The Trade Corridor Bulletin

Improving America's Intermodal Freight and Goods Movement

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Coalition Highlight

CAGTC Pushes to Revive a Projects of National and Regional Significance Program in the Surface Transportation Authorization

The development and implementation of our past surface transportation authorization bills have taught us many lessons. While Congress is correct that the proliferation of programs has resulted in redundancy and inefficiency in some cases, and some programs have not performed as expected, there are examples that should be revisited and included in the upcoming legislation.

One such example is the Projects of National and Regional Significance (PNRS) program in SAFETEA-LU, which was itself an outgrowth of the enormously popular Borders and Corridors Program in TEA-21 (in the three years it accepted applications, the Borders and Corridors Program received $15 in requests for every $1 of authorized funding). Since 2005, PNRS has enabled the planning and construction of many freight programs vital to our nation's commerce and goods movement efficiency. A merit-based PNRS program in the next surface transportation reauthorization would continue this good work and shore up the gaps for projects that do not fit neatly into other funding structures.

Projects that qualify under PNRS are typically very large, frequently multi-modal and sometimes stretch across multiple jurisdictional boundaries, including state lines. These projects have beneficiaries across large geographic – if not national – areas, compared to purely local beneficiaries who may be galvanized to see a commuter route or local traffic mitigation put in place. For PNRS improvements, the inconvenience, disruption and displacement are borne locally, whereas benefits to the economy, jobs and collected taxes accrue regionally

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CAGTC Perspective
A Message from the Executive Director

The typically-slow summer months have been a-typically busy in Washington this year. The House of Representatives Transportation & Infrastructure Committee and Senate Environment and Public Works Committee have both signaled intentions for a surface transportation authorization. Despite the lack of bill language, outlines released by both committees have given insight as to what the bills will look like.

During all of this, the Hill has been embroiled in discussions surrounding the debt ceiling, with a focus on the federal deficit and reduced spending. Our Coalition has long held that expenditures to improve our national freight system are investments in our economic well being and our competitiveness as a nation. While we understand that it may be necessary to reduce spending in other areas, we hope Congress will agree that from the standpoint of economic stimulus, job creation, and long-term prosperity, this is not the place to skimp.

Meanwhile, here at the Coalition, a passing of the baton of Coalition management has occurred. Adrienne Gildea, Coalition manager for five years, has moved on to a position at the Commercial Vehicle Safety Alliance, and Elaine Nessle has assumed Adrienne's role as Director of Operations and Advocacy for the Coalition. Elaine joined Blakey & Agnew's team in 2007 providing support for the firm's work in public relations and public affairs. Throughout her tenure at B&A, Elaine has exceeded client expectations with her ability to cultivate productive relationships, manage high-stakes rolling targets and maintain sharp attention to detail.

We thank Adrienne for her five years of dedicated service to the Coalition and wish her the best of luck in her new position! And we're looking forward to a busy fall as we strive with our members and partners in goods movement advocacy to drive hard for the surface transportation act with a strong freight program included.

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and nationally. So, champions are rare and support is hard to come by.

While these projects can sometimes be partially, or largely, funded with public-private partnerships and other non-federal means, they often require federal leadership to enable a project to develop far enough for private or other funding to be made available.

For those states having their own transportation discretionary programs for multimodal freight projects, PNRS can make the difference in the gap between state funds and project costs, especially where there is not a private partner that can participate. For these and other good reasons, these projects require funding through non-traditional transportation programs.

The Coalition assisted greatly in the development of the PNRS program, including the merit-based criteria language for the competitive grant program that should have decided project investments and priorities, sans the last minute conference earmarking. The establishment of this criteria and the subsequent rulemaking process proved valuable in developing the TIGER program, as the PNRS model enabled a short turnaround in USDOT's implementation of the TIGER program and made developing grant criteria for the program much shorter and easier on a tight deadline. And, while 100% of PNRS funds were earmarked, over 73 percent nevertheless went for freight-related projects.

CAGTC believes that a well-funded PNRS competitive grant program would provide a number of public benefits that cannot be achieved through the other formula programs. We are not alone: 29 Members of Congress signed a "Dear Colleague" letter in support of placing a PNRS program in the House of Representatives surface transportation reauthorization. Work is currently underway to build a similar base of support in the Senate.

The Coalition is proud to be leading this effort and urges our readership to help us by encouraging their Representatives and Senators to support the inclusion of a PNRS program in the House and Senate bills.

Show your support for a PNRS Program!

Following on the success of the House of Representatives Projects of National and Regional Significance (PNRS) program letter, several Senate offices are considering pulling together a similar letter. The goal of both letters is to ensure that the nation's critical, multimodal mega-projects have a mechanism to receive funding in the next authorization should a freight program not make it into the bill.

If you are interested in a PNRS program, contact your Senator and ask that they take the lead on a "Dear Colleague" letter in support of placing a PNRS program in the Senate surface transportation reauthorization. Notify your Senator of the projects in their state that would benefit from a well-funded PNRS competitive grant program.

Coalition News

The Coalition for America's Gateways and Trade Corridors (CAGTC) is pleased to welcome the following NEW MEMBER:

Kern Council of Governments, better known as Kern COG, is an association of city and county governments created to address regional transportation issues. Its Member Agencies include the County of Kern and the 11 incorporated cities within Kern County. Kern COG's areawide planning program is a continuous, comprehensive and coordinated process involving local governments and various other local, state and federal agencies. Working in a partnership with these agencies, the program addresses regional planning concerns, state funding priorities and federal, state and local comprehensive planning requirements.

Kern COG was established to provide a forum to study regional problems of concern to the different governmental entities in Kern County and streamline governmental operations through member governments' cooperation and in pooling common resources. Kern COG also identifies, clarifies and plans for solutions to regional problems. Finally, Kern COG facilitates cooperation and agreements among local government bodies for specific projects interrelated developmental action and common policies with respect to common problems.

The Kern COG Board of Directors is comprised of one elected official from each of the 11 incorporated cities in Kern County, two Kern County Supervisors and ex-officio members representing Caltrans and Golden Empire Transit District. Monthly board meetings provide the public forum for discussion and collaborative decision-making on significant issues of regional transportation and mobility. Meetings are held on the third Thursday of each month.

As the federally-designated Metropolitan Planning Organization and the state-designated Regional Transportation Planning Agency for Kern County, Kern COG is responsible for developing and updating a variety of transportation plans and for allocating the federal and state funds to implement them. Although regional transportation planning is its primary role, Kern COG also functions as the state-designated Census Data Center Affiliate for the Kern Region and the Kern Motorist Aid Authority, which operates emergency call boxes on county highways; and provides leadership in the development of geographic information systems in local government.

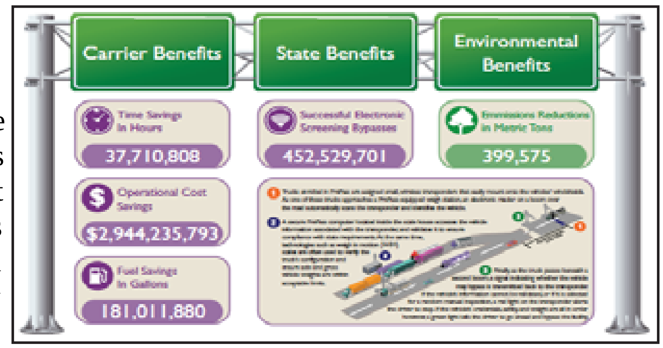
For a full list of CAGTC members, visit www.tradecorridors.org

Member Spotlight

PrePass: Helping America's Future in Freight

America's freight is America's future. But, the business as usual approach isn't going to accommodate our nation's future transportation needs. Between 2010 and 2020, truck freight will grow by 25 percent. And in the face of that growth, 43 states today are seeking to close budget gaps totaling more than $103 billion dollars and diminished revenues into the federal Highway Trust Fund may result in a 30 percent cut in federal highway investment.

While leveraging private investment and taking advantage of public-private partnerships are often touted as solutions, there are few solid examples of where these non-traditional approaches have made a significant contribution. PrePass is a notable exception and offers a model for others to emulate.



<u>Private Investment – Public benefit</u>

PrePass is a service offering of the Heavy Vehicle Electronic License Plate, Inc., a public-private partnership whose board of directors is comprised of an equal number of motor carriers and their government regulators. With PrePass, trucks with histories of safe operations may comply electronically with weight, safety and credential requirements while bypassing truck inspection facilities at highway speed.

With the base system deployed at no cost to the states, PrePass is a fee-for-service offering that is paid for by motor carriers that voluntarily enroll. To date, more than $400 million in private money has been invested in making the system a reality.

It's a win-win for motor carriers and the state officials that regulate them. For motor carriers, the benefits are saving time, money and fuel. With about 30 percent of trucks complying electronically at many equipped locations, states benefit as immediate increases in the capacity of their current inspection facilities are eliminated. In addition, fuel savings translate in to reductions in mobile source emissions.

Launched in California in 1995, PrePass now operates at nearly 300 locations in 30 states. Nearly 420,000 trucks have voluntarily enrolled in the system to take advantage of the time, fuel and money saving benefits.

<u>How it Works</u>

States that desire to enroll in the system nominate truck inspection facilities for automation by PrePass. PrePass assesses the viability of equipping each facility nominated and will fund many locations. In some instances, a state cost-sharing is required.

Trucks that voluntary enroll in PrePass are issued a windshield-mounted transponder that electronically identifies the trucks to the inspection facility, where the weight, safety and credentials can be validated.

If everything is in order, the transponder receives a green light from the weigh station directing the truck to bypass the facility. If there is an issue, or if the vehicle is selected for a random inspection, the transponder receives a red light directing it to pull into the inspection facility.

Member Spotlight

Port of Miami-Florida East Coast Railway Rail Reconnection Project

The Port of Miami-Florida East Coast Railway Rail Connection Project consists of four phases designed to repair existing transportation infrastructure and construct new facilities. The cost for this project is divided through a four-way partnership: the U.S. Department of Transportation, Florida Department of Transportation, Florida East Coast Railway, and the Port of Miami. The total cost of the project is approximately fifty million dollars. The project contains multiple highlights that will have a significant impact on transportation. The economic impact of the project is even more staggering.

The four phases of the project are for the reconstruction of the Florida East Coast Railway (FEC) Port Lead, rehabilitation of the bascule bridge that connects the Port of Miami and the FEC, the construction of an on-port rail facility, and modifications to FEC's Rail Yard to accommodate the increase in intermodal traffic. The rail reconnection project is part of a larger infrastructure investment program taking place at the Port of Miami. The other two projects are the Miami Access Tunnel and the 50-foot dredge. The Miami Access Tunnel is fully financed and construction has begun. The 50-foot dredge project was recently fully funded through a $77 million grant from Governor Rick Scott and the Florida Department of Transportation. This investment program will allow the Port of Miami to be ready for the Panama Canal expansion in late 2014.

Many benefits are to come once the project is finished. For example, over the next twenty years, six million 17-mile truck trips between the Port of Miami and the Hialeah Yard will be eliminated. The project also focuses on the environmental issues by reducing 211,320 tons of Greenhouse Gas emissions over 20 years. A portion of the project deals with The Port of Miami, which will help enhance efficiency for U.S. exports to Central and South America. This will allow the increase in international trade for the Port of Miami, which acts as the principal United States trade gateway to Central and South America and the Caribbean. The direct rail connection will provide expedited service from the Port of Miami to the national rail system via Jacksonville, Florida.

The grant application submitted by Miami-Dade County and the Port of Miami in August 2010 contained the economic impact the project will have. News jobs will be created in maintaining old and constructing new infrastructure; the construction of the project is expected to generate 822 total jobs, with an estimated direct income of approximately $33.38 million. State and local taxes generated by the construction activity are approximately $2.47 million, and federal taxes paid by workers employed on the project are approximately $9.41 million.

Federal News

United States and Mexico Announce Safe Secure Cross-Border Trucking Program

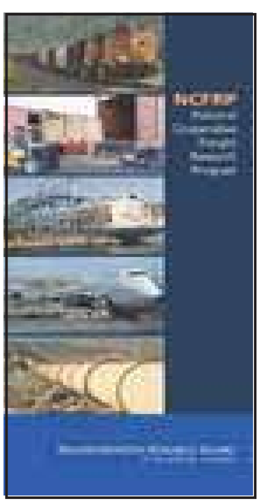
On July 8th, 2011 U.S. Transportation Secretary Ray LaHood and Secretaría de Comunicaciones y Transportes Dionisio Arturo Pèrez-Jàcome Friscione joined in Mexico City to sign agreements resolving the dispute over long-haul, cross-border trucking services between the United States and Mexico.

The new program puts safety first and paves the way for Mexico to lift tariffs it imposed more than two years ago. The agreement will lift retaliatory tariffs on more than $2 billion in U.S. manufactured goods and agricultural products, providing opportunities to increase U.S. exports to Mexico and expanding job creation in the U.S. Mexico will suspend the remainder of the tariffs within five days of the first Mexican trucking company receiving its U.S. operating authority. As a result, Mexican tariffs that now range from five to 25 percent on an array of U.S. agricultural and industrial products would be immediately cut in half and will disappear entirely within a few months.

After the previous cross-border trucking program was terminated in March 2009, Secretary LaHood and other Obama Administration officials met with lawmakers, safety advocates, industry representatives and others to address a broad range of concerns. As a result of these meetings trucks will be required to comply with all Federal Motor Vehicle Safety Standards and must have electronic monitoring systems to track hours-of-service compliance. In addition, the U.S. Department of Transportation will review the complete driving record of each driver and require all drug testing samples. Drivers will also need to undergo an assessment of their ability to understand the English language and U.S. traffic signs. The new agreement ensures that Mexico will provide reciprocal authority for U.S. carriers to engage in cross-border long-haul operations into that country.

The two agreements implementing the new cross-border trucking program and the lifting of the tariffs are the Memorandum of Understanding between the U.S. Department of Transportation, the Secretaría de Comunicaciones y Transportes of the United Mexican States on Cross-Border Motor Trucking (MOU), the Agreement on Lifting of Retaliatory Measures between the Office of the United States Trade Representative of the United States of America and the Secretaría de Economía of the United Mexican States. These agreements build upon the progress announced by Presidents Obama and Calderon in early March.

National Cooperative Freight Research Program (NCFRP)



The National Cooperative Freight Research Program (NCFRP) is an applied, contract research program with objectives of developing information that will be used to improve the efficiency, reliability, safety, and security of the nation's freight transportation system. The NCFRP was authorized in federal legislation — the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). The Federal sponsor of the program is the U.S. DOT's Research and Innovative Technology Administration (RITA). The program is managed by the Transportation Research Board (TRB) of the National Academies and governed by an Oversight Committee comprised primarily of industry stakeholders.

The NCFRP Strategic Plan has five objectives:

Analyze the business of freight transportation
Trends in the global and national movement of freight and business logistics will likely place greater demands on the Nation's freight transportation system. NCFRP research will provide better information and clearer insight into the market-driven factors that lead and respond to current and future freight demand.

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Develop reliable data and tools for analysis of freight transportation
Successful decision making is based on credible and reliable analysis, which itself depends on quality data. NCFRP research will identify improvements in collecting, analyzing, and using data and will develop tools for analyzing and managing the impacts (e.g., economic, safety, security, environmental, health, energy, community) of freight transportation decisions.

Exploring operational improvements in freight transportation.
Enhancing system performance does not focus solely on providing new infrastructure but also includes operational strategies and more efficient management of existing capacity. NCFRP research will provide guidance on implementing promising operational and system management improvements.

Evaluate investment decisions for adding physical capacity to the freight transportation system
Quantifying benefits, including return on investment, is an important input into decision making. NCFRP research will provide information and guidance on making sound decisions for adding capacity where investment makes economic sense.

Identify ways to strengthen the institutional framework for the freight transportation system
Institutional capacity is often a prerequisite for successful planning and implementation of freight-oriented strategies. NCFRP research will identify institutional barriers, organizational capacity issues and innovative solutions to freight transportation challenges. Of particular interest is the evolving concept of public-private partnerships that often does not conform to jurisdictional boundaries nor the traditional dividing line between government and business.

Secretary LaHood Announces $527 Million in Funding for New Round of Popular TIGER Grant Program

U.S. Transportation Secretary Ray LaHood announced that $527 million will be available for a third round of the highly successful TIGER (Transportation Investment Generating Economic Recovery) competitive grant program, which funds innovative transportation projects that will create jobs and have a significant impact on the nation, a region and a metropolitan area.

"Through the TIGER program, we can build transportation projects that are critical to America's economic success and help complete those that might not move forward without this infusion of funding," said Secretary LaHood. "This competition empowers local communities to create jobs and build the transportation networks they need in order to win the future."

In the FY11 budget President Obama signed in April, $527 million was directed to the Department of Transportation for critical investments in the nation's transportation infrastructure. States, cities, local governments, and other partnerships and groups will have until this fall to prepare their applications for the popular TIGER program, which has funded high-impact projects including roads, bridges, freight rail, transit buses and streetcars, ports, and bicycle and pedestrian paths.

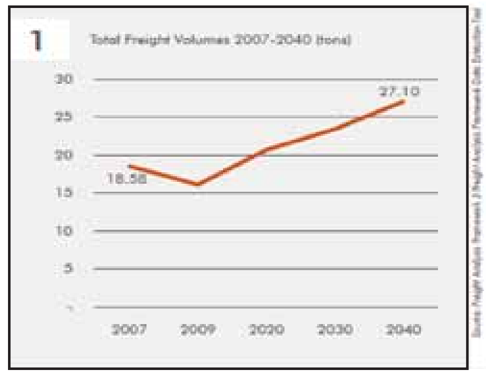
The previous two rounds of the TIGER grant program provided $2.1 billion to 126 transportation projects in all 50 states and the District of Columbia. Demand for the program has been overwhelming, and during the previous two rounds, the Department of Transportation received more than 2,500 applications requesting more than $79 billion for transportation projects across the country.

Projects will be selected based on their ability to contribute to the long-term economic competitiveness of the nation, improve the condition of existing transportation facilities and systems, improve energy efficiency and reduce greenhouse gas emissions, improve the safety of U.S. transportation facilities and improve the quality of living and working environments of communities through increased transportation choices and connections. The Department will also focus on projects that are expected to quickly create and preserve jobs and spur rapid increases in economic activity.

Freight Investments: Keep Up the Good Debate
by Michelle Pak

This article originially ran in Parsons Brinckerhoff's Economic Forecasting Review (EFR)

As we recover from the current global recession, we are reminded of the downsides of increased consumption: increases in freight flows lead to greater highway congestion, greater reliance on fossil fuels, and adverse impact on our environment. Yet freight transportation has historically been overlooked both as its own class of infrastructure and the services it provides to the economy. Highways and transit trust funds are still the primary funding vehicles for surface transportation programs and even they are struggling to secure the funding necessary in the next reauthorization. With earmarks and one-off discretionary programs, freight funding is still based on a piecemeal, case-by-case approach, leaving the current investment approach inadequate to address the nation's growing demands and infrastructure needs. And the slow pace at which transportation reauthorization is moving suggests that a major goods movement initiative may still be a long way off from being prioritized by policy makers.



As part of the national dialogue on transportation reauthorization, key members of Congress have introduced the Focusing Resources, Economic Investment, and Guidance to Help Transportation Act of 2010 (FREIGHT Act) legislation, which seeks to create a dedicated trust fund for freight investment. Introduced by Senators Frank Lautenberg (D-NJ), Patty Murray (D-WA), and Maria Cantwell (D-WA) last summer and reintroduced in the 112th Congress, the FREIGHT Act is ready for consideration when Congress addresses the reauthorization issues. A House version of the Act, H.R. 1338, was introduced by Representative Albio Sires (D-NJ), and U.S. Representatives Steve Cohen (D-TN), Earl Blumenauer (D-OR), and Adam Smith (D-WA) joined as co-sponsors.

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CAGTC is getting social!

The Coalition for America's Gateways and Trade Corridors
is now on Facebook and Twitter.

"Like" us to join our Facebook page

&

Follow us on Twitter: http://twitter.com/CAGTC

On Facebook or Twitter? Let us know!

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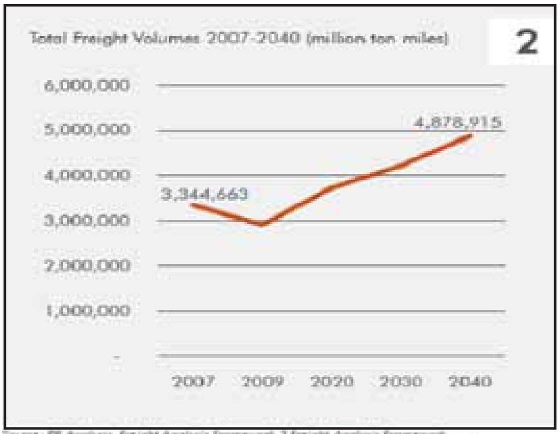
There are other pieces of freight legislations with similar goals in mind, including those proposed by U.S. Representative Ken Calvert (R-CA), ON TIME Act (H.R. 5102), and by U.S. Representative Laura Richardson (D-CA), FREIGHT Focus Act (H.R. 6291). However, the FREIGHT Act is a broader based national program defined by two specific components: 1) the creation of an Office of Freight Planning and Development within the U.S. Department of Transportation (USDOT); and 2) the authorization of a competitive, discretionary grant program for freight projects.

This article examines the features of the proposed legislation and what needs to be considered for its implementation.



Source: PB Analysis, Freight Analysis Framework 3 Freight Analysis Framework Data Extraction Tool CAGR and U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics and U.S. Department of Commerce, U.S. Census Bureau, 2007 Economic Census: Transportation Commodity Flow Survey, December 2009

The case for freight investments

Freight flows are expected to increase significantly over the next 30 years according to FHWA's Freight Analysis Framework (FAF 3) forecasts, from 18.58 billion tons in 2007 to just over 27 billion tons by 2040, representing a 46 percent increase across all modes.1

However, freight volumes are not just based on the weight that is moved, but also the distance that is moved, providing a better perspective on the impact of freight movements on the economy, infrastructure, and environment. Because the Bureau of Transportation Statistics (BTS) only has historical commodity flows, 2007 being the latest, forecasting the growth in ton-miles is challenging. Applying the same compound annual growth rates calculated in the Box 1 freight forecast to the 2007 ton-miles (holding average mileage constant), we are able to see a similar trend in Box 2.

What is uncertain at this time is whether the average mileage will indeed change. If the domestic freight patterns shift such that freight diverts from one mode to another, then this can impact the ton-miles portion of the equation. Right now, the latest freight volumes from BTS shows an even split between trucking and rail while the other modes make up lesser fractions of the entire freight volumes in terms of ton miles. Box 3 (left figure) illustrates the breakdown of freight volumes in ton-miles by mode.

However, when examining pure tonnage, according to FAF 3, trucking dominates, representing approximately 72 percent of the total freight tonnage moved, followed by rail (10 percent) and pipeline (7 percent). Even a modest growth rate applied to trucking compared to a large growth rate in other modes will preserve trucking as the predominant mode of freight movement over the next 30 years. Based on these projections, the freight volumes for trucks do not increase nominally, but by a staggering 49 percent, which compounds the lack of modal balance in freight transportation. Box 3 (right figure) illustrates the growth rate impact on the various modes:

Assuming no additional changes to capacity or freight diversion, the trends suggest that trucking will continue gaining modal share at the expense of other modes. This ought to sound the alarm bells when considering our nation's chokepoints and major corridors are already beyond capacity. Freight infrastructure must be a multifaceted system equipped to handle the anticipated demand and relieve the modal imbalance. But how?

FREIGHT Act components

The FREIGHT Act calls for the creation of the "Office of Freight Planning and Development" within USDOT, but outside the traditional modal administrations. The office would coordinate efforts to improve the efficiency and operation of all modes of the national freight transportation system. The Secretary would be directed to develop and implement a long-term national freight transportation strategic plan that meets the goals of the FREIGHT Act, and issue biennial progress reports, which would include any challenges to implementation and any requested policy and legislative changes.

The FREIGHT Act also would create a new competitive grant program— the "National Freight Infrastructure Grants program"—for freight-specific infrastructure projects, such as port infrastructure improvements, freight rail capacity expansion projects, and highway projects that improve access to freight facilities.2 Many supporters tout the merits of this bill because it creates a transparent and standardized project selection process that focuses on a results-based investment framework.

Furthermore, the program creates a systematic performance management model that will track the project's performance and whether it meets the criteria established at the outset.

Most federal experience with funding of large-scale, permanent discretionary grant programs for transportation has come through the Federal Transit Administration's (FTA) New Starts program. The New Starts program, which provides discretionary

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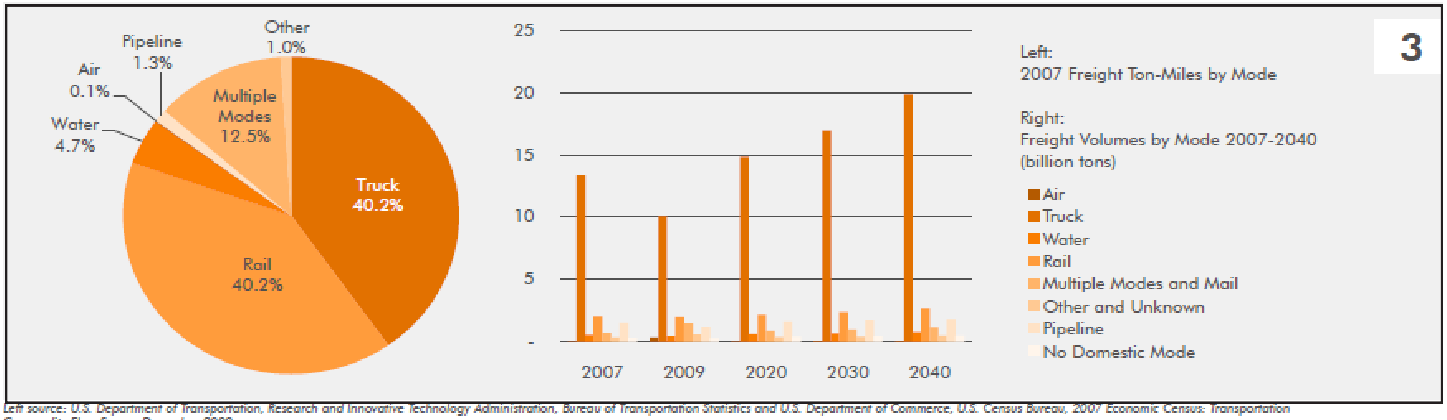
transportation funds for large transit capital projects, has, on occasion, been criticized as being too onerous in its project development process. The rigorous scrutiny each project must endure, coupled with a stringent accountability and performance measurement framework has stifled many projects, which led policymakers to streamline the program. Based on lessons learned, "a balance between rigor and simplicity is essential, but difficult to strike. Rigor reduces risk and enhances accountability, but adds to the cost and duration of planning and project development, generally increasing costs and delaying benefits."3 Applying those lessons to National Freight Infrastructure Grants program, striking the appropriate balance will be needed in order to implement a successful discretionary grant program.



Left source: U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics and U.S. Department of Commerce, U.S. Census Bureau, 2007 Economic Census: Transportation Commodity Flow Survey, December 2009.
Right source: Source: Freight Analysis Framework 3 Freight Analysis Framework Data Extraction Tool

The Office of Freight Planning and Development is poised to create that balance between sensible standards that would make the program credible, and be flexible so as to not suffocate those seeking to benefit from the program. What that balance will look like remains to be seen.

Whether it is a one-time competitive program like TIGER, or whether this is an on-going program like New Starts, no real revenue source has been identified for the FREIGHT Act, leaving much room for debate on how much and how often this program will be funded. The Transportation Research Board (TRB) Special Report on "Funding Options for Freight Transportation Projects" recommends a discretionary freight grant program in an amount comparable to the SAFETEA-LU Projects of National and Regional Significance program,4 on the order of approximately $1.8 billion over five years.5 The Freight FOCUS legislation goes even further by seeking a 12-cent increase in the diesel tax paid by trucks and $3 billion transferred each year from the general fund into the goods movement trust fund.6 Given the economic climate, the thought of an increased gas tax, applying a user fee, or tapping into the general fund cannot be considered without political difficulties—a fate that will impede progress on any form of the reauthorization bill.

4 PB Experience

Parsons Brinckerhoff assisted 70 TIGER I and II grant applicants. The firm's expertise is knowledge in project selection criteria and navigating the complex application process. PB assisted with the TIGER application for Colton Crossing—a freight rail grade separation project at Colton, California, which is a key junction for national freight flows. Through the firm's advisory work, California sponsors were able to secure $33.8 million for its $100+ million project and assure its timely completion.

In addition, PB led a study for the Bipartisan Policy Center's National Transportation Policy Project (NTPP) that examines the lessons learned from New Starts and Discretionary Federal Transportation Funding Programs. Based on the lessons learned, PB is able to apply its understanding of the New Starts requirements to other transportation discretionary grant programs.

FREIGHT Act is only the beginning

In addition to the lack of a real funding source, critics, including the American Trucking Association, assail the FREIGHT Act as taking attention away from highways and their much needed repairs. These critics argue that introducing the FREIGHT Act only dilutes the focus on a comprehensive transportation bill. Furthermore, critics feel that this bill will only exacerbate the bureaucracy in Washington through the creation of additional offices without a comprehensive program to address all of the major bottlenecks and system deficiencies so desperately in need of repair.7 Others believe that freight planning ought to be "bottom-up—that is designed at the state, multi-state, and corridor levels" and not at the federal level.8

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While the details will need to be fleshed out, the pivotal question of who can assert the kind of leadership necessary to overhaul the investments in freight infrastructure is clear. Transportation is a public good and the federal government can weigh costs and benefits at a national scale, and mitigate local issues that may prevent projects with national benefits. The federal government's role is to ensure the adequacy of efficient, safe, and reliable transportation. Therefore, the federal government is well positioned to define a vision, harness the resources both public and private, and set the standards that not only regulate our transportation infrastructure, but ensure its future viability. "Government involvement and leadership are practical necessities in complex projects: large projects that extend through multiple jurisdictions, involve sensitive environmental issues, and involve coordinated improvements to publicly and privately owned facilities serving passenger and freight."9 Left to the devices of the disparate owners, operators, and stakeholders of freight infrastructure, a holistic program to improve freight mobility will be difficult to achieve.

A potential role for the federal government is reflected in the Administration's 2012 budget recommendations for new legislation, which calls for establishment of a National Freight Transportation policy, designation of a National Freight Transportation System, and Issuance of a triennial National Freight Transportation Strategic Plan as guidance to USDOT's discretionary grant programs. The FREIGHT Act can be seen as the beginning of a framework for an accountable and rational freight project selection process. "The experience of the overwhelming number and high quality of proposals submitted under the TIGER Grant program demonstrated that there is a sufficient backlog of freight-worthy projects to fully subscribe a dedicated grant program, while work on a strategic plan moves ahead."10

Final thoughts

With another federal budget impasse averted by a divided Capitol Hill, the economy still reeling from high unemployment rate, rising energy costs, and the start of another presidential campaign season, any hope of reauthorizing the next surface transportation program this year seems uncertain. The last transportation reauthorization, SAFETEA-LU, expired in September 2009. Since then, SAFETEA-LU has been extended seven times. The Obama Administration's vision over the next six years calls for a $556 billion surface transportation program that includes an expanded intercity passenger rail program and the creation of a $30 billion national infrastructure bank. In the context of freight, it is thought that "this fund could help intermodal corridors, multimodal projects including port upgrades and barge container services."11 Yet despite this grand vision, without generating new revenues from gas tax receipts, or from additional borrowing, more than half of this $556 billion program has yet to be funded.

The new chair of the House Transportation and Infrastructure Committee, John Mica (R-FL), takes a more modest position. Instead of increasing revenue streams, Rep. Mica envisions reprogramming funds that are "stuck in the funding pipelines, save money by cutting red tape to shorten construction projects or wooing private investors with attractive incentives." Rep. Mica vows to have a six-year reauthorization bill written and passed this year, despite the budget constraints.

> "Without reliable infrastructure to ensure efficient freight mobility while minimizing adverse impacts to the environment, we will not be able to withstand freight volume growth and stay ahead of the curve."

In summary, goods movement is an integral part of a strong economy. Without reliable infrastructure to ensure efficient freight mobility while minimizing adverse impacts to the environment, we will not be able to withstand freight volume growth and stay ahead of the curve. Infrastructure investments have traditionally enjoyed broad based support across party lines. Where the chasm occurs is in the approach to that investment, which reflects the current political landscape and the tough fiscal times.

With disagreement on how to fund this infrastructure, the promise of a dedicated freight trust fund remains even more uncertain in the near future. Until then, a piecemeal approach to freight project financing seems to be the only option, which is neither adequate nor sustainable. This means scrapping together funds from various sources like TIGER discretionary grants or innovative financing programs, such as TIFIA (Transportation Infrastructure Finance and Innovation Act) and RRIF (Railroad Rehabilitation & Improvement Financing), and combining them with private sector investments to carry forward significant freight projects.

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Member News

IANA Launches New Resource to Benefit Intermodal Industry

The Intermodal Association of North America recently launched a valuable new information resource to benefit the intermodal freight transportation industry. The new IANA Intermodal Marketplace is an online buyer's guide that allows users to easily locate a wealth of intermodal-related products and services.

The IANA Intermodal Marketplace provides an efficient and effective way to browse intermodal offerings. Potential buyers can search within the parameters of the intermodal freight transportation industry by either a keyword-driven search that mirrors traditional search engines, or a category-specific search using a company name, exact phrase or geographic location. Both methods will save potential buyers valuable time and resources.

Not only does the comprehensive IANA Intermodal Marketplace assist intermodal freight transportation providers, it also offers them the ability to easily present their products and services directly to their target market. Featured companies can further connect with users through an enhanced listing that features contact information, a quick email option, location, and links to the company's Web site and social media pages.

Intermodal industry service providers and suppliers also have the option to highlight specific product offerings in the product spotlight section of the IANA Intermodal Marketplace, where users can learn about new products, innovations and special offers.

Port of Tacoma Completes Stimulus-Funded Tacoma Tideflats Overpass

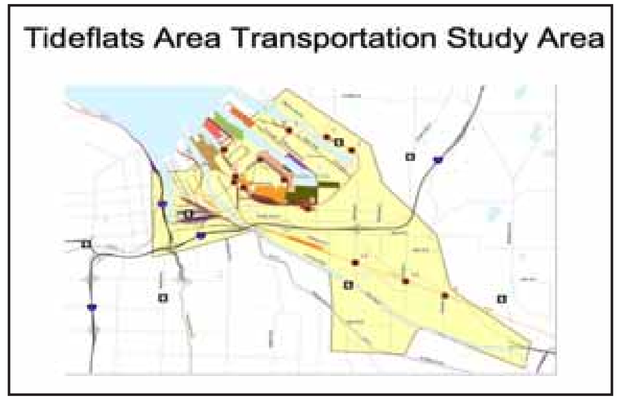
In early June, the first vehicles traveled over the Lincoln Avenue overpass, the final piece of a years-in-the-making transportation project to move cargo and commuters more efficiently in and out of the Tacoma Tideflats. The Port of Tacoma had completed supporting surface streets and relocated utilities over the years for the $50 million project, but the unfunded overpass was the final piece needed to carry vehicles over busy rail lines serving the Port's two main rail yards. Construction of the overpass became possible in March 2009, when the Port received $15.4 million in federal American Recovery and Reinvestment Act funds.

The $22 million, 2,200-foot overpass adds three lanes of roadway over four sets of railroad tracks. Building the overpass employed more than 200 people during peak construction, and economists estimate the entire corridor could contribute another 1,500 permanent jobs through efficiency and additional capacity. The FAST Corridor project has received funding since 2003 from several state and federal sources. The Port paid about $14.2 million of the total.

While the Lincoln Avenue overpass is open, repairs to the bridge over the river will prompt more detours for another six months. Tacoma Public Works delayed repairs to the Lincoln Avenue Bridge until the overpass was complete so access to local businesses would remain open. This repair work will close the bridge for about six months, depending on weather. During the bridge closure, a temporary heavy haul route will detour trucks around the construction.

The Port of Tacoma is an economic engine for South Puget Sound, with more than 43,000 family-wage jobs in Pierce County and 113,000 jobs across Washington state connected to Port activities. A major gateway to Asia and Alaska, the Port of Tacoma is among the largest container ports in North America. The Port is also a major center for bulk, breakbulk and project/heavy-lift cargoes, as well as automobiles and trucks.

Tideflats Area Transportation Study



The Tideflats Area Transportation Study identifies future transportation needs for the growth of freight-related traffic to and from the Tacoma Tideflats area. The Port partnered with seven stakeholders to complete the study which analyzed existing transportation conditions and identified roads to be examined for potential improvement to keep freight moving. The result is a plan to enhance the economic benefits of the Tacoma Tideflats area, improve roadway traffic circulation and reduce congestion. Fehr & Peers Transportation Consultants were selected in June 2010 to conduct the study.

Study results identified key freight-related transportation projects. These projects can be incorporated in the Transportation Improvement Programs (TIPs) of individual stakeholders, which makes the projects eligible for state and federal funding. The study also provides transportation plan data, including conceptual engineering and cost estimates, to support the pursuit of funding for projects in the area. This collaborative effort among a large stakeholder group will likely increase funding opportunities by elevating a project's priority on project and contingency lists at the regional and federal level.

Rick Clasby Appointed CEO of HELP

Dick Landis, president and chief executive officer of Heavy Vehicle Electronic License Plate Inc. (HELP) since December 1993 has retired. The Board of Directors of Heavy Vehicle Electronic License Plate Incorporated (HELP) has selected Rick Clasby, a 23-year veteran of commercial vehicle safety enforcement, to serve as the organization's new president and CEO effective July 5th.

Serving the people of Utah since 1988, Clasby has been involved in all aspects of commercial vehicle compliance from on-road driver and vehicle safety enforcement to the development of training curricula, and, from port of entry management and staffing to serving as a senior public spokesman for Utah's Department of Transportation (UDOT), Motor Carrier Division. Clasby previously served the State of Utah as the top commercial motor vehicle regulator since 1995 and is established as a national leader through the implementation of technology and creative approaches to ensuring the compliance of commercial vehicles with state safety and weight regulations.

Clasby assumes leadership at an interesting time for commercial vehicle enforcement and the motor carrier industry. With emerging technologies creating significant new opportunities for HELP, increased truck traffic volumes and limited government funds are challenging public inspection efforts, along with a new federal safety rating system that is an unknown for HELP's core service offering, PrePass.

HELP Inc. is a public-private partnership of motor carrier industry executives and the state officials that regulate them. HELP's mission is to create and sustain a cooperative environment where industry and government work together to effectively deploy advanced technology to improve commercial vehicle safety and deliver efficiencies to the trucking industry. More than 400,000 trucks have enrolled in HELP's flagship service, the PrePass weigh station system. PrePass and its electronic toll collection companion service are operational at weigh stations and/or toll plazas in 35 states. PrePass enables states to meet Federal CVISN requirements.

Member News

Metropolis Strategies Hails New Law to Plan Improvements in the Illinois Freight System

More than 27 percent of state's jobs tied to freight transportation

CHICAGO – The Governor has signed into law legislation requiring the state to make an assessment of the freight transportation system in Illinois and issue a plan with recommendations to improve the flow of freight by roads, rail, air and water.

The Freight Mobility Plan Act (House Bill 1761), which was proposed by Metropolis Strategies, had previously received overwhelming approval of both chambers. The chief sponsors of HB 1761 were State Rep. Elaine Nekritz, D-Northbrook, and Sen. A.J. Wilhelmi, D-Joliet.

"More than 27 percent of Illinois jobs are in industries closely tied to freight transportation, and many businesses locate in Illinois because of the state's capacity to provide reliable, cost-effective freight services," said George Ranney, President and CEO of Metropolis Strategies. "Unless the state plans for improvements to the system and helps make sure the movement of goods is efficient, those jobs will be jeopardized by an inefficient system that is even slower than it is today and more costly to businesses.

"Because the freight system is fragmented among a variety of private companies and governments, it is imperative that the state take a stronger leadership role in planning and guiding the system as a whole," Ranney said.

While the freight industry benefits the state's economy, it can have a negative impact in congestion delays for drivers and passenger trains and noise and air pollution. Unless there are improvements soon, the negative impacts will be even greater. In metropolitan Chicago, two-thirds of the need for new roads in the next 20 years will be the result of increased truck traffic. Freight rail traffic is expected to double in the next couple of decades.

HB 1761 requires a freight mobility component be added to the state transportation plan. The freight mobility component will:

- Analyze and assess the current freight transportation system;
- Identify freight system trends, needs, and economic opportunities; and
- Recommend operation and management improvements, projects to eliminate system inefficiencies, methods of funding projects, and policies to ensure the movement of goods within Illinois is both efficient and supportive of the state's economy.

About Metropolis Strategies

Formerly Chicago Metropolis 2020, Metropolis Strategies is a business and civic organization implementing policy initiatives and programs to grow the region's economy, to build a more sustainable region and to create safer communities. Metropolis Strategies is a supporting organization of the Chicago Community Trust. For additional information, go to http://www.MetropolisStrategies.org.

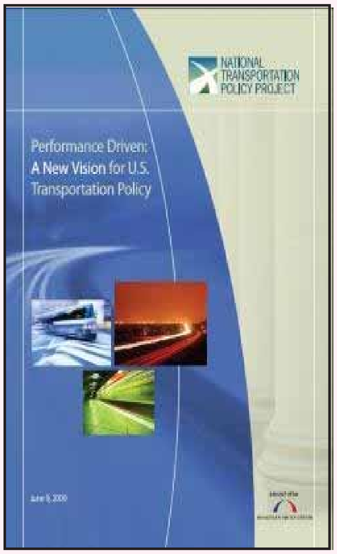
Research News

Bipartisan Policy Center's National Transportation Policy Project

PR Newswire

June 2011

With the lack of transportation funding, a plan is needed that outlines a programmatic framework which calls for targeted investments that yield the greatest benefit, demonstrate the greatest returns and leverage resources outside of the federal government.



To achieve its new programmatic structure, NTPP recommends placing a greater emphasis on managing and preserving existing transportation assets; creating a more robust, transportation planning process; developing a National Freight Strategic Plan; and providing funding to incentive performance. NTPP also calls for a greater leveraging of state, local and private funding sources to supplement constrained federal resources, the elimination of barriers to non-federal investment, and a restructuring of existing funding match requirements.

Bipartisan Policy Center's (BPC) National Transportation Policy Project (NTPP) released a set of near-term actions that can be taken to restructure the nation's surface transportation program. If adopted by the Administration and Congress in the next surface transportation authorization bill, the recommended framework would streamline and consolidate over 100 existing transportation programs into 10 core programs, make transportation spending more sustainable by authorizing a program at existing revenue levels, and begin the transition to a performance-based system that is better able to leverage non-federal resources.

If this plan is adopted, the federal transportation program will reform, consolidate and scale back the existing federal transportation program and make it targeted toward a set of specific national goals, including economic growth, national connectivity, metropolitan accessibility, energy security and environmental protection, and safety.

Report: http://www.prnewswire.com/news-releases/bipartisan-policy-centers-national-transportation-policy-project-issues-innovative-reform-proposal-for-near-term-federal-transportation-reauthorization-124028229.html

Funding Used for Transportation Infrastructure Projects, but Some Requirements Proved Challenging

GAO - June 2011

As of May 31, 2011, nearly $45 billion (about 95 percent) of Recovery Act transportation funds had been obligated for over 15,000 projects nationwide, and more than $28 billion had been expended. Recipients continue to report using Recovery Act funds to improve the nation's transportation infrastructure. Highway funds have been primarily used for pavement improvement projects, and transit funds have been primarily used to upgrade transit facilities and purchase buses. Recovery Act funds have also been used to rehabilitate airport runways and improve Amtrak's infrastructure. The Recovery Act helped fund transportation jobs, but long-term benefits are unclear. For example, according to recipient reported data, transportation projects supported between approximately 31,460 and 65,110 full-time equivalents (FTE) quarterly from October 2009 through March 2011. Officials reported other benefits, including improved coordination among federal, state, and local officials. However, the impact of Recovery Act investments in transportation is unknown, and GAO has recommended that DOT determine the data needed to assess the impact of these investments.

Federal, state, and local oversight entities continue their efforts to ensure the appropriate use of Recovery Act transportation funds, and recent reviews revealed no major concerns. The DOT Inspector General found that DOT generally complied with Recovery Act aviation, highway, and rail program requirements. Similarly, state and local oversight entities' performance reviews and audits generally did not find problems with the use of Recovery Act transportation funds.

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GAO's analysis of Recovery.gov data reported by transportation grant recipients showed that the number of FTEs reported, number of recipients filing reports, and portion of recipients reporting any FTEs decreased over the past two reporting quarters as an increasing number of projects approached completion or were awaiting financial closeout. The Federal Highway Administration performs automated checks to help ensure the validity of recipient reported data and observed fewer data quality issues than in previous quarters but does not plan to use the data internally. Certain Recovery Act provisions proved challenging. For example, DOT and states faced numerous challenges in implementing the maintenance-of-effort requirement, which required states to maintain their planned level of spending or be ineligible to participate in the August 2011 redistribution of obligation authority under the Federal-Aid Highway Program. In January 2011, DOT reported that 29 states met the requirement while 21 states did not because of reductions in dedicated revenues for transportation, among other reasons.

The economically distressed area provision also proved difficult to implement because of changing economic conditions. With regard to the high speed intercity passenger rail and Transportation Investment Generating Economic Recovery (TIGER) grant programs, GAO found that while DOT generally followed recommended grant-making practices, DOT could have better documented its award decisions.

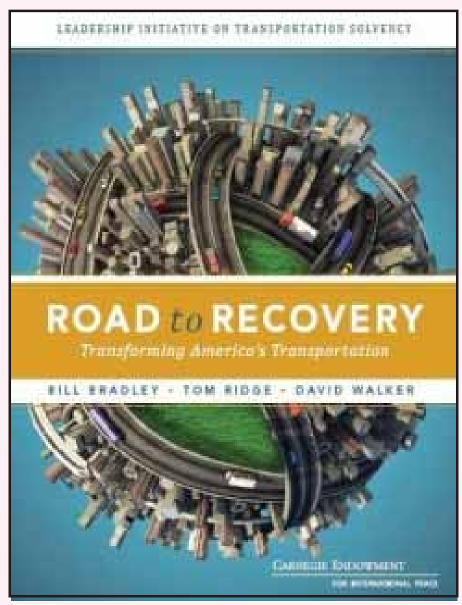
Report: http://www.gao.gov/highlights/d11600high.pdf

Road to Recovery: Transforming America's Transportation

Carnegie Endowment

July 2011

Unaccountable spending is undermining America's long-term strategic priorities and the nation's infrastructure is crumbling. Failure to reform the transportation system risks deepening the United States' dependence on oil, eroding economic competitiveness, and increasing climate disruption. Waiting to make real improvements only drives up future costs, whereas responsible policies can improve transportation and reduce the national deficit today.



America's transportation program is facing demolition by neglect. Calls to "do more with less" when the nation's infrastructure is crumbling ignore the needs of a system in rapid physical decline. Failure to reform the transportation system risks deepening U.S. dependence on oil and eroding global economic competitiveness. Is there a way to produce a long-term strategy that will simultaneously stabilize gas prices, finance America's transportation infrastructure, and decrease the deficit? Carnegie's Leadership on Transportation Solvency was created to do just that—develop a non-partisan solution for funding a better transportation system in the United States.

The Leadership Initiative for Transportation Solvency is dedicated to developing a nonpartisan solution to fund a better transportation system in the United States. Former U.S. senator Bill Bradley, former Pennsylvania governor and secretary of Homeland Security Tom Ridge, and former U.S. comptroller general and current president of the Comeback America Initiative David Walker led an intensive analysis to find politically realistic measures to fund and fix the transportation program.

In addition to other reforms, the three are advocating a formula for increasing transportation revenues in a way that might be more politically and economically palatable. The Leadership Initiative is relatively agnostic on the question of what a 21st century transportation system – one that reduces oil dependency, cuts carbon emissions, and stabilizes the economy – would look like. The report is decidedly mode-neutral.

Report: http://carnegieendowment.org/files/road_to_recovery.pdf

CAGTC & Freight in the News

Fixing nation's infrastructure problems should be a priority

The Tennessean
Jun. 26, 2011
http://www.tennessean.com/article/20110626/OPINION02/306260029/Fixing-nation-s-infrastructure-problems-should-priority

To spend or not to spend: addressing the federal role in transportation
Land Line Magazine
June 20, 2011
http://www.landlinemag.com/todays_news/Daily/2011/Jun11/062011/062011-02.shtml

Bipartisan Group Pushing Targeted, Short-Term Transportation Plan
Fleet Owner
Jun 17, 2011
http://fleetowner.com/management/news/bipartisan-group-targeted-transportation-plan-0617/

Everett Port Director Calls for Federal Investments
Snohomish County Business Journal
June 14, 2011
http://www.snohomishcountybusinessjournal.com/article/20110614/SCBJ02/706149832/-1/SCBJ

A Giant Step for Port of Miami Tunnel Construction
The Miami Herald
Jun 20, 2011
http://www.miamiherald.com/2011/06/13/2275946/a-giant-step-for-port-of-miami.html

Upcoming Events

<u>September 11-15:</u> AAPA 2011 Annual Convention and Expo, Seattle, WA

<u>September 13-16:</u> Smart Rivers 2011 Conference, Westin Canal Place, New Orleans, LA

<u>September 20:</u> 5th Will County Global Logistics Summit, Bolingbrook Golf Club, Bolingbrook IL

<u>October 16-20:</u> 18th World Congress on Intelligent Transportation Systems, Orange County Convention Center, Orlando, FL

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However, in the long term, freight infrastructure must hinge on a more permanent, stable program that will provide an overarching perspective on infrastructure needs, comprehensive framework for project review, and credible decision-making process to its project selection. As Congress wades through the debates to reach a budget accord and accomplish the next surface transportation reauthorization bill, legislative initiatives such as the FREIGHT Act must not be forgotten as an attempt to claim a trust fund of its own.

Endnotes

1. Modes include air, truck, water, rail, multiple modes, other/unknown, pipeline, and non-domestic mode
2. Source: http://lautenberg.senate.gov/newsroom/record.cfm?id=326598
3. Source: "New Starts: Lessons learned for Discretionary Federal Transportation Funding Programs," p. 31, National Transportation Policy Project (January 25, 2010)
4. Projects of National and Regional Significance was funded in the last surface transportation reauthorization, Section 1301 SAFETEA-LU
5. Source: "TRB Special Report 297: Funding Options for Freight Transportation Projects," p. 9 (2009)
6. Source: http://www.progressiverailroading.com/news/article.asp?id=24632
7. Source: http://transportation.nationaljournal.com/2010/08/will-freight-act-help-solve-pr.php (Leslie Blakey)
8. Source: http://transportation.nationaljournal.com/2010/08/will-freight-act-help-solve-pr.php (Emil Frankel)
9. Source: "TRB Special Report 297: Funding Options for Freight Transportation Projects," p. 3 (2009)
10. Source: http://transportation.nationaljournal.com/2010/08/will-freight-act-help-solve-pr.php (Leslie Blakey)
11. Source: Journal of Commerce, "Going for Broke," by John Boyd (February 21, 2011)

Why Join CAGTC?

Shape Policy

CAGTC Members have the opportunity to help shape policy and legislation with an organization that is known for getting results on the Hill. Membership gives you a seat at the table as our positions are vetted, debated, finalized and carried to the halls of Congress, where we then pull out the votes. All members are invited and encouraged to participate in our various policy and planning committees, which meet by phone, email and, occasionally, in person.

Up To Date Information

CAGTC strives to keep our members well informed and keyed in on important national freight developments. Because our work focuses solely on goods movement issues, we are able to disseminate concise, lightening-quick updates. Our members often tell us that CAGTC delivers information quicker than any of their other DC connections!

Access

CAGTC holds one annual, in-person meeting every spring, with impressive member turn out. In addition to our annual meeting, we hold smaller member events on a regular basis, such as our Congressional Goods Movement Briefing each spring and our Trade Corridor Summit in 2007. We also meet regularly with Congressional Members and staff and with the Administration. All of these meetings are free and open to members. Given that this is authorization time, we expect our calendar for Hill visits to book up quickly - in the run up to SAFETEA-LU, CAGTC held over 500 meetings with policy makers!

Member Promotion

In all our endeavors, the Coalition highlights its member organizations as examples of *good* projects and *how* the process should work. We do this in our regular meetings on the Hill, at conferences and during presentations and in our newsletter, which goes out every other month. Members have a spotlight for recent achievements, a sounding board of experts for advice, as well as an opportunity to network with likeminded organizations.

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