National Freight Productivity Program: Public Policy Options

presented to

National Freight Forum: Private-Sector Freight Summit
Transportation Research Board
Washington, DC

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March 14, 2002
Presentation

- Freight Trends
- Freight Impacts
  - International Freight Gateways
  - Metropolitan/State Freight Regions
  - Multi-State Trade Areas and National Corridors
  - Nation

- National Policy Options
  - Objectives
  - Programs and Funding
  - Roles and Responsibilities
U.S. Economy and Trade

Gross Domestic Product Growth Has Averaged 3.2% per Year; Trade Is Now Equivalent to 27% of Gross Domestic Product
Freight Growth, 2000-2020

With Moderate Economic Growth (e.g., 3.1% CAGR), Import/Export Freight Tonnage Could Double by 2020 and Domestic Freight Tonnage Could Increase by About 70 Percent
Freight Issue
Do the Nation’s Freight Systems Have the Capacity to Handle the Growing Volume of Freight?

Source: FHWA Freight Analysis Framework Project
Reebie Associates 1998 data (1st Approximation)
WEFA economic data and forecasts
**Total Logistics Expenditures and GDP**

Freight Productivity Has Improved, but Total Logistics Expenditures Have Stalled at About 10 Percent of Gross Domestic Product

Source: Cass/ProLogis 10th Annual State of Logistics Report, 1998
**Metropolitan Congestion**

*Congestion Is Eroding Freight Reliability; Peak-Period Travel Times Have Increased Significantly Compared to Off-Peak Travel Times*

Source: Texas Transportation Institute

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**TTI Travel Rate Index**

- **Very Large Metro Areas**
- **Average 68 Metro Areas**
- **Large Metro Areas**
- **Medium Metro Areas**
- **Small Metro Areas**

Source: Texas Transportation Institute
Public and Private Transportation Perspectives
Planning and Investment in Freight Systems Is Challenging Because the State and MPO Focus Is Regional and Local While the Private-Sector Focus Is Increasingly National and Global
Freight Impacts and National Policy Options

- International Freight Gateways
- Metropolitan/State Freight Regions
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International Freight Gateways

1998 Import/Export Tonnage May Double by 2020

Source: FHWA Freight Analysis Framework Project
Reebie Associates 1998 data (1st Approximation)
WEFA economic data and forecasts
Import/Export Truck-Freight Flows To/From the Port of Charleston

International Gateway Performance Impacts Many Areas

Source: FHWA Freight Analysis Framework Project
Reebie Associates 1998 data (1st Approximation); truck-freight flows in tons, all commodities, 1998
Intermodal Terminals
Volumes Are Forecast to Double or Triple; Quadruple at Airports
International Freight Gateways

Policy Objectives

- Improve gateway throughput
- Ensure national security
- Minimize congestion and community impacts
International Freight Gateways
Policy Options

- Consider new or expanded programs to meet International Gateway challenges
  
  • To improve freight access and security:
  
  • Encourage public-private partnerships
  
  • Blend grants, innovative financing, user fees, etc., to support international-freight-gateway projects (e.g., Alameda Corridor)

- Examples of emerging major freight access and security projects include Alameda Corridor East/I-710, Seattle-Tacoma FAST corridor, NJ Portway, PANYNJ Inland Distribution Network, Detroit-Windsor border crossing...
International Freight Gateways

Policy Options

- Expand TIFIA program

  - To provide loans and credit enhancements for large transportation projects (Transportation Infrastructure Finance and Innovation Act):
  
  - Expand eligibility to cover intermodal rail and marine freight projects that have significant highway and public benefits
Freight Impact Areas

- International Freight Gateways
- Metropolitan/State Freight Regions
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Manufacturing Centers

Freight Trips Serving Manufacturing and ...
Wholesaling/Distribution Centers

Freight Trips Serving Warehousing and Distribution...
Metropolitan Population Centers

...Are Concentrated in Major Population Areas
**Metropolitan/State Freight Regions**  
*Policy Objectives*

- Improve **reliability** of freight movement
- Support state and local **economic development**
- **Coordinate** freight transportation investment, economic development, and trade initiatives
Metropolitan/State Freight Regions
Policy Options

- Increase National Highway System (NHS) spending on intermodal freight connectors
  - To improve condition and performance of intermodal connectors (“the last mile”):
  - Assure consideration of connectors in state plans and programs
  - Consider increasing Federal-aid match for connectors
Metropolitan/State Freight Regions
Policy Options

- Consider broadening eligibility of the Surface Transportation Program (STP) for freight projects
  - To improve capacity, performance, and safety of freight system:
  - Fund public and public-private freight projects that have significant highway and public benefits
**Metropolitan/State Freight Regions**  
*Policy Options*

- Establish mechanisms for **statewide coordination** of freight investments
  
  - To integrate freight transportation investment, economic development, and trade initiatives:
  
  - Ask each governor to identify a mechanism to coordinate freight and trade initiatives and integrate them into statewide and metropolitan planning and program development
  
  - Integrate freight planning across modes
Freight Impact Areas

- International Freight Gateways
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Multi-State Trade Areas

Most Freight Movement Occurs Within Multi-State Trade Areas
Short-Haul Truck Freight-Sheds
Trips Under 500 miles, Tons, All Commodities, 1998

Source: FHWA Freight Analysis Framework Project
Reebie Associates 1998 data (1st Approximation)
WEFA economic data and forecasts
**Multi-State Trade Areas and Corridors**

*Policy Objectives*

- Improve freight **networks and corridors**
- Ensure economic **competitiveness**
Multi-State Trade Areas and Corridors
Policy Options

- Modify federal Borders and Corridors programs
  - To improve freight networks linking national and global trade areas:
  - Better enable multi-state coalitions
  - Encourage multi-modal approaches to corridor-level planning and program development
  - Foster improved bi-national planning for border gateways
Multi-State Trade Areas and Corridors
Policy Options

- Consider other innovative-finance mechanisms such as tax-credit-bond financing for freight projects
  - To expand financing options for freight projects:
  - Expand innovative finance tool kit for freight projects
    - (Congress has proposed tax-credit bond financing for Amtrak)
  - Implement through states or multi-state mechanisms
Freight Impact Areas

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**Nation**

*Policy Objectives*

- Ensure national **security**

- Improve overall freight-system **performance**
Nation
Policy Options

■ Foster freight-transportation security and technology initiatives

  • To ensure secure and efficient global freight-movement systems for cargo and assets:

  • Accelerate industry deployment of freight and vehicle tracking and security equipment

  • Support industry adoption and use of standards for the interchange of freight movement and security information
Nation
Policy Options

- Improve freight data and analysis capabilities
  - To understand trends, inform investment decisions, and support safe and reliable transportation operations:
  - Expand collection of commodity flow data
  - Strengthen vehicle count programs
  - Build freight-demand forecasting and economic evaluation tools
Nation
Policy Options

- Create a National Freight Advisory Council
  - To provide for public-private collaboration:
  - Advise the Secretary on freight-system trends, issues, and programs of national and international significance
Summary

■ Freight volumes are growing with the economy

■ This growth will strain the freight system

■ Freight system productivity is challenged by congestion and capacity choke points at international gateways, within metropolitan regions, and along national trade corridors

■ Without coordinated public and private action, congestion and capacity constraints will weaken the freight industry, the economy, communities, and the environment

■ The public and private freight community must advance public policy options that improve the productivity and security of the national freight system