



This summary highlights the major points and conclusions from a study conducted by The Bay Area Council Economic Institute to assess if there is a need for a new proposed near-dock railyard.

SCIG Summary

The Southern California International Gateway (SCIG) is a proposed near-dock railyard facility adjacent to the existing Intermodal Container Transfer Facility (ICTF) Railyard and in close proximity to schools and residential areas. The SCIG is expected to be constructed between 2013 and 2015, beginning operations in 2016. It's capacity is estimated to be 2.8 million TEUs (1.5 million containers) per year.

Cargo Forecast

Existing infrastructure is sufficient to meet demand. Existing port projects, including the existing Intermodal Container Transfer Facility (ICTF) and currently proposed on-dock rail projects are adequate to meet current and future cargo, until 2035.

There is little indication that cargo forecasts will exceed 2009 numbers. A major justification for this project comes from projections in the Draft Environmental Impact Report (DEIR) that cargo will exceed the 2009 Tioga Forecast given 2010/2011 volumes exceeding estimates. Yet the year-end volumes for 2011 were approximately 14 million TEUs lower than anticipated in the 2009 forecast, indicating that the 2009 cargo forecast is not too low.

On-Dock Rail Should be Prioritized

On-dock facilities allow trains to operate on terminal property, therefore minimizing the impact on the surrounding neighborhoods. The Clean Air Action Plan, enacted by both ports, stresses the environmental importance of on-dock and near-dock rail versus off-dock rail due to environmental considerations.

It is recommended that improvements be made in the West Basin of the Port of Los Angeles and Terminal Island area to achieve maximum practical capacity of on-dock rail.

The SCIG is Not Needed Now

The study looked at two growth scenarios, low-growth and high-growth, based on the 2009 Tioga Forecast provided in the DEIR drawing two conclusions. The study finds that there is considerable time before the SCIG will be needed. In particular:

Under a *low-growth scenario* of 4.3% annual growth rate, on-dock and existing near-dock rail will likely be adequate to handle rail demand in 2035.

- While there will be a small projected deficit of 28,305 TEUs, this is a relatively small amount of freight that could be accommodated in the existing system.

Under the *high-growth scenario*, on-dock and existing near-dock capacity will not be adequate to handle forecasted demand by 2035; but this is unlikely, as it has been determined to be overly optimistic.

- The deficit will be 1.8 million TEUs. Although there are practical limitations on additional on-dock capacity (beyond that which is already planned) that suggest a need for the SCIG or reconfigured ICTF, any deficit is far in the future; much can change between now and 2030-35. In particular, forecasts may prove to be too high or too low, or new methods or technologies for moving freight can come into play, reducing the projected deficit.

Freight infrastructure outside of the terminals but within the port property must continue to be a priority. These projects must be prioritized as freight volumes rebound in order to maximize productivity of on-dock rail, given the time involved in undertaking major capital projects.

Under a low-growth scenario, it appears that the additional capacity from the SCIG is not needed. However, if growth rates exceed low-growth projections, additional capacity will be needed. However, even if growth is unexpectedly high, the need to consider the SCIG is more than 10 to 15 years in the future.

Study Recommendations

- On-dock rail productivity is maximized through a three-shift model. The recession made this non-economical due to lack of traffic; however, as freight rebounds, terminals should be able to move towards on-dock rail, which requires increasing labor productivity through new work rules. This does not require substantial capital expenditure.
- Improvements in rail infrastructure between the terminals and the Alameda Corridor must be a priority and cannot be deferred beyond the opening of the SCIG, as that might encourage shifting freight to near-dock rail that would otherwise be best served through on-dock rail.
- Constructing additional near-dock facilities before these changes are made has the potential to shift freight to near-dock facilities that would be better served by on-dock rail facilities (from both a private and social cost perspective).