



National Freight Advisory Committee Meeting

National Freight Advisory Committee Record of Meeting

July 15 – 16, 2014

U.S. Department of Transportation, Washington, D.C.

Public Announcement

The U.S. Department of Transportation (U.S. DOT or Department), Office of the Secretary of Transportation (OST), announced this public meeting of the National Freight Advisory Committee (NFAC) in a Federal Register (FR) notice published on July 2, 2014 (79 FR 37839).

Attendance

Committee Member	Affiliation
Mortimer L. Downey, III	NFAC Acting Chair and Chairman, Coalition for America’s Gateways and Trade Corridors (CAGTC)
Stephen Alterman	Cargo Airline Association
Gregory A. Ballard	City of Indianapolis
Tim Beaty, <i>alternate for James Hoffa</i>	International Brotherhood of Teamsters
Leslie Blakey, <i>alternate for Mortimer L. Downey</i>	CAGTC
Kevin L. Brubaker	Environmental Law & Policy Center
Jeffrey Burns	Parents Against Tired Truckers and Citizens for Reliable and Safe Highways
Terry Button	Owner-Operator Independent Drivers Association (OOIDA)
Sarah Campbell, <i>alternate for Anne Canby</i>	OneRail
Anne P. Canby	OneRail
Joan Claybrook	Public Citizen
Rina Cutler, <i>alternate for Michael Nutter</i>	City of Philadelphia
Kristin Decas	Port of Hueneme, California
David Eggerman, <i>alternate for Karen Flynn</i>	BSAF Corporation
Genevieve Giuliano	University of Southern California Sol Price School of Public Policy
John Thomas Gray, II	Association of American Railroads
Stacey D. Hodge	New York City Department of Transportation
José Holguín-Veras	Rensselaer Polytechnic Institute
Richard Inclima	Brotherhood of Maintenance of Way Employees Division of the Teamster Rail Conference
Fran Inman	Majestic Realty Co. and Member, California Transportation Commission
Randell Iwasaki	Contra Costa Transportation Authority



National Freight Advisory Committee Meeting

Committee Member	Affiliation
Amy Kelley, <i>alternate for Michael Jewell</i>	Marine Engineers' Beneficial Association, AFL-CIO
Paul Kelly	Intermodal Division, A&S Services Group
Paul C. LaMarre, III	Port of Monroe, Michigan
Michelle Livingstone	The Home Depot
Bonnie Lowenthal	State Assembly Member, State of California
Andrew S. Lynn	Port Authority of New York & New Jersey
Kevin Lynskey, <i>alternate for Carlos A. Gimenez</i>	Miami-Dade County
C. Randal Mullett	Con-Way Inc.
Annie Nam, <i>alternate for Fran Inman</i>	Southern California Association of Governments (SCAG)
Rosa Navejar	The Rios Group
John Previsich	SMART - Transportation Division
Rob Roberson	Nucor Steel - Berkeley
Yvette Rose, <i>alternate for Stephen Alterman</i>	Cargo Airline Association
Karen Schmidt	Freight Mobility Strategic Investment Board
Jessica Shaver, <i>alternate for Col. Leonard D. Waterworth</i>	Port of Houston Authority
Jim Skinner, <i>alternate for Mike Tooley (participated by phone)</i>	Montana Department of Transportation
C. Michael Walton	The University of Texas at Austin

U.S. DOT Officials, Ex-Officio Members, and Other Federal Guests	Affiliation
Shira Bergstein	U.S. DOT
Laura Black	U.S. DOT
John Drake	NFAC Acting DFO, U.S. DOT
Carlos R. Evans	Environmental Protection Agency
Victoria Farr	U.S. DOT
Eric Gabler	U.S. DOT
Howard Hill	U.S. DOT
MariaElena Juarez	U.S. DOT
Maria Lefevre	U.S. DOT
Michael Higgins	Surface Transportation Board
David Long	Department of Commerce
Lucy Marvin	Surface Transportation Board
Craig Middlebrook	U.S. DOT
Deb Miller	Surface Transportation Board
Peter Rogoff	U.S. DOT



National Freight Advisory Committee Meeting

Opening Statements – Day 1

Day 1 of the fourth meeting of the NFAC was held at the Dirksen Senate Office Building (room G-11) and Rayburn House Office Building (room 2167) in Washington, D.C. on July 15, 2014. The meeting was open to the public. John Drake, Acting Designated Federal Officer (DFO), called the meeting to order at 9:15 a.m. (EDT) by reading the FR notice in which the meeting had been announced and briefly reviewing the agenda. He introduced NFAC Acting Chair Mortimer L. Downey III. Acting Chair Downey presided over the meeting.

Acting Chair Downey began the meeting by announcing that Secretary of Transportation Anthony Foxx had released a statement confirming his receipt of NFAC's 81 recommendations. He noted that the Committee's recommendations report was now available online and commented on the timeliness of the report's posting and of the meeting, given Congress' current efforts to approve a temporary patch for the Highway Trust Fund (HTF) and to propose surface transportation reauthorization bills. Acting Chair Downey stated that the purpose of the meeting was to hear from Congressional leaders and staff about the various surface transportation reauthorization proposals and to discuss NFAC members' support for, opposition to, interpretation of, and suggestions for the freight provisions within each. He clarified that the purpose of the meeting was not to create consensus, but to discuss all viewpoints. Acting Chair Downey asked for three or four volunteers to assist in preparing a report documenting the NFAC's discussion following the meeting. The draft report would be circulated to the full Committee for comment before submitting to the Secretary.

Acting Chair Downey reviewed the two-day meeting agenda and reminded Committee members that they would have time in the afternoon of Day 2 to convene working groups. The three working groups identified in NFAC's recommendations report included: multijurisdictional planning; workforce development; and safety. Over the next few months, the workgroups will develop an agenda for exploring those issues in greater depth. The Department will provide administrative and logistics support for the workgroup efforts, but there is no expectation for the workgroups to produce final deliverables. Acting Chair Downey also noted that on Day 2 the Committee would pass a resolution thanking former Chair Ann Schneider for her contributions to NFAC.

Finally, Acting Chair Downey welcomed Peter Rogoff, Acting Under Secretary for Policy, and Deb Miller, a new member of the Surface Transportation Board, to the meeting and asked the Committee members if they had any questions before getting started.

Committee Member Kevin Brubaker asked for clarification regarding an upcoming meeting in Memphis, Tennessee. Acting Chair Downey responded that the Committee is tentatively planning a site visit in Memphis, which is a major hub for all modes of freight, for October. He added that the next NFAC working meeting would likely be in November or December. The next work product of NFAC is to respond to the Department's draft National Freight Strategic Plan framework.



National Freight Advisory Committee Meeting

Acting Chair Downey asked Acting Under Secretary Rogoff to provide comments. Acting Under Secretary Rogoff thanked the Committee for its recommendations to date and reiterated Acting Chair Downey's sentiments regarding the critical timing and relevance of the meeting. He described how transportation is among the President's top priorities and how freight is front-and-center within the overall surface transportation reauthorization discussion. He commended the NFAC for linking policy makers to practitioners and thanked the Committee again for its work.

Committee Member Fran Inman suggested that the Committee consider the reauthorization proposals within the context of implementation. Acting Chair Downey and Acting DFO Drake agreed that it was important to think about implementation during the bill process.

Congressional Remarks

Acting Chair Downey introduced Senator Richard Blumenthal of Connecticut as Chairman of the Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security within the Committee on Commerce, Science, and Transportation. He noted that the Commerce Committee had not yet issued a reauthorization proposal.

Chairman Richard Blumenthal (Connecticut), Senate Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security

Chairman Blumenthal thanked the NFAC for the opportunity to speak. He announced that Congress was on the cusp of approving a short-term patch for the HTF and stated his intent on identifying a long-term solution to the funding challenges to rebuild the nation's transportation infrastructure. He discussed the need to convince the public that multimodalism is the future of transportation; though "multimodal" has resonance and relevance, only a handful of people in the country understand how critical the links between rail, road, sea, and air are. He also discussed the need for an infrastructure bank and the bipartisanship needed to realize sustainable funding streams. Chairman Blumenthal referenced several rail-related fatalities and emphasized the importance of safety and reliability on the nation's transportation system for both people and goods. He commented on the value of learning about such critical issues from practitioners and subject matter experts and expressed interest in continuing to work with NFAC on freight issues.

Acting Chair Downey thanked Chairman Blumenthal and referenced the NFAC's recommendations report.

Overview of 2014 Senate Commerce Freight Reauthorization Proposals

Acting Chair Downey introduced staff members from the Senate committees on Commerce, Science and Transportation and on Environment and Public Works (EPW) and asked them to provide an overview of their committee's freight reauthorization proposal. He noted that the EPW Committee has jurisdiction over highways only and that the Commerce Committee has jurisdiction over all other modes.



National Freight Advisory Committee Meeting

Colin Peppard, Legislative Assistant for Senator Thomas R. Carper

Peppard thanked NFAC for the opportunity to speak and stated that Senator Carper was excited to participate in the reauthorization discussion. He noted that the U.S. transportation system has matured to a point at which there are fewer co-benefits between freight and passenger transportation. Consequently, there are distinct goals for passenger and freight and different strategies for ensuring that people and goods move smoothly within the system. Because freight transportation projects compete with passenger transportation projects for funding, there is a need for a dedicated freight program to provide funding for projects that improve efficiency, reliability, and affordability of freight. Specifically, the EPW Committee proposed a formula-based program that would allocate \$6 billion of funding over six years to States based on the identification of high-priority projects within State Freight Plans, as developed by State Departments of Transportation (DOTs) and freight advisory committees (FACs), which would be representative of all modes in the State. Given EPW's jurisdiction over highways only, it has held joint discussions with the Commerce Committee to incorporate other modes into the freight network and to identify opportunities for making funding available to multimodal projects. The EPW Committee's proposal also supports information requirements (i.e., data collection and modeling) for making informed investment decisions that ultimately reduce inventory costs, support just-in-time delivery, support increased containerization, and help U.S. businesses be more competitive.

Devon Barnhart, Legislative Assistant and Counsel for Senator Jay Rockefeller

Barnhart noted that the Commerce Committee has not yet released its reauthorization proposal, though it looks similar to the EPW proposal in terms of structure. The key difference between the proposals is that the Commerce Committee provides for every mode except highways. The Commerce Committee's proposal will also include a grant program to provide long-term funding for freight projects. Barnhart thanked the NFAC for its stakeholder perspective and noted that the Commerce Committee will consider NFAC's recommendations in developing the proposal.

Adrian Arnakis, Legislative Assistant and Counsel for Senator John Thune

Arnakis discussed connectivity of the national freight network and flexibility of the proposed formula funding program. As a representative of South Dakota, Arnakis emphasized the importance of considering the freight needs of rural areas and the challenges of getting goods to and from market. The first- and last-mile issues in cities or port complexes are comparable to the first- and last- 100 miles in rural areas. Arnakis acknowledged the mileage constraints of the draft Primary Freight Network and noted that South Dakota had less than one mile represented on the draft map even though there are tons of freight moving in, out, and through the State. Regarding the formula funding approach proposed by the EPW Committee, Arnakis commented on the importance of flexibility since each State has different modes, issues, and priorities for freight. Additionally, flexibility is important for successful program implementation and formula-type funding is easier to roll-out than discretionary grant funding.



National Freight Advisory Committee Meeting

Acting Chair Downey thanked the Senate staff. In light of how much the private sector invests in freight infrastructure, he asked how the proposals might align public and private sector interests and consider the abilities of private funding to meet the needs. Barnhart responded that private sector stakeholders need to inform the public sector of where bottlenecks exist, what other challenges they face, and what investments are needed. The conversations about funding need to involve all stakeholders. Acting Chair Downey observed one difference between various reauthorization proposals was the emphasis on including private sector stakeholders in State FACs. He then opened the floor for additional questions.

Committee Member Stacey Hodge acknowledged that the NFAC identified data and modeling as a significant challenge for freight and asked what data or modeling tools the Senate committees envisioned using for facilitating investment decisions. Barnhart responded that the Commerce Committee is interested in opportunities to expand research in freight and would be interested to hear NFAC's ideas regarding freight-related research needs. Acting Chair Downey noted that MAP-21 discontinued the National Cooperative Freight Research Program (NCFRP) and indicated that he would like to see that program revived.

Committee Member Inman asked about how the proposals address the challenges of border crossings. Barnard responded that the proposal will include a significant discussion regarding border considerations. Arnakis added that connectivity components impact borders and ports.

Committee Member Karen Schmidt commented on the challenges of defining "freight" and of identifying the freight network. She said that 27,000 miles as included in MAP-21 for the Primary Freight Network was insufficient for highways, let alone other modes. In Washington State's experience developing a State Freight Plan, the State DOT, metropolitan planning organizations (MPOs), and private sector stakeholders disagreed about the definition of "freight." Committee Member Schmidt suggested that non-prescriptive guidelines about "what is freight" would be helpful for consistency not just within a State, but across the nation. Barnhart said that a discussion about "what is freight" could be productive and Arnakis acknowledged the limitations of the draft Primary Freight Network and the Administration's intentions to improve it.

Committee Member Genevieve Giuliano asked about how the Senate committee and subcommittee structure might inform the development of a multimodal strategic plan or a multimodal funding mechanism. Barnhart acknowledged the challenges due to limitations on each committee's modal jurisdiction, but stated that the senators recognize the importance of working together. Additionally, she observed that, with the exception of OST, the Department faces the same challenges to multimodal collaboration. Arnakis added that the House committees have jurisdictions over all modes and consequently have opportunities for developing multimodal proposals as well.

Committee Member C. Michael Walton emphasized the need for future freight data and modeling efforts to have clear roles for agencies to not only collect, but to maintain and manage the data. A valid



National Freight Advisory Committee Meeting

data set requires a support structure. Barnhart acknowledged need for long-term data and modeling efforts and cited challenges in forecasting impacts of the Panama Canal expansion project.

Committee Member Brubaker observed that there had not been much discussion about safety and cited an article in *The Chicago Tribune* regarding the transportation of Bakken crude oil by rail. Barnhart emphasized the critical importance of crude-by-rail and truck safety at the moment and said that a final bill would include significant safety provisions. Arnakis added that the modal safety bills would be rolled into a larger bill including the freight provisions.

Acting Under Secretary for Policy Rogoff asked about how the formula program would change States' freight investment patterns. Barnhart responded that the available funding levels make an all-freight formula unrealistic and Arnakis added that it might be possible to address that issue in developing the eligibility criteria. Additionally, there would be opportunities to adjust the program in the future if the program's implementation is not perfect the first time around.

Committee Member Randell Iwasaki asked about the potential for easing some restrictions regarding Federal funds because some localities don't have expertise in obligating funds. Barnhart said it depends on the restriction and Arnakis added that the Commerce Committee would be interested in recommendations regarding project streamlining. Acting Chair Downey reiterated an earlier comment regarding the importance of considering implementation and administration while drafting legislation.

Committee Member Paul Kelly asked about the possibility of "putting a lock" on HTF money and cited examples where HTF and Harbor Maintenance Tax funds were not spent on the original purpose for which they were collected. Barnhart stated that there have been many discussions regarding "user pays-user benefits" systems in committees and on the floor, but following Superstorm Sandy, many people realized the benefits of spending HTF on transit projects, for example. Arnakis commented that regardless of any locks or restrictions the current Congress placed on HTF money, a future Congress could pass an amendment or new legislation to unlock the funds.

Congressional Remarks

Acting Chair Downey introduced Senator Maria Cantwell from Washington and acknowledged her role in originally advocating the need for establishing the NFAC.

Senator Maria Cantwell (Washington), Member, Senate Committee on Commerce, Science, & Transportation

Senator Cantwell discussed the need for a dedicated freight funding source. She cited the growth of the global middle class as an opportunity for the United States to reach those consumers efficiently. To compete in the global economy, the nation needs to increase its investment in freight and take a multimodal approach to freight. Senator Cantwell thanked the NFAC for its concrete recommendations for improving the freight system and indicated her excitement in continuing to work with NFAC. She



National Freight Advisory Committee Meeting

announced that she would be drafting legislation to embody the recommendations in the recent NFAC report.

Overview of 2014 Administration Freight Reauthorization Proposal

John Drake, Deputy Assistant Secretary for Transportation Policy, U.S. DOT

Acting DFO Drake agreed with Barnhart's earlier comments that while freight is a very important part of the economy, it is often a second or third tier priority item. He continued to say that everyone agrees that freight is important and the fight is always over funding. Secretary Foxx has tried to approach the challenge differently by first starting the conversation about things like project delivery and giving a voice to stakeholders. Acting DFO Drake said that once cohesion and trust is formed, then the funding aspect might be easier to tackle. Because the public does not fully understand the complexities of freight movement, it makes it difficult to sell the need to fund it.

The GROW AMERICA Act has two separate funding programs tied to investing in and identifying projects of high importance, splitting \$10 billion between two programs with each having \$5 billion of funding over four years. The first program is a formula program through which States would be rewarded for long-term planning and for taking a national or regional approach. The second program is comprised of infrastructure grants with an eye towards projects with long-term impacts.

The State FACs that were suggested, but not required by MAP-21, would be a requirement in GROW AMERICA. The FACs would be comprised of many stakeholders (e.g., representatives from ports, trucking, railroads, shippers, community leaders, etc.). They would identify priorities and challenges for the State and select projects that address those items. Acting DFO Drake suggested that the challenge may not always be funding, but that it could be something like regulatory obstacles.

The GROW AMERICA Act would take the freight provisions from MAP-21 and make them more multimodal. Acting DFO Drake emphasized that the freight system was not just about highways and that freight needed to be viewed as a system of systems. Project delivery would be streamlined with the establishment of a center where all entities involved in project delivery could talk to each other, and there would be deadlines set for the some of the project delivery processes.

Acting DFO Drake referred back to Acting Under Secretary Rogoff's comment about changing spending patterns. There is a desire with the GROW AMERICA Act to incentivize people to make investments in types of projects in which they haven't in the past.

NFAC Discussion on 2014 Surface Transportation Reauthorization Proposals

Acting Chair Downey opened the floor for comments and questions.

Committee Member José Holguín-Veras commended the GROW AMERICA Act for trying to include advisory committees in the mix, but he was concerned about the level of guidance provided on how to



National Freight Advisory Committee Meeting

form the committees. Committee Member Holguín-Veras wanted to ensure that they wouldn't be stacked for a particular cause or industry. He asked Acting Under Secretary Rogoff and Acting DFO Drake whether they had considered FAC guidelines. Acting Under Secretary Rogoff responded that the Secretary had similar concerns; however, they were cautious about being too prescriptive in the legislative text.

Committee Member Paul LaMarre asked about those States that have already submitted State Freight Plans and whether the Department would require States to revise their existing plans. Acting Under Secretary Rogoff responded that they would encourage States to re-strategize their approach to be multimodal, for example.

Committee Member Inman commented that the key to a successful State FAC will be establishing a level of trust among members. Because States are asking practitioners to step away from their day jobs to participate in the FAC, it is important to use time efficiently as well. Committee Member Inman also suggested that understanding logistics economics was an important step in the process. Acting DFO Drake said that operational improvements would be eligible under the GROW AMERICA grant program, but acknowledged the challenge in quantifying return on investment and prove that a project increases operational efficiency and doesn't simply fund ongoing operations.

Committee Member Schmidt said she liked the idea of having a FAC, but questioned if AASHTO would be in opposition to the GROW AMERICA Act. Acting Under Secretary Rogoff responded that AASHTO had been involved in the discussion. He added that the FAC may either be an advisory either within a State DOT or external to the State DOT and that it was important for the right stakeholders to be involved. Committee Member Schmidt asked if leveraging would be included, as leveraging has been a popular way of helping freight get more money in the past. Acting Under Secretary Rogoff responded that leveraging would be included, as stakeholders' willingness to commit to a project indicates how critical or "project ready" it is.

Committee Member Brubaker asked if there would be any mechanisms in place to ensure that Federal dollars wouldn't go into duplicative projects and cited convention centers and airports as examples. Acting Under Secretary for Policy Rogoff said that they would recognize trends like that and the Department would need to decide if they wanted to distribute funds to many projects or if they wanted to make strategic decisions.

Acting Chair Downey asked if there were any additional questions and ended the discussion by announcing a change in the agenda based on a few speakers' change in schedule. He requested Committee members to volunteer for the report and encouraged them to consider switching to either the safety or workforce development working groups during Day 2.



National Freight Advisory Committee Meeting

The meeting was adjourned for lunch at 11:50 a.m. (EDT) and the Committee reconvened at 1:37 p.m. (EDT).

Opening Statements

Acting Chair Downey announced a potential room change for Day 2 and opened the floor for discussion of initial reactions to the information presented during the morning session.

Miller commented that she liked how the incentive and grant programs were described and that she appreciated Acting Under Secretary Rogoff's comment about incentivizing behavior.

Acting Chair Downey commented that implementation would be the next challenge and Acting DFO Drake said that exploring the possibilities through discussions like this was a good exercise.

Committee Member Iwasaki suggested that the NFAC consider how to best market freight and its activities. Committee Member Hodge responded that the freight industry needed to start branding themselves and suggested social media as a starting point.

Committee Member Giuliano was struck by an earlier comment regarding multimodal information being pushed out because of a desire to protect dollars for traditional highway purposes. She suggested that the Committee consider ways to raise the visibility of this issue to prevent multimodal aspects from being removed as they often are.

Congressional Remarks

Representative John J. Duncan (Tennessee), Member, House Committee on Transportation & Infrastructure

Representative John J. Duncan thanked Acting Chair Downey for the introduction. Having chaired several subcommittees, Representative Duncan said he feels few things are taken more for granted than the freight system. He reviewed several of the recommendations and agreed with many, but highlighted the use of ITS and environmental streamlining. He also noted the need for partnerships to expand workforce training, as finding qualified people is a major challenge. He thanked the NFAC for its efforts in crafting the recommendations.

Chairman Bill Shuster (Pennsylvania), House Committee on Transportation & Infrastructure

Chairman Bill Shuster thanked the NFAC for its work. He urged that they continue to work towards streamlining to allow for infrastructure to be improved more quickly. He noted that he feels every transportation bill is a jobs bill, with the potential to create long-term, quality jobs. Chairman Shuster referenced the recent Water Resources Reform and Development Act (WRRDA) as setting the stage for the surface transportation bill. He noted that the short-term extension wasn't a long-term solution to the funding problems and suggested long-term strategies would be fiscally responsible, responsive to



National Freight Advisory Committee Meeting

non-federal partners, foster innovation, and address freight mobility. Additionally, he noted that the special panel on freight movement cut across party lines.

Chairman Shuster believes strongly in the role of Congress and does not want to give up authority to the President. In closing, he said that transportation funding was now in the forefront of the media and the public and that people realize it is an issue. He thanked the NFAC again for their recommendations and encouraged them to continue to help educate Congress on these matters.

Representative Janice Hahn (California), Member, House Committee on Transportation & Infrastructure

Representative Janice Hahn spoke about her efforts to ensure that money collected for ports goes back into the ports. She suggested that there is a great awareness about the need to reinvest in the ports and nation's transportation system. Representative Hahn explained it is going to be a difficult fight, but that public opinion is leaning toward support of the transportation system. She said the HTF patch is not a long-term solution and suggested a vehicle miles traveled (VMT) tax as a possible solution. She said freight infrastructure needs a creative solution for funding, such as using a portion of custom fees already collected by Customs and Border Patrol (CBP). Instead of going to general funds, a portion of those funds would be set aside for freight. Representative Hahn spoke about the proposed National Freight Network Trust Fund Act of 2014, which would help to fund critical infrastructure like dedicated truck funds, first/last miles, and rail/highway grade separations. She confirmed that this strategy would not add any new fees or taxes and that it would help the nation be globally competitive.

Representative Eleanor Holmes Norton (District of Columbia), Member, House Committee on Transportation & Infrastructure

Representative Eleanor Holmes Norton thanked the Committee for continuing to look at the big picture in regards to the freight system. She suggested that there is a belated integration of modes in the transportation network. She called for a comprehensive freight transportation system. Representative Norton suggested that the private sector has taken the primary role in connecting the gaps in the freight transportation network, but now it is the public sector's turn. Representative Norton expressed support for State freight rail plans, and said NFAC's long-term visioning would help inform the reauthorization bill.

Acting Chair Downey thanked Representative Norton for her comments. He referenced a handout included in the Committee's folders that would serve as a discussion guide for Day 2 and suggested that the Committee members review the questions in advance. He opened the floor for discussion at 2:36 p.m. (EDT).

Committee Member Brubaker asked for clarity on NFAC's next steps. Acting Chair Downey responded that the Committee's 81 recommendations have been useful for Congress and the next key task is to



National Freight Advisory Committee Meeting

provide input on the Department's National Freight Strategic Plan. He added that the legislative process would not be over anytime soon and consequently would continue to be a point of discussion.

Committee Member Inman felt it would be helpful for the NFAC to hear from additional practitioners outside of the Committee and asked if any site visits were scheduled for the future. Acting Chair Downey responded that he would work through any regulatory or logistical issues with the Department to make such site visits possible. Committee Member Holguín-Veras emphasized the need to ensure that the site visits cover a spectrum of urban and rural areas. Acting Chair Downey agreed.

Miller asked if the Committee's 81 recommendations were final or if the Committee was responsible for prioritizing or cutting down the list. Acting Chair Downey responded that the Department gave direction to the NFAC to gather the issues and then the Department would prioritize the items. He clarified that NFAC has an advisory role to the Secretary and does not make recommendations to Congress directly.

Committee Member Inman felt the recommendations were limited by time constraints and that there was more work the Committee could do if it had more time. She said this fact highlights the magnitude, complexity, and urgency of the topic. Acting Chair Downey responded that the 81 recommendations that emerged from the Committee's work represent key themes for decisionmakers to consider.

Committee Member Decas noted that a lot of thought went into the supporting justifications for each recommendation and Acting Chair Downey confirmed that those considerations were included in the report.

Public Comment

Acting Chair Downey acknowledged time in the agenda set aside for public comment. He opened the public comment period at 2:45 p.m. (EDT). Hearing none, he reminded participants that there would be another opportunity to comment on Day 2.

Closing Remarks and Adjournment – Day 1

The meeting adjourned at 2:46 p.m. (EDT).

Opening Statements – Day 2

Day 2 of the fourth meeting of the NFAC was held at U.S. DOT Headquarters in Washington, D.C. on July 16, 2014. The meeting was open to the public. Acting Chair Downey opened the meeting at 9:36 a.m. (EDT) by welcoming representatives from the Federal Rail Administration (FRA) and Federal Motor Carrier Safety Administration (FMCSA). He then reviewed the agenda and asked for the Committee to reflect on what they heard on Day 1.

Committee Member Inman said that she and a few other members went to the House of Representatives following the conclusion of the Day 1 meeting to listen to the discussion regarding the HTF patch. Acting Chair Downey confirmed that the House voted to pass the funding patch. David



National Freight Advisory Committee Meeting

Eggerman, alternate for Committee Member Karen Flynn, asked about the duration of the patch. Acting Chair Downey responded that the patch in the House bill is anticipated to run through May 31, 2015.

Acting Chair Downey shared his preliminary reactions from the Day 1 meeting. He believes that the right people within the Department and within Congress are listening to the Committee's input and he hopes that the national discussion will turn from "what should we do" to "how should we do it?" Additionally, he observed several common themes within the draft proposals, including a dedicated funding program and assurances regarding multimodalism and cooperation. He noted several differences regarding the structure of a discretionary grant program and stated he looks forward to the next steps.

Committee Member Giuliano thanked the Department for developing a comprehensive matrix comparing the draft proposals. She also commented that she was impressed by the number of Congressional members and staff who made time to present to the NFAC. She saw Congress' level of interest in NFAC's efforts as an endorsement of and encouragement for its ongoing work. She added that there were three or four items she wished she had heard, but that she was hopeful in getting those messages across further down the line.

Committee Member Hodge proposed that the NFAC produce a documentary titled, "Faces of goods movement: A multimodal story" to help increase widespread understanding of "multimodal." Acting Chair Downey expressed his support for effective communication strategies and noted that he would seek the Department's guidance regarding any implications of producing a video.

Committee Member Holguín-Veras endorsed the idea and Miller suggested that the Committee come up with a different term for "multimodal" and consider a "lighthearted" tone for a video. Acting Chair Downey commented on an existing video the Department produced documenting the supply chain for coffee. Committee Member Richard Inclima suggested a simpler approach: a day in the life of an apple, from seed arriving at a farm to a ripe apple being delivered to a grocery store. It is important for the message to be simple, direct, and powerful.

Committee Member Anne Canby asked David Long whether the Department of Commerce had produced any similar videos in the past. Long described an existing video that explains supply chains and offered to share the video with the group.

Committee Member Jeff Burns referenced a video regarding intermodalism/containerization shown in the Museum of American History's transportation room as an example and Acting Chair Downey referenced a white board video that Chairman Shuster produced regarding WRRDA.

NFAC Discussion on Major Reauthorization Themes

Acting Chair Downey asked the Committee to have small group discussions regarding the current reauthorization proposals. Committee members and members of the public were provided a list of guiding questions (see Appendix A).



National Freight Advisory Committee Meeting

Acting Chair Downey asked the small groups to consider whether these were the right questions to ask and whether the questions had been answered for the draft bills that were released thus far. He noted that the Committee will continue to evaluate proposals as they are released and invited members of the public to listen to the small group discussions.

The Committee broke into its small groups at 9:55 a.m. (EDT).

Resolution and Report Out

The Committee reconvened at 11:04 a.m. (EDT) to report out on their small group discussions. Before beginning the discussion, Acting Chair Downey asked the Committee to review a draft resolution for recognizing and thanking former Chair Ann Schneider for her contributions to NFAC (see Appendix B). Committee Member Schmidt commented on the fourth bullet and emphasized that the Illinois site visit was more significant than examining goods movement in a single State. Specifically, that particular region facilitates national freight movement and is critical for national connectivity. Committee Member LaMarre suggested adding a reference to Schneider's alternate, Kevin Schoeben, who made meaningful contributions to NFAC as well. Acting Chair Downey stated that those two amendments were acceptable to him and clarified that July 11, 2014 was the effective date of Schneider's resignation. Committee Member Inman seconded a motion to approve the resolution, as amended, and the motion was carried unanimously.

Acting Chair Downey reminded the Committee that he had requested three or four volunteers to help develop a report summarizing the NFAC's discussion of the reauthorization proposals. Leslie Blakey, alternate for Acting Chair Downey, and Committee Members Canby and Brubaker agreed to work on the report.

Acting Chair Downey asked Jim Skinner, alternate for Committee Member Mike Tooley, to provide comments. Alternate Skinner thanked the Committee for the opportunity to provide comments from a State DOT perspective. He made the following points:

- A standalone freight program should be flexible and not overly burdensome to the States;
- Formula-based funding is preferred over discretionary grants so that States can better plan projects based on anticipated funding levels; and
- Eligibilities should be broad to include not just congestion, but also connectivity.

Alternate Skinner asked the Committee to consider those points as they discuss the reauthorization proposals. Acting Chair Downey noted that the discussion would highlight the Committee's collection of thoughts, not a consensus opinion, and that the summary report would identify Skinner's thoughts as State comments. He then asked each small group to report out on their discussion.



National Freight Advisory Committee Meeting

Committee Member Giuliano reported out on behalf of Amy Kelley, alternate for Committee Member Michael Jewell, and Committee Members Schmidt, Rosa Navejar, Terry Button, and John Previsich.

Major points from her group's discussion include:

- There is definitely a Federal role in promoting and facilitating freight. The Federal government should leverage existing private investment with the goal of increasing system efficiency and accommodating future growth and should coordinate with other stakeholders involved in national and international trade.
- The Federal government should consider broad-based programs and recognize the need for flexibility given the different needs of State and local agencies. Additionally, programs should be oriented around performance and performance metrics so that funding goes to the highest-priority projects with the highest return on investment.
- There is less enthusiasm for formula funding, but the discretionary grant program proposed in GROW AMERICA is critical for identifying and funding those projects that are nationally significant. The Transportation Investment Generating Economic Recovery (TIGER) program is a model for a successful discretionary grant program.
- In specifying the Tier I/II funding levels in GROW AMERICA, it is important to consider the fact that multistate collaboration makes more sense in geographically smaller States than it does in geographically large States such as Texas or California.
- It is critical for the Federal government to establish a national freight plan or program that outlines funding criteria and has stakeholder buy-in throughout the development process. For example, a bottom-up approach to a national freight plan might use State freight plans as a foundation.
- There are fundamental, institutional barriers for multimodal collaboration within the Department, where modes are in stovepipes.
- Identification of a funding source is essential and Representative Hahn's proposal for using a portion of custom fees is worth exploring in greater detail.
- Environment, sustainability, and border issues are key driving forces that need to be explicitly discussed in reauthorization.
- It is important to support a freight research program.

The next small group included Committee members Canby, Joan Claybrook, and Andrew Lynn well as Rina Cutler, alternate for Committee Member Michael Nutter, Jessica Shaver, alternate for Committee Member Leonard Waterworth, and Kevin Lynskey, alternate for Committee Member Carlos Gimenez. Major points from their discussion included:

- Committee Member Canby reported that there is a clear, regulatory role for the Federal government, but the Department's structure needs to change significantly to enable it to take ownership of freight issues. Committee Member Claybrook added that the modal silos within



National Freight Advisory Committee Meeting

the Department reflect the same silos in Congress and in States and that the establishment of a Federal freight office or creation of an assistant secretary position that oversees money for freight projects could incite structural changes.

- Committee Member Canby stated that contrary to Alternate Skinner’s comments, her group was strongly in favor of discretionary grants because there are too many issues with formula allocations. Acting Chair Downey observed that perhaps Skinner’s preference for formula funding would be different under a scenario where a higher level of funding was available.
- Alternate Lynskey stated it is critical for the Federal government to continue funding dredging activities and to also focus on key intermodal centers. He noted that bottlenecks within the system are not only caused by highway congestion, but can include delays with loading or unloading containers at port complexes. He urged that projects intended to relieve chokepoints within the system should be prioritized.

Committee Member Inclima reported out on behalf of David Long, Tim Beaty, alternate for Committee Member James Hoffa, and for Committee Members Burns and Bonnie Lowenthal. Key points of their discussion included:

- The Federal government has a role in developing a national vision and coordinating stakeholders to achieve that vision.
- Consideration of safety and environmental issues is critical for improving commerce and mobility, but those issues are currently missing from the reauthorization dialogue.
- Investment in all freight project types (first/last mile, shortline rehabilitation, on-dock rail, etc.) is important for improving mobility.
- The proposed \$10 billion funding level is merely a drop in the bucket and there needs to be more funding dedicated to freight.
- Given limited funding levels, it is important to conduct a needs assessment and to fund those projects with long-term impacts through a discretionary program.
- It is important to consider the needs of and needs for developing and maintaining a skilled workforce. If the country has the best infrastructure and technology, but it doesn’t provide incentives for workers to spend their careers in the industry, then there will be no goods movement.
- Money is the only incentive for States and regions to follow a national plan and the Federal government can offer more money to those agencies that go above minimum safety standards.
- It is acceptable to include the HTF as one element in a greater freight funding program, but that means there need to be separate pots of money for other modes as well.

Regarding the last point, Committee Member Burns added that safety issues must be addressed throughout the supply chain and that there needs to be ownership and accountability for safety, with safety representing a service expectation.



National Freight Advisory Committee Meeting

Committee Member Decas reported on behalf of the group comprised of Committee members Hodge, Inman, LaMarre, Gregory Ballard, and Leslie Blakey, alternate for Acting Chair Downey. The main points presented included:

- The strengths and weaknesses of various models used previously should be considered to help determine future funding models and strategies.
- There is a need to establish uniform terminology across industries in regards to freight.
- The Federal government should encourage coordination among states and ensure economic efficiency is built into decisionmaking.
- The Federal government can assist in project streamlining and elevating the importance of freight.
- The program should be flexible and there should be alignment across Federal and State plans.
- The Federal government should consider unintended consequences or implementation impacts in drafting the legislation.

Miller presented on behalf of a group comprised of Michael Higgins, Committee Members Kelly, Randal Mullett, Stephen Alterman, Rob Roberson, and Alternate Eggerman. She reported the following points:

- The Federal role should be to craft a framework and set boundaries.
- The U.S. DOT needs to take a strong role in freight policy and may need to increase staffing to do so.
- The group did not discuss where the funding would come from, but felt that the Federal government should play a large role in deciding how the money is spent. Efficiency in spending was a primary concern.
- The program should encourage analysis such as cost benefit analysis.
- The group concluded by saying the highway infrastructure was still important, along with dredging on the port side.

Sarah Campbell, alternate for Committee Member Canby, spoke on behalf of the small group comprised of Committee Members Walton, Holguín-Veras, Brubaker, and John Gray. Highlights from their discussion included:

- The main goal is to move goods safely and efficiently. This includes considering economic and environmental (not necessarily project streamlining) impacts.
- Good data is important and benefits society in many ways.
- The Federal program should help develop technology. It should encourage good data and good planning. The planning aspect should include a national plan as well as State plans.
- Regulatory safety is a primary goal for the Department.
- Research needs to be maintained.



National Freight Advisory Committee Meeting

- The group was in favor of the idea of incentives. Money was raised as the obvious form, but there might be others.
- Metropolitan areas should be highlighted for their economic role in freight. This idea has slowly fallen out of the spotlight but should be re-highlighted.
- The group struggled when discussing discretionary and formula funding. While they thought discretionary funding programs had not always worked well in the past, programs like TIGER illustrated that they could be very successful. A competitive program like that would encourage deeper analysis and bring new players to the table.
- Post-project audits should be implemented to see if benefits were realized.
- There should not be a highway-only freight program and it should not be prescriptive. The group provided examples of ports in Baton Rouge as ones that would not benefit from highway improvements.
- The group was not in favor of a formula program.
- Safety was noted as a very important issue and suggested trying to establish standard goals for all modes. Safety goals are a very important issue and the group proposed establishing national safety standards for all modes. The Surface Transportation Board could play an instrumental role in collecting safety data across all freight modes.

Acting Chair Downey opened the floor for discussion and asked if Committee Members had responses to the major points presented by others. Committee Member Decas asked how the results from the November 2013 visioning session are related to the Committee's ongoing work efforts. Committee Member LaMarre added that the visioning session was productive and suggested that the vision, mission, goals, and strategies identified in that session should feed into NFAC's final work products and should guide NFAC's next steps. Acting Chair Downey responded that the visioning session results should be revisited.

Committee Member Button commented that the Committee needs to remain focused on moving freight and strengthening the economy. No policy recommendations should result in higher costs of goods movement for any mode or segment of the supply chain.

Acting Chair Downey observed that the allocation of funding through either formula or discretionary grant is a key issue. The framers of the U.S. Constitution faced the same issue, which is why the legislative branch includes both a House and a Senate to address States equally and by population. Freight holds the nation together and it is essential to balance all considerations within the governmental structure.

Committee Member Brubaker commented that there is not enough funding available to fundamentally change the freight network. The Federal government will have the greatest impact through policies, regulations, and targeted investments. Acting Chair Downey responded that it is important to set



National Freight Advisory Committee Meeting

realistic expectations for what the Federal government can achieve and understand what mechanisms are most effective.

Miller commended the TIGER program for bringing key players and all modes to the table and cited it as a model for a freight-specific discretionary grant program. She recognized that the desire for a discretionary grant program may be tempered by the reality that in practical terms, there will likely be at least some level of formula funding for all States.

Committee Member Inman suggested that NFAC look at existing State freight plans to identify best practices and models for future plans. Acting DFO Drake commented that in developing a National Freight Strategic Plan, the Department is reviewing each plan to identify challenges and long-term goals. He said there is a spectrum of quality and issues covered. Committee Member Brubaker requested that the Department identify the two most different, high-quality plans for the Committee to consider and Acting Chair Downey requested that the Department set up a central repository online from where the Committee could access the existing plans.

Alternate Lynskey encouraged the Department to use a revised, multimodal Primary Freight Network map to identify locations for critical projects and then offer up to 95 percent matching funds for projects located on the map while decreasing match for other projects by five percent.

Public Comment

Acting Chair Downey opened a public comment period at 11:56 a.m. (EDT). He then closed the public comment period because there were no public comments at that time. He encouraged participants to submit any comments online.

At 12:03 p.m. (EDT), Helen Brohl, Executive Director of the Committee on the Marine Transportation System (CMTS) made a comment that “infrastructure” does not apply just to bricks and mortar, but to information as well. She directed NFAC to her organization’s website at www.cmts.gov for a matrix of all Federal agencies involved in CMTS.

Closing Statements and Next Steps

Acting Chair Downey requested that the Committee members share their notes from the small group discussions with those Committee members who agreed to prepare the summary report. He reiterated that the summary report will capture all opinions, including points of agreement and disagreement.

Committee Member Inman asked about the Projects of National and Regional Significance (PNRS) survey. Acting Chair Downey provided a brief history of the PNRS survey and commented that the survey was not highly publicized. Acting DFO Drake added that there was no Federal Register published as part of the survey. He stated that the Department is currently reviewing the 30 submissions it received before determining whether it will re-open the survey and conduct additional outreach to publicize its availability.



National Freight Advisory Committee Meeting

The meeting adjourned at 12:05 p.m. (EDT)



National Freight Advisory Committee Meeting

Appendix A

Questions to Guide NFAC Discussion on Freight Reauthorization Proposals

1. What is the appropriate federal role in promoting and facilitating freight transportation?
2. What types of freight projects, or what characteristics of freight projects, are most important in helping drive Federal investments to improve freight mobility (first/last mile, shortline rehabilitation, on-dock rail, all etc.)? Do the eligibility and performance metrics included in the GROW AMERICA Act's proposed National Freight Program adequately incentivize projects that will address critical freight needs?
3. How can the US DOT ensure federal investments in State, local, and private freight infrastructure align with, and advance, national freight goals?
4. How do State and MPO freight plans relate to national freight goals? How can US DOT encourage State and MPO freight plans to align with national freight goals?
5. How would the proposed freight provisions affect your work (as a state, local government, MPO, shipper etc.)? What do you expect will change as a result of the provisions? What challenges do you foresee implementing the provisions?
6. How would an incentive and discretionary-based program best help states and local communities achieve freight related goals? How does an apportioned freight program help states achieve freight related goals? What are the benefits of an incentive and discretionary- based program? Challenges? What are the benefits of an apportioned based program? Challenges?
7. What must occur for US DOT to effectively manage a national freight program?
8. Is it appropriate to fund a highway-only freight program? How can a multimodal program maintain support among competing modes?
9. What might be an acceptable allocation for formula grants? Who should be eligible to receive funds and how would that affect program implementation?
10. How are safety goals best incorporated into the overall freight program?

Appendix B

Honoring Ann Schneider

National Freight Advisory Committee

Whereas, the National Freight Advisory Committee (NFAC) is an advisory committee that makes recommendations on the implementation of freight policies to the U.S. Department of Transportation;

Whereas, Ann L. Schneider led the NFAC since its establishment until July 11, 2014;

Whereas, Ms. Schneider led the NFAC in providing recommendations to the Department on the primary Freight Network, 81 recommendations on the development of the National Freight Strategic Plan;

Whereas, Ms. Schneider invited members of the NFAC to learn about the contributions of goods movement in her state of Illinois to the national freight system;

Whereas, Ms. Schneider's leadership and guidance of the NFAC has provided great value to the freight-related activities of the Department;

Whereas, Ms. Schneider's designated alternate, Kevin Schoeben, offered guidance and meaningful support to NFAC activities;

THEREFORE BE IT RESOLVED, Ms. Schneider is hereby recognized for her contributions and leadership to the National Freight Advisory Committee and the goods movement industry by the members of the NFAC.

July 16, 2014