

# Washington Council of Governments Transportation Planning Board

## Developments in National Freight Policy

April 27, 2011

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“Will Federal Legislation Carry the  
Goods?”

Prospects for Freight Modes in Reauthorization

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## Background for Legislative Action

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## Context for Surface Legislation

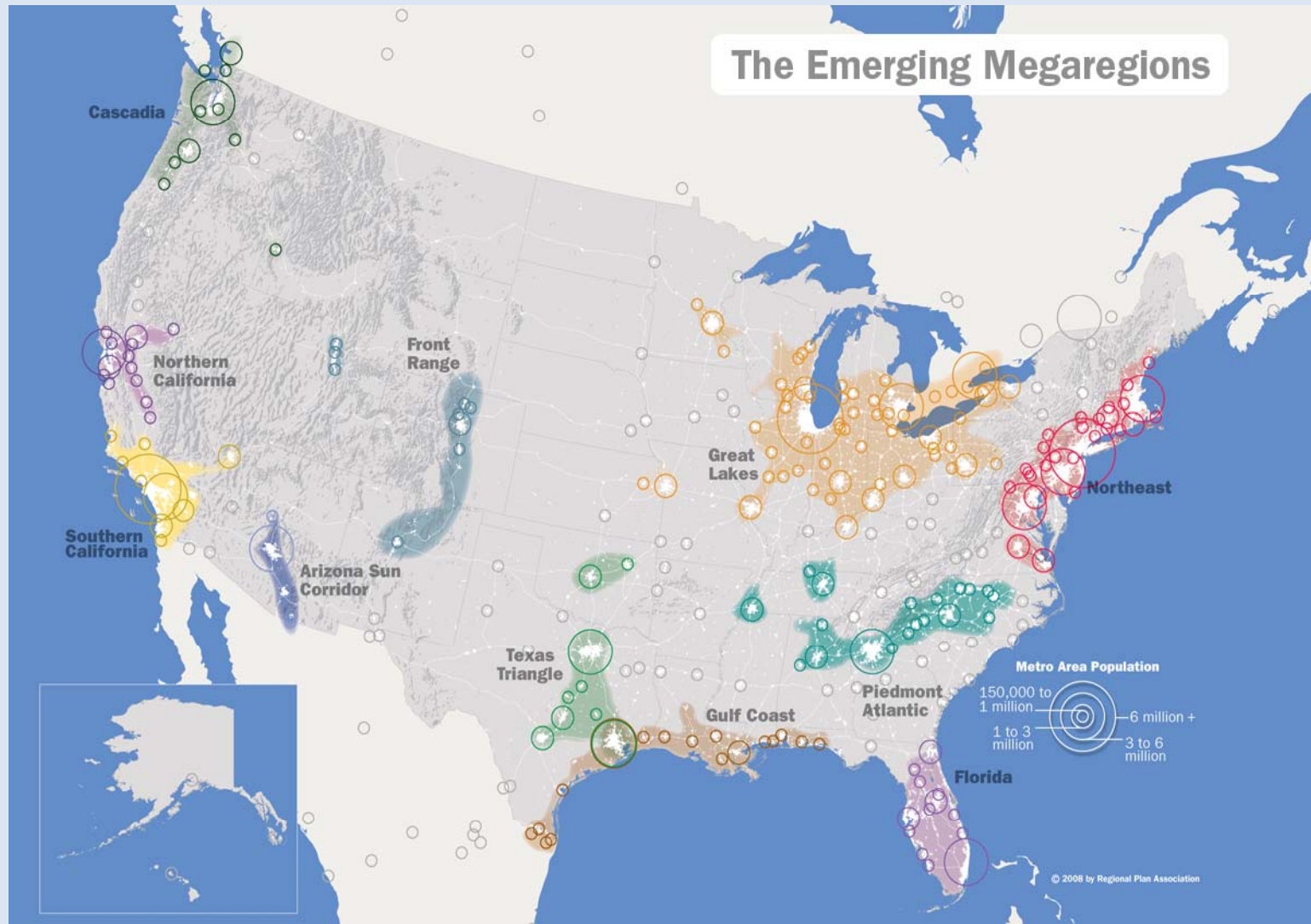
- Early Expectation of Change-Not Business as Usual
- Dissatisfaction with SAFETEA-LU
- National Commission Reports
- Increasing Public Debate
- Overwhelming Financial Pressure

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## Drivers of Change

- Demographic Change

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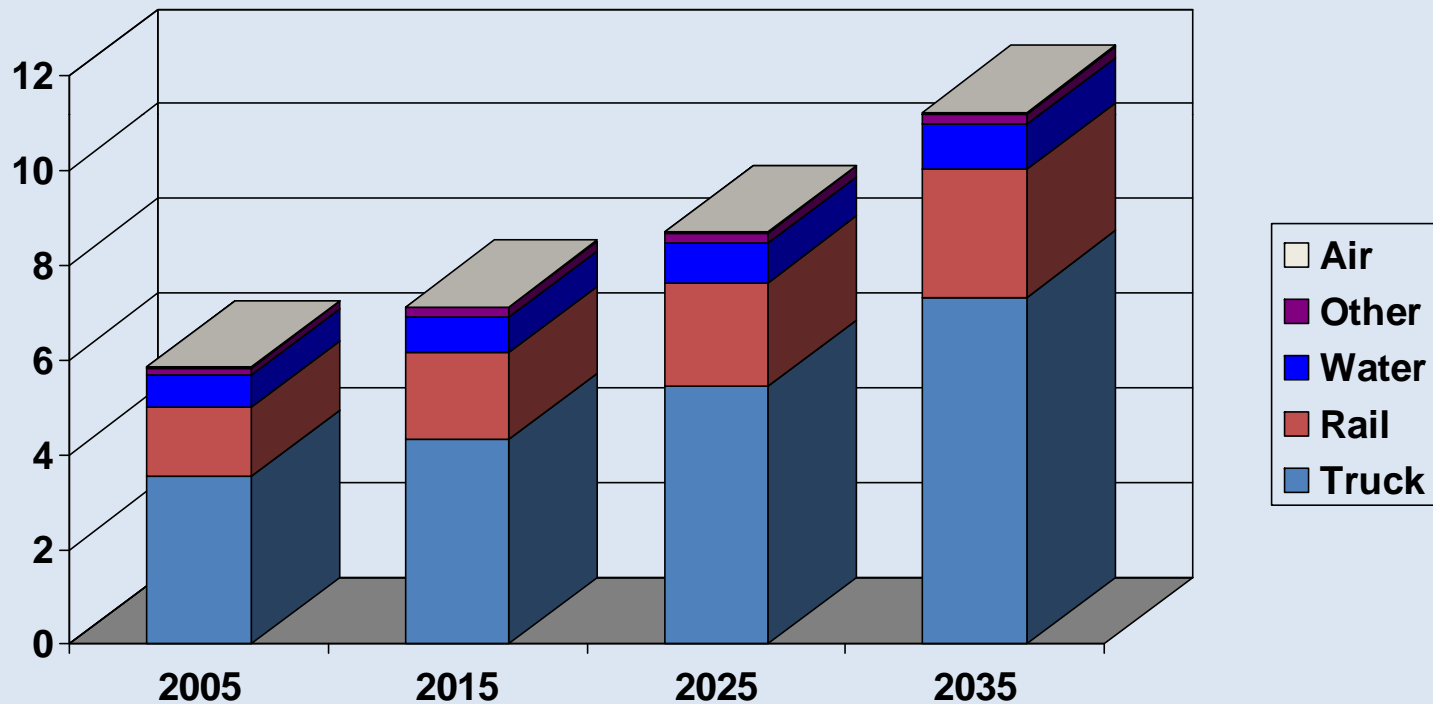
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## Drivers of Change

- Demographic Change
- Global Economy

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Freight Traffic Growth -Trillions of Ton Miles

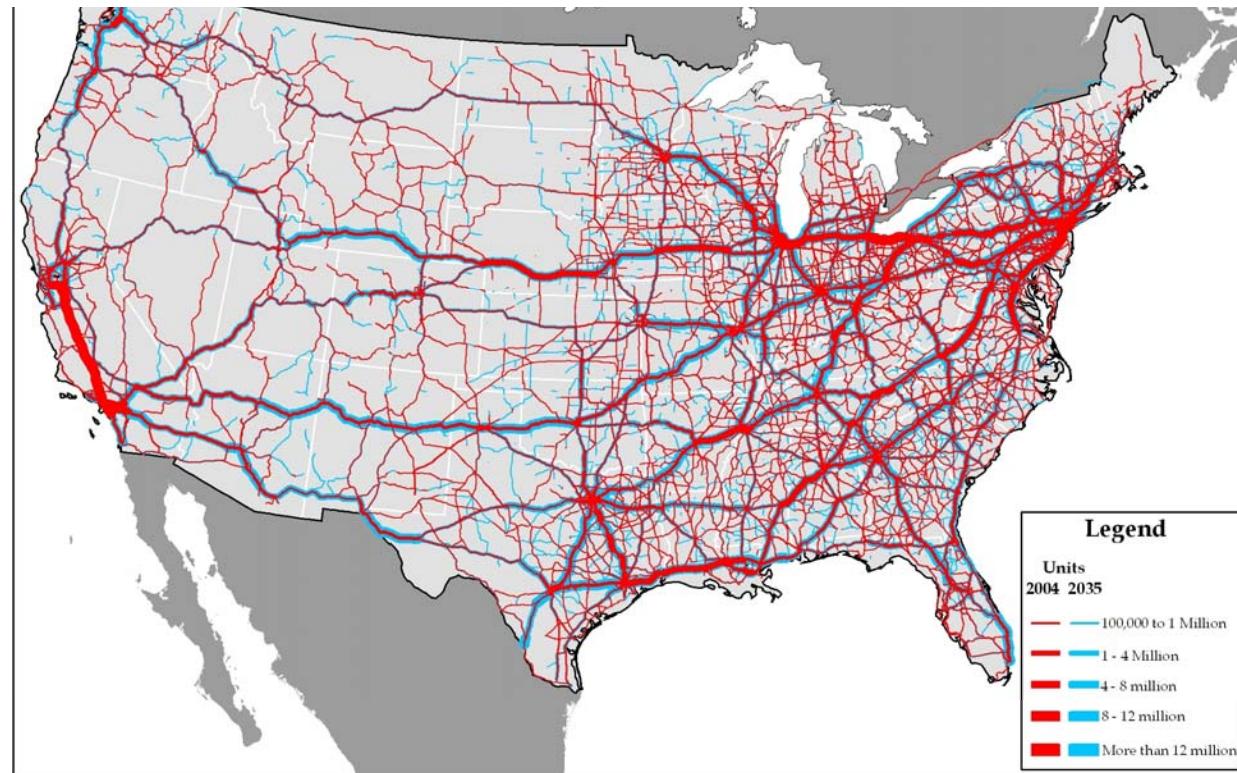


AASHTO Freight Transportation Bottom Line Report, 2006

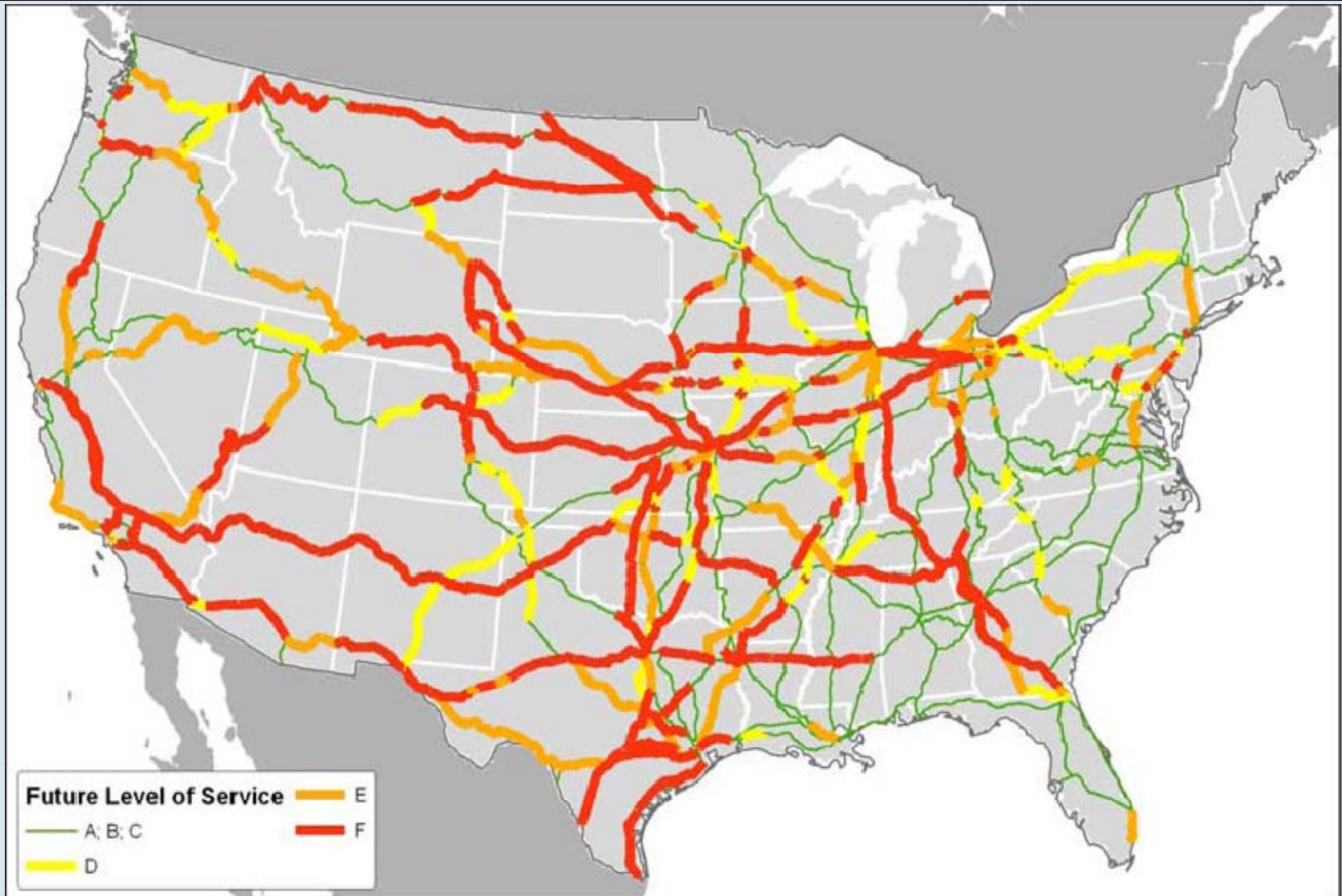


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## Freight-Truck Highway Flows in 2005 and 2035



Source: Cambridge Systematics based on Global Insight, Inc TRANSEARCH 2004 data and economic forecasts



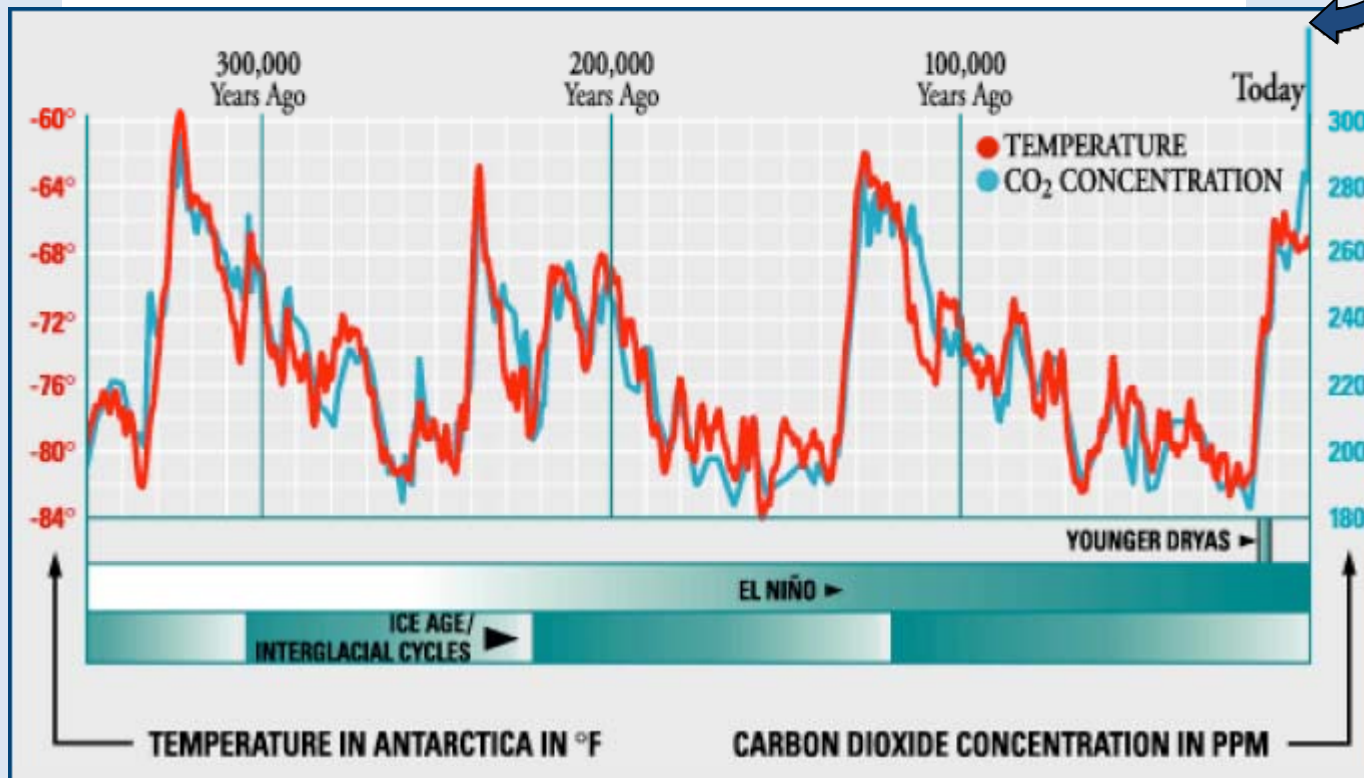
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## Drivers of Change

- Demographic Change
- Global Economy
- Climate Change

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Levels are now off the chart



National Academy  
of Sciences, 2006

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## Drivers of Change

- Demographic Change
- Global Economy
- Climate Change
- **System Condition and Performance**

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## System Condition and Performance

State of Good Repair Goals

Growing Metropolitan Congestion

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## Drivers of Change

- Demographic Change
- Global Economy
- Climate Change
- System Condition and Performance
- **Economic Downturn**

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## Severe Economic Downturn

- Governmental Response
- Slow Economic Recovery
- Implications of the ARRA Investments
- Long Term Issues



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Transportation Policy Changes Are  
Needed to Respond.....

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## But Changes in Transportation Policy Don't Happen Overnight

- 1894-1916 “What Can We Do?”
- 1916-1956 “Get the Farmer Out of the Mud”
- 1956-1991 “Build the Interstates”
- 1991-2009 “Environment and System Enhancement”
- What's Next? And When?

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## Constraints to Change

- Fiscal
  - Short Term and Long Term Budget Crises
- Programmatic
  - Donor/Donee and (Maybe) Earmarks
  - Interest Group Politics
- Institutional
  - Silos within the Administration and the Congress
  - Roles of States and MPOs
  - Separation of Public and Private Transportation Modes

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## Political Challenge

Executive Branch—DOT with Modal Agencies

Divided Congress

- Authorizers, Appropriators and Taxers
- Multiple Jurisdictions in the Senate
  - Environment and Public Works
  - Banking
  - Commerce
  - Finance
- New Republican Majority in the House

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## Unfinished Legislative Agenda from 2009 and Earlier

- Surface Transportation Authorization
- Aviation Authorization
- Delayed Appropriations

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## Key Attributes of Current System

- Secured Funding: Guarantees and Firewalls (Maybe?)
- Flexible Funding--Multi-Modal and Among Programs
- Mix of Formula and Discretionary
- Devolution of Decision Making, Shared Among States and MPOs
- Donor/Donee & Earmarking Disputes

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## Key Attributes for a Future Program

- Provide a Basis for Federal Role
- Match the New Geography and New Economy
- Provide Leadership in Investment
- Support Policy Innovation

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## Targets for Comprehensive Change

- Research and Technology
- Adequate, Predictable and Flexible Resources
- Institutions and Partnerships
- Performance Based Decisions
- Earmark Control
- Sustainability
- Goods Movement
- MultiModal Planning and Development

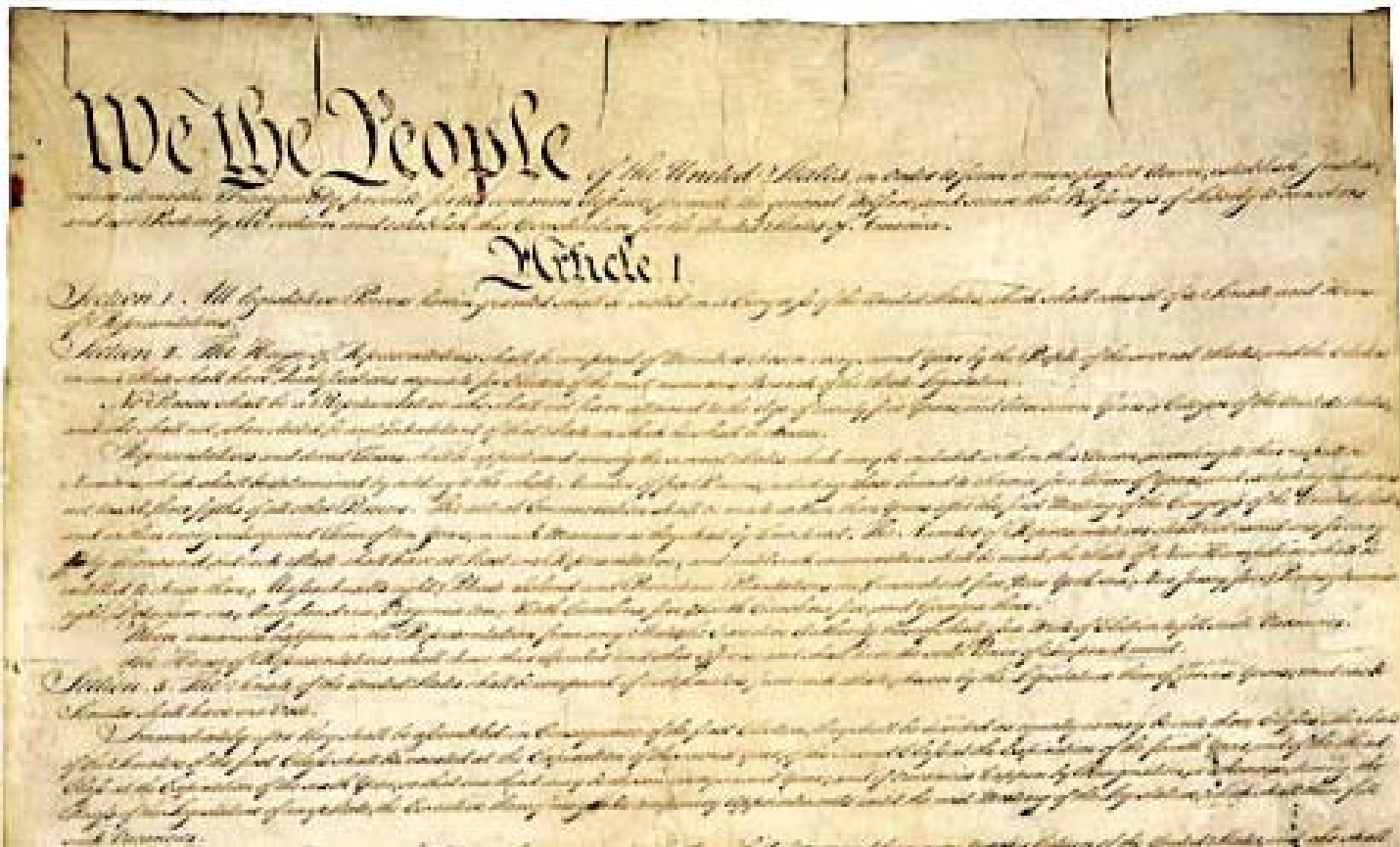


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## Goods Movement Issues

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## The Commerce Clause: Article I, Section 8, Clause 3 of the U.S. Constitution



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## Redefinition of Governmental Role

- From Economic Deregulation
- To Support for Infrastructure

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## Importance of Freight Issues

- Key to Economic Growth
- Define Future Development
- Positive Environmental Benefits
- Metropolitan Development
- Concern for Exports

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## Constraints for Freight Legislation

- “Freight Doesn’t Vote”
- Modal Rivalries
- Private Sector Role
- Geographic Separation of Costs & Benefits

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## Trends in Recent Legislation

- 1991 ISTEA
- 1994 National Highway System
- 1998 TEA-21
- 2005 SAFETEA-LU
- 2009 ARRA

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## ISTEA and NHS Bill

- Creation of Intermodal Office/Study of Intermodalism
- Freight Influence on NHS Design-Focus on Connectors
- Alameda Corridor Project

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## TEA-21 and SAFETEA-LU

- Inclusion of Freight Planning Factors
- Borders and Corridors Programs
- Projects of Regional and National Significance
- “Last Mile” Issues
- FHWA Freight Office
- Freight Data Needs Recognition
- Transportation Infrastructure Finance and Innovation Act (TIFIA)



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## American Recovery and Reinvestment Act (ARRA)

- Experience with TIGER Grants—  
Multimodal, Cost Benefit, Discretionary  
Projects With Diverse Financing

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## TIGER Grant Freight Projects

- TIGER I: CREATE, Crescent Corridor, National Gateway, Alameda East Colton, Stockton Marine Highway, Ports (Gulfport; Quonset) \$30 to \$100 Million
- TIGER II: Port of Miami Rail Access, Rail Lines (MRC, Coos Bay, Aroostock, Great Plains) Port Manatee Marine Highway, Port of Providence Cranes, Vancouver Freight Access (\$10 to \$25 million)

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## ARRA and PRIIA

- Development of National Rail Plan
- Recognition of Freight Needs—40 Tons Per Capita

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## Broadening Support for Freight Investment

- GAO
- Policy Commission
- Senate Commerce Committee
- State/Local Government Groups
- Legislation Proposals
- CAGTC Proposal

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## Government Accountability Office:

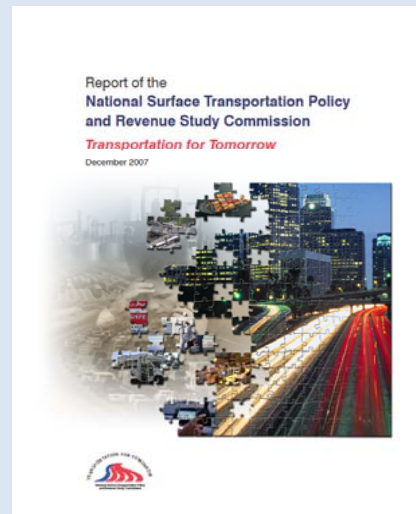
Recommends:

“A national strategy to transform the federal government’s involvement in freight transportation projects.

This strategy should include defining federal and nonfederal stakeholder roles and using new and existing federal funding sources and mechanisms to support a targeted, efficient, and sustainable federal role.”

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## National Surface Transportation Policy and Revenue Study Commission



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## Senate Commerce Committee Recommendations to Senate Budget Committee:

“To address the growing needs related to the efficient movement of freight throughout the nation and to maintain our country’s global competitiveness, the Committee believes a dedicated program and commensurate funding must be provided to finance highway, port and maritime, rail, and pipeline projects that improve interstate commerce and provide significant benefits.”

Senate Commerce Committee Letter to Senate Budget  
FY 2010 Budget Resolution

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## Legislation Introduced Already in 2011:

Focusing Resources, Economic Investment, and Guidance to Help Transportation (FREIGHT) Act of 2011 (S.371)

- Sens. Lautenberg (NJ), Cantwell (WA), Murray (WA)

Our Nation's Trade, Infrastructure, Mobility and Efficiency (ON TIME) Act (HR 526)

- Reps. Calvert (CA) & J. Jackson (IL)

Freight is the Future of Commerce in the United States (FOCUS) Act of 2011 (HR 1122)

- Rep. Richardson (CA)



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## Coalition for America's Gateways and Trade Corridors Proposal (CAGTC)

- Proposes National Strategic Freight Mobility Program (Freight-21) and Freight Trust Fund (FTF)
  - National Strategy for Planning and Investment
  - Merit-Based Criteria for Prioritizing Projects
  - Predictable, Dedicated, Sustained Funding
  - Partnership with the Private Sector to Anticipate and Meet the Needs of System Users.

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## NGA/NCSSL/NACO/NLC Guiding Principles on Surface Transportation

- “We encourage new and innovative programs to improve freight movement”
  - April 14,2011

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## A Growing Consensus for a National Freight Program

AASHTO

ARTBA

NRC/TRB

ATA

AAPA

US Chamber of  
Commerce

Environmental Defense  
Fund

And many others

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## Role for Private Sector

- Trend Established—GARVEE Bonds, TIFIA, RIFF, Build America Bonds, Private Activity Bonds
- Future for Private Investment—Asset Monetization, Capacity Expansion, Demand Management
- Federal Policy Responses—Pilot Programs, Interstate Tolling Issue
- Special Relevance to Freight Movement

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## Implications of High Speed Rail

- Administration Signature Program
- Need to Resolve Freight Issues for Success

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So What's the Big Challenge?

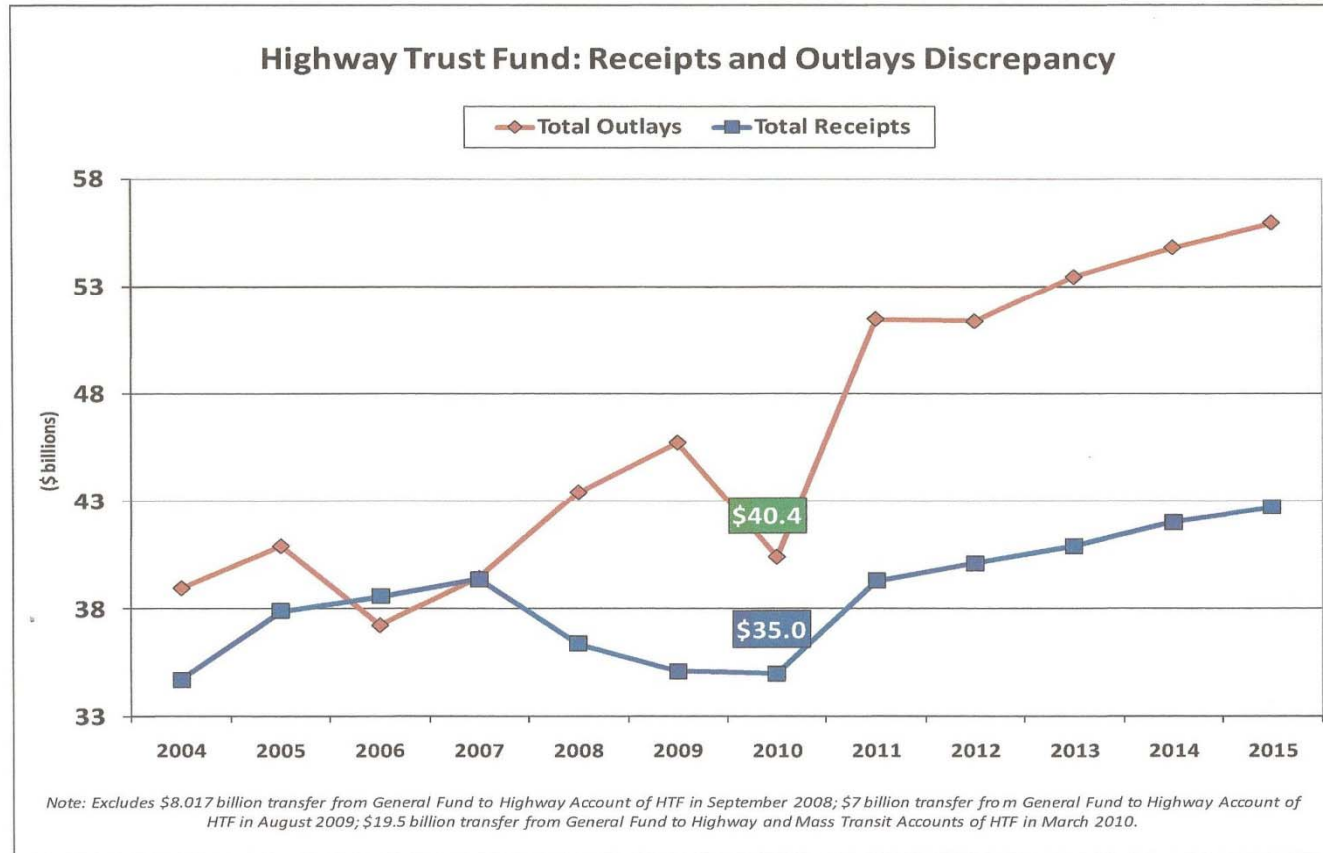
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## Trust Fund and Budget Conditions

- New Budget Rules in House
- Climate of Budget Reduction
- Technical Scoring Issues Have Real Consequences
- Anti-Tax Mentality
- Risk of Actual Rescissions

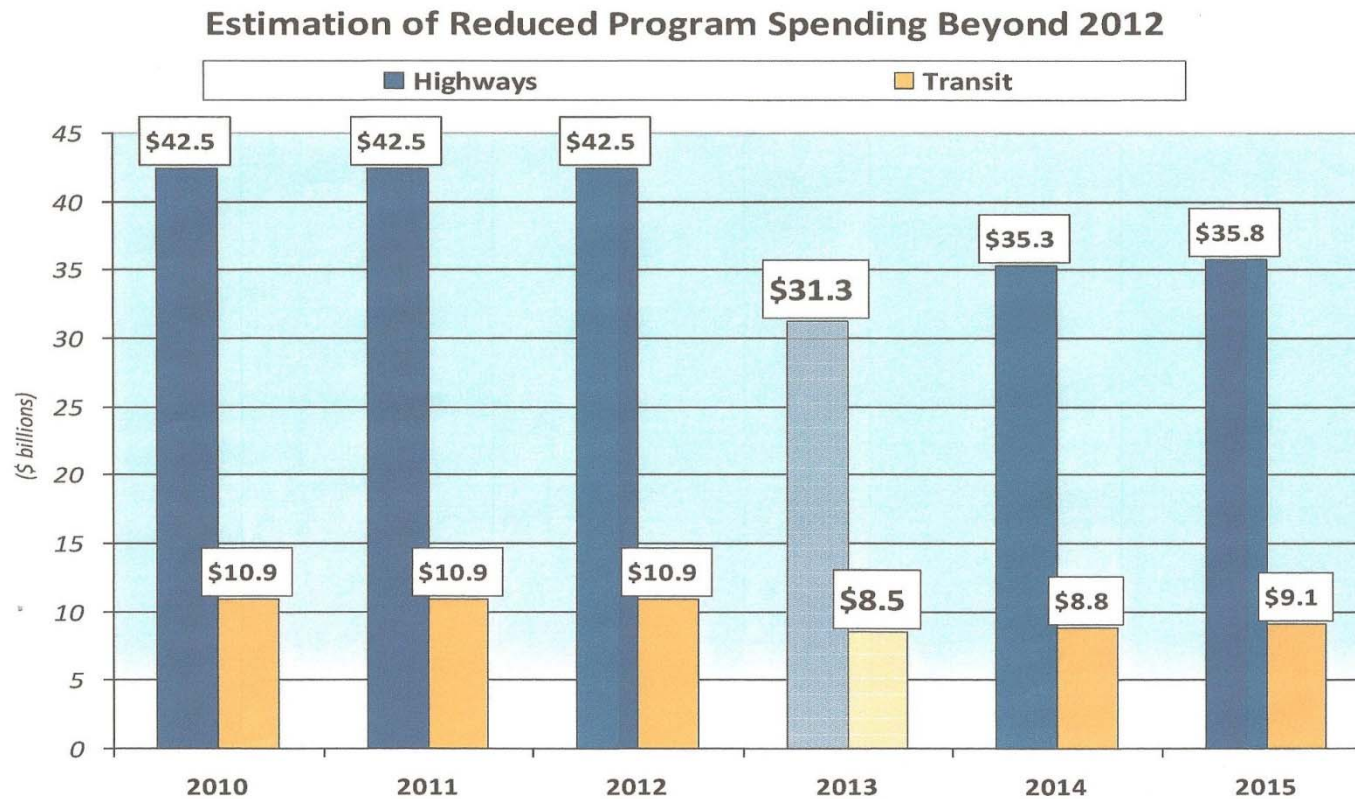
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Source: AASHTO



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Source AASHTO

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## Legislative Outlook

- Administration
- House of Representatives
- Senate

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## Early Actions

- Administration Budget
- Continuing Resolution for 2011
- House T & I Committee Actions
- Senate Response
- Electoral Timetable—2011 or Much Later

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## Administration

- Sidelined in 2009-2010
- Presidential Endorsements—Labor Day Speech & State of the Union
- Budget Proposal Delivered February 14
- Legislative Language at OMB
- LaHood Prediction—Enacted by Labor Day

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## Obama Administration Proposal

- “Big and Bold”
- Transportation Trust Fund
- Six Years--\$556 Billion
  - \$50 Billion “Upfront”
  - Incorporates High Speed/Intercity Rail
  - Grows Baseline Programs: Transit +119%,  
Highways +47%
  - Convert to Mandatory under “Paygo”

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## Obama Administration Proposal

- Reflects Administration Policies
  - 80% Formula, 20% Discretionary
  - New Programs for Livability and Performance
  - State of Good Repair Priority
- Includes National Infrastructure Bank

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## Administration Freight Positions (Pending Legislative Proposal)

- National Freight Transportation Policy
- National Freight Transportation System with Multimodal Corridors
- National Freight Transportation Strategic Plan (Triennial Updates)
- Discretionary Investments
- Flexible Funding

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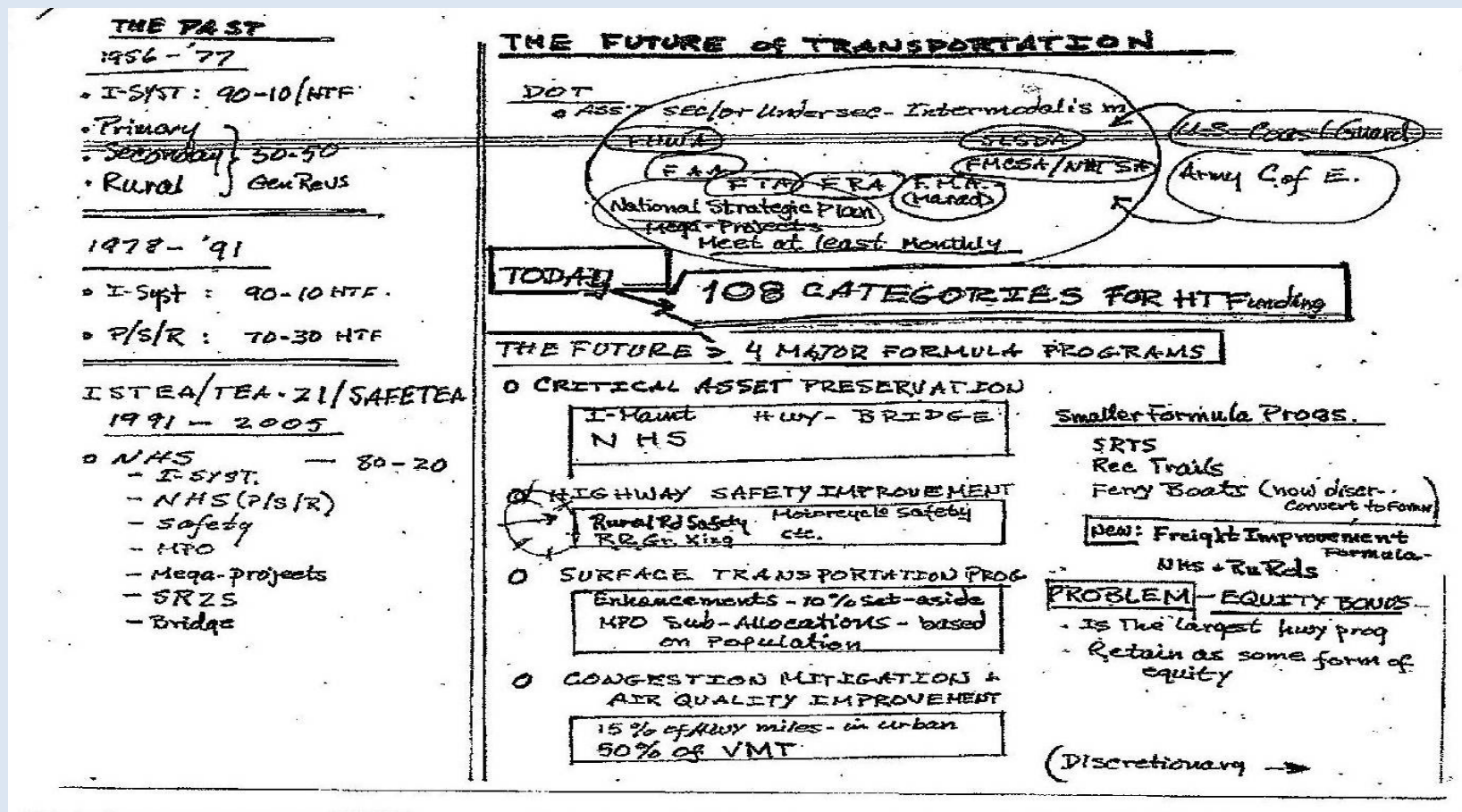
## House T & I Committee

- Oberstar Initiative—That Was Then
- Mica Initiative—Yet to Come, but Will be Severely Resource Constrained
  - New Committee Makeup
  - Clear the Decks on Aviation Bill
  - Outreach Complete: Listening Sessions and Hearings
  - Drafting Underway
  - Fill in with PPPs and Streamlining



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## Oberstar Outline (1)



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## Oberstar Outline (2)

### DISCRETIONARY PROGRAMS

- Non-Formula
- METROPOLITAN MOBILITY/ACCESS
  - 68 maj MOBROS
  - \$78B Congestion costs
  - NAS/TTB - evaluate, Recommendation (e.g.) 30%
  - \$1B/4yrs, +  $\frac{RCO}{Q \times B}$  / GARVEE/PAB/TIF/SFB FOLLS/Conges. Pricing
  - Pub. Fin. Auth oversight
- 6YR TARGET PLAN
  - Annual Progress Reports
  - 6-yr Accountability Report
  - Might have a formula element-
- Projects of Nat'l Significance
- Federal Lands Hwys
  - Public lands
  - Park Roads
  - Forest Hx. Roads
  - Refuge Roads
  - I. R. Rd's
  - All have internal formulas, but are consid. Discr.
- Scenic By-Ways

### MANAGE'T STRUCTURE

- From 108 > 4 categories
- From PRESCRIPTIVE

to

### PERFORMANCE

- DOT + STATES design:
  - 6-yr Targets for each of 4
  - Annual Benchmarks
  - Annual Reports on progress
    - TO DOT/Congress
    - Transparency - on Web {ST DOT Cong}
  - Practical Design Solutions

### F. Hw Adm Re-Structure

- Ofc. of Expedited Project Delivery
- Ofc. of Liveability

### TRANSIT - New starts / small starts

- Level decision-making factors between Hwys & Transit choices/projects
- CEI (Cost-Effec. Index): Delete
  - Replace w/ greatly simplified Review process.
- Reduce time from 14 yrs to 6-8yrs

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Don Young (AK)  
Thomas E. Petri (WI)  
Howard Coble (NC)  
John J. Duncan, Jr. (TN)  
Frank A. LoBiondo (NJ)  
Gary Miller (CA)  
Timothy V. Johnson (IL)  
Sam Graves (MO)  
Bill Shuster (PA)  
Shelley Moore Capito (WV)  
Jean Schmidt (OH)  
Candice Miller (MI)  
Duncan Hunter (CA)  
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## Senate

- Multiple Committees/Conflicting Schedules
- Lead Will Come from EPW Committee
  - Boxer Reelected/Climate Change Unlikely/Joined with Mica
- Banking Committee
  - New Rural Leadership
- Commerce Committee
  - New Focus on Freight and System Performance
- Finance Committee
  - Always A Factor

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Where Will It All End Up?

I Wish I Knew!

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Questions?

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