

Multi-County Goods Movement Action Plan



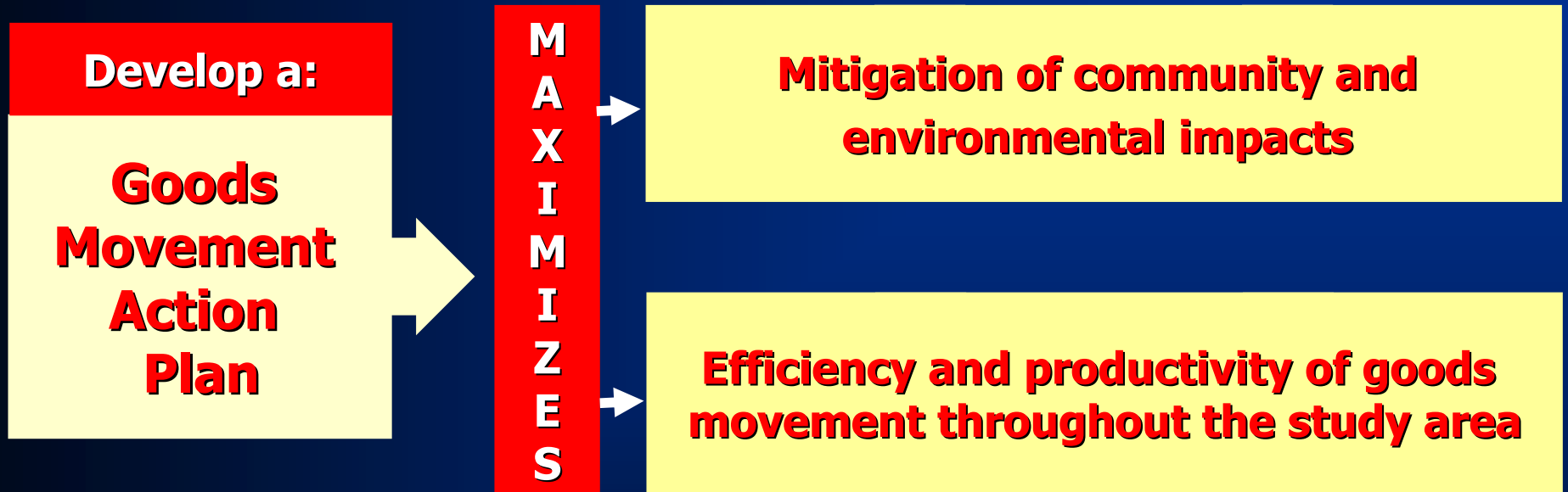
Metro



Progress Update and Discussion of Technical Memorandum 5a – Draft Economic Impacts of Goods Movement

July 26, 2006

MCGMAP Overview



Solutions will address all modes
Will include capital and non-capital options

What About the MCGMAP is New?

- **Collaborative effort between 6 Counties, SCAG and Caltrans toward systemwide solutions**
- **Seeking input from all stakeholders**
- **Acknowledges ongoing local, regional, and State efforts**
- **Goal of reaching consensus for regional solutions & financing**

Building an Action Plan

- 8. Multi-County Goods Movement Action Plan**
- 7. Mitigating the Effect of Goods Movement**
- 6. Strategies for Improving Goods Movement**
- 5. Community, Environmental, & Economic Impacts**
- 4. Assess Growth in Freight Demand**
- 3. Compile and Collect Goods Movement Data**
- 2. Outreach Assistance**
- 1. Project Management / Administration**

MCGMAP Study Area



Task 2 – Outreach Assistance

- **First round of surveys completed**
- **Targeted stakeholder audience**
- **159 surveys received to date**
- **Validates many of the issues to be discussed today**
- **Another survey later in the study to focus upon solutions and strategies**

Task 3 – Existing Conditions and Constraints

- **Status Update**
 - **Final Tech Memo to be delivered to TAC by July 31, 2006**

Task 4 – Growth in Freight Demand

SCENARIOS FOR STRATEGY EVALUATION

Scenario 1:

High Growth - Current Investment Levels

Scenario 2:

Low Growth – Current Investment Levels

Scenario 3:

Moderate Growth - Current Investment Levels

Scenario 4:

High Growth - Full Investment Levels

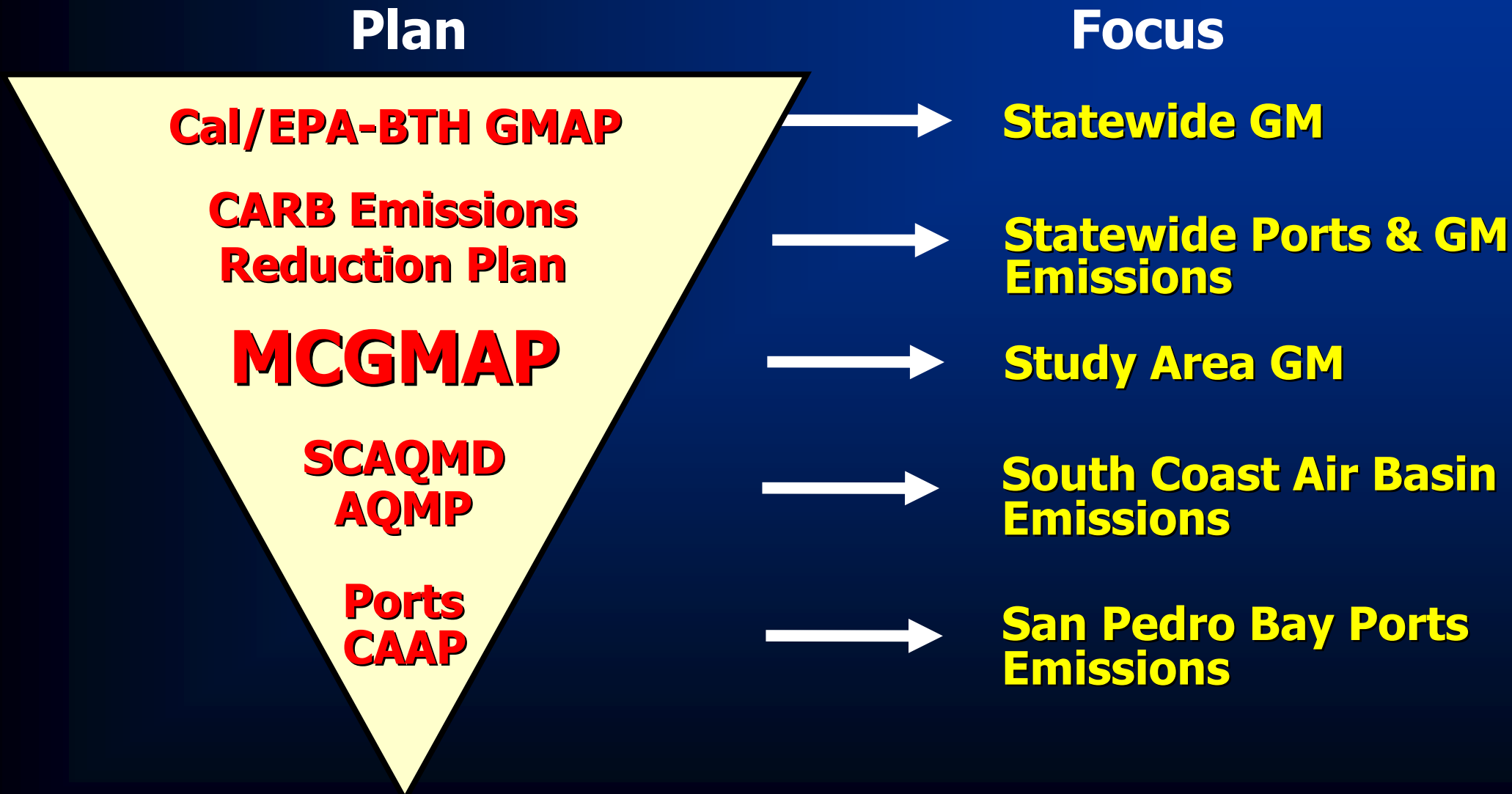
Task 5 - Environmental & Community Impacts

Technical Memo 5b In-Progress

- Incorporating What We Heard

- Active Developments
 - Ports Clean Air Action Plan
 - SB 1266 – *Highway Safety, Traffic Reduction, Air Quality, & Port Security Bond Act of 2006*

Agency Environmental Plans



Agency Environmental Plans

Implementation of Plans, Excluding MCGMAP

- **Cal/EPA-BTH Goods Movement Action Plan (Statewide GM)**
 - Preliminary Working List of Candidate Projects
 - Cost : \$ 15B
 - Committed: \$1.95B – previously committed public funding
 - Proposed Bond (S.B. 1266)¹:
 - \$2B Trade Corridors Improvement projects (1:1 matching)
 - \$1B AQ improvements (no matching)
 - Other Funding Strategies: *Regulations*
Incentives
Federal funding
User-based fees
Market-based approaches
 - **CARB Emissions Reduction Plan is basis for Cal/EPA-BTH GMAP**

¹ Senate Bill 1266 revised the originally proposed Cal/EPA-BTH GMAP funding.

Agency Environmental Plans

Implementation of Plans – *Continued*

- **CARB Emissions Reduction Plan for Ports & Goods Movement in California**
 - **Cost to Implement over 15 years: \$6B to \$10B**
 - **Economic-Health Benefits¹ over 15 years: \$34B to \$47B**
 - **Committed: N/A**
 - **Funding Strategies:**

<i>Industry investment</i>	<i>Federal funding</i>
<i>State bond (pending)</i>	<i>Other user fees</i>
<i>Container fees?</i>	<i>Market-based approaches?</i>

- **SCAQMD Air Quality Management Plan (2003)**
 - **Emission “budgets” for SIP conformity**
 - **Cost & Funding not addressed**
 - **Emissions inventories resulting from MCGMAP strategies will not be incorporated into the 2007 AQMP² due to timing issues.**

¹ Economic benefits due to the avoidance of adverse health impacts in terms of cost.

² 2007 AQMP is currently in development. Public release of draft AQMP due October 2006 , Board action Feb/Mar.2007, and due to U.S. EPA June 2007.

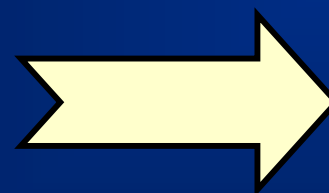
Agency Environmental Plans

Implementation of Plans - *Continued*

- San Pedro Bay Ports Clean Air Action Plan

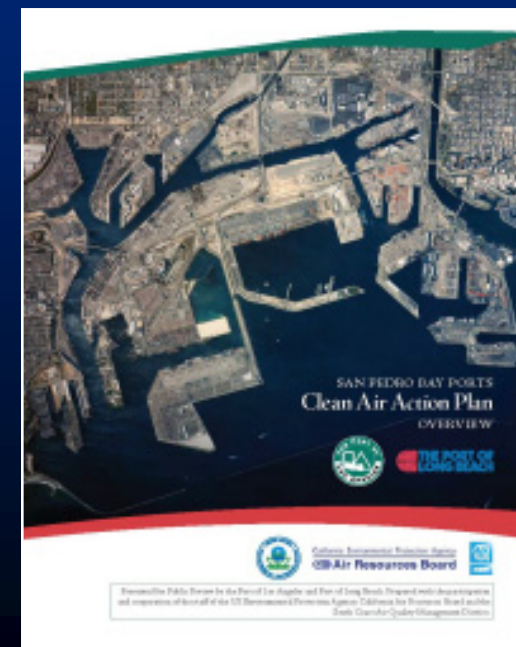
- 5-Year Program – \$194M to \$2.6B

- Committed: POLB \$181M
 - POLA \$177.4M
 - SCAQMD \$ 36M¹



\$1.6B Shortfall

- Developed jointly between Ports & SCAQMD



¹ Initial commitment with additional AQMD funding to be determined.

Building an Action Plan





Draft Tech Memo 5a – Economic Impacts of Goods Movement

Two of Southern California's Major Difficulties

Environmental & Health

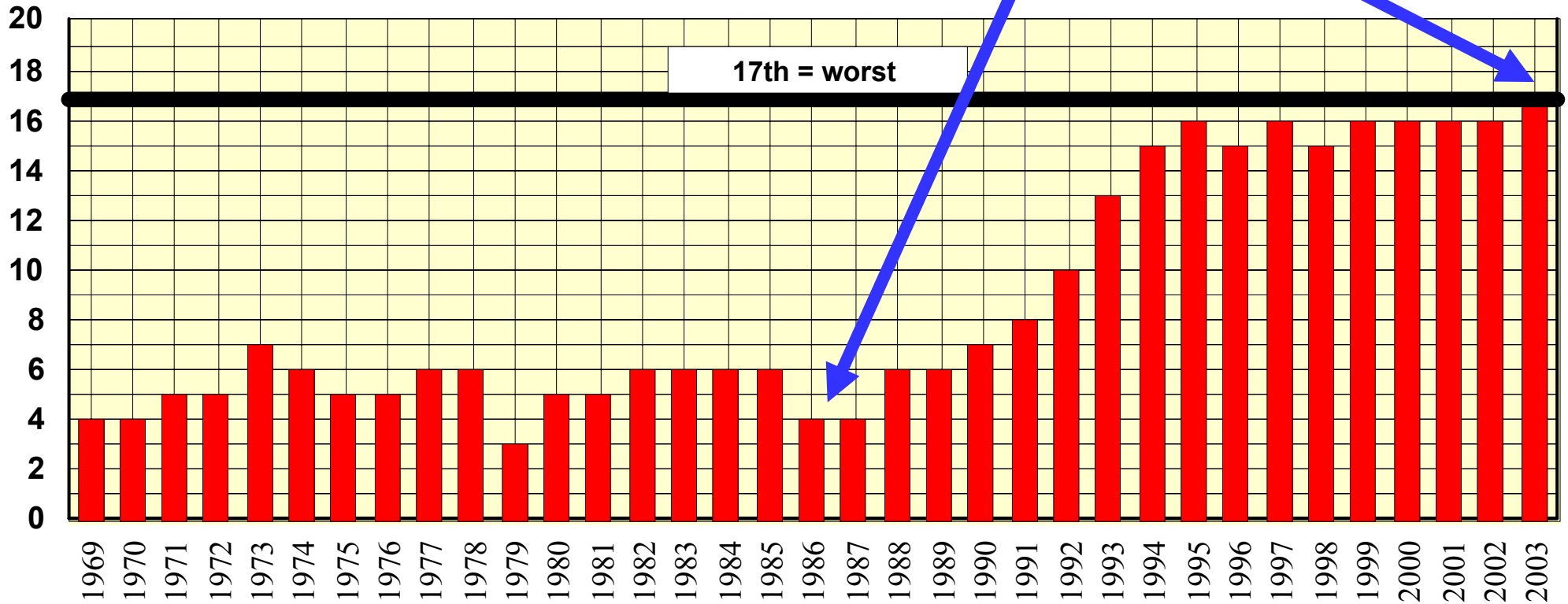
Subject Discussed In Last Session

Falling Living Standards Of Those Without College Training

Subject of Discussion Today

So. California's Falling Economic Status Vs. Other U.S. Multi-County Areas

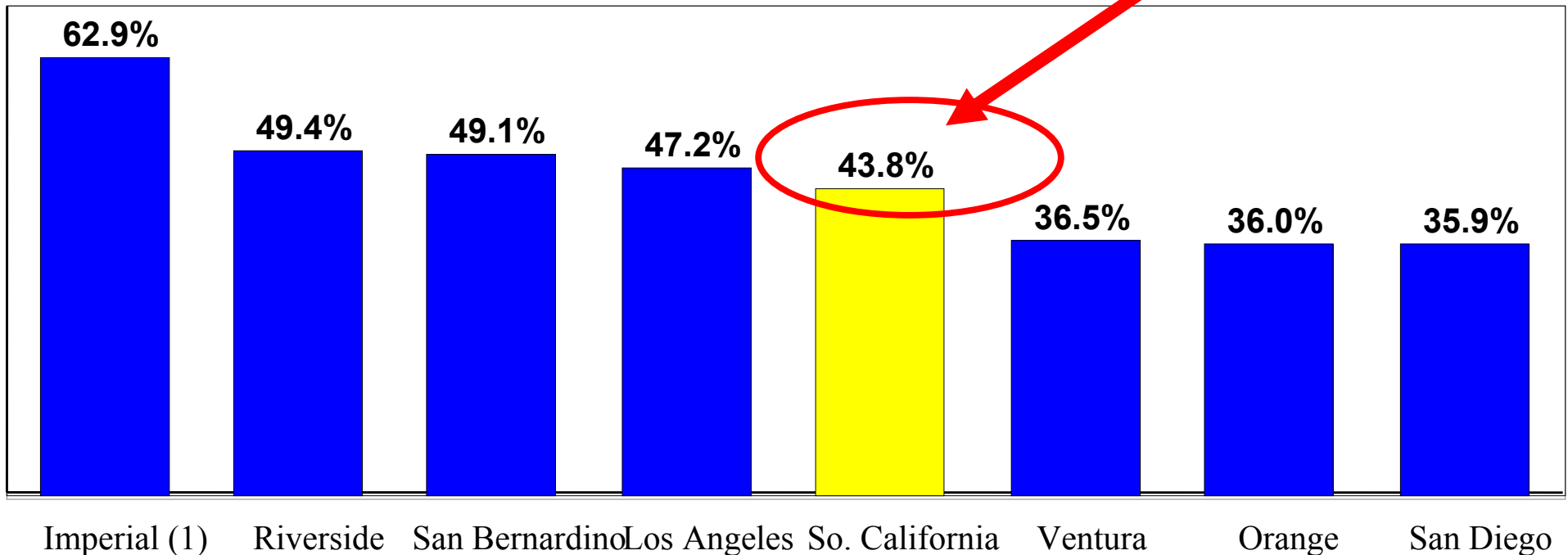
**Exhibit 8.-Per Capita Income Rank, 1969-2003
SCAG Rank of 17 Consolidated Metropolitan Areas**



Source: Southern California Association of Governments

Key Labor Force Issue: Adults With High School Diploma or Less Schooling

**Exhibit 1.-Schooling Ended At High School or Less
Adults 25 & Over, Southern California Counties, 2004**



(1) Imperial County for 2000, Not In Southern California Average
Source: American Community Survey, U.S. Census Bureau

Why do Economists Study Income Mobility

**“Rich, Poor Living Poles Apart In L.A. as Middle Class
Dwindles” Brookings Institute Study**

LA Times July 23, 2006

Keys To Upward Economic Mobility Workers With High School Diploma or Less Schooling

- 1. Southern California Based Work**
- 2. Good Entry Level Pay**
- 3. Defined Skill Ladder**
- 4. Move Up In Pay By Learning On The Job**
- 5. Technology Using Sector**

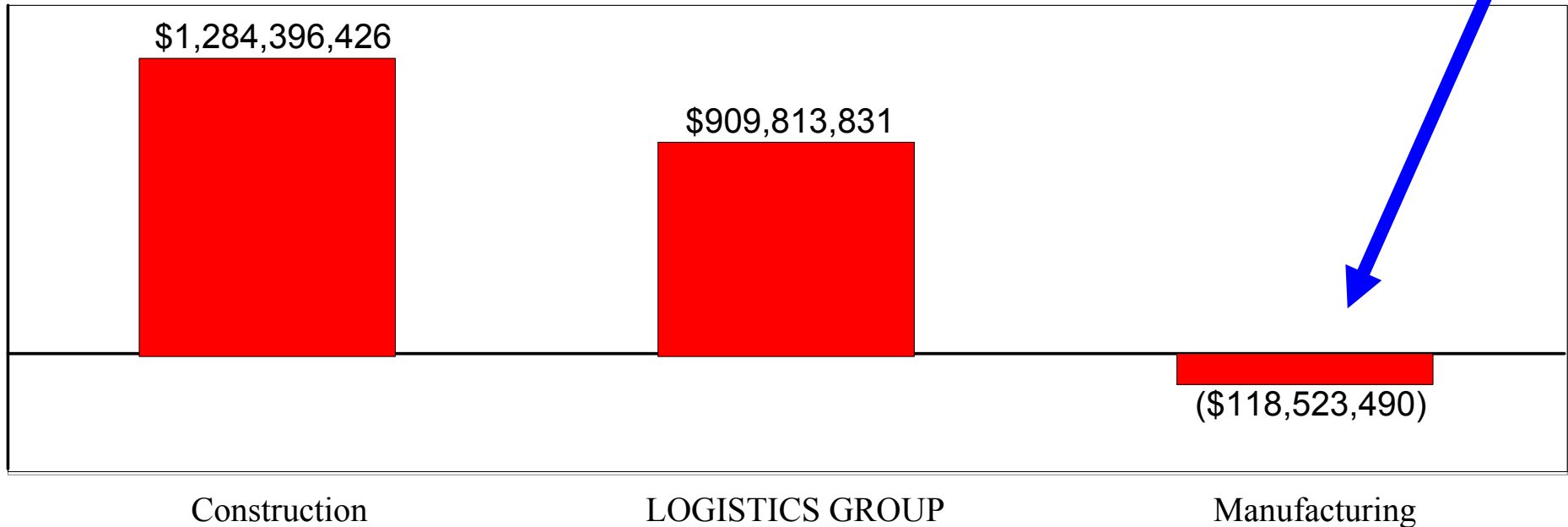
Sectors with Few Training Barriers to Beginning Employment

Mean Annual Income

Mining	\$90,491	
Manufacturing	\$48,397	Blue Collar
Logistics	\$47,411	
Construction	\$42,714	
Gaming	\$29,785	
Retail Trade	\$28,108	
Hotel/Motel	\$24,108	
Agriculture	\$23,474	

Total Payroll Growth: Main Blue Collar Sectors

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

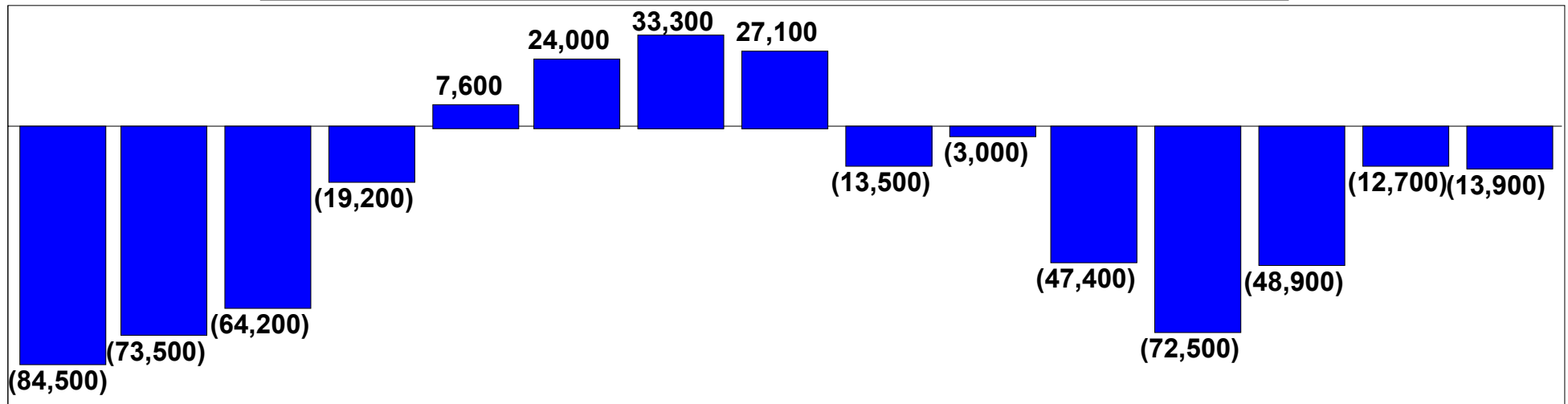


Sources: CA Employment Development Department, U.S. Railroad Retirement Board, U.S. Bureau of Economic Analysis
U.S. Bureau of Economic Analysis, 2002 Economic Census, U.S. Census Bureau

Manufacturing Jobs, 1990-2005

Lost: 361,300 of 1,279,600 in 1990 = -28%

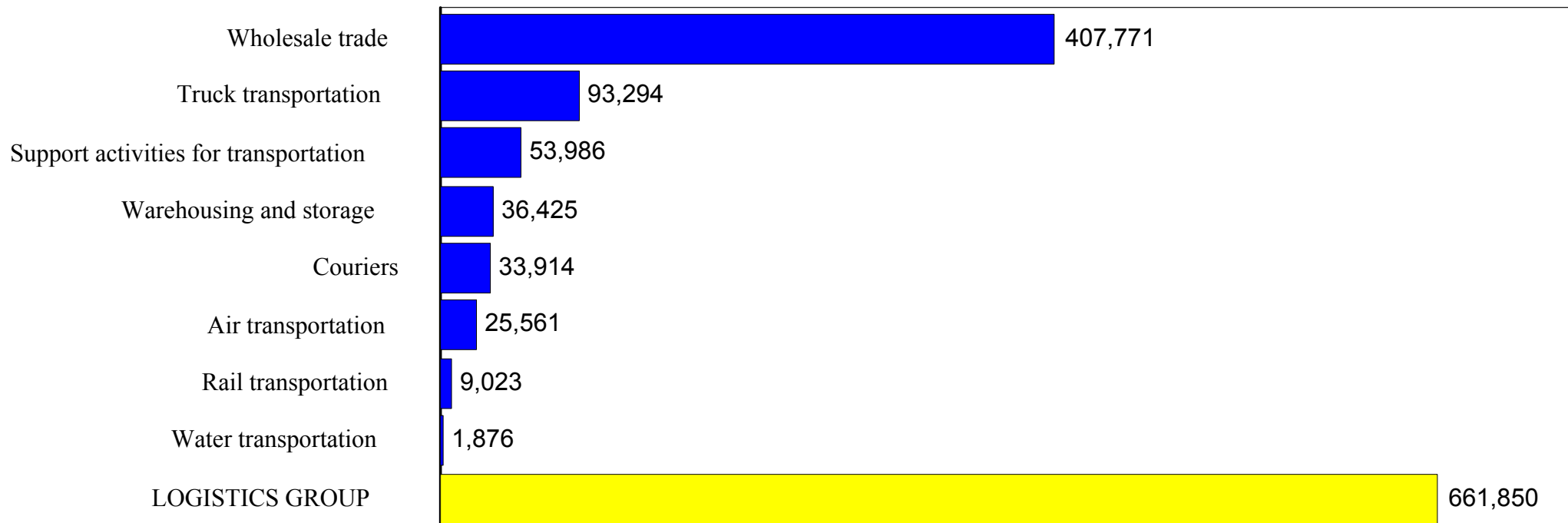
Exhibit 4.-Manufacturing Employment Change
Southern California, 1990-2005



China & India Now Allowing Their Entrepreneurs To Compete

Logistics Sector Characteristics

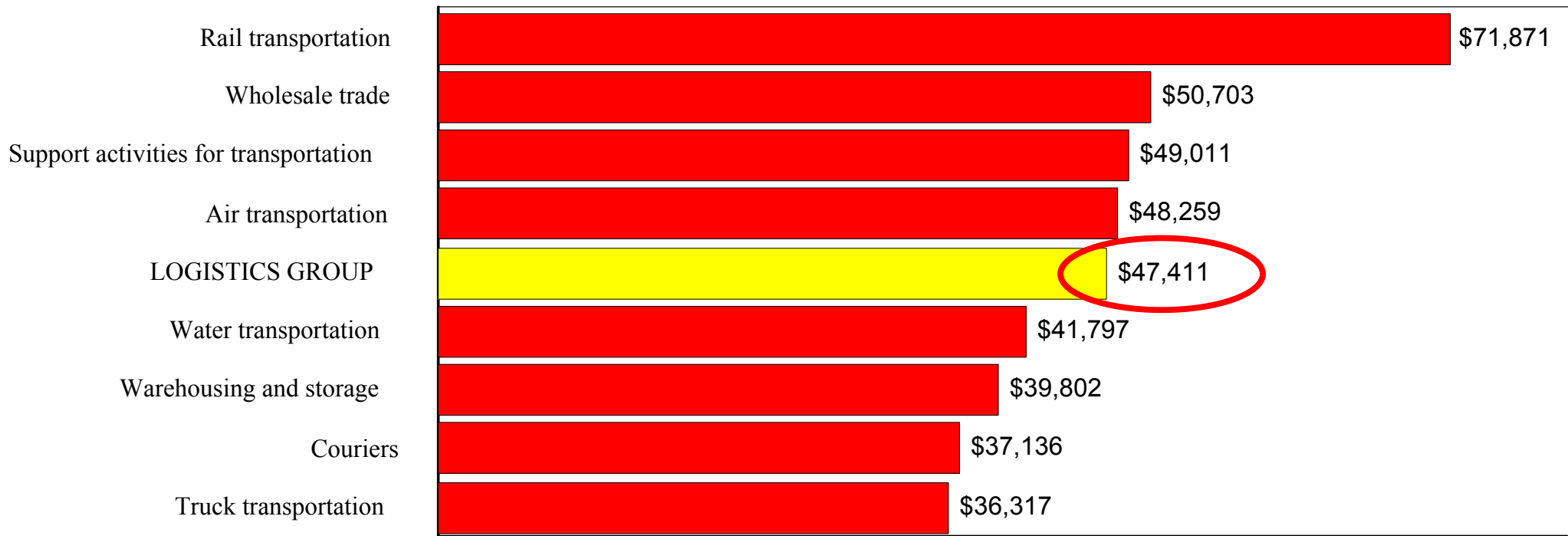
**Exhibit 11.-Employment By Logistics Sector
Southern California (7-Counties), 2005**



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

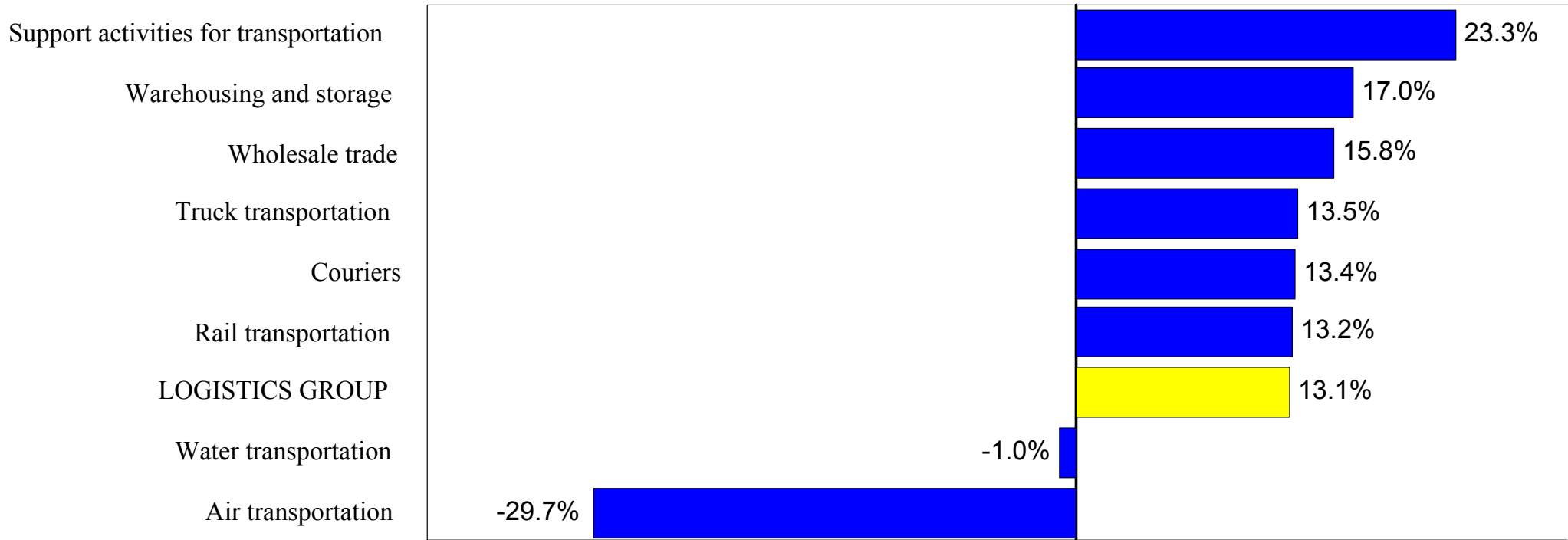
**Exhibit 12.-Mean Average Pay Per Worker By Logistics Sector
Southern California (7-Counties), 2005**



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

Logistics Sub-Sector Payroll Growth

**Exhibit 14.-Percent Gain in Payroll by Logistics Sector
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

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	13.70%	\$36.72

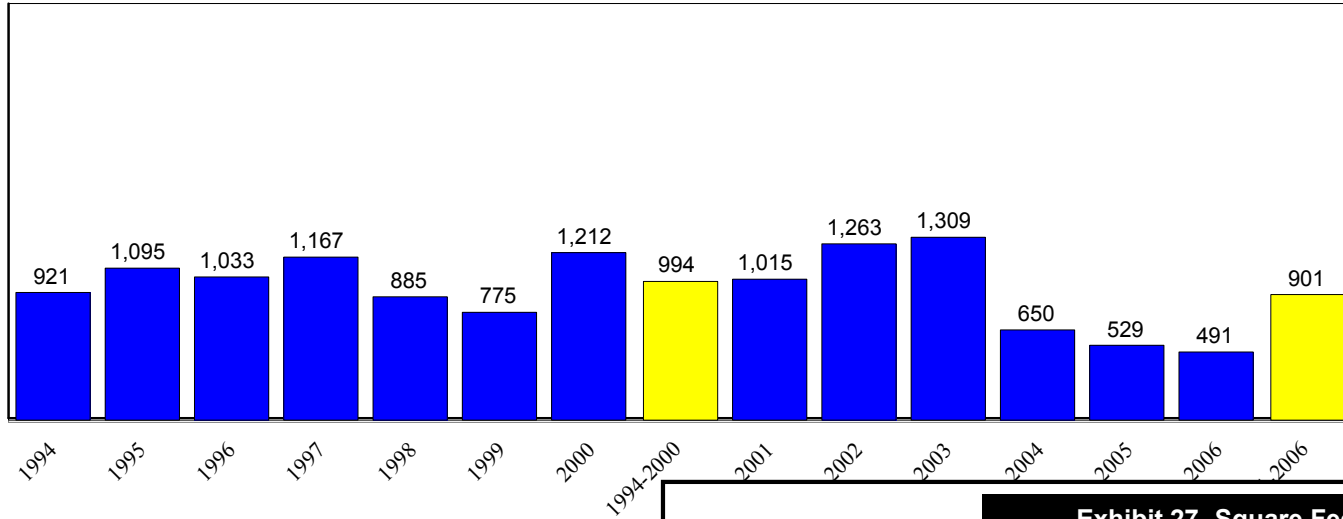
Entry Level

Median Pay by Function Wholesale Trade

Fixed Site Operations	30.30%	\$15.60	\$32,446
Trucking or Field Operations	9.10%	\$14.87	\$30,938
Administration & Admin Support	16.90%	\$19.19	\$39,910
Sales & Customer Support	27.60%	\$23.17	\$48,196
Craft & Repair	6.40%	\$19.60	\$40,762
Finance & Information	9.60%	\$22.74	\$47,307

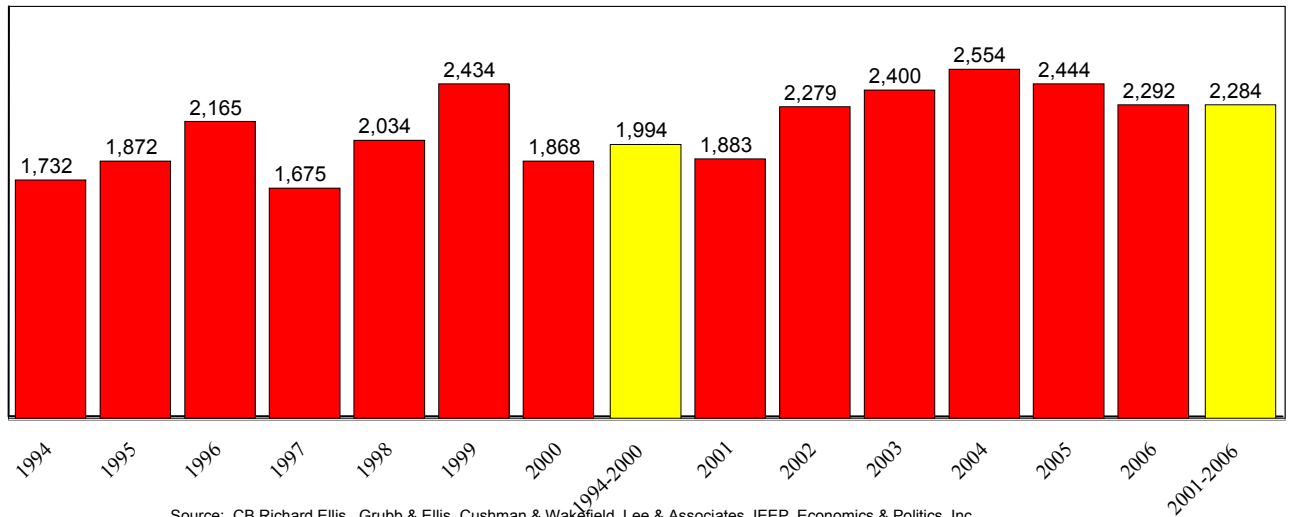
Square Feet Per Job Needed

**Exhibit 26.-Square Feet Per Job
Manufacturing Sector, Inland Empire, 1994-2006**



Source: CB Richard Ellis, Grubb & Ellis, Cushman & Wakefield, I

**Exhibit 27.-Square Feet Per Job
Logistics Sector, Inland Empire, 1994-2006**



Source: CB Richard Ellis, Grubb & Ellis, Cushman & Wakefield, Lee & Associates, IEEP, Economics & Politics, Inc.

What Drives Demand?

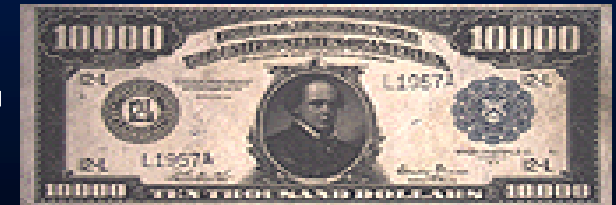
1. **Population Growth 2000-2030: 7.3 million**
2. **So. Calif. Retail Per Capita after inflation (1994-2004): +24.5%**
3. **E-Commerce (2000-2006): 27.9% per year**
4. **Inventory:Sales Ratio (1990-2005): 20.3% drop per \$1 of Sales**
5. **Port Container Volume (2000-2005): +8.5% per year**
6. **Port 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

Secondary Tier



Primary Tier



Southern California Economic Impact, 2003

Logistics Alone: \$90 billion or 6.6% of Economic Activity

687,837 or 6.1% of Jobs

\$11 billion or 17.8% of Local Taxes & Fees

With Indirect/Induced: \$170 Billion or 12.4% of Economic Activity

1,441,016 or 12.7% of Jobs

\$15 billion or 23.5% of local Taxes & Fees

Multipliers

Overall

1.97

2.19

Sectors

Economic Activity (*Energy*):
Employment

Wholesale Trade	Activity	1.95
	Jobs	2.29
Air Transportation	Activity	2.05
	Jobs	2.98
Rail Transportation	Activity	1.82
	Jobs	2.82
Water Transportation	Activity	1.85
	Jobs	5.67
Truck Transportation	Activity	2.11
	Jobs	2.00
Couriers	Activity	1.89
	Jobs	1.50
Warehousing & Storage	Activity	1.84
	Jobs	1.66

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

Next Steps (Economics)

- 1. Establish Forecast Scenarios**
- 2. Determine Economic & Job Impact of Logistics Changes**
- 3. Determine Economic & Job Impact of Capital Projects**
- 4. Determine Cost of Environmental Mitigation**
- 5. Determine Economic & Job Impact of Mitigation**

Other Tasks in Progress

Task 6 – Identify and Evaluate Strategies for Improving Goods Movement

- Working with project partners to identify potential projects and environmental mitigation
- Focus on identifying regional solutions

Task 7 – Identify Strategies for Mitigating the Effect of Goods Movement on Local Communities and the Environment

- Goal: Maximizes both the economic opportunities associated with goods movement, as well as opportunities to reduce the associated environmental and community impacts

End Product

- > **What** – Reach consensus on projects, strategies and options for implementation

- > **When** – Fall 2006: Develop projects, strategies and options for evaluation

Winter 2007: Complete Multi-County Goods Movement Action Plan

- > **How** – Develop and maintain partnerships, seek innovative financing scenarios, complement State GM Plan

Questions & Answers

More Information:
www.metro.net/mcgmap