

DAY 3: PLENARY SESSION (TOWN HALL MEETING PANEL)

## Progress Since the 1994 Commission Report Nonfederal Public Agency Assessments

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### STATE DEPARTMENT OF TRANSPORTATION PERSPECTIVE

*Anne Canby*

I will start out by responding to Ted Prince's comments. I am a member of the TRB Executive Committee and take to heart what he said about making sure TRB stays relevant.

It is important to monitor, every so often, just how we are doing in an area that is so extremely vital to our nation's economy. As I listened to the reports this morning, people have indicated that the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) opened the door to our thinking in the public sector and encouraged us to reach out. The Transportation Equity Act for the 21st Century (TEA-21) gave us a first glimpse of some of the tools we are beginning to use as we think about new approaches to dealing with the issue of freight, particularly intermodal freight.

As we approach the period of reauthorization, we need to be thinking about what the next steps are, what has worked and what has not worked, and then setting the table to ensure that the legislators who have to put this together go in the right direction.

States are beginning, in some small ways, to think beyond their borders, although admittedly we have a lot more to do. Freight does not understand municipal, county, state, or even national boundaries, and that point has been well made throughout this conference. When I say states, I am really talking about state departments of

transportation (DOTs) and the need for us to think about ourselves as operators of the transportation system or at least a piece of it. I am not talking only about construction. Although many DOTs see themselves as constructors and then maintainers and, in some cases, planners, they do not really think of themselves as operators. This is a critical area for us to focus on, because operations is what it is all about. You have to move it from A to B and you have to do it on time and at a cost that somebody is willing to pay. That is not the normal way we think about things at the state level, but it is one we need to consider. Service is also our business. I think we are beginning to move in that direction as we go into more 24/7 transportation operations centers. They do not affect all of the freight system but certainly some important pieces of it, particularly in metropolitan areas.

Think about the nature of public-private relationships; clearly, there are as many combinations as you can possibly think of in that regard. During the course of commission discussions, one thing I tried (without a lot of success) to get the railroads to think about—particularly in congested metropolitan areas where intermodal is either coming from, going to, or going through—is a partnership between transit providers and freight movers. If the truck has to be there, then we need to think of some different ways to move the people so they get more efficient and allocate limited capacities on our system differently than we do now—not on a first-come, first-served basis as it is today. That is one area where some new territory could be plowed and I do not think anyone has really talked about that. There continue to be some metropolitan areas that continue to try to build their way out of congestion and it

is not going to work. You are faced with citizen revolt, environmental issues, and financial issues, and you cannot get there within a time frame that makes any sense. Hence, there need to be some new approaches.

I agree wholeheartedly on the need for more and better information and I think we are beginning to get some—for example, the commodity flow survey. However, we have to package the information so that the political machine, if you will, can really see and understand these problems we are trying to deal with. I do not believe there is a governor in this country who, when you talk about jobs, does not want more in his or her state, because that is what produces tax revenues. It strengthens our economy. We never clearly demonstrate the link between goods movement and the economy and jobs.

Finding a way to effectively put together that story is part research, part education, and part public awareness. It can happen through metropolitan planning organizations (MPOs). It can happen through outreach to the National Governors Association, the National Association of Counties, the League of Cities, the Conference of Mayors, the Association of MPOs, and the American Association of State Highway and Transportation Officials, just for starters. However, we need to be able to translate the problems and the issues we are dealing with in this arena to an agenda our political leaders can get onboard with.

Education is important because the business community in every state has gone to political leaders and said, “These graduates cannot function as employees in my company. We need to do something about it.” The Chamber of Commerce in the state of Delaware is one of the largest champions for education reform. That is part of the dialogue we need to get going to get some visibility on this issue; otherwise, we are going to be talking to ourselves and I can tell you a whole lot is not going to get done.

With respect to the MPOs, I happen to be in a somewhat unusual position on this, because I chair the MPO for the largest county in Delaware and help bring these issues to the table. In most places and for the most part, MPOs are not equipped to think about day-to-day operating issues. However, they can be very helpful and instrumental in helping frame an agenda for a region from the transportation standpoint so the political leaders can begin to grasp and understand what is going on. The MPO is a tool and an avenue to begin effectively conveying the freight message. For things to happen, the message has to get out to a broader audience.

By getting the message out, we can put transportation issues on a different plane—one where people who do not think about these issues every day as we do can begin to recognize the challenges we face and the economic impact that will result if we do not step up to the plate to find new ways to resolve the issues. Going in the front door and saying we are going to deal with the institu-

tional issues is not a good approach, because you could spend the rest of your life trying to deal with the institutional issues. My sense is that, if you have the right kind of leadership and can identify and seek solutions to specific problems, the institutional issues will begin to take care of themselves.

Clearly, we are beginning to see the emergence of broader intermodal thinking at the federal, state, and local levels and that is encouraging; however, it is nowhere near where we need to be to keep up with the external changes that are occurring. Every one of us can look inside our own organizations and identify things we could do better and we all need to do it. Admittedly, those of us in state DOTs do not always want to hear some of the things we need to hear; however, we need people to deliver those messages in a way we will listen to and understand and then open the door to the change that needs to occur.

I think we are all concerned about service, and if we are not, we need to be. We are all concerned about operations, and if we are not, we need to be. In this way, we begin to recognize and create some commonalities that allow us to take steps that otherwise might be considered too hard or too big to take.

## PORT PERSPECTIVE

*H. Thomas Kornegay*

**A**lthough I am tempted to respond to some of the other comments I have heard during this conference, I will instead focus on four specific issues.

First, with respect to the marine transportation system, I want to say that the ports of this nation are looking forward to working on an inclusive system in which freight, as well as passengers, receive the appropriate recognition and funding. I want to add two points that have not been mentioned:

- The mapping of all the navigational waters in the United States that continues to not get done. Our mariners are using marine navigational maps that were prepared in the early 1900s. Because they have been digitized and are accessible on laptop computers, you may think they are current—wrong assumption, they are not.
- Research on low-visibility navigation systems. These systems are used in ports throughout the world, but we do not have one in the United States as far as I know. I am trying to work with NASA in Houston to try to develop one, but we have not gotten there yet.

Second, I would like to talk a little about MPOs and the fact that “ours is not like yours.” In the Houston

area, we have made some progress and not too long ago started to focus on issues other than transit. I have been attending MPO meetings for quite some time and got a seat on their Transportation Policy Council (TPC) last year. Since that time, I have caught them using the word "freight" twice. They used the word "truck" once. I say that not to degrade them but to point out that their focus is different from what I, as a port official, am used to. For example, when they put me on the TPC, they showed me as representing "other transportation interests." I acknowledged that I am a jogger and a cyclist (as well as a port executive), so therefore I agreed with the category in which they had put me.

The port of Houston has gone through a process with the MPO to get funding to build a railroad. This was a start for them and they did not quite know what to think or how to react when we proposed it. The port found that a lot of the Congestion Mitigation and Air Quality (CMAQ) money was available and not being used in our area. We found a way to use it to build the railroad and therefore take trucks off the road. In doing so, however, we had to "play the game." We put together a proposal and then the TPC gave me 3 minutes to make a presentation. I was barely through the second slide when they rang the bell and said "Your time is up!" and I still had about 12 more slides to go. The way we played the game was to go around and individually visit every member of the TPC to present our proposal face to face. Then we went to see their alternates, just in case. We made about 40 person-to-person visits to make our case and that is how we got the project done. I think we may have been the first ones to take this approach, because they were all amazed and astounded that we took the time and energy to do that. We got our project approved and we have built two railroad projects with federal funds.

My third point relates to ISTE. I want to point out that the first word is intermodal and that does not mean driving your car to the airport to catch a plane. That word originated from the marine industry, where we were talking about taking the container off the ship, putting it on rail, and then trucking it to the final destination. That is intermodal.

Fourth, I want to talk about the railroads. As many of you know, there was a pretty big problem in Houston a couple of years ago, and during that time I made what I thought was a good proposal, although some of my railroad friends may not agree with me. My proposal was that all the major cities in the United States have all their industries served by all the railroads that serve that area. That basically means that the short-line railroads in a given area would serve the customers, and the Class I or long-haul railroads would be just that and serve the long-haul markets. This idea is not contrary to what Rob Krebs said at lunch earlier today about going to the grain elevator and doing a 12-hour turnaround. The two can

be meshed together, because we have done it in Houston. We have a short-haul railroad that serves almost everybody along the port and we also have a grain elevator and we are doing the 12-hour turnaround.

Not long after I made the suggestion, it just so happened that the railroads in Houston got together and have now formed the Spring Center, through which all the railroads in Houston do their dispatching. They are using all the trackage together and they are not being parochial about it. If it is a Burlington Northern train and it needs to go over a Union Pacific track to make everything work right, that is what happens. It is working well and I think this is a positive thing that should be broadened to other cities. I know this is heresy among the railroads, but I think the idea of captive customers is going to have to go. For as long as anyone can remember, this is how the railroads have made their money—they have captive customers. The time has come for that to be reconsidered.

## METROPOLITAN PLANNING ORGANIZATION PERSPECTIVE

### *F. Gerald Rawling*

**A**t lunch yesterday, Greg Lebedev said that it is a fine line between insight and idiocy, and I think I must be here to show that if you are truly bipolar, you can aspire to being both of those at the same time. Before I came to this conference I asked myself a question: "Is the Chicago Area Transportation Study (CATS), which is the MPO for northeastern Illinois, in any kind of state of preparedness for the intermodal business of the 21st century?" You notice I did not put that to my MPO—I put it to myself because I am fairly certain that not too many of the other members of my MPO would understand the question. Therefore, I was left to answer my own question. I attempted to do that by dividing our work program into five elements and grading each of them.

The first element I considered was education and outreach. CATS has an extensive education, outreach, and public awareness program in which we more or less proselytize. Many of you may have heard our famous sound bite: "Chicago is the third largest port on the face of the earth after Hong Kong and Singapore." This is a fact if you use the volume process as the index of measurement. The Chicago area does something like 11.5 million 20-ft equivalent units a year. The fact that we are not in a traditional maritime location in this context is irrelevant. This is where the processing gets done and it is primarily rail to highway and vice versa. It is our current issue and is likely to be our preeminent issue for some time to come, particularly if Illinois DOT decides we do not need a third airport.

CATS serves two functions: We are kind of a “go-to” place for information and we try to explain the transportation industry to the public at large, because we are one of the first agencies the public at large comes to for explanations of what is going on in transportation. I am referring to that sort of universal disconnect in which the population appears to think stocked grocery shelves are a spontaneous event, kind of like the immaculate conception—you do not have to be there—it just happens and it does not need vehicles to move things to and from. We do some serious work on that issue and I think we would probably get a grade B for our efforts.

We have an intermodal component in the long-range portion of the regional transportation plan. We ought to get a grade A for that, but there is a good chance we could get an F if we relax our vigilance. There was no intermodal component in the previous long-range plan and I would not guarantee one in the next plan unless some people on the inside go to bat for it.

We also have an improvement needs working group. I would give that a grade of B, acknowledging that we have to continue to deliver the product or the grade could slip. We solicited industry for what I call “parochial” improvements to the operational environment. It may make engineering solutions, raise some bridges, signalize some intersections, and things like that, which make it easier to do business. We have managed to dispose of about 19 of those proposals and there are several more in the pipeline. If I make a similar presentation any time again in the future, I hope the numbers will have all gone up.

We publish widely, because we have three staff who have completed all but their dissertations for their Ph.D. We disseminate the information whatever it is, for whatever it is worth, and sometimes it is just number crunching to finesse some investment numbers.

The last thing is we work at specific endeavors that we think are industry-friendly. As an example, I refer to our definitive work on intermodal connectors and the follow-on work we have been doing with FHWA.

Where do we stand at the start of the century? I feel the ground shifting under my feet. I think we have been in a condition in the past several years the French would call “outré”—sort of outside the loop and slightly maverick, slightly in-your-face. It is shifting toward a sort of institutional thing and that is really a mixed blessing, because I work for an MPO that sounds like the one I just heard described. CATS works its intermodal program with about 1.1 percent of the entire regional unified work program budget. We get about \$175,000—1.5 full-time equivalents, which is only 40 percent of what your average transit industry puts into routine, repetitive, not sure if we are going to learn anything but we have done it every year for the past 20 years or so, we cannot drop it from the cycle, market research.

## SUMMARY OF AUDIENCE COMMENTS FROM TOWN HALL MEETING

- How do we bring new technology into the marketplace so that it is successful as a commercial ongoing venture, as opposed to technology for technology’s sake? If we consider the example of doublestack rail, which at the time really involved two technologies. One was the “6-pack” with the bulkhead car that SeaLand was running between Los Angeles and Houston on the old Southern Pacific. The other one was what came to be known as the interbox connector car (IBC). The IBC was developed to get intermodal trailers, trailer-on-flatcar, into New York City, where it had been decided they had to have an intermodal terminal in every borough. The problem was, it was a public policy initiative that said we have to have this technology and it never took off. It sat there until Thrall and then American President Lines got together and said, “This could resolve an issue we have, which is that, unlike Conrail which can run an 80-car train, the western railroads are constrained by siding length, and if we cannot go long, let’s go up.” As with most generic research, you are going to have successes and failures, but this was an example of research that was of practical use to the industry and the law of unintended consequences took over.

- Do we know what the profitability of the industry is? Probably not, on an industry level; however, at a company level, we know the profitability of that small piece of the intermodal action. For example, 10 years ago, intermodalism was the area of profitless boom in our company. It was the only high-growth area and it was basically a breakeven business and you cannot keep with that situation year after year. We found our backs were against the wall and we found a way to make it profitable—better pricing, more efficient building of trains, filling all the slots, and so forth. Perhaps the biggest thing we did to make intermodal profitable was to get out of the short-haul lanes. We culled anything less than about 1,000 mi. Is that good public policy? I do not know. We put a lot of volume back on the highway. But now intermodalism is as profitable for us as merchandise, carload, boxcar-type business. The growth has slowed down. The big opportunity for growth is in these shorter-haul, medium lengths of haul lanes. That is going to be, in my opinion, the next frontier for the railroads, to see if we can break into that segment at respectable profit margins.

- Profit would be nice; however, as a start, we need to understand what is moving before we make a decision to get out of this market and into that market or to open gates 24/7. More and better data are needed to indicate whether a specific action is appropriate or has been given a chance. There is a need for objective measurement.

- The private sector has to remember that their decision(s) can have an enormous impact on the public side.

When a company decides that some activity is no longer profitable and they do not want to do it anymore, there are secondary impacts on the public side, particularly with respect to infrastructure. There is a need for the private sector and public sector to think about these impacts together so they can be dealt with in an organized fashion. Too often, things happen that result in a reactive approach, which does not make the public sector look very good. Although major changes in a company's activities may help their bottom line, there are other impacts the private company is not directly feeling. However, these impacts filter into other places and probably have some impact on the movement of people or goods in their particular areas. It is questionable whether we can ever get to the point where we think about these things totally holistically.

- Many in both the public and private sectors have expended considerable energy since ISTEA to develop better relations between the freight community and the MPO process and that was reflected in some earlier presentations. It is unclear whether the federal government and the states will move beyond infrastructure construction and assume some role in operations. There is a move toward more 24/7 multimodal operations centers in metropolitan areas and perhaps this suggests that the public sector needs a similar strategy—this may be happening in some metropolitan areas and states already. Freight needs to be at the table when multimodal operation centers are developed to ensure that freight operations are considered in infrastructure construction plans.

- Significant strides have been made in Texas, particularly when the Texas Highway Department became the Texas Department of Transportation. They now have a Port Advisory Committee, representatives from Texas ports who get together and tell Texas DOT what they would like to see done. The state now does studies on ships and ports—this is progress.

- Despite the criticisms that have been leveled from both sides over the past few days, we need to look around and acknowledge that we are probably the best in the world. We still have areas that need improvement, but nonetheless we are a world leader. We have a long way to go, but we are doing the job, whether it is by the private sector, public sector, or a collaborative effort.

- Solving problems in the 21st century will require that the public and private sectors come together. We are going to see more public-private partnerships. We are going to have to start sharing information. We are going to have to start planning together and this message needs to get out to everybody. That is the key to solving current and future problems.

- From a railroad perspective, there will be a need to fill in the missing link in the dialogue if we do move toward more public financing assistance in rail projects.

The railroads will have to be there to explain and justify and make their case.

- Caltrans has made significant strides in recent years to beef up their operational abilities and they have done a pretty good job—in part because they have been forced to by circumstances. Caltrans felt pressure to not do maintenance during peak hours and daylight hours until some of our maintenance and construction activities had been moved to the nighttime hours. There are problems with that. People are not as aware at night—the other drivers on the facility and the workers themselves. It is difficult, especially if you do something like rotating shifts so that one day you are evening and the next day you are not, and the next day you are days. You never really get used to your cycle. We are working on these issues and setting up a system. There will be closures at night, in some cases in congested areas. Going to 24/7 is not going to solve all the problems, but it is going to improve some things operationally on the highways around the ports. We need to work closely with the traffic operations centers to know where the road closures are and provide drivers with real live data via the web indicating where the road closures are and where the accidents are and inform customers so they get the service they demand. Taking advantage of those things is a very wise thing for the industry to do. Caltrans is an active and anxious partner to work with industry to improve operations and to improve the system to make it safer for everyone.

- At a recent intelligent transportation system exhibition, someone from southern California was displaying on the Internet every major accident that was out there affecting traffic, which is more media impact than road closure due to construction. Yet this information was viewed as classified and could not be put out to the public so they could make alternative arrangements. It is like on Interstate 95, they have signs that say you have just passed the last exit to avoid sitting in traffic for 4 hours. There are some basic things we could be doing to eliminate the congestion and offer alternatives to get around it.

- We are really talking about an overall culture change. More and more shippers or receivers of merchandise are going to a second shift and even to a third shift. If I pick up a container at 11:30 at night, what am I going to do with it? We have signed on to a web page that shows the highways in southern California and it is red for less than 20 mph and yellow and green. That is a real time-saver for us and our dispatch is constantly on that web page and talking to our drivers. However, if we are going to be able to handle this huge influx of merchandise that is anticipated in the future, we are going to have to do more. The port is not going to be extended up to downtown Los Angeles.

- We are likely to see more and more state DOTs moving to operations 24/7 and putting information up live. This is being done very aggressively in Delaware. It

could be compared with a ground version of air traffic control. We cannot control the people on the road, but we can at least give them information about what is going on. Delaware is probably the first DOT that has successfully completed the purchase of an AM radio frequency that will allow us to broadcast and update every 60 seconds traffic conditions in the more congested area of the state. The whole idea is to have the best set of information about what is happening on an identified set of road mileage and get that information to the users and shippers in a timely manner. More and more areas are going to this kind of information dissemination. It is not a silver bullet, but it is a useful tool.

- On the issue of 24/7 at ports on the West Coast, it is not clear that it is necessary right now. I honestly have never had a request from anyone in the trucking business or any of our shippers to open the gates 24 hours a day. They have asked me to extend the hours and we have done that. We open as early as 7:00 a.m. and we close as late as 7:00 p.m. However, we do not have people who want to come pick up loads earlier than that or later than that. I have to go back to what was said earlier. If they did pick them up, where would they be going? The largest share of the cargo we handle is destined for Houston, and Home Depot and Walgreens are the only two retailers I know that stay open all night.

- On the West Coast, you basically have three operating shifts: (a) one that starts at 8:00 a.m. and goes to 5 or 6 p.m.; (b) one that starts at 6 p.m. and goes until 3 a.m.; and (c) what they call the "hoot owl" shift, which operates between 3 a.m. and 8 a.m. The problem is you have to pay that 5-hour shift as much as you would pay the 8- or 9-hour shift. Because that is not a routine operating window, your best workers from the daylight shift will say, if I can work for 5 hours and make the same amount of money, I will work the hoot owl shift. Then you are left at 8 a.m. waiting for the casuals to show up from the hall. This is a labor negotiating issue mentioned earlier that management needs to deal with.

- Another problem has been that the open hours of the gate have been the result of some external trauma—whether due to factors here, such as the Union Pacific/Southern Pacific problems, or overseas, such as the Kobe earthquake, or anything in between. It takes time for customers to change their receiving patterns. Although, as one of the truckers indicated this morning, there are plenty of truckers serving customers who are open 24/7. If you think about Los Angeles, shipments may be going as far as Buckeye, Arizona, where Wal-Mart has a distribution facility. There is a fair amount of this traffic, so there is a desire for some truckers to get in here at midnight or 1:00 a.m. and hit the road and be 300 mi out by daylight.

- In working closely with terminal operators, I have found that terminals are open 24 hours a day, and they

are working at unloading and reloading the vessels. That is the most expensive portion and the number one focus for the terminal operator. The landside portion of delivering the containers to the trucking community is, at most times, open only from 8:00 a.m. to 5:00 p.m. When they are open from 8 to 5, you can go to the port and find 10, 12, 25 trucks waiting in line. In October during the Christmas rush there are going to be 150, 200, 250 trucks waiting to get in. The issue with the terminals and why they do not want to open even a second shift, much less 24 hours, is that they do not think they have enough business to support an extra shift or that hoot owl shift. Because a waiting truck is not a cost factor to them, they really do not care how many trucks are waiting outside. Some of the terminals are fairly close to the Long Beach Freeway and there are times when a truck cannot get off the off-ramp on the Long Beach Freeway because of the line going into the terminal. Plenty of receivers of merchandise or shippers of merchandise are open at least a second shift in 24 hours. Another thing is that, in central California, agriculture is a huge industry and a lot of it is for export. A truck driver can pick up an empty here in Long Beach at 11 p.m. and be loading in Fresno or Lindsey at 4, 5, or 6 a.m. Eventually we are going to get to 24/7, exactly when is uncertain.

- Another issue relating to operating practice, especially in southern California, where if you hire clerks to work the gate and there are three, four, or five of them, you have to hire 20 longshoremen to work inside, to work the transtainers, the ground, and all of that. If you move to a reservation system, you can say, although everybody wanted to go wheeled, there is just too much business and not enough land. Therefore, you are going back to the stack. When Wal-Mart comes in with 100 loads, they do not need all 100—they need 10. All 100 get grounded and Wal-Mart says I want these 10 picked up tonight. Those 10 can be mounted on the chassis and ready for pickup, as opposed to coming in, waiting in line, waiting to get in, waiting for a chassis, waiting for the transtainer. What you need to do is say I can hire clerical labor and keep the gate open, but I am going to do the mounting and pre-mounting either daylight or on a reduced evening shift. This requires addressing a basic labor management problem that says I am going to bring in clerks on this shift but not yard men.

- An earlier presentation alluded to a communications or dispatch system. When we first sat down with the terminal operators here in southern California, their number one issue was "We do not know what work we are going to be doing tomorrow." When you have a container to pick up, I do not know which container of the 10,000 in the yard is going to be picked up until a driver shows up with the document that says deliver APL 1-2-3. That container could be on the bottom, with four containers stacked on top of it and eight containers around

it. Part of the dispatch system would tell the terminal, after the importer has decided which container he wants, that the driver can pick up APL 1-2-3 on Tuesday afternoon. The terminals are working during the night, moving containers around, and here it is the weekend and the container still sits there. Along comes Monday evening and they say, "Quikway is going to be in here tomorrow afternoon and they are going to pick up this container. Let's put it on top of the stack, better yet, let's mount it on wheels so that when Quikway shows up, he can be in and out in 30 minutes." This is just part of the communications system that we are trying to get going and it has been real slow because each terminal has its own proprietary system. Each system, in their eyes, is the best. It is the best for marketing purposes but not what is needed for just operating in the system or operating in and out of the port. Significant improvements could be made in communications and dispatch systems.

- Many ports operate only as landlords, leasing properties and the terminals to individual operators, each a different company. You also have some steamship lines that operate their own terminals. SeaLand operates their own terminal, yet we have international transportation services here in Long Beach that work for 14 or 15 different steamship lines.

- Two points from U.S. DOT: we do not have unilateral authority to reorganize the agency and we are frustrated by the level of earmarking for our programs, which defeats the purposes of planning and other rational processes that are out there to make good transportation decisions. Even though you get borders and corridors, it is heavily earmarked on the other side. Considering those two factors, as we look to the next reauthorization and people saying they want more money, what do they want the money for and how do they want us to select recipients for the money?

- The problem sometimes is that the MPOs determine which projects get priority and often they do not understand how to rank a freight project because the only thing they know how to do is peak cars per hour. Those on the freight side may not even know what that is. Those making decisions at the MPOs do not know how to value a freight project.

- One suggestion is that any public financing for rail projects be offset by the public benefits associated with those projects—the pollution, the congestion mitigation, the safety improvement. To the extent that those can be quantified, public financing to help a project that happens to be a railroad facility is appropriate. These projects also have to compete with the other projects in the hopper for Congestion Mitigation and Air Quality (CMAQ) grants or whatever the funding program might be.

- One area that needs to be looked at is funding operations. We may need to look at how funding is distributed, because there are issues that go beyond state responsibili-

ties. If we truly are going to focus more on some of the operating issues, we have to find a way to include things that would not come up high on a state DOT priority list. How we can get these kinds of things addressed is going to be a challenge and more than just the state DOTs have to be involved.

- I think we need to understand why earmarking happens. It is not just because there are 535 people thinking they all have to have a project. There are other things behind it. The transportation industry needs to step forward to show how limited dollars can be better spent and everybody can get some benefit. I know everybody wants to go home and cut a ribbon, but we have to be smarter about figuring out what people can cut ribbons on—it does not have to be a project that was earmarked in an authorizing bill.

- The private sector panel on Day 1 was almost groundbreaking, in that someone acknowledged that perhaps the nation needs to consider some sort of industrial policy in terms of optimizing the transportation network in this country. That means you cannot dredge every river. You cannot make every port a load center. You are going to have to go back and say this just does not make sense. You might have been a great port once, but you are a regional port now. We are not going to do that, because it is a political hot potato. But the funding is limited and we have to optimize what is best. We have to figure out where it comes from and certainly in these public-private partnerships, there have to be people putting up some of their own money and not just looking to the federal government or even the states to pay for all of it. We are in a limited resource world and we have to make the most of what we have. If you look in Columbus, you have one example of a great public-private partnership and you have an equal number of examples of dismal failures where they built it and nobody ever came. Those failed projects are about ego, not economics. We have to focus on what is best for the country and that means making decisions that may not be politically popular.

- In the budget literature of a previous administration, there was a phrase called "disjoining fundamentalism," meaning as you budget you do it inch by inch and you do not look at the big picture. I do not think we should use words like industrial policy because we have one even if we do not have one. Every day, we have to make environmental decisions, we have to make transportation decisions, we have to make community development decisions, and everything else—the point is we need to make decisions more strategically.

- When we try to move toward a national transportation system and do it strategically, the level of support is not very great; the only alternative is to take the money and say 90.5 percent goes to the states and let the states decide. For many issues, that is a good solution; however, for other issues that involve a national system, it is not a

good solution. There remains a quandary about how one makes those kinds of strategic national decisions with all the factors that come into play.

- Is there a way the potential of private sector investment, along with public money, can be used as a lever to help steer decisions to where it is most cost-effective and cost-efficient to invest the public dollars? Some thought should be given to finding a way to marry public and private resources in a way that the private sector can say, "I am not putting my money in dogs—I am putting my money only in things that make sense." It might not be a railroad. It might be getting rid of a bridge. Such an approach could be very cost-effective, using the potential of private sector resources to get the public sector to focus more cost-effectively.

- With regard to reauthorization, the original TEA-21 included a program that was set up to allow short-line railroads access to capital for improvements. But there has been no funding put into this program. We have heard a lot these last couple of days about the 286K issue, which is a very serious issue. The "do nothing" alternative means more trucks on already congested highways. There has to be a way to get to the people drafting the reauthorization

and get some money into this program because there is a need for it.

- Three of the strongest tools that have helped intermodal have been the CMAQ funding for those communities who have gotten creative; the corridors and borders program was well-received, even much of the funding was earmarked; and the Transportation Infrastructure Finance and Innovation Act program, which unfortunately is not very well understood by the freight community. It could be a much stronger tool for them if they knew more about it and how to put together these partnerships like the Alameda Corridor and learn how to use federal money as an incentive to attract other investment.

- It might be worthwhile for USDOT to look at the earmarks and see what kind of projects are getting done. Several are not going to get done. Look at the ones that are getting done, and that may help frame the thinking about how new programs or changes to existing ones should be formulated to get mainstreamed. If you look at earmarking from the positive standpoint, they become pilots. How do you then take pilots and move them more into the mainstream so that other areas can replicate the model or get funding?