



CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO  
*Office of the President*

August 1, 2019

William Scroggins  
President  
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Dear William:

I invite you to join me and our colleagues for a convening to review a prospectus to establish a regional **Inland Empire Supply Chain and Logistics Center of Excellence**. The meeting will take place at the **California State University, San Bernardino on August 26<sup>th</sup> from 9am - 12pm at the Yasuda Center**. When launched, this center will enhance our region's financial stability, widen alliances with non-profit organizations, expand research opportunities, and provide meaningful internships and career pathways to our students in preparation for well-paying professions in this sector.

Academic institutions such as yours will play a key role in making the region a home for global innovation in the logistics and supply chain industry. I have attached the introduction of a **confidential** concept prospectus on the Inland Empire Supply Chain and Logistics Center of Excellence, drafted by Timothy Brown, Executive Director of Georgia Tech's Supply Chain and Logistics Institute (SCL). I would appreciate if you could review the document at your earliest convenience. Timothy Brown will present the full prospectus at the convening.

The Inland Economic Growth and Opportunity (IEGO) initiative is a public-private collaboration across Riverside and San Bernardino counties that promotes inclusive growth and opportunity for Inland Empire residents through a strategic economic agenda and direction. Recently, IEGO released a report in partnership with the Brookings Institute's Metropolitan Policy Program, identifying the logistics industry as the focus of one of the four strategies the Inland Empire can implement in order to ensure the strength and equity of our regional economy. Brookings also recommended engaging SCL as Georgia Tech is home to the largest logistics and supply chain program in the US, has unique interdisciplinary programs in logistics innovation, and has a long-term research presence in California.

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Please attend if you would like to learn and engage with the concept, operating model, and funding of this new center, including its alignment with K-12 and workforce training. If you are not able to attend, I encourage you to designate your chief academic officer or dean representative to attend on your behalf. Please RSVP to [pres\\_ofc@csusb.edu](mailto:pres_ofc@csusb.edu) by August 20<sup>th</sup>.

Do not hesitate to contact me directly at [tmorales@csusb.edu](mailto:tmorales@csusb.edu) if I can answer any questions or provide additional information. I cannot stress the importance of this initiative being a joint endeavor to transform the Inland Empire as the State's leader in logistics and supply chain management. I look forward to seeing you on August 26<sup>th</sup>.

Sincerely,

A handwritten signature in black ink, appearing to read 'TDM', with a stylized flourish at the end.

Tomás D. Morales  
President

# Inland Empire Supply Chain and Logistics Center of Excellence Concept Proposal

Draft

July 31, 2019

Prepared by:

## DOCUMENT PURPOSE

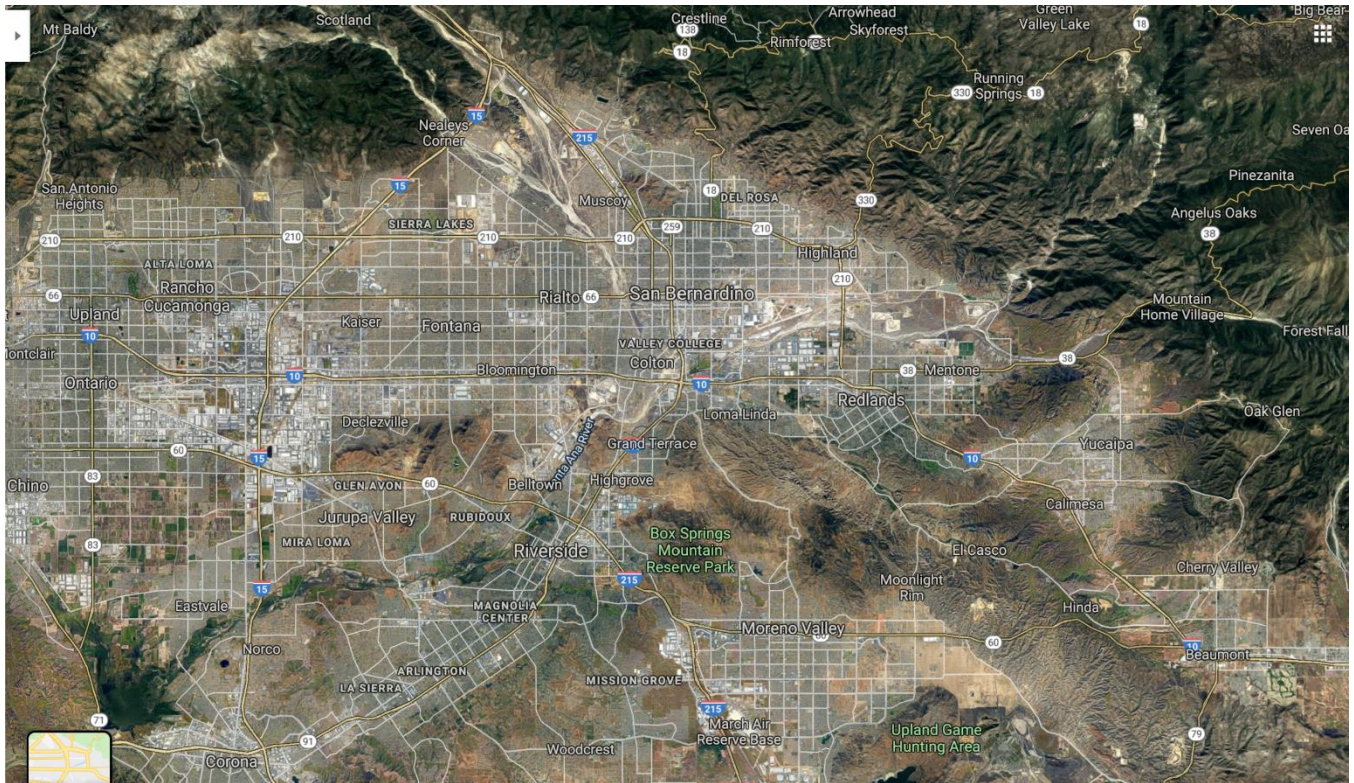
The Supply Chain and Logistics Institute (SCL) has prepared this working document to further discussion regarding the concept, operating model, planning, and funding of a new Center of Excellence focused on Supply Chain and Logistics. The Inland Empire Supply Chain and Logistics Institute (IESCL) will address current challenges in the logistics segment (e.g. workforce education and preparedness in the face of automation) while serving as a mechanism to bring multiple universities, industry, and governmental units together to transform the Inland Empire into the world's exemplar of next generation sustainable logistics.

The transformation will be realized through coupling multi-disciplinary, multi-party applied research with agile testing and application strategies. **The intent of the transformation is to simultaneously address issues such as: human mobility, energy consumption, air quality, land-use, workforce opportunities, freight flow, and effective regulatory design.**

Traditional single party logistics flows (i.e. company-specific trucks, warehouses, etc.) operating with minimal real-time infrastructure performance information can not solve the region's sustainability issues and workforce threats associated with growing use of robotics and artificial intelligence. Hence, IESCL will focus on hyperconnected, shared/leveraged logistics asset models enabled by emerging technologies to achieve the goals of workforce opportunity enhancement and logistics sustainability.

Comments and questions are welcomed.

# INLAND EMPIRE: LOGISTICS AND IMPACTS



## SOUTHERN CALIFORNIA LOGISTICS CORRIDOR

The primary Southern California Logistics Corridor consisting of the Ports of Los Angeles and Long Beach, the Coastal and Inland Empire logistics facility inventory, the substantial logistics employment base, and the associated interconnecting and extending rail lines, terminals, and roadways is extremely important to local, state, national, and global commerce and in many ways is overlooked/underappreciated. Notable assets in the region:

- The 2 largest ports in the United States
- Over 34,000 warehouses/distribution centers
- Numerical majority in Coastal Counties, newer/larger facilities in Inland Empire
- Multiple air cargo hubs (LAX, ONT, SBD, SNA, etc.)
- Extensive rail network and intermodal facilities
- Extensive highway network
- Available comparatively low-cost flat land in Inland Empire
- Substantial workforce size
- Natural geographic flows to support freight flows within the urban core, within the state, across the Western US, and in and out of the continental US
- Inland Empire leading the nation in job growth – logistics as a key driver
- Warehouse vacancy rate at historical low
- Inland Empire leading nation in logistics facility construction – 23.7 million square feet under construction – majority are 500k sqft and larger
- Home to ESRI – GIS enabler of numerous logistics-related systems
- Home to several Department of Defense logistics operations



## INLAND EMPIRE CHALLENGES AND OPPORTUNITIES

While e-commerce, using traditional single-party fulfillment operations, continues to drive the need in the short-term for additional logistics facility construction and employment in the Inland Empire, there are a number of current challenges, threats, and opportunities that are related to and/or can be influenced by the logistics industry.

- Nearly one in five of Inland Empire residents lives in poverty—highest among the nation’s twenty-five largest metropolitan areas
- Lack of substantial alternatives (to logistics) for low-skilled residents
- Relative lack of opportunity for higher-skilled, higher-waged logistics management, engineering, innovation, and information technology logistics jobs in the region
- As land and labor costs rise and the use of logistics robots increases, Inland Empire low-skilled employment is at risk; however, increased use of automation and digitization in logistics and supply chain management can provide opportunities for higher-wage employment
- Rising costs and a comparatively uncompetitive regulatory environment leading to the substantial growth of alternative logistics hubs – such as Las Vegas and Phoenix
- Inland Empire has the lowest post-secondary degree attainment of any region in the United States (over 1 million in population)
- Inland Empire has the worst air quality in the United States – and recent signs of a downward trend in air quality
- Minority communities/lower-cost housing disproportionately impacted by logistics industry generated congestion and air quality issues
- Unhealthy commutes for mid and high-skilled employees residing in Inland Empire
- Over 100 freight trains and moving toward 70,000 trucks per day flow through the Inland Empire
- Lack of a substantial focus/scale on supply chain and logistics educational programs in colleges/universities to drive the region’s attractiveness for higher-skilled industry employment
- Lack of a central physical and professional leadership/hub for the logistics industry – for research/innovation, job opportunities/recruiting, educational programming, development information sharing, advocacy, and awareness/marketing – in Southern California
- The region is ringed by a number of colleges/universities that have started programs in logistics and have expressed interest in building a consortium to address the region’s industry-related challenges and opportunities
- Homelessness and its associated challenges are a substantial problem in Southern California – including the Inland Empire
- Earnings growth has lagged the rest of the state