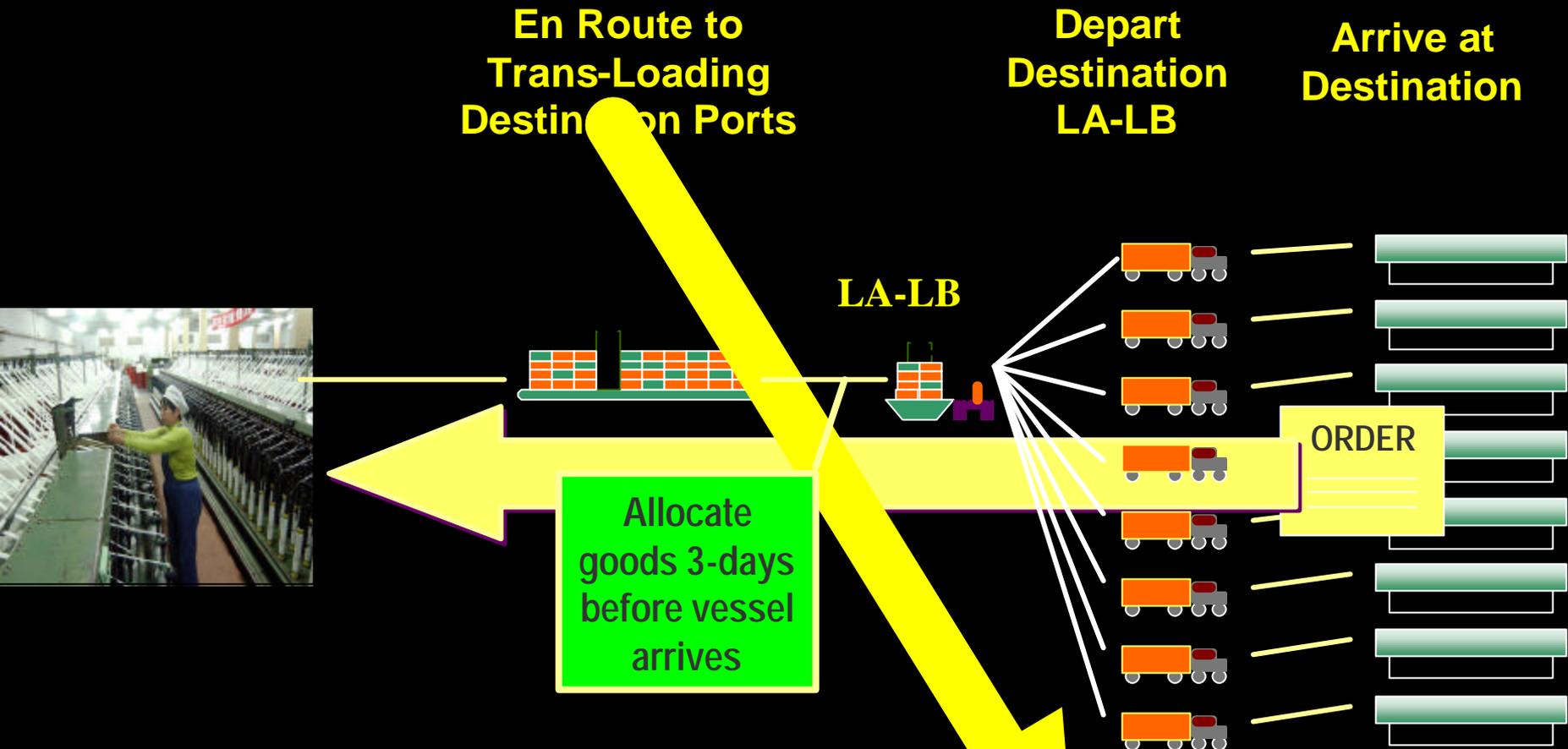
25 - 40

1 - 5

1 - 10

Committed 27 - 55 Days

5. So. Calif. Consolidation & Transloading



DAYS OUT:



Committed
6-18 Days Not 27-55

Transloading Benefit to Shippers

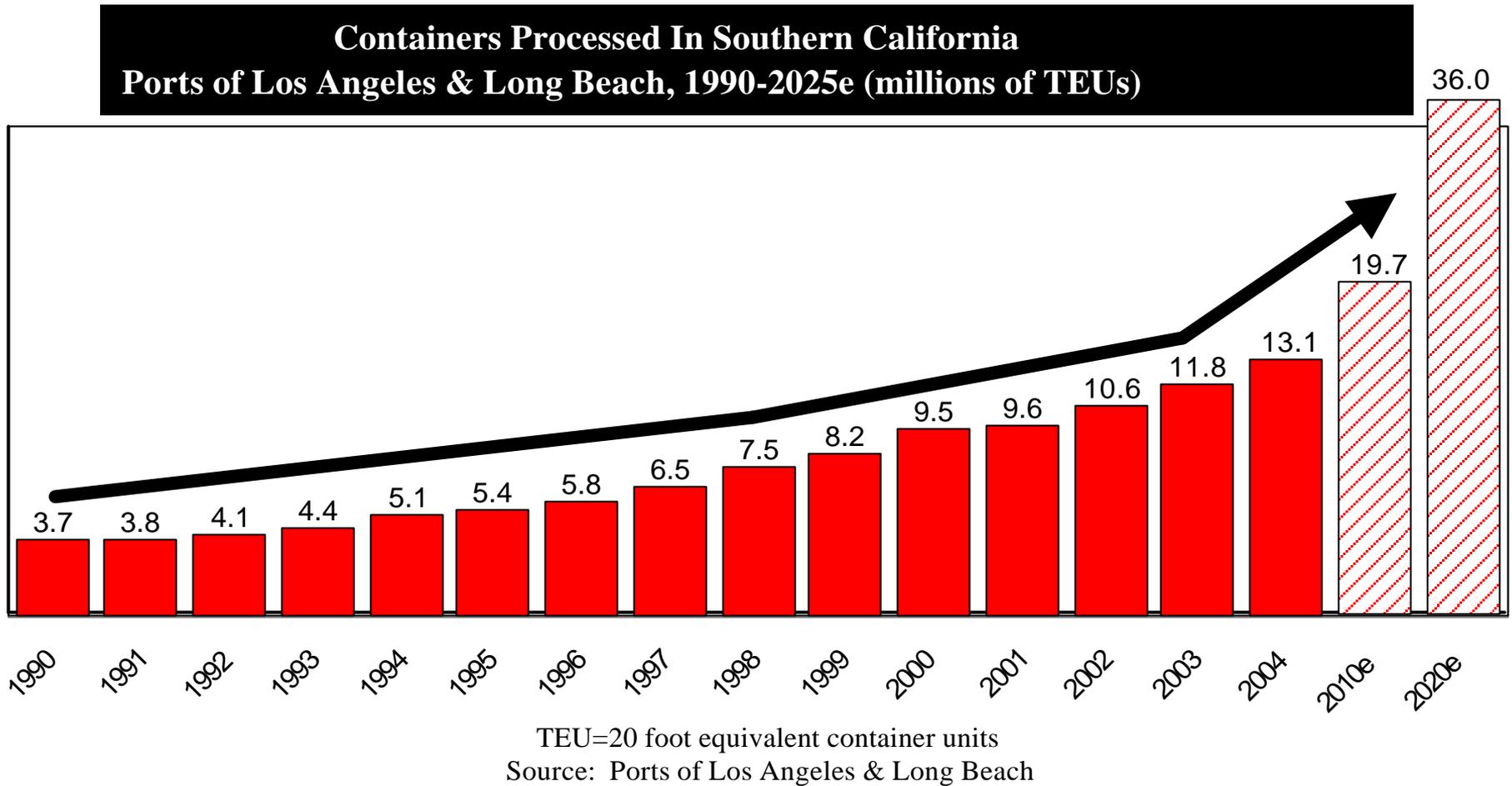
18-20% Inventory Cut ... SAVES \$\$\$



Port & Modal Elasticity Study,
Dr. Rob Leachman, Berkeley

Result

Soaring International Containers Thru So. Calif.



If We Can Accommodate Trade By Building Infrastructure

Exhibit 4.-Logistics Investment, Job Creation, 2005-2030

Activity	Job Creation
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>
TOTAL	1,381,000



1,000,000 Job Strategy

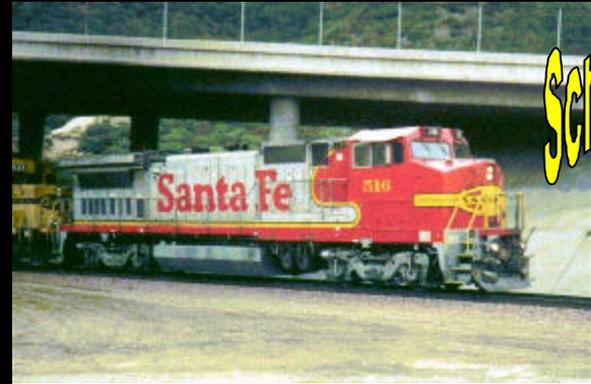
Major Issues



Diesel



Track Capacity



Screeeeeech!

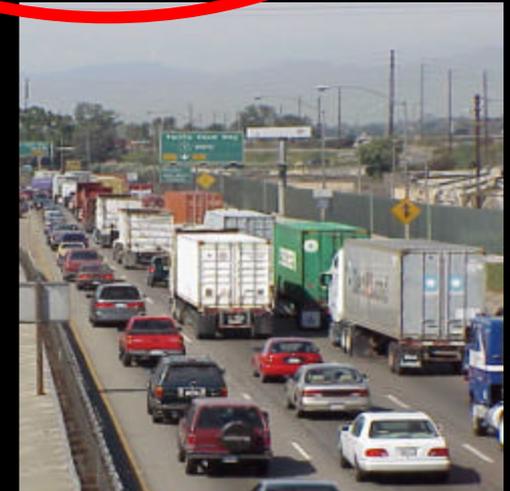
Grade Separations



Intermodal Yards



Short Haul Rail



Separate Trucks

The Ultimate Problem ...

\$\$\$

What Financing Would It Take

Cost of Infrastructure: Trucks & Trains	\$26.2 Billion
Cost of Environmental Mitigation	<u>\$10.0 Billion</u>
Total Cost	\$36.2 Billion

BORROW & BUILD

Fee To Use System AFTER Its Built To Repay Debt

Container Fee To Repay Investment in System	\$160 - \$170
Truckway per Mile To Repay Investment	\$0.86

Trucks: Separated Truckway



Save Time & Reliability



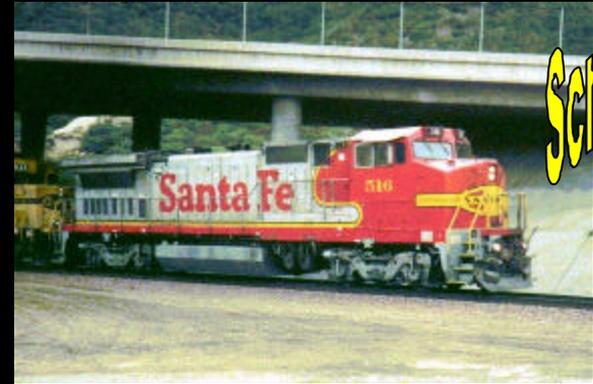
To Harbors From Ontario: 2030

Travel Minutes Saved	Planning Time Saved	Total Time Saved	TRAVEL @ \$73/Hour	TOLL @ \$0.86/Mile	SAVINGS Per Trip
1 Hr. 2 min.			\$76	-\$32	<u>\$44</u>
2 Hr. 9 min.					
		<u>3 Hr. 11 min</u>	\$233	-\$32	<u>\$201</u>

Rail Infrastructure



Track Capacity



Screeeeech!

Grade Separations

21 Grade Crossing in City of Riverside Alone



Intermodal Yards



Short Haul Rail?

Railroad Saving From Infrastructure

Avg. Delay 2010

**Avg. Delay With
New Infrastructure**

Time Saving

BNSF **206 min.**

30 min.

86%

UP **197 min.**

14 min.

93%



Private Sector Infrastructure Contribution...

Repay Debt With Under \$200 User Fees

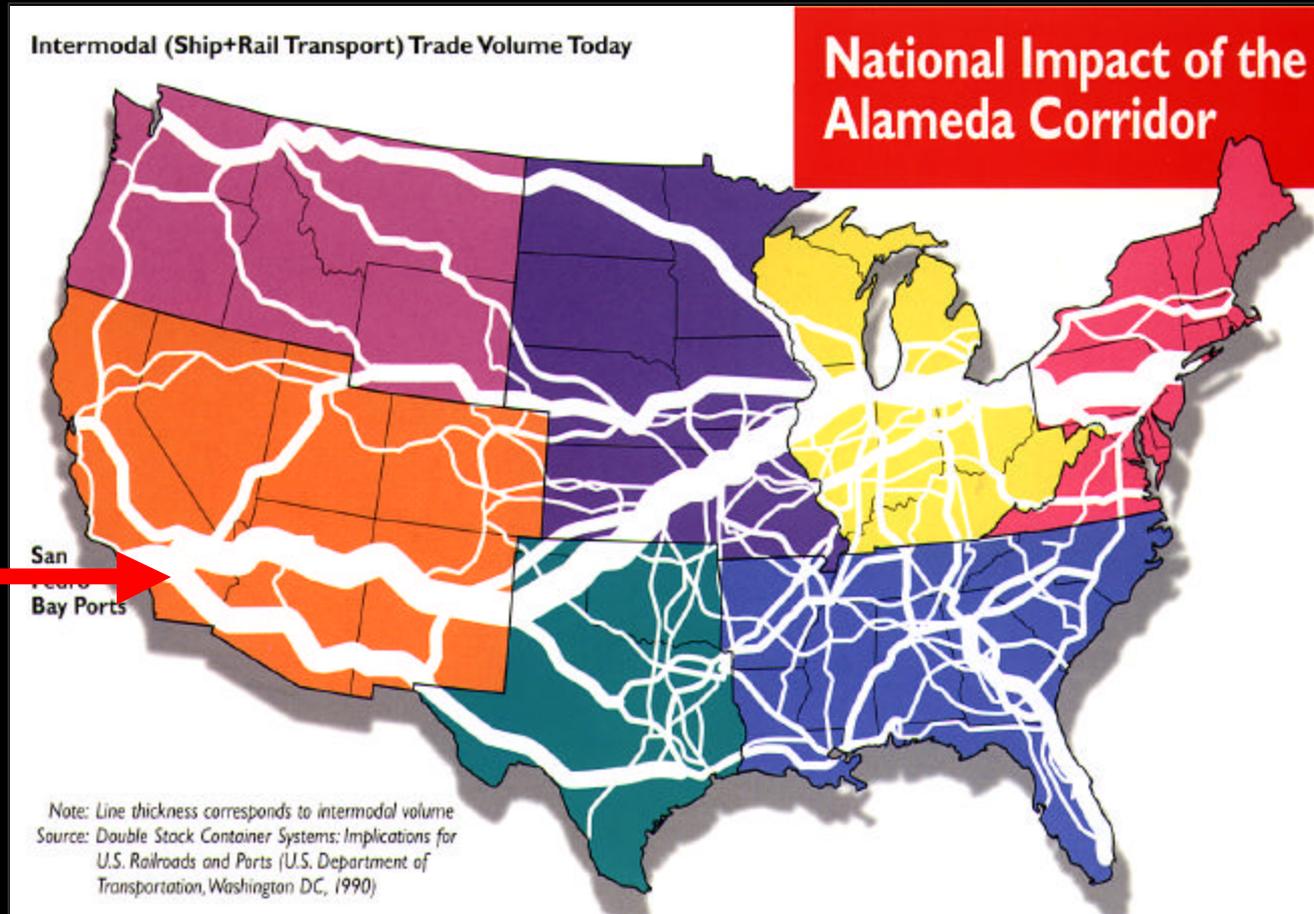
Chases Away Freight Simply Passing Through So. Calif.
Creating No Jobs

12.5% Increase In Cargo Creating Jobs As It is Managed From
So. Calif. Due To More Speed & Efficiency



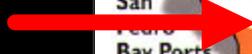
Rob Leachman, Leachman & Associates, 2005

Federal Responsibility



43%

U.S.



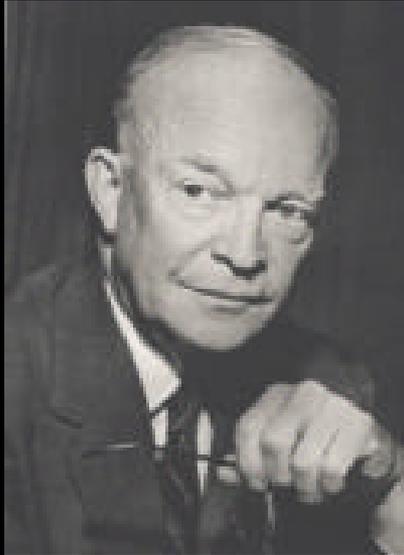
Imports

**U.S. Port Fees Should Help
Build Infrastructure To Accommodate Trade**

What's Left To Do . . .

1. Create Institution That Can Manage a Multi-County Process
2. Agree Upon Environmental Mitigation Program
3. Industry Peer Review of SCAG's Research
4. Bond funds to start infrastructure construction
5. Federal & State Legislation on Funding Tools to Lower Costs
6. Federal Funding of Trade Related Infrastructure

Leaders Have Changed The Economy



**President
Eisenhower**

Inter-State Freeway System

State Water Project



**Governor
Pat Brown**²⁹

Logistics Gives Us The Chance Do It Again & ...



**We Owe It To Our Blue Collar
Workers To Make It Happen!**

www.johnhusing.com