

Southwest Supply Chain Coalition

A project of the Nevada Governor's Office of Economic Development and OnTrackNorthAmerica

Supply chains extend beyond individual companies, beyond individual industries, and beyond state borders – and beyond the leadership capacity of state-based planning efforts. The supply chains of California, Nevada, Utah, and Arizona are inextricably linked and growing chaotically. A regional approach can provide results-producing economic development that supports states environmental commitments – but it takes leadership and structure.

Freight logistics between these states has evolved in a vacuum of planning. We must reconceive supply chain logistics to better connect markets, reduce costs, and to address urgent climate change, safety, and congestion issues. State freight plans need to acknowledge the connections with states that are their most significant supply-chain partners. The **Southwest Supply Chain Coalition** intends to create a breakthrough in multi-state, results-producing transportation planning. Economic development can then advance more sustainably, informed by productive engagement among each state's public agencies, port authorities, economic developers, businesses, communities, and transportation providers.

What dynamics are the Coalition designed to address?

- California's supply chains have expanded into Nevada, Arizona, and Utah for warehousing, distribution, and production.
- There is only one warehouse in Nevada that is receiving or shipping goods by rail.
- Currently, 70% of all trucks traveling in Nevada are coming from or going to California.
- There is no intermodal rail service between California and Nevada or Arizona.
- The lack of supply chain systems planning is damaging our environment and quality of life.
- The voting public is generally unaware of the relative impact of the rail, trucking, and energy industries on sustainability.
- Sustainable supply chains require pragmatic collaboration among business, communities, and government.
- None of the existing entities involved in supply chain commerce or policymaking has a mandate to facilitate this collaboration.

What opportunities will be advanced?

- Adopting a whole-systems, regional, and common-sense approach to logistics and land use will benefit all stakeholders.
- California's aggregate sources will begin to play out in 2030. Increased aggregate supply from Nevada and Utah is economically logical, if transported by rail.
- Certain logistics activities can be staged in Nevada, Utah, and Arizona, instead of the more densely populated California metropolitan and port areas.
- The stability and profitability of trucking companies and the quality of life of drivers can be improved, while providing enhanced customer services.
- Empty truck moves throughout the region will be reduced.
- Improving the balance of truck and rail transportation will enhance systemwide efficiency.
- Highway fluidity will improve within metro areas that have become increasingly congested.
- Expanding access to economical and green local rail service will generate significant value to local economies, environment, and quality of life.

- Connecting Nevada, Utah, and Arizona businesses with California's ports and markets by rail boosts economic development, trade, and supply chain efficiencies in all four states.

Who is invited to participate?

- Shippers, distributors, industries, manufacturers
- Landowners, developers, realtors
- Energy service providers, ocean carriers, railroads, terminal operators, truckers
- Government agencies, economic development professionals, legislators, regulators, planners, and town and county leaders

What are the Foundational Principles of the Southwest Supply Chain Coalition?

1. Accountability to current and future generations compels us to align supply chains with a sustainable environment and a healthy quality of community life.
2. Collaboration is now as important as competition.
3. Plan whole supply chains, not just projects.
4. Rail and roads are one system.
5. Supply chains extend beyond state lines.
6. Supply chains should serve multiple businesses and industries.
7. Clear metrics are needed to account for the full lifecycle benefits, costs, and impacts of supply chains.
8. Communities deserve to know that their concerns are incorporated wisely into plans and investments. Proactive inclusion of all perspectives streamlines infrastructure development.
9. Plans for action are crucial for producing results beyond typical reports and studies.
10. Sustainable industrial development integrates land use planning with freight planning.
11. Capital is available for all well-conceived projects.

Why is the Coalition Needed?

- Pitting the emerging trucking industry in the early 20th century against an already established railroad industry missed the opportunity of smart integration.
- Relying on competition among transport modes, companies, and states in the 21st century is inadequate for supply chain efficiency.
- Supply chains need to be redesigned to support reshoring of manufacturing and co-location of processing and distribution facilities within the region.
- The trucking industry benefits from more short-haul movements. Short haul trucking drives efficiency, eliminating costly layovers due to hours-of-service regulations. Short haul drivers have a better quality of life and are easier to retain.
- The impact of goods movement to and from industrial facilities is as relevant to land use as what occurs at the properties. Land use is a societal issue, not simply an individual property issue.
- Large-scale strategies for stable, whole-systems investment will be extremely attractive to major infrastructure investors.
- Neither business nor government alone has the expertise to convene this new level of whole supply chain coordination.

Who is leading this effort?

- Nevada Governor's Office of Economic Development
- State Governments of California, Utah, and Arizona
- Project of OnTrackNorthAmerica, 501c3, since 2007
- Michael Sussman, Chairman and CEO, OnTrackNorthAmerica
- Governing Board

CHARTER OF THE SOUTHWEST SUPPLY CHAIN COALITION **(THE "COALITION")**

The Nevada Governor's Office of Economic Development and OnTrackNorthAmerica ("OTNA") establishes the Coalition as a project that promotes a holistic, collaborative, and balanced approach to achieving regional supply chain and economic efficiency within Nevada, California, Utah, and Arizona. It stands on the recommendations of the 2021 Nevada State Rail Plan.

The **purpose** of the Coalition is to develop a regional approach to coordinating planning of and investment in the supply chain transportation infrastructure that serves the commercial activities of each jurisdiction which are mutually dependent for the production, import, export, delivery, and utilization of goods.

The **goals** of the Coalition are to (1) foster regional collaboration and consensus building regarding the planning, construction, and utilization of critical logistics infrastructure, and (2) achieve a level of interoperability within and among specific key supply chains, including energy, that otherwise exist independently. In pursuit of those goals, the Coalition intends to develop and model consensus-building initiatives and methods that can be employed in regions throughout the country.

The active agenda of the Coalition will entail promoting economic efficiency, jobs, environmental benefits, reduced congestion, and lower overall community impact from supply chain logistics. The Coalition is dedicated to finding solutions, joint actions, and strategies that generate these benefits. To advance this agenda, the Coalition will focus on how modes of transportation and distribution, currently planned and operated in separate silos, can be optimized.

An increase in intermodal and short-haul rail, decarbonization, improved efficiency of truck movements, and other potential improvements can contribute to the growth and efficiency of the trade among the Coalition states.

To pursue effective solutions, the Coalition will offer its expertise and services to policy makers, regulators, state and local governments, industry segments, and citizen organizations. It will encourage multiple, diverse interest groups and authorities which ordinarily do not collaborate, to work together to devise "best practices," standards, information sharing procedures, and objectives that represent optimal—not least common denominator—results.