

Connections

A publication by Stirling to keep you informed about the development in and around the Southern California Logistics Airport.



Community



Economy



Trade



Environment

Record Shattering Investment Equals New High-Paying Jobs

In the wake of statewide and national affirmation of its role in strengthening California's major trade corridors, the City of Victorville is celebrating new investment commitments of more than \$1 billion directly into its infrastructure and growing logistics industry through 2010.

According to a recent study by the California Business Roundtable, every \$1 billion invested creates 18,000 to 25,000 jobs for the state and region, placing the Victor Valley at the forefront of the county's economic development.

Victorville's latest local economic infusion encompasses a spectrum of development and construction projects, ranging from utilities, rail access and road improvements, to new hangars and industrial buildings that will house the growing aviation and logistics workforce around the Global Access / Southern California Logistics Airport project and throughout the Victor Valley.

"Victorville is the fastest growing city in California, we have the largest redevelopment project in this state and, in fact, in the nation," said Terry Caldwell, Victorville's Mayor. "We have an opportunity to not only grow the local economy for the Victor Valley, but to be very significant in the economic health of the entire Inland Empire, Southern California, and indeed the entire state of California."

continued on page 2



These buildings are part of a wave of new job-generating development at the former George Air Force Base. The first phase of Southern California Logistics Centre, the new industrial campus adjacent to SCLA, represents a \$350 million commitment by Stirling Capital Investments.

Making Connections

Economic vitality... Environmental responsibility... Efficient goods movement... New jobs... Training and investment... Public and private partnerships... These are just a few of the important connections, contributions and benefits Global Access / SCLA offers for the state and Southern California region.

Already some 35 companies on site employ close to 3,000 employees, and an increasing number of companies are preparing to occupy brand new commercial sites at Global Access/ SCLA in the months ahead.

In this issue of Connections, you can read how the continuing public and private efforts to master-plan the reuse of the former George Air Force Base have achieved positive results for the Victor Valley. You'll gain perspective on Global Access / SCLA's state and national goods movement significance, learn how innovative partnerships can help sustain our continued economic expansion and preserve quality of life for thriving communities, and find examples of environmental stewardship in the logistics industry. ●



In This Issue:

- Investments Generate Results for SCLA pg 3
- Economic Engine for the Region, State and Nation pg 4
- Building A Sustainable Environment in Victorville . . pg 5
- High Desert Corridor to Reduce Congestion .pg 6
- Regional Transportation Perspective pg 7

Record Shattering Investment Equals New High-Paying Jobs

(continued from page 1)

At Southern California Logistics Airport (see map below), new private investment has resulted in \$150 million in airport improvements and new hangars built-to-suit for its on-airport businesses. These improvements have enabled Global Access / SCLA to accommodate tenants such as Federal Express, Leading Edge, and Pratt-Whitney.

Having master-planned the reuse of the former George Air Force Base in a public-private partnership with the City, developer Stirling Enterprises is investing \$350 million to launch the first phase of a new logistics park surrounding the airport. Newell-Rubbermaid is among the first group of tenants to occupy buildings in the Southern California Logistics Centre, which is planned to encompass approximately 60 million square feet at full build-out.

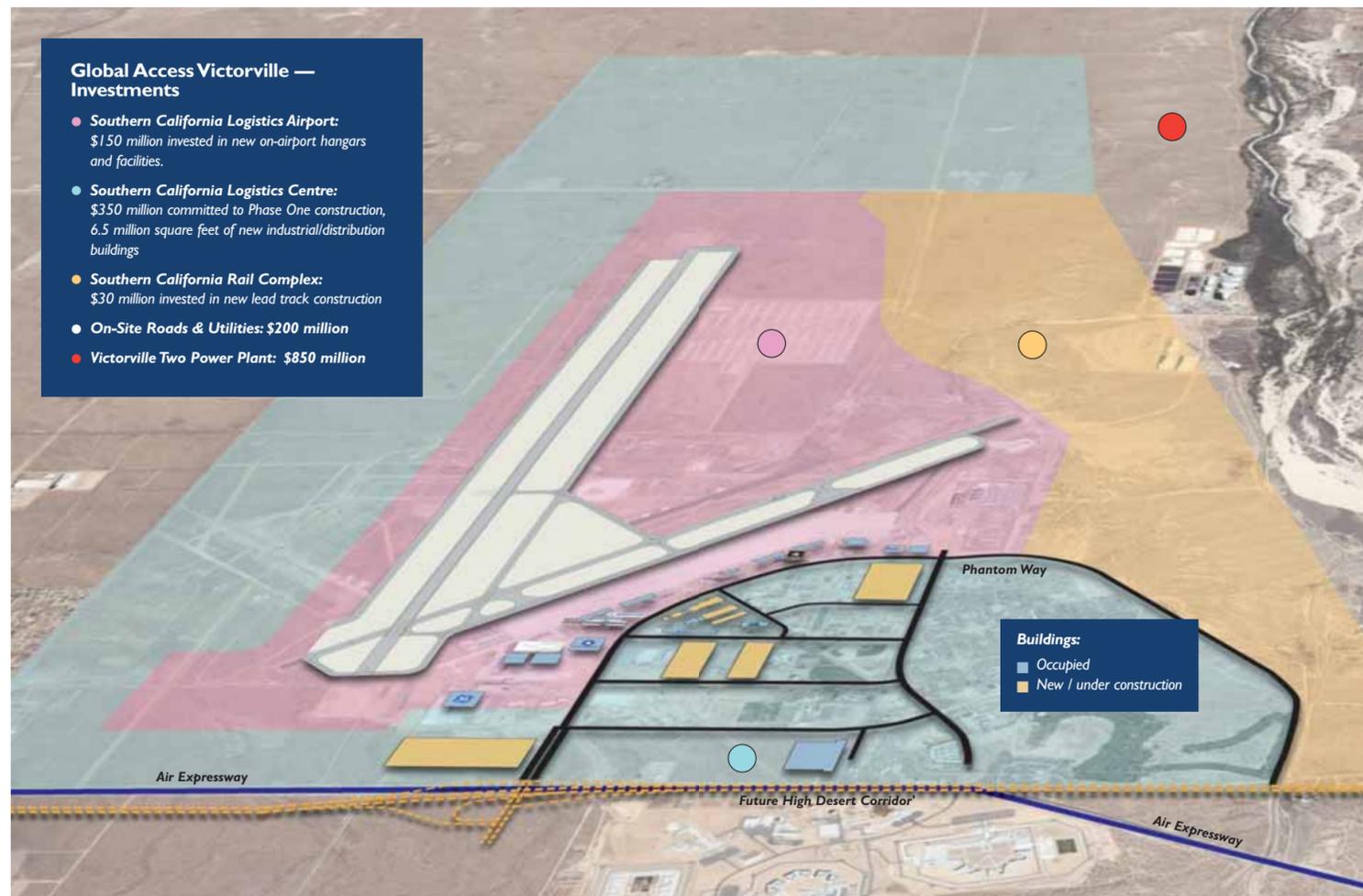
Infrastructure improvements are another major source of investment into Victorville's economy. The Southern California Rail Authority has committed investment of \$30 million toward a rail spur from the main transcontinental line to the new intermodal rail complex at Global Access / SCLA. Currently under construction, the rail spur represents the lifeline supplying additional capacity of 1.5 million annual intermodal lifts to Southern California's freight rail network. Enhancing intermodal 'capacity' will help enable increasing volumes of container freight to move by rail from Southern California efficiently to the rest of the nation and ease demand on the regional highway system.

Along with improved rail access, key road improvements are underway to improve access to Global Access / SCLA. The City recently began construction to widen and update sections of Air Expressway and National Trails, bringing these arterials up to date and ready to handle the needs of the area's new businesses.

And to ensure a sustainable, reliable supply of energy for the growing industry throughout the Victor Valley, the City has committed to construct a second power plant near Global Access / SCLA. The approximately \$850 million project will be the state's first hybrid solar and gas turbine facility, employing state of the art technology to deliver an additional 563 megawatts of power to its customers regionwide.



Newell-Rubbermaid has moved into its brand-new distribution facility on site.



The Southern California Rail Complex has received state environmental certification to provide needed rail freight capacity for the entire Inland Empire region.

Investments Generate Results for Global Access / SCLA

Victorville's focus on creating an optimum business environment has enticed companies such as Boeing, GE, FedEx, Newell-Rubbermaid, and a host of others to invest in the city. As a result, thousands of new high-wage job opportunities have been created for thousands of area residents.

This success didn't happen overnight. According to Victorville Mayor Terry Caldwell, "Our Council has had a strong vision to establish this City as a business address since day one. We have steadily put the necessary infrastructure in place to be able to deliver a business environment our clients need."

In just a few years, a thriving workforce at Global Access / SCLA is already approaching 3,000 strong and growing. In addition to its full-time workforce, hundreds of construction workers are on site each day at the former air base. In 2008, nearly two million additional square feet of new Class A industrial space will become available for new companies to locate at the new Southern California Logistics Center.

The local government agencies and their partners in the business community have collaborated to help support workforce development in the area. At Global Access / SCLA for instance, working with a \$500,000 grant and assistance from the County of San Bernardino, the airport team and Victor Valley College have launched an aviation academy to train 200 new aircraft mechanics per year to meet the local employment demand.

"The Victor Valley will continue to be the nexus of corporate expansion, transportation development and employment opportunities in the Inland Empire," said Brad Mitzelfelt, First District Supervisor for San Bernardino County. "The County will continue to prioritize investment of resources to be out in front of the needs of our residents."

These inter-regional efforts have positioned the Victor Valley for its next major wave of investment. In 2010, Phase 2 of industrial development is expected to bring an additional 10 million square feet of new buildings to complement the Airport and Southern California Rail Complex.



The Victor Valley will continue to be the nexus of corporate expansion.



The County of San Bernardino has partnered with SCLA and Victor Valley College to offer careers in aviation maintenance. The new academy will award its first bachelor degree in June.

Global Access / SCLA:

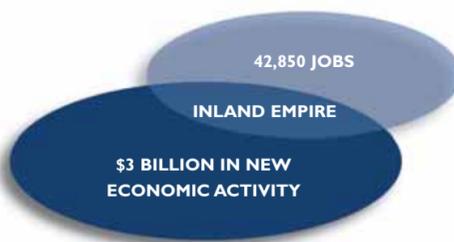
Economic Engine for the Region, State and Nation

A new economic study by consulting firm Economic & Planning Systems finds that plans for Global Access / SCLA will bring dramatic economic benefits to the High Desert and Inland Empire Region. From the planned investment in constructing the new business locations directly around the former air force base, combined with the ancillary investment induced as a result of the project's development, 42,850 permanent new jobs and approximately \$3 billion dollars in new annual economic activity will benefit the High Desert and Inland Empire Region.

The study anticipates that the investments will help sustain an on-site workforce of 24,000 earning more than \$1 billion in annual profits, wages and revenues. That level of activity will produce approximately \$17 million in total local government tax revenues annually, which in turn will provide funding for critical public services and ongoing improvements.

The study further projects that the development activities at Global Access / SCLA will support more than 26,000 additional full and part-time jobs in the construction and engineering trades over the estimated 20-year construction period.

The Inland Empire is not alone in benefiting from this new facility. With Los Angeles and Ontario Airports expected to reach capacity by 2030, goods streaming through the busy ports of Los Angeles and Long Beach will need to find new warehouse and transfer destinations, away from the busy urban corridors of the LA Basin and the Interstate 10 Freeway. Located within minutes of the Interstate 15 and US Highway 395 trade routes, via the planned High Desert Corridor, Global Access / SCLA has the planned capacity to move 3 million tons of cargo annually, making it a strong successor for these overloaded airports.



Building A Sustainable Business Environment in Victorville

With over 350 acres of public and open space preservation, state-of-the-art hybrid power generation, and green building practices, Global Access / SCLA is master-planned as a development that envisions sustainable business growth in the High Desert.

Sustainability means that the environment is considered in each aspect of its planning, from design, to construction, and operation. From a design perspective, Stirling Enterprises and the City of Victorville collaborated for nearly a decade on masterplanning the reuse of the former George Air Force Base. Carefully locating land uses in context with complementary land uses ensured that Global Access / SCLA can continue to grow and serve as an economic engine for the entire Victor Valley, while maintaining necessary buffers between industry and thriving residential communities.

Stirling recently announced that the new buildings it is constructing at Southern California Logistics Centre will meet Leadership in Energy and Environmental Design (LEED) standards with recycled building materials, improved indoor air quality, reduced energy usage and built-in water conservation measures.

In addition to 'green' buildings, environmental best practices are integral to Stirling's ongoing site and infrastructure development work on-site. In converting and demolishing former base buildings to make way for the new development, thousands of tons of concrete and green waste were recycled instead of being dumped into local landfills.

The new planned development is designed to reduce water consumption in landscaped spaces by using native plants and other desert-friendly species, as well as recycled water for irrigation. Stirling is also observing resource conservation practices, continuing to work with the County, the City and wildlife agencies to preserve core habitats of sensitive desert species. Healthy Joshua Trees will be preserved or relocated out of development zones.

Global Access / SCLA and surrounding logistics activity bring congestion relief benefits by helping to improve the High Desert's jobs to housing balance. The new business complex will help create more than 40,000 living-wage jobs closer to the growing communities in the High Desert. These new jobs will enable reduced average commutes for existing and future residents and thus help reduce associated vehicle emissions.

From a regional perspective, Global Access / SCLA and the planned Rail Complex will provide significant environmental benefits by providing rail options outside of the Los Angeles basin, and taking trucks off of congested highways. Increased rail flexibility and SCLA's air freight capacity will only continue to encourage and enable diversion of commercial traffic away from the heavily impacted Los Angeles area in the years ahead.

Global Access / SCLA project therefore is as much a needed source of sustainable goods movement capacity for California and the nation, as it is a dynamic economic engine.



New buildings under construction at Southern California Logistics Centre, including this new million-square-foot distribution center, feature energy-efficient and environmentally responsible design features.



Victorville Councilmember Bob Hunter, Mayor Terry Caldwell, Mayor Pro Tem JoAnn Almond, Councilman Rudy Cabrales and Councilman Mike Rothschild routinely commemorate groundbreaking projects at Global Access / SCLA.



New jobs will enable reduced average commutes and thus help reduce associated vehicle emissions.

High Desert Corridor to Reduce Regional Congestion Growth

Study finds Global Access / SCLA to Benefit Trade Corridors in California

Global Access / SCLA and the High Desert Corridor (HDC) will strengthen Southern California's major trade corridors and alleviate future congestion and vehicle miles traveled, according to a recent study performed by the Tioga Group, a trucking industry consulting firm. The firm analyzed the Global Access / SCLA development, the surrounding Victor Valley area's planned logistics industry expansion, along with the planned High Desert Corridor, and determined the projects would provide significant benefit for the regional and national trade corridor system.

According to the study, the High Desert Corridor (HDC) will cater to two corridors of truck traffic that would otherwise tend to use freeways in the LA Basin. One is the through truck trips between the central valleys of California (and points north thereof) and points in San Bernardino and Riverside Counties (and points east thereof), e.g. Fresno-Indio. The second is truck trips using I-15 north of Cajon Pass to and from points in the western part of the LA Basin west of I-5, e.g. Barstow - Ventura. These trips can cross the HDC rather than going through the LA Basin where they would tend to use I-210, I-10, SR 60 and USH 101.

By virtue of the location of Global Access / SCLA in the High Desert, not in the LA Basin, a fraction of the all-highway truck trips that would otherwise circulate through the LA Basin can move via the High Desert, thereby lessening vehicle miles traveled. To the extent that trucking companies (both for-hire and private) change their operations to avoid the LA Basin, domiciles and terminals in the High Desert region can support them. The study asserts that Global Access / SCLA and the surrounding vicinity are logical locations to establish more of these facilities.

The study found that the planned Southern California Rail Complex (SCRC) is particularly attractive due to the fact that the next closest rail intermodal facility is BNSF Railway's San Bernardino facility. "The San Bernardino facility is at capacity, and has layout restraints that inhibit improvements in efficiency. Also, it is attractive because a new SCRC would be the first stop inbound to Southern California from the east and the last stop outbound to the east from Southern California," the study cited.

By virtue of offering intermodal service, many additional long haul trips will convert from all highway to rail-truck intermodal. The emissions benefits of this conversion are significant due to the very long length of haul on intermodal loads lifted on or off the rail at the planned complex. Its location in the Mojave Air District provides direct benefit and shares that benefit with all other air quality districts in the U.S. that are on the major BNSF intermodal routes (including beyond to the east on connecting railroads).

There are a number of additional benefits that can be attributed to the facilities to be developed at Global Access / SCLA and the timely construction of the HDC, particularly its initial segment planned between I-15 and US Highway 395.

Routing the proposed HDC as close to Global Access / SCLA as possible will cater to the expected increase in trucks (and other vehicles) accessing existing and new industry at the logistics complex. To give these vehicles immediate access to the HDC will minimize the impact on the existing roadways and limit the magnitude of the necessary improvement to local roadways. The increment of truckload loads generated to and from the Ports will tend to operate during off-peak times, and counter directional to traditional commute directions. ●



Regional Transportation Perspective

Gov. Schwarzenegger's Latest Blockbuster

Not "T-3" - Introducing "P3"

By Brad Mitzelfelt



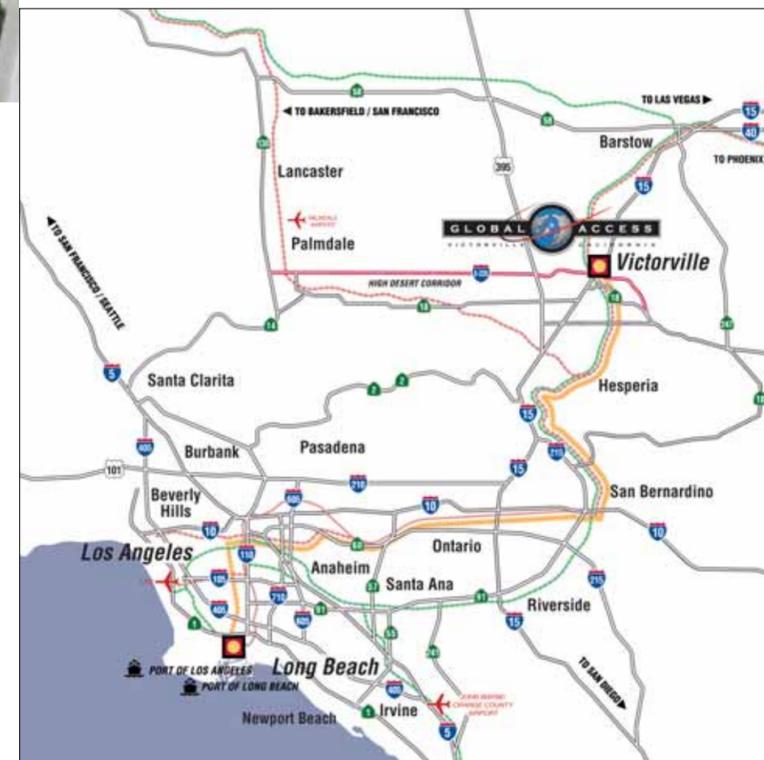
In his 2008 State of the State address, Governor Arnold Schwarzenegger spoke of an innovative way to build projects by turning to the real engine of our prosperity -- the private sector. The policy is called "P3," which is short for Public-Private-Partnerships. The Governor also talked about passing legislation to cut red tape for building P3 projects. We need that legislation in place soon.

Traffic on our highways continues to increase. Not only is the number of cars increasing, but we're also seeing more truck traffic. And it's only going to get worse. It's predicted that the volume of freight traffic coming from the seaports in LA, Long Beach and Hueneme in Ventura County is going to triple. With traditional sources of money for new infrastructure being as dry as the Mojave River in summer, we need to find innovative ways to build new highways.

One such P3 project is already underway and has galvanized two counties -- Los Angeles and San Bernardino -- and five cities -- Palmdale, Lancaster, Adelanto, Victorville and Apple Valley -- to work together collaboratively and innovatively to build a new P3 transportation project called the High Desert Corridor.

In March, a two-county Joint Powers Authority received proposals from engineering firms to privately finance and design the new corridor and join it with public sector projects already underway in Victorville. We see this as a prototypical P3.

As part of redevelopment projects in Victorville, the initial east end of the highway's planning and environmental review is well underway, with Caltrans projecting construction to begin by 2013. The first segment will link Interstate 15 to US-395. This would connect these two north-south truck corridors with a major new inter-modal rail yard under development at Southern California Logistics Airport (SCLA) - the former George Air Force Base in Victorville. SCLA is the economic engine of the largest Redevelopment Area in the nation.



The logistics airport is already a base-closure success story, and its strategic value to California and the nation is now becoming more widely understood. With its new rail yard connected by a spur to BNSF's triple tracks, Victorville plans to double the region's capacity to put shipping containers onto rail cars - a critical statistic when you consider that the LA basin's existing inter-modal yards have reached their capacity. This new highway connection unlocks system-wide capacity at a critical time to enable growth and reduce negative impacts on communities. The result of these efforts will be jobs, economic growth, and traffic relief in the LA Basin and Inland Empire. Proposition 1B transportation bond funds are now being considered for \$2 billion worth of freight-related projects. As one of four projects on San Bernardino County's priority list, we

continued on page 8

The High Desert Corridor JPA is already underway and has galvanized San Bernardino and Los Angeles Counties.

All of this means a better quality of life for Californians.

Gov. Schwarzenegger's Latest Blockbuster

(continued from page 7)

are hoping the High Desert Corridor competes successfully at the state level for these bond funds. If so, the funds would catapult the project from the drawing board to construction even sooner, beginning its westward expansion from Victorville to Palmdale.

If the project is successful in securing Prop 1B funds, the City of Victorville has pledged another public sector match from redevelopment funds.

Public-private partnerships are not new for the region. In Victorville, private sources are already pumping close to \$1 billion into the development of airport, rail, and distribution center space, with exponentially more on the drawing boards there and in the Antelope Valley. In the Antelope Valley, the cities are finalizing plans to connect the High Desert Corridor to the LA/Palmdale Regional Airport, which is operated by LA World Airports. The cities and airports on the both ends of the Corridor are working on "inland port" plans to attract private sector logistics jobs.

Just for the development in and around the airport and rail yard in Victorville, the region would see more than 40,000 jobs created - amounting to \$3 billion in new annual economic activity.

Regionally, the High Desert Corridor will provide substantial congestion relief along Interstate 5 and State Route 14 in the Santa Clarita Valley, along Interstates 15 and 10, and Highways 60, 210, 138 and 18.

Nationally, the High Desert Corridor will provide the first direct express highway connection between the two north-south trade corridors in the Western United States -- Interstate 5 and Interstate 15. This missing trade link along the perimeter of the Southern California region will provide the time and economic incentives necessary for freight, trucks and motorists to bypass the most congested areas of the region. It will do this first by diverting truck traffic from the ports to rail. Later, it would further reduce congestion by diverting truck traffic from other Southern California freeways and highways and by bringing more jobs to the High Desert, meaning less commuters jamming our freeways.

All of this means a better quality of life for Californians.

The old way of financing and building infrastructure is growing obsolete. We've provided a very viable example of what the Governor envisions -- a partnership between government and the private sector that will benefit the economy, the environment, freeway congestion, and quality of life -- a Perfect P3.

Brad Mitzelfelt is Chairman of the High Desert Corridor Authority and Supervisor for the First District of San Bernardino County. ●

