

# CAGTC

## Coalition For America's Gateways & Trade Corridors

### A Legislator's Guide to Freight and Goods Movement

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# CAGTC Policy

# Coalition for America's Gateways and Trade Corridors

AECOM

Alameda Corridor-East  
Project, San Gabriel Valley  
Council of Governments

Broward County's  
Port Everglades

California Department  
of Transportation

Cambridge  
Systematics, Inc.

Canaveral Port Authority

Cascadia Center

Chicago Metropolitan  
Agency for Planning

City of Chicago

COMPASS – Community  
Planning Association of  
Southwest Idaho

Dewberry

Economic Development  
Coalition of  
Southwest Indiana

Florida Department  
of Transportation

Florida East  
Coast Railway

Florida Ports Council

Florida Transportation  
Builders' Association, Inc.

Freight Mobility Strategic  
Investment Board  
(Washington State)

Gateway Cities Council of  
Governments

HERZOG

HNTB Corporation

Illinois Soybean  
Association

Intermodal Association  
of North America

Kootenai Metropolitan  
Planning Organization

Los Angeles  
County Metropolitan  
Transportation Authority

Majestic Realty Co.

Maricopa Association of  
Governments

Memphis Chamber of  
Commerce

Metal Fatigue Solutions

## CAGTC POLICY PLATFORM 2019

### FREIGHT: America's Economic Engine

Freight transportation is America's economic engine. The ability to move goods quickly and cost effectively produces millions of jobs and supports a higher standard of living for our population. In fact, 44 million U.S. jobs are directly supported by the multimodal freight network. When the freight network is congested, unreliable, and unsafe, American businesses struggle to remain competitive, paying \$27 billion annually in extra freight transportation expenses due to delays resulting from system congestion and creating a "drag-effect" that reduces our nation's ability to compete in the global marketplace.

According to the Bureau of Transportation Statistics, "productivity growth in freight transportation has long been a driving force for the growth of U.S. overall productivity and contributed directly to the growth of the U.S. GDP." Representing 85 percent of our national economy, our country's five major economic sectors – manufacturing, retail, agriculture, natural resources and transportation providers – are reliant on efficient freight movement to be efficient and cost-effective in both the national and world marketplace.

Public investment in our nation's multimodal freight network is chronically inadequate to meet growing demands – and businesses are paying attention. According to a recent study by the National Association of Manufacturers, 70 percent of members surveyed believe American infrastructure is in fair or poor shape and 65 percent do not believe that infrastructure will be able to respond to the competitive demands of a growing economy over the next 10 to 15 years. Additionally, we have a growing domestic consumer base: the U.S. population is expected to increase by 70 million by 2045, with each person requiring the movement of roughly 63 tons of freight annually. Investment is needed to make this demand an opportunity, rather than a crisis.

Unique from other types of transportation infrastructure spending, investment in the nation's multimodal freight network is an economic multiplier. Not only are jobs created immediately in the construction phase, but an efficient goods movement system attracts and retains U.S. businesses, supports exports, and benefits the economy for years to come. Every economic sector depends on a reliable, safe and cost-effective network to move goods and services.

While 2015's FAST Act made significant improvements in freight policy and programming, more is needed to make up for years of underinvestment and to prepare for growing system demands.

Moffatt & Nichol

National Railroad  
Construction and  
Maintenance  
Association

NASCO – North  
American Strategy for  
Competitiveness

The Northwest  
Seaport Alliance

Nossaman LLP

Ohio Kentucky Indiana  
Regional Council of  
Governments

Orange County  
Transportation Authority

Port Authority of  
New York & New Jersey

Port Houston

Port Newark Container  
Terminal

Port of Hueneme

Port of Long Beach

Port of Los Angeles

Port of New Orleans

Port of Oakland

Port of Portland, OR

Port of San Diego

Port Tampa Bay

Port of Vancouver USA

Ports America  
Chesapeake

Prime Focus, LLC

Puget Sound Regional  
Council

RAILCET

SANDAG - San Diego  
Association of  
Governments

Southern California  
Association of  
Governments

Tennessee Department  
of Transportation

Washington State  
Department of  
Transportation

Will County Center for  
Economic Development

WSP



## CAGTC'S FREIGHT MOBILITY PROGRAM PRINCIPLES

A truly strategic freight mobility program would prioritize the economic needs of our country in the near term and for generations to come by making investment decisions that optimize freight mobility, especially at locations of national significance, unconstrained by mode or political jurisdiction. All modes and freight transportation facilities would be eligible, and funding should both leverage investments already made and provide resources for new investments. Corridors, gateways and integrated hubs would be the locus of activity, rather than states, counties, cities or towns. The result would be a comprehensive, free-flowing freight network unfettered by jurisdictional boundaries.

### **CAGTC Principle: *A national strategy is needed to guide long term planning***

Currently, passengers and freight in the U.S. compete for an inadequate supply of infrastructure capacity and financial resources. Both suffer. A national “vision” and dedicated investment strategy that shapes and guides the nation’s freight infrastructure system with active coordination among states, regions and localities is needed. Planning horizons, with a particular focus on projects of national significance, should endeavor to anticipate freight needs extending over multiple decades and seek to smooth the path for free-flowing freight, both domestically and internationally.

#### ➤ **CAGTC Request: *Focus and coordination at the Federal level***

A new office for multimodal freight should be established within USDOT’s Office of the Secretary to administer freight mobility programs.

### **CAGTC Principle: *Funding must be dedicated, sustainable and flexible***

Funding should be based on revenue sources that are predictable, dedicated and sustained. Owners of goods are the primary beneficiaries of system improvements and should be part of the revenue user-base. At the same time, funding distribution programs should incentivize and reward state and local investment and leverage the widest array of public and private financing.

#### ➤ **CAGTC Request: *Provide \$12 billion annually through a Multimodal Competitive Program***

The FAST Act’s competitive freight-focused grant program, INFRA, is oversubscribed. In the combined FY17 & FY18 round of awards, USDOT received \$12 in unique requests for every \$1 available; all 50 states, the District of Columbia, and Puerto Rico have submitted applications to the program, demonstrating freight infrastructure needs across the nation. The program is allocated an average of \$900 million annually through 2020, and a total of just \$500 million is available to multimodal freight projects over the five year period.

CAGTC calls for a minimum annual federal investment of \$12 billion through a multimodal freight competitive grant program. Further, the funding cap on non-highway projects should be eliminated to ensure that states and localities are able to address their most pressing freight infrastructure needs, regardless of mode.

Competitive grants, such as INFRA and BUILD, generate innovation and encourage creative funding and financing arrangements, calling on state and local governments to bring the best deal forward when asking for federal funding assistance. Research shows that for every \$1 invested through a federal competitive grant program, an additional \$3.50 is invested in the

project, leveraged through other sources, including private funds<sup>1</sup>. USDOT's decision-making process should be made transparent to affirm the integrity of the evaluation process and best use of the federal dollar.

➤ **CAGTC Request: *Increase freight formula funding***

Funding available through the FAST Act's freight formula program fills an important role by allowing states to invest in goods movement projects of varying sizes, particularly those that may not be candidates for scarce federal competitive grant resources due to size or absence of sufficient matching funds. To receive freight formula dollars, the FAST Act required states to produce "fiscally constrained" freight plans; 22 states demonstrated the need for additional resources by producing fiscally unconstrained plans. Unconstrained plans from these 22 states showed a need of \$205 billion for freight infrastructure investments. Accordingly, CAGTC requests that Congress increase funding for the freight formula program and remove the 10% cap on non-highway investment, allowing for increased project selection discretion at the state level.

**CAGTC Principle: *A set of merit-based criteria is needed for funding allocation***

Competitive grants are critical to funding large-scale freight infrastructure projects, which are difficult to fund through traditional distribution methods such as formula programs. We need a freight competitive grant program that selects projects through merit-based criteria that identify and prioritize investments with a demonstrable contribution to national freight efficiency. Long-term funding must be made available to ensure that, once a project is approved, funds will flow through to project completion. Funds should be available to support multi-jurisdictional and multi-state projects, regardless of mode, selected on the basis of objective measures designed to maximize and enhance system performance, while advancing related policy objectives such as environmental improvement.

- **CAGTC Request: *Confine FAST Act Competitive Grant Awards to freight.*** Criteria written into law under the INFRA program focuses on goods movement infrastructure and lists goals such as increasing global economic competitiveness, improving connectivity between freight modes, and improving the safety, efficiency and reliability of the movement of freight and people. INFRA resources must be invested in high-impact goods movement projects that improve the flow of freight and aid the regional and national economy. Funds supporting projects in freight hubs and along freight corridors, invested in both rural and urban communities, will improve the economy's overall health.
- **CAGTC Request: *INFRA Competitive Grants and the Freight Formula Program should be fully multimodal.*** Freight does not move on highways alone – where public benefit is derived, public investment must be made. While the FAST Act establishes a national policy of maintaining and improving the condition and performance of the National Multimodal Freight Network, about 90 percent of funding through the INFRA competitive grant program and freight formula program is confined to highways, roads and bridges. These caps should be removed. Freight movement necessitates cooperation among many modes and funding flexibility is required to make investments yielding the highest return. Leveraging federal

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<sup>1</sup> <https://www.transportation.gov/BUILDgrants/about>

dollars with private investment should be encouraged when possible and appropriate; increasing the flexible use of the federal dollar will yield increased opportunities for private sector participation.

**CAGTC Principle: *A partnership with the private sector is needed to maximize federal efforts.***

Private participation in the nation's freight infrastructure is vital to system expansion and system preservation. Federal funding should leverage private participation and provide transportation planners with the largest toolbox of financing options possible to move freight projects forward quickly and efficiently.

- **CAGTC Request: *Establish a private sector freight advisory committee at USDOT.***  
The establishment of an advisory council made up of freight industry members and system users could assist and partner with USDOT in optimizing results from planning, coordination and evaluation processes.

### **A DEDICATED APPROACH TO FEDERAL FREIGHT INVESTMENT**

CAGTC proposes the creation of a National Strategic Freight Mobility Program and Trust Fund (FTF). Such an approach can create an expanded national freight program to balance and separate the interests of freight and passengers, especially if based on user fees and funding from outside the traditional sources. **Congress and the Administration must commit to exploring sustainable revenue sources across all modes.** Such an approach need not be overly burdensome; for example, capturing a small fraction of the value of the commodities moved would generate considerable revenue.

While all possible funding sources should be considered, the FTF would best be served by a combination of new national freight-related user fees (such as a waybill fee assessed on the cost of transportation) and existing highway trust funds, as supported by the National Surface Transportation Policy and Revenue Study Commission's report, *Transportation for Tomorrow*. Additionally, a fair contribution — such as a portion of increased fuel taxes or the freight fees that are currently dedicated to the Highway Trust Fund, including excise taxes on truck tires and tractors — from the Federal Highway Trust Fund could appropriately reflect benefits that accrue to the broader motoring public. While the FTF would provide a dedicated source for freight project funding, participation in this program would not preclude projects from seeking funding from existing federal, state and local sources, reflecting the multiple benefits they can provide to local communities as well as to national freight movement.

Other sources, such as a waybill fee, may also be appropriate to support the FTF. Ultimately, the price of goods should support and internalize a portion of the cost of expanding or preserving related infrastructure, such that growth in demand for moving goods delivers proportional funding for related infrastructure improvement.

### ***About the Coalition***

*The Coalition for America's Gateways and Trade Corridors (CAGTC) is a diverse coalition of more than 60 public and private organizations dedicated to increasing federal investment in America's intermodal freight infrastructure. In contrast to single mode interests, CAGTC's main mission is to promote seamless goods movement transportation system across all modes to enhance capacity and economic growth.*



November 22, 2016

President-elect Donald J. Trump  
Trump-Pence Transition Team  
1717 Pennsylvania Ave, NW  
Washington, DC 20006

Dear President-elect Trump,

Thank you for distinguishing throughout your campaign the importance of transportation infrastructure investment. We applaud you for recognizing that “America’s infrastructure is a linchpin of private sector growth.” Unique from other types of infrastructure investment, investment in the nation’s multimodal freight network is an economic multiplier. Not only are jobs created immediately in the construction phase, but an efficient goods movement system will attract and retain U.S. businesses, support exports, and benefit the economy for years to come. Every economic sector depends on a reliable, safe and cost-effective network to move goods and services.

By way of background, the Coalition for America’s Gateways and Trade Corridors (CAGTC) is a diverse group of more than 60 public and private organizations established to bring national attention to the need to significantly expand U.S. freight transportation infrastructure and to work toward solutions for this growing national challenge. In contrast to single mode interests, CAGTC’s mission is to promote a seamless goods movement transportation system across all modes to enhance capacity and economic growth. Since its formation in 2001, CAGTC has been a leader in freight infrastructure policy development.

**Investment in Freight Infrastructure Supports U.S. Economy**

The multimodal freight network directly supports 44 million U.S. jobs and affects quality of life. The system moves 55 million tons of goods, worth over \$49 billion daily. But system strains and inefficiencies hurt the U.S. economy. Congestion, including passenger car delay on roads shared with trucks, is estimated to cost \$1 trillion annually, roughly seven percent of U.S. economic output. U.S. businesses pay an astounding \$27 billion annually in extra freight transportation expenses due to shipping delays caused by system inefficiencies. To foster economic growth, retain U.S. businesses, and attract new industry to our country, we need to provide the built infrastructure that produces a competitive advantage. As Wilbur Ross correctly notes, building new infrastructure is a critical part of any growth strategy. Dollar for dollar, investment in freight infrastructure is the optimal investment for economic growth.

For your consideration, we respectfully recommend the following actions be considered early in your Administration:

- 1) *Make freight infrastructure the hallmark of any transportation investment plan:* In your vision, you’ve pledged to accelerate economic growth and productivity gains with substantial new infrastructure investments. We urge you to prioritize investments in freight infrastructure under this program, or any other transportation investment plan. Freight infrastructure investment aids American commerce, domestic manufacturing, agricultural producers, and improves our ability to compete internationally. Collectively, this multimodal network directly supports 44 million jobs and affects the quality of life that every American has come to rely on today. Unfortunately, the U.S. is

currently investing less than 2 percent of its GDP in infrastructure, whereas our largest trading partners and competitors – such as China and Mexico – are investing twice to five times our rate.

- 2) *Ensure freight formula funding is invested in freight infrastructure:* In December of 2015, a 5-year surface transportation authorization – the FAST Act – was signed into law containing the first-ever formula program designed to target freight system improvements, such as first and last mile connections and other important goods moving segments. We urge the United States Department of Transportation (USDOT) to monitor the spending of this money to ensure states invest in freight infrastructure, as Congress intended.
- 3) *Establish a federal public-private sector freight advisory committee:* The freight network is unique from other transportation systems as it is a mix of public and private infrastructure that is heavily relied upon by manufacturers, farmers, and other producers of goods and services. In order to benefit domestic commerce, the system must operate reliably, safely and efficiently. This complex network has a diverse stakeholder community that can assist the USDOT in developing federal freight policy and programs that serve our economy. We urge the Trump Administration to reestablish the now-dissolved National Freight Advisory Committee, or create a new entity that engages public and private sector stakeholders, to advise on priorities and projects that require federal attention and assistance. We suggest soliciting membership applications and appointing members representing a broad array of transportation system users and providers, with a special emphasis on private industry membership.
- 4) *Conduct a comprehensive needs assessment:* The U.S. population is growing, and with it, consumption is on the rise: each person in the U.S. requires the movement of approximately 63 tons of freight annually. By 2045, our population is estimated to increase by nearly 70 million. In order to prepare ourselves for this impending growth, a comprehensive freight system needs assessment is essential. While the previous Administration solicited transportation projects for inclusion in a Projects of National and Regional Significance survey, the survey was not published. We urge the Trump Administration to publish this survey as one element of a comprehensive freight needs assessment. Combining this survey with other available resources, such as executive summaries of the FASTLANE application list and projects identified under state freight plans, will go far in depicting the level of investment needed to keep our freight transportation network competitive in the global marketplace.
- 5) *Administer FASTLANE with a primary focus on freight:* The FAST Act created a much-needed competitive grant program designed to make investments in large freight and highway projects. Criteria written into law under this program – the FASTLANE program – focused on goods movement infrastructure and listed goals such as increasing global economic competitiveness, improving connectivity between freight modes, and improving the safety, efficiency and reliability of the movement of freight and people. Yet, at least 18 percent of available funding in the first round of the program was awarded to what are clearly non-freight projects, and a total dollar amount to projects that may contain a limited direct benefit to freight movement is indiscernible from the limited award information provided by the USDOT. We urge the Trump Administration to target remaining FASTLANE resources toward high-impact goods movement projects that improve the flow of goods and aid the regional and national economy. Funds supporting projects in major freight hubs and along freight corridors across the country will improve the overall health of the economy.
- 6) *Improve FASTLANE transparency:* In July, 2016, USDOT announced the inaugural round of FASTLANE competitive grant awards. Unfortunately, the Administration released scant descriptions of each successful grant, giving Congress – and stakeholders – insufficient understanding of USDOT’s decision-making. Furthermore, a full list of applicant projects was not released in conjunction with USDOT’s proposed awards, forcing recipients to be viewed in a vacuum with no

opportunity to gauge their merits against competing projects. The 60-day Congressional review period required by the FAST Act fell mostly during Congressional recess, giving lawmakers just eight days in session to consider awards and pass a joint resolution, if desired, before the review period expired. Going forward, it is essential that USDOT disclose more information about its decision-making process both to Congress and the public to produce a program that targets resources effectively and to affirm the integrity of the evaluation process.

- 7) *Increase freight investment under the TIGER program:* In 2016, freight received only 26 percent of total funds available in the eighth round of TIGER, a transportation infrastructure competitive grant program. This share is the lowest since the program was established in 2009. Traditionally, freight projects and projects with a freight component have earned upward of 40 percent of available funds in the highly-competitive award process. We urge the Trump Administration to reverse the decline in freight infrastructure investment in the TIGER program, which is a key component of the overall strategy to make critical investments in the nation's freight infrastructure.

On behalf of our members and the businesses and consumers who rely on an efficient freight network, we thank you. We look forward to working with you in the future on this very important issue. Please contact us with any questions you may have.

Sincerely,



Tim Lovain  
Chairman, CAGTC Board of Directors  
Executive Vice President, Capitol Strategies



Leslie Blakey  
President, CAGTC



Paul Hubler  
Vice Chairman, CAGTC Board of Directors  
Director of Government & Community Relations,  
Alameda Corridor-East Construction Authority



Paul Anderson  
Treasurer, CAGTC Board of Directors  
President & CEO, Port Tampa Bay

FAST Act

Freight Program





## CAGTC summary of freight provisions in Fixing America's Surface Transportation (FAST) Act

### Public Law 114-94

*Signed into law December 4, 2015*

Senate Proposal – *Developing a Reliable and Innovative Vision for the Economy (DRIVE) Act*

*Passed July 30, 2015*

House Proposal – *Surface Transportation Reauthorization and Reform (STRR) Act*

*Passed November 5, 2015*

### In General

- Duration: Five Years; FY 2016 – FY 2020
- \$281 billion in contract authority, over five-year lifespan of the bill

### Freight Provisions (in brief)

- Nationally Significant Freight and Highway Projects (Title I, Sec. 1105, page 44): Freight-specific competitive grant program with broad applicant eligibility that provides funding for highway and bridge projects, as well as rail-highway at-grade crossing and grade separation projects. \$500 million over the five year period may pay for intermodal or freight rail projects on the National Multimodal Freight Network. **\$4.5 billion over five years.**
  - \$800,000,000 for FY16
  - \$850,000,000 for FY17
  - \$900,000,000 for FY18
  - \$950,000,000 for FY19
  - \$1,000,000,000 for FY20
- National Highway Freight Program (Title I, Sec. 1116, Page 92): Freight-specific formula program provided with **\$6.3 billion over five years.** Funds apportioned based on current apportionment data; use of funds dictated by percentage of miles a state has on the Primary Highway Freight System, compared to total number of miles on the Primary Highway Freight System.
  - \$1,150,000,000 for fiscal year 2016;
  - \$1,100,000,000 for fiscal year 2017;
  - \$1,200,000,000 for fiscal year 2018;
  - \$1,350,000,000 for fiscal year 2019;
  - \$1,500,000,000 for fiscal year 2020;
- Multimodal Freight Transportation (Title VIII, Sec. 8001, Page 783)
  - Multimodal Freight Policy (Secs. 7010-70103): Establishes a national, multimodal freight policy and requires all modes to be included in national freight strategic plan.
  - Multimodal Freight Transportation Planning and Information (Secs. 70201-70204): Encourages States to establish state freight advisory committees and requires States that receive freight formula funding to develop state freight plans. Includes section on transportation investment data planning and tools.
- National Surface Transportation and Innovative Finance Bureau (Title IX, Sec. 9001, Page 803)
  - Establishes a Bureau to assist in working among modes to ensure expeditious and thorough consideration of freight projects applying for financing and funding opportunities available through US DOT.

**Nationally Significant Freight and Highway Projects (Title I, Sec. 1105, Page 44)**

**CAGTC Analysis/Background:** *The Nationally Significant Freight and Highway Projects program is a megaprojects competitive grant program baring similarity to PNRS. The program first appeared, almost in its entirety, in the House STRR Act. The key difference is the program now includes a minimum grant award of \$25 million (CAGTC requested an award minimum in its Conference Committee requests), as well as requirement that the projects should demonstrate shovel readiness.*

*The FAST Act program contains a total of \$4.5 billion in funding over five years. PNRS eligibly is expanded upon; the FAST Act program applicant eligibility includes large MPOs, local governments and port authorities. Funding is available for highway and bridge projects, as well as rail-highway at-grade crossing and grade separation projects. A total of \$500 million over the five year period may be used on intermodal or freight rail projects on the National Multimodal Freight Network. There is an additional 10 percent set-aside for freight projects that do not meet the minimum project size requirement, which is \$100 million. By contrast, the minimum project size requirement under PNRS was \$500 million. Projects in rural areas must receive at least 25% of funding each year.*

*Worth noting is that this program provides guaranteed funding from the Highway Trust Fund. Under MAP-21, PNRS was left to the will of appropriators and the program was not funded.*

*This program also adopts a joint decision making approach whereby USDOT makes project selections and then submits them to Congress for review. Congress has 60 days to review the proposed awards. Congress may reject the awards en bloc by enacting a Joint Resolution. If the President vetoes the Congressionally-passed Joint Resolution, the project selections stand, unless Congress is able to secure a two-thirds majority required by the Constitution to overrule a Presidential veto.*

**Funding  
(Page 19)**

\$800,000,000 for fiscal year 2016  
\$850,000,000 for fiscal year 2017;  
\$900,000,000 for fiscal year 2018;  
\$950,000, 000 for fiscal year 2019; and  
\$1,000,000,000 for fiscal year 2020.

**Policy  
(Title 1, Sec. 1105, page 44)**

**(a) ESTABLISHMENT.—**

(1) IN GENERAL -- There is established a nationally significant freight and highway projects program to provide financial assistance for projects of national or regional significance.

(2) GOALS – The goals of the program shall be to –

- (A) improve the safety, efficiency, and reliability of the movement of freight and people;
- (B) generate national or regional economic benefits and an increase in the global economic competitiveness of the United States;
- (C) reduce highway congestion and bottle-necks;
- (D) improve connectivity between modes of freight transportation; or
- (E) enhance the resiliency of critical highway infrastructure and help protect the environment;
- (F) improve roadways vital to national energy security; and
- (G) address the impact of population growth on the movement of people and freight.

**(b) GRANT AUTHORITY.—**

(1) IN GENERAL.—In carrying out the program established in subsection (a), the Secretary may make grants, on a competitive basis, in accordance with this section.

(2) GRANT AMOUNT.—Except as otherwise provided, each grant made under this section shall be in an amount that is at least \$25,000,000.

(c) ELIGIBLE APPLICANTS.—

(1) IN GENERAL.—The Secretary may make a grant under this section to the following:

- (A) A State or group of States.
- (B) A metropolitan planning organization that serves an urbanized area (as defined by the Bureau of the Census) with a population of more than 200,000 individuals.
- (C) A unit of local government or a group of local governments.
- (D) A political subdivision of a State or local government.
- (E) A special purpose district or public authority with a transportation function, including a port authority.
- (F) A Federal land management agency that applies jointly with a State or group of States.
- (G) A tribal government or a consortium of tribal governments.
- (H) A multistate or multijurisdictional group of entities described in this paragraph.

(2) APPLICATIONS – To be eligible for a grant under this section, an entity specified in paragraph (1) shall submit to the Secretary an application in such form, at such time, and containing such information as the Secretary determines is appropriate.

(d) ELIGIBLE PROJECTS.—

(1) IN GENERAL.—Except as provided in sub-section (e), the Secretary may make a grant under this section only for a project that—

(A) is—

- (i) a highway freight project carried out on the National Highway Freight Network established under section 167;
- (ii) a highway or bridge project carried out on the National Highway System including
  - (1) a project to add capacity to the Interstate System to improve mobility; and
  - (2) a project in a national scenic area;
- (iii) a freight project that is --
  - (I) a freight intermodal or freight rail project; or
  - (II) within the boundaries of a public or private freight rail, water (including ports), or intermodal facility and that is a surface transportation infrastructure project necessary to facilitate direct intermodal interchange, transfer, or access into or out of the facility; or
- (iv) a railway-highway grade crossing or grade separation project; and

(B) has eligible project costs that are reasonably anticipated to equal or exceed the lesser of—

(i) \$100,000,000; or [ *PNRS threshold was \$500,000* ]

(ii) in the case of a project—

- (I) located in 1 State, 30 percent of the amount apportioned under this chapter to the State in the most recently completed fiscal year; or
- (II) located in more than 1 State, 50 percent of the amount apportioned under this chapter to the participating State with the largest apportionment under this chapter in the most recently completed fiscal year.

(2) LIMITATION.—

(A) IN GENERAL.—Not more than \$500,000,000 of the amounts made available for grants under this section for fiscal years 2016 through 2020, in the aggregate, may be used to make grants for projects described in paragraph (1)(A)(iii) and such a project may only receive a grant under this section if—

- (i) the project will make a significant improvement to freight movements on the National Highway Freight Network; and
- (ii) the Federal share of the project funds only elements of the project that provide public benefits.

(B) EXCLUSIONS.—The limitation under subparagraph (A)

- (i) shall not apply to a railway-highway grade crossing or grade separation project; and
- (ii) with respect to a multimodal project, shall apply only to the non-highway portion or portions of the project.

(e) SMALL PROJECTS.—

(1) IN GENERAL.—The Secretary shall reserve 10 percent of the amounts made available for grants under this section each fiscal year to make grants for projects described in subsection (d)(1)(A) that do not satisfy the minimum threshold under subsection (d)(1)(B).

(2) GRANT AMOUNT.—Each grant made under this subsection shall be in an amount that is at least \$5,000,000.

(3) PROJECT SELECTION CONSIDERATIONS.— In addition to other applicable requirements, in making grants under this subsection the Secretary shall consider—

(A) the cost effectiveness of the proposed project; and

(B) the effect of the proposed project on mobility in the State and region in which the project is carried out.

(e) ELIGIBLE PROJECT COSTS.—Grant amounts received for a project under this section may be used for—

(1) development phase activities, including planning, feasibility analysis, revenue forecasting, environmental review, preliminary engineering and design work, and other preconstruction activities; and *[In PNRS]*

(2) construction, reconstruction, rehabilitation, acquisition of real property (including land related to the project and improvements to the land), environmental mitigation, construction contingencies, acquisition of equipment, and operational improvements directly related to improving system performance.*[In PNRS]*

(f) PROJECT REQUIREMENTS.—The Secretary may select a project described only if the Secretary determines that—

(1) the project will generate national or regional economic, mobility, or safety benefits;

(2) the project will be cost effective;

(3) the project will contribute to the accomplishment of 1 or more of the national goals described under section 150 of this title;

(4) the project is based on the results of preliminary engineering; *[In PNRS]*

(5) with respect to related non-Federal financial commitments—

(A) 1 or more stable and dependable sources of funding and financing are available to construct, maintain, and operate the project; and *[In PNRS]*

(B) contingency amounts are available to cover unanticipated cost increases; *[In current PNRS law]*

(6) the project cannot be easily and efficiently completed without other Federal funding or financial assistance available to the project sponsor; and

(7) the project is reasonably expected to begin construction not later than 18 months after the date of obligation of funds for the project.

(h) ADDITIONAL CONSIDERATIONS.—In making a grant under this section, the Secretary shall consider—

(1) utilization of non-traditional financing, innovative design and construction techniques, or innovative technologies;

(2) utilization of non-Federal contributions; and *[In PNRS]*

(3) contributions to geographic diversity among grant recipients, including the need for a balance between the needs of rural and urban communities.

***CAGTC Analysis/Background:*** *The FAST Act borrows AMPP's 25 percent set-aside for projects located in rural area – the House STRR rural set-aside was only 20 percent. Additionally, the FAST Act increases the federal share of the cost of project from 50 percent to 60 percent and creates a limit on the “maximum federal involvement.”*

(i) RURAL AREAS.—

(1) IN GENERAL.—The Secretary shall reserve not less than 25 percent of the amounts made available for grants under this section, including the amounts made available under subsection (e), each fiscal year to make grants for projects located in rural areas.

(2) EXCESS FUNDING.—In any fiscal year in which qualified applications for grants under this subsection will not allow for the amount reserved under paragraph (1) to be fully utilized, the Secretary shall use the unutilized amounts to make other grants under this section.

(3) RURAL AREA DEFINED.—In this subsection, the term ‘rural area’ means an area that is outside an urbanized area with a population of over 200,000.

(i) FEDERAL SHARE.—

(1) IN GENERAL.—The Federal share of the cost of a project assisted with a grant under this section may not exceed 60 percent.

(2) MAXIMUM FEDERAL INVOLVEMENT.—Federal assistance other than a grant under this section may be used to satisfy the non-Federal share of the cost of a project for which such a grant is made, except that the total Federal assistance provided for a project receiving a grant under this section may not exceed 80 percent of the total project cost.

(3) FEDERAL LAND MANAGEMENT AGENCIES.—Notwithstanding any other provision of law, any Federal funds other than those made available under this title or title 49 may be used to pay the non-Federal share of the cost of a project carried out under this section by a Federal land management agency, as described under subsection 8 (c)(1)(F).

(k) TREATMENT OF FREIGHT PROJECTS.—Notwithstanding any other provision of law, a freight project carried out under this section shall be treated as if the project is located on a Federal-aid highway.

(l) TIFIA. At the request of an eligible application under this section, the Secretary may use amounts awarded to the entity to pay subsidy and administrative costs necessary to provide the entity Federal credit assistance under chapter 6 of this title with respect to the project for which the grant was awarded.

(m) CONGRESSIONAL NOTIFICATION.—

(1) NOTIFICATION.—

(A) IN GENERAL.—At least 60 days before making a grant for a project under this section, the Secretary shall notify, in writing, the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate of the proposed grant. The notification shall include an evaluation and justification for the project and the amount of the proposed grant award.

(B) MULTIMODAL PROJECTS.—In addition to the notice required under subparagraph (A), the Secretary shall notify the Committee on Commerce, Science, and Transportation of the Senate before making a grant for a project described in subsection (d)(1)(A)(iii).

(2) CONGRESSIONAL DISAPPROVAL.—The Secretary may not make a grant or any other obligation or commitment to fund a project under this section if a joint resolution is enacted disapproving funding for the project before the last day of the 60-day period described in paragraph (1).

“(n) REPORTS.—

(1) ANNUAL REPORT.—The Secretary shall make available on the Web site of the Department of Transportation at the end of each fiscal year an annual report that lists each project for which a grant has been provided under this section during that fiscal year.

(2) COMPTROLLER GENERAL.—

(A) ASSESSMENT.—The Comptroller General of the United States shall conduct an assessment of the administrative establishment, solicitation, selection, and justification process with respect to the funding of grants under this section.

(B) REPORT.—Not later than 1 year after the initial awarding of grants under this section, the Comptroller General shall submit to the Committee on Environment and Public Works of the Senate, the Committee on Commerce, Science, and Transportation of the Senate, and the Committee on Transportation and Infrastructure of the House of Representatives a report that describes—

- (i) the adequacy and fairness of the process by which each project was selected, if applicable; and
- (ii) the justification and criteria used for the selection of each project, if applicable.”.

#### **National Highway Freight Program (Title I, Sec. 1116, Page 92)**

**CAGTC Analysis / Background:** *While MAP-21 created a national freight policy, this proposal creates a national freight program.*

*A freight formula program is established to support the national highway freight network. It is funded at \$1.15 billion in FY16 and eventually increases to \$1.5 billion in FY20. The program is similar to that which appeared in the Senate DRIVE Act, except that the Conference Report administers this program through FHWA, as opposed to through the Secretary's office.*

*The amount of money each state receives through the freight formula program will be based on current apportionment criteria. Unlike the Administration's proposal, the amount of money each state receives is not based on the number of freight facilities, miles of highway, or tonnage/value of freight moving within the state.*

**Funding**  
**(Page 37)**

**TOTAL AMOUNT.**—The total amount set aside for the national highway freight program for all States shall be

- \$1,150,000,000 for fiscal year 2016;
- \$1,100,000,000 for fiscal year 2017;
- \$1,200,000,000 for fiscal year 2018;
- \$1,350,000,000 for fiscal year 2019;
- \$1,500,000,000 for fiscal year 2020;

**Policy**  
**(Sec. 1116, Page 92)**

**(a) IN GENERAL.—**

(1) **POLICY.**— It is the policy of the United States to improve the condition and performance of the national highway freight network established under this section to ensure that the national freight Network provides the foundation for the United States to compete in the global economy and achieve each goals described in subsection (b).

(2) **ESTABLISHMENT.**—In support of the goals described in subsection (b), the ~~Secretary~~ Administrator of the Federal Highway Administration shall establish a national freight program in accordance with this section to improve the efficient movement of freight on the national highway freight network.

**(b) Goals.**—The goals of the national highway freight program are—

(1) to invest in infrastructure improvements and to implement operational improvements on the highways of the United States that—

(A) strengthen the contribution of the national highway freight network to the economic competitiveness of the United States;

(B) reduce congestion and bottlenecks on the National Highway Freight Network;

(C) reduce the cost of freight transportation;

(D) improve the year-round reliability of freight transportation; and

(E) increase productivity, particularly for domestic industries and businesses that create high-value jobs;

(2) to improve the safety, security, efficiency, and resiliency of freight transportation in rural and urban areas;

(3) to improve the state of good repair of the national highway freight network;

(4) to use innovation and advanced technology to improve the safety, ~~and~~ efficiency, and reliability of the national highway freight network;

(5) to improve the efficiency and productivity of the national highway freight network; ~~and~~

(6) to improve the flexibility of States to support multi-State corridor planning and the creation of multi-State organizations to increase the ability of States to address highway freight connectivity; and

(7) to reduce the environmental impacts of freight movement on the national freight network.

**(c) ESTABLISHMENT OF A NATIONAL HIGHWAY FREIGHT NETWORK**

*CAGTC Analysis/ Background: MAP-21 established a national freight network (NFN) to assist States in strategically directing resources to improve movement of freight on highways. The MAP-21 NFN consists of three components – a primary freight network (PFN), any portions of the Interstate System not designated as part of the PFN, and critical rural freight corridors. The FAST Act builds off the NFN created in MAP-21. It creates a framework for identifying critical urban freight corridors and considers portions of the Interstate System that don't appear on the PFN. This is a very similar version of the National Highway Freight Network that appeared in the Senate DRIVE Act.*



1) IN GENERAL.—The Administrator shall establish a national highway freight network in accordance with this section to strategically direct Federal resources and policies toward improved performance of the network.

(2) NETWORK COMPONENTS.—The national highway freight network shall consist of—

- (A) the primary highway freight system, as designated under subsection (d);
- (B) critical rural freight corridors established under subsection (e);
- (C) critical urban freight corridors established under subsection (f); and
- (D) the portions of the Interstate System not designated as part of the primary highway freight system.

(d) DESIGNATION AND REDESIGNATION OF THE PRIMARY HIGHWAY FREIGHT SYSTEM.—

*CAGTC Analysis/ Background: The FAST Act Conference Report establishes a designation and redesignation of the Primary Highway Freight System (PHFS), which is essentially an improved Primary Freight Network (established under MAP-21). Both the Senate and House surface transportation proposals called for the designation of an improved PFN – the FAST version pulls provisions from both bills to do so. It borrows from the House’s requirement to initially designate the map as a 41,518-mile network identified by U.S. DOT, but uses Senate factors for re-designation. Up to 3 percent of total mileage can be added to the map in subsequent redesignations. Unlike the Senate DRIVE Act, the Conference Committee’s FAST Act does not mandate the inclusion of all intermodal connectors on the Primary Highway Freight System.*

(1) INITIAL DESIGNATION OF PRIMARY HIGHWAY FREIGHT SYSTEM.— The map designated by FHWA as the “Comprehensive Primary Freight Network” during MAP-21’s Primary Freight Network designation process is identified as the new “Primary Highway Freight System” map, effective immediately. The map can be found [here](#).

The initial designation of the primary highway freight system shall be the 41,518-mile network identified during the designation process for the primary freight network under section 167(d) of this title, as in effect on the day before the date of enactment of the FAST Act.

(2) REDESIGNATION OF PRIMARY HIGHWAY FREIGHT SYSTEM.— *Redesignation every five years*

(A) IN GENERAL.— 5 years after the date of enactment of the FAST Act, and every 5 years thereafter, using the designation factors described in subparagraph (E), the Administrator shall redesignate the primary highway freight system.

(B) REDESIGNATION MILEAGE.— Each redesignation may increase the mileage on the primary highway freight system by not more than 3 percent of the total mileage of the system.

(C) USE OF MEASURABLE DATA.—In redesignating the primary highway freight system, to the maximum extent practicable, the Administrator shall use measurable data to assess the significance of goods movement, including consideration of points of origin, destinations, and linking components of the United States global and domestic supply chains.

(D) INPUT.—In redesignating the primary highway freight system, the Administrator shall provide an opportunity for State freight advisory committees, as applicable, to submit additional miles for consideration.

(E) FACTORS FOR REDESIGNATION.—In redesignating the primary highway freight system, the Secretary shall consider—

- (i) changes in the origins and destinations of freight movement in, to, and from the United States;
- (ii) changes in the percentage of annual daily truck traffic in the annual average daily traffic on principal arterials;
- (iii) changes in the location of key facilities;
- (iv) land and water ports of entry;
- (v) access to energy exploration, development, installation, or production areas;
- (vi) access to other freight intermodal facilities, including rail, air, water, and pipeline facilities;
- (vii) the total freight tonnage and value moved via highways;
- (viii) significant freight bottlenecks, as identified by the Administrator;
- (ix) the significance of goods movement on principal arterials, including consideration of global and domestic supply chains.
- (x) critical emerging freight corridors and critical commerce corridors; and
- (xi) network connectivity.



*CAGTC Analysis/ Background: This process for designating of critical rural and urban freight corridors for inclusion on the National Highway Freight Network is from the DRIVE Act. The one exception is the establishment of a limitation on the number miles these corridors can be – the addition is highlighted below.*

(e) CRITICAL RURAL FREIGHT CORRIDORS.—

(1) IN GENERAL.—A State may designate a public road within the borders of the State as a critical rural freight corridor if the public road is not in an urbanized area and —

(A) is a rural principal arterial roadway and has a minimum of 25 percent of the annual average daily traffic of the road measured in passenger vehicle equivalent units from trucks (Federal Highway Administration vehicle class 8 to 13);

(B) provides access to energy exploration, development, installation, or production areas;

(C) connects the primary highway freight system, a roadway described in subparagraph (A) or (B), or the Interstate System to facilities that handle more than—

(i) 50,000 20-foot equivalent units per year; or

(ii) 500,000 tons per year of bulk commodities;

(D) provides access to—

(i) a grain elevator;

(ii) an agricultural facility;

(iii) a mining facility;

(iv) a forestry facility; or

(v) an intermodal facility;

(E) connects to an international port of entry;

(F) provides access to significant air, rail, water, or other freight facilities in the State; or

(G) is, in the determination of the State, vital to improving the efficient movement of freight of importance to the economy of the State.

(2) LIMITATION.—A State may designate as critical rural freight corridors a maximum of 150 miles of highway or 20 percent of the primary highway freight system mileage in the State, whichever is greater.

(f) CRITICAL URBAN FREIGHT CORRIDORS.—

(1) URBANIZED AREA WITH POPULATION OF 500,000 OR MORE.—In an urbanized area with a population of 500,000 or more individuals, the representative metropolitan planning organization, in consultation with the State, may designate a public road within the borders of that area of the State as a critical urban freight corridor.

(2) URBANIZED AREA WITH A POPULATION LESS THAN 500,000.—In an urbanized area with a population of less than 500,000 individuals, the State, in consultation with the representative metropolitan planning organization, may designate a public road within the borders of that area of the State as a critical urban freight corridor.

(3) REQUIREMENTS FOR DESIGNATION.—A designation may be made under paragraphs (1) or (2) if the public road—

(A) is in an urbanized area, regardless of population; and

(B)(i) connects an intermodal facility to—

(I) the primary highway freight network;

(II) the Interstate System; or

(III) an intermodal freight facility;

(ii) is located within a corridor of a route on the primary highway freight network and provides an alternative highway option important to goods movement;

(iii) serves a major freight generator, logistic center, or manufacturing and warehouse industrial land; or

(iv) is important to the movement of freight within the region, as determined by the metropolitan planning organization or the State.

(4) LIMITATION.—For each State, a maximum of 75 miles of highway or 10 percent of the primary highway freight system mileage in the State, whichever is greater, may be designated as a critical urban freight corridor under paragraphs (1) and (2).

(g) DESIGNATION AND CERTIFICATION.—

(1) DESIGNATION.—States and metropolitan planning organizations may designate corridors under subsections (e) and (f) and submit the designated corridors to the Administrator on a rolling basis.

(2) CERTIFICATION.—Each State or metropolitan planning organization that designates a corridor under subsection (e) or (f) shall certify to the Administrator that the designated corridor meets the requirements of the applicable subsection.

(h) HIGHWAY FREIGHT TRANSPORTATION CONDITIONS AND PERFORMANCE REPORTS.— *Due December 4, 2017*  
Not later than 2 years after the date of enactment of the FAST Act and biennially thereafter, the Administrator shall prepare and submit to Congress a report that describes the conditions and performance of the national highway freight network in the United States.

(i) USE OF APPORTIONED FUNDS.—

*CAGTC Analysis/ Background: A state receives an amount of money for the freight formula program consistent with the amount of money relative to their existing apportionment. How the state may use those funds varies on the number of centerline miles they have the Primary Highway Freight System. A similar – but modified – system was created in the DRIVE Act.*

*The formula for determining freight formula use looks like this: Total Number of miles within a state on the primary highway freight network DIVIDED BY total mileage of primary highway freight system in all states. If, for example, Hawaii has 100 miles on the primary highway freight network, and there are 30,000 miles in total of the primary highway freight network, the percent is 0.3%. This allows Hawaii to use its apportionment for any component of national highway freight network. Alternatively, for example, if Alaska has 1,200 miles on the primary highway freight network of a total 30,000 miles, then Alaska has 4% of total miles and may use its money for projects on the primary highway freight system, critical rural freight corridors, and critical urban freight corridors.*

*The key difference between FAST and DRIVE is that the Conference Report changes the percentage of miles on the Primary Highway Freight System a state must have to be considered “high mileage” to 2 percent – down from 3 percent (change noted below). As in DRIVE, a state must have developed a state freight plan in order to receive funds through this program, but the bill allows for the multimodal component of the plan to be incomplete (addition of text highlighted below).*

(1) IN GENERAL.—A State shall obligate funds apportioned to the State under section 104(b)(5) to improve the movement of freight on the national highway freight network.

(2) FORMULA.—The Administrator shall calculate for each State the proportion that—

- (A) the total mileage in the State designated as part of the primary highway freight system; bears to
- (B) the total mileage of the primary highway freight system in all States.

(3) USE OF FUNDS.—

(A) STATES WITH HIGH PRIMARY HIGHWAY FREIGHT SYSTEM MILEAGE.—If the proportion of a State under paragraph (2) is greater than or equal to 2 percent, the State may obligate funds apportioned to the State under section 104(b)(5) for projects on—

- (i) the primary highway freight system;
- (ii) critical rural freight corridors; and
- (iii) critical urban freight corridors.

(B) STATES WITH LOW PRIMARY HIGHWAY FREIGHT SYSTEM MILEAGE.—If the proportion of a State under paragraph (2) is less than 2 percent, the State may obligate funds apportioned to the State under section 104(b)(5) for projects on any component of the national highway freight network.

(4) FREIGHT PLANNING.— *State freight plans are required by December 4, 2017*

Notwithstanding any other provision of law, effective beginning 2 years after the date of enactment of the FAST Act, a State may not obligate funds apportioned to the State under section 104(b)(5) unless the State has developed a freight plan in accordance with section 70202 of title 49, except that the multimodal component of the plan may be incomplete before an obligation may be made under this section.

(5) ELIGIBILITY.—

*CAGTC Analysis/ Background: The eligibility project language that follows is borrowed from the now-repealed prioritization of projects to improve freight mobility section of MAP-21 (Section 1116). It is almost identical to the freight formula program language that appeared in the DRIVE Act. In addition to the eligibility laid out in MAP-21, this program would allow development phase activities, as well as electronic cargo and border security technologies that improve truck freight movement.*

*As in DRIVE, the FAST Act provides a 10 percent set-aside for non-highway specific freight projects. However, FAST explicitly identifies “freight intermodal or freight rail projects” as those that qualify for this 10 percent set-aside. This addition is for clarification purposes and is noted below.*

(A) IN GENERAL.—Except as provided in this subsection, for a project to be eligible for funding under this section the project shall—

- (i) contribute to the efficient movement of freight on the national highway freight network; and
- (ii) be identified in a freight investment plan included in a freight plan of the State that is in effect.

(B) OTHER PROJECTS.—For each fiscal year, a State may obligate not more than 10 percent of the total apportionment of the State under section 104(b)(5) for freight intermodal or freight rail projects, including projects—

- (i) within the boundaries of public and private freight rail or water facilities (including ports); and
- (ii) that provide surface transportation infrastructure necessary to facilitate direct intermodal interchange, transfer, and access into and out of the facility.

(C) ELIGIBLE PROJECTS.—Funds apportioned to the State under section 104(b)(5) for the national highway freight program may be obligated to carry out 1 or more of the following:

- (i) Development phase activities, including planning, feasibility analysis, revenue forecasting, environmental review, preliminary engineering and design work, and other preconstruction activities.
- (ii) Construction, reconstruction, rehabilitation, acquisition of real property (including land relating to the project and improvements to land), construction contingencies, acquisition of equipment, and operational improvements directly relating to improving system performance.
- (iii) Intelligent transportation systems and other technology to improve the flow of freight, including intelligent freight transportation systems.
- (iv) Efforts to reduce the environmental impacts of freight movement.
- (v) Environmental and community mitigation of freight movement.
- (vi) Railway-highway grade separation.
- (vii) Geometric improvements to interchanges and ramps.
- (viii) Truck-only lanes.
- (ix) Climbing and runaway truck lanes.
- (x) Adding or widening of shoulders.
- (xi) Truck parking facilities eligible for funding under section 1401 of MAP-21 (23 U.S.C. 137 note)
- (xii) Real-time traffic, truck parking, roadway condition, and multimodal transportation information systems.
- (xiii) Electronic screening and credentialing systems for vehicles, including weigh-in-motion truck inspection technologies.
- (xiv) Traffic signal optimization, including synchronized and adaptive signals.
- (xv) Work zone management and information systems.
- (xvi) Highway ramp metering.
- (xvii) Electronic cargo and border security technologies that improve truck freight movement.
- (xviii) Intelligent transportation systems that would increase truck freight efficiencies inside the boundaries of intermodal facilities.
- (xix) Additional road capacity to address highway freight bottlenecks.
- (xx) Physical separation of passenger vehicles from commercial motor freight.
- (xxi) Enhancement of the resiliency of critical highway infrastructure, including highway infrastructure that supports national energy security, to improve the flow of freight.

(xxii) A highway project or bridge, other than a project described in clauses (i) through (xxi), to improve the flow of freight on the national highway freight network.

(xxiii) Any other surface transportation project to improve the flow of freight into and out of a facility described in subparagraph (B).

(6) OTHER ELIGIBLE COSTS.—In addition to the eligible projects identified in paragraph (5), a State may use funds apportioned under section 104(b)(5) for—

(A) carrying out diesel retrofit or alternative fuel projects under section 149 for class 8 vehicles; and

(B) the necessary costs of—

(i) conducting analyses and data collection related to the national freight program;

(ii) developing and updating performance targets to carry out this section; and

(iii) reporting to the Administrator to comply with the freight performance target under section 150.

(7) APPLICABILITY OF PLANNING REQUIREMENTS.—Programming and expenditure of funds for projects under this section shall be consistent with the requirements of sections 134 and 135.

(j) STATE PERFORMANCE TARGETS.—If the Administrator determines that a State has not met or made significant progress toward meeting the performance targets related to freight movement of the State established under section 150(d) by the date that is 2 years after the date of the establishment of the performance targets the State shall include in the next report submitted under section 150(e) a description of the actions the State will undertake to achieve the targets, including

(1) an identification of significant freight system trends, needs, and issues within the State;

(2) a description of the freight policies and strategies that will guide the freight-related transportation investments of the State;

(3) an inventory of freight bottlenecks within the State and a description of the ways in which the State is allocating the national highway freight program funds to improve those bottlenecks; and

(4) a description of the actions the State will undertake to meet the performance targets of the State.

(k) INTELLIGENT FREIGHT TRANSPORTATION SYSTEM.—

(1) DEFINITION OF INTELLIGENT FREIGHT TRANSPORTATION SYSTEM.—In this section, the term ‘intelligent freight transportation system’ means—

(A) innovative or intelligent technological transportation systems, infrastructure, or facilities, including elevated freight transportation facilities—

(i) in proximity to, or within, an existing right of way on a Federal-aid highway; or

(ii) that connect land ports-of entry to existing Federal-aid highways; or

(B) communications or information processing systems that improve the efficiency, security, or safety of freight movements on the Federal-aid highway system, including to improve the conveyance of freight on dedicated intelligent freight lanes.

(2) OPERATING STANDARDS.—The Administrator shall determine whether there is a need for establishing operating standards for intelligent freight transportation systems.

(l) TREATMENT OF FREIGHT PROJECTS.—Notwithstanding any other provision of law, a freight project carried out under this section shall be treated as if the project were on a Federal-aid highway.”

(b) CLERICAL AMENDMENT.—The analysis for chapter 1 of title 23, United States Code, is amended by striking the item relating to section 167 and inserting the following: “167. National highway freight program.”

(c) REPEALS.—Sections 1116, 1117, and 1118 of MAP-21 (23 U.S.C. 167 note), and the items relating to such sections in the table of contents in section 1(c) of such Act, are repealed.

*CAGTC Note: the Senate DRIVE Act required a study of multimodal projects, to be completed within two years of the date of enactment of the bill. The FAST Act removes that requirement.*

### **Multimodal Freight Transportation (Title VIII, Page 783)**

#### ***National Multimodal Freight Policy (Title VIII, Sec. 70101, Page 783)***

*CAGTC Analysis/ Background: While MAP-21 created a national freight policy, this proposal creates a national multimodal freight policy. This language would be added to subtitle IX of title 49, USC code.*

(a) IN GENERAL.—It is the policy of the United States to maintain and improve the condition and performance of the National Multimodal Freight Network established under section 70103 to ensure that the Network provides a foundation for the United States to compete in the global economy and achieve the goals described in subsection (b).

(b) GOALS. The goals of the national multimodal freight policy are—

- (1) To identify infrastructure improvements, policies, and operational innovations that—
  - (A) Strengthen the contribution of the National Multimodal Freight Network to the economic competitiveness of the United States;
  - (B) Reduce congestion and eliminate bottlenecks on the National Multimodal Freight Network; and
  - (C) Increase productivity, particularly for domestic industries and businesses that create high-value jobs;
- (2) To improve the safety, security, efficiency, and resiliency of multimodal freight
- (3) To achieve and maintain a state of good repair on the National Multimodal Freight Network;
- (4) To use innovation and advanced technology to improve the safety, efficiency, and reliability of the National Multimodal Freight Network;
- (5) To improve the economic efficiency and productivity of the National Multimodal Freight Network;
- (6) To improve the reliability of freight transportation;
- (7) To improve the short- and long-distance movement of goods that—
  - (A) Travel across rural areas between population centers;
  - (B) Travel between rural areas and population centers; and
  - (C) travel from the Nation's ports, airports, and gateways to the National Multimodal Freight Network;
- (8) To improve the flexibility of States to support multi-State corridor planning and the creation of multi-State organizations to increase the ability of States to address multimodal freight connectivity;
- (9) To reduce the adverse environmental impacts of freight movement on the National Multimodal Freight Network; and
- (10) To pursue the goals described in this subsection in a manner that is not burdensome to State and local governments.

(c) IMPLEMENTATION.—The Under Secretary for Policy, who shall be responsible for the oversight and implementation of the national multimodal freight policy, shall—

- (1) carry out sections 70102 and 70103;
- (2) assist with the coordination of modal freight planning; and
- (3) identify interagency data sharing opportunities to promote freight planning and coordination.

**Section 70102. National Freight Strategic Plan** *Due December 4, 2017; Updated every five years thereafter*  
**(Title VIII, Sec. 70102, page 786)**

*CAGTC Analysis/ Background: Adds all modes and nodes to national freight strategic plan and places emphasis on identification of key trade gateways and corridors. STRR and DRIVE language was similar – the FAST bill retains most of the requirements that appeared in those two bills but opts for the House timeframe for publication (two years as opposed to DRIVE's three).*

(a) IN GENERAL.—Not later than 2 years after the date of enactment of this section, the Under Secretary of Transportation for Policy shall—

- (1) develop a national freight strategic plan in accordance with this section; and
- (2) publish the plan on the public Internet Web site of the Department of Transportation.

(b) CONTENTS.—The national freight strategic plan shall include—

- (1) an assessment of the condition and performance of the National Multimodal Freight Network established under section 70103;
- (2) forecasts of freight volumes for the succeeding 5-, 10-, and 20-year periods;
- (3) an identification of major trade gateways and national freight corridors that connect major population centers, trade gateways, and other major freight generators;
- (4) an identification of bottlenecks on the National Multimodal Freight Network that create significant freight congestion, based on a quantitative methodology developed by the Under Secretary, which shall include, at a minimum—
  - (A) information from the Freight Analysis Framework of the Federal Highway Administration; and



- (B) to the maximum extent practicable, an estimate of the cost of addressing each bottleneck and any operational improvements that could be implemented;
- (5) an assessment of statutory, regulatory, technological, institutional, financial, and other barriers to improved freight transportation performance, and a description of opportunities for overcoming the barriers;
- (6) a process for addressing multistate projects and encouraging jurisdictions to collaborate;
- (7) strategies to improve freight intermodal connectivity;
- (8) an identification of corridors providing access to energy exploration, development, installation, or production areas;
- (9) an identification of corridors providing access to major areas for manufacturing, agriculture, or natural resources;
- (10) an identification of best practices for improving the performance of the National Multimodal Freight Network, including critical commerce corridors and rural and urban access to critical freight corridors; and
- (11) an identification of best practices to mitigate the impacts of freight movement on communities.

(c) **UPDATES.**—Not later than 5 years after the date of completion of the national freight strategic plan under subsection (a), and every 5 years thereafter, the Under Secretary shall update the plan and publish the updated plan on the public Internet Web site of the Department of Transportation.

- (d) **CONSULTATION.**—The Under Secretary shall develop and update the national freight strategic plan—
- (1) after providing notice and an opportunity for public comment; and
  - (2) in consultation with State departments of transportation, metropolitan planning organizations, and other appropriate public and private transportation stakeholders.

**Section 70103. National Multimodal Freight Network** *Interim National Multimodal Freight Network due June 1, 2016; Final Network Due December 4, 2016; Redesignation due every five years thereafter*  
**(Title VIII, Sec. 70103, page 788)**

*CAGTC Analysis/ Background: In addition to creating a National Highway Freight Network, the FAST Act creates a national multimodal freight network and adds all modes of freight transport to system. There is no cap to the number of facilities that can be added. Although this program does not contain any funding, a map showing network assets is a useful tool for investment decisions by private companies, States, localities, and through other Federal programs available. This element of the proposal contains many of the components CAGTC asked for in its February 2014 letter to U.S. DOT on the initial designation of the Primary Freight Network.*

*This language largely borrows from the Senate DRIVE Act, which had a more fleshed out designation process to establish a National Multimodal Freight Network. The Conference Report makes it the responsibility of the Under Secretary for Transportation policy, rather than the Secretary of Transportation, to identify such a map. Additionally, FAST contains a new provision, creating an interim network, to be established within 180 days of bill passage, as well as a final network, to be established within one year of bill passage (changes/ additions highlighted below).*

*This language is **added** to Chapter 54 of subtitle III of title 49, USC code.*

(a) **IN GENERAL.**—The Under Secretary of Transportation for Policy shall establish a national multimodal freight network, in accordance with this section—

- (1) to assist States in strategically directing resources toward improved system performance for the efficient movement of freight on transportation network;
- (2) to inform freight transportation planning;
- (3) to assist in the prioritization of Federal investment; and
- (4) To assess and support Federal investments to achieve the national multimodal freight policy goals described in section 70101(b) of this title and the national highway freight program goals described in section 167 of title 23.

(b) **INTERIM NETWORK.**—

- (1) **IN GENERAL.**—Not later than 180 days after the date of enactment of this section, the Under Secretary shall establish an interim National Multimodal Freight Network in accordance with this subsection.
- (2) **NETWORK COMPONENTS.**—The interim National Multimodal Freight Network shall include—

- (A) the National Highway Freight Network, as established under section 167 of title 23;
- (B) the freight rail systems of Class I railroads, as designated by the Surface Transportation Board;
- (C) the public ports of the United States that have total annual foreign and domestic trade of at least 2,000,000 short tons, as identified by the Waterborne Commerce Statistics Center of the Army Corps of Engineers, using the data from the latest year for which such data is available;
- (D) the inland and intracoastal waterways of the United States, as described in section 206 of the Inland Waterways Revenue Act of 1978 (33 U.S.C. 1804);
- (E) the Great Lakes, the St. Lawrence Seaway, and coastal and ocean routes along which domestic freight is transported;
- (F) the 50 airports located in the United States with the highest annual landed weight, as identified by the Federal Aviation Administration; and
- “(G) other strategic freight assets, including strategic intermodal facilities and freight rail lines of Class II and Class III railroads, designated by the Under Secretary as critical to interstate commerce.

(c) FINAL NETWORK.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this section, the Under Secretary, after soliciting input from stakeholders, including multimodal freight system users, transportation providers, metropolitan planning organizations, local governments, ports, airports, railroads, and States, through a public process to identify critical freight facilities and corridors, including critical commerce corridors, that are vital to achieve the national multimodal freight policy goals described in section 70101(b) of this title and the national highway freight program goals described in section 167 of title 23, and after providing notice and an opportunity for comment on a draft system, shall designate a National Multimodal Freight Network with the goal of—

- (A) improving network and intermodal connectivity; and
- (B) using measurable data as part of the assessment of the significance of freight movement, including the consideration of points of origin, destinations, and linking components of domestic and international supply chains.

(2) FACTORS.—In designating or redesignating the National Multimodal Freight Network, the Under Secretary shall consider—

- (A) origins and destinations of freight movement within, to, and from the United States;
- (B) volume, value, tonnage, and the strategic importance of freight;
- (C) access to border crossings, airports, seaports, and pipelines;
- (D) economic factors, including balance of trade;
- (E) access to major areas for manufacturing, agriculture, or natural resources;
- (F) access to energy exploration, development, installation, and production areas;
- (G) intermodal links and intersections that promote connectivity;
- (H) freight choke points and other impediments contributing to significant measurable congestion, delay in freight movement, or inefficient modal connections;
- (I) impacts on all freight transportation modes and modes that share significant freight infrastructure;
- (J) facilities and transportation corridors identified by a multi-State coalition, a State, a State freight advisory committee, or a metropolitan planning organization, using national or local data, as having critical freight importance to the region;
- (K) major distribution centers, inland intermodal facilities, and first- and last-mile facilities; and
- (L) the significance of goods movement, including consideration of global and domestic supply chains.

(3) CONSIDERATIONS.—In designating or redesignating the National Multimodal Freight Network, the Under Secretary shall—

- (A) use, to the extent practicable, measurable data to assess the significance of goods movement, including the consideration of points of origin, destinations, and linking components of the United States global and domestic supply chains;
- (B) consider—
  - (i) the factors described in paragraph (2); and
  - (ii) any changes in the economy that affect freight transportation network demand; and



(C) provide the States with an opportunity to submit proposed designations in accordance with paragraph (4).

(4) STATE INPUT.—

(A) IN GENERAL.—Each State that proposes additional designations for the National Multimodal Freight Network shall—

- (i) consider nominations for additional designations from metropolitan planning organizations and State freight advisory committees, as applicable, within the State;
- (ii) consider nominations for additional designations from owners and operators of port, rail, pipeline, and airport facilities; and
- (iii) ensure that additional designations are consistent with the State transportation improvement program or freight plan.

(B) CRITICAL RURAL FREIGHT FACILITIES AND CORRIDORS.— As part of the designations under subparagraph (A), a State may designate a freight facility or corridor within the borders of the State as a critical rural freight facility or corridor if the facility or corridor—

- (i) is a rural principal arterial;
- (ii) provides access or service to energy exploration, development, installation, or production areas;
- (iii) provides access or service to—
  - (I) a grain elevator;
  - (II) an agricultural facility;
  - (III) a mining facility;
  - (IV) a forestry facility; or
  - (V) an intermodal facility;
- (iv) connects to an international port of entry;
- (v) provides access to a significant air, rail, water, or other freight facility in the State; or
- (vi) has been determined by the State to be vital to improving the efficient movement of freight of importance to the economy of the State.

(C) LIMITATION.—

(i) IN GENERAL.—A State may propose additional designations to the National Multimodal Freight Network in the State in an amount that is not more than 20 percent of the total mileage designated by the Under Secretary in the State.

(ii) DETERMINATION BY UNDER SECRETARY.—The Under Secretary shall determine how to apply the limitation under clause (i) to the components of the National Multimodal Freight Network.

(D) SUBMISSION AND CERTIFICATION.—A State shall submit to the Under Secretary—

- (i) a list of any additional designations proposed to be added under this paragraph; and
- (ii) a certification that—
  - (I) the State has satisfied the requirements of subparagraph (A); and
  - (II) the designations referred to in clause (i) address the factors for designation described in this subsection.

(d) REDESIGNATION OF NATIONAL MULTIMODAL FREIGHT NETWORK.—Not later than 5 years after the initial designation under subsection (c), and every 5 years thereafter, the Under Secretary, using the designation factors described in subsection (c), shall redesignate the National Multimodal Freight Network.

**Multimodal Freight Transportation Planning and Information (Title VIII, Page 797)**

**State Freight Advisory Committees** *Ongoing & Optional*  
(Sec. 70201, Page 797)

*CAGTC Analysis/ Background: Current law encourages States to develop state freight advisory committees; the FAST Act continues to do so. The parameters of State Freight Advisory Committees stay the same under the FAST Act as MAP-21, except that increased encouragement of participation is given to freight railroads and third party logistics providers.*

(a) IN GENERAL.—The Secretary of Transportation shall encourage each State to establish a freight advisory committee consisting of a representative cross-section of public and private sector freight stakeholders, including

representatives of ports, freight railroads, shippers, carriers, freight-related associations, third-party logistics providers, the freight industry workforce, the transportation department of the State, and local governments.

(b) **ROLE OF COMMITTEE.**—A freight advisory committee of a State described subsection (a) shall—

- (1) advise the State on freight-related priorities, issues, projects, and funding needs;
- (2) serve as a forum for discussion for State transportation decisions affecting freight mobility;
- (3) communicate and coordinate regional priorities with other organizations;
- (4) promote the sharing of information between the private and public sectors on freight issues; and
- (5) participate in the development of the freight plan of the State described in section 70202.

**State Freight Plans** *State freight plans are required by December 4, 2017 in order for a state to receive federal freight formula funding*

(Sec. 70202, Page 798)

*CAGTC Analysis/ Background: FAST requires states to develop state freight plans in order to qualify for federal freight formula funding. It also adds a new requirement that the plans must include a list multimodal freight facilities in the state (not just highway facilities), as well as a list of critical rural and urban freight corridors. Finally, it adds a requirement that States should consult with their State Freight Advisory Committees in developing this plan, when applicable. The additions/change are noted in yellow below.*

(a) **IN GENERAL.** Each State that receives funding under section 167 of title 23 shall develop a freight plan that provides a comprehensive plan for the immediate and long-range planning activities and investments of the State with respect to freight.

(b) **PLAN CONTENTS.**—A State freight plan described in subsection (a) shall include, at a minimum—

- (1) an identification of significant freight system trends, needs, and issues with respect to the State;
- (2) a description of the freight policies, strategies, and performance measures that will guide the freight-related transportation investment decisions of the State;
- (3) when applicable, a listing of –
  - (A) multimodal critical rural freight facilities and corridors designated within the State under section 70103 of this title; and
  - (B) critical rural and urban freight corridors designated within the State under section 167 of title 23;
- (4) a description of how the plan will improve the ability of the State to meet the national multimodal freight policy goals described in section 70101(b) of this title and the national highway freight program goals described in section 167 of title 23;
- (5) a description of how innovative technologies and operational strategies, including intelligent transportation systems, that improve the safety and efficiency of freight movement, were considered;
- (6) in the case of roadways on which travel by heavy vehicles (including mining, agricultural, energy cargo or equipment, and timber vehicles) is projected to substantially deteriorate the condition of the roadways, a description of improvements that may be required to reduce or impede the deterioration;
- (7) an inventory of facilities with freight mobility issues, such as truck bottlenecks, within the State, and for those facilities that are State owned or operated, a description of the strategies the State is employing to address those freight mobility issues;
- (8) consideration of any significant congestion or delay caused by freight movements and any strategies to mitigate that congestion or delay; and
- (9) a freight investment plan that, subject to paragraph (c)(2), includes a list of priority projects and describes how funds made available to carry out section 167 of title 23 would be invested and matched; and
- (10) consultation with the State freight advisory committee, if applicable.

(C) **RELATIONSHIP TO LONG-RANGE PLAN.** –

(A) **INCORPORATION.**—A State freight plan described in subsection (a) may be developed separately from or incorporated into the statewide strategic long-range transportation plan required by section 135 of title 23.

(B) **FISCAL CONSTRAINT.**—The freight investment plan component of a freight plan shall include a project, or an identified phase of a project, only if funding for completion of the project can reasonably be anticipated to be available for the project within the time period identified in the freight investment plan.

(4) **PLANNING PERIOD.**—The freight plan described in subsection (a) shall address a 5-year forecast period.

(5) **UPDATES.**—

- (A) IN GENERAL.—A State shall update a State freight plan described in subsection (a) not less frequently than once every 5 years.
- (B) FREIGHT INVESTMENT PLAN.—A State may update a freight investment plan described in subsection (b)(9) more frequently than is required under subparagraph (1).

**National Surface Transportation and Innovative Finance Bureau (Title IX, Page 803)**

**National Surface Transportation and Innovative Finance Bureau  
(Sec. 9001, Page 803)**

*CAGTC Analysis/ Background: The newly-established National Surface Transportation and Innovative Finance Bureau is designed to help US DOT work within the modes to ensure expeditious and thorough consideration of freight projects applying for financing and funding opportunities available through the Federal government. The Secretary is responsible for appointing an Executive Director to head this Bureau; this Executive Director is authorized to pull staff and resources from other offices within US DOT. The Bureau is asked to provide P3 and NEPA expertise, as well as administer RRIF, TIFIA, and the newly created Nationally Significant Freight and Highway Projects competitive grant program.*

- (a) ESTABLISHMENT.—The Secretary of Transportation shall establish a National Surface Transportation and Innovative Finance Bureau in the Department.
- (b) PURPOSES.—The purposes of the Bureau shall be—
- (1) to provide assistance and communicate best practices and financing and funding opportunities to eligible entities for the programs referred to in subsection (d)(1);
  - (2) to administer the application processes for programs within the Department in accordance with subsection (d);
  - (3) to promote innovative financing best practices in accordance with subsection (e);
  - (4) to reduce uncertainty and delays with respect to environmental reviews and permitting in accordance with subsection (f); and
  - (5) to reduce costs and risks to taxpayers in project delivery and procurement in accordance with subsection (g).
- (c) EXECUTIVE DIRECTOR.—
- (1) APPOINTMENT.—The Bureau shall be headed by an Executive Director, who shall be appointed in the competitive service by the Secretary, with the approval of the President.
  - (2) DUTIES.—The Executive Director shall—
    - (A) report to the Under Secretary of Transportation for Policy;
    - (B) be responsible for the management and oversight of the daily activities, decisions, operations, and personnel of the Bureau;
    - (C) support the Council on Credit and Finance established under section 117 in accordance with this section; and
    - (D) carry out such additional duties as the Secretary may prescribe.
- (d) ADMINISTRATION OF CERTAIN APPLICATION PROCESSES.—
- (1) IN GENERAL.—The Bureau shall administer the application processes for the following programs:
    - (A) The infrastructure finance programs authorized under chapter 6 of title 23.
    - (B) The railroad rehabilitation and improvement financing program authorized under sections 501 through 503 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 821–823).
    - (C) Amount allocations authorized under section 142(m) of the Internal Revenue Code of 1986.
    - (D) The nationally significant freight and highway projects program under section 117 of title 23.
  - (2) CONGRESSIONAL NOTIFICATION.—The Executive Director shall ensure that the congressional notification requirements for each program referred to in paragraph (1) are followed in accordance with the statutory provisions applicable to the program.
  - (3) REPORTS.—The Executive Director shall ensure that the reporting requirements for each program referred to in paragraph (1) are followed in accordance with the statutory provisions applicable to the program.
  - (4) COORDINATION.—In administering the application processes for the programs referred to in paragraph (1), the Executive Director shall coordinate with appropriate officials in the Department and its modal administrations responsible for administering such programs.
  - (5) STREAMLINING APPROVAL PROCESSES.— *Due December 4, 2016*

Not later than 1 year after the date of enactment of this section, the Executive Director shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation, the Committee on Banking, Housing, and Urban Affairs, and the Committee on Environment and Public Works of the Senate a report that—

- (A) evaluates the application processes for the programs referred to in paragraph (1);
- (B) identifies administrative and legislative actions that would improve the efficiency of the application processes without diminishing Federal oversight; and
- (C) describes how the Executive Director will implement administrative actions identified under subparagraph (B) that do not require an Act of Congress.

(6) PROCEDURES AND TRANSPARENCY.—

(A) PROCEDURES.—With respect to the programs referred to in paragraph (1), the Executive Director shall—

- (i) establish procedures for analyzing and evaluating applications and for utilizing the recommendations of the Council on Credit and Finance;
- (ii) establish procedures for addressing late-arriving applications, as applicable, and communicating the Bureau's decisions for accepting or rejecting late applications to the applicant and the public; and
- (iii) document major decisions in the application evaluation process through a decision memorandum or similar mechanism that provides a clear rationale for such decisions.

(B) REVIEW.— *Report due December 4, 2018*

- (i) IN GENERAL.—The Comptroller General of the United States shall review the compliance of the Executive Director with the requirements of this paragraph.
- (ii) RECOMMENDATIONS.—The Comptroller General may make recommendations to the Executive Director in order to improve compliance with the requirements of this paragraph.
- (iii) REPORT.—Not later than 3 years after the date of enactment of this section, the Comptroller General shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works, the Committee on Banking, Housing, and Urban Affairs, and the Committee on Commerce, Science, and Transportation of the Senate a report on the results of the review conducted under clause (i), including findings and recommendations for improvement.

(e) INNOVATIVE FINANCING BEST PRACTICES.—

(1) IN GENERAL.—The Bureau shall work with the modal administrations within the Department, eligible entities, and other public and private interests to develop and promote best practices for innovative financing and public-private partnerships.

(2) ACTIVITIES.—The Bureau shall carry out paragraph (1)—

- (A) by making Federal credit assistance programs more accessible to eligible recipients;
- (B) by providing advice and expertise to eligible entities that seek to leverage public and private funding;
- (C) by sharing innovative financing best practices and case studies from eligible entities with other eligible entities that are interested in utilizing innovative financing methods; and
- (D) by developing and monitoring—
  - (i) best practices with respect to standardized State public-private partnership authorities and practices, including best practices related to—
    - (I) accurate and reliable assumptions for analyzing public-private partnership procurements;
    - (II) procedures for the handling of unsolicited bids;
    - (III) policies with respect to noncompete clauses; and
    - (IV) other significant terms of public-private partnership procurements, as determined appropriate by the Bureau;
  - (ii) standard contracts for the most common types of public-private partnerships for transportation facilities; and
  - (iii) analytical tools and other techniques to aid eligible entities in determining the appropriate project delivery model, including a value for money analysis.

(3) TRANSPARENCY.—The Bureau shall— *Review due three years after completion of project*

(A) ensure the transparency of a project receiving credit assistance under a program referred to in subsection (d)(1) and procured as a public-private partnership by—

- (i) requiring the sponsor of the project to undergo a value for money analysis or a comparable analysis prior to deciding to advance the project as a public private partnership;
- (ii) requiring the analysis required under subparagraph (A), and other key terms of the relevant public-private partnership agreement, to be made publicly available by the project sponsor at an appropriate time;
- (iii) not later than 3 years after the date of completion of the project, requiring the sponsor of the project to conduct a review regarding whether the private partner is meeting the terms of the relevant public private partnership agreement; and
- (iv) providing a publicly available summary of the total level of Federal assistance in such project; and

(B) develop guidance to implement this paragraph that takes into consideration variations in State and local laws and requirements related to public-private partnerships.

(4) SUPPORT TO PROJECT SPONSORS.—At the request of an eligible entity, the Bureau shall provide technical assistance to the eligible entity regarding proposed public-private partnership agreements for transportation facilities, including assistance in performing a value for money analysis or comparable analysis.

(f) ENVIRONMENTAL REVIEW AND PERMITTING.—

(1) IN GENERAL.—The Bureau shall take actions that are appropriate and consistent with the Department's goals and policies to improve the delivery timelines for projects carried out under the programs referred to in subsection (d)(1).

(2) ACTIVITIES.—The Bureau shall carry out paragraph (1)—

- (A) by serving as the Department's liaison to the Council on Environmental Quality;
- (B) by coordinating efforts to improve the efficiency and effectiveness of the environmental review and permitting process;
- (C) by providing technical assistance and training to field and headquarters staff of Federal agencies on policy changes and innovative approaches to the delivery of projects; and
- (D) by identifying, developing, and tracking metrics for permit reviews and decisions by Federal agencies for projects under the National Environmental Policy Act of 1969.

(3) SUPPORT TO PROJECT SPONSORS.—At the request of an eligible entity that is carrying out a project under a program referred to in subsection (d)(1), the Bureau, in coordination with the appropriate modal administrations within the Department, shall provide technical assistance with regard to the compliance of the project with the requirements of the National Environmental Policy Act 1969 and relevant Federal environmental permits.

(g) PROJECT PROCUREMENT.—

(1) IN GENERAL.—The Bureau shall promote best practices in procurement for a project receiving assistance under a program referred to in subsection (d)(1) by developing, in coordination with modal administrations within the Department as appropriate, procurement benchmarks in order to ensure accountable expenditure of Federal assistance over the life cycle of the project.

(2) PROCUREMENT BENCHMARKS.—To the maximum extent practicable, the procurement benchmarks developed under paragraph (1) shall—

- (A) establish maximum thresholds for acceptable project cost increases and delays in project delivery;
- (B) establish uniform methods for States to measure cost and delivery changes over the life cycle of a project; and
- (C) be tailored, as necessary, to various types of project procurements, including designbid-build, design-build, and public-private partnerships.

(3) DATA COLLECTION.—The Bureau shall—

- (A) collect information related to procurement benchmarks developed under paragraph (1), including project specific information detailed under paragraph (2); and
- (B) provide on a publicly accessible Internet Web site of the Department a report on the information collected under subparagraph (A).

(h) ELIMINATION AND CONSOLIDATION OF DUPLICATIVE OFFICES.—

(1) ELIMINATION OF OFFICES.—The Secretary may eliminate any office within the Department if the Secretary determines that—

- (A) the purposes of the office are duplicative of the purposes of the Bureau; and
- (B) the elimination of the office does not adversely affect the obligations of the Secretary under any Federal law.

(2) CONSOLIDATION OF OFFICES AND OFFICE FUNCTIONS.—The Secretary may consolidate any office or office function within the Department into the Bureau that the Secretary determines has duties, responsibilities, resources, or expertise that support the purposes of the Bureau.

(3) STAFFING AND BUDGETARY RESOURCES.—

(A) IN GENERAL.—The Secretary shall ensure that the Bureau is adequately staffed and funded.

(B) STAFFING.—The Secretary may transfer to the Bureau a position within the Department from any office that is eliminated or consolidated under this subsection if the Secretary determines that the position is necessary to carry out the purposes of the Bureau.

(C) SAVINGS PROVISION.—If the Secretary transfers a position to the Bureau under subparagraph (B), the Secretary, in coordination with the appropriate modal administration, shall ensure that the transfer of the position does not adversely affect the obligations of the modal administration under any Federal law.

(D) BUDGETARY RESOURCES.—

(i) TRANSFER OF FUNDS FROM ELIMINATED OR CONSOLIDATED OFFICES.—During the 2-year period beginning on the date of enactment of this section, the Secretary may transfer to the Bureau funds allocated to any office or office function that is eliminated or consolidated under this subsection to carry out the purposes of the Bureau.

(ii) TRANSFER OF FUNDS ALLOCATED TO ADMINISTRATIVE COSTS.—During the 2-year period beginning on the date of enactment of this section, the Secretary may transfer to the Bureau funds allocated to the administrative costs of processing applications for the programs referred to in subsection (d)(1).

(4) NOTIFICATION.—Not later than 90 days after the date of enactment of this section, and every 90 days thereafter, the Secretary shall notify the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works, the Committee on Banking, Housing, and Urban Affairs, and the Committee on Commerce, Science, and Transportation of the Senate of—

(A) the offices eliminated under paragraph (1) and the rationale for elimination of the offices;

(B) the offices and office functions consolidated under paragraph (2) and the rationale for consolidation of the offices and office functions;

(C) the actions taken under paragraph (3) and the rationale for taking such actions; and

(D) any additional legislative actions that may be needed.

(i) SAVINGS PROVISIONS.—

(1) LAWS AND REGULATIONS.—Nothing in this section may be construed to change a law or regulation with respect to a program referred to in subsection (d)(1).

(2) RESPONSIBILITIES.—Nothing in this section may be construed to abrogate the responsibilities of an agency, operating administration, or office within the Department otherwise charged by a law or regulation with other aspects of program administration, oversight, or project approval or implementation for the programs and projects subject to this section.

(3) APPLICABILITY.—Nothing in this section may be construed to affect any pending application under 1 or more of the programs referred to in subsection (d)(1) that was received by the Secretary on or before the date of enactment of this section.

(j) DEFINITIONS.—In this section, the following definitions apply:

(1) BUREAU.—The term ‘Bureau’ means the National Surface Transportation and Innovative Finance Bureau of the Department.

(2) DEPARTMENT.—The term ‘Department’ means the Department of Transportation.

(3) ELIGIBLE ENTITY.—The term ‘eligible entity’ means an eligible applicant receiving financial or credit assistance under 1 or more of the programs referred to in subsection (d)(1).

(4) EXECUTIVE DIRECTOR.—The term ‘Executive Director’ means the Executive Director of the Bureau.

(5) MULTIMODAL PROJECT.—The term ‘multimodal project’ means a project involving the participation of more than 1 modal administration or secretarial office within the Department.

(6) PROJECT.—The term ‘project’ means a highway project, public transportation capital project, freight or passenger rail project, or multimodal project.”

(b) CLERICAL AMENDMENT.—The analysis for such chapter is amended by adding at the end the following: “116. National Surface Transportation and Innovative Finance Bureau.”.





## U.S. Department of Transportation

### The FAST Act: Freight Provisions

The FAST Act includes a number of provisions focused on ensuring the safe, efficient, and reliable movement of freight. Specifically, the FAST Act:

- *Establishes a National Multimodal Freight Policy that includes national goals to guide decision-making.*
- *Requires the Development of a National Freight Strategic Plan to implement the goals of the new National Multimodal Freight Policy.* The National Freight Strategic Plan will address the conditions and performance of the multimodal freight system, identify strategies and best practices to improve intermodal connectivity and performance of the national freight system, and mitigate the impacts of freight movement on communities.
- *Creates a new discretionary freight-focused grant program that will invest \$4.5 billion over 5 years.* This new program allows States, Metropolitan Planning Organizations (MPOs), local governments, tribal governments, special purpose districts and public authorities (including port authorities), and other parties to apply for funding to complete projects that improve safety and hold the greatest promise to eliminate freight bottlenecks and improve critical freight movements.
- *Establishes a National Highway Freight Program.* The Act provides \$6.3 billion in formula funds over five years for States to invest in freight projects on the National Highway Freight Network. Up to 10 percent of these funds may be used for intermodal projects.
- *Includes new authorities and requirements to improve project delivery and facilitate innovative finance.* The FAST Act includes provisions intended to reduce the time it takes to break ground on new freight transportation projects, including by promoting best contracting practices and innovating financing and funding opportunities and by reducing uncertainty and delays with respect to environmental reviews and permitting.
- *Collects performance measures for leading U.S. maritime ports.* The FAST Act requires the Bureau of Transportation Statistics (BTS) to collect and annually report performance measures for the nation's top 25 ports, as measured by three methods (total tonnage, containers, and dry bulk tonnage).

Source: <https://www.transportation.gov/fastact/freight-factsheet>

# Freight Resources

# America's 21<sup>st</sup> Century Manufacturing Relies on 20<sup>th</sup> Century Infrastructure

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**By: Fran Inman, Senior Vice President, Majestic Realty Co.**

**Elaine Nettle, Executive Director, Coalition for America's Gateways and Trade Corridors**

## Executive Summary

U.S. manufacturing is growing and evolving to meet increased consumer expectations and demands; it is no longer simply turning raw materials into finished products. Today's manufacturing is dynamic and the line between manufacturing and retailing is blurred. To remain competitive, companies are forced to meet increased consumer demands while driving advances that decrease costs and increase productivity.

21<sup>st</sup> century manufacturing means the infrastructure of yesterday – designed to accommodate large shipments for smaller populations consuming fewer goods – does not meet the needs of today's consumers. Manufacturing and the transportation of materials and finished goods are interwoven. While the private sector shifts to meet new demands, our national freight infrastructure network – once the envy of the world – has stalled due to years of underinvestment, challenging economic growth potential. States and regions are not just competing against each other for the economic boon brought by manufacturing. Rather, the U.S. is competing in the global marketplace and when companies evaluate locations, quality and reliability of local infrastructure play a role in decision making.<sup>1</sup> And yet the U.S. spends less on transportation infrastructure as a percentage of GDP than any of its major trading partners, and less than at any point since WWII. Globally, the U.S. ranks 13<sup>th</sup> in quality of overall infrastructure and 14<sup>th</sup> in quality of roads.<sup>2</sup>

Gateways, roads, rail, or inland waterways – and frequently a combination of two or more of these – allow businesses to cost-effectively and efficiently ship and receive raw materials and sub-manufactured parts necessary to begin, continue, or finish production of goods.

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<sup>1</sup> Kemmsies, Walter, "In Focus: Has the Moment for Infrastructure Revival Arrived?," *Area Development*, 2017, <http://www.areadevelopment.com/logisticsInfrastructure/December-2017/aligning-in-support-of-greater-infrastructure-funding.shtml>.

<sup>2</sup> Schwab, Klaus, "The Global Competitiveness Report 2015-2016," World Economic Forum, 2015, [http://www3.weforum.org/docs/gcr/2015-2016/Global\\_Competitiveness\\_Report\\_2015-2016.pdf](http://www3.weforum.org/docs/gcr/2015-2016/Global_Competitiveness_Report_2015-2016.pdf).

Major investments are needed to alleviate chokepoints, address first- and last-mile connectors, and fund projects of national and regional significance. In order to support domestic goods production, a strategic campaign of infrastructure investment is necessary.

## Introduction

This paper provides a brief overview of the United States' evolving supply chain and the challenges that domestic manufacturers have met head-on to remain competitive in the global marketplace. In order to foster this private sector innovation and success, freight infrastructure must be improved to meet demand.

## Domestic manufacturing growth requires strong infrastructure.

Since 2010, over 800,000 domestic manufacturing jobs have been created and the sector has grown almost two times as quickly as the economy overall.<sup>3</sup> In 2014 alone, U.S. manufacturers sold \$4.4 trillion of goods that were “Made in the U.S.A.”<sup>4</sup> Manufacturers account for roughly nine percent of the U.S. workforce.<sup>5</sup>

Domestic manufacturing is succeeding, in part because supply chains are adapting to changing consumer demands. A “supply chain” typically refers to the end-to-end process of manufacturing and selling a product. Supply chains often encompass any number of steps, from demand forecasting, to production planning, to manufacturing (which today is often a complex combination with multiple entities participating before a product is complete), to consumption. Manufacturing and supply chains are intrinsically linked – if you coordinate and integrate the flow of your materials, information, and finances, you can reduce the cost and complexity of making things. Today’s manufacturing is often termed “advanced manufacturing.”

Transportation of materials and products is a significant piece of a manufacturer’s bottom line and manufacturers rely heavily on the multimodal freight network to get goods from point of conception to point of consumption, unimpeded and cost-effectively. \$1.8 trillion – a whopping 12 percent of GDP – of goods and services are moved each year, according to the National Association of Manufacturers (NAM).<sup>6</sup> Meanwhile, the federal government is investing less than needed in the freight transportation network. To increase our domestic production, we need the transportation infrastructure required to support that growth.

According to a 2014 study by NAM, manufacturers are taking notice: 70 percent of the 401 members surveyed believe American infrastructure is in fair or poor shape. 65 percent do

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<sup>3</sup> “Revitalizing American Manufacturing,” *The White House*, October 2016,

[https://www.whitehouse.gov/sites/whitehouse.gov/files/images/NEC\\_Manufacturing\\_Report\\_October\\_2016.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/images/NEC_Manufacturing_Report_October_2016.pdf).

<sup>4</sup> Nicholson, Jessica, and Ryan Noonan, “What is Made in America?,” *U.S. Department of Commerce, Economics and Statistics Administration*, October 3, 2014, [http://www.esa.doc.gov/sites/default/files/whatismadeinamerica\\_0.pdf](http://www.esa.doc.gov/sites/default/files/whatismadeinamerica_0.pdf).

<sup>5</sup> “Top 20 Facts about Manufacturing,” *National Association of Manufacturers*, 2016, <http://www.nam.org/Newsroom/Top-20-Facts-About-Manufacturing/>.

<sup>6</sup> “Top 20 Facts about Manufacturing,” *National Association of Manufacturers*, 2016, <http://www.nam.org/Newsroom/Top-20-Facts-About-Manufacturing/>.

not believe that the infrastructure, especially in their region, will be able to respond to the competitive demands of a growing economy over the next 10 to 15 years.<sup>7</sup>

The cost of congestion is not insignificant for domestic goods producers. Freight bottlenecks on highways throughout the U.S. cause more than 243 million hours of delay to truckers annually, a loss of about \$6.5 billion per year.<sup>8</sup> The burden is substantial, particularly when considering that small manufacturers play an outsized role in the American manufacturing ecosystem. According to NAM out of 251,901 manufacturing sector firms in 2014, all but 3,749 had 500 or fewer employees. Three quarters had 20 or fewer employees.<sup>9</sup>

### **Customers are demanding complex, customized products.**

“Building to order” is replacing “building to stock” and the demand for customized products is forcing companies to re-evaluate high-volume supply chains and the practice of mass producing products. Proliferation leads to smaller portions of total markets being dominated by a single product. This means that manufactures cannot rely on high-volume and steady demand when building out supply chains and storing products. Instead, companies are finding they need to splinter their supply chain and respond immediately when demand decreases to avoid needlessly storing excess inventory.

Nike offers another example of product proliferation. NIKEiD is the company’s customizable shoe and accessory service. Customers can select upper and lower patterns, shoelace and sole colors, and are also offered the chance to inscribe text on the heel, side, or bottom of the shoe. Nike sees product customization as key to growth and a positive driver for business, both top line and bottom line, according to a June 2015 earnings call with Nike COO Mark Parker. “We are putting a lot of money and a lot of resources against how our supply chain evolves to increase speed and make sure we deliver to consumers as quickly and innovatively as we can,” Parker said during the call.<sup>10</sup>

The acceleration of product proliferation is creating a demand for low-volume products that might not be economically viable to produce overseas. Companies like Walmart, Ford, Caterpillar, GE, GM, and Boeing are returning jobs back to the U.S. This is in part to respond to product proliferation and also to protect themselves from factors outside their control, including the availability and cost of skilled labor, rapidly evolving information technology, and trade policies.<sup>11</sup>

### **E-Commerce is changing the way goods are delivered, creating new stress on infrastructure.**

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<sup>7</sup> Horst, Ronald and Jeffrey Werling, “Catching Up: greater Focus Needed to Achieve a More Competitive Infrastructure,” *National Association of Manufacturers*, September 2014, <http://www.nam.org/Issues/Infrastructure/Surface-Infrastructure/Infrastructure-Full-Report-2014.pdf>.

<sup>8</sup> “Beyond Traffic 2045,” *The U.S. Department of Transportation*, 2015, [https://cms.dot.gov/sites/dot.gov/files/docs/Draft\\_Beyond\\_Traffic\\_Framework.pdf](https://cms.dot.gov/sites/dot.gov/files/docs/Draft_Beyond_Traffic_Framework.pdf).

<sup>9</sup> “Top 20 Facts about Manufacturing,” *National Association of Manufacturers*, 2016, <http://www.nam.org/Newsroom/Top-20-Facts-About-Manufacturing/>.

<sup>10</sup> Russell, Michelle, “In the Money: Innovation and Supply Chain Remain Key for Nike,” *Just-Style*, March 20, 2015, [http://www.just-style.com/analysis/innovation-and-supply-chain-remain-key-for-nike\\_id124712.aspx](http://www.just-style.com/analysis/innovation-and-supply-chain-remain-key-for-nike_id124712.aspx).

<sup>11</sup> “The Reshoring Trend,” *Reshoring Initiative: Bringing Manufacturing Back Home*, Summe 2016, <http://www.reshorennow.org/blog/the-reshoring-trend/>.

For nearly 100 years, the smallest shipments moved by logistics providers were pallets or large boxes. These were moved from manufacturing plants to warehouses or distribution centers, and eventually to big-box stores via highways. Today, consumers are demanding precise and immediate deliveries. Consumers represent the end of the supply chain, so logistics companies facilitate the hiring of third-party delivery services to drop off single item deliveries at residential addresses in suburban or urban settings. To illustrate this impact: in preparation of the 2016 holiday season, FedEx hired 50,000 more workers and opened four massive distribution hubs and 19 automated sorting stations.<sup>12</sup>

Amazon has pioneered the E-Commerce revolution and accounted for an amazing 38 percent of online sales between November 1 and December 29 in 2016.<sup>13</sup> The company provides its customers rapid delivery thanks to its fulfillment centers located strategically close to population centers.<sup>14</sup> Amazon Prime, a subscription service that gives members free or low-cost shipping as well as other benefits for a flat annual fee, allows consumers to select a range of delivery opportunities, from free two-day shipping to discounted one-day delivery.<sup>15</sup> As a result of the prolific reach and influence of Amazon, consumers now expect similar experiences from other retailers.

As manufacturing and distribution move closer to population centers to accommodate this growing trend, the average truckload length of haul is being shortened and instead less-than-truckload carriers are experiencing a significant uptick. The rise in E-Commerce and on-demand delivery have put increasing pressure on fast-growing cities such as Seattle to rethink how they manage traffic congestion.<sup>16</sup> Last miles can be costly and congested and the challenges of urban delivery are enormous.

## **Manufacturers are selling to each other.**

According to a recent Forrester Research report, U.S. manufacturers, wholesalers, and distributors sold \$780 billion to companies online in 2015, or more than twice the \$305 billion in retail sales of the same year. All indications for 2016 show even larger gains in E-Commerce. These business to business (B2B) trends indicate that companies are building out their own networks, sub-sourcing goods, and adapting to provide 24/7 purchasing. B2B E-Commerce will grow 7.7 percent annually between now and 2020, according to Forrester Research, hitting \$1.13 trillion by the end of the decade.<sup>17</sup>

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<sup>12</sup> Parmley, Suzette, "FedEx and UPS are seeing record online shipments; delays abound," *The Philadelphia Inquirer*, December 22, 2016, <http://www.philly.com/philly/business/FedEx-deluged-by-online-shipments.html>.

<sup>13</sup> Gustafson, Krystina, "Amazon's holiday dominance solidified by last-minute shoppers," *CNBC*, January 5, 2017, <http://www.cnbc.com/2017/01/05/amazons-holiday-dominance-solidified-by-last-minute-shoppers.html>.

<sup>14</sup> "Adapting to Changing Consumer Demands With a Flexible Supply Chain," *Now That's Logistics.com*, July 12, 2016, <http://nowthatslogistics.com/product-land-transport/adapting-to-changing-consumer-demands-with-a-flexible-supply-chain/>.

<sup>15</sup> Bradley, Peter, "Rapid Fulfillment on an Unprecedented Scale: Interview with Amazon.com's Dave Clark," *DC Velocity*, December 17, 2012, <http://www.dcvelocity.com/articles/20121217-interview-with-amazons-dave-clark/>.

<sup>16</sup> Le, Phuong, "New Seattle freight lab tackles urban delivery congestion," *The Associated Press*, October 12, 2016, <http://bigstory.ap.org/article/7caff2308cd04ea7a0ab57dbf0d93ba7/new-seattle-freight-lab-tackles-urban-delivery-congestion>.

<sup>17</sup> "B2B E-Commerce: Doing It Right to Remain Competitive," *Advantage Business Media iReport*, 2016, [http://learn.inddist.com/b2b-ecommerce-doing-it-right-to-remain-competitive?cmpid=regwallcontent&utm\\_source=Deeper%20Insights](http://learn.inddist.com/b2b-ecommerce-doing-it-right-to-remain-competitive?cmpid=regwallcontent&utm_source=Deeper%20Insights).

Manufacturers are no longer building entire finished products in one facility, requiring the transportation of parts from Plant A to Plant B for assembly and completion. Industries like car manufacturing are seeing increasing trends towards shared parts. For example, windshield wipers, ignition switches, and airbags are all manufactured by third parties and then sold to various car manufactures such as Toyota, GM, and BMW.<sup>18</sup> Streamlining manufacturing can result in cost reduction for companies looking to save money by using what is available on the market, instead of creating, patenting, and producing these smaller parts.

Meanwhile, the manufacturing workforce is adapting to stay competitive. Today, the sector supports a broader set of high-quality business service jobs than ever before, including software and application development that takes place in new automobiles.<sup>19</sup> Whereas at one point manufacturers were wielding screw drivers and wrenches, often today they're making use of iPads. America's highly educated workforce lends itself to this sophisticated approach to manufacturing, and enables the United States to produce high-value products like medical supplies, appliances, and agricultural equipment.

Southern California produces high volumes of fabricated metal product manufacturing, apparel manufacturing, food manufacturing, and printing and related support activities. In its 2016 *Goods Movement* report, Southern California Association of Governments (SCAG) found that over 87 percent of truck trips in the region are associated with intra-regional goods movement.

Manufacturers surveyed by SCAG also reported that they rely extensively on the rail and air cargo system to get goods to domestic markets. The region's goods are often produced in part, then relocated to other plants in the area for further customization or additional manufacturing, before being distributed to logistics warehouses and sent to big box stores or consumers doorsteps. "Many of the goods manufactured at plants in the SCAG region... are semi-finished goods that receive further modifications and refinements before being transported to warehouses and distribution centers," reports SCAG.<sup>20</sup>

## Conclusion

The U.S. population is expected to increase by 70 million by 2045, and each person uses roughly 63 tons of freight annually.<sup>21</sup> This notion underscores that as population rises, so too does goods production, both of which place stress on an aging system. An increasing population base presents a significant opportunity for domestic manufacturing: increased consumers. In order to seize this opportunity, infrastructure investment must be commensurate with system demands.

While the U.S. exports and imports over \$3 trillion worth of international goods annually, the domestic market encompasses an astonishing \$17 trillion in goods trade between

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<sup>18</sup> Plumer, Brad, "First GM, Now Toyota – Why Car Recalls are Becoming More Common," *Vox.com*, April 10, 2014, <http://www.vox.com/2014/4/10/5597244/car-recalls-gm-toyota>.

<sup>19</sup> "Revitalizing American Manufacturing," *The White House*, October 2016, [https://www.whitehouse.gov/sites/whitehouse.gov/files/images/NEC\\_Manufacturing\\_Report\\_October\\_2016.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/images/NEC_Manufacturing_Report_October_2016.pdf).

<sup>20</sup> "Goods Movement: Appendix," *Southern California Association of Governments*, December 2015, [http://scagrtpscs.net/Documents/2016/draft/d2016RTPSCS\\_GoodsMovement.pdf](http://scagrtpscs.net/Documents/2016/draft/d2016RTPSCS_GoodsMovement.pdf).

<sup>21</sup> "Beyond Traffic 2045," *The U.S. Department of Transportation*, 2015, [https://cms.dot.gov/sites/dot.gov/files/docs/Draft\\_Beyond\\_Traffic\\_Framework.pdf](https://cms.dot.gov/sites/dot.gov/files/docs/Draft_Beyond_Traffic_Framework.pdf).



regions—highlighting the implicit link between the state of infrastructure and the viability of domestic goods production.<sup>22</sup> Without a robust infrastructure investment program, the growth and sustainability of domestic manufacturing is jeopardized. The time to invest is now.

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<sup>22</sup> Kane, Joseph and Adie Tomer, "Mapping Freight: The Highly Concentrated Nature of Goods Trade in the United States," *The Brookings Institute Global Cities Initiative*, November 2014, [https://www.brookings.edu/wp-content/uploads/2016/06/Srvy\\_GCIFreightNetworks\\_Oct24.pdf](https://www.brookings.edu/wp-content/uploads/2016/06/Srvy_GCIFreightNetworks_Oct24.pdf).

# The Vital Role of U.S. Transportation Infrastructure in Moving Agriculture Forward

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**Written for the Coalition for America's Gateways and Trade Corridors By: Mike Levin, Director of Issues Management Analysis, Illinois Soybean Association**

## **Executive Summary**

Farmers depend on the availability of waterways, roads, bridges and railways to keep agricultural commodities moving to market efficiently and economically. Exports account for a significant proportion of many commodities' original crop production. For example, the United States exported 47 percent of total soybean production and 15 percent of the total corn crop in 2016.<sup>1,2</sup> The reliability and efficiency of logistics and transportation networks is critical for shipments to remain competitive in international markets.

The United States has historically had a very strong transportation system. This basic advantage to be able to competitively source and deliver goods and raw materials is slipping as infrastructure maintenance and improvements fall behind, and funding diminishes at the state and federal levels.<sup>3</sup> The inability to support investments in the transport network has resulted in an aging U.S. transportation infrastructure that is unable to keep pace with the growing demands of modern agricultural production.

Farmers are faced with having to move increasing volumes of crops through rural areas, which often have relatively worse infrastructure than urban areas. For example, the trade in grains and oilseeds has continued to rise as per-acre production has increased, growing on average between 2 percent and 3 percent per year from 1964 to the present.<sup>4</sup> And yet, the United States spends less on transportation infrastructure as a percentage of gross domestic product (GDP) than any of its major trading partners and less than at any point since World War II. Globally, the United States ranks only 12th in quality of overall infrastructure and 13th in quality of roads.<sup>5</sup>

At a minimum, transportation infrastructure maintenance is essential, but our network truly requires improvement and expansion to meet growing demands. According to the American Society of Civil Engineers (ASCE), at current pace, improvements to surface transportation, rail, ports, inland waterways, dams, levees, other water infrastructure and airports combined is nearly \$1.4 trillion short of what will be needed over the next 10 years.<sup>6</sup>

## Introduction

The themes of this challenge to resource management can be applied across the agriculture spectrum. Yet, because of soybeans' significance to the U.S. economy, the focus here is on soybeans, grown in 31 states across the nation. The United States is the leading soybean producer and exporter. The total value of the U.S. soybean crop was \$34.5 billion in 2016, according to the American Soybean Association (ASA). Furthermore, soybeans, commonly rotated in fields with corn production, are the second most planted field crop in the United States after corn. Processed soybeans are the world's largest source of animal protein feed and the second largest source of vegetable oil.



Approximately 60 percent of the soybeans grown in Illinois, the top soybean-producing state, are exported to foreign markets each year with a value estimated at \$3 billion. Illinois is uniquely situated with prime access to navigable waterways, major rail lines and vast interstate highways, creating advantages to move soybeans around the world efficiently and economically. However, deteriorating infrastructure is impacting Illinois soybeans' competitiveness in the global market, consequently increasing costs for Illinois farmers.

## America's Agriculture: Built on Infrastructure

Robust, efficient infrastructure for moving agricultural commodities to market is important to farmers and agribusinesses as it allows them to make sales and deliver products on time and in good shape – and make a profit. One key purpose of U.S. waterways, roads, bridges and railways is to move products more efficiently, cost effectively and reliably than competing countries. Maintaining infrastructure reduces financial burdens for farmers and boosts their efficiency. By providing access to optimal transportation routes that take into account the utility of the various freight movement modes, infrastructure can contribute to both economic and environmental sustainability.

Investments in infrastructure keep transportation costs low and are critical to the U.S. agriculture industry maintaining its dominant position among the world markets. While the United States is ranked third in economic competitiveness among 138 nations, as scored by the World Economic Forum (WEF), it is only 11th in the WEF's most recent ranking for transportation infrastructure.<sup>5</sup>

For example, in 2016, the United States led the world in soybean production with 3.93 billion bushels, followed by Brazil at 3.67.<sup>7</sup> However, differences in transportation costs for some destinations and routes can make South American soybean exports more profitable than those of the United States, diverting trade from the United States to sources in Brazil or Argentina. The reverse can also be true when U.S. infrastructure offers greater competitiveness for the export of national goods. Transportation costs and public or even private investments in infrastructure improvements are critical factors that can enhance U.S. agricultural production, particularly soybean competitiveness in international markets.

## **The Declining State of U.S. Infrastructure**

The aging U.S. transportation infrastructure is eroding the economic competitive advantages for our nation's agriculture industry. Every four years, the ASCE assesses and reports on the state of the country's infrastructure. In 2017, the ASCE graded overall American infrastructure a "D+" (or the equivalent of "poor, at risk" on an A through F grading scale); roads received a "D."<sup>6</sup>

Crumbling roads, inadequate railways and aged waterway locks and dams make our agriculture industry less competitive in domestic and international markets today, damage efficiency and productivity, as well as foreshadow increases in the future cost basis for farmers.

### ***State of Roads and Bridges***

The initial journey for agricultural commodities going to market begins on rural roads and bridges. The state of Illinois alone has nearly 150,000 centerline miles of roads and more than 26,000 bridges. On a national level, the highway system is made up of more than 4 million miles of public roads. As America's primary mode of shipping goods,<sup>8</sup> our roadways and bridges are in serious need of maintenance and capacity expansions.

Since 1980, the total distance driven annually by all U.S. vehicles has doubled to 3 trillion miles.<sup>3</sup> Despite this, mileage on public roads and streets constructed have only increased 9 percent, with total lane miles up just 11 percent.<sup>3</sup> The result is costly: freight bottlenecks on highways across the United States cause more than 243 million hours of delay to trucks annually, resulting in a loss of \$6.5 billion.

As for the nation's more than 600,000 bridges, according to the ASCE, one in 11 is rated as structurally deficient, and on average there are 188 million trips across a structurally deficient bridge each day.<sup>6</sup> In addition, the American Trucking Associations (ATA) report that 67,000 bridges countrywide are either closed or posted for reduced truck loads, hampering delivery routes.<sup>3</sup>

Those numbers translate to congestion, wasted hours and excess fuel burned. The country's 3.4 million commercially licensed truck drivers sit in stalled traffic for about 728 million hours a year, and the ATA estimates traffic congestion costs American truckers \$50 million per year.<sup>3</sup>

In Illinois, 42 percent of major roads are rated to be in poor or mediocre condition, and nearly 16 percent of the state's bridges are structurally deficient or functionally obsolete.<sup>9</sup> As crop yields grow and trade patterns change, it is even more important to maintain and improve the already stressed and aging system to avoid additional strains and to keep the United States competitive in the marketplace. As traffic patterns change, not all roads and bridges require improvement, but priority corridors must receive sufficient allocations of resources to enable efficient freight and passenger movements and a robust economy.

### *State of Waterways*

The United States boasts more than 25,000 miles of coastal, intracoastal and inland waterways, which are essential to agriculture's success, particularly for moving products to export. According to the American Waterway Operators (AWO), annual traffic on America's inland navigation routes carries the equivalent of 58 million semi-truck trips each year.



Waterways must now accommodate cargo ships of ever-increasing size.

In anticipation of last year's big harvest, the movement of barges with farm commodities during summer 2016 more than doubled the three-year average, according to the U.S. Department of Agriculture (USDA). With such high volumes of products being carried on these marine highways, it is vital to ensure that waterway infrastructures like locks and dams are being properly maintained. Waterways are especially important for soybean producers, as 58 percent of U.S. soybean exports exit the country via the Mississippi River's Gulf ports alone.<sup>3</sup>

The ASCE gave the nation's inland waterways and rivers a D grade in its 2017 assessment,<sup>6</sup> and it's clear why: the U.S. system of locks and dams is outdated and in dire need of maintenance and repair. In many cases, inland waterways systems have not been comprehensively updated since the 1950s, and more than half of the locks are over 50 years old. The LaGrange Lock on the Illinois River is 80 years old, with concrete crumbling and other critical components difficult to maintain.



The volume of traffic handled by our nation's inland waterways is substantial, and so are the risks from system failure. Repairs can take days, weeks or months, often with no advance notice to shippers, carriers or others who depend on these resource corridors for their businesses. The ASCE estimates that between 2000 and 2014, the average delay per lock nearly doubled and that 49 percent of vessels experienced delays in 2014.<sup>6</sup> To make things worse, projects to repair, rehabilitate or eventually replace aging locks and dredge-silted channels take decades to approve and complete.

According to the U.S. Army Corps of Engineers (Corps), Rock Island District, more than \$23 billion in commodities are shipped on Illinois' inland waterways annually. However, the backlog of deferred maintenance projects is \$599 million and growing.<sup>10</sup> The Corps has performed admirably given that the maintenance needs and capital investment requirements of the aging lock infrastructure on the Illinois Waterway dwarf the annual funding appropriated by Congress for operations and maintenance of this important, but fragile, federal infrastructure system.

### *State of Railways*

The U.S. rail network, made up of more than 140,000 miles of railway tracks, over 100,000 rail bridges and related real estate,<sup>6</sup> moves 1.9 billion tons of cargo a year, or about a fourth of the world's rail freight.<sup>11</sup> For example, approximately 109 million bushels of soybeans originate from Illinois by rail annually.<sup>12</sup>

However, rail infrastructure is struggling to provide adequate capacity for the increase in commodity movement, as soybean farmers continue to break yield records and other crops are produced in surplus volumes relative to market demand levels. Increasing demand for rail transportation coupled with a finite amount of available rail capacity means rail freight rates will continue to rise as both ag and non-ag industries vie for limited space.

A Soy Transportation Coalition checkoff-funded study found that U.S. soybean exports are increasingly dependent on rail. The study suggests that a \$1.55 billion funding gap will exist annually between 2012 and 2035, as expected rail investments for maintenance, repair and expansion needs increase due to additional volumes of soy along with growth in freight tonnage overall.<sup>12</sup>

### *Reasons for Disrepair*

It is clear that our nation's infrastructure is in serious need of repairs, but there are many challenges to secure the necessary funds. One reason funding is inadequate is due to the burdens placed on small, rural counties to cover their local cost share of public projects. Populations of rural counties have been generally declining. The tax base to draw upon for improvements is diminishing, along with rural population reductions. Approximately 70 percent of counties are rural (have fewer than 50,000 people), yet counties own 46 percent of public road miles and nearly 40 percent of bridges.<sup>3</sup> County budgets rely principally on property taxes, but most states restrict these.

The more damage and deterioration that infrastructure sustains, the more expensive projects become. Some counties simply can't afford to keep up with optimized maintenance schedules and instead defer critical improvements, which can lead to catastrophe. State and local spending on infrastructure has dropped to its lowest level in three decades. The lack of funding at state and federal levels also leaves a gap: according to the ASCE, at the current pace of approvals, improvements to surface transportation, ports, inland waterways, dams, levees, other water infrastructure and airports combined is nearly \$1.4 trillion short of what will be needed.

## **Investment is Critical for Long-term Economic Growth**

The costs to the U.S. economy of ignoring infrastructure needs, along with the costs to catch up with repairs, have jumped since 2013 and will continue to swell.<sup>7</sup> In fact, the cost to U.S. economic output, if gaps in infrastructure investments aren't met, has been conservatively calculated to be nearly \$4 trillion by 2025,<sup>6</sup> and there will likely be dramatic increases in construction costs as time goes on.<sup>7</sup> In contrast, fulfilling projected investment needs would, consequently, increase productivity growth, providing measurably lower U.S. inflation by as much as one full percentage point.<sup>7</sup>

U.S. ag exports trigger more economic activity. These exports are dependent on the transportation system. Many analysts believe that infrastructure pays for itself by growing the economy and tax base. According to Moody's Analytics, on average, for each dollar spent on infrastructure projects there is a return of \$1.44 to the economy. Investments in new technology infrastructure are also necessary for the United States to stay competitive in a global market.

Building out wireless transmission networks is essential for agribusinesses and rural America, which need access to new technology to support precision farming, to improve yields and reduce wasteful inefficiencies and to remain globally competitive. For example, California almond farmers use wireless computer data analysis to track the needs of nut groves through the soil. This enables their systems to provide precise levels of water and fertilizer, saving money and using resources more efficiently, only in amounts required for production optimization, which was especially vital during California's drought.

Agricultural commodities are commonly time sensitive, so the inability to quickly and reliably move goods directly impacts farmers' and agribusinesses' bottom lines. Resilience and supply chain elasticity is needed across the agricultural freight transportation system to take advantage of huge bumper crops and episodes of high volume in particular regions, as well as for important freight routings across corridors and via strategic ports.

According to the USDA, U.S. farm exports were worth twice as much in 2016 as they were just 10 years previously. To continue this expansion, these exports depend on strength in all modes of transportation. System inefficiencies can destroy an entire year's profit. For example, in November of 2014, a slowdown at major West Coast ports (which handle about half of U.S. pork exports) backed up shipments, costing the U.S. meat and poultry sectors



an estimated \$40 million a week for nearly four months.<sup>13</sup> According to the National Pork Producers Council (NPPC), this episode emphasizes the need to maintain the wide range of options that comprise our nation's infrastructure.

### ***The Economic Importance to Today's U.S. Public***

The transportation infrastructure needs of the U.S. agriculture industry extend to today's general consumers as well. With estimates showing that the world population will exceed 9 billion by 2050, food production must increase in order to feed a growing population. Increased volumes of food will only make it to market if our transportation networks can expand capacity and make improvements to cost effectively sustain the increased volumes. Because of this, food prices will increase if infrastructure availability declines or infrastructure quality worsens, affecting the yearly cost of food for individual consumers.

Infrastructure investment is also needed to keep rural communities strong, connecting America's countryside to markets around the globe. We need reliable, resilient and robust infrastructure to draw Americans to live in rural areas, including access to new technologies, like wireless internet, that have become essential to everyday life.

In addition, U.S. car and truck traffic is impacted by gaps in infrastructure updates. According to Texas A&M's Urban Mobility Scorecard, congestion cost drivers 7 billion extra hours in 2015, or about \$160 billion in fuel alone. And, this is not just a big city problem – for cities with fewer than 500,000 people, congestion is four times worse than it was in 1982.<sup>11</sup>

### **Solutions: Current Actions to Improve the System**

Despite recent federal efforts to bridge the funding gap, transportation funding remains inadequate and transportation improvement and maintenance projects are still sorely in need of resources.

At the federal level, investments have been authorized through legislation. They include the Fixing America's Surface Transportation Act (FAST Act) and the Water Infrastructure Improvements for the Nation (WIIN) Act, which included the Water Resources Development Act (WRDA) of 2016. Federal funds made available through the Transportation Investment Generating Economic Recovery (TIGER) grants and the FAST Act's Nationally Significant Freight and Highway Projects Program provide an opportunity for applicants to compete against each other to receive funding for significant projects.

To improve waterways, Congress beefed up the annual Army Corps navigation project budget to more than \$6 billion, up about \$1 billion from previous years. In 2014, Congress increased its share of costs to finish the Olmsted Lock on the Ohio River from 50 percent to 85 percent. There has also been a 45 percent hike in the federal tax paid on a portion of the inland waterways for towboat fuel, which marginally boosts revenue for the Inland Waterways Trust Fund (IWTF). It should be noted, however, that this increase merely corrects purchasing power, which had corroded due to years of inflation combined with an unchanged user fee. For more than two decades, the IWTF diminished in value as the user charge remained stagnant between 1995 and April 2016.

Private investments in the transportation system are significant as well. According to a 2016 American Association of Port Authorities (AAPA) survey, ports and their private sector partners increased capital spending intentions from \$46 billion between 2012 and 2016 to \$155 billion between 2016 and 2020.<sup>14</sup> The American Association of Railroads (AAR) reports that the seven biggest U.S. freight rail companies by revenue (Class 1) plan to invest more than \$22 billion in their infrastructure and equipment in 2017.<sup>15</sup> In just the past three years, 1,400 locomotives have been added, responding to surging demands that prompt movement of a wide range of commodities.<sup>3</sup> A survey of Coalition for America's Gateways and Trade Corridors (CAGTC) members shows a total of more than \$45.7 billion in need for large-scale, competitive grant style projects alone.

State and local investments are also essential to improving the transportation system, and many projects begin at the local level. For example, at least 16 states have raised gasoline and diesel fuel taxes to help fund highway projects.<sup>16</sup> Many states are also implementing new efforts like Accelerated Bridge Construction (ABC) to make better use of their constrained budgets. With ABC, large components, or even the entire spans of small bridges, are mass produced before being brought to a bridge site for assembly. This mass production streamlines construction and allows for cost savings. Several states are also taking advantage of "bridge bundling," or selecting several bridges for replacement and bidding them all out in one or two contracts. These bids sometimes even cross local jurisdictions in support of regionalism, where building volume in corridors that compose the spoke and hub system can have a meaningful impact.

## Conclusion

Investments to maintain, improve and expand U.S. transportation infrastructure will help keep transportation costs low and are essential to protecting the U.S.'s dominance in the world market. The reliability and efficiency of logistics and transportation networks are crucial for the competitiveness of the agriculture industry, which provides fuel, food and fiber while also sustaining the U.S. economy as a whole. Without these systems, trade in agricultural commodities, like the U.S. soybean industry, cannot remain competitive in global markets.

In 2013, Brazilian exports surpassed U.S. soybean shipments overseas for the first time, making Brazil the top soybean supplier worldwide. Experts attributed this primarily to differences in transportation costs, which made South American soybean exports more competitive than those of the United States.<sup>7</sup> Without robust funding to maintain and improve the assets, the conditions of roads, bridges, railways and waterways will continue to decline, leading to increased user costs and reduced economic outputs.

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## About the Author:

**Mike Levin** is the director of issues management and analysis for the Illinois Soybean Association. He is responsible for overseeing state and federal legislative activities, membership and non-checkoff development, and issues-based analysis.

Prior to working for the ISA, Levin was acting as chief of staff to Illinois State Senator William Brady. In this capacity, he was a key member of the senator's executive staff, responsible for central coordination of activities and operations. Levin has worked as a lobbyist and manager within association management and government both in Illinois and Nevada.

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## About the Coalition:

**The Coalition for America's Gateways and Trade Corridors (CAGTC)** is a diverse coalition of more than 60 public and private organizations dedicated to increasing federal investment in America's intermodal freight infrastructure. In contrast to single mode interests, CAGTC's main mission is to promote seamless goods movement transportation system across all modes to enhance capacity and economic growth.

# INVESTMENT IN FREIGHT IS INVESTMENT IN....

## Our Overall Economic Health Every



invested in infrastructure  
projects raises the level of GDP  
by about



44% of jobs in Washington State are dependent on freight. This reflects a 2.6% increase from 2011.

In 2014, freight transportation industries provided approximately 13,500 jobs for working Idahoans, representing an 11.8% increase from 2004.

The Port of Oakland supports more than 73,000 jobs in the region and is connected to nearly 827,000 jobs across the nation.

In Southern California, goods movement dependent industries contributed nearly 3 million regional jobs in 2014, equal to 33% of the region's total jobs.

## Jobs

An increase in infrastructure investment equivalent to 1% of GDP would translate into an additional 1.5 million jobs in the United States.

Freight and passenger border congestion in the San Diego-Baja California region costs the U.S. and Mexico more than 62,000 jobs annually

Between 2002 and 2012 logistics firms in metropolitan Chicago grew at a rate of 36%.

The freight industry accounts for over 50% of Maryland's total workforce, or 1.5 million jobs.

In Virginia, 375,000 jobs – or 9.4% of the state's resident workforce – are port-related.

Over 700,000 jobs are related to Florida seaports.

## American Commerce



Key freight industry sectors account for nearly 40% of **Tennessee's** total gross domestic product (GDP).



At \$53,500 a year, freight transportation earnings are 16% higher than **Idaho's** average earnings per job.



Annual freight industry wages in **Maryland** total \$51.5 billion. Total freight industry-generated state revenues are \$204 million.



The Port of **Oakland's** 2010 operations directly resulted in \$851 million in local business purchases.



In 2008, freight-dependent industries like manufacturing, agriculture, construction and retail provided the **Oregon** with 700,000 jobs and generated \$29 billion in personal income.

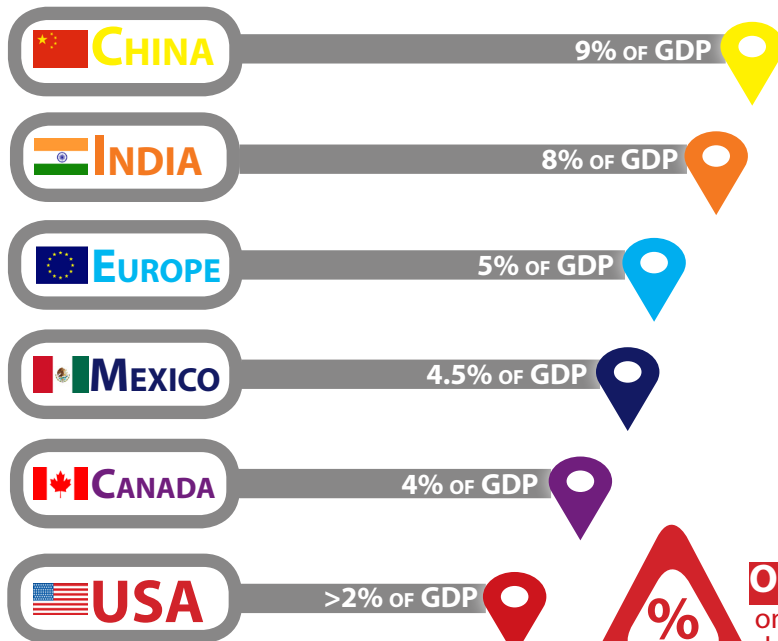
The Coalition for America's Gateways and Trade Corridors (CAGTC) is a diverse coalition of more than 60 public and private organizations dedicated to increasing federal investment in America's intermodal freight infrastructure. In contrast to single mode interests, CAGTC's main mission is to promote a seamless goods movement transportation system across all modes to enhance capacity and economic growth.



# IMPACTS OF UNDERINVESTMENT

## Infrastructure Investment as a Percentage of GDP

*Our largest trading partners and competitors are investing  
at twice to five times the rate we are*



### Traffic Congestion

costs Americans \$160 billion in direct and indirect losses. That number will rise to \$192 billion by 2020.

## Mode by mode, our competitive advantage is slipping away.



Globally, the US ranks 13th in quality of overall infrastructure and 14th in quality of roads. Countries including Japan, France, Austria, and Switzerland are ranked higher.



The port infrastructure in the United States is ranked 10th globally. Denmark, Iceland, and Belgium have higher rankings.



The United States ranks 5th globally in quality of air transport infrastructure. The Netherlands, Singapore, and the United Arab Emirates received higher rankings.



Due to deteriorating and congested passenger rail conditions, combined passenger and rail rankings have fallen to 15th.

### Overall spending

on public infrastructure dropped 10.5 percent between 2003 and 2012.

### Every American Driver

pays an average of \$516 per year in additional vehicle operating costs due to damage from bad roads.

# THE COST OF CONGESTION

**Underinvestment in U.S. freight infrastructure comes at a price –  
U.S. businesses and consumers pay for inefficiencies**

## The Domino Effect

By 2020 degraded infrastructure will result in \$95 billion lost in retail trade sales. But it doesn't end there. Restaurants and bars will lose \$55 billion, hotels will lose \$36 billion, and agriculture, forestry and fisheries will lose \$17 billion in sales.

## Inflated Business Costs

A 5 minute delay for each of UPS's vehicles costs the company \$100 million annually.

## Cost of Doing Business in U.S. Surges

If we do not invest adequately in our surface transportation system, U.S. companies will pay \$430 billion more in transportation costs between now and 2020, causing them to underperform by \$240 billion.

## Small Businesses Lay Off Workers

Small businesses, like Thomas Home Furnishings in Douglas, Arizona, have been forced to lay off employees as a result of underinvestment in border infrastructure. Citing border wait times that are frequently over an hour in length, Thomas Home Furnishings' owner Bill Thomas said that Mexican consumers are "tired of it." He said people are no longer willing to wait in long lines at the international border to purchase goods in the United States.

## Consumers Cancel Orders

50% of consumers have abandoned carts while shopping online, due to lengthy delivery time or dissatisfaction with the date provided at checkout.

## Fluidity Stalls Out

Rail operations are severely impeded due to insufficient investment and operating funds at the Deconcini Port of Entry in Nogales, Arizona. Staff members responsible for regular customs operations are pulled from duty to manually open the rail gate and help process trains as they arrive and cross the border.

## Productivity is Lost

The Otay Mesa Port of Entry (POE) accommodates the second highest volume and value of trucks among all southern border POEs. Commercial truck drivers have often logged four hours in line. In addition to lost productivity associated with this long border wait, idling engines are detrimental to air quality.

## Time is Money

Nike spends an additional \$4 million per week to carry an extra 7-to-14 days of inventory to compensate for shipping delays.

## Businesses Incur Extra Costs

On average, UPS delivery drivers in New York City and Northern New Jersey are delayed 16 minutes per day due to traffic congestion. Since 2010, UPS has had to dispatch an additional 61 delivery drivers and an additional 20 tractor-trailer combinations every day, to meet customer service obligations in this geographic area due to traffic gridlock.

## Economic Recovery Stalls

American businesses are currently paying \$27 billion a year in extra freight transportation costs and suffering increased shipping delays.

## Solution

Federal freight infrastructure funding by Congressional leaders would help move the U.S. from 16th in quality of overall infrastructure back to where it belongs: leading international trade competitiveness.

**CAGTC**

Coalition For America's  
Gateways & Trade Corridors

For our sources, please visit:

<http://www.tradecorridors.org/freight-resource-center/facts-and-figures>

# DECODING DISCRETIONARY GRANTS: WHERE DOES FREIGHT FIT?



Freight transportation is the backbone of the American economy. The freight network supports millions of jobs and a higher standard of living for our population. INFRA and BUILD are part of a national campaign of strategic investment – across all modes – to improve the country’s productivity and help us keep pace with growing demands. The two competitive grant programs differ in size and purpose, but work in harmony to make critical investments.

**Together, they help serve the needs of the freight infrastructure network.**



## BUILD

Competitive grant program that funds capital investments in infrastructure projects across all modes

**\$1.5 billion in FY18**

Subject to annual appropriations

U  
S  
E  
S



Rail



Highway



Port



Bike/  
Ped



Inland  
waterway



Transit

Broad applicant eligibility, including state DOTs, MPOs, local governments, and port authorities

**\$5 million** **\$6.25 million**

Minimum Award  
for urban projects  
\*Rural: \$1M

Minimum Total  
Project Cost

Projects must return existing transportation facilities and systems to a state of good repair; improve our economic competitiveness; encourage innovation; and attempt to generate non-federal revenue for transportation infrastructure investment, among other criteria.

Subject to annual appropriations

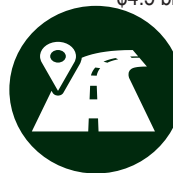
## INFRA

Competitive grant program that funds capital investments in freight-specific megaprojects

**~ \$900 million annually**

\$4.5 billion total authorized over five years under FAST Act

U  
S  
E  
S



**89%** of funds dedicated to highway, bridge, and grade separation projects



**11%** of funds, or \$500 million over five years, available for rail, intermodal, and port facility surface transportation freight projects

Broad applicant eligibility, including state DOTs, MPOs, local governments, and port authorities

**\$25 million** **\$100 million**

Minimum Award

Minimum Total Project Cost

**SMALL PROJECT SET ASIDE**

**10%**

Available for Projects  
Less Than \$100 million

**\$5 million**

Minimum Award

Projects must generate national and regional economic vitality; increase innovation for environmental review and permitting, project delivery approaches, and safety; leverage federal funding; and allow for accountability, among other criteria.

Funding guaranteed through  
Highway Trust Fund

## WE NEED BOTH

While BUILD is available to address a multitude of mobility issues of various sizes – including freight and mixed use infrastructure – INFRA is aimed at investing in large-scale, freight-specific infrastructure improvements. Both programs fill a niche that traditional distributions, such as highway formulas, have difficulty addressing.





## How has Freight Fared in BUILD/TIGER?

Since 2009, the BUILD (formerly TIGER) competitive grant program has been appropriated annually by Congress to support innovative projects, including multimodal and multi-jurisdictional projects, which are difficult to fund through traditional federal programs. Despite the program's broad eligibility, goods movement infrastructure historically competes well because of its weight as an economic multiplier. While investments benefiting goods movement have earned as high as 66 percent of total funding in previous rounds, projects with a freight component have also seen lows of just 26 percent of total funding. See how freight has fared in each round of the BUILD/TIGER grant program below.

Round	Total \$ Available	\$ awarded to projects w/ strong freight component	% of funds awarded to projects w/ strong freight component	Total # of Projects Awarded	# of projects awarded w/ strong freight component	% of projects with strong freight component
TIGER I	\$1,500,000,000	\$730,000,000	49%	51	22	43%
TIGER II	\$600,000,000	\$316,000,000	53%	42*	22*	52%*
TIGER III	\$511,000,000	\$232,000,000	45%	46	18	39%
TIGER IV	\$485,000,000	\$228,000,000	47%	47	21	45%
TIGER V	\$474,000,000	\$205,000,000	43%	52	25	48%
TIGER VI	\$600,000,000	\$198,120,402	33%	72	25	35%
TIGER VII	\$500,000,000	\$219,899,893	44%	39	17	44%
TIGER VIII	\$500,000,000	\$129,276,698	26%	40	11	28%
TIGER IX	\$487,081,819	\$275,069,589	56%	41	22	54%
BUILD I	\$1,475,032,456	\$977,242,425	66%	91	55	60%
<b>All Rounds</b>	<b>\$7,132,114,275</b>	<b>\$3,510,609,007</b>	<b>49%</b>	<b>479</b>	<b>216</b>	<b>45%</b>

\*TIGER II was divided between capital grants & planning grants. These totals look at capital grants only.

# Funding



## **The Highway Trust Fund**

### ***Briefing Paper***

Established in 1956 to provide a dependable funding source for the construction of the Interstate Highway System, the Highway Trust Fund (HTF) plays an important role in the development and maintenance of surface transportation projects.

The HTF is primarily populated through the collection of a flat tax on gasoline and diesel motor fuels. This user fee is frequently referred to as “the gas tax.” Motorists purchasing gasoline pay a tax of 18.4 cents per gallon and those purchasing diesel fuel pay 24.4 cents per gallon.

While the HTF was stable or growing for several years, receipts have been falling short for nearly a decade. Between 2008 and 2015, Congress transferred \$143 billion, including \$70 billion for the FAST Act, from the General Fund of the Treasury to keep the HTF solvent<sup>1</sup>. Even with the FAST Act’s transfer, the Congressional Budget Office estimates HTF revenues will be “insufficient to meet the [HTF’s] obligations” by 2021<sup>2</sup>.

#### **Why is this happening?**

- The gas tax – last raised in 1993 – is not indexed to inflation. Over the last quarter century, purchasing power has eroded significantly and construction costs have increased. According to the Peterson Foundation, 18.4 cents buys *40 percent less* today than it did in 1993<sup>3</sup>.
- Meanwhile, less revenue is collected as vehicles become increasingly more fuel-efficient – some vehicles sharing our roads have even moved away from using gasoline entirely.

Despite funding shortfalls, infrastructure needs continue to grow. According to U.S. DOT’s 2015 *Conditions and Performance* report, highway and transit conditions alone reveal a \$926 billion infrastructure investment need.

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<sup>1</sup> <https://www.cbo.gov/publication/52307>

<sup>2</sup> <http://www.concordcoalition.org/issue-briefs/2016/0223/fixing-highway-trust-fund>

<sup>3</sup> <http://www.pgpf.org/budget-basics/budget-explainer-highway-trust-fund>

# Plan to shift transportation burden to states seems doomed

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By **Ashley Halsey III** February 25, 2015

Sen. James M. Inhofe thought he had a very clever idea for transportation funding 25 years ago. On Wednesday he denounced it and sent a subtle message to anyone in the Senate ranks feeling rebellious after the GOP takeover.

“It didn’t work,” said the Oklahoma Republican who last month became chairman of the Environment and Public Works Committee.

His reference was to something called devolution, the belief that states ought to raise and spend their own transportation funds, rather than funneling federal gas tax dollars through Washington.

Courtly gentleman that Inhofe is, he declined to label what he said at a Senate hearing as a shot across the bow of devolution proponents, but no one in the crowded hearing room thought it was anything less than that.

His remarks in the course of the meeting were more than a message that devolution was dead. After taking over the chairmanship from Sen. Barbara Boxer (D-Calif.), Inhofe made clear that he wants a critical, long-term transportation bill on President Obama’s desk before current funding runs out May 31, that he has no stomach for what would be the 33rd short-term funding extension in the past six years, and that the bill being crafted by committee staff would draw heavily on unsuccessful bipartisan legislation drawn up in the last session.

He also made clear that the most conservative members of his party should not take the GOP Senate majority as an indication that transportation would be a proving ground for radical thinking. Inhofe, who wrote a book in which he disputes climate-change science, ranks himself among the Senate’s staunch conservatives, but he has worked as closely with Boxer on transportation issues as they have differed on environmental issues.

“You have a proud outspoken liberal and a proud outspoken conservative agreeing on what we need to do,” Inhofe said.

Boxer said the committee and its peer in the House shared an urgency to push through a major transportation bill this spring, but she said the rest of Congress seemed remarkably somnolent on the need.

“I am very worried that I see that same lackadaisical attitude” shown when the bill faltered last year, she said. “We need to take the lead and get things going, because I see another extension coming.”

Timing becomes critical, because funding will expire in May just as the construction season gets underway in cold-weather states. Officials in those states say they need the reassurance of a long-term funding plan as they contemplate projects that would take years to complete.

Boxer compared their plight to a home buyer being offered a six-month mortgage without a promise the bank was going to provide payments beyond that.

“You wouldn’t buy the house,” she said.

Funding is the critical question, with the gas-tax-reliant federal Highway Trust Fund hemorrhaging money in an increasingly fuel-efficient era. Its shortfalls have required the transfer of \$62 billion from the general tax fund since 2008.

There is a chicken-and-egg aspect to producing a new long-term bill. On the Senate side, the Environment Committee can craft a spending plan, but it falls to the Finance Committee to fund it.

Without objection from others on the Environment Committee Wednesday, Sen. David Vitter (R-La.) said there were three viable options for coming up with new revenue: increasing the federal gas tax, offering tax breaks to lure home almost \$2 trillion in corporate money now parked offshore, or increasing domestic oil production and devoting the tax revenue to infrastructure.

Aside from how to raise money, there are questions about how much should be spent. The White House plans to send Congress a six-year bill that would spend \$478 billion. While House Transportation Committee Chairman Bill Shuster (R-Pa.) hasn’t specified an amount, he recently remarked that he and Transportation Secretary Anthony Foxx “could find a number we agree on” if ample money were available.

On the Senate side, barring an unforeseen funding windfall, the staff writing the bill seemed intent on maintaining spending at or near current levels.

Whatever the result, shifting the burden to states through devolution isn’t going to go far, the hearing suggested.

“We’d have to increase our [state] gas tax from 22 cents to 58 cents,” said Sen. Mike Rounds (R-S.D.).

Inhofe said he and former Florida congressman Connie Mack (R) came up with the concept 25 years ago, but there is no need to worry about that looming again.

“We realized that it didn’t work,” Inhofe said, lamenting, “It was more fun to be for it than against it.”



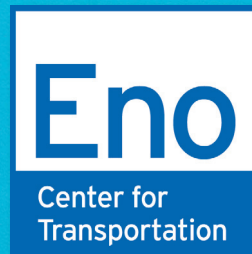
# Delivering the Goods:

Recommendations for  
Funding a Federal  
Freight Program



# FREIGHT

WORKING GROUP



May 2016



# **Delivering the Goods:**

## **Recommendations for Funding a Federal Freight Program**

### **Research Report and Recommendations**

#### **Freight Working Group Co-Chairs:**

Senator Norman Coleman

Governor James Florio

Majority Leader Richard Gephardt

#### **Freight Working Group Members:**

Thomas F. Jensen, UPS

Mike Steenhoek, Soy Transportation Coalition

Annie Nam, Southern California Association of Governments

Chuck Baker, National Railroad Construction and Maintenance Association

Harris County Judge Ed Emmett, Texas Department of Transportation

Brian Pallasch, American Society of Civil Engineers

Leslie Blakey, Coalition for America's Gateways and Trade Corridors

Allison Yoh, Port of Long Beach

Alejandro Solis, HDR

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Mort Downey, Mort Downey Consulting, LLC

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Lillian Borrone, Eno Center for Transportation Board of Directors Chair

**Lead Author:** Paul Lewis, Eno Center for Transportation

**Contributors:** Elizabeth Bastian, Robert Puentes, Joshua Schank



# Executive Summary

The 2015 federal surface transportation reauthorization, the Fixing America's Surface Transportation (FAST) Act, took a crucial step in creating a national freight program; but there is room for improvement. In particular, the United States needs to expand the size of the national freight program and enhance the multimodal nature of the program.

This report focuses on finding a funding source for expanding and improving such a program. It does not focus on other federal freight policy components, such as safety regulation or work rules, nor does it focus on improving the status of existing trust funds. Instead these recommendations are for funding, which is an issue that all of the previous research and attempts at consensus building in this area has failed to deal with effectively.

To work on the challenging funding problem, the [Eno Freight Working Group](#) brought together numerous freight industry stakeholders, experts and thought leaders to develop consensus around a specific recommendation for a funding source for a multimodal freight investment program at the federal level. The group also interviewed, researched, and met with other industry experts to help inform and shape the final recommendations.

After much consideration, the group developed a recommendation for funding the program. It should be emphasized that none of the funding mechanisms evaluated proved perfect - all approaches have challenges. The consensus recommendation is based on the Eno Freight Working Group's assessment that these options are the most equitable and least onerous, and the need to have a federal discretionary grant program with dedicated funding trumps the downsides of the recommended mechanisms.

Based on the research and analysis presented in this report, the Working Group developed the following recommendation:

*[Congress should appropriate general fund revenues for a national multimodal freight discretionary program.](#)* Although a program supported by general funds may not provide as much long-term certainty as a dedicated revenue source, such a program has several advantages. First, general funds are not subject to "return-to-source" claims in which freight modes and geographies would want to see their portion of the funding returned directly to them in project grants. Second, the freight industry supports the entire national economy, so using general funds to make freight system improvements, as is common in other countries, is justifiable. Finally, the general fund option provides the ability to fully fund the program immediately while a long-term funding source can be developed. General funds were used to pass the FAST Act and reauthorize initiatives such as

the Transportation Investment Generating Economic Recovery (TIGER) program. Since Congress has shown a recent willingness to support transportation programs with general funds, the Eno Working Group supports a recommendation of a general funded grant program using the following features to aid in drafting legislation:

- Increase the total funding of the freight discretionary grant program included in the FAST Act to at least \$2 billion annually, with the ability to increase funding as the program becomes established.
- The general funded discretionary grant program should expand on the freight grant program passed in the FAST Act and make it fully multimodal in nature.
- Use a distribution mechanism that can provide funding stability for large, complex projects that can take several years to complete.

*In the long term, Congress should authorize the implementation of a cost of freight shipment (COFS) fee dedicated to a national freight discretionary grant program.*

A COFS fee would assess a small percentage on the cost of shipping for all surface transportation movements. This has several advantages over the other revenue raisers analyzed in this report. For one, it would not disproportionately affect a particular freight mode and it would continue to grow along with the demand for goods movement services. There are still issues that need to be worked out with respect to the administration and management of such a fee, but the groundwork can begin now to ensure a smooth implementation. While the exact details of a COFS fee still need to be developed, Eno's Freight Working Group recommends that Congress consider the following principles:

- The fee should be assessed on the cost of shipping for all surface transportation modes at a rate of at least 0.3 percent.
- The fee should be charged to owners of freight cargo at an even rate across modes so that no mode is disproportionately affected.
- Congress should dedicate 100 percent of the net revenues of this fee to the federal freight discretionary grant program, and U.S. DOT should be required to spend the balance of this fund each year for the program as described above.
- International portions and flight portions of shipments should be exempt from the fee.
- The Internal Revenue Service, or any administrative entity, must create a reporting system that is fair and straightforward for payment of the fee. Special care must be made to ensure that the administrative burden is minimal to shippers, cargo owners, and other users of the freight system.
- Private fleets and other shippers should be subject to the fee and required to submit payment within the same context as other freight, but their reporting requirements must also be simple and streamlined.

- Industry groups and shippers should have input and engagement in the administration of the system so that it is workable.

The research and analysis used to inform these recommendations are based on consensus among a diverse group of industry participants. It is the Eno Working Group's hope that this can lead to full and long term funding of a critical element of American economy: a federal multimodal freight discretionary grant program.

# Advisory Committee on Supply Chain Competitiveness

## Report and Recommendations of the

### Subcommittee on Supply Chain Infrastructure Financing

#### Introduction

The Administration's 2010 National Export Initiative, which aims to double U.S. exports by 2014, necessitates supply chain improvements nationwide, as well as policy planning at the federal level. However, there is broadly voiced concern that investment in supply chain infrastructure is lagging, reducing the productivity of U.S. businesses and the competitiveness of U.S. supply chains.

Freight bottlenecks and other congestion cost businesses, consumers, and the public at large approximately \$200 billion per year, according to a report by the Building America's Future Educational Fund. The U.S. Chamber of Commerce places the annual cost of congestion as high as \$1 trillion annually – roughly 7 percent of U.S. economic output.<sup>1</sup>

The Advisory Committee on Supply Chain Competitiveness is charged with advising the Secretary of Commerce on the development and administration of programs and policies to improve the competitiveness of U.S. supply chains, including programs and policies to improve investment in supply chain infrastructure.

The Advisory Committee's Subcommittee on Infrastructure Financing has been tasked with:

- Identifying supply chain infrastructure investment goals and needs;
- Identifying existing and proposed revenue collection and distribution methods; and,
- Recommending strategies to improve investment in supply-chain infrastructure.

#### Supply Chain Infrastructure Investment Needs and Goals

Supply chains operate over networks of highways and warehouses, rail lines and terminals, ports and waterways, and airports and air corridors. With total U.S. freight traffic anticipated to increase by over 50 percent by 2040, significant expansion, modernization, and system integration will be required.

*Therefore, to maintain a competitive economy, it should be the goal of our national freight transportation investment program to strategically apply funding and financing mechanisms to support the physical infrastructure required across all modes for the safe, efficient and cost-effective movement of goods and do so in close collaboration with business and state and local governments.*

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<sup>1</sup> Center for American Progress, "Getting America's Freight Back on the Move" August 14, 2012

At any given time, estimates of the investment needed to maintain and improve our freight network infrastructure, as well as those that serve passenger movement, vastly exceed the available revenues. Due to a lack of comprehensive analysis, there is no single source for the total capital expenditure needed to adequately develop and improve our nation's freight infrastructure for current and future needs, but there is good evidence that this figure easily exceeds one hundred billion dollars. In view of this overwhelming financial burden, it is generally accepted, and the position of this Subcommittee, that the federal portion should not be less than \$2 billion annually.

In our view, there are four guiding criteria for achieving our national goals for investment in supply-chain infrastructure:

- **Adequacy.** Does the funding/financing approach provide sufficient revenues (or yield) at a stable rate and over a long-enough period to meet reasonable needs?
- **Efficiency.** Is the funding/financing approach cost-effective to administer and enforce? Does it encourage investment in an economically efficient manner?
- **Equity.** Does the funding/financing mechanism fairly address industries, modes, regions and users?
- **Roles and Responsibilities.** Does the funding/financing approach appropriately balance federal interests against private sector, state and local roles and responsibilities?

#### **Overarching Principles Are:**

- **Transparency.** Is the funding/financing approach sufficiently transparent to infrastructure users so they are able to make fully informed decisions about the efficiency, costs and benefits of the approach?
- **Effectiveness.** Is there sufficient and appropriate value from the investment?

### **Existing and Proposed Revenue Collection and Distribution Methods**

A broad review of existing federal revenue collection and distribution methods was undertaken and a variety of innovative models for new revenue were analyzed. We do not consider these recommendations to be exhaustive, but we believe they represent the most reasonable list of possibilities known at this time.

As is the case with other large transportation needs, such as the federal-aid highway program and transit program, much discussion and study continues on revenue-raising approaches to fund investment. As new ideas surface and political realities change, it may be that innovative revenue models can be harnessed to pay for national freight infrastructure. We leave open the possibility that such solutions may be preferable to those presented here.

## Recommendations for Supply Chain Infrastructure Investment Strategies

Using the perspective of the four criteria and the overarching principles above and the overall federal funding goal of at least \$2B per year, we selected the revenue collection and distribution mechanisms we considered as coming closest to our objective. Based both on political constraints and the need for further research on proposed but not yet realizable methods, we have divided our recommendations from this list into near-term and longer-term investment strategies.

### Freight Transportation Financing Mechanisms – Near-Term Recommendations

<b>Freight System Elements</b>	<b>Recommended Revenue <u>Collection</u> Mechanisms</b>	<b>Recommended Revenue <u>Distribution</u> Mechanisms</b>
<b>Highway</b>	<ul style="list-style-type: none"><li>• Motor Fuel Tax – Restore the purchasing power of the gas and diesel tax by increasing the rate and indexing it to inflation.</li></ul>	<ul style="list-style-type: none"><li>• Highway Trust Fund (HTF) – Continue current programs.</li></ul>
<b>Rail</b>		<ul style="list-style-type: none"><li>• Railroad Rehabilitation and Improvement Financing (RRIF) – Reform and maintain program.</li><li>• Reauthorize the short line rail tax credit.</li></ul>
<b>Port</b>		<ul style="list-style-type: none"><li>• Harbor Maintenance Trust Fund (HMTF) – Ensure 100% of the HMTF is used for its original purposes with expanded qualifying activities.</li></ul>
<b>Waterway</b>	<ul style="list-style-type: none"><li>• Inland Waterways Tax – Increase fuel tax paid into the Inland Waterways Tax Fund by the barge industry by 6 to 9 cents per gallon.</li></ul>	

<b>National Freight System</b>	<ul style="list-style-type: none"> <li>• General Fund Revenues – Increase general fund allocations to freight related programs.</li> </ul>	<ul style="list-style-type: none"> <li>• Regional Freight Program – Establish a competitive, TIGER-style program for small- and medium-size, regional freight projects.</li> <li>• National Freight Program – Establish a competitive, PNRS-style program for large freight projects.</li> </ul>
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## Freight Transportation Financing Mechanisms – Longer-Term Recommendations

<b>Freight System Elements</b>	<b>Recommended Revenue <u>Collection</u> Mechanisms</b>	<b>Recommended Revenue <u>Distribution</u> Mechanisms</b>
<b>Highway</b>	<ul style="list-style-type: none"> <li>Vehicle Mileage Tax (VMT) – Supplement or replace motor fuel taxes with a road user tax based on how many miles motorists travel on public roads.</li> </ul>	
<b>Rail</b>		
<b>Port</b>		
<b>Waterway</b>		

<b>National Freight System</b>	<ul style="list-style-type: none"> <li>Federal Freight Trust Fund (FTF) – Create a Federal Freight Fund supported by user fees.</li> </ul>	<ul style="list-style-type: none"> <li>National Freight Program – Establish a national freight program that: <ul style="list-style-type: none"> <li>Supports multi-state, state and metropolitan multi-modal freight planning;</li> <li>Maintains competitive grant programs; e.g. regional TIGER and national PNRS; and,</li> <li>Establishes formula allocations for on-going freight network improvements and maintenance.</li> </ul> </li> </ul>
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## National Freight Advisory Committee

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June 12, 2014

The Honorable Anthony Foxx, Secretary  
U.S. Department of Transportation  
1200 New Jersey Ave., SE  
Washington, DC 20590

Dear Secretary Foxx:

On behalf of the National Freight Advisory Committee (NFAC) it is our pleasure to submit to you and the U.S. Department of Transportation recommendations for consideration in the development of the National Freight Strategic Plan. These recommendations reflect the hard work of the NFAC members who originally considered over 90 recommendations and gained full consensus on 81 recommendations.

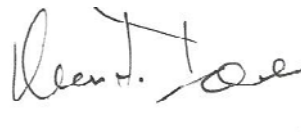
We sincerely appreciate the support of the Designated Federal Officer, Ms. Tretha Chromey, as well as the engaging collaboration with other U.S.DOT leadership and staff who participated in numerous meeting and phone conferences, and provided technical support and research assistance to the NFAC.

The NFAC looks forward to reviewing the Department's proposed legislation of the MAP-21 Reauthorization later this summer and appreciate the opportunity to provide further recommendations.

Sincerely,



Ann L. Schneider  
Chair



Mortimer L. Downey, III  
Vice Chair

cc: Hon. Victor Mendez  
Hon. Peter Rogoff

Attachment: *Recommendations to the U.S. Department of Transportation for the Development of the National Freight Strategic Plan*

### FUNDING

There is a true sense of urgency regarding how our nation will invest in its national freight network. There are many challenges to addressing the funding needs of the freight sector. First, the anticipated insolvency of the Highway Trust Fund (HTF) increases the competition for scarce funding and reduces the likelihood of expanding funding for freight projects through the HTF. Second, other funding programs or sources such as the Harbor Maintenance Tax need to be fully applied to their intended uses (maintenance of federal navigation channels at authorized and constructed depths and widths). Third, freight projects do not always score well in local, regional or state competitive planning grant processes, partly because their benefits spread nationally or regionally, beyond the boundaries of the funding entity. Finally, freight projects can be particularly costly, because they are often located in aging industrial zones where the supporting infrastructure (storm water, utilities, etc.) must be extensively upgraded.

Consistent and reliable funding is vital to certainty of project implementation and completion and keeping the national freight system in a state of good repair. It is critical to the nation's global competitiveness and the health of the U.S. economy.

*Make Investment in the multi-modal national freight network a national priority.*

**Recommendation B6:** In order to ensure continued technological and innovative improvement in the nation's freight transportation system, any National Freight Policy should recognize that adequate federal funding for research efforts must be provided.

**Recommendation B7:** Protect the existing Airport Improvement Program (AIP) trust fund grants spending levels and ensure AIP is used only for aviation-related purposes as authorized including air cargo.

**Recommendation B8:** Create a new dedicated fund for multi-modal freight projects. First and last mile segments of regional and national significance must be included in a comprehensive freight funding program to assure freight movement is seamless across jurisdictions, modes, ports and intermodal connectors.

**Recommendation B9:** Promote consistent funding from Inland Waterway Trust Fund and Harbor Maintenance Trust Fund for locks & dams, dredging and other projects.

It is well reported that the aging lock and dam infrastructure on the inland waterways is in dire need of modernization, repairs and maintenance. Future growth will place a greater demand on the performance of the navigable waterway infrastructure and will be a continual barrier until significant investment is provided. It is recommended that proper federal funding from the Inland Waterways Trust Fund be allocated for those locks and dam projects that are already authorized, but have not received appropriations from Congress. Also, operational needs and maintenance of lock and dam facilities must receive proper awareness and attention so that transportation stakeholders can have a greater trust in reliability and dependability of a viable inland waterway network. Due to the lack of consistent funding for operations and maintenance,



ensuring a safe and navigable channel for inland waterway transport will continue to be a barrier to product delivery. It is important to have a stable source of funding from the Inland Waterways Trust Fund for dredging and maintenance efforts throughout the inland waterway system, so that the Corps can adequately maintain the channels for safe and reliable navigation.

**Recommendation B10: The Short Line Tax Credit (“45G”) should be reauthorized permanently (or at least on a 5-year basis) for the efficient and effective capital and infrastructure deployment of these freight connectors.**



### ***Recommendations***

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#### **FUNDING**

A strong freight transportation network is critical to the Nation's long-term competitiveness. A continued deterioration in the condition of the Nation's infrastructure will affect the safety of freight network users, including the largest user, the American public, the efficiency of goods movement and increase the overall costs associated with freight transportation. Without better management and increased public and private sector investments in the most critical freight infrastructure facilities, our Nation's long-term economic and business competitiveness will suffer.

These recommendations are proposed revisions to federal funding processes and key regulations to enable appropriate federal investments in alternatives to congested roadways, to streamline investments in intermodal freight projects, and to focus limited funds on critical investments.

#### **Recommendation P1:    Encourage intermodal freight activity through streamlined investment.**

This streamlining process should align U.S. DOT modal programs (Maritime Administration (MARAD), Federal Highway Administration (FHWA), Federal Railroad Administration (FRA), and Federal Aviation Administration (FAA) and their funding criteria so that they can work together more effectively to produce intermodal solutions at ports and airports. These streamlining opportunities include augmenting core U.S. DOT formula programs, expanding funding and access to Transportation Infrastructure Finance and Innovation Act (TIFIA) credit assistance and Railroad Rehabilitation and Improvement Financing (RRIF), and expanding Private Activity Bonds.

This streamlined investment should seek the following outcomes:

- Give flexibility to invest in last mile and first mile projects outside freight gateways.
- Creates incentives to support communities in providing local investments along the multi-modal national freight system. Opportunities include provision of support facilities such as truck parking facilities and leveraging of passenger and freight rail investments.
- Encourage public and private partnerships including multi-jurisdictional actions to improve and harmonize the national freight system and its connectors to shippers and receivers.

#### **Recommendation P2:    Revise federal policies to incentivize the efficient and effective use of available funding for freight projects.**

#### **Recommendation P3:    Address aging infrastructure, bridge weight limitations, excepted rail track; generally poor road pavement conditions within heavy-haul corridors, etc. with a priority towards State of Good Repair and Asset Management.**



### FUNDING

Freight transportation through communities, often called first and last mile transportation, includes both delivery networks and freight corridors between major intermodal connectors. While freight movement along first and last mile connectors is regionally and nationally significant, those connectors do not necessarily benefit the jurisdictions that manage and maintain them. This leads to underinvestment in connectors, resulting in them being in poorer physical condition than other infrastructure, and often increases travel time – which further impacts the communities.

**Recommendation C4: Develop federal programs in a way that supports and prioritizes funding of first and last mile connectors that are part of systems with regional and national significance, including both urban and rural connectors.**

Potential programs include:

- a. A U.S. DOT discretionary and formula grant program that includes first and last mile connector projects. This funding must have broad eligibility, including both rural and urban connectors, as well as non-NHS mileage. Experience under the U.S. DOT Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant Program is a good example of this type of funding. For example, in 2010 the Port of Miami received almost \$23 million (out of about \$47 million) to establish a first and last mile intermodal container rail service. Over the next 20 years, this service will facilitate 6 million first and last mile short-line rail trips between the port and the Hialeah Rail Yard.
- b. Modify the Transportation Infrastructure Finance and Innovation Act (TIFIA) program to permit funding of smaller intermodal / first and last mile connector projects.

**Recommendation C5: Maintain the 23 USC 130 separate program for rail-highway grade crossing improvements; provide adequate funding to minimize safety and community impacts.**