

California Energy Commission

Committee Workshop on California - Mexico Border Energy Issues



2005 Integrated Energy Policy Report

May 18 2005

Hon. Byron Wear
Director, Strategic Planning



Carrizo Gorge Railway Inc.

CARRIZO GORGE
RAILWAY



John D. Spreckles, and Coroneel Estaban Cantú, Governor of Baja California, November 15, 1919.



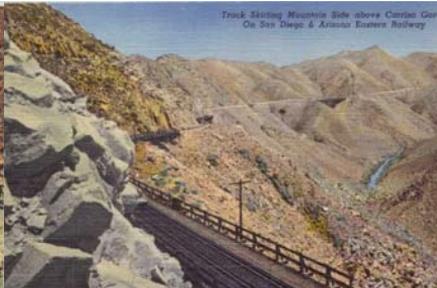
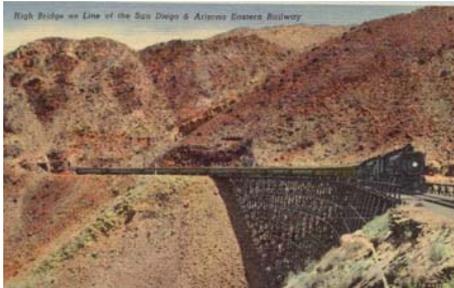
DESERT LINE RESTORATION

The line had remained in abandonment since 1983, suffering severe damage. The reasons were lack of adequate maintenance, wildfires, flash-floods and vandalism



Carrizo Gorge Railway was founded in 1997 with the goal of reopening the Desert Line.

Carrizo Gorge Railway founded its affiliate company in Mexico: Ferrocarriles Peninsulares del Noroeste, S.A. de C.V., in July of 2001.

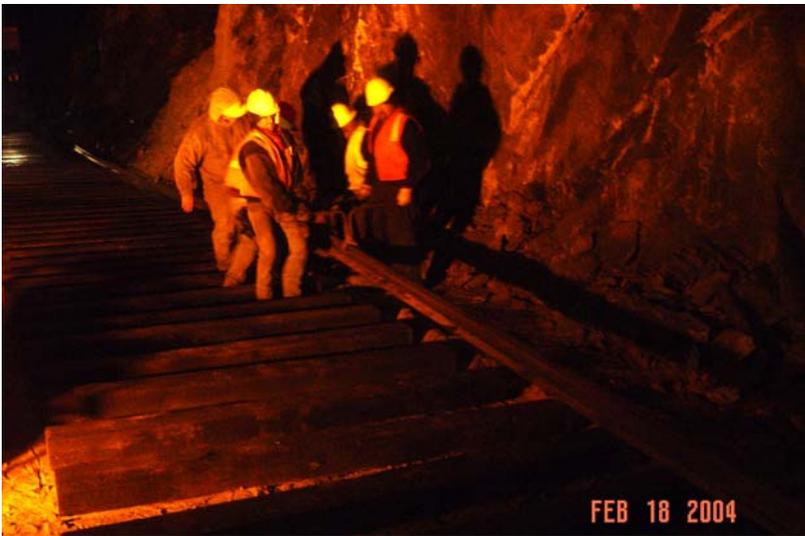


DESERT LINE RESTORATION

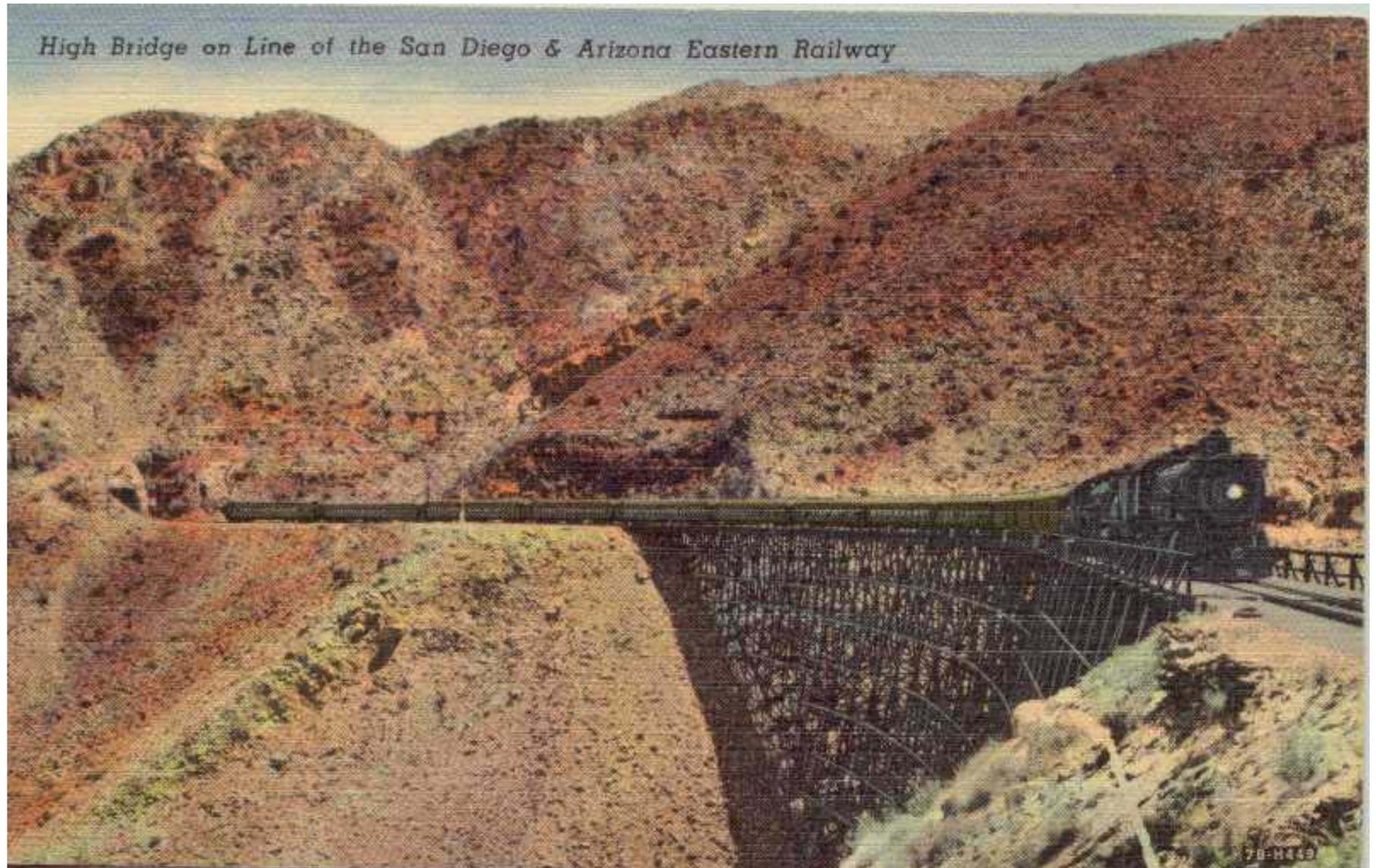
Carrizo Gorge Railway President, Gary Sweetwood, personally led the effort to repair the tunnels.



DESERT LINE RESTORATION



GOAT CANYON TRESTLE 1934



GOAT CANYON TRESTLE 2004



Double stacks and car-racks proceed through the the Desert Line and the tunnels.



TEST TRAIN VIDEO



OCTOBER 2004 WILD FIRE DAMAGE



Tunnel #4 and Bridge at Division

OCTOBER 2004 WILD FIRE REPAIR



COMPANY MISSION STATEMENT

Carrizo Gorge Railway, and its affiliated companies in Mexico, are constituted to provide railroad transportation services for freight and passengers, with efficiency, quality and safety, in the border region of the United States and Mexico, offering its services to agriculture, industry, visitors and institutions.



SAND OPERATION IN DESERT LINE



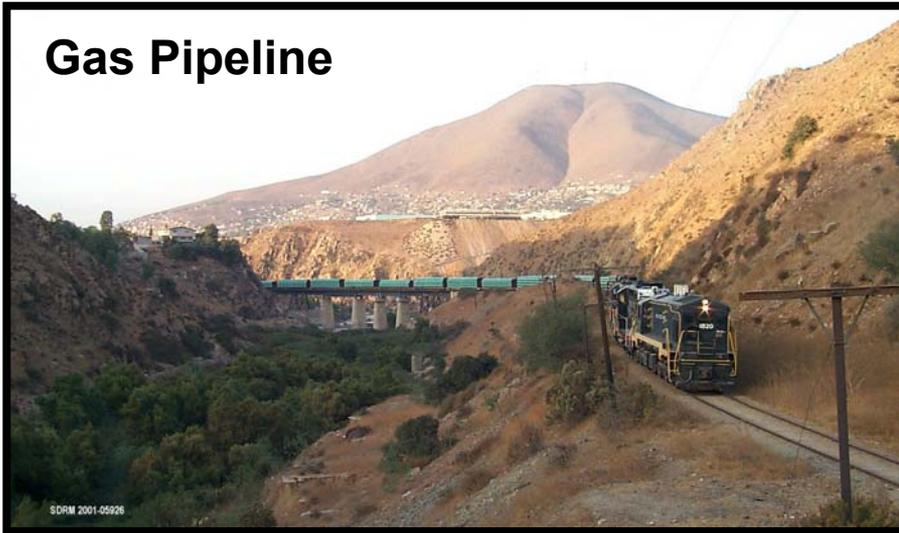
LP GAS CLEARS BORDER GATE (SAN YSIDRO)



MEHS 2003-00084

CURRENT OPERATIONS

Gas Pipeline



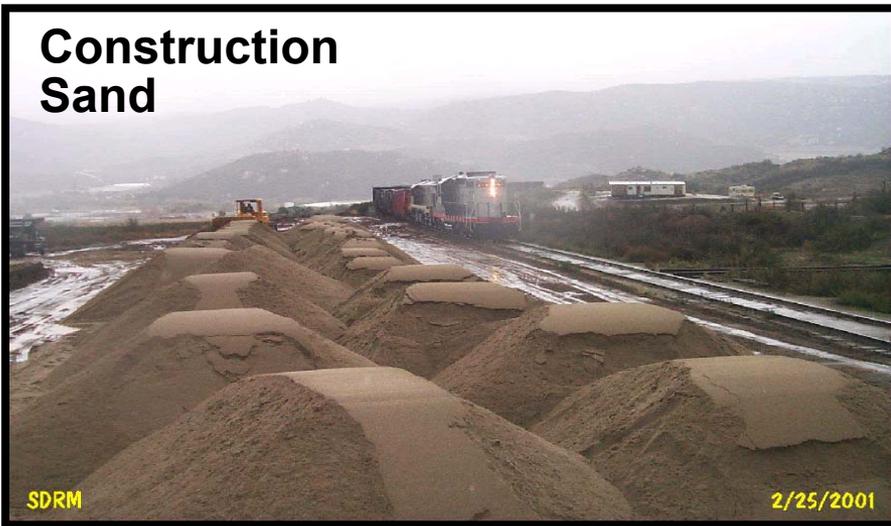
SDRM 2001-05926

Paper



CGR 2003-00008

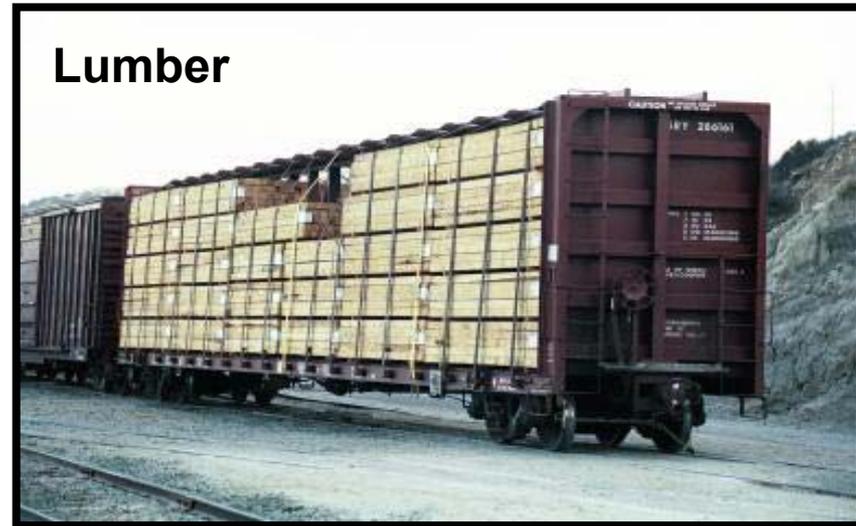
Construction Sand



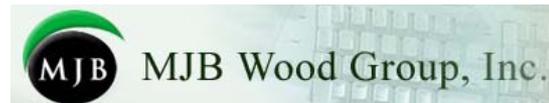
SDRM

2/25/2001

Lumber

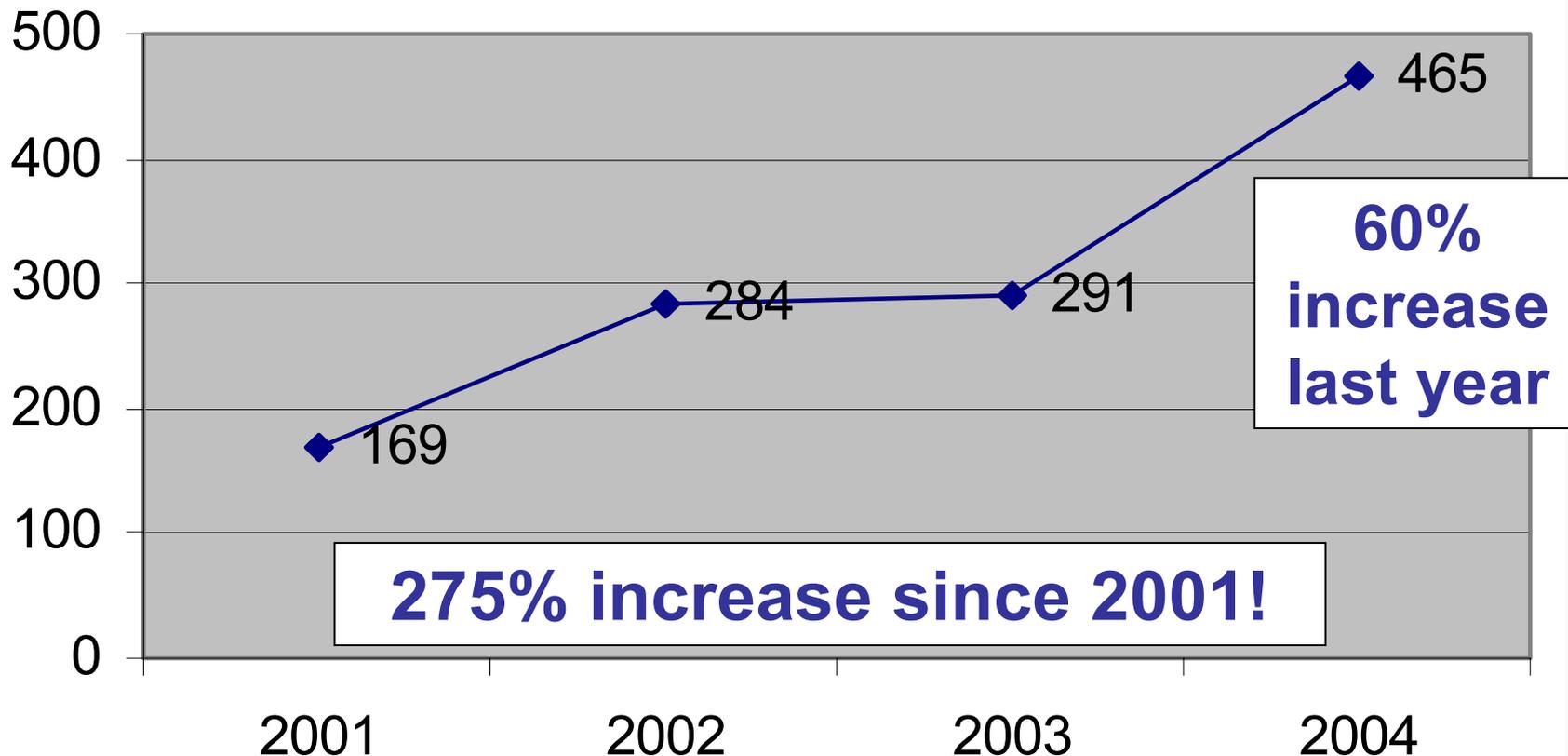


CUSTOMER PROFILE



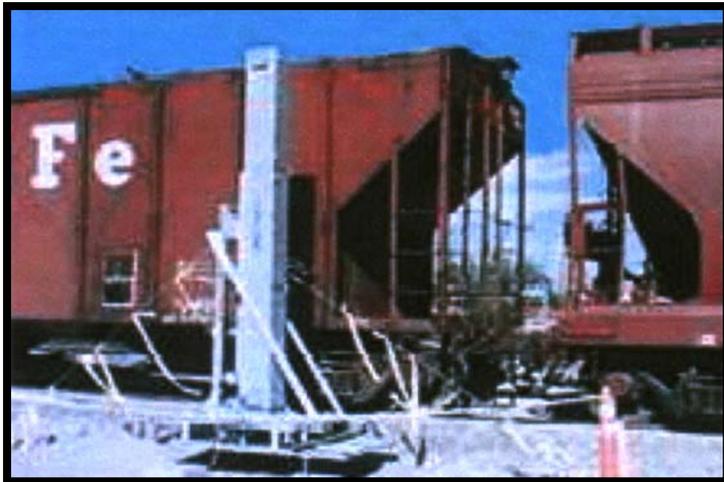
FPN FREIGHT TRAFFIC

Current Monthly Rail Car Traffic on the Tijuana-Tecate Short Line



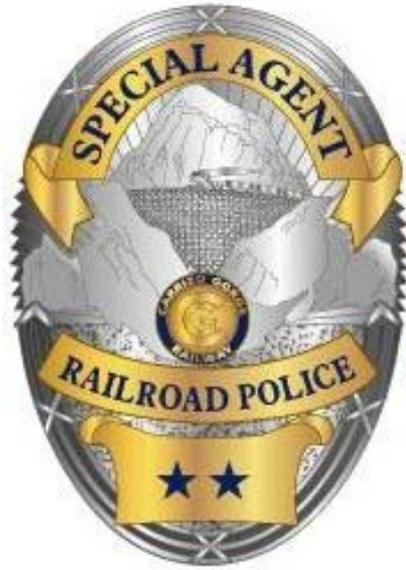
GAMMA RAY MACHINE

Homeland Security... A top priority!



Actual Railroad VACIS Scans of Auto Transport, Hopper and Tanker

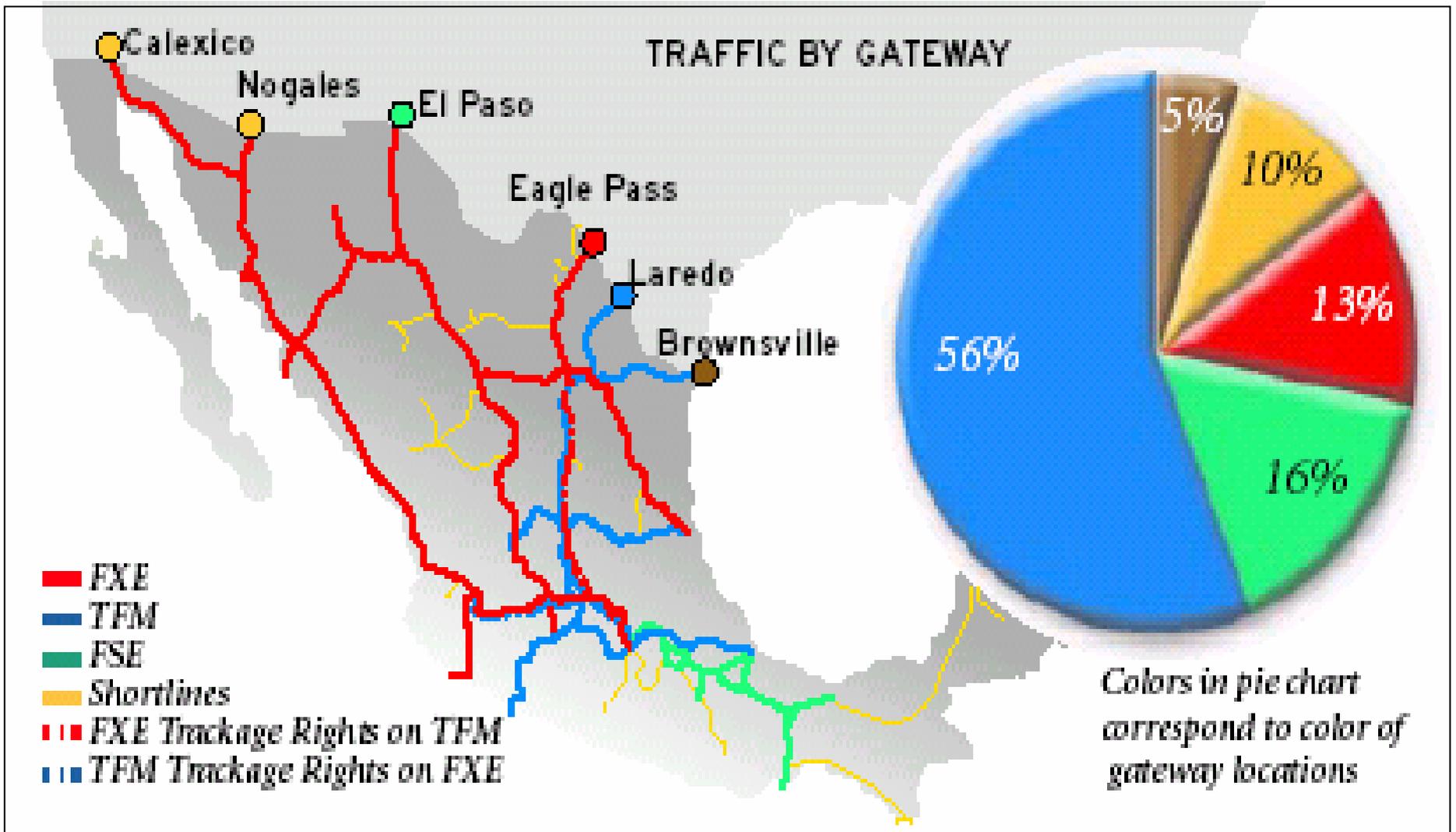
CARRIZO GORGE RAILROAD POLICE APPROVED BY GOVERNOR



FIRST REVENUE FREIGHT DECEMBER 30, 2004



CURRENT BORDER CROSSINGS

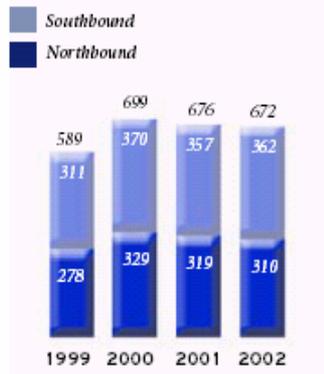


Source: Union Pacific Railroad

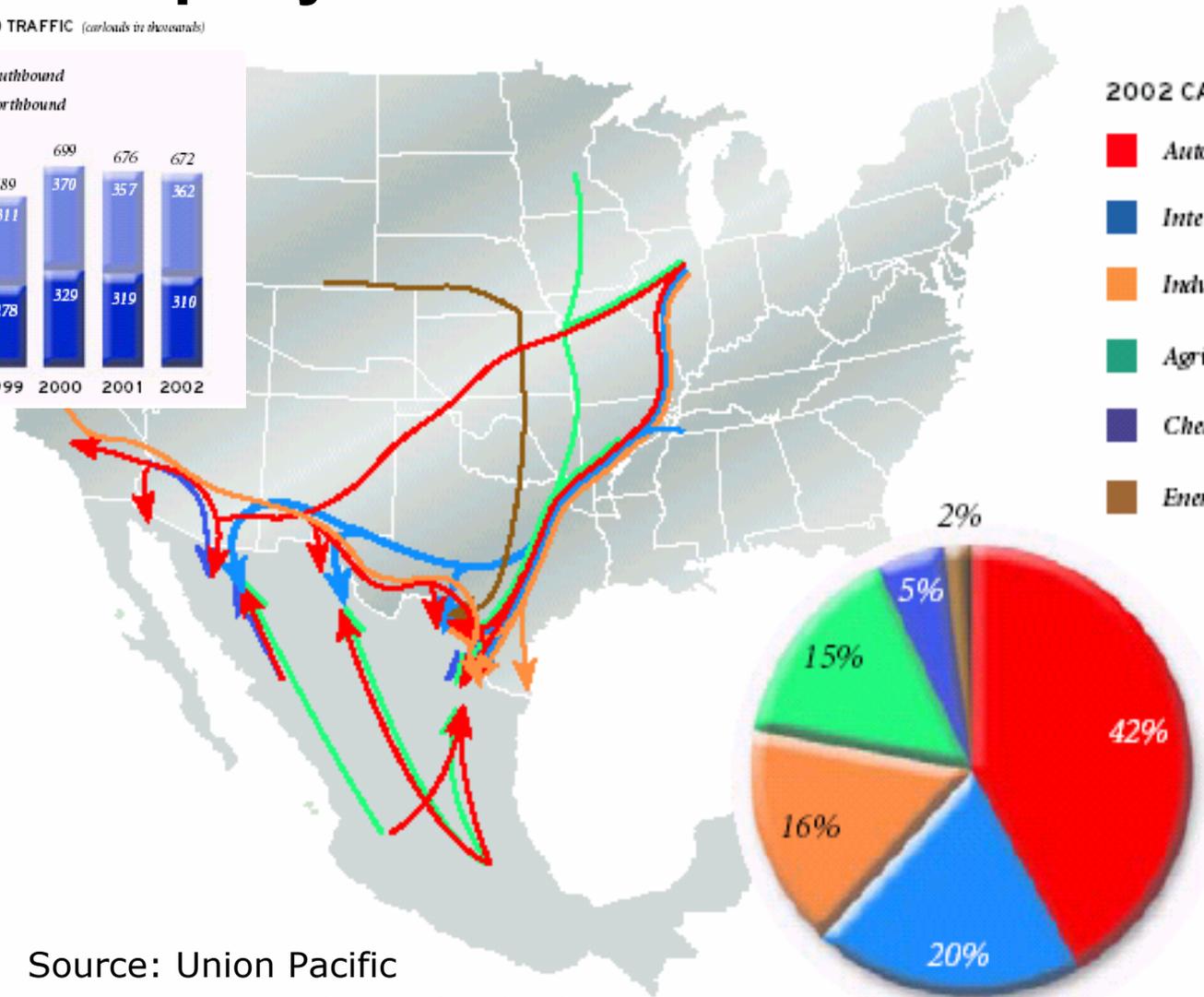
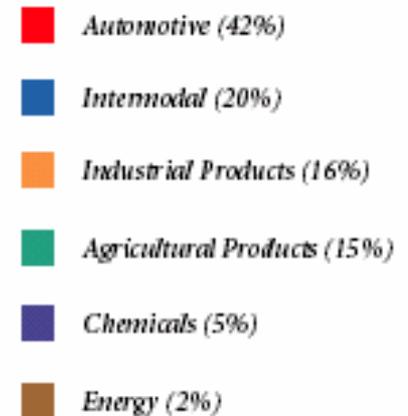
STRATEGIC ALLIANCE – UNION PACIFIC RAILROAD

Union Pacific Railroad is the largest railroad company that links the U.S. with Mexico.

MEXICO TRAFFIC (carloads in thousands)



2002 CARLOADS

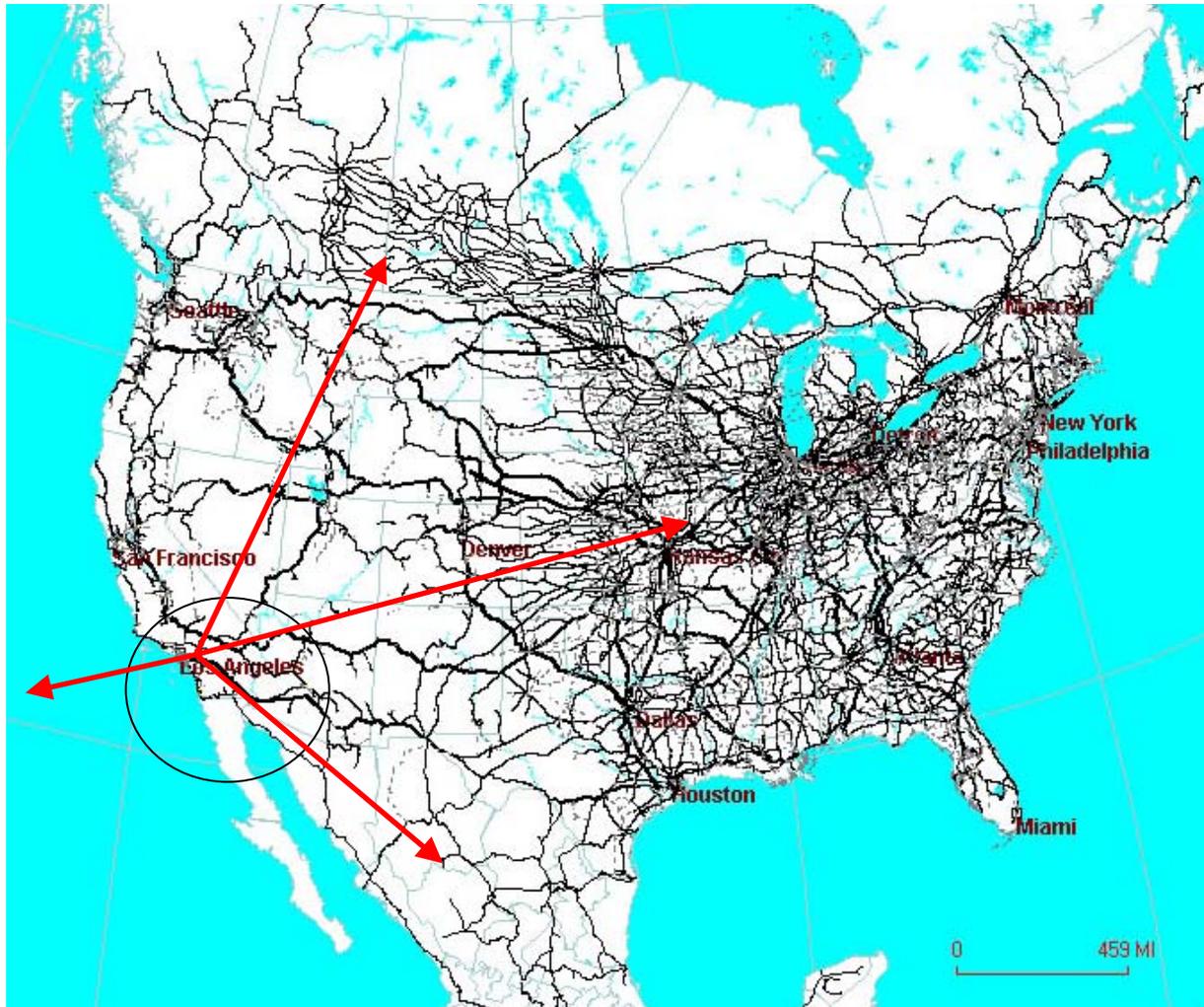


Source: Union Pacific

Arrow colors correspond to pie chart colors.

STRATEGIC IMPORTANCE

Linking the Pacific Rim with Imperial Valley, North America and mainland Mexico.





RAILPORT

INTERNATIONAL



International California Corridor



RAILPORT INTERNATIONAL - TECATE



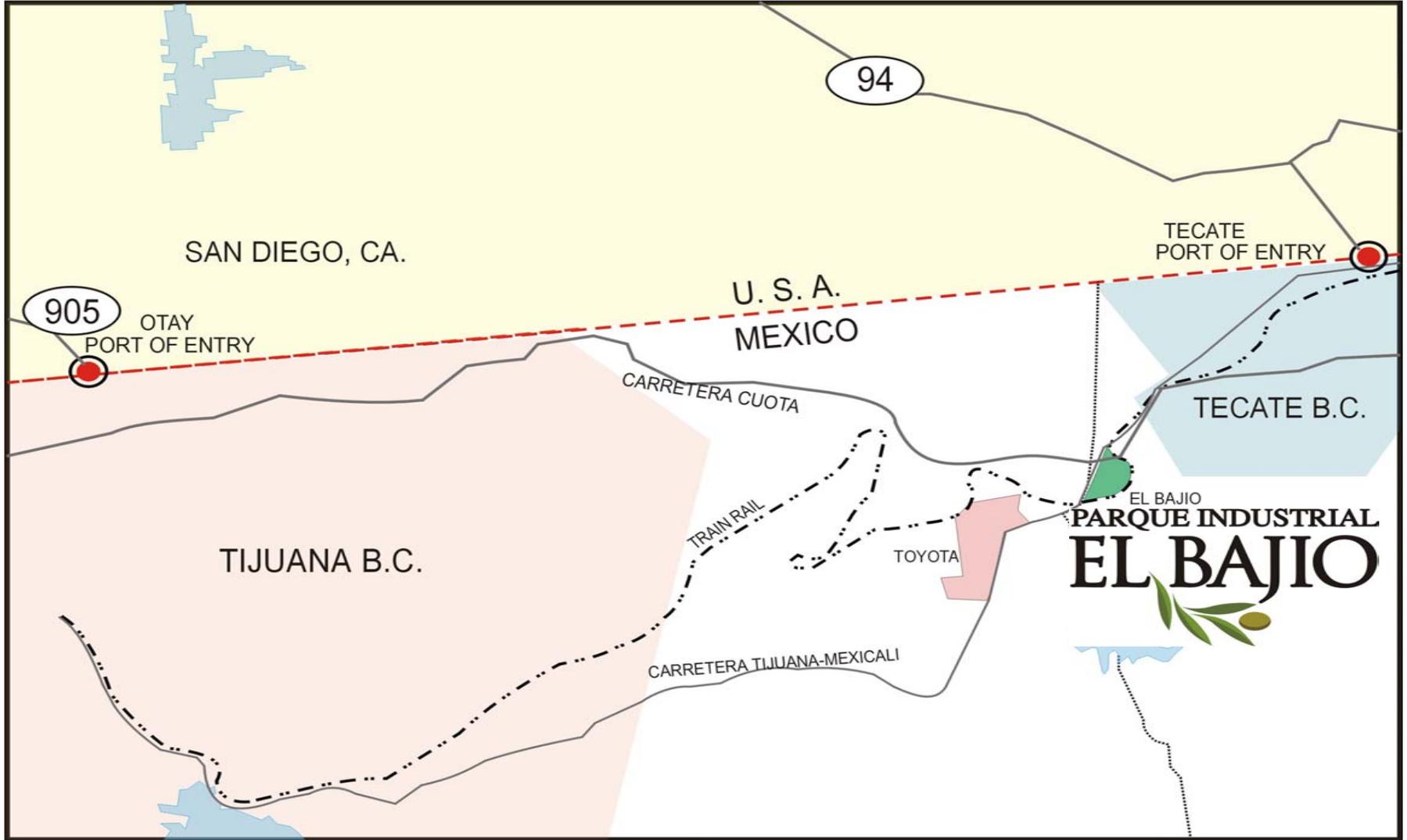
Railroad

Toll road

RAILPORT INTERNATIONAL - TECATE



RAILPORT INTERNATIONAL - TECATE



PORT OF ENSENADA

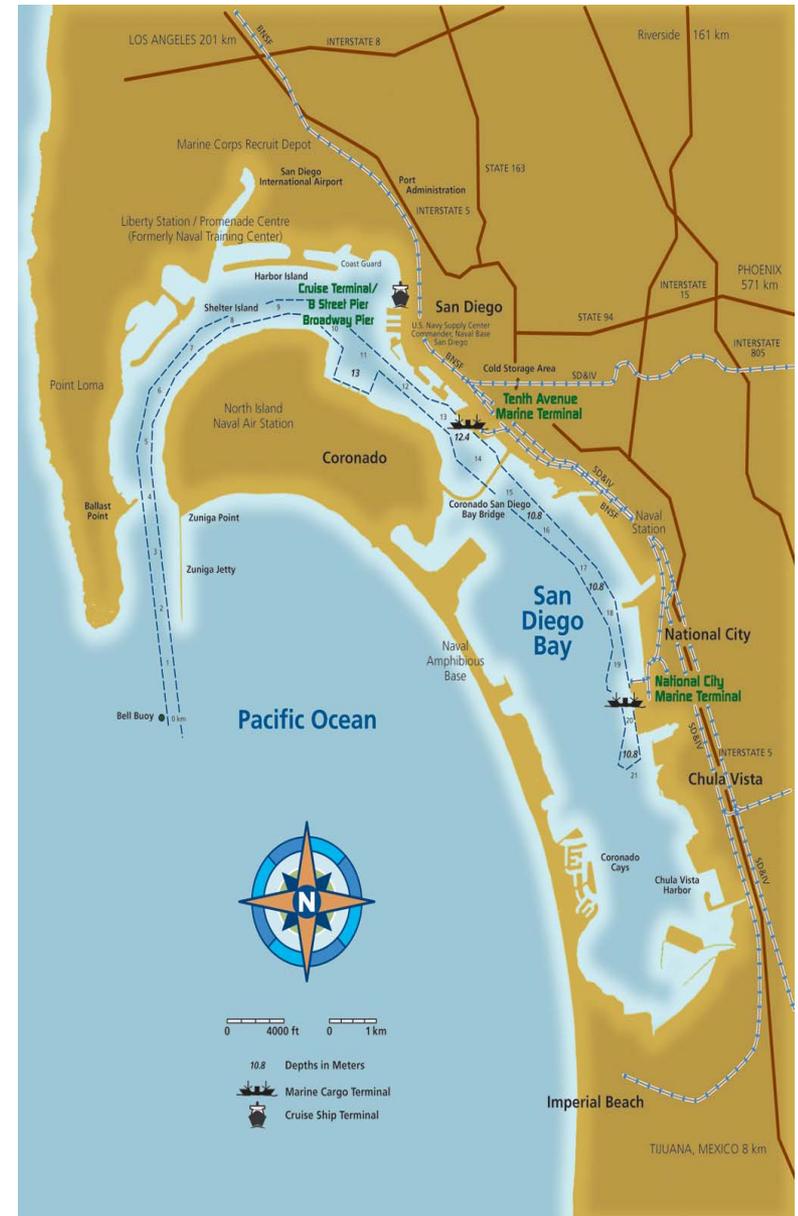
- **CAPACITY: 350,000 Containers.**
- **Port Dredged to Accomodate 85% of all Container Vessels up to 6,000 Containers.**
- **4 Cranes**



PORT OF SAN DIEGO

VISION STATEMENT:

Be a catalyst for foreign and domestic waterborne commerce, industry, thereby enhancing the economic development of the waterfront of San Diego County and the region



Maritime Strategic Initiative 4:

Facilitate alternative railroad service for Intermodal cargo users.

Maritime Cargo Opportunities:

Bulk vessels containing imported Urea and UN32 from Asia and the Middle East for Imperial Valley and Mexicali farmers.



Total Industry

2002 – 2003 8.2% increase

2003 – 2004 5.7% increase

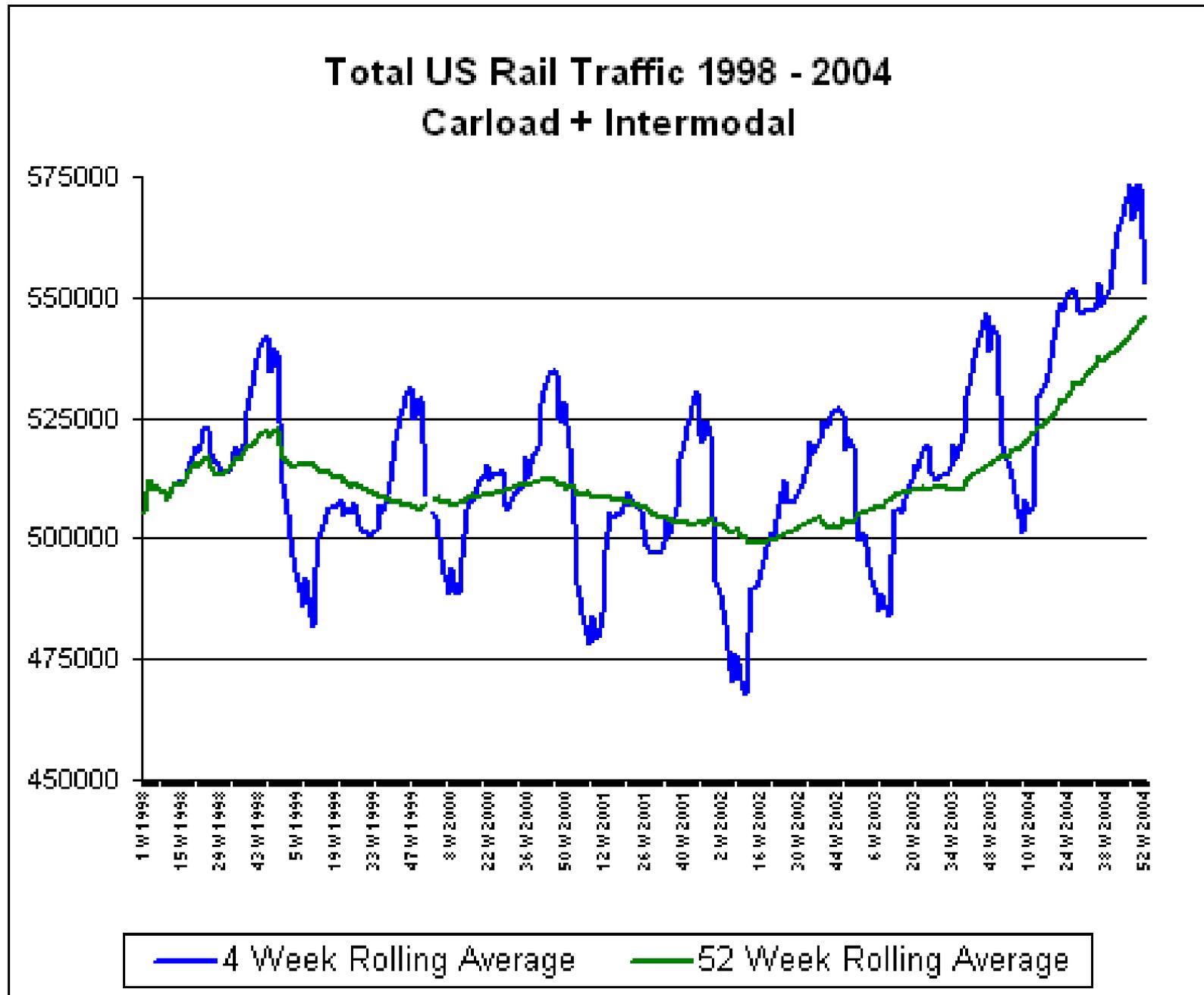
Total Intermodal

2002 – 2003 10.4% increase

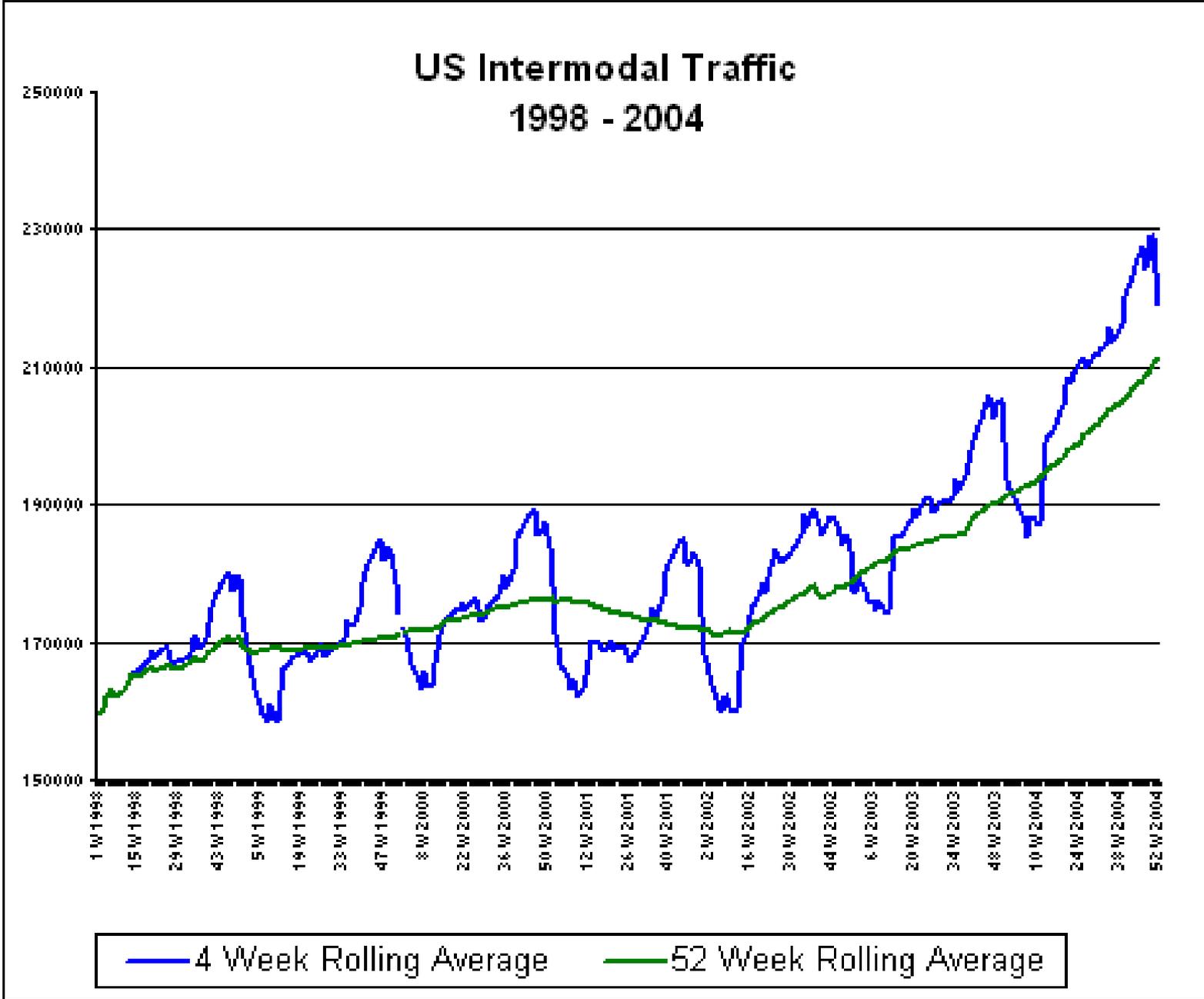
2003 – 2004 17.9% increase



TOTAL US RAIL TRAFFIC 1998 – 2004 ON THE INCREASE



TOTAL US RAIL TRAFFIC 1998 – 2004 ON THE INCREASE



- ❑ **40% of all U.S. Waterfront Commerce**
- ❑ **60% of imported cargo in Chicago flows through the Port of L.A. / Long Beach**
- ❑ **\$392 billion USD Value of Trade for L.A., San Diego, San Francisco.**

CHALLENGE

- ❑ **\$16.5 billion USD needed infrastructure for Southern California to meet needs of California Marine Transportation Systems.***



SOUTHERN CALIFORNIA MARINE TRANSPORTATION SYSTEM INFRASTRUCTURE NEEDS

**Port of L.A.
USD \$2,785 million**

Port of Long Beach \$ 394 million USD

**Port of San Diego
USD \$ 374 million**

Port of Hueneme \$ 50 million USD

**L.A. Region
USD \$8,190 million**

**S.D. Region
USD \$3,709 million**

Imperial County \$ 63 million USD

TOTAL \$16.5 billion USD

PORT OF L.A. / LONG BEACH PROBLEMS

- ❑ Congestion
- ❑ Lack of Infrastructure
- ❑ Storage
- ❑ Labor
- ❑ **HIGHER COST**



I-710

2002 labor Shut Down



I-710

2002 Normal conditions

“3 WINNERS” FOR IMPERIAL VALLEY

1. Agriculture

- **Jobs**
- **Improved Service**
- **Cost**
- **New Crop Opportunity**



2. Economic Development

- **Jobs (Non AG)**



3. Visitor Industry

- **Jobs**
- **Passenger / Excursion**

Propossed service from Jacumba to Ocotillo.

IMPERIAL VALLEY POTENTIAL CONTAINER EXPORT DEMAND

PRODUCT	TOTAL FULL CONTAINERS	%	POTENTIAL CONTAINERS
Hay products and field crops	86,420	57%	49,259
Fruits & Vegetables	11,726	51%	2,345
Citrus	1,760	50%	880
Livestock	1,235	50%	617
Seed Crops	481	50%	240
TOTAL	101,622	52%	53,341



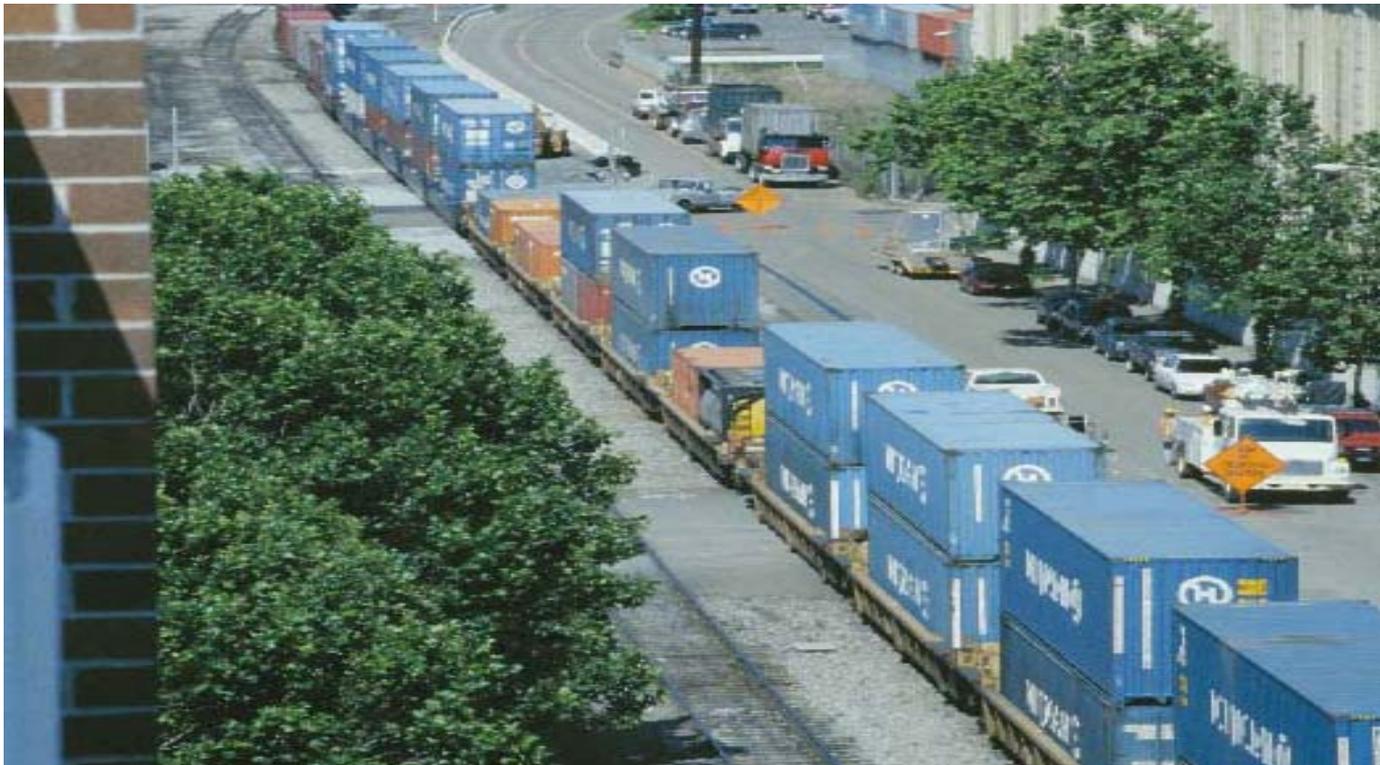
IMPERIAL VALLEY POTENTIAL CONTAINER EXPORT DEMAND SUMMARY

Total Annual Containers 53,341

Daily Containers 171

Daily Rail Cars 85

2 trains per day for exports



ADDITIONAL BENEFITS

- ❑ **Brings back export Market Share for hay to Asia**
- ❑ **Reinstates Agriculture Export “Shipper of Record” by consolidating shipping contracts through RailPort International**
- ❑ **Creates lower import cost of Nitrogen Products (fertilizer, Urea and UN32).**



RAILPORT INTERNATIONAL SERVICES



- Load – offload and material transfer.**
- Land, sea and railroad transportation.**
- Specialized logistics services.**
- Vendor warehousing.**
- Inventory control.**
- Importation and Exportation.**
- Customs agencies in the United States and Mexico.**
- Just-in-time and Kanban programs.**
- Real-time inventory and Real-Time Tracking systems.**
- Special projects.**



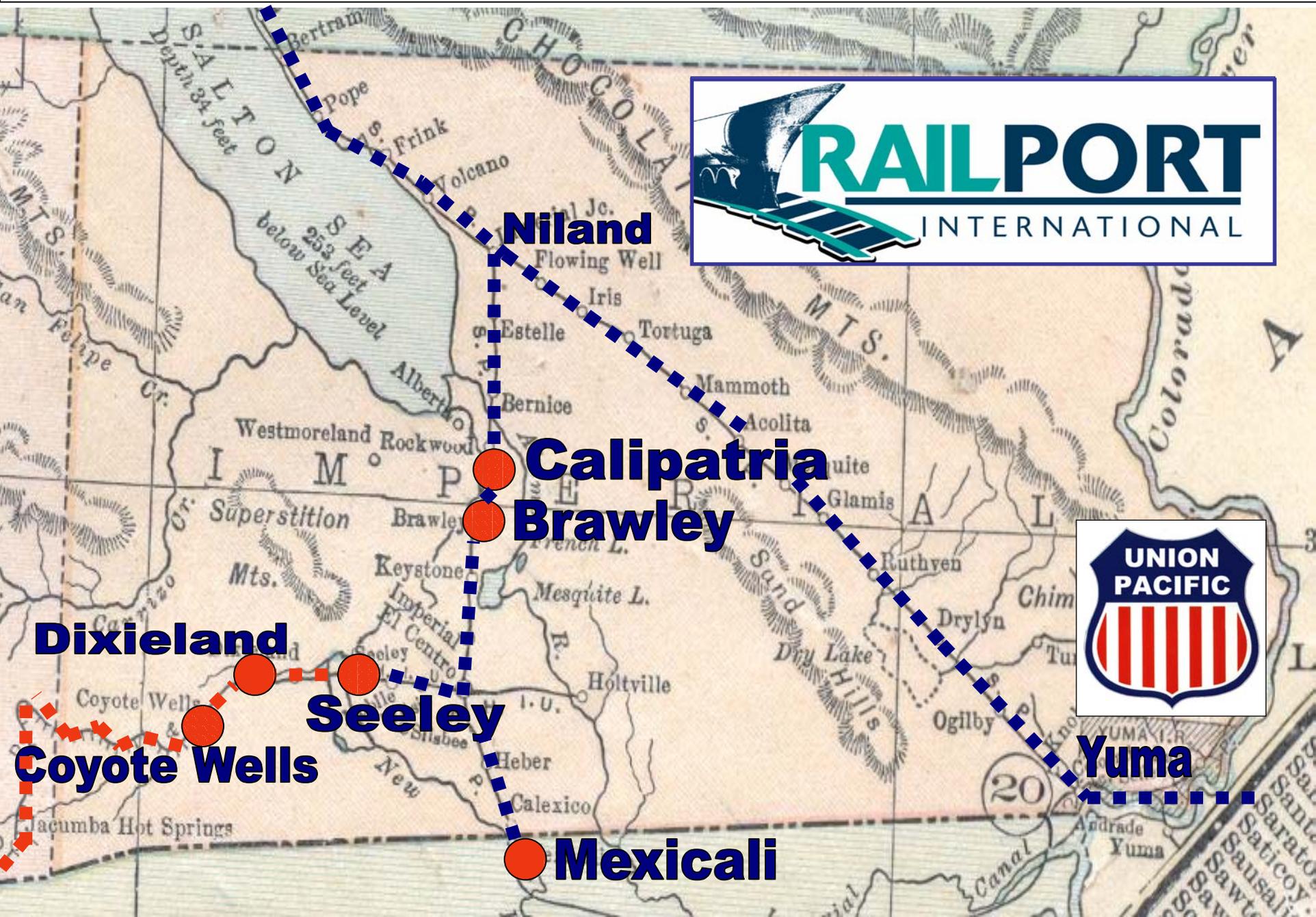
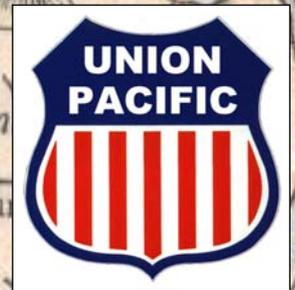
RAILPORT INTERNATIONAL BENEFITS



- One-Stop Shop.**
- Total control from origin to destination.**
- Closest link to the Port of Ensenada.**
- Offices and stations in United States and Mexico.**
- Fully integrated, including customs agencies in both countries.**



FUTURE POTENTIAL RAILPORT INTERNATIONAL SITES



Niland

Calipatria

Brawley

Seeley

Dixieland

Coyote Wells

Mexicali

Yuma



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