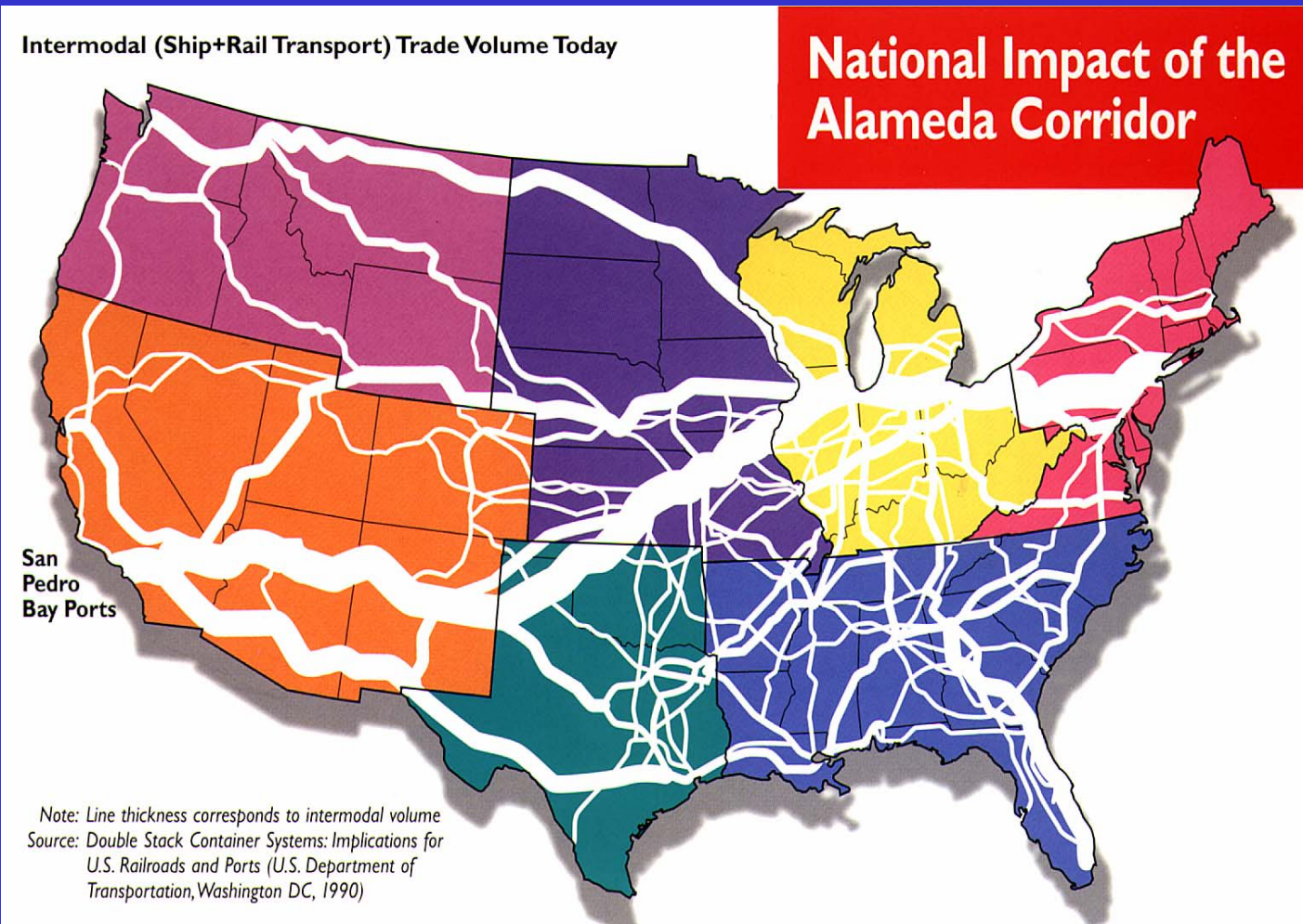
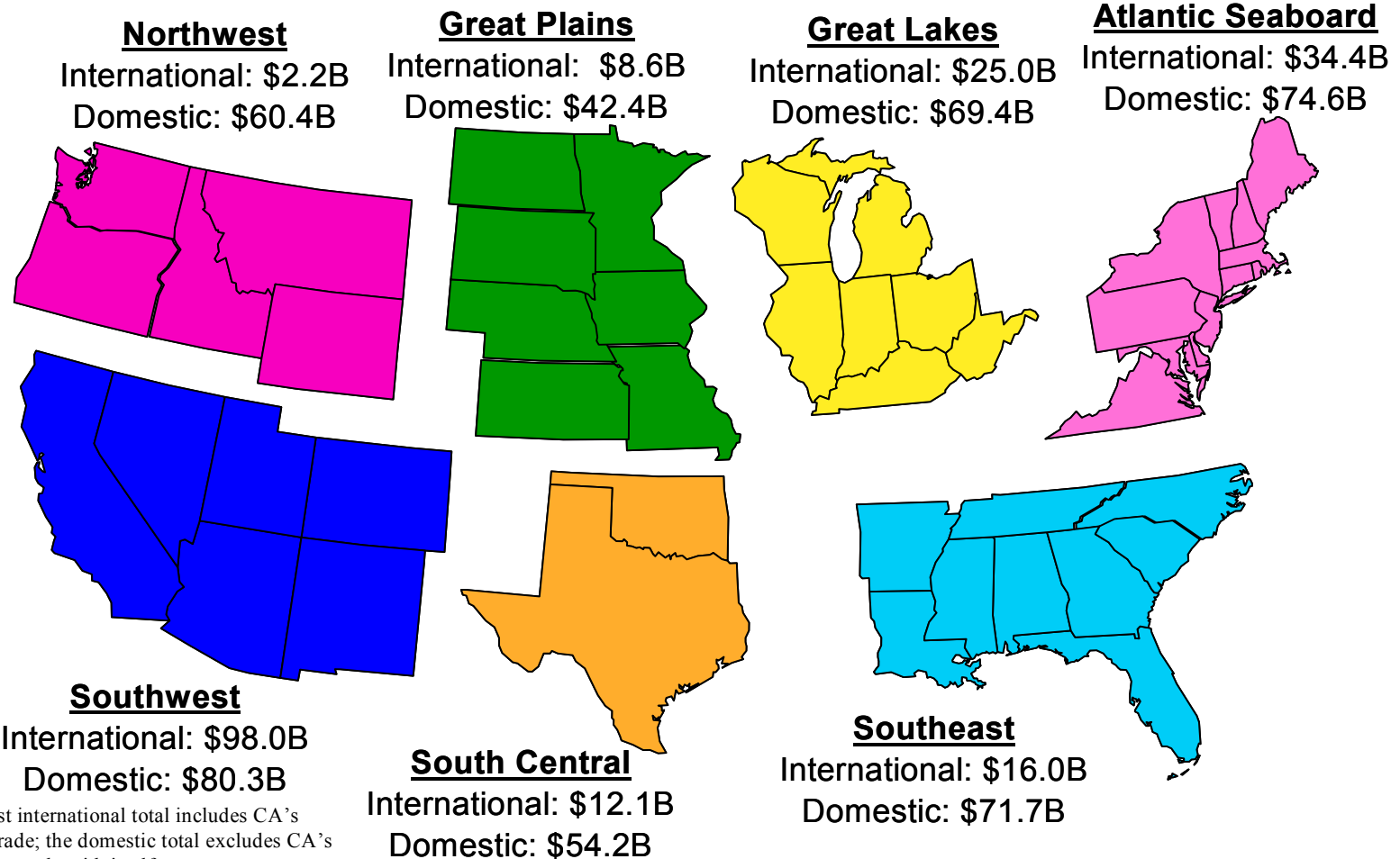


Intermodal Goods Movement



Year 2000 Two-Way Surface Trade Between California and Regions of the United States

(International via Alameda Corridor East & Domestic via all Trade Corridors)



*Southwest international total includes CA's overseas trade; the domestic total excludes CA's \$1.3 trillion trade with itself.

California as an Origin and Destination for Surface Freight Flows
(in billions of year 2000 dollars)

State	Freight Sent to Customers			Freight Arriving from Suppliers			Total Freight Trade		
	In CA	Overseas*	Total	In CA	Overseas*	Total	California	Overseas*	% Int'l
Alabama	\$1.5	\$0.3	\$1.8	\$2.7	\$0.6	\$3.3	\$5.1	\$0.9	17.0%
Alaska	0.0	0.0	0.0	0.8	0.0	0.8	0.8	0.0	1.1
Arizona	3.6	0.3	3.8	19.3	3.0	22.3	26.2	3.3	12.5
Arkansas	1.6	0.3	1.9	3.7	0.4	4.1	6.0	0.7	11.8
Colorado	1.5	0.7	2.2	9.0	0.6	9.6	11.8	1.2	10.4
Connecticut	0.5	0.2	0.7	2.2	0.6	2.9	3.6	0.8	22.6
Delaware	0.1	0.1	0.2	0.8	0.0	0.8	1.0	0.1	13.1
Florida	0.8	0.2	0.9	17.5	1.9	19.4	20.3	2.1	10.1
Georgia	1.1	0.8	1.9	9.1	2.8	11.9	13.8	3.5	25.7
Hawaii	0.2	0.0	0.2	4.0	0.0	4.1	4.2	0.0	0.7
Idaho	1.2	0.0	1.2	2.2	0.0	2.2	3.5	0.0	0.7
Illinois	3.1	1.8	4.9	4.3	9.9	14.3	19.2	11.7	61.3
Indiana	1.5	0.7	2.2	3.0	1.9	4.9	7.1	2.6	36.6
Iowa	5.0	0.3	5.3	1.7	0.1	1.7	7.0	0.4	5.2
Kansas	3.3	0.6	3.9	3.6	0.4	4.0	7.9	1.0	12.5
Kentucky	0.8	0.4	1.2	5.2	1.4	6.5	7.8	1.8	23.0
Louisiana	2.8	0.2	3.0	2.6	0.5	3.1	6.1	0.7	11.2
Maine	0.2	0.0	0.2	0.6	0.1	0.7	0.9	0.1	10.0
Maryland	0.2	0.2	0.3	4.4	0.3	4.8	5.1	0.5	9.6
Massachusetts	0.3	0.3	0.5	6.7	2.5	9.2	9.7	2.8	28.9
Michigan	0.5	1.7	2.2	8.0	1.9	9.9	12.1	3.6	29.8
Minnesota	1.9	0.6	2.5	3.7	2.5	6.3	8.7	3.1	35.4
Mississippi	0.7	0.1	0.9	1.6	0.3	1.9	2.8	0.5	16.1
Missouri	2.2	0.4	2.6	5.2	2.7	7.9	10.5	3.1	29.7
Montana	1.2	0.0	1.2	1.2	0.0	1.2	2.3	0.0	0.3

* Int'l freight traversing Southern California trade corridors and gateways. (A small amount of freight embedded in the CA column is actually int'l freight using other CA gateways.)

Note: The import percentages are slightly overestimated because of differences in the treatment of import data in the two freight flow databases used to assemble this data. Some numbers appear not to add because of rounding.

California as an Origin and Destination for Surface Freight Flows
(in billions of year 2000 dollars)

State	Freight Sent to Customers			Freight Arriving from Suppliers			Total Freight Trade		
	In CA	Overseas*	Total	In CA	Overseas*	Total	California	Overseas*	% Int'l
Nebraska	\$5.0	\$0.5	\$5.5	\$1.2	\$0.2	\$1.4	6.9	\$0.7	10.1%
Nevada	3.8	0.1	3.9	18.2	0.1	18.3	22.1	0.1	0.6%
New Hampshire	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.1	77.9%
New Jersey	0.8	0.8	1.6	3.2	10.0	13.2	14.8	10.7	72.7%
New Mexico	0.7	0.0	0.7	2.8	0.0	2.8	3.5	0.0	0.9%
New York	0.5	1.2	1.7	1.6	14.7	16.3	18.0	16.0	88.5%
North Carolina	1.1	0.4	1.5	4.6	1.2	5.8	7.3	1.6	21.8%
North Dakota	0.0	0.0	0.0	0.2	0.0	0.2	0.2	0.0	2.0%
Ohio	2.6	1.2	3.8	8.3	2.3	10.6	14.4	3.5	24.2%
Oklahoma	0.9	0.2	1.1	4.5	0.1	4.6	5.6	0.3	5.3%
Oregon	10.9	0.1	10.9	14.1	0.4	14.5	25.4	0.4	1.7%
Pennsylvania	1.5	0.7	2.1	9.5	1.4	10.8	13.0	2.0	15.6%
Rhode Island	0.0	0.0	0.1	0.3	0.2	0.6	0.6	0.3	44.4%
South Carolina	0.4	0.2	0.6	1.8	1.2	3.0	3.6	1.4	38.3%
South Dakota	0.2	0.0	0.2	0.5	0.4	0.9	1.1	0.4	34.8%
Tennessee	1.0	0.8	1.8	1.0	3.8	4.9	6.7	4.7	70.1%
Texas	11.7	2.6	14.3	25.0	9.2	34.3	48.5	11.8	24.4%
Utah	10.2	0.3	10.5	5.9	0.2	6.1	16.7	0.5	2.9%
Vermont	0.1	0.0	0.1	0.6	0.0	0.6	0.7	0.0	2.2%
Virginia	0.2	0.4	0.6	5.5	0.5	6.0	6.5	0.8	13.0%
Washington	9.9	0.1	10.0	16.5	1.6	18.1	28.1	1.7	6.2%
West Virginia	0.4	0.2	0.6	0.3	0.2	0.5	1.1	0.3	31.9%
Wisconsin	2.1	0.6	2.7	4.2	0.8	5.1	7.8	1.5	19.0%
Wyoming	0.8	0.0	0.8	0.2	0.0	0.3	1.1	0.0	0.5%

* Int'l freight traversing Southern California trade corridors and gateways. (A small amount of freight embedded in the CA column is actually int'l freight using other CA gateways.)

Note: The import percentages are slightly overestimated because of differences in the treatment of import data in the two freight flow databases used to assemble this data. Some numbers appear not to add because of rounding.

CALIFORNIA'S GLOBAL GATEWAYS DEVELOPMENT PROGRAM

A Public/Private Partnership Blueprint

The Global Gateways Development Program (GGDP), prepared by Caltrans in cooperation with other state agencies and relevant parties under the auspices of Senate Concurrent Resolution 96 (Chapter 158, 2000 Statutes), is an innovative 21st-century strategic, collaborative transportation plan to improve significantly the capacity and efficiency of California's global goods-movement system. Its focus is upon those global gateways – international airports, seaports, trade corridors (rail lines and highways), border crossings and major intermodal transfer facilities and goods-movement distribution centers – with the highest freight volumes and greatest transportation problems. A key objective is identifying goods-movement projects with the greatest transportation, economic, community and environmental benefits as targets for state, federal and other funding, as well as developing sustained and strategic public/private partnerships.

Program Benefits

The GGDP's potential benefits are substantial. Goods movement is critical to the California economy, where more than 1 in 7 jobs are tied to trade and the value of international trade exceeds \$350 billion annually. By reducing congestion and delays, the GGDP promises California businesses, carriers and shippers improved and more reliable access to international and domestic markets. The bottom-line result is lower transportation and inventory costs and enhanced productivity, profits, growth and competitiveness. The GGDP will also benefit California consumers, community livability and the environment with lower product costs and reduced congestion, air pollution, noise and energy consumption.

The program's benefits also extend nationwide. California's global gateways – such as the ports of Los Angeles, Long Beach and Oakland, international airports at Los Angeles, San Francisco and Oakland, and trade corridor highways and land ports of entry – represent the largest trade transportation complex in the United States. The rest of the nation heavily relies upon this

system, particularly for access to the Pacific Rim. For example, 60 percent of the imported goods shipped by rail into the Chicago area pass through the ports of Los Angeles and Long Beach. Millions of jobs nationwide depend on California's transportation network. If this system becomes too congested, businesses and consumers throughout the country will suffer as a result.

Goods-Movement Challenge

The California goods-movement challenge is both substantial and immediate. Already, congestion and delays are mounting. The development of the state's gateway facilities and freight transportation infrastructure has not kept pace with economic and trade growth. The transportation deficiency, if not remedied, threatens to grow much worse because of the shift to just-in-time production and inventory, the growth in research, manufacturing and retailing industries and the expanded role of e-commerce. Port container traffic and air cargo volumes are expected to triple by 2020, while overall goods-movement volume is projected to jump 56 percent from 1996 to 2016. Remedial action is needed now.

The GGDP plan reflects a growing consensus among the state's goods-movement community. Key constituencies consulted include shippers and receivers, carriers (truck, rail, air and maritime), seaports, airports, and implementing agencies such as joint powers authorities, prominent experts from California universities, Metropolitan Planning Organizations and Regional Transportation Planning Agencies. By bringing together the public and private sectors in a coordinated, leveraged, investment approach reflecting shared goals and understandings, the GGDP can serve as a focal point for statewide coalition building. California alliances, comparable to the Washington State Freight Mobility Strategic Investment Board, the Florida Freight Stakeholders Task Force and the multi-state I-95 Corridor Coalition are needed if the state is to compete effectively for TEA-21 reauthorization funds. Now is the time to build the regional, state and national coalitions necessary to ensure successful implementation of California's goods-movement improvement initiatives.

Priority Gateways and Improvement Needs

Among California's top priority global gateways are six ports (Long Beach, Los Angeles, Oakland, Hueneme, Sacramento and Stockton); five international airports (Los Angeles, San Francisco, Oakland, Ontario, San Diego and Stockton); and three border crossings (Otay Mesa, Tecate and Calexico). Truck routes on seven interstate freeways are identified (I-5, I-15, I-40, I-80, I-405, I-805, I-880), as well as substantial portions of seven others (I-8, I-10, I-105, I-205, I-380, I-580, I-710). Three U.S./State Routes (SR-60, SR-152, SR-905), sections of twelve more (SR-7, SR-50, SR-58, SR-78, SR-86, SR-94, SR-99, SR-101, SR-111, SR-120, SR-125, SR-238). The main lines of the Burlington Northern Santa Fe Railway and the Union Pacific Railroad are also identified as priorities.

For the state's seaports, the major problem is not ships, but truck delays. Congestion, wait and turnaround, limited warehouse pickup and delivery times, hours of operation restrictions and inadequate parking cause severe and growing problems for the trucking industry. Valuable time is lost and idling trucks generate pollution.

For the international airports, too, truck access is a critical problem, especially at Los Angeles, Oakland and Ontario airports. San Diego also has operating constraints and runway and land-use limitations. Expansion of California's largest airports is hindered by urbanization, ground-access limitations, air-quality restrictions and determined local opposition.

Both major railroads face capacity, environmental and community-related problems. Capacity constraints are most acute in single-tracked passes and near the Ports of Long Beach and Los Angeles where space for intermodal transfers and equipment storage is scarce. Railroad grade crossings pose challenges such as congestion, emergency access, safety and noise and air pollution.

At the Mexican border, goods-movement traffic dramatically has increased since passage of the North America Free Trade Agreement. Mexico is the United States' second largest trading partner and 98 percent of California's trade with Mexico is transported by truck. In 2000, over two million trucks crossed the border. By 2020, cross-border truck and auto trips are projected to double, threatening increased delays.

On California's highways, congestion is becoming a major challenge for commuters and truck drivers alike. The I-710 corridor between the Ports of Long Beach and Los Angeles and the intermodal yards near downtown Los Angeles is the number one gateway corridor needing immediate attention. Another priority is the Port of Oakland/Bay Area I-580 gateway to the Central Valley that has experienced significant traffic growth.

Funding Strategies

Funding to improve California's gateways and goods-movement system will need to come from innovative revenue stream-based financing, public-private partnerships and modifications of existing state and federal programs. The State of California currently provides grant funding through the State Transportation Improvement Program (STIP), the Traffic Congestion Relief Program and the California Aid to Airports Program. The state also has a number of innovative financing programs including State Highway Account (SHA) Short-Term Loans, Grant Anticipation Revenue Vehicles, the Transportation Finance Bank (TFB) and the California Infrastructure and Economic Development Bank. However, these programs need to be modified to be fruitful GGDP funding sources. For example, the STIP is divided between the

Department of Transportation (25%) and the Regional Transportation Planning Agencies (RTPAs) (75%), which leaves insufficient funding for statewide transportation needs, particularly goods-movement projects. There has been little interest in SHA loans because the interest rate is noncompetitive. The TFB has a limited capitalization (only \$3 million from the Federal Highway Administration).

The federal government potentially can provide financing through programs such as the Transportation Infrastructure Finance and Innovation Act. However, federal programs often feature restrictive eligibility requirements and rules. For example, funds from the Airport and Airway Trust Fund (collected from commercial jet fuel taxes) cannot be used for projects outside of the airport property, such as airport access improvements for cargo transport. Passenger facility charges are similarly restricted. Matching fund requirements are another hurdle. California forgoes Federal Aviation Administration Airport Improvement Program funds for commercial service airports because matching dollars are unavailable.

Recommendations

The Global Gateway Development Program recommends the following implementation plan.

First, the state should take an aggressive role in planning, funding, developing, operating and maintaining the goods-movement transportation system.

A Goods Movement Investment Program should be created as a separate funding category in an expanded Interregional Transportation Improvement Program. The state's transportation funding structure should be modified so that the state has more control over spending allocation and its share relative to the RTPAs should be increased. The state should establish a committee of stakeholders to develop strategies to ensure full consideration of goods-movement projects in the federal, state and regional transportation planning and programming.

Second, the state should allow greater flexibility in the use of state funds.

Article XIX of the State Constitution should be amended to make Intermodal yards that produce a significant reduction in truck traffic on state highways eligible for funding from the proceeds of the state motor vehicle fuel use tax. A portion of the sales tax on jet fuel should be redirected to air cargo access projects. The Transportation Finance Bank should be funded by more than just the State Highway Account funds, which currently limits the scope of financial assistance to state highway and transit projects. Goods-movement projects, on

or off the state highway system, should be eligible to receive loans for projects that provide public benefit.

Third, the state should take the lead in securing federal cooperation in meeting California's goods-movement needs.

To compete effectively for goods movement funding, the state should work closely with the National Freight Partnership and the FHWA's Office of Freight Management and Operations. During the TEA-21 reauthorization process in 2003, the state should pursue a *separate, distinct funding program for goods-movement projects* that explicitly recognizes California as a major Global Gateway and national economic engine. The state should also place a stronger emphasis on goods movement and insist on greater flexibility when seeking funds from traditional federal transportation programs. The state should lobby the federal government into allowing the use of federal jet fuel taxes and airport passenger fee charges for air ground-access projects beyond airport boundaries. Finally, the state should encourage all project sponsors in California to take advantage of zero-to-low interest federal loans.

Last, the state should work to develop statewide and multi-state coalitions of goods movement advocates to develop greater federal support for the goods movement efforts of California and its neighbors.

California alliances comparable to the Washington State Freight Mobility Strategic Investment Board, the Florida Freight Stakeholders Task Force and the multi-state I-95 Corridor Coalition are needed if the state is to compete effectively for TEA-21 reauthorization funds in 2003. Now is the time to build the regional, state and national coalitions necessary to ensure successful implementation of California's goods-movement improvement initiatives. To this end, the West Coast Corridor Coalition is developing a West Coast Corridor system.

The West Coast Corridor

The West Coast Corridor (WCC) is the geographic area that north-south trade and travel move through along the West Coast of North America – between points in Alaska; through British Columbia, Canada; through the states of California, Oregon and Washington; and Baja California, Mexico. Freight and passenger travel between major commercial hubs and population centers is generated and facilitated by all modes. In addition to heavy U.S. demands on WCC transportation infrastructure, WCC systems also serve NAFTA trade and Pacific Rim trade connections to the United States.

The West Coast Corridor Coalition

Spanning the states and provinces listed above, the West Coast Corridor Coalition (WCCC) will convene Department of Transportation (DOT) leaders, Metropolitan Planning Organization and regional planning agencies, marine ports, railroads, transit agencies, land-use policy makers and industry representation – especially from import, shipping and carrier firms. Leadership in the WCCC is envisioned as coming from DOTs.

Field work, as reported in the *West Coast Corridor Phase I Report*, has suggested that initial business of the WCCC should include: development of a high-priority project list, development of investment strategies and development of a West Coast strategy for funding in “T-4,” the multi-year federal transportation funding bill that will be authorized in 2009/10.

Corridor Optimization Strategies

With growing populations, diminishing resources for major infrastructure, increasingly global trade logistics and new requirements for heightened security, supplying the transportation system that will meet future demand will require improvements based largely on operational actions such as: new management models, pricing structures, scheduling, organizational restructuring, use of intermodal options, improved facility location, improved labor productivity, and fleet and traffic management.

WCCC Objectives

System optimization and increased security on the West Coast Corridor will not be attained unless these objectives are integrated with key, complementary initiatives. These initiatives are objectives of the WCCC and include:

- ◆ Coordination of corridor-wide, strategic infrastructure investment.
- ◆ Forging of a commitment to a planning process that addresses corridor system optimization “in the context of metropolitan land use, local development issues and strategic plans for regional transportation systems.”
- ◆ Development of new financing mechanisms.
- ◆ Supporting optimization strategies with information technology.

10/1/04