

**U.S. Senate  
Environment and Public Works Committee  
Field Hearing  
Los Angeles, California**

**Written Testimony of Ms. Fran Inman  
Thursday, September 4, 2008**

Chairwoman Boxer and committee members, thank you for hosting this and other field hearings relating to the next transportation authorization or “new authorization” as we like to say.

My name is Fran Inman, Senior Vice President at Majestic Realty Co. Our company is 60 years old and is one of the nation’s largest privately-held commercial real estate developers. Based in Southern California, our philosophy is to “build and hold” with more than 73 million square feet in our portfolio and offices across the United States. Our core competency is the development and ownership of large warehouse/distribution facilities, making us one link in the supply chain. We are proud to serve as active stakeholders working toward sustainable solutions. I am also Vice Chair of the Los Angeles Area Chamber of Commerce, which recognizes the critical importance of transportation and infrastructure investments. I am speaking today as a representative of the business community and Mobility 21.

According to the Texas Transportation Institute, gridlock has become an annual \$78 billion “hidden tax” on the American economy. It causes 4.2 billion hours of travel delay and 2.9 billion gallons of wasted fuel annually. Here in Southern California gridlock costs our local economy approximately \$12 billion, and forces Angelenos to sit in approximately 72 hours of gridlock. Everyone in this room can tell you stories of hours that they have wasted sitting in traffic. Gridlock not only threatens our American business productivity, but also negatively impacts our environment.

Our vision is to have the most efficient and sustainable mobility plan possible. While this is a lofty goal, we believe it is crucial to our nation’s long-term success. In Southern California, we - the business community, related agencies, and the Auto Club - formed Mobility 21 several years ago with that goal in mind. While some progress has been made, we’ve barely scratched the surface of what needs to be done. For all of us, mobility is fundamental to obtaining the American Dream.

The consequences of inaction are too great. Whether it is a recent GAO report, the annual Maritime Administration Report to Congress, the Section 1909 Commission or the numerous other reports, they all share a common thread - a call to action. Our well-being, our economic vitality, and global economic leadership position are at stake. We agree with your early call to action and leadership on this national investment in transportation infrastructure. We need leaders to reach across the aisles, develop bipartisan solutions that are comprehensive, performance driven, and outcome-based. And the time is now.

Going forward and looking at the big picture for the 21<sup>st</sup> century, we believe that it is time for a departure from “business as usual.” As previously addressed, there is growing pressure from concerns of air quality, global climate change, and local needs. Our past practices have included a patchwork supply chain with inefficiencies all along the way – in our systems, in our spending, and in our neighborhoods. We believe that it is time to remove our barriers to problem solving, recognize where we have jurisdictional issues to resolve, clearly define the various roles and responsibilities, remove any redundancy and most importantly, find both short and long-term solutions.

You have heard various perspectives from other speakers yesterday and today – the good news is that we are already working together on these issues on a regular basis in our region – trying to break down the silos that have existed over the years. We all share the mutual goal of mobility. Right now, we are often left competing for inadequate resources, applying patches left and right – adding to inefficiencies, a lack of business certainty, and allowing underutilized assets to go untapped. This strategy is not going to get us where we want and need to be for the future. As Americans, once again, we need to tap our genius for reinvention.

We join those who propose an integrated national strategy with comprehensive, multi-modal solutions. We support your strategy for seeking the needed funding from a wide variety of partners. These are complex issues that need to be tackled by the best and the brightest problem solvers – our best solutions will come when we can engage industry and community stakeholders together. We need to push the envelope and foster an environment with creative incentives conducive to early adoption of the latest technologies. And while we search for long-term strategies, we must not displace other activities that can deliver significant results in the next 20 years. Additionally, the private sector offers solutions for projects that are struggling to find capital or are progressing too slowly.

I want to be clear that we are not asking for hand-outs. However, we believe there is a role for the federal government in funding projects of national significance. For our part, we are also providing self-help. We have voted to support the largest transportation bonds in California’s history and have supported numerous dedicated transportation sales tax measures. Recognizing that our long-term needs will take additional dedicated funding from a number of different sources, we are hopeful that a clear nexus will be required and firewalls clearly defined before we move forward. Also we believe that public private partnerships should be part of the toolbox of options.

Goods movement needs to be addressed as a national priority along with protecting our environment and our energy sources. We desperately need to find solutions that protect the \$350 billion trade and logistics sector which supports approximately 600,000 regional jobs in the Southern California area alone.

The economic development potential is incredible for the sector, but the news today is not all good. In our Majestic Realty portfolio we are seeing the signs of the economic downturn and the uncertainties in our marketplace. Just this year alone, we have had several large companies representing more than 3,000 local jobs with assembly and light manufacturing operations relocating out of the region and/or closing their local operations. We are just one small slice of a much bigger picture, but certainly representative of the marketplace.

Our region has extensive experience with the societal costs of jobless and depressed communities. Neighborhoods all over Southern California suffer from youth gang violence, caused by lack of economic opportunities. As Father Greg Boyle, one of our local community leaders likes to say, "Nothing stops a bullet like a job." Chairwoman Boxer as you showcase economic development in another EPW Committee hearing later this month, our concern includes the impact of potential job losses from not getting it right with our infrastructure and transportation priorities.

In looking at the new authorization, we urge you to remove barriers and red tape. To the extent that we have reached the tipping point with business uncertainty as well as the additional infrastructure and truck fees, we will likely see more cargo diversion. While there are those that applaud this diversion, we'd argue that these decisions may not be the most efficient routing solutions nationwide.

We understand that the relationship between transportation and the environment is a national and global issue. This is an opportunity to develop a tangible set of economically sustainable outcomes and work together for advanced technology, early adoption, vehicle retrofits, and other trade corridor solutions. Private industries and companies are key partners and we need to find ways to more actively engage them rather than heading to the courtrooms for solutions. We firmly believe that doing nothing is not an option, and to green our supply chain we must simultaneously and continuously implement projects that create system efficiencies.

The market is a powerful tool to implement these beneficial changes. In reaction to the soaring fuel costs, the name of the game is network optimization. Companies are pooling equipment and loads and using alternative transportation modes, especially rail. Decisions are being revisited regarding the optimization of inventory by finding the right mix of warehouse and distribution locations. On the plus side of the effect of higher fuel costs, companies are opting for slower vessel and truck speeds and utilizing various fuel saving technologies. Trucks and handling equipment are being equipped with automatic shut offs, according to a recent article in the Journal of Commerce.

Looking towards next year we need both immediate and long-term solutions. One immediate challenge is the solvency of the highway trust fund. The house authored a patch this summer, which is awaiting senate approval. Long-term, we urge you to address both timing and funding, which are two of the biggest challenges we face. The Federal Highway Administration information suggests that it takes an average of

13 years for a highway project to advance from project initiation to completion. And we are told that we could potentially save an average of 40% off the price by reducing project development time to 6 years.

The Section 1909 commission report suggests refocusing the federal program along functional lines – and while much debate remains, the concept of totally re-thinking how we fund and administer transportation seems to merit consideration. There have been a lot of proposed funding options – vehicle miles traveled, incremental customs revenue, container fees, tolling, congestion pricing to name a few – all of these have pros and cons. We just need to recognize that we have an investment gap and focus our efforts on equitable 21<sup>st</sup> century solutions.

From the business perspective, we feel a sense of urgency. We are happy to be at the table – part of the solution. We have multiple stakeholders, multiple challenges, and limited resources. We need transparency, cost/benefit analysis, and accountability.

Chairwoman Boxer, a number of us worked closely with your staff on the last bill and look forward to rolling up our sleeves and working together again. Once again, thank you for your early action on this crucial authorization and for the invitation to testify before you today.