



U.S. Department of
Transportation

Congestion Reduction: Southern California *America's Freightway*

June 2006



"Transportation is key to the productivity, and therefore the success, of virtually every business in America. Congestion and delay not only waste our time as individuals, they also burden our businesses and our entire economy with inefficiency and higher costs."

- Secretary Norman Mineta, 2001

"Congestion is not a fact of life. We need a new approach and we need it now."

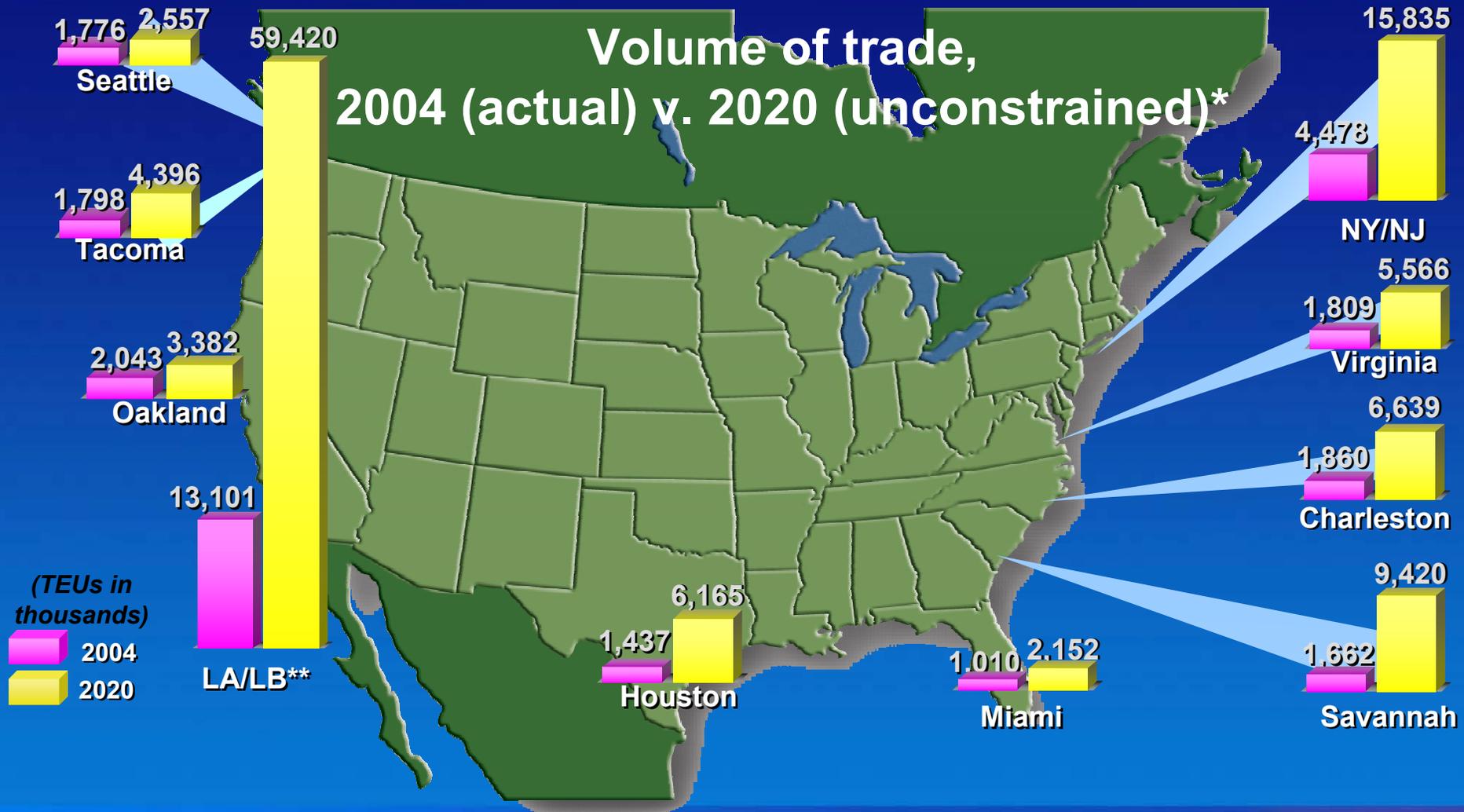
- Secretary Norman Mineta, May 2006

Importance of POLA/LB to U.S. Goods Movement



- At least 43% of U.S. imports enter through the Ports of Los Angeles and Long Beach (POLA/LB)
- Over 50% of this cargo has a final destination outside of California
- In 2005, POLA/LB handled over \$264B in trade
- A complete shutdown of POLA/LB could cost the U.S. \$100B/day

Dramatic increases in projected freight demand



* Forecast figures are based on an unconstrained 10-year linear regression, and do not reflect the expected capacity of each port in 2020.

** DOT's notional 2020 throughput goal for LA/LB is 30M TEUs



The Costs of Congestion to Los Angeles and Long Beach

- In 2003, traffic congestion in Los Angeles and Long Beach caused
 - 624M hours of delay, and
 - 407M gallons of wasted fuel
 - for a total cost of \$10.7B
- Per rush hour traveler, this works out to
 - 93 hours (or almost 12 work days!) stuck in traffic
 - 61 gallons of gasoline
 - or a virtual “congestion tax” of \$1,598 in wasted time and fuel
- These totals would be much higher if costs beyond time and fuel were included (or at \$3/gallon of gas)



USDOT's Congestion Initiative:

A 6-Point Plan for Reducing Congestion on the U.S. Transportation Network

1. Relieve urban congestion
2. Unleash private sector investment resources
3. Promote operational and technological improvements
4. Establish a “Corridors of the Future” competition
5. Target major freight bottlenecks and expand freight policy outreach
 - Southern California freight and goods movement
 - “CEO freight summits” with shippers and freight executives
 - DHS-DOT border congestion team
6. Accelerate major aviation capacity projects and provide a future funding framework

USDOT's Current Freight Engagement in Southern California



- Recent efforts
 - Established and staffed a Southern California Intermodal Gateway Office
 - Actively participated in development of CA Goods Movement Action Plan
 - Facilitated EPA involvement in goods movement discussions
 - Developed a Framework for National Freight Policy
 - Held workshops on innovative freight finance tools and programs
 - Provided technical assistance to PierPass
- Ongoing efforts
 - Tracking regional freight issues and initiatives
 - Serving as catalyst to engage industry in state and MPO-level discussions (including meetings with SCAG, SANBAG, etc.)

The Case for a New Approach: Assumptions



- Southern California's port and transportation network is America's most important freight gateway
- With Pacific trade surging, regional congestion and infrastructure constraints limit Freightway capacity
- No consensus exists on what the Freightway capacity should be; the projects necessary to reach the capacity target; or specific stakeholder responsibilities
- Any freight capacity solution must contribute to congestion reduction and air quality improvements

We're the feds... and we're here to help you*

- Vision
 - Work with Southern California stakeholders to develop and implement a plan to increase freight capacity to handle the freight volumes projected for 2020 (i.e., an annual container throughput of 30 million TEUs)
- Key elements
 - Consensus on a 2020 capacity target for the Freightway (July 2006)
 - MOU among stakeholders detailing the projects, technological and operational changes necessary to meet the 2020 target (October 2006)
 - An action plan committing stakeholders to specific steps to increase capacity (February 2007)
 - Plan must address environmental impacts, and reduce regional congestion (with clear benchmarks)



** If you want our help*



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What USDOT Brings to Bear

- Uniquely positioned to bring everyone to the table
- Directed funding
 - With CalTrans, expedite the 25 earmarks & high-priority projects (total of \$200M)
 - Roll *America's Freightway* into the next Transportation Reauthorization
- Discretionary funding tools
 - Several million dollars for congestion reduction research and demonstrations
 - \$200 million “Open Roads”
 - Transportation Infrastructure Finance and Innovation Act (TIFIA) loans
 - Private Activity Bonds (PABs)
 - Railroad Rehabilitation & Improvement Financing (RRIF) loans
- Regulatory tools
 - Select projects for environmental streamlining per Presidential Order
 - Special Experimental Project Number 15 (SEP-15)



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Comments, Questions and Discussion



Priority Projects

<u>Project</u>	<u>SAFETEA-LU</u>	<u>Total Cost</u>	<u>Possible DOT Role</u>
710 Freeway	\$2.4 billion	\$5.5 billion	Innov.Fin./Enviro. Streamlining
Gerald Desmond Bridge	\$100 million	\$605 million	Innov.Fin./Enviro. Streamlining
BNSF/POLA Near-Dock Rail Facility	\$0	\$200 million	TIFIA/Enviro. Streamlining
Colton Crossing Rail Project	\$0	\$150 million	TIFIA/Enviro. Streamlining
SR-47 Highway/Bridge Project	\$10 million	\$420 million	TIFIA/Enviro. Streamlining
Alameda Corridor East Grade Separation Project	\$210 million	\$2.5 billion	TIFIA/Enviro. Streamlining

