

Transforming Nevada Into A Major West Coast Logistics Center



Speaker Barbara Buckley
ACR 30

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Meeting Date: January 25, 2010
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How Can We Get Integrated, Multi-Modal Freight and Logistics Business Units Here?

- The U.S. transportation system carried over 15 billion tons of freight valued at over \$9 trillion in 1998. By 2020, the U.S. transportation system is expected to handle cargo valued at nearly \$30 trillion.
- The nation's highway system, and our enormous truck fleet, moved 71 percent of the total tonnage and 80 percent of the total value of U.S. shipments in 1998 (local deliveries, regional and national market deliveries). Air freight moved less than 1 percent of total tonnage but carried 12 percent of the total value of shipments in 1998.
- U.S. domestic freight volumes will grow by more than 65 percent, increasing from 13.5 billion tons in 1998 to 22.5 billion tons in 2020. Domestic air cargo tonnage is projected to nearly triple over this period, while trucks are expected to move over 75 percent more tons in 2020, capturing an even larger percentage of the total tonnage.

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United States Container Ports

Los Angeles/Long Beach Harbors are 4th and 6th in freight tonnage entering the U.S. through ocean ports. Oakland Harbor is 31st. Nevada, by virtue of location is ideally located to act as a logistics hub for the Mountain West.

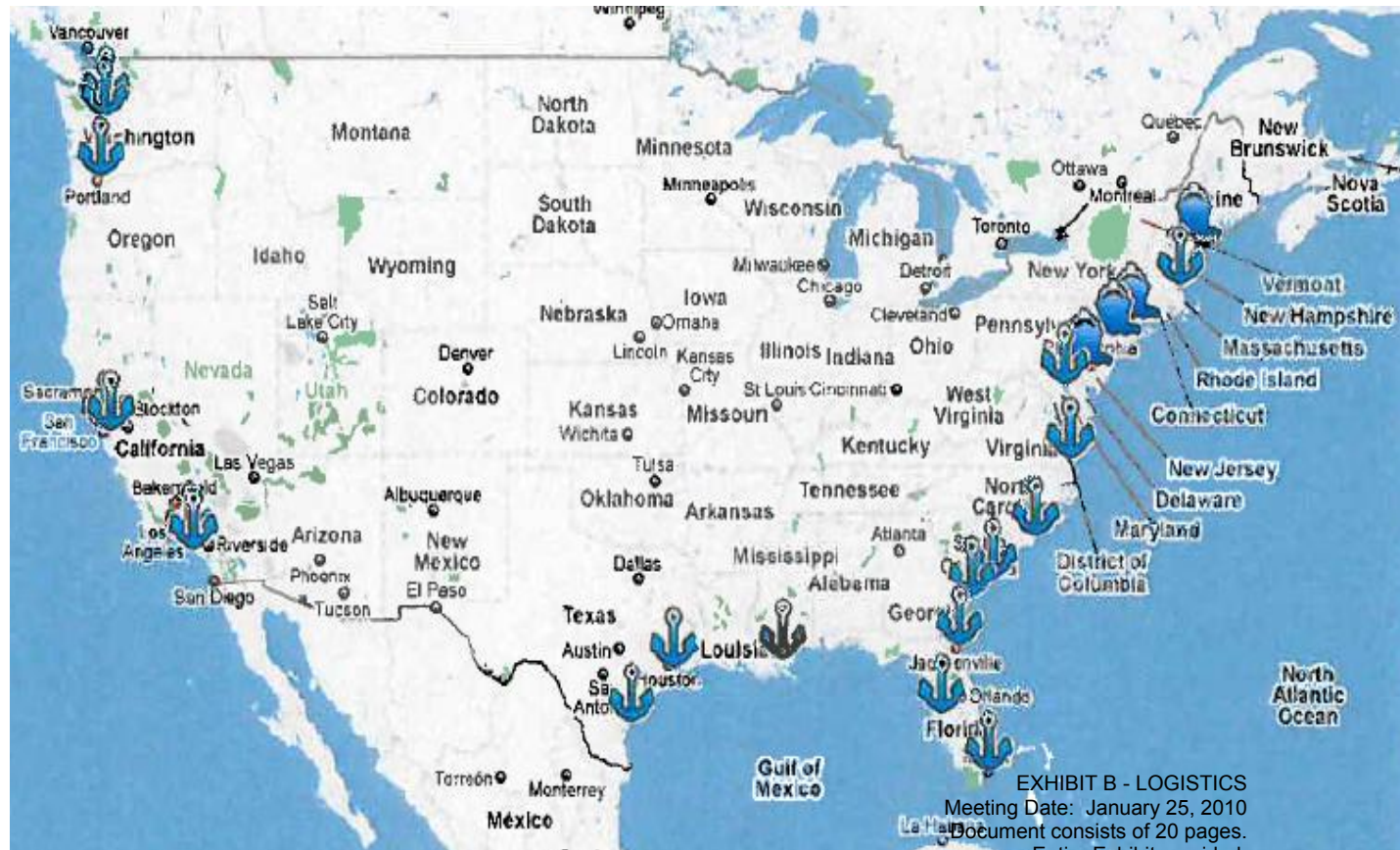


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The Freight Tonnage Through These Ports Is Projected To Increase.

Industry estimates are that container volumes will increase by 400% in LA/Long Beach Harbors and over 200% at Oakland by 2020.



Primary Railroad Freight Corridors

We don't lack rail service; rail lines connect Reno/Tahoe and Las Vegas with the Mountain West Region. However, rail freight is moving from California *through* Nevada, to points east.

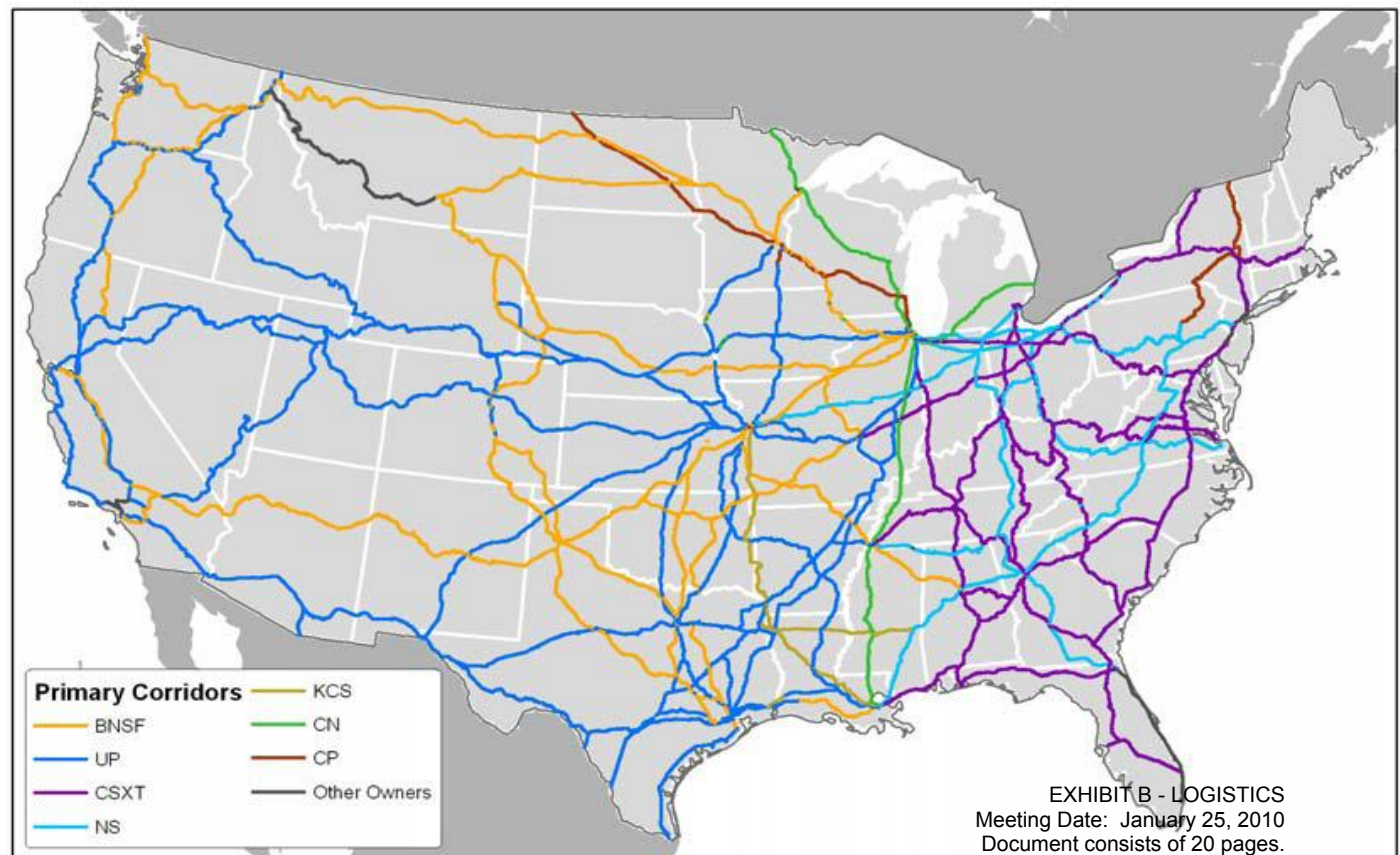
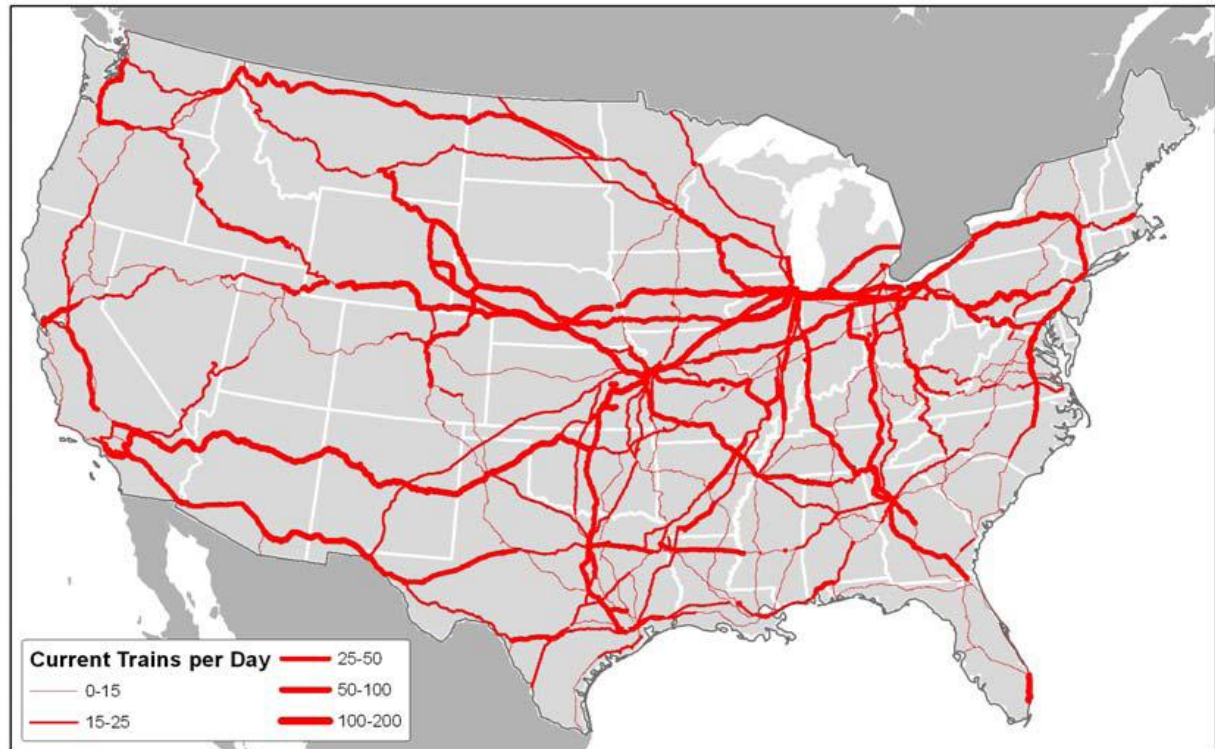


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Rail Freight Volumes, 2005

Now, most rail freight for the Western U.S. comes from LA through AZ to NM, from Seattle to ID, MT and ND, or from the east coast and mid-west to a Salt Lake City or Kansas City hub.

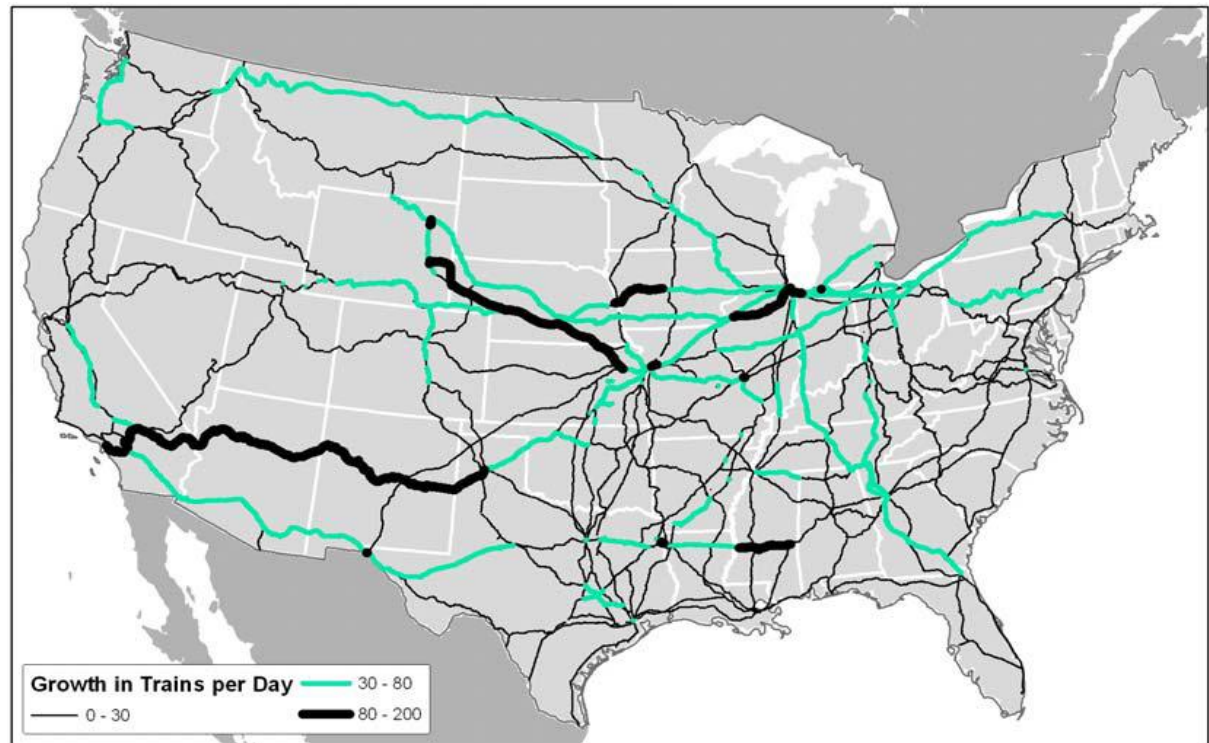


SOURCE: Cambridge Systems, Inc. "National Rail Freight Infrastructure Capacity and Investment Study", September 2007.

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Projected Growth In Freight Trains Per Day, 2005-2035

The largest areas of projected growth are through Phoenix for the Southwest and through Kansas City for the Northwest. Despite our pivotal geographic position, Nevada is nowhere in this picture.



SOURCE: Cambridge Systems, Inc. "National Rail Freight Infrastructure Capacity and Investment Study", September 2007.

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Air Freight Is A Vital Component Of A Logistics Center.

Air transport is a vital and growing segment of many international logistics networks, essential to managing and controlling the flow of goods, energy, information and other resources, from the source of production to the marketplace.

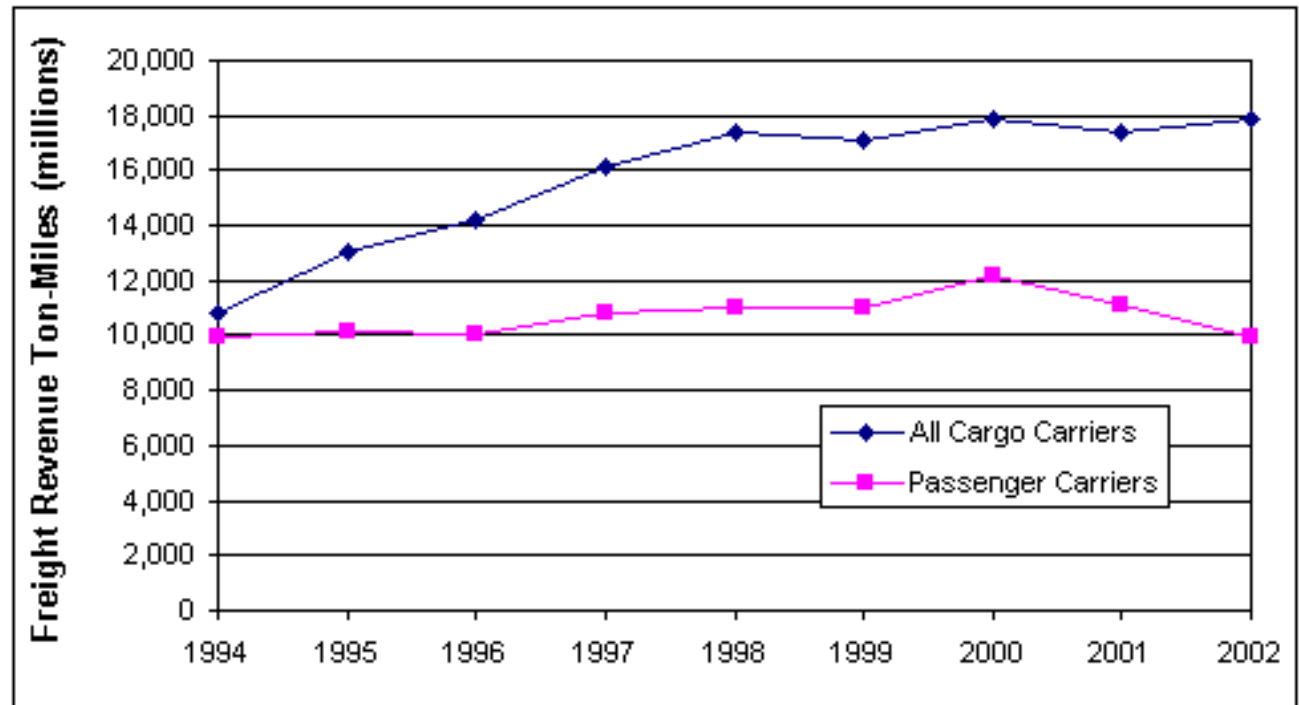


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No Nevada Airport Ranks In The Top 125 U.S. Freight Gateways.

Top U.S. Freight Gateways Handling International Merchandise, 2003 (\$ millions)

Rank by value	Gateway name	Mode	Total trade	Imports
7	Los Angeles International Airport, CA	Air	63,838	31,248
12	San Francisco International Airport, CA	Air	46,625	26,055
50	Seattle-Tacoma International Airport, WA	Air	7,255	3,137
113	Phoenix, AZ	Air	1,397	1,020
123	Portland International Airport, OR	Air	1,028	446

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SOURCES: Air—U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Division, special tabulation.
August 2004.

Current United States Interstate Highway System

Nevada does not lack for interstate highways to connect the west coast to America's heartland.

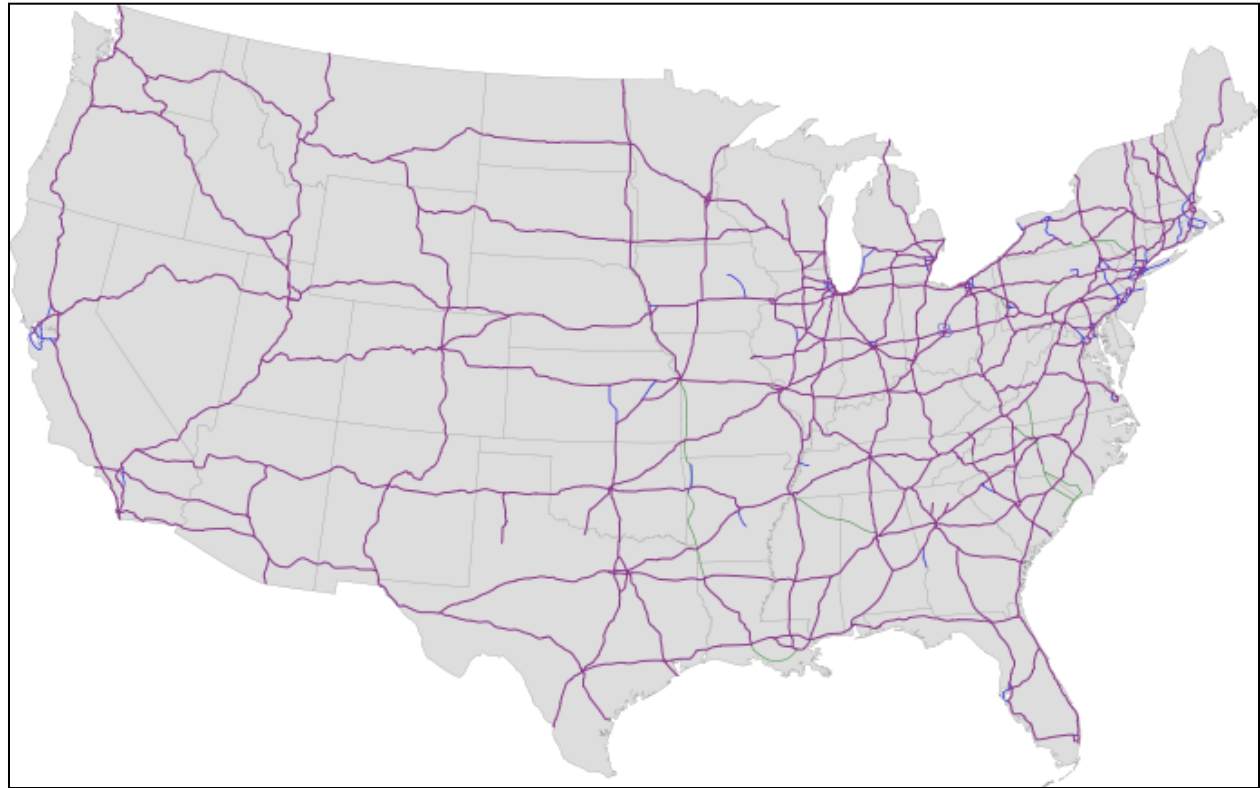
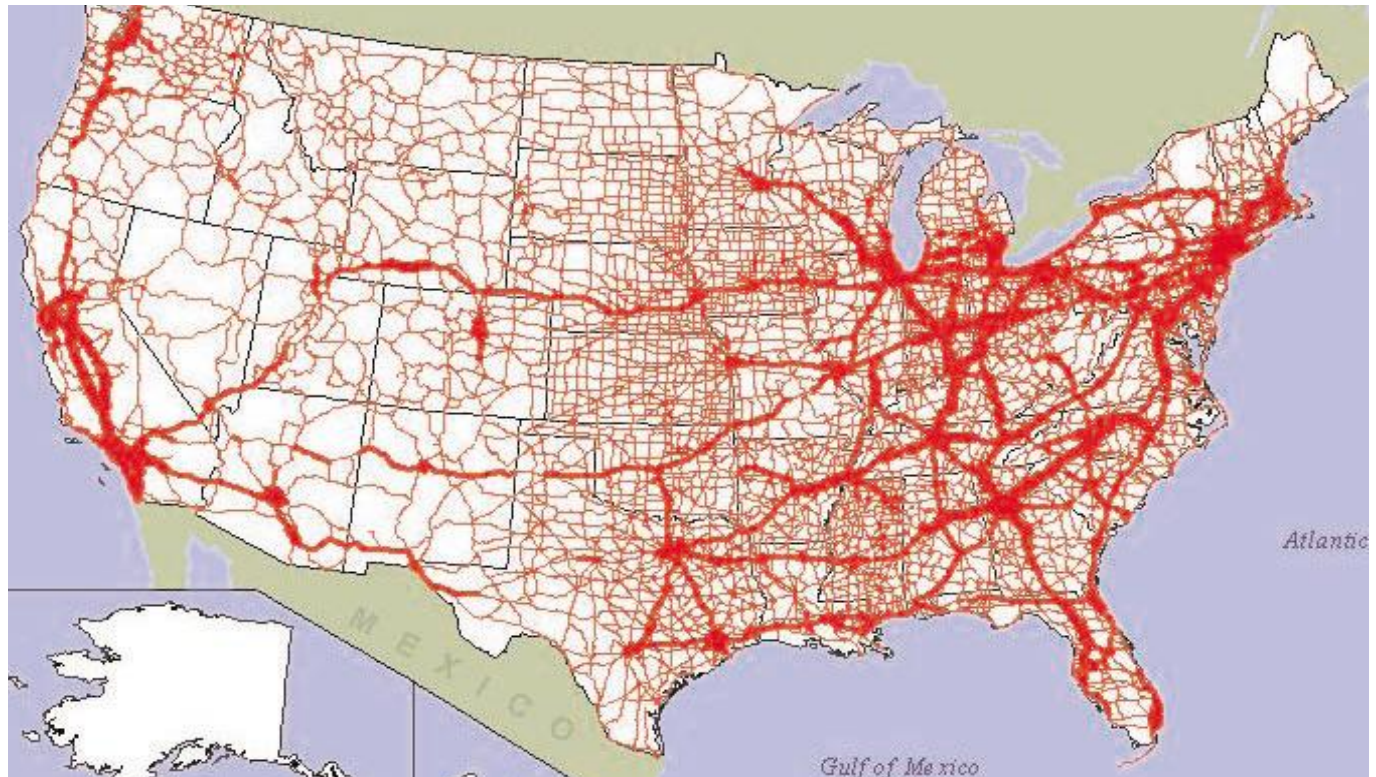


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SOURCE: United States Department of Transportation, Federal Highway Administration.
Entire Exhibit provided.

Freight Flows By Truck, 1998

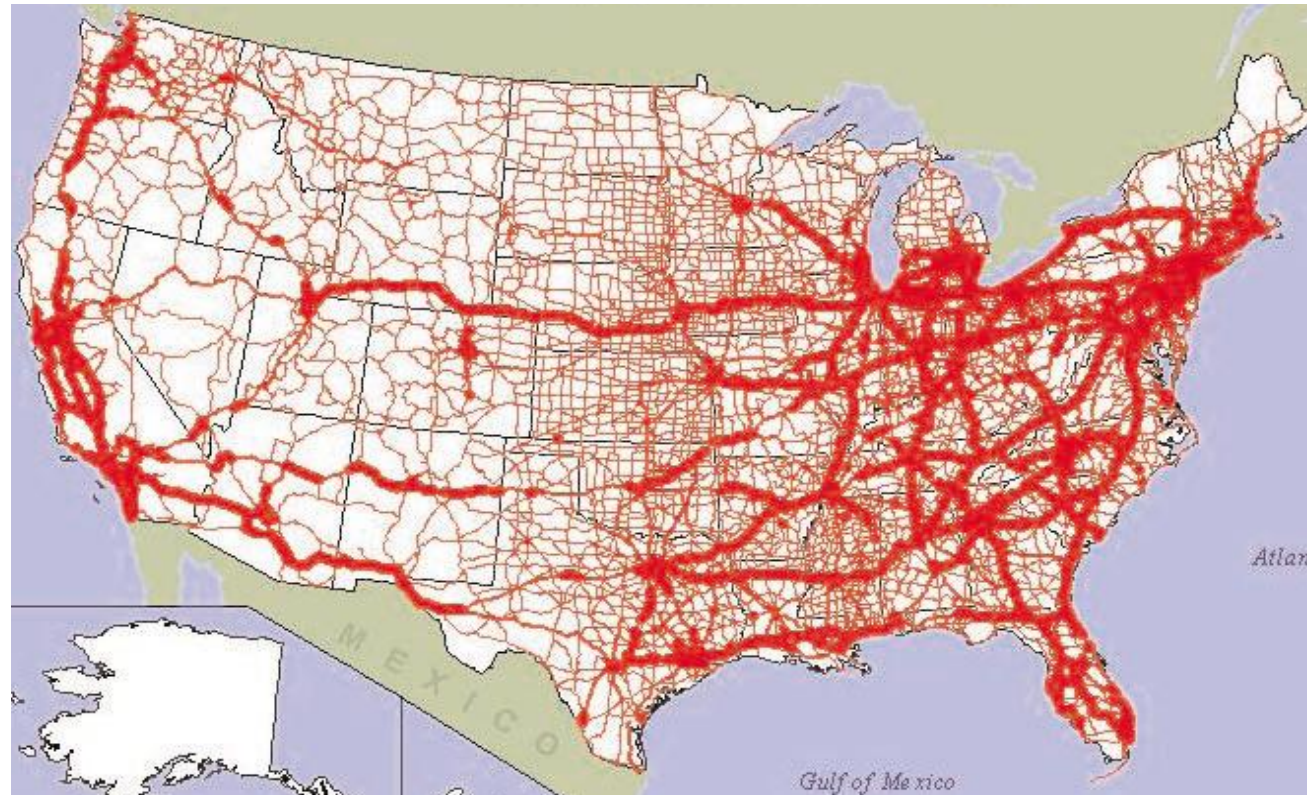
Yet historically, most east-west truck freight traffic bypasses Nevada, and instead, flows westward from Chicago, Kansas City, St. Louis, and Columbus, or eastward from Los Angeles through Phoenix and Tucson.



SOURCE: United States Department of Transportation, Federal Highway Administration.
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Freight Flows By Truck, 2020

Current projections do not improve this picture. Salt Lake City is projected to remain the hub for the east to northwest distribution of goods while Phoenix and Tuscan are poised to dominate the southwest.



SOURCE: United States Department of Transportation, Federal Highway Administration.
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A CANAMEX Freight Transportation Corridor Runs Through Nevada.

Although Nevada is traversed by a primary transportation corridors for goods going to and coming from Mexico and Canada, we have barely captured the business opportunities associated with this. This CANAMEX Corridor enters Nevada at the Hoover Dam along US Route 93 from Arizona, passes through Boulder City and Henderson and transitions to the Interstate 15 and heads northeast through Mesquite.



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We Must Bring New Businesses And Jobs To Nevada.

- We have a more favorable tax structure than surrounding states.
- We have a more favorable regulatory climate than surrounding states.
- What will it take to make Northern and Southern Nevada, major transportation hubs and logistics centers for the Southwest/Mountain states and position Northern, Southern and rural Nevada to take advantage of North American Free Trade Agreement business opportunities?

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Logistics Gets The Right Things, To The Right Place At The Right Time.

- Logistics is the management of the flow of goods, information and other resources between the point of origin to the ultimate consumer.
- Business Logistics is the science of the planning, design, and support of:
 - Procurement/purchasing,
 - inventory,
 - warehousing,
 - distribution,
 - transportation,
 - customer support, and
 - financial and human resources.

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Logistics Goes Beyond Freight Containers and Warehouses.

- Establishing logistics centers will require rail, roads, water and power and the establishment of many public/private partnerships.
- The development of logistics centers will bring not only warehousing and truck depots to Nevada, but also foreign trade zone manufacturing/assembly operations and corporate offices that house financial and human resources managers.
- These are stable, good paying jobs for Nevadans.
- This will jumpstart our construction industry, with new commercial and residential development.

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We Can Do This.

- By establishing an interim committee to examine and resolve the various issues relating to transforming our state into a major logistics hub, we may also begin to solve the State's transportation and power transmission issues.
- UNR and UNLV have already established supply-chain management/logistics management curricula that can provide expert consulting services and train the logistics managers and workers of tomorrow.
- Development of these centers, coupled with our ideal location for renewable energy generation, will also promote "green industry" development in this State.

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We Are Poised For Growth And Must Seize Our Opportunities.

Planning and Coordination are the keys to our success.

Promotion of the State of Nevada as a logistics/distribution/supply chain management center for the Mountain West and Southwest is an attainable goal that will diversify our economy and secure the future of our State.



Our Goals Are Ambitious But Critical To Nevada's Future.

This committee, with the assistance of private sector advisory groups, will

- formulate strategies,
- evaluate and propose potential funding mechanisms, and
- propose an implementation plan

... that will further build upon existing efforts to promote the development of Nevada as a major West Coast logistics and distribution center;

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What Are The Tasks That Must Be Accomplished To Meet These Goals?

We Must:

- Identify barriers to entry into Nevada;
 - (Once identified, we should propose remediation strategies);
- Identify any additional infrastructure needs for these businesses, such as energy, water, roads and mass transportation systems;
- Develop strategies to promote public-private partnerships necessary to finance the infrastructure development;
- Identify the public policy issues that must be resolved and propose the legislative action(s) required to accomplish the above.

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