

Transportation Infrastructure Improvements – Addressing Congestion and Bottlenecks – PANELIST VERSION

Participants will discuss how to address congestion through productivity improvements, technology and infrastructure development.

The Moderator will allow each panelist a two minute self introduction that will include in it the answer to this question: What is the one thing that you think works best about our supply chain and goods movement system from the shipper to the consignee? (**Allow approx 10 minutes**)

One of the best things the government did was to de-regulate all the modes in the 80's. Now we face a new joint (public- private problem), and that is how can the government and industry find synergies that address and finance intermodal connectivity and improved freight velocity.

We are trying to forge good working relationships with the industry to identify the next target(s) for partnering. A critical target must be in the area of infrastructure financing. While SAFETEA-LU provided some funding support for freight-related infrastructure investments, we need to begin serious discussions on ways to spur private sector investment and public-private partnerships to leverage public investment for the funding of new infrastructure.

Round 1: Identify the landside access/congestion issues and chokepoints (25 minutes)

General Question

From each stakeholder's perspective, please identify what you see as the most prominent landside access issue (whether in your domain or outside of it) and describe why this is logistically the case and what impact it has on your sector.

For Robin Lanier: *The Waterfront Coalition has developed a fairly extensive white paper on this issue. Can you provide us with a summary of the findings and recommendations?*

For Richard Couch: *How can short sea shipping help to alleviate some of the congestion problems that we have heard described?*

From the federal perspective, we had hoped that the intermodal connector program proposed by the Administration would have addressed this area. Again, this begs the financing question. We see highway and rail access to major freight gateways as the #1 freight challenge. Another significant freight challenge is that of a modal shift that could take trucks off the highways; this is why the Department undertook the Short Sea Shipping business case analysis study.

Round 2: How are these issues currently being addressed? (25 minutes)

General Questions

What are some of the ways that each sector/stakeholder/government is addressing these problems?

Are their specific scenarios that you can briefly discuss that are illuminating successful methods for addressing the issue? (Examples might be rail cooperation, CREATE, PierPass, Alameda Corridor and Alameda East, Gate efficiencies and appointment systems, labor and the successful introduction of technology)

How are the concerns with “moving the bottleneck inward” being dealt with? How are changes in business practices that fix the bottleneck in one area, such as extended gate hours, affecting trucking, warehousing, train schedules, etc...)

What are the elements that are making these scenarios successful and how can they be transferred to other landside access issues?

The above examples (Pier Pass, CREATE, ALAMEDA Corridor) tell you what is going to work for the future. The private sector -- the ones closest to the problems and the ones who are running businesses -- are inventing viable solutions...but viable solutions requiring some level of public buy-in. That buy-in could be loan dollars, startup funds, or policy support. This is the model going forward, BUT the speed of innovation has to be much faster. We are quickly out-stripping available capacity and having to now look to inland corridor projects. Again, first, the private sector will propose.....second the Governmental units will engage with support, and third, some partnership approach will be forged.

We expect to assign project teams to the “best-in-class” earmarks and make these freight solutions come on line faster and better. The federal financing tools we’ll bring to these projects will be an expanded TIFIA Program (\$50M threshold and eligibility within ports for surface transportation infrastructure) and private activity bonds (PABs).

Round 3: The Role of Government and Private/Public Partnerships (25 Minutes)

General Questions

To what extent do you welcome government involvement in your infrastructure development? What would be the best case scenario to your stakeholders in this regard?

In your opinion, to what degree has SAFETEA-LU addressed freight concerns through its programs and earmarks? Are there enough freight-related earmarked projects to begin addressing the landside access congestion issue in the U.S.?

What does a successful public/private partnership look like in terms of landside infrastructure projects? What are the important elements? How should the costs and benefits be shared amongst the stakeholders?

How do you envision the modes, government and private enterprise working together on things like inland intermodal facilities/distribution centers with ample rail and highway access, where all stakeholders can derive a benefit?

There are a couple of well-known, public-private partnerships addressing landside infrastructure that come to mind.

The first is the Alameda Corridor. That involved the construction of a 20-mile long “rail expressway,” involving some 200 plus street crossings. It was immediately apparent that such an ambitious project would be extremely costly, and it was also obvious that public, government dollars alone would not be able to cover the cost. But the freight congestion problems in the region were enormous, so government and industry sat down and were determined to work out a financing solution. Through an approach that served as the

model for our TIFIA Program, federal government dollars were loaned to partially finance the construction; the outstanding debt after the project's completion would be paid for, in part, by user fees assessed on each container moving over the corridor. The partnership worked because federal dollars could leverage the future, private funds; the fee was equitable, and railroads agreed that some level of participation in the funding would be necessary to see the full scope of the project realized.

The second is the FAST Corridor in Washington State. There, the problem was chronic congestion on the Seattle-Tacoma Corridor. Private stakeholders, including rail and trucking operators, with direct interests in the Central Puget Sounds region, agreed to commit over \$22 M to the project. Once again, from a financing perspective, the project was sound because of the presence of state and federal dollars already.

In spite of some noteworthy successes on PPP, this adventure has just begun. OST policy sees the further development of PPP's as the key to any future freight investments as was noted earlier. After our experience with ISTEAs, SAFETEA and SAFETEA-LU we need to ask ourselves...is waiting for federal grants and entitlements the way to address freight capacity issues??? Further, I think it not wise to wait any longer to get on with a serious discussion around user fees...it will not be an easy discussion...but it is a MOST necessary discussion.

Round 4: Where do we go from here?: Cooperation and Collaboration (Remaining time)

General Questions

Who is in the best position to coordinate partnership efforts and guide the resources and projects? (Government (federal or state, MPO), private sector with public funding, new partnership organizations like Alameda Corridor's ACTA)

How can we continue to keep the dialogue going between the supply chain stakeholders? (Involvement in groups like the Freight Stakeholder Coalition) What is the best way to accomplish this on a regional/state or corridor basis where the rubber hits the road on these projects? (Perhaps George Schoener can talk about the continued pursuit of state freight coordinators and the frameworks that they continue to work on for freight cooperation)

In 1 minute, sum up the highlights and take-ways that you have gained from this discussion?

1—FINANCING - There is a huge open question before us regarding freight connectivity improvements. Who pays, who benefits, and what's the new model? We cannot pretend that it cannot be addressed.

2-CULTURE CHANGE - A culture change is needed across-the-board. This means in the USDOT, among the states and the MPOs, and in the private sector. A change is needed in order to create PPP's that truly address freight. It seems pretty clear that the government may have to use the bully pulpit to force that new conversation, but please do NOT expect that the government has a checkbook to fix every freight system problem. The new culture change has to be on a business footing, not a subsidy footing.

3-LEAD BY EXAMPLE - USDOT is changing its behavior. Not through re-organizations, but by just acting differently. As I mentioned, the SAFETEA-LU earmarks in the new program on projects of national and regional significance will be handled by cross-modal teams. Thanks for inviting me today because it is only by engaging with this community that the government can begin to better address the critical freight system infrastructure needs.