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| <b>Event:</b>      | Economics Working Group (EWG) meeting  |
| <b>Date:</b>       | 1/29/04  |
| <b>Location:</b>   | LGE Savannah Office  |
| <b>Purpose:</b>    | Review of Draft Economics Analysis Work Plan   |
| <b>Attendees :</b> | Judy Jennings, Will Berson, Gerald Miller, Daniel Small, Jeff Morris, Wes Bushnell, Richard Hill, Kevin Horn, Don Ator, Morgan Rees, Hope Moorner, Larry Keegan, David Kyler (telephone) |

**Summary:**

The draft work plan was distributed to the EWG in advance of the meeting. GEC made a presentation explaining the elements of the work plan, which they discussed and responded to questions. (See PowerPoint Presentation for EWG Mtg. 23Jan04 Rev1.pdf on HD website).

The meeting consisted primarily of responding to the following questions. Discussions were too lengthy and rambling to record specific responses (JJ=Judy Jennings, WB=Will Berson, DK=David Kyler, GM=Gerald Miller):

Questions

- How can possible cancellation of ship orders in fleet forecasts be accounted for? - JJ
- How can misstatements of ship capacity be accounted for? - JJ
- Is it true that the economic effects that are projected are discounted or is it not true? - DK
- The Delaware River project was criticized for using inconsistent discount rates - you won't do that? - JJ
- Is draft an extrapolation or do you have actual draft from pilots? - WB
- Will you handle future of the Panama Canal & usage with a sensitivity or probability analysis? - JJ
- As post-Panamax vessels age and as the Panama Canal is expanded, does that affect future fleet projection? - WB
- About NED, how do you separate benefits to U.S. economy given that the fleet is largely international? - JJ
- Are unit cost savings assumed to be passed on to consumers? These are public companies and cost savings can be divided any number of ways. If you can't measure where cost savings go, why make the assumption that they all go to the consumer? - WB
- Can you do international and domestic benefits? There was much discussion of this for the Delaware River project. - JJ
- How will the analysis absorb local impacts for benefits that accrue to international benefits? - WB
- What is a cellular vessel? - WB
- What is the difference between world fleet prospective and world fleet projection? What does each term mean? - WB
- The analysis is trade route focused - are you really only working trade routes that might affect Savannah? - JJ
- Would any benefits accrue to a 38' vessel? - JJ
- Does it make any difference if there is a trend in ownership of charter fleet? - JJ
- Are ships like planes - do orders get cancelled? - WB
- Does the multi-port analysis consider only costs associated with the port? - WB
- Do you intend to include any West Coast ports? - JJ (*Note: When the response was negative, she expressed a concern that excluding West Coast ports might cause some important trends in commerce to be missed.*)

- Is there any way to factor distribution center effects into the multi-port analysis? - JJ
- Exactly what difference does the multi-port analysis make? - JJ
- Do we really need a regional port analysis for this project? - GM
- Will port capacity analysis include a container port in South Carolina? - JJ
- Are there any thoughts of having more than one but less than all ports be a regional port? - WB

#### Comments

- JJ comment on regional port analysis: It occurs to me that on a regional basis from an environmental point of view, we should look at transportation that has the least environmental cost. The environmental consequences go beyond the river.

#### Observations

- The EWG made no specific recommendations for modifications to the analysis plan.
- In the discussion of the assumption that all benefits would accrue to the consumer, the conclusion was reached that changing that methodology was beyond the scope of the Savannah Harbor Expansion Project GRS. The EWG members (JJ, WB, and DK only) agreed to disagree on how the benefits should be allocated and promised that point would be raised again regardless.
- Judy Jennings asked the EWG members to forward to her any items that should be included in the record of the meeting.