



AASHTO Policy Papers Topic IX: Freight

Approved 4/22/02

IX-1. The U.S. DOT and AASHTO should jointly sponsor development of a freight planning capacity building process.

Up to \$10 million annually should be provided to support an initiative through which the U.S. DOT and the state DOTs will jointly develop and implement a training and capacity-building program to strengthen the ability of state and local transportation agencies to effectively address freight transportation issues.

IX-2. Congress should enact an increase in FHWA's research and technology program allowing a greater emphasis on freight transportation research and create a Freight Transportation Cooperative Research Program.

Congress should increase funding for the FHWA research program within which that allow support the conduct of freight transportation research that includes the private sector, and allows the pooling of U.S. DOT modal agency funds. A Freight Transportation Cooperative Research Program should be created and funded in the range of \$5 million to \$7.5 million annually.

IX-3 Congress should encourage the creation of a Freight Advisory Group.

A national freight industry advisory group should be created as a mechanism for communicating with one voice to "One DOT" on freight transportation issues.

IX-4. Congress should support the use of existing innovative finance tools and new financing mechanisms for investments in freight transportation infrastructure.

To support additional freight investments, Congress should enhance the use of TIFIA by lowering the project dollar threshold, expanding eligibility for

freight projects and relaxing repayment requirements; allow pooling of modal funds; expand the SIB program to all States; create tax incentives for freight rail and intermodal infrastructure investment. The exploration of the Transportation Finance Corporation should include attention to its utility as a financing mechanism for freight projects, including intermodal connectors.

IX-5 Existing and proposed innovative financing techniques should be tailored to make increased investment in intermodal connectors possible in combination with increases in core TEA-21 programs.

IX-6. Congress, if it continues the Corridors and Borders program, should focus it more tightly on freight corridors and augment funding from the Highway Trust Fund with innovative financing.

Congress should target corridor funding on projects increasing the efficiency of freight movement in corridors and facilitating freight flows through trade gateways with landside improvements. The exploration of the concept of Transportation Finance Corporation should address its use for corridor and border projects and funding should be augmented with the use of innovative financing tools. In addition, Congress should provide adequate funding from General Funds for border infrastructure and operating costs.

IX-7. Congress should clarify the eligibility of freight projects for CMAQ funding.

IX-8. Congress should increase funding for the Section 130 highway rail grade crossing program, proportionate to the increase in the overall highway program, and increase flexibility within the STP safety set-aside.

IX-9. Congress should expand and reform the Railroad Rehabilitation and Improvement Financing Program.



Freight Transportation

Background

By any measure and in all modes freight transportation has experienced tremendous growth and radical change over the past two decades and the future promises more of the same. As a consequence, State DOTs singly and in regional and corridor combinations are devoting increasing effort to understanding and dealing with freight transportation issues.

Moderate economic growth will double the volume of import/export tonnage and increase domestic freight tonnage by 70% over the next twenty years. Both the trucking and freight rail industries have thrived since deregulation in the early '80s, not only increasing the volume and value of freight moved but decreasing costs to their customers. The rising level of international trade has involved the doubling, tripling and quadrupling of the number of containers that can be carried by a single ship. The value of cargo moving by air has skyrocketed. Cyberbusiness has not reduced freight movement but has expanded, multiplied and transformed it as warehouses have moved onto the roads and truck deliveries are made into every neighborhood.

This growth and change has occurred within physical systems—highways, rail lines, ports, waterways and airports—that have not grown and changed to meet the needs. Ports and inland waterways rooted in the colonial era, rail corridors from the 19th century, highways planned in the first half of the 20th century, and airports frozen in the second half of the 20th century cannot be expected to meet the needs of the 21st century.

Congestion and capacity constraints in all modes involving both passenger and freight transportation are delaying and disrupting freight shipments, resulting in increased costs borne by everyone. Without increased investment in infrastructure and the application of innovative approaches to improving operational efficiency, the competitive advantage provided to the U.S. in world markets by its transportation system will erode.

State DOTs in the aggregate have built, own, maintain and operate the largest and most important element of the nation's freight transportation infrastructure—the highway system. Short-changing highway investment will not be to the benefit of anyone involved with freight transportation in any mode.

Therefore, AASHTO's most basic TEA-21 recommendations are most critical to freight transportation-- full funding fully guaranteed with the flexibility to make the needed investments through an efficient process. Beyond that, it is essential that the highway system have strong links with other elements of the freight transportation system and that the other elements perform as efficiently and productively as possible

Proposals

AASHTO has worked with representatives of all modes within the freight transportation industry and with the business community to develop a common agenda for TEA-21 and other actions that would improve the efficiency and productivity of freight transportation. These discussions are reflected in the proposals below. AASHTO will continue to work with private sector interests on a freight transportation action agenda.

Planning Capacity Building

There is a need for leadership and focus to improve and better integrate freight considerations into the statewide and metropolitan planning transportation planning processes. There also is a need for freight planning tools and techniques that are useful within national, multi-state, statewide and metropolitan areas. Consequently, AASHTO and the US Department of Transportation should jointly sponsor development of a freight planning capacity building process modeled after the Center for Environmental Excellence and/or FHWA's metropolitan capacity building initiative. "Best practices" should be disseminated as widely and quickly as possible with special emphasis on effective approaches to involving the private sector in public transportation planning processes. This initiative will require funding in the range of \$5 million to \$10 million annually.

Research

Transportation research has not kept pace with the changing character and significance of freight transportation in all modes. Research in the area of freight transportation must span the gap between public and private sector interests and perspectives and be relevant to both. This is an important justification for increased research funding for FHWA within which it would be possible to place greater emphasis on freight transportation topics. In addition, there should be created a Freight Transportation Cooperative Research Program modeled after the NCHRP and TCRP programs. Initial FTCRP funding should be in the range of \$5 million to \$7.5 million annually. These programs should address critical needs for better understanding of logistics strategies and systems, more timely and accurate commodity and container/vehicle flow data, enhanced freight network modeling capabilities, improved economic benefit and cost assessment, and the translation of this information into practical decision-making. Closely aligned to this is the need for a comprehensive freight data collection, analysis, and dissemination strategy to support national, multi-state, statewide, and metropolitan planning and investment.

National Freight Industry Advisory Group

Freight transportation involves the public and private sectors, all modes of transportation and virtually all the agencies of the US DOT but there is no established mechanism for communicating with one voice to "One DOT" on freight transportation issues. A national freight industry advisory group should be created as a means of communicating with the US DOT and should be structured to provide for the significant involvement of state DOTs.

Innovative Financing

In the aggregate, the need for investment in freight transportation infrastructure is substantial. It is neither possible nor appropriate to meet this need through standard sources of public investment. Current AASHTO policies suggest some possibilities, such as the commercialization of rest areas. Existing financing mechanisms should be amended to and new mechanisms should be developed to increase investment in freight transportation projects

1. TIFIA should be amended to lower the project threshold, expand eligibility for freight projects and relax repayment requirements.
2. Pooling of funds from different federal programs should be allowed for multimodal projects.
3. The opportunity to establish State Infrastructure Banks should be made available to all states and multi-state SIBS should be facilitated where states consider them to be necessary to increase investment in freight corridors.
4. Tax incentives should be enacted for targeted investment in freight rail and intermodal infrastructure.
5. The exploration of the concept of the Transportation Finance Corporation should include attention to its utility as a financing mechanism for freight rail and other freight transportation projects.

Intermodal Connectors

Frequently the “last mile” of a freight shipment is the longest mile because of deficiencies in roads that connect to freight hubs such as seaports, airports, and truck and rail terminals. In some cases, the deficiencies of these Connectors are an obstacle to efficient defense mobilization. Increased funding recommended for NHS, STP, and CMAQ will make it possible for states and MPOs to targeted increased investment in intermodal connectors. In addition, innovative financing techniques, such as TIFIA, SIBS, and pooled funds should be tailored to make them suitable for connector projects and the exploration of the Transportation Finance Corporation should include assessment of its utility for investment in intermodal connector projects.

Borders and Corridors

Many states are actively involved in work on freight corridors. In all areas of the country there are heavily used freight corridors, some of them multimodal, some serving major trade gateways, and many of them multistate. The current corridors and borders program is under funded, has disparate objectives and lacks focus. TEA-21 authorized combined funding for borders and corridors that has been far short of demand.

If the borders and corridors program is continued, it should be focused on expediting freight movement in freight corridors and facilitating the flow of exports and imports at international ports of entry, including land side access to trade gateways. Eligible

activities should include, planning, analysis, operations, and construction. The authorization of funds from the Highway Trust Fund should be adjusted proportionate to changes in overall funding and augmented by innovative financing tools. The exploration of the concept of the Transportation Finance Corporation should include analysis of its suitability for corridor projects. Multi-state compacting should be facilitated in cases where states find such compacts to be necessary.

Adequate funding for border operating costs should be provided from the General Fund consistent with AASHTO's recommendations and other institutional barriers at land borders should be addressed through the recommendations through the recommendations developed by the AASHTO Interjurisdictional working group..

CMAQ Eligibility

CMAQ was enacted to fund projects that can demonstrate a positive effect on air quality in non-attainment areas. Although it is clear that in certain situations freight projects can make a significant contribution to the achievement of Clean Air Act goals, few freight projects have been funded, in part because the interpretation of eligibility has not been uniform across the country. The eligibility of freight transportation projects that contribute to achievement of CMAQ objectives should be clarified.

Increased Funding for Rail Crossings.

The funding available for grade crossing improvements (Section 130) falls far short of the current need. In addition to important safety advances grade crossing improvements and separations address major liability issues, contribute to ride quality, and can produce significant efficiency gains for both highway and rail transportation. Funding for Section 130 should be increased proportionate to the increase in the overall programs and should be administered consistent with AASHTO's position on flexibility in the use of the STP safety set-aside.

Expand and Reform the Railroad Rehabilitation and Improvement Financing program

In general, short line railroads have insufficient capital to make the investment necessary to upgrade their infrastructure to the standards needed to accommodate the heavier rail cars now in use. If short lines fail, rural economies are threatened and heavy trucks will operate roads not built for them. Congress should enact legislation that increases the loan and loan guarantee amount available through the Railroad Rehabilitation and Improvement Financing program and corrects problems that make it difficult to approve projects.