

2003 Press Releases

FOR IMMEDIATE RELEASE: June 27, 2003

Southern California Is Tip of the Iceberg Expect National Rail Network Capacity to Freeze Up Says LAEDC National Rail Study!

International trade is choking the nation's global gateways and system of trade corridors to the point of a breakdown, \$200 million needed to solve national problem," said Executive Director Chris Becker, OnTrac.

PLACENTIA, CA — "Southern California's gateways are the entry way for so much of what moves the U.S. economy, and what fuels our modern way of living, but less known are the impacts of these gateways, and the related rail corridors in sending products overseas," said Executive Director Chris Becker, Orange North-American Trade Rail Access Corridor Authority (OnTrac). "During the recent Congressional Railroad Subcommittee hearings I found out that this is also a nationwide problem -- so re-routing won't work either."

Becker testified this week before a congressional subcommittee on railroads this week. He reported that the OnTrac and the Los Angeles Economic Development Corporation (LAEDC) study results find that the nation's logistic system is near capacity and could break down in four years. During the hearings, the OnTrac project received the strong support of U.S. Congressmen Gary Miller and Ed Royce, both of California.

"Today, nearly 35 percent of all U.S. waterborne trade passes through gateways and corridors in the Southern California region," said Wally Baker, senior vice president, LAEDC, who testified before the California Transportation Commission in Santa Ana, CA. this week (Thursday, June 26, 2003). "In the case of the Los Angeles and Long Beach Port complex—the largest container ports in the nation—fully two-thirds of West Coast international cargo is funneled onto rail-lines and highways emanating from an area only a few miles wide."

"The OnTrac Board and staff has been working very closely with the California Department of Business, Transportation and Housing, the California Transportation Commission, Caltrans, and the Orange County Transportation Authority in a unified effort to get out the message about the impacts of California goods movement on every state in the Union. The combined impact of trade through the region's system is impressive: four states alone—Illinois, New Jersey, New York, and Texas—trade a total of more than \$50 billion worth of international goods through Southern California ports and rail trade corridor network," said OnTrac's Chris Becker. "These figures are based on a 'Trade Impact Study' OnTrac commissioned, which profiles every Congressional District in the country, as it relates to international and domestic trade."

OnTrac is a member of the RAIL Coalition and it strongly supports passage of Congressman Lipinski's "*National Rail Infrastructure Program*," HR. 1617. Becker is also asking Congress to increase funding flexibility to existing TEA-21 funding categories, providing access to freight related infrastructure, including rail grade-separations improvement; enhance funding for the Section 130 grade crossing program and clarify that funds can be used on maintenance activities.

Becker says the total OnTrac cost is estimated at approximately \$400 million, and in cooperation with the Orange County Transportation Authority, State of California, and City of Placentia we already generated \$45 million for the project. The OnTrac Joint Powers Agency is asking for one-half or \$200 million in the reauthorization of TEA21.

"To accomplish this and to fund similar mega projects, we urge the Committee to establish a new title or

section of the Federal-aid Highway Program to fund goods movement projects of national economic significance, explained Becker.”

“Although a majority of freight moves domestically, international trade amounts to almost 27% of the GDP of the U.S.,” explained Becker. “By the year 2020, even at moderate rates of economic growth, the total domestic tonnage of freight carried by our intermodal system including freight rail, will increase by over 60%, while at the same time international trade will nearly double. Nowhere is this dramatic trend more evident than on the West Coast, and particularly in Southern California.”

Becker’s observations come on the heels of recent national studies recently conducted by the U.S. Department of Transportation, American Association of State Highway and Transportation Officials (AASHTO), U.S. Chamber of Commerce Foundation and the National Academy of Sciences. All of them concluded that the nation’s logistics system, including freight rail, needs urgent congressional attention.

LAEDC’s Senior Vice President Wally Baker of Economic and Public Policy Consulting noted that OnTrac is a vital component of the Southern California trade transportation network. Each year more than \$200 billion in waterborne trade moves through the region. The study, he said found this floodtide of international trade moves between Americas overseas trade partners, particularly China and the other Pacific Rim countries, and every state in the lower 48 via the Alameda Corridor, which opened in April 2002, the Alameda Corridor East and the OnTrac corridor.

“The Alameda Corridor East includes two sections, following both the Union Pacific (UP) and Burlington Northern Santa Fe (BNSF) mainlines out of the Los Angeles basin through Los Angeles, Orange, Riverside and San Bernardino Counties,” said Baker. “Each rail line handles 45 percent of the eastbound international rail container traffic traveling through the Southern California region and is the backbone of domestic trade between Southern California and millions of local businesses all across the nation.”

The OnTrac and LAEDC study results released late last year revealed that BNSF and UP each handle equal amounts of eastbound rail container traffic from the San Pedro Bay ports to the rest of the United States. Together, they run 172 trains a day, carrying urban rail passengers and hundreds of billions of dollars in domestic and international cargo each year.

The research reveals that this eastbound corridor carries about four times the cargo of the Alameda Corridor, because the downtown Los Angeles intermodal rail yards add containers trucked from dockside and even more locally produced goods to create significantly more train than the recently completed Alameda Corridor Project. In all, the Alameda Corridor East carries about 19 percent of the United States waterborne international trade plus about 4 times that in domestic trade. The study results are posted at <http://www.ontrac-jpa.org/> or www.MayoCommunications.com.

“By 2010, freight train delays alone will increase from the current 31.9 minutes per day at the five mile, BNSF/Placentia bottleneck to more than three hours. Extended conditions will delay some trains from four to six hours,” Chris Becker said. “Construction of the OnTrac project will at least maintain delays at 26.1-minute average per daily train. After 2025 we expect to see a train every 8 minutes 24 hours a day and seven days a week on the corridors.”

OnTrac is asking Congress, among other improvements to create a project-funding category that will support launching what he termed as “mega-project,” which creates significant national economic benefits. He suggests establishing a new title or section of the Federal-aid Highway Program to fund goods movement projects of national economic significance. LAEDC is asking the California Transportation Commission to retain funding on the OnTrac project. The growth of Southern California will increase the demand for products and require a third track along the OnTrac Corridor.

“Currently, the Southern California Customs District generates more than seven billion a year in revenues, with not a single dollar earmarked by the Federal government for trade or goods related infrastructure

improvements,” said Wally Baker. “In order to sufficiently fund our country’s freight rail infrastructure needs, the federal government needs to create a new, significant and reliable stream of funds for rail projects, and California needs to do the same and retain current funding for OnTrac.”

For the full testimony and more information OnTrac Study results visit: www.ontrac-jpa.org/ or www.MayoCommunications.com

The LAEDC is a private, non-profit organization whose mission is to attract, retain and expand business and jobs in the region. It provides economic and industry forecasts as well as strategic consulting in trade, infrastructure, logistic and land use. The LAEDC Business Assistance Program works one-on-one with businesses throughout the county. Visit www.laedc.org .

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Contact:

George McQuade
818-340-5300 or 818.618.9229.