

Why A Solutions To Southern California's Goods Movement Issues Are Vital!

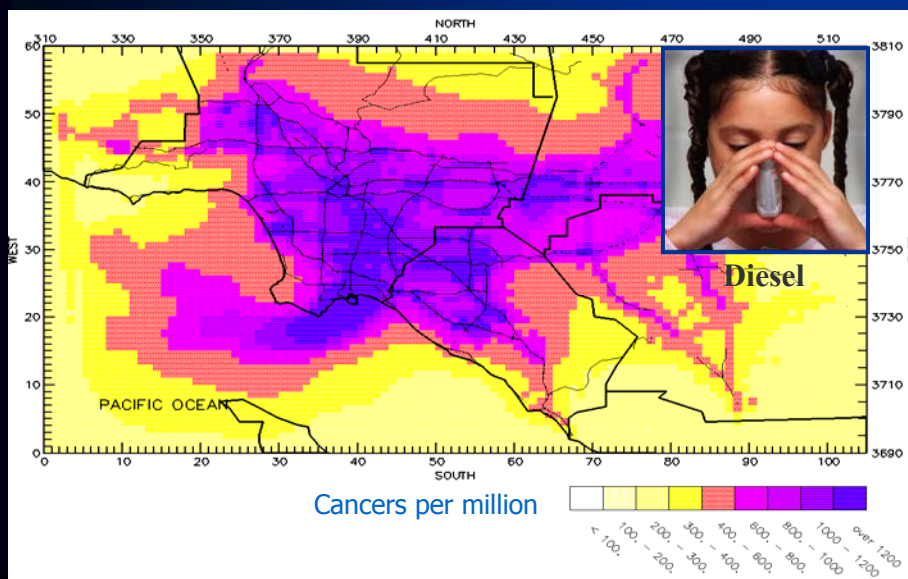


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Two of Southern California's Major Difficulties

- Environmental issues created by transportation
- Need for family sustaining jobs

Issue #1: Air Toxics & Rising Cancer Risk



AQMD Economic Calculation

Cumulative Health Effects

Clean Truck Program Only

Clean Air Benefit: 2008-2025

CARB Off-Road Rule Methodology: Median at \$5.9 billion

CARB Off-Road Rule Methodology: Median at \$4.7 billion

AQMP Methodology Median at \$5.4 billion

230-1,450 Premature Deaths Avoided: 95% of Economic Impact

Issue #2: Upwardly Mobile Jobs

Poverty Is Also A Health Issue

Why Economists Study Income Mobility

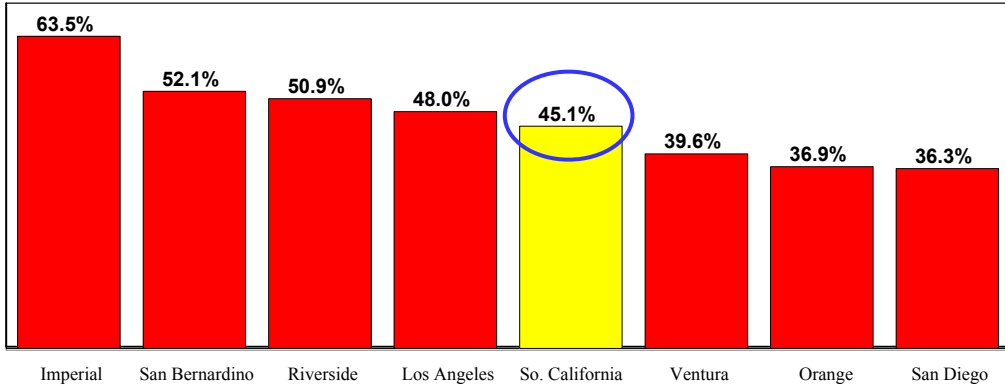
1. Need For Job Ladders to Upward Economic Mobility for Those Who Have Modest Educations
2. Needed to Counter Social Division of "Haves & Have-Nots" Based On Education
3. Otherwise: Growing Base of Families Unable to Afford Health Care, Housing & Transportation

"Rich Poor Living Poles Apart In L.A. as Middle Class Dwindles" Brookings Institute Study

LA Times July 23, 2006

Blue Collar Jobs Important

Share of Adults, No College Class
Southern California Counties, People 25 & Over, 2006

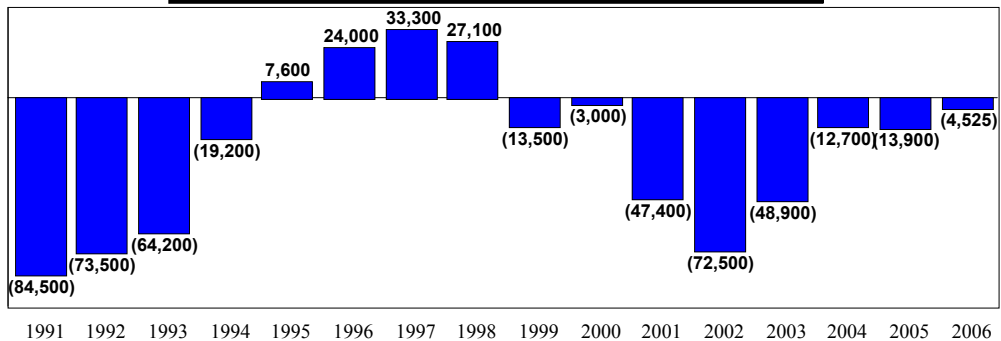


Source: 2006 American Community Survey

Manufacturing Jobs, 1990-2006

Lost: 365,825 of 1,279,600 in 1990 = 29%

Exhibit 4.-Manufacturing Employment Change
Southern California, 1990-2006

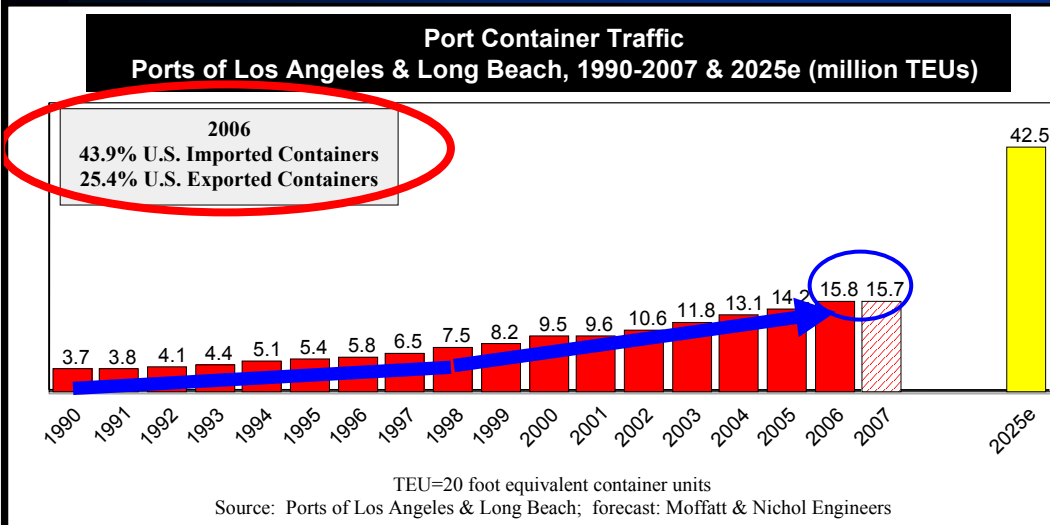


Source: CA Employment Development Department



International Supply Chain Management

Soaring International Containers Thru So. Calif.



What Happens If CAAP Fails & Ports Can't Build Planned Infrastructure?

Port growth restrained to 2/3 of 42.5 million TEU capacity ... 300,000 jobs not created

Port growth restrained to 1/3 of 42.5 million TEU capacity ... 600,000 jobs not created

So What ...

Aren't Goods Movement Jobs Low Paying?

How Can We Replace Manufacturing



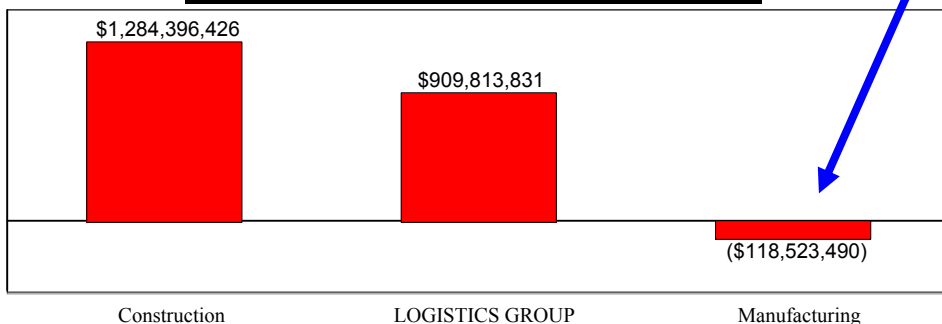
Sectors With Few Training Barriers To Beginning Employment

Mining	(\$96,996)
Manufacturing	(\$47,933)
Logistics	(\$46,665)
Construction	(\$41,453)
Retail Trade	(\$28,840)
Gaming	(\$28,385)
Hotel/Motel	(\$24,019)
Agriculture	(\$22,793)
Eating & Drinking	(\$15,132)

**Blue Collar
including Part
Time Workers**

Total Payroll Growth: Main Blue Collar Sectors

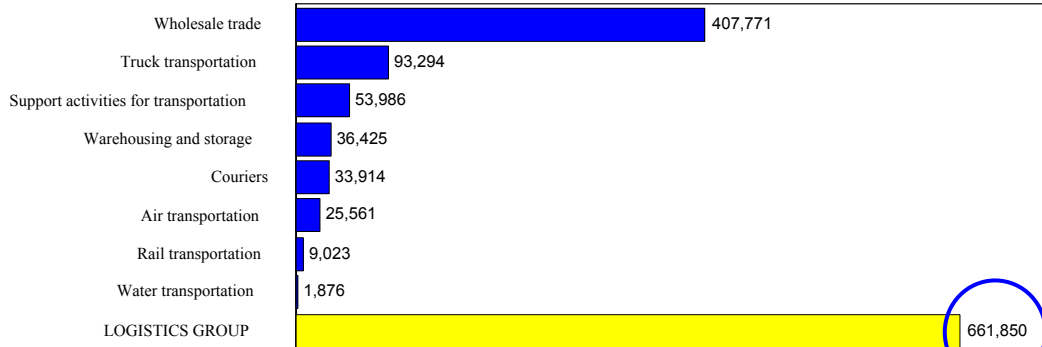
**Exhibit 16.-Change in Blue Collar Payrolls
Southern California (7-Counties), 2001-2005**



Sources: CA Employment Development Department, U.S. Railroad Retirement Board, U.S. Bureau of Economic Analysis
U.S. Bureau of Economic Analysis, 2002 Economic Census, U.S. Census Bureau

Logistics Sector Characteristics

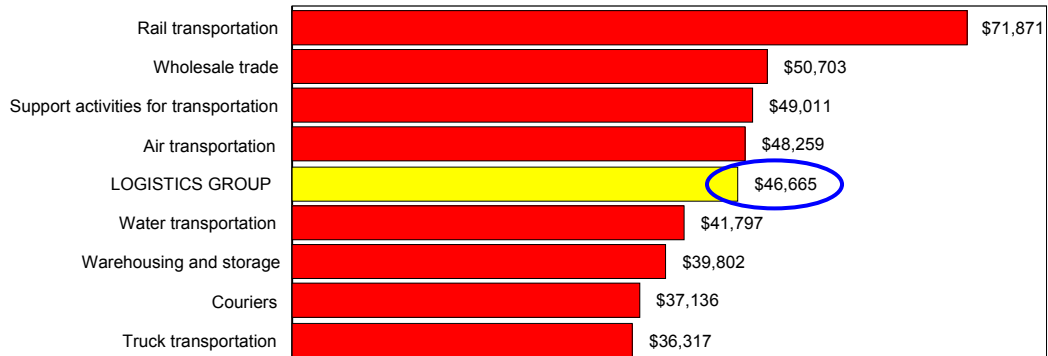
**Exhibit 11.-Employment By Logistics Sector
Southern California (7-Counties), 2005**



Sources: CA Employment Development Department, U.S. Railroad Retirement Board, U.S. Bureau of Economic Analysis
U.S. Bureau of Economic Analysis, 2002 Economic Census, U.S. Census Bureau

Logistics Sub-Sector Pay

**Exhibit 12.-Mean Average Pay Per Worker By Logistics Sector
Southern California (7-Counties), 2005**



Sources: CA Employment Development Department, U.S. Railroad Retirement Board, U.S. Bureau of Economic Analysis
U.S. Bureau of Economic Analysis, 2002 Economic Census, U.S. Census Bureau

Median Pay By Education Wholesale Trade

Work Experience & Bachelor's or Higher	7.50%	\$44.14
Bachelor's Degree	6.30%	\$27.87
Post-Secondary Vocational Education	4.70%	\$19.85
Associates Degree	1.20%	\$21.05
Long-Term On-the-Job Training	4.50%	\$27.80
Moderate-Term On-the-Job Training	5.60%	\$21.49
Work Experience Related Occupation	26.30%	\$20.37
Short-Term On-the-Job Training	43.90%	\$11.65
Wholesale Trade Sector	100.00%	\$19.17
No Schooling After High School	80.60%	\$15.67
Trade or Community College	5.70%	\$26.43
Bachelor's Or More		\$36.72

3-5 Years

Entry Level

Good Pay Due To Use Of Technology

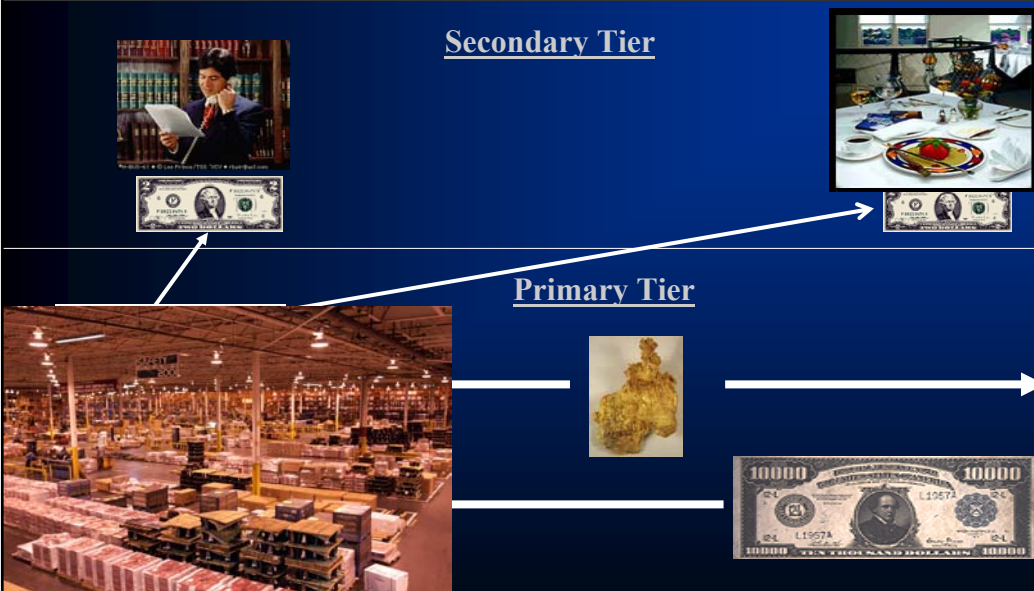
Computerized Order Receiving
 Personal Digital Assistants
 Robotic Goods Handling
 Random Product Testing & Measurement Equipment
 Geographic Information Systems Truck Routing
 Laser Scanners
 Global Positioning System Tracking of Vehicles
 Internet Communications
 Manufacturing Inside Warehouses



What Drives Demand?

1. **Population Growth 2007-2035:** 6.4 million
2. **So. Calif. Retail Per Capita after inflation (1994-2004):** +24.5%
3. **E-Commerce (2000-2006):** 27.9% per year
4. **Inventory:Sales Ratio (1990-2007):** 18.3% drop per \$1 of Sales
5. **Port Container Volume (2000-2007):** +6.8% per year
6. **Port Breakbulk Tonnage (1995-2005):** +2.5% per year
7. **Air Cargo Tonnage Forecast (2005-2030):** +4.6% per year
8. **Local Manufacturing:** Only driver in decline

Gold Mine Theory of Local Economics



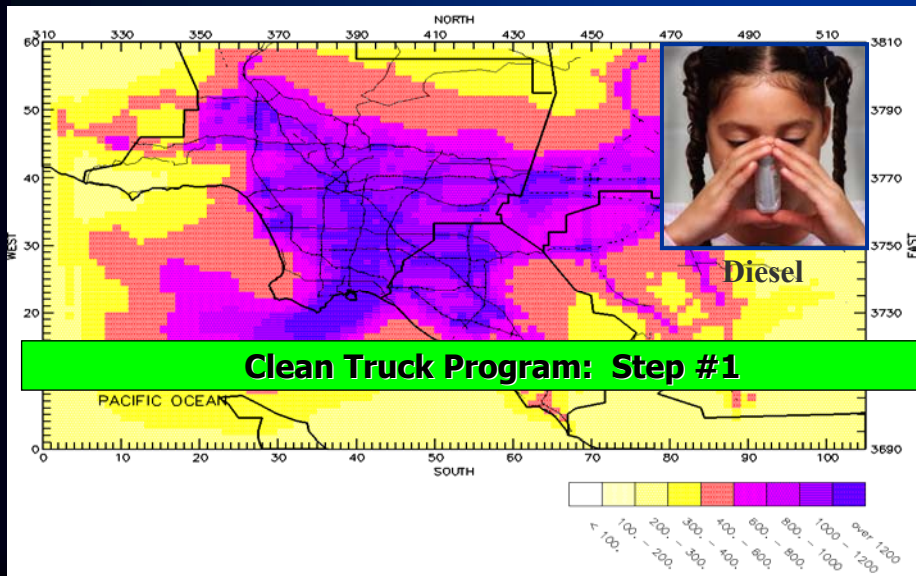
Impact of Port Related Trade

- Long Beach 2001: 315,611 Direct & Indirect Jobs
- PPIC 2004: \$240.4 Billion; 24.4% U.S. Two-Way Port Trade
- ACTA 2005: 1,114,660 Jobs in CA, NV, AZ, NM, CO, UT
- LAEDC 2005: All Trade = 450,100 Direct Jobs; 6.4% 5 Co.
- McGMAP 2005: Port Trade = 740,103 Total Jobs; 8.8% 7-Co.
- McGMAP 2030: Port Trade = 1.6 million if 42.5 million TEU

Port: Multiplier Implications

1. Cargo Trucked To Warehouses or Transloading Facilities Generates Most Economic Impact & Jobs
 2. On-Dock Loaded Rail Cargo Generates Little Economic Impact or Jobs as Quickly Leaves Region
- Exception:* If On-Dock Loaded Rail Cargo is Short Hauled Inland for Further Processing, Then Economic Impact & Jobs Created

Issue #1: Air Quality



Issue #2: Upwardly Mobile Jobs

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Issue #3: Transportation Infrastructure

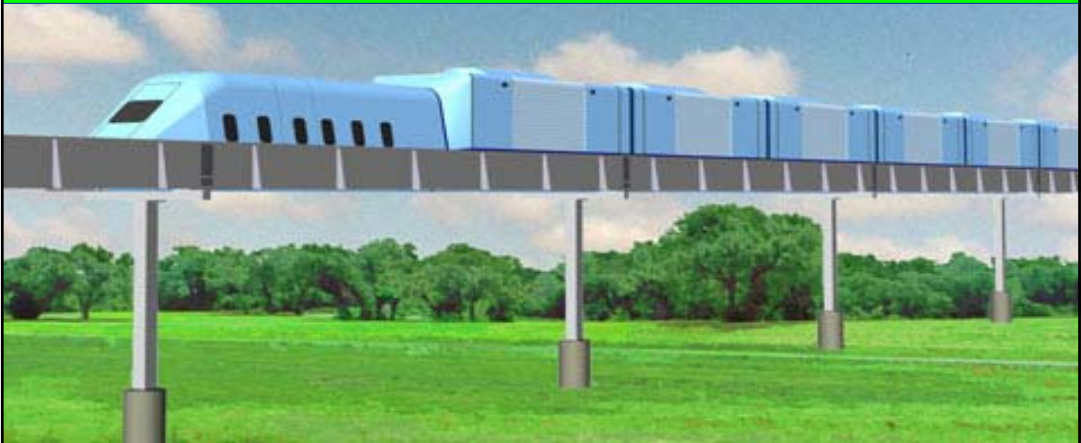


Proposed Dedicated Truckway System



Issue #4: Rail Movement

High Speed Electrified Rail



Issue #4: Intermodal Rail Yards



UP Railroad?



3rd Rail Cajon Pass

Victorville: BNSF Intermodal Expansion

Issue #5: Grade Separations



Issue #6 Land Planning



Port Trucking: Step #1 & #2 Done

Issues: Maintain Throughput for Job Generation

- Clean Trucks Deadlines ✓
- Financing Program For Clean Trucks ✓
- Increase Driver Income As Lowest Paid Logistics Workers
- Technology Program To Increase Efficiency
- Rules To Ensure A Healthy Sector

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