Goods Movement &
Southern California’s Infrastructure

John E. Husing, Ph.D.
Economics & Politics, Inc.
Ports On West Coast Near Asia

Los Angeles

Long Beach
CA Deep Water Ports Can Serve Ships Needing 50 feet of Water

8,000-Container Post-Panamax Ships
Port Import Volumes

Exhibit 20.-Change In Imported Containers
Ports of Los Angeles-Long Beach, 1998-2010 (000 of teus)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (000 of teus)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>551</td>
</tr>
<tr>
<td>2003</td>
<td>454</td>
</tr>
<tr>
<td>2004</td>
<td>654</td>
</tr>
<tr>
<td>2005</td>
<td>160</td>
</tr>
<tr>
<td>2006</td>
<td>349</td>
</tr>
<tr>
<td>2007</td>
<td>670</td>
</tr>
<tr>
<td>2008</td>
<td>788</td>
</tr>
<tr>
<td>2009</td>
<td>443</td>
</tr>
<tr>
<td>2010</td>
<td>934</td>
</tr>
</tbody>
</table>

Top Five: 37.2%
- Furniture: 10.5%
- Apparel: 9.6%
- Auto Parts: 7.0%
- Consumer Electric: 6.1%
- Footware: 3.9%

Source: Port Import Export Reporting Service (PIERS), collected from Vessel, LA-LB for 2010
Fourth Highest Import Volume

Exhibit 20.-Flow of Imported Containers
Los Angeles-Long Beach Ports, 1998-2010 (million teus)

2011 Forecast 7% to 9%
500,000 to 650,000 more teus

Jan-2011
L.A.  +14.3%
L.B.  +11.3%

Source: Port Import Export Reporting Service (PIERS), collected from Vessel, LA-LB for 2010
Pattern of Likely Recovery
After Losing 8.36 Million Jobs …
U.S. Job Creation Is Crawling Back

Why Any Growth?
Started With Empty Shelves!
Logistics
Inventories Stay Low After Build-Up

People Are Spending Again
Manufacturing Orders Rising

U.S. Purchasing Manager's Index, 1989-2011

Source: Institute of Supply Management
Consumers Confidence Gaining With Election Over!

Exhibit 9: U.S. Consumer Confidence
Future Outlook, July 2007-Present

Source: Conference Board

100.0 = Normal
Dollar Down: U.S. Goods Cheaper
Export Container Volume

Export Container Volume, 2000-2010
Ports of Los Angeles & Long Beach (mil. teus)

L.A. Harbor: 2009

<table>
<thead>
<tr>
<th>Material</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper</td>
<td>16.8%</td>
</tr>
<tr>
<td>Scrap Metal</td>
<td>10.0%</td>
</tr>
<tr>
<td>Resins</td>
<td>5.6%</td>
</tr>
<tr>
<td>Grains</td>
<td>5.3%</td>
</tr>
<tr>
<td>Cotton</td>
<td>5.3%</td>
</tr>
<tr>
<td><strong>Top Five</strong></td>
<td><strong>42.8%</strong></td>
</tr>
</tbody>
</table>

Source: Port Import Export Reporting Service (PIERS), collected from Vessel, LA-LB for 2010
Second Highest Two-Way Loaded Containers

Total Two Way Loaded Containers
Los Angeles-Long Beach Ports, 1998-2010 (million teus)

Source: Port Import Export Reporting Service (PIERS), collected from Vessel, LA-LB for 2010
Great Infrastructure, So Far

Issue: Constant Law Suits Have Prevented Upgrades
Issue: On-Dock & Near Dock Rail Expansion
Off-Port Infrastructure Congested

Issue: Lack of Agreement on Expansion Routes
Issue: Lack of Funding, Particularly Federal
Issue: Over-Weight Corridors
Trucks: Separated Truckway

2 Lanes in Each Direction

East/West 37.8 miles

I - 710 18.0 miles

I - 15 86.0 miles
Move Goods Inland by Short Haul Rail?

Alameda Corridor

Hobart
LATC
E. LA

Fullerton
Atwood

Riverside

Colton Crossing

High Desert

Rail Movement
<table>
<thead>
<tr>
<th>Region</th>
<th>2005</th>
<th>2006</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inland Empire</td>
<td>2.7%</td>
<td>11.9%</td>
<td>10.0%</td>
<td></td>
</tr>
<tr>
<td>Orange Co.</td>
<td>5.4%</td>
<td>7.0%</td>
<td>6.3%</td>
<td></td>
</tr>
<tr>
<td>L.A. Co.</td>
<td>2.1%</td>
<td>3.4%</td>
<td>3.2%</td>
<td></td>
</tr>
</tbody>
</table>

500,000 sq. ft. +

Facilities …

Inland Empire Vacancy = 0.0%
Logistics Joined Blue Collar Job Losses

Logistics Employment Change
Southern California, 1990-2010

Source: CA Employment Development Department

82,600 Jobs Lost To Recession!
Gold Mine Theory

Secondary Tier

1.09 \times -40,463 = -90,034

Logistic Affected So. CA Job Loss = -172,634 of –866,800 Total Recession Job Loss or 20%
California Job Change, Seasonally Adjusted

Seasonally Adjusted Job Changes
California, 2007-2010

December 2009-2010
+88,100 Jobs 0.6%

Source: CA Employment Development Department
Issue: Diversion & 4-Corners Strategy

Loss of Market Share?

Panama & Suez
Is Diversion Starting to Occur? No!

Share of U.S. Imported Containers
Ports of Los Angeles-Long Beach, 1997-2010

Source: Port Import Export Reporting Service (PIERS), collected from Vessel, LA-LB for 2010
TEU=20 foot equivalent container units

Source: Ports of Los Angeles & Long Beach, Forecast by Global Insights
Who Cares If We Lose Dirty Blue Collar Jobs?

Policy Conflict:
Environment vs. Blue Collar Jobs
Logistics Operations Bring Rising **Asthma** & **Cancer** Risk From Airborne Toxics

Source: SCAQMD, Multiple Air Toxics Exposure Study II, March 2000
Trucks & Traffic Congestion
Lack of Rail Grade Separations
Dividing Cities
But Also . . .
Why Are Blue Collar Jobs Important To So. California?

Exhibit 3: Adults With High School of Less Schooling Persons 25 & Over, 2009

- Imperial: 57.8%
- San Bernardino: 48.3%
- Riverside: 46.1%
- Los Angeles: 45.0%
- Southern California: 42.1%
- Ventura: 36.1%
- Orange: 35.3%
- San Diego: 33.8%
- Bay Area: 31.7%

Source: American Community Survey, 2009
Why Is Social Justice In Job Creation Important to So. California

Exhibit 4.-Hispanic & African American Diversity Southern California Counties, 2009

- Imperial: 80.5%
- Los Angeles: 56.3%
- San Bernardino: 50.6%
- Riverside: 50.6%
- Southern California: 49.4%
- Ventura: 40.1%
- San Diego: 36.2%
- Orange: 35.7%
- Bay Area: 29.1%

Source: American Community Survey, 2009
### Sectors With Few Training Barriers To Beginning Employment

<table>
<thead>
<tr>
<th>Sector</th>
<th>Median Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>($96,996)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>($47,933)</td>
</tr>
<tr>
<td>Logistics</td>
<td>($46,665)</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>($43,492) Median</td>
</tr>
<tr>
<td>Construction</td>
<td>($41,453)</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>($28,840)</td>
</tr>
<tr>
<td>Gaming</td>
<td>($28,385)</td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>($24,019)</td>
</tr>
</tbody>
</table>

Blue Collar With Part Time Workers & Owner – Operator Drivers

Unemployment, Under Employment & Poverty Are Also Health Issues
So. California Has Competitive Advantage For Trade & Logistics …

Questions

1. Can We Lose This Competitive Advantage?
2. Could Lack of Infrastructure Cause This To Happen?
3. Could Political Decision Making Cause This To Happen?
4. Given the Conflict Between Environmental Difficulties & Blue Collar Jobs, Should We Care If We Lose It?
5. Is There A Way To Get Environmental, Business & Labor Force Groups On The Same Side of The Table?
6. How Can We Fund Our Infrastructure & Clean-up Needs?