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Talking Freight

National Freight Policy Framework

February 21, 2006 Transcript

Operator:

Good day, ladies and gentlemen and welcome to the National Freight Policy Framework Webinar. At this time, all participants are in listen-only mode. We will begin conducting an audio question and answer session at the end of the presentation and you may submit web questions at any time throughout the presentation by using the chat feature on the right side of your WebEx window. If you require audio assistance, press star 0 and a coordinator will be happy to assist you. Should you experience any difficulty with today's presentation, please contact WebEx technical support at (866) 779-3239. I would now like to turn the presentation over to your host for today's call, Miss Jennifer Seplow. Please proceed, ma'am.

Jennifer Seplow:

Thank you. Good afternoon or good morning to those of you to the West. Welcome to the Talking Freight Seminar Series. My name is Jennifer Seplow and I will moderate today's seminar. Today's topic is National Freight Policy Framework. Please be advised that today's seminar is being recorded.

Today's presentation will be given by Tony Furst, Director of the Federal Highway Administration Office of Freight Management and Operations.

I'd like to go over a few logistical details prior to starting the seminar. Today's seminar will last 90 minutes. Once Tony finishes his presentation, we'll open the session up for questions and comments. At this time, the Operator will give you instructions on how to ask a question over the phone during the Q&A period. However, if during the presentation you think of a question or have a comment, you can type it into the smaller text box underneath the chat area on the lower right side of your screen. Please make sure you are typing in the thin text box and not the large white area. Tony will not be answering questions during his presentation, but we'll start the Q&A session off with the questions typed into the chat box.

Finally, I would like to remind you that this session is being recorded. A file containing the audio and the visual portion of this seminar will be posted to the Talking Freight Web site within the next week. Due to the size of the file, recorded files are available for viewing/listening purposes only and cannot be saved to your own computer. We encourage you to direct others in your office that may have not been able to attend this seminar to access the recorded seminar.

The PowerPoint presentation used during the seminar will also be available within the next week. I will notify all attendees of the availability of the PowerPoint, the recording, and a transcript of this seminar.

Tony, you can go ahead and get started.

Tony Furst:

Slide 1 - Cover slide

Thank you, Jennifer. Thanks, everybody, for signing in today and to give me an opportunity to talk about the freight policies. This policy was rolled out by Jeff Shane at TRB, probably about a month ago and I want to have the opportunity to walk through it with you. As you see, this presentation is the same slide show, basically that Jeff Shane gave at TRB.

Slide 2 - Pie Chart of stakeholders in Freight

This schematic diagram demonstrates the paradox that Federal freight transportation policymakers face. The majority of freight capacity issues, about 75%, are controlled elsewhere in the public and private sectors. The private sector operates the vast majority of the freight transportation system, and most public infrastructure investments are made by state DOTs and MPOs. Consequently, any meaningful freight policy will require efforts by both the public and private sectors.

Slide 3 - Communication is key

An effective freight policy - or, for that matter, any wise and well-managed change - must start with communication. Our collective response will come first in word and then in deed. There is currently a communication gap between the freight industry and public transportation officials. With good reason, few of today's policymakers fully understand the industry's supply chain logistics practices, and few in industry fully understand the role and capabilities of the public sector in relation to freight. We need to close that gap and seek opportunities for mutual give-and-take in planning and financing our joint freight future. Industry must convey their needs and challenges to us in the public sector, and we must inform them of how we can facilitate the operations of the freight industry.

We also need to join together to spread a common freight story - a gospel of the benefits of the freight system and the challenges that it faces. Real change will require support from the public, elected officials, and other stakeholders, so our story must resonate beyond the transportation community.

Slide 4 - Freight Industry Roundtable

As many of you remember from Columbus, Ohio, the No. 1 issue articulated was a desire for a federal guidance on a National Freight Policy. Prior to last year's transportation reauthorization, we had hoped that Congress would provide the Department with discretionary funding for freight projects. While SAFETEA-LU's provided substantial funding for freight gateway projects, the majority of it was earmarked. Had Congress favored some of our suggested discretionary funding proposals,

especially on dedicated funding for intermodal connectors, our leadership role could have been clearer. Nonetheless, we intend to keep moving forward even absent any discretionary funding, providing Federal leadership in freight policy.

We've heard your call for leadership loud and clear, and have first reached out to the freight industry - the private sector that is in the direct ownership seat with the majority of freight challenges and know firsthand what works well for them, and where there are areas than need our joint attention. Again, communication is the starting point, this starts with the issue-owners. So, with the good services of TRB we convened a Freight Industry Roundtable. We wanted this Roundtable to open full communications not only with the carriers of freight, but also with the shippers - the people who most fundamentally drive supply chain logistics. In parlance we all understand, "help is best defined in the eyes of the recipient".

We charged this Roundtable with three objectives:

1. Improve USDOT's understanding of the policy and technical context for 21st century supply chain logistics (SCL).
2. Improve industry's understanding of USDOT's role, capabilities, and awareness of Supply Chain Logistics challenges
3. Facilitate a dialogue through which industry and USDOT could form a common policy approach.

The Roundtable has been successful on all three counts. It included Mike Gray from Dell, and Mike Meyer from Georgia Tech.

Slide 5 - A draft framework

In trying to better understand the challenges of freight policy, we learned how industry leaders such as Johnson & Johnson approach performance-based change. What you see here is the beginning - hence a draft - of a performance-based framework for a national freight policy. Such a performance-based framework must include a shared vision and a set of objectives, followed by strategies, tactics, and finally specific tasks and responsibilities. We have repeatedly stressed performance-based framework for a good reason. When we initially discussed with the Roundtable our previous work at the federal and state level, our industry friends immediately reminded us of the obvious: "All these plans and studies are interesting and commendable, but without performance based accountability very little will get done."

We at DOT have gotten the message, and have been working with the Roundtable to develop a draft framework for a national freight policy, which I'm happy to walk you through today. The wording in the title was chosen very carefully:

- First: "draft." While valuable, this document is only a first step, and we plan to work with our partners in both the public and private sectors to revise it over time.
- Second: "framework." Within the Federal government, we're used to dealing with detailed statutes, regulations, and policy statements that may be hundreds of pages in length. This

document, in contrast, is five pages long. Rather than laying out a detailed list of governmental freight programs, it provides a structure - a framework - that is flexible enough to incorporate a wide and constantly changing variety of public and private sector freight initiatives.

- And finally: "national freight policy," rather than "Federal freight policy" or "DOT freight policy." This Framework is not something for USDOT to solve alone; any successful effort calls for a blended effort which draws upon both the public and the private sector. We **all** face the incredible national challenge of improving our freight capacity, and we at DOT fully embrace working on this freight framework together

As I lead you through our framework, I want you to keep in mind four overarching themes:

1. This is a framework for national, not Federal, freight policy
2. Investment is a crucial component of any freight capacity solution, though the sources of investment looking forward may - and probably will - differ from those that we have traditionally relied upon.
3. The need for public-private collaboration. DOT will not be able to be successful if it stands alone.
4. This is a living document, must be as dynamic as the freight sector and the economy that it serve. We fully expect the framework to evolve as conditions change and tactics are tried and evaluated.

Slide 6 - A draft framework starts with a vision

Let's start with the framework's vision. As you can see from this slide, it's rather adventurous.

Slide 7 - The vision is supported by 7 objectives and multiple strategies and tactics to meet each objective

The vision supported by seven objectives and multiple strategies and tactics to meet each objective. The framework contains seven broad objectives:

1. **Improve the operations** of the existing freight transportation system. Change how we do things in the freight system in order to improve throughput or capacity;
2. **Add physical capacity** to the freight transportation system in places where investment makes economic sense. This means we actually need to build things at certain points in the system.
3. **Use pricing** to better align all costs and benefits between users and owners of the freight system and to encourage deployment of productivity-enhancing technologies
4. **Reduce or remove statutory, regulatory, & institutional barriers** to improved freight transportation performance. I think this is pretty clear, we all live in this world of organization and regulations that need to be modernized.
5. Proactively **identify and address** emerging **transportation needs**. We obviously need to have a pulse of where the bottlenecks are today... or where they are going to appear tomorrow.

6. Maximize the **safety and security** of the freight transportation system, this is job one every day. And...
7. Mitigate and **better manage the environmental, health, and community impacts of freight transportation**

We've also developed - and are continuing to develop, in consultation with our public and private sector partners the underlying strategies and tactics that should help us to reach each of these objectives

Slide 8 - Freight policy synergies

None of the seven objectives stand alone. There are synergies between them, and improvement against one objective can produce benefits in others, similarly, lack of attention in one area, negatively impacts another.

Let's look at some specifics, as one example, we have evidence that pricing stimulated off-peak moves at the Port of L.A./Long Beach through an off-peak pricing initiative called Pier Pass. This program has reduced congestion on I-710 and intuitively we believe it has some offset on emissions from trucks that are not operating under congested conditions.

Another example is chassis pools. The glowing success story here is that a chassis pool, such as those instituted at the Port of Hampton Roads, VA, can free up space and increase the velocity of freight movements. Here's what happened when industry changed its operating procedures around chassis pool management: (1) 5000 chassis were removed for the pool - a reduction of 20% from the existing fleet; (2) this reduction freed up 40 acres of on-terminal land; and (3) over-the-road repair incidents went down by 30%. So you see there are synergies in this framework, as positive steps from one sector (making a chassis pool operating change) pay benefits against the other objectives (additional capacity and a safer freight system).

Now lets go into some of the details of each objective.

Slide 9 - Objective 1: Improve the operations of the existing freight transportation system

Objective 1: Improve the operations of the existing freight transportation system. As you see in the Maher Terminal Gate picture, technology is critical to improving operations. What you are looking at here is a Maher Terminal Gate - which represents the state-of-the-art in the US - heavily instrumented to improve gate flow. We collectively must embrace technology in every aspect of the supply chain; this applies to management, to labor, and to public agencies.

Bottlenecks and connectors are choke points that must be addressed. We know where they are, and now the challenge becomes how to work with industry, states and municipalities to create some hybrid financing solutions. The much celebrated public-private partnership model has to move from a nice phrase to active examples.

*****Slide 10 - Objective 2: Add physical capacity to the freight transportation system in places where investment makes economic sense*****

Objective 2: Add physical capacity to the freight transportation system in places where investment makes economic sense. First and foremost, let's not forget that since 1980 the Federal government has put over \$500 billion into the national highway system, which is the backbone for over-the-road freight movement. Looking ahead, technology and operations can't do it all; we simply need more physical capacity in some areas. The SAFETEA-LU transportation reauthorization bill called for Projects of National and Regional Significance, and we plan on working with local leaders to get these built. The picture you see here is the Alameda Corridor in southern California - a prime example of this type of project. In other areas where earmarked funds are not readily available for freight related investments, we have staff who will be working on loans through the Transportation Infrastructure and Finance Act, state infrastructure banks and Private Activity Bonds as they may apply to truck-rail interface projects.

Additionally, FRA will be administering an augmented Railroad Rehabilitation and Improvement Financing program, and the rail industry has asked that we look into investment tax incentives for that industry. All of these Federal programs, in combination with more pricing innovations, can help to finance the construction of new freight infrastructure.

*****Slide 11 - Objective 3: Use pricing to better align all costs and benefits between users and owners of the freight system and to encourage deployment of productivity-enhancing technologies.*****

Objective 3: Use pricing to better align all costs and benefits between users and owners of the freight system and to encourage deployment of productivity-enhancing technologies. When demand exceeds supply, prices can be adjusted in order to manage and meet that demand. Today, with record levels of freight moving, almost every segment of the industry is using its pricing power. At certain busy freight gateways, heavy freight volumes strain freight system capacity, causing congestion that imposes costs on shippers, but there is insufficient funding for congestion-reducing infrastructure projects. In this situation, a user who is shipping more goods is likely to have a willingness to pay if there is a value proposition for freight improvements. Freight policy solutions should capitalize on that value proposition through the use of pricing mechanisms.

What we are looking at in the picture that you see here is the Pier Pass operation at the Ports of Los Angeles and Long Beach. At L.A. and Long Beach the terminal operators collaborated to charge more for peak gate moves over off-peak gate moves, and it's been quite a success story. The extended Pier Pass gate operations, which operate Monday through Thursday nights and during the day shift on Saturdays, now handle about 10,000 truck trips per day. About one-third of the total port complex traffic, and, more importantly, about 40 percent of all import cargo, now moves during the off-peak hours! The bottom line is that peak hour freight-related congestion is down on I-710, the main artery into the ports, thanks to pricing. We think that's a success story that can be replicated at other terminals.

*****Slide 12 - Objective 4: Reduce/remove statutory, regulatory, & institutional barriers to improved freight transportation performance*****

Objective 4: Reduce/remove statutory, regulatory, & institutional barriers to improved freight transportation performance. When the Department was formed in 1967, combining several different modal activities under one roof, its institutional setup was a great improvement over the status quo. Since then, times have changed, and so must the Department. We're working hard to become more multi-modal and intermodal through activities such as gateways teams that cut across the modes. We have Gateway teams in place to respond to freight issues in Chicago, in LA/Long Beach, in Seattle and soon we will be responding to a request for a Gateway team to focus on freight activities at the Port Authority of New York and New Jersey.

In spite of some good cross-departmental efforts, including the team who developed this policy framework, we also know that we can do more to clean up our own house. There are laws and regulations need to be reviewed and updated. There are land use planning statutes around freight facilities which need to be re-examined, again this may not be a federal role... but localities need to be in -tune with land use policies which enhance freight movements and address quality of life issues as well. Making freight as a good neighbor has to be a two-way street.

Slide 13 - Objective 5: Proactively identify and address emerging transportation needs

Objective 5: Proactively identify and address emerging transportation needs. Most of you are familiar with the map that you see here. This map was generated by the Freight Analysis Framework, a Federal Highway Administration effort that has done a great job of consolidating data on freight flows into images such as this.

It is the data we have to develop all we need? Do we have adequate freight data and perfect freight forecasting tools? The answer is no. Do we have the right freight research? Is there ample room for improvement? Yes. We also expect to substantially bridge that research and forecasting gap with the imminent launch of the TRB Freight Cooperative Research Program. This program, which is to be up and running later this year, holds great promise to support research into some of the toughest issues before the freight community. We hope to see a heavy private-sector representation on the Advisory Committee for this Cooperative Research Program. We also hope that this program is structured in such a way that private dollars may augment the federal dollars that the program has been allocated.

Slide 14 - Objective 6: Maximize the safety and security of the freight transportation system

Objective 6: Maximize the safety and security of the freight transportation system. Objectives 1-5 we think are new ground for the DOT, though certainly not for the private sector. In contrast, safety and security are collectively job #1 for all of us, all day, every day. In relation to freight, we must maximize safety and security without compromising efficiency; this has been our mantra ever since 9-11 and it will continue to be our message.

For example, the Federal Motor Carrier Safety Administration is currently in the process of its Intermodal Equipment Roadability Rulemaking, which will help to ensure safe chassis in/around our terminals. This puts us in active partnering with the trucking, rail and containership industry, and we will strike the right balance between commerce and safety. DOT is also fully engaged with the

industry on Operation Safe Commerce, which is aimed at increasing both security and productivity at our ports. Our private partners labor diligently to accommodate new DHS regulations in every part of the supply chain, and we are clearly making progress. It may be challenging at times, but the system is working.

Slide 15 - Objective 7: Mitigate and better manage the environmental, health, and community impacts of freight transportation

Objective 7: Mitigate and better manage the environmental, health, and community impacts of freight transportation. It goes without saying that this is our key job: to be stewards of the environment while still keeping people and goods moving. Yet, as freight volumes grow, there is a clear and growing correlation to environmental impacts. More trucks, more trains, and more congestion add up to new environmental, health, and community management challenges. We must and we will offset vehicle idling around terminals. What you see here is a "green," low-emissions locomotive that the rail industry is using for switching in and around busy freight terminals. Similarly, noise and dredging impacts must be checked and offset. Communities must be assured that freight can be a good neighbor.

Slide 16 - Ownership and accountability ensure performance

A national framework for freight policy is just another document on the shelf without accountability. The private sector has made this point to us very clearly. Those who directly manage the supply chain, call accountability "supply chain metrics." As we often hear, "you can't manage what you can't measure," and we recognize that the National Framework must ultimately include performance metrics, though we're not quite there yet. In the interim, though, we have begun the process of assigning ownership, responsibility, and, ultimately, accountability. In the case of many of the freight policy tactics, responsibilities and accountability will likely be joint and complex, and there will be a need for broad-based communication and a willingness to change practices across the board.

Slide 17 - An example: the promotion of idle reduction opportunities

Let's drill down on an illustrative example of a specific tactic: the promotion of idle reduction policies and projects. First, we need to raise awareness that some of these activities are already underway. Trucks are allowed a 400lb exemption in size and weight restrictions for idle reduction equipment, allowing them to reduce their emissions without sacrificing their ability to carry cargo. Railroads such as Union Pacific are beginning to utilize "green goats" - locomotives with more fuel-efficient engines, such as the picture that I showed a moment ago - to reduce emissions during movements within their rail yards. Some terminals are looking at yard equipment, compressed natural gas, etc.

Right now we're working with various stakeholders to address market based approaches to retrofit legacy diesel engines, and we look forward to innovative demonstration projects of this nature. We have to get down to some very proactive, but economically-feasible initiatives to protect the environment in freight dense areas. The impacts are real and the responses must be proactive. We're also looking at the MARPOL annexes addressing ship stack emissions, new diesel standards in 2007 for trucks, and ways to use DOT's CMAQ program to address emission-reducing pilots.

Finally, I would be remiss if I didn't point out the fact that the private sector has already played a huge role in addressing idle-related emissions. These initiatives are good, but there's more work to be done.

****Slide 18 - Overarching themes and how to get more information****

In closing, I'd like to reiterate the four overarching themes that carry throughout the framework:

1. This is a national freight policy, not a Federal freight policy or a USDOT freight policy.
2. Investment is crucial. There is no substitute. Jawboning can be effective, but there are limits.
3. There is a continuing - and growing - need for public-private collaboration. The days of the Federal government building infrastructure through grants and entitlements are over, and the public and private sectors must work together to achieve freight policy solutions.
4. And finally, this is a living document. In contrast to many Federal policies, I don't envision this framework ever being fully "complete." Instead, it will continually evolve to guide both public and private freight policy efforts of the coming years.

I realize that I've just presented you with a lot of information, and I'm sure that some of you would like to read more about the specifics of our freight policy framework. As you can see on the screen behind me, we've made a copy available at our new Departmental freight webpage - www.dot.gov/freight - and we encourage and welcome any feedback that you would like to provide. We've also set up an email inbox at freight@dot.gov, to which you should send any thoughts on the framework or Department-wide freight policy. This is a work in progress, so I look forward to your questions and comments.

J. Seplow:

We do have one question that's been typed in. The question is when reducing and eliminating statutory barriers to freight, as stated in objective 4, does the USDOT have a plan to ensure that the issues that many of the statutes are designed to protect are not compromised?

T. Furst:

Anytime we're going to go through regulatory changes, it's done through a system that enables everybody to comment on. We can't change regulations without putting out a notice of comment. So, I'm sure throughout the system that we have, everybody's voice would be heard and will be acknowledged. I don't anticipate us compromising environmental and safety regulations.

J. Seplow:

Next question is: As a Vision/Objective/Strategy/Tactic approach, there appears to be no timeline for accomplishment of the goals, or a prioritization under the Policy Framework. You mentioned localized projects (CREATE, PierPass, etc.) as responses to local transportation bottlenecks or challenges: What is required for this living document to adjust to national priorities, and not deteriorate into a basis for the most populated states to attract federal funds, or to endure changes in executive and legislative branch election cycles, or beyond the current TEA-Bill cycle (through 2009)?

T. Furst:

Wow! That's a rather extensive question. Again, we have just started this initiative. We -- what you see as far as the tactics -- when you go to the web site and call up the national framework, you will see actual strategies and tactics listed there. Those are simply the input from the federal players. We still need the state DOTs and MPOs and the private sector to begin populating this web site and the framework. And we're in the process of going out and trying to engage those entities to get their input into the framework. The prioritization will come as we sit down and work through this. Actually every single one of the seven objectives is an important one. And again, this just gives you a way to sit down and work out the details. It enables everybody to get on the same page, compare notes, decide what they want to get behind and push and then do so. I don't know that we necessarily have to put timeframes on it. I would imagine each tactic and each task underneath one of the strategies will come with that kind of detail if that's what you need, in order to get these things moving forward. How it works in conjunction with the existing structure regarding distribution of funds, political cycles and individual localities coming to grips with what they want to do, I don't see any of this overriding that. It simply gives all of the players a place to go to come to a common ground on getting it done. If that doesn't answer your question, then... re-phrase or come back and we'll engage in a discussion on it.

J. Seplow:

After I get through these we will open up the phone lines if you want to ask it over the phone or clarify any points. The next question is: Is it correct that the next step is developing performance measures? And if so, who will decide this?

T. Furst:

We need to develop performance measures for these. It will be decided in the same way that we are putting together all of the different strategies and tactics. It will be collaborative. Between all of the players that are a part of this need to be engaged. We haven't established yet what the performance metrics will look like. Some of the stuff we have undergoing in the Department regarding work we're doing with performance measures on the freight gate -- on the freight corridors and also at the borders can help feed this. But all of the players who are going to be part of this will have to establish what those performance metrics are. Again, keep in it mind, this is a framework, it is a way to have all of the different players come to the table, understand what the objectives are and agree on what strategies and tactics each group will pursue in order to accomplish the objective.

J. Seplow:

And in a related question, although you may have pretty much just covered this: will there be opportunities for participation from nonprivate stakeholders in developing the performance metrics?

T. Furst:

Absolutely.

J. Seplow:

Can you advise the status of the study directed by Sec. 9007 of SAFETEA-LU?

T. Furst:

Well, I don't have SAFETEA-LU sitting in front of me and 9007 doesn't ring a bell. So, if the person who wrote the question can tell me what 9007 is, I will be happy to let you know.

J. Seplow:

Can you say more about the new freight program which will support research and for which you are looking for private sector participation?

T. Furst:

That was the national cooperative freight research program. It requires the Secretary to prepare a memorandum of agreement with the national academy of sciences to set this in place. We have had internal discussions within DOT on what we want that MOA to look like. We have talked to TRB. They have given us what they thought the MOA should look like. We're now in the process of blending these two documents into one so we can agree on what the MOA should read and get both the national academy of sciences and secretary to sign off it and get the program under way.

J. Seplow:

How do you see involving MPOs in the freight policy framework process?

T. Furst:

They can work through their associations. They can go to the web site and put in their individual comments or their ideas on what strategies or tactics could take place. They could -- a number of them could get together through regional associations and put together what they think strategies and tactics are. I would think working through your naturalization would be one of the best ways to corral your thoughts, consolidate them, synthesize them and then put them on to the framework.

J. Seplow:

Is there a cap on the amount that a private entity, such as a railroad, can pay as its share on intermodal projects or rail highway relocation projects?

T. Furst:

Not that I'm aware of. A cap on what they could pay? We just had someone say 100%! Well, yeah, that's entirely possible! I don't think so, we will be happy to research that.

J. Seplow:

The next question is first, complements on a comprehensive initial framework. The question is: Is there a clear role for public input?

T. Furst:

Well, by public you mean state DOT. or MPO or the federal government? Yes. We're going to be talking with AASHTO. We will talk with a number of different organizations on how to best gain public sector -- if by public sector you mean the public in general, yes, I suppose that's a way to do it. They can go to the web site like anyone else. Put their input in. I think putting it in through an organization so it's not just a one-off comment would probably be the way to go.

J. Seplow:

How will FHWA take into consideration that freight is a derived demand and such the changes in our economy have a significant impact on the infrastructure?

T. Furst:

Say the question again?

J. Seplow:

How will FHWA take into consideration the fact that freight is a derived demand and as such the changes in our economy have a significant impact on the infrastructure? And then he says look at the changes caused by our economy, changing from manufacturing to service.

T. Furst

Well. A lot of that is objective 5, which is trying to predict what the emerging needs are. A lot of it comes down to analyzing where we think the economy is going, where the demographics are telling us people are moving to and then trying to anticipate what the transportation needs are in those area as we move forward. A lot of that comes down to getting better data, getting under modeling tools, getting better analytical tools and improving our forecasting capability.

J. Seplow:

Going back to the question about Section 9007 of SAFETEA-LU, that refers to the comprehensive study of the Nation's railroad transportation system since the enactment of the Staggers Rail Act.

J. Seplow:

That one according to the legislative implementation plan has been assigned to the Federal Railroad Administration to conduct and we can find out, you can send me an e-mail and we will find out exactly where they are with that and get back to you.

J. Seplow:

Do you envision all modes of transportation, not just the land modes, will be at play in implementing strategies and solutions for adding capacity and mitigating against congestion and environmental effects of freight transportation problems?

T. Furst:

Yes. In a nut shell. All of the modes were involved in putting the framework together. If you look at the strategies and tactics on the web site, you will see they're reflective of all modes.

J. Seplow:

And is thought being given at the DOT about addressing more than the highway system needs?

T. Furst:

Yes. I would say -- again, go to the web site and look at some of the strategies and tactics that are there and you will get a sense for what we're thinking about.

J. Seplow:

That is all the questions we have typed in right now. We can now open the phone lines for questions. So, Colby, if you can give directions on how to ask questions over the phone, we will see if anybody has any questions.

Operator:

Yes, ma'am. If you would like to ask a question, press star 1 on your touch-tone phone. Your first question comes from the line of Chad Rathmann. Please proceed.

Question:

Yes, actually this is John Tompkins from Minnesota DOT. Tony, I had a quick question for you. We just finished our first -- we just put out the first performance-based freight plan and within that freight plan, there's some strategies and the strategies -- one of those strategies is to work with FHWA, actually on their strategy. So, I'm trying to see how this national objective is merged with the FHWA strategies?

T. Furst:

The way we is he it here is strategies that are in the National Freight Policy will then get translated into what we're doing in my office. So, the strategies that are there that we take ownership of, that we take accountability for, will be part of the strategies that we crank into our annual unit plan, for example. With your -- Minnesota's document, I would suggest you go into the National Freight Policy, look and see where your document gels with the National Freight Policy and you can start adding your strategies there or suggest that they get put there. You can work through the standing committee on highway transport, rail transport, any one of AASHTO's committees to provide that input into the national framework.

Operator:

As a reminder, ladies and gentlemen, if you would like ask a question, please press star 1. Your next question comes from the line of Nancy. Please proceed.

Question:

Thank you. Tactic 5.3.3 talks about strengthening interagency dialogue and I see that several potential partners are mentioned there, including EPA, which really comes to mind when you talk about mitigating environmental impact. Can you expand on how you see that dialogue working at the federal level? And also how you will interact with states on those kinds of issues? Thanks.

T. Furst:

We currently engage with a number of our federal partners on a broad range of issues. The Smartway program that EPA has put together, we've been in consultation quite a bit. HAP works with EPA quite a bit. We work with DHS. We work with customs on the electronic freight management system. We will include our discussions with them and our interaction with them into the strategies that you see in the National Freight Policy. One big policy -- one of the strategies, actually, the global connectivity goal is to improve the types of protocols and arrangements that a number of the agencies that work at the border put together so that they can better cooperate and align their respective endeavors to make sure that the border crossings function as efficiently as they can. Those activities take place with the state DOTs and with the FHWA division offices. So, that's how

some of the federal activity gets translated all the way down to the state level.

Operator:

Your next question comes from the line of Walter Whit. Please proceed.

Question:

What's the status of the freight analysis framework? I was involved in the original construction of it, it was 1998 data, 2010/2020, first national look at freight. What's the status of that project and how will that be used in if the policy development?

T. Furst:

We just released FAF2 at TRB. It is updated all of that information. The origin to destination database is available to whomever wants it. It includes the commodity flow survey and a number of other surveys that we co-mingled and integrated into the FAF. The next step is to go ahead and put together a loaded network so we can go ahead and start generating the maps that the original FAF generated. Exactly what level of geography we will be able to do that in, we're working on here at the department.

Operator:

At this time, there are no further questions in queue.

J. Seplow:

We don't have anything else typed in right now.

T. Furst:

Okay, I wanted to walk people quickie through some of the other SAFETEA-LU provisions and where we sit with those. For projects of national and regional significance, for the national corridor infrastructure improvement program, and for the freight intermodal pilot distribution grant program, all much those have guidance posted on the web site, both at FHWA policy office and also the freight office. The report to Congress for the projects of national and regional significance is working its way through the Department on to Congress. And the notice of proposed rulemaking regarding projects are also working their way through the Department. The truck parking facilities program, we are working on the federal register notice for that and hope to have it out in the spring. The national cooperative freight research program, I talked about earlier, we're drafting the MOA between the Secretary and between NCHRP, the national academy of sciences and hope to have that under way here in the spring. There were a series of -- bus axles and also the 400-pound provision for reduction equipment on commercial vehicles, all of those technical amendments are working their way, as a rather large technical amendment notice, to be placed in the federal register. And the freight capacity program is being worked within the freight professional development program. So, those are the major freight initiatives within SAFETEA-LU and I just wanted to bring everybody up to speed in case anybody has any questions on where we are with those.

Operator:

At this time, we do have a question in the audio queue. The next comes from the line of Nancy Pfeffer. Please proceed.

Question:

Thank you. My question actually is not on the update you just gave, but going back to the framework and I just wanted to ask if you could expand a little bit on strategy 4.1, where it says identify other institutional changes and says not the usual suspects or nonstarters, I wondered if you could expand on what you might be referring to that disclaimer?

T. Furst:

That was probably a little comment left in there from internal discussions within the Department. Parenthetical comment. There are a number of times people say we need to revisit regulatory issues, and actually none of those came forward during the discussions. That was just an aside and someone put it into the document and there it sits and we will have to go in and -- and pull that one out of there. But the idea is that we need regulatory institutional changes that actually will make a difference and advance the ball. And some of them will be a little bit difficult to tackle and some will be somewhat easier. I think some of the work that is being done under the SEP15 program can help direct us toward those types of regulatory changes that would make sense that we could undertake. It could be that we will have to tackle things like the tax or the Jones act. It goes the full spectrum of activities and as far as we're concerned, everything is on the table.

J. Seplow:

We have another question that's actually been typed in. What will be addressed in the NPRM on PNRs?

T. Furst:

Congress, when they passed the legislation and told us we had to write regulations for programs of national and regional significance, even though in this go-around, that entire program was thoroughly earmarked, we need to go forward and put in place the regulatory framework for accepting applications for projects of national and regional significance and how we would rank order them and select them for future consideration. We will see what happens in the next preauthorization package. That's why we're moving forward with the NPRM. It was directed in the legislation that we do so.

J. Seplow:

I may have missed a question. How does the freight bottom line report relate to the National Freight Policy?

T. Furst:

Is this the AASHTO report you're referring to? If it does, we will be engaging -- yes, we will be engaging with AASHTO and I imagine that some of the strategies that that document puts forward can be folded into the National Freight Policy.

J. Seplow:

We have one more question coming in but it didn't make its way to me, I'm trying to get that right now. Okay. What is the general attitude or view towards third-party vendor participation/cooperation of using private independent businesses to help ease the burden of costs/net profits of implementing compliance/safety measures?

T. Furst:

I don't know that there is any prohibition one way or another. It's really up to the people that have to do the -- I guess it's up to the people who are responsible for compliance and safety measures. I guess states and MPOs can contract that out if that's something they want to do and if it's required by regulation and legislation. I guess if it's allowed by law or regulation, you can contract that function out and it makes sense to do so and it's economically viable to do so. I don't see there's any prohibition in doing it. It's really up to whether that works or something that can be done by a third party.

J. Seplow:

Another question typed in is do you plan any coordination with the Department of Energy's research on cleaning up heavy-duty diesel engines and developing cleaner fuels?

T. Furst:

We would probably work with our environmental planning office down the hall and see what they have in store for that. I know that there are people in the Office of the Secretary working on that and I'm sure they're working on that in environmental and planning. So, we would have to check with them and see what they've got in store.

J. Seplow:

Okay, another question typed in. Can you explain more about the Gateway Teams and their role in freight planning, including the one being developed for the Port of New York and New Jersey?

T. Furst:

Well, I can give you a little history when Chicago CREATE was first being put together, they came to us and asked us at the Departmental level to bring as many of the different agencies as we could together to help solve some of the problems that are being presented by what type of projects to move forward and create. And we did that. And then in Los Angeles and Long Beach, the Secretary went to MARAD and asked them if they could provide an FTE to go to Los Angeles and view the focal point for activity in the L.A./Long Beach region, to help them coordinate activities and to bring whatever resources the department could bring to help solve the problem. So, Randy Rogers from the Maritime Administration went down to Los Angeles and is now the focal point for the Department there. He can reach back into the Department and touch any of the numbers of the operating administrations to help him answer any of the questions that are posed to him for the resources to bear. That's conceptually what's going on and probably what will take place in New York, New Jersey, as well. Exactly who is going to do that and how the team is going to function remains to be seen.

J. Seplow:

Okay. Do we have any more questions on the phone at this point?

Operator:

There are no audio questions in queue at this time.

J. Seplow:

Okay. Thank you. Oh, we have another one typed in now! You mentioned possibly folding in the AASHTO report with the National Freight Policy. Is the NFP aiming to be this fundamental, i.e., a mode shift of some sort toward rail, in light of forecasted overload of the highway system (70 percent increase in trucks by 2020)? What might "folding in" actually mean?

T. Furst:

The National Freight Policy does not presuppose any kind of policy regarding forced modal split. It's simply an opportunity to put all of the equations on the table. It would really be up to AASHTO to decide how they wanted to take elements of their bottom line report and propose it for strategies or tactics within the National Freight Policy. They are the generators of the report and a lot of the activity that they recommend in that report, I would turn to AASHTO to see if they wanted to roll some of the suggestions and recommendations from that into strategies or tactics in the National Freight Policy. Again, keep in mind it's not an opportunity to hang a lot of ornaments on a tree and sit back and watch them glitter. If you put a strategy or a tactic on the National Freight Policy, you take ownership for it and you will be accountable for advancing it. So, to the extent that any of the recommendations do that, I would suppose they're eligible and could be proposed for inclusion in the National Freight Policy.

J. Seplow:

Going back to the question about the third party vendors, the reason I ask this is because there is great fear, concern among smaller revenue earning freight industry businesses that the new policies and regulations will cause too heavy a burden on those with fewer resources within capital operating cash/credit to afford the equipment/personnel/etc. required to comply and compete with larger business/companies who will not be affected for bottom line net profit revenues/earning?

T. Furst:

Well, I would think that that's -- that's a problem any small business faces when dealing with -- with larger competitors. And I don't understand how that --... yeah, we didn't say anything about adding regulations put and what we want to do is take a look at which regulations need to be overhauled in order to be able to advance freight movement. And that also doesn't have anything to do with whether or not a third party implements the compliance or the safety regulations. So, if you think that -- that the National Freight Policy is designed to put in place regulations that could be a burden to small businesses, then you've misinterpreted what we're trying to do. What we want to do is look and see which regulations need to be overhauled in order to better facilitate freight movement, whether that's through operational changes or through adding physical capacity.

J. Seplow:

That appears to be all the questions that we have. So, we will go ahead and close out today's seminar. Thank you, Tony and thank you, everybody who attended today. Again, the recorded version of this event will be available within the next week on the Talking Freight web site and I will send out an e-mail to let you know when it is available. The next seminar will be held on March 15th and is titled Commodities: From Origin to Destination. You can register by visiting the Talking Freight web site and I also encourage you to join the Freight Planning LISTSERV if you haven't already done so. So, with that, thank you everybody and enjoy the rest of your day.

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