Delivering the Goods.

Mark Pisano
Executive Director
Southern California Assoc. of Governments
NYU
June 6, 2007
Dramatic Increase in U.S. Maritime Trade

TEUs in thousands

<table>
<thead>
<tr>
<th>City</th>
<th>2004</th>
<th>2020</th>
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<tbody>
<tr>
<td>LA/LB</td>
<td>13,101</td>
<td>59,420</td>
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<tr>
<td>Seattle</td>
<td>1,776</td>
<td>2,557</td>
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<td>Tacoma</td>
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<td>Oakland</td>
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<td>Savannah</td>
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<td>15,835</td>
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<td>NY/NJ</td>
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<td>Houston</td>
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<tr>
<td>Savannah</td>
<td>1,010</td>
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Forecast figures based on 10-year linear regression
21 Major Destination Regions

Regional Distribution Centers

Southern California Association of Governments • Resolving Regional Challenges
Served by 10 Major Container Ports

Regional Distribution Centers
Most Cargo Coming to LA/LB Ports Passes Through to Other Markets

Locally consumed or produced 23%

Discretionary 77% (52% transloaded)

Los Angeles Long Beach
Deep Harbors and Landside Facilities
Make LA/LB the Preferred Destination

- Post-Panamax ships are TOO LARGE to transit the Panama Canal
- Limited landside intermodal capacity
- Can't accommodate post-Panamax ships
The Ports Give Shippers What They Want

“Just In Time”
Carrying Less Inventory Saves Money

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

Source: U.S. Census Bureau

35% Less Inventory
“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
Direct, Non-Consolidated Shipping

Nation-wide order placed with Asian Factory

Many Ships to Many Ports

Depart Ports

Arrive at Destinations

Retail Stores

ORDER

DAYS OUT:

75 - 100

25 - 40

1 - 5

1 - 10

Allocated 27 - 55 Days Out

Leachman & Associates LLC
Consolidated Shipping Time Savings

Nation-wide order placed with Asian Factory

Fewer ships to select Trans-Loading Ports

Depart Destination Ports

Arrive at Destinations

Retail Stores

ORDER

Goods can be allocated just before vessel arrives

DAYS OUT:

75 - 100                  25 - 37                  5 - 9                  1 - 9

Allocated Only 6 - 18 Days Out

Average of one month advantage

Leachman & Associates LLC
Transloading Economies

- 40’ Marine Container
- 53’ Domestic Container

60% more usable space

Cost per cubic foot is what matters to an importer
“Just-In-Time” Savings

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

Leachman & Associates LLC
Proposed Tolled Truck Lane System

2 Lanes in Each Direction

East/West 37.8 miles

I - 710 18.0 miles

I - 15 86.0 miles

New Technology

New vehicles with 2 or more containers
Separated from Car Lanes

Dedicated Right-of-Ways or Elevated Roadway
Travel Time In the Year 2030

AM Peak Travel Planning Time in Hours

LA Business District

Ontario

Victorville

Hours:

2.0

4.7

7.6

With Truck Lanes

Hours:

.5

1.5

4.8
Cash Value of Time Savings with Truck Lanes

AM Peak Travel @$73 per hour

LA Business District: $103
Ontario: $233
Victorville: $345

Extra Trip Potential:
- LA Business District: 3.4
- Ontario: 3.1
- Victorville: 2.3
Rail Expansion & Improvements

More tracks, alternative routes, grade crossings

East-West Corridor

Alameda Corridor
Southern California Association of Governments      Resolving Regional Challenges

Proposed High-Speed System

Initial Operating Segment
81 miles
6 stations
$11 billion capital cost
$110 million annual O&M

Freight System
90 miles
6 stations
$19 billion capital cost
$296 million annual O&M
4 to 13 million TEUs
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.
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
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.
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
What Do We Need?

Private Sector Leadership

Political Leadership

Federal Involvement and Support

1. Promote pollution reductions from locomotives, ocean going vessels and other goods movement sources

2. Tax Credits and Federal assistance for Public/Private Partnerships
Delivering the Goods.

Thank You

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