



Faster Freight – Cleaner Air 2004

An Expo on Improving Goods Movement in Northern California

Funding Sources for Today:

Current and Proposed Federal Programs for Funding Freight Planning and Improvements

December 9, 2004

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Presentation overview

- A globalized economy: growing freight volumes
- Funding freight planning
 - Current programs
 - Proposed programs
- Funding freight improvements
 - Current programs
 - Proposed programs
- Addressing future challenges in goods movement
 - Future approaches
 - Short-term legislative considerations



A globalized economy: growing freight volumes



Balancing trade and infrastructure responses

- Dramatic growth in freight traffic
 - Overseas trade accounted for 13% of U.S. GDP in 1970; accounts for nearly 30 percent today
 - Domestic transportation system carries more than 15 billion tons of freight annually, valued at over \$9 trillion
 - Conservative forecasts suggest that overall freight volumes will grow by another 60% by 2020
- Implications for congestion
- Implications for air quality
- Need for a concerted response to globalized trade that addresses economic, environmental, and security concerns



Role of USDOT and other agencies

- Given national scope of freight issues, USDOT has a clear leadership role
- Coordination between a variety of public and private actors is vital
 - Other Federal agencies (U.S. Army Corps of Engineers, Environmental Protection Agency, etc.)
 - State and local governments
 - Private sector (transportation service providers, shippers, etc.)



Legislative and executive response

- Freight provisions in surface transportation reauthorization proposal (SAFETEA)
- FAA's Vision 100
 - Airport expansion (passenger or freight) must be coordinated with MPO
- USDOT's Freight Action Agenda
- Ocean Commission Report called for a national freight transportation strategy
- Inter-agency committee created to advise the President on how best to respond to the Ocean Commission Report
 - Committee is led by the Council of Environmental Quality (CEQ)
 - USDOT, EPA, NOAA, and others are involved



Funding freight planning



Current freight planning programs

- Transportation Equity Act for the 21st Century (TEA-21) provides funding for planning, including freight planning
 - Includes provisions for addressing freight mobility in developing plans and programs
 - Some MPOs in major urban areas (such as MTC) have had success in working with the private sector and incorporating freight into planning
 - For many MPOs, addressing freight issues remains a challenge
- FAA's Vision 100
 - Requires project sponsors for large and medium hub airports to provide information on proposed projects (changes to the airport layout plan) to the local MPO



Proposed freight planning programs

- House bill (H.R. 3550)
 - More funding for transportation planning
 - Requires States to ensure freight needs are incorporated into the planning process
- Senate bill (S. 1072)
 - More funding for transportation planning
 - States must coordinate with MPOs to integrate freight concerns into planning process
 - Each State must designate a freight transportation coordinator



Funding freight improvements

Current programs



Current programs

- National Highway System (NHS) connectors
- Congestion Mitigation & Air Quality Improvement Program (CMAQ)
- Transportation Infrastructure Finance & Innovation Act (TIFIA) loans
- Intelligent Transportation Systems (ITS) Deployment Program
- Borders and Corridors Programs



Current programs: NHS connectors

- Potential funding for connections from the NHS to intermodal freight facilities
- No dedicated funding



Current programs:

Congestion Mitigation & Air Quality Program

- Eligibility
 - Projects designed to reduce emissions in non-attainment or maintenance areas
 - Freight projects should reduce *on-road mobile source* emissions
- Sample projects
 - Intermodal truck-to-rail transfers in Maine, New Hampshire, California
 - Rail upgrade projects in California, Washington
 - Diesel truck engine conversions to natural gas in Kentucky
 - Short Sea Service from Port of NY/NJ to Albany



Current programs: TIFIA loans

- Eligibility
 - Publicly owned intermodal surface freight transfer facilities
 - Only projects with costs exceeding \$100M
- Funding levels
 - \$530M in contract authority to support up to \$10.6B in credit assistance over five years
- Sample projects
 - Alameda Corridor
 - “Re-track” – package of rail line improvements in Reno, NV



Current programs: ITS Deployment Program

- Eligibility
 - Projects to accelerate ITS integration and interoperability in metro and rural areas
- Funding levels
 - \$679M over six years
 - Funding allocated entirely through Congressional earmarks (103 earmarks for FY 05)
- Sample projects
 - Alameda Corridor-East Project, San Gabriel Valley, CA
 - JAXPORT Intermodal Cargo Tracking Project, FL
 - Kansas City SmartPort, MO
 - Electronic container seal pilot test in Pacific NW



Current programs: Borders and Corridors Program

- Eligibility
 - Construction and infrastructure improvements
 - Operational improvements
 - International coordination of planning, programming, and border operation to expedite cross-border vehicle and cargo movements
- Funding levels
 - Combined authorization of \$700M over five years for National Corridor Planning and Development Program and Coordinated Border Infrastructure Program
 - Federal share of funding is 80%
 - Funding allocated entirely through Congressional earmarks



Funding freight improvements

Proposed programs



Proposed freight improvement programs

- NHS connectors
- Surface Transportation Program (STP)
- CMAQ Program
- TIFIA loans
- ITS Deployment Program
- Borders and Corridors Program
- New freight proposals
 - Projects of national and regional significance
 - Truck toll lanes
 - Freight cooperative research program



Proposed freight improvement programs: NHS connectors

- House bill (H.R. 3550)
 - Sets aside \$3B over six years for a formula program for connections from the NHS to intermodal freight facilities
 - Funds allocated to the States by formula
 - Federal share of funding is 80%
- Senate bill (S. 1072)
 - Sets aside a minimum of 2% of NHS funds (with “opt out” clause) for connections from the NHS to intermodal freight facilities
 - Federal share of funding is 90%



Proposed freight improvement programs: Surface Transportation Program

- House bill (H.R. 3550)
 - No provisions
- Senate bill (S. 1072)
 - Expands eligibility for freight projects to include operational improvements on (and access to) publicly-owned intermodal freight transfer facilities



Proposed freight improvement programs: Congestion Mitigation & Air Quality Program

- House bill (H.R. 3550)
 - Increases six-year funding for program from \$8.1B to \$11.1B
- Senate bill (S. 1072)
 - Increases six-year funding for program from \$8.1B to \$13.4B



Proposed freight improvement programs: TIFIA loans

- House bill (H.R. 3550)
 - Provides \$900M over six years to support \$15.6B in credit assistance
 - Minimum cost threshold lowered from \$100M to \$50M (\$15M for ITS projects)
- Senate bill (S. 1072)
 - Expands project eligibility to include:
 - Public and private freight rail projects that provide public benefit
 - Surface transportation infrastructure projects on port terminal grounds that facilitate intermodal interchange, transfer, and port access
 - Provides \$780M over six years; no limiting amount on credit assistance
 - Minimum cost threshold lowered from \$100M to \$50M



Proposed freight improvement programs: ITS Deployment Program

- House bill (H.R. 3550)
 - Increased emphasis on ITS management and operations
 - Designates formula to be applied by States to ensure that at least \$3 billion (of NHS funds) is utilized to expand ITS deployment
- Senate bill (S. 1072)
 - Increased emphasis on ITS management and operations
 - No funds for ITS deployment



Proposed freight improvement programs: Borders and Corridors Program

- House bill (H.R. 3550)
 - Separate funding for Borders and Corridors (\$1.97B over six years)
 - Federal share of funding is 80%
 - States must consult with any MPOs within a border region of the State before obligating funds from the program
- Senate bill (S. 1072)
 - Separate funding for Borders and Corridors (\$1.01B over six years)
 - Federal share of funding is 80%
 - States defined as "Border States" are eligible to receive funds for projects at or near international land borders



Proposed freight improvement programs: New freight proposals

- Projects of national and regional significance
 - House bill provides \$6.6B over six years in discretionary Federal grants for projects that provide national or regional benefits
- Truck toll lanes
 - House bill provides \$910M over six years in discretionary Federal grants for construction of dedicated truck lanes
- Freight cooperative research program
 - Set-asides of \$5M for 2004 and \$15M per year for 2005-2009 from Surface Transportation Research funds



Addressing future challenges in goods movement



Future approaches

- Make better use of transportation facilities
 - Use technology to improve management of information and capacity
 - Operational improvements (e.g., 24/7 operations)
- Longer-term: upgrade transportation infrastructure
 - Recognize needs of all modes (air, road, rail, marine, etc.)
 - Focus on freight gateways
- Need for public-private funding mechanisms
- Environmental and community impact mitigation issues must be fully represented in the freight mobility future



Short-term legislative considerations

- Need to reintroduce legislation
- Opportunity for further freight proposals
 - Private activity bonds
 - Freight pricing strategies
- SEA-21



Questions

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