National Capital Region Transportation Planning Board

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MEMORANDUM

Date: May 18, 2011

To: Transportation Planning Board

From: Karin Foster
Transportation Planner

Subject: Summary of the April 27th Regional Freight Forum

The Transportation Planning Board (TPB) hosted a Regional Freight Forum on April 27th at the Hyatt Regency Washington on Capitol Hill. This was the first time the TPB had sponsored such a Freight Forum, as well as being the first such recent event with a National Capital Region focus. Eighty individuals attended. The Forum was organized into three panels and concluded with a luncheon speaker. Highlights from each panel are discussed below followed by a summary of luncheon speaker Mortimer Downey's presentation.

Panel 1: Perspectives on Demand

For Panel 1, our first two speakers, Donald Ludlow and Rosalyn Wilson, focused on how demand drives freight transportation needs and how the recession hurt the freight transportation industry. Our third speaker, George Schoener, spoke about the freight programs of the I-95 Corridor Coalition in the Mid-Atlantic region.

Donald Ludlow, Senior Associate at Cambridge Systematics, provided an overview of freight demand factors. Demographic trends unique to the National Capital Region impact growth in demand for freight transportation. Over the next three decades, this region will experience both growing population and increasing household incomes. Additionally, the region has low unemployment rates compared to other major metropolitan regions. These demographic trends drive increased demand for products and services and therefore increased need for freight transportation.

Rosalyn Wilson, Senior Business Analyst at Delcan, spoke broadly about logistics, the management of the flow of goods between points of origin and consumption. Ms. Wilson noted that the recession hit the logistics industry hard, particularly in 2009. Transportation carrier revenues for motor carriers, railroads, and air cargo were all down about 20 percent. The recession led to truck operation bankruptcies and almost 32 percent of the national freight rail cars were put in storage. In 2010, the tide began to turn with increases in gross domestic product (GDP), private inventories, employment, housing values, and modest consumer spending.

George Schoener, Executive Director of the I-95 Corridor Coalition, spoke about some of the Coalition's freight programs. The Coalition spans 16 states and the District of

Columbia. Its economy makes up 40 percent of the United States (U.S.) GDP, 21 percent of the nation's road miles, 35 percent of the nation's vehicle miles traveled, and 5.3 billion tons of freight shipments annually. The Coalition has conducted two focused studies that include the National Capital Region. They are the Mid-Atlantic Rail Operations Study (MAROps) and the Mid-Atlantic Truck Operations Study (MATOps). MAROps studied four rail corridors and 15 major line segments to identify priority projects. MATOps identified regional truck bottlenecks and highlighted the five worst bottlenecks in each state.

Mr. Schoener also discussed an off-hour deliveries program implemented in Manhattan to reduce congestion. Carriers were provided financial incentives to make off-hour deliveries. Following a pilot program with 33 participants, 32 of the 33 maintained the off-hour deliveries after the pilot program was completed. Delivery time, on average, was reduced from 1.5 hours to one-half hour. Off-hour deliveries mean reduced costs and travel time for carriers, reduced daytime congestion on city streets, and reduced energy consumption and pollution.

Panel 2: Freight System

The second panel provided viewpoints from three modal industries: trucking, rail, and air. Each representative also offered perspectives on operating in the National Capital Region.

Randy Mullett, Vice President of Government Relations and Public Affairs at Con-way Trucking and Logistics, captured the audience with his presentation on trucking statistics and challenges. Con-way is a $5 billion industry in freight transportation and logistics. The company owns 11,500 trucks, 35,000 trailers, and 20 million square feet of warehouse space globally. Mr. Mullett highlighted that over 500,000 truck companies in the U.S. have fewer than 20 trucks and they contribute 40 percent to the Highway Trust Fund. He also noted that trucks move 70 percent of all goods by weight and 97 percent of all consumer products in the U.S. Future modal shares are expected to stay fairly constant because over 80 percent of U.S. communities are served only by truck. As mentioned by Mr. Ludlow on Panel 1, Mr. Mullett also emphasized that economic growth cannot be decoupled from the growth in transport: there is a direct relationship between population and transport, and people need and want "stuff." He discussed the tension surrounding "livability" and its requirements for high density and mixed-use zoning. Mr. Mullett stated that "livability" sometimes ignores the freight transportation requirements generated by these developments.

Quintin Kendall, Regional Vice President of CSX Transportation, presented the CSX National Gateway proposal and how it would benefit the National Capital Region. The National Gateway is a multi-state, 61 project initiative underway to remove bottlenecks, allow for double-stack clearance, and increased access to regional ports. Thirteen National Gateway projects fall within the National Capital Region. The Virginia Avenue Tunnel is the largest and most complex project of the National Gateway projects, and would update the antiquated tunnel to provide a double-stack and double track tunnel through the District of Columbia at a cost of $160 million. The Baltimore-Washington Rail Intermodal Facility is another project, just outside the National Capital Region, that would increase access to the Port of Baltimore. This project is $150 million. Mr. Kendall also noted the District of Columbia Potomac River Swing Bridge (also known as Long Bridge) as another National Gateway National Capital Region rail bottleneck.

Darrell Wilson, Assistant Vice President of Government Relations for Norfolk Southern, described Norfolk Southern's completed Heartland Corridor project and the Crescent Corridor project underway. The Heartland Corridor runs from the Port of Norfolk at Hampton Roads, Virginia to Chicago, Illinois. This infrastructure project raised vertical clearances in 28 tunnels and removed 24 overhead obstructions. This was the nation's first multi-state intermodal rail corridor public-private partnership between the Federal Highway Administration's Eastern Federal Lands Division, the U.S. Department of Commerce, Virginia, West Virginia, Ohio, and Norfolk Southern. The new double-stack route eliminates over 200 miles of travel and 24 hours of travel time between the East Coast and Chicago. Mr. Wilson described the Panama Canal expansion as the primary driver for this project. The Crescent Corridor Intermodal Facilities initiative underway is a 2,500 mile rail network from New Jersey to Louisiana that parallels several interstates. The Crescent Corridor includes new and expanded intermodal facilities, rail route speed and capacity improvements, signal upgrades, and infrastructure enhancements totaling $2.5 billion. Once complete, these rail initiatives would provide energy savings, economic development, shipper options, and highway congestion relief.

Leo Schefer, President of the Washington Airports Task Force, provided an air cargo perspective. Mr. Schefer described air transportation as multimodal, requiring the plane and the truck to deliver the product to its final destination. With such a large United States trade deficit, air cargo planes often return empty to retrieve more cargo, whereas passenger planes travel both ways with passengers. He noted that forty percent of world exports by value now move by air. Primary air cargo demand drivers are high value products (including cell phones, laptops, and pharmaceuticals) and perishable products (including cut flowers, seafood, fruit, and vegetables). These two product types make up 31 percent and 21 percent of North American air imports. The top two exports via Dulles International Airport (Dulles) by value are biomedical (41 percent) and aerospace (16 percent). The top two exports via Dulles by weight are biomedical (12.8 percent) and electronics and telecommunications (5 percent). Mr. Schefer noted that traffic congestion has had a major impact on the air cargo industry. For example, FedEx has launched a Ronald Reagan Washington National Airport Cargo service for more predictable delivery time to Washington D.C. Additionally, the uncertainty about future HOT lanes, tolls, and parkways makes attracting new air cargo business a challenge.

Panel 3: Prioritizing Freight Investments

For Panel 3, Victor Weissberg, Special Assistant to the Director at the Prince George's County Department of Public Works and Transportation and TPB Freight Subcommittee

Chairman, presented the recent process of the Freight Subcommittee to develop a list of 10 Highlighted Freight Projects. This effort was built upon earlier efforts of the Freight Program, including the *National Capital Region Freight Plan 2010.* The objectives are to raise the profile/awareness of freight issues and to have a short list of identified regional corridors and projects important to freight movement in the region. The Freight Subcommittee determined it was important for freight to separate out short-term and long-term projects. Therefore, one short-term and one long-term project was selected for each Class One railroad (CSX and Norfolk Southern) and one short-term and one long-term highway project was selected for each jurisdiction to provide regional representation, as shown in the Freight Transportation Projects-Summary Table below.

FREIGHT TRANSPORTATION PROJECTS-SUMMARY TABLE

#	Railroad/Jurisdiction	Long-Term	Short-Term
	Rail		
1	CSX	CSX National Gateway Corridor	CSX Virginia Avenue Tunnel
2	Norfolk Southern	NS Crescent Corridor	NS 5.8 Mile B-Line Expansion
	Highway		
3	DC	Weigh Station within DC Boundaries	Uniform Commercial Curbside Loading Zone Program
4	MD	Relieve congestion along I-95/I-495 from Woodrow Wilson Bridge to Howard County Boundary	I-70 Phase 4
5	VA	Relieve congestion along I-95 from Prince William County Southern Boundary to MD Boundary	I-66 and I-495 Access Improvements

Panel 3: Panelist Comments

Panelists were advised to comment on freight investment issues where they felt most comfortable, either at the federal level or regional level.

John Horsley, Executive Director of the American Association of State Highway and Transportation Officials, noted the projected growth in goods movement. Mr. Horsley commented that rail alone is not enough to handle all expanded capacity and that highway infrastructure must be maintained and expanded. Nonetheless, Mr. Horsley explained that it is part of the public’s responsibility to participate in joint ventures to fund freight rail projects that will benefit goods movement and passenger rail, and reduce highway congestion.

Karen Rae, Deputy Administrator of the Federal Railroad Administration, emphasized the importance of cooperation and public private partnerships to achieve win-win scenarios. For example, she described a Transportation Investment Generating Economic

Recovery (TIGER) grantee that stood out from others because seven states had cooperated on the project.

Anne Ferro, Administrator of the Federal Motor Carrier Safety Administration, highlighted the important role of zoning officials. In order to accommodate the anticipated traffic a new development will generate, many zoning codes must be updated to include space for commercial vehicle loading and unloading, as well as truck parking/truck rest areas that bolster safety by accommodating truck drivers who have reached their legal limit of daily hours of service .

Lunch: "Will Federal Legislation Carry the Goods?"

The luncheon speaker, Mortimer Downey, Chairman of the Coalition for America's Gateways and Trade Corridors and former U.S. Deputy Secretary of Transportation (1993 through 2001), addressed developments in National Freight Policy.

Mr. Downey highlighted five drivers of transportation policy change: (1) demographic change; (2) global economy; (3) climate change; (4) system condition and performance; and (5) economic downturn. The constraints to change are: (1) fiscal; (2) programmatic; and (3) institutional. Mr. Downey further discussed the political challenges of having multiple layers of government. Some of the constraints that face freight legislation are that: (1) "freight doesn't vote;" (2) there are modal rivalries; (3) freight is largely private sector; and (4) there is a geographic separation of costs and benefits. Nonetheless, Mr. Downey noted a growing consensus for a National Freight Program among major transportation organizations.

Mr. Downey noted the current focus on budget reduction and the anti-tax mentality. This presents a challenging climate when considering Highway Trust Fund revenues. Mr. Downey noted that the Obama Administration's proposed budget included a six-year $556 billion transportation bill. The House of Representatives Transportation and Infrastructure Committee, Chaired by Senator John L. Mica, has yet to come up with a transportation bill, however, it is anticipated to be severely resource constrained. Regarding freight finance, Mr. Downey emphasized the potential for the private sector to have a role, such as the GARVEE Bonds and TIFIA loans.

Ultimately, a National Freight Policy is a wait and see game.

Some Major Regional Freight Forum Themes:

- Future trends (including demographic, economic, and the widening of the Panama Canal in 2014) will cause sweeping changes for our region.
- Highlighted regional priority freight issues included:
    1. CSX Virginia Avenue Rail Tunnel−Antiquated, built in 1905, single track and single-stack tunnel creates major rail bottleneck.

2. Commuter and freight rail cooperation is important to manage demand and accommodate growth where freight and passenger railroads are using the same lines.
3. Major CSX and Norfolk Southern rail projects will create new opportunities for truck to rail diversions.
4. Congestion impacts all, including the freight industry. Air cargo carriers have begun to shift business to Ronald Reagan Washington National Airport in order to have more predictable delivery times to Washington D.C.
5. Uniform curb markings are needed for commercial vehicle loading and unloading, efficient use of curbside space, and proper enforcement.
6. Truck parking/truck rest areas bolster safety by accommodating truck drivers who have reached their legal limit of daily hours of service.

Victor Weissberg thanked everyone for attending the TPB's first Regional Freight Forum.