Agenda

- Freight Framework Study
  - Study goals
  - Stakeholder involvement
- Freight Profile
  - Commodity flows and forecasts
  - Shippers’ perspectives
  - Policy & regulatory
- Next steps
Freight Framework Study

Goal: Identify freight related economic development opportunities for the Sun Corridor

- Evaluate existing freight operations
- Commodity flow analysis
- National and regional freight profile
- Inland port market assessment
- Policy and regulatory issues
- Consult project stakeholders
- Identify funding opportunities and strategies
Regional Freight Profile

- Surveys - 4,500 invited
- Interviews - 55 to 75 (still in process)
- Database search - 550 firms

**Freight Profile Participants**

- Retail: 25%
- Commercial / Industrial Manufacturer: 17%
- Consumer Product Manufacturer: 17%
- Wholesaler / Distributor: 10%
- Logistics Service Provider / 3PL: 10%
- Carriers, Others: 10%

Source: Freight Transportation Framework Study
Shippers Perspective

- Poll of the Top 1000 “Blue Chip” Multinational Shipper Priorities

- 43% Schedule Reliability & Consistency
- 38% Competitive Freight Rate
- 12% Transit Time & Speed

Source: Coalition for America’s Gateways and Trade Corridors
US Imports through Arizona by State
Mexican Connection

Companies Relocating Sourcing

- Already relocated sourcing from Asia to North America: 9%
- Mexico most attractive: 21%
- US most attractive: 3%
- Other most attractive: 9%
- Undecided: 58%

Source: American Shipper, July 8, 2011; AlixPartners Survey
North American Gateways

Trucking

Legend

- Red: Canamex Corridor
- Green: Proposed Future Interstate
- Gray: Interstate Highway

7/19/2011 Freight Transportation Framework Study
Trucking – Driver Hours of Service

2011 truck drive time hours from LA Basin
Rail Networks
Arizona & Northern Mexico Rail Networks
Rail Networks – Intermodal terminals

- BNSF operates intermodal terminal – Glendale
  - Four weekly trains to and from Chicago

<table>
<thead>
<tr>
<th>Service</th>
<th>Phoenix Inbound</th>
<th>Phoenix Outbound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alliance</td>
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<tr>
<td>Chicago</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Kansas City</td>
<td>6</td>
<td>4</td>
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</tbody>
</table>

- UP operates intermodal terminal – Wilmot
  - Four weekly trains to and from Chicago
- UP Nogales subdivision operation
  - Four trains per day in each direction
# Port Gateway Options

## Inbound Port/Gateway

<table>
<thead>
<tr>
<th>Port/Region</th>
<th>1st choice</th>
<th>2nd choice</th>
<th>3rd choice</th>
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</thead>
<tbody>
<tr>
<td>Long Beach / Los Angeles, CA</td>
<td>89%</td>
<td>17%</td>
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<tr>
<td>Bay Area</td>
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<tr>
<td>Other West Coast Port(s)</td>
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<td>35%</td>
<td>33%</td>
</tr>
<tr>
<td>Other Gulf Coast Port(s)</td>
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<td>9%</td>
<td>16%</td>
</tr>
<tr>
<td>Mexican Port(s)</td>
<td>-</td>
<td>14%</td>
<td>16%</td>
</tr>
<tr>
<td>Houston, TX</td>
<td>-</td>
<td>8%</td>
<td>33%</td>
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## Outbound Port/Gateway

<table>
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</tr>
<tr>
<td>Bay Area</td>
<td>6%</td>
<td>17%</td>
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</tr>
<tr>
<td>Pacific Northwest</td>
<td>14%</td>
<td>50%</td>
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</table>

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[Port Gateway Options Table]
Air Cargo & Air Parcel
Punta Colonet

- About 1 in 10 were familiar with Port
  - 3% said it *could* replace LA/LB
  - 3% said they would not use the Port
  - 5% said they would use it as contingent or overflow Port

- Can’t assume Punta Colonet will be viable in near future

Source: Freight Transportation Framework Study
Summary of Preliminary Findings

- Supply Chain
- Legislative and Policy
- Infrastructure
- Initial Recommendations
Supply Chain

- Trucking is the most prevalent mode of transport
- Distribution and logistical processes are mainly in Southern California
- Cargo diverted from USWC ports will not increase activity in Arizona
- Rail is not economical between Arizona and Southern California
- Arizona does not have dual railroad competition

**Balanced flow of cargo does not exist**

Source: Freight Transportation Framework Study
Legislative/Policy

- Arizona legislation viewed as supportive to goods movement
  - Internet tax policy is attractive
  - Some trucking policies and rail bill could be detrimental
- California legislative activities are not predictable
- Mexican border violence has caused firms to “slow-down” investment

Source: Freight Transportation Framework Study
Infrastructure

- Significant interest was expressed about I-11
  - limited knowledge about the CANAMEX Corridor
- Strong support for the South Mountain Freeway
- Congestion on I-10 through urban areas
- Need significant improvements for freight at the border

Source: Freight Transportation Framework Study
Initial Recommendations

Look North-South, not East-West!

- Take better advantage of increasing Mexican trade opportunities
- Promote I-11 and CANAMEX Corridors
- Promote the Sun Corridor for economic development that supports the entire supply chain

Source: Freight Transportation Framework Study
Next Steps

- Continue Stakeholder Outreach
  - September Stakeholder Meeting
- Commodity Flows Economic Forecasts
- Inland Port Opportunities
- Freight Analysis
- Framework Recommendations
THANK YOU

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