

## 2003 Press Releases

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### **Los Angeles County Economic Dev. Corp. and U.S. Chamber Set Business Strategy Session To Help Solve Transportation Budget Crisis**

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

Los Angeles, CA — "Business can't afford to sit back and hope that all goes well in the discussion on long-term transportation funding in Washington DC, while the nation's logistic system nears capacity and could break down in four years," said CEO & President Lee Harrington of the Los Angeles County Economic Development Corporation (LAEDC). "We must act now."

Harrington was among the panelists of national and regional business, transportation and government officials, who were taking part in a one day workshop called "*Transportation Reauthorization: Implications for Business in a Time of Crisis*," held at the Los Angeles Athletic Club. The FEDEX & DMJM+Harris sponsored business strategy session included such speakers as Dick Castner, executive director, U.S. Chamber of Commerce; Roger Snoble, CEO, MTA; Joel Szabat, Deputy Assistant Secretary, U.S. Dept. of Transportation; Pete Rickershauser, Burlington Northern Santa Fe Railway (BNSF)'s vice president, Network Development; and President and Chief Executive Officer Joe Miniace, Pacific Maritime Association.

"Southern California's gateways are the entry point for so much of what supports 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). "This is a nationwide problem -- so re-routing goods to other gateways won't work either.

This year Congress will reauthorize the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21), which sets broad federal priorities and spending levels for surface transportation for the next six years. A heated debate is guaranteed from both sides. Becker is asking Congress to increase funding flexibility for 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 to clarify that funds can be used on rail maintenance activities.

"Business, big and small, has a huge stake in how this debate plays out," said Chief Economist Jack Kyser, LAEDC. "Our road and rail systems are vital to our economic health and nearly every company's operations.

Two examples: International trade, one of the fastest growing parts of our economy, isn't just about getting goods into and out of the U.S. – it's about getting products from producers to ports and from ports to markets. And just-in-time production, which allows companies to cut costs by holding leaner inventories, depends on quick, reliable movement of key components."

"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 "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."

Baker noted that more than \$200 billion worth of international goods pass through Southern California ports and rail trade corridor network according to figures based on a "Trade Impact Study" commissioned by OnTrac, which profiles every Congressional District in the country, as it relates to international and domestic trade.

The OnTrac and LAEDC study results released late last year revealed that BNSF and Union Pacific 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, hundreds of billions of dollars in domestic and international cargo each year. In addition, METROLINK and Amtrak trains use these tracks.

"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," added OnTrac's Chris Becker.

Becker says the total OnTrac project cost is estimated at approximately \$400 million, and in cooperation with the Orange County Transportation Authority, State of California, and City of Placentia \$45 million has been generated 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 in the region, 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. Data from various studies he said found this floodtide of international trade moves between America overseas trade partners, particularly China and other Pacific Rim countries, and every state in the lower 48 via the Alameda Corridor, which opened in April 2002, as well as 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 it is also the backbone of domestic trade between Southern California and millions of businesses all across the nation."

The One day business prospective strategy session also included a “*Media Perspectives on TEA-21 Reauthorization*” – and “*What Business and Media can Do!*” panel of publishers, business commentators and state business writers and political reporters including Howard Fine, Los Angeles Business Journal and Dave Bryan, KCAL-TV CH. 9 and KCBS-TV Ch. 2.

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](http://www.laedc.org).

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