INSTITUTE FOR TRADE AND TRANSPORTATION STUDIES

2012 ITTS Freight in the Southeast Conference Summary

Norfolk, Virginia

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The Institute for Trade and Transportation Studies (ITTS) provides research data and expert opinions to its members concerning the effects of commercial freight movements on domestic and international activities, regarding infrastructure and transportation needs, and safety implications.

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Executive Summary

The third ITTS Freight in the Southeast Conference was held March 14-16, 2012 in Norfolk, Virginia. Over 120 attendees participated in sessions ranging from the general economy to economic development and international trade. Overall, the response from the participants was very positive, based on both the surveys and the comments received at the conference. The meeting began with a tour of the APM terminal in Norfolk, the most modern maritime terminal in the U.S., while others attended the U.S. Army Corps of Engineers listening session. After lunch, Jeff Keever, Deputy Director of the Virginia Port Authority (VPA), welcomed the conference attendees. His address was followed by sessions on the current state of the economy and trucking issues. The first day of the conference ended with an ITTS member state dinner where states reported on their freight programs and ITTS-related work items. During breakfast, a small group discussed freight data challenges before heading into the formal sessions. The morning sessions began with Sean Connaughton, Secretary, Virginia Department of Transportation, welcoming the attendees to the conference. The next two sessions discussed the role of logistics in the Southeast, followed by a discussion on economic development challenges. During the lunch break, Rodolfo Sabonge, Vice President of Market Research and Analysis, Panama Canal Authority, provided an update on the Panama Canal expansion. The afternoon found most participants struggling to decide what session to attend, as there were several concurrent ones: The first was titled “Corridors - What Are They & Can They Work?” while the second offered a discussion on trade with Latin America. After the break, attendees were given the choice of learning about urban freight railroad operations or connecting inland regions to global markets.

After a second break, everyone enjoyed a wonderful cruise of the Norfolk Harbor. Friday morning, another informal breakfast meeting was organized to discuss the marine highways. The first session focused on how to communicate the importance of freight projects to legislatures at the local, state, and federal levels. Finally, the meeting closed with a session that summarized the challenges of trying to program, fund, and improve freight transportation throughout the region. David Tyeryar, Deputy Secretary of Transportation and Chief Financial Officer, Virginia, closed the conference.

To summarize, the conference speakers verified the following:

• There exists a need for continued dialogue between the public and private sectors to improve freight transportation that supports freight movement and economic development.

• There is a need to work with all modes of transportation, including railroads, to improve overall system efficacies.

• International trade remains a critical component going forward, but we need to look at promoting exports and harmonizing transportation.

• We need to do a better job of promoting the need for investing in infrastructure with the general public and elected officials to improve system performance.

Co-Hosts: Virginia Office of the Secretary of Transportation, Louisiana Transportation Research Center, Louisiana Department of Transportation and Development

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CONTENTS

Welcome Remarks

Sean Connaughton, Secretary, Virginia Department of Transportation

We call Norfolk America's first region. 400 years ago the first colonists arrived here and explored everything in this area before travelling up the James River. Initially, the growth of America was tied to commerce and the trade of tobacco. America's first interstates were really its rivers and waterways. For many cities and counties near the tidewater area, their symbols are either ships or tobacco. The county seal in northern Virginia displays weigh scales with tobacco in the middle. In 1790, a town in Virginia called Dumphries, was the largest seaport in the U.S. at the time, proof that Virginia was built with commerce engrained in its foundation. It's appropriate that we are sharing this discussion by examining how we deal with freight in our state.

The initial canal built was the Chesapeake and Ohio Canal, championed by George Washington, who surveyed it during the colonial days and served as an initial investor. Almost the same day that they completed the Canal, Virginia's first railroad was being built.

It is now the 150th anniversary of the Civil War. Richmond and Petersburg were the junctions of many railroads. Over time we saw airports and highways. We are geographically situated mid-Atlantic, halfway from Maine and Florida, and there are many assets coming through our state, and many interstates to maintain; such as I-64, I-81, and I-95. On any given day, 40% of the freight on roads and infrastructure throughout Virginia is simply passing through. The cost implications of this through-traffic on how we operate and maintain our transportation infrastructure is critical.

In Virginia, one-third of our jobs are tied to industries totally dependent on our transportation system, which include coal, agriculture and high-tech industries. In the Tidewater region, the largest industries are agriculture, tourism and freight. This port area generates 350,000 jobs across the state. We have an international gateway in aviation with the Dulles Airport, with the development of the Dulles rail project, working in tandem with D.C. Metro, while seeking new cargo opportunities for the Dulles Airport. Trucks travel up I-95 to New York City, which then gets changed to aviation freight. We want those opportunities coming through Virginia to Dulles, which is what we are seeking to expand. The states that invest in freight mobility today will emerge from the economic downturn stronger. We view you as our competitors, especially those of you whose states invest in ports reacting to the Panama Canal expansion.

Transportation is a black hole. There is never enough money, so it is critical to be able to allocate efficiently to each project. In Virginia, we are doing several things. Our transportation department has done a great job looking at our highway, rail freight, and intermodal connections, as well as at our ports and airports, and how all these work together to move freight. One political problem is that our general assembly and our national Congress aren't elected by freight stakeholders, who have their own set of priorities and don't see how an investment in a port helps them. Investment in a port generates jobs, which improves the economy, but creates more congestion. For example, one of our worst traffic days was at a conference in Tyson's Corner for the Transportation Investment Board. When I asked, "Who got caught in traffic today?" there were many who raised their hands.

Texas Transportation Institute issued estimates on the areas of the nation with the worst congestion. NOVA went to number one in congestion. What blew me away is that for our congestion, the amount of time spent in traffic in D.C. was 10% below what it was 3 years ago. Everyone else dropped 25%. Our economy was a little better, because of federal government spending, than anywhere else in the country. So, congestion is an indication of a healthy economy.

How do we invest in projects that have a dual benefit in passengers and freight? In NOVA we have the 95 HOV lanes, which are converting to HOT lanes. Those lanes will extend the HOV another 11 miles. Right now you can get in and out of the toll lanes with 3 passengers and above for free. Soon we'll allow single and dual occupancy into those lanes with a toll. We will manage the lanes while the contractor has to keep the speeds inside at 55 mph and above. If it falls below that speed, we'll penalize them.

Our studies show that this will be one of the biggest freight mobility projects for the state because if we deal with congestion by pulling cars off the express lanes, making I-95 freer flowing, it helps freight mobility. The main bottleneck from Springfield to Fredericksburg could be cleared of that bottleneck, especially when the HOT lanes go all the way to Fredericksburg. We've made changes that allow flexibility and are proactive in addressing freight issues. One of our workers has commuter, transit and rail responsibilities and overseas two funds: one that supports Class I rail, and another that helps short-line railroads. There is a barge that used to run from the eastern shore of Virginia, pick up freight cars, and return them. When that barge ran out of service, Virginia DOT invested funds into getting that barge back and running, as loss of the barge generated a tremendous spike in trucks on the road.

Right now at I-64 there are two bridge tunnels that are a Level F during morning rush hours. We cannot keep sending trucks up I-64, so we are looking to invest in rail to offset and help divert trucks off I-64. We have taken a facility in Richmond and are running a barge service from Norfolk. When a truck pulls into Richmond, it's as if they pulled into the Port of Norfolk to get a container, although the movement between Richmond and Norfolk will occur by barge. There are alternative ways and cheaper methods to run this barge, so it is a good deal when compared to the costs associated with increased truck traffic.

There is a new rail service running passenger rail service from Norfolk to D.C. for the first time in 40 years. We are investing $100 million to upgrade the line from here to Petersburg. The service takes folks off the road, but the improvements to this line will also improve the freight rail service, which is critical to our port. When I examine I-64, I can't expand my port as it stands, as right now our roads can handle 2 million TEUs. But there are capital plans underway to increase the port throughout to 9 million TEUs, which could generate overcapacity for I-64 and the road network in the Tidewater region. So that's why we are expanding the roads using this Greenfield, four-lane divided highway from Portsmouth- Suffolk to I-95.

One of the original reasons for the constitutional convention was to create commerce among the states, with the original issues involving things like canal and interstate trade terms. In many ways what has happened with our transport policy is backwards. States are more concerned with freight because of its impact on local and regional economies, while the federal government is more focused on urban mobility. The federal government has the capacity to deal with interstate freight issues, but it's a responsibility that we feel has really been abdicated. We need federal leadership to get back and focus on freight because it is about economic growth and opportunity.

Panel 1 – Economics and the Southeast – When Will the Recovery Occur?

Moderator: Thomas Bartkiewicz, Louisiana Department of Transportation and Development

Jack Wells, Chief Economist, U.S. Department of Transportation
John S. Woodcock, Director of Market Development, TTX Company
Ann Battle Macheras, Vice President, Regional Division, Research Department, Federal Reserve Bank, Richmond

NO NOTES WERE RECORDED FOR THIS SESSION

Panel 2 - The Role of Government and Truck Operations

Moderator: Erik Johnson, Virginia Department of Transportation

Leo Penne, Program Director, Freight Transportation and Economic Development, AASHTO
Wayne Davis, Hauling Permit Program Manager, Virginia Department of Motor Vehicles
Dale Bennett, President and CEO, Virginia Trucking Association

Leo Penne – Program Director, Freight Transportation and Economic Development, AASHTO

On I-64 coming down, I was surrounded by lots of cars and trucks that were not moving. My view is that the trucks always seem to be the problem. If they are 80,000 pounds on five axles or more, then they are a problem. If a safety officer stops a truck owned by a rogue company, then the truck is a problem. If you are a size and weight permitting officer for the state DOT permitting a load on a route getting someplace safely without damaging pavement, you will discover you have a lot of problems trying to permit trucks. So for many state DOTs, trucks are a problem, but that is not necessarily true.

Trucks represent a central element of the circulatory system of the transportation system of the U.S. and that view is not registered, heard, or implemented among all stakeholders. In state DOTs we don't necessarily have a coordinated, unified, comprehensive view of trucks in all their facets.

I want to briefly philosophize on the subject, and then return to concrete items and leave the hard stuff for speakers after me. What about the future of trucks and freight movement? The future is a combination of continuity. We may see a shift in share between rail and truck, but growth in the share of freight rail doesn't mean truck use will decline. The future is more trucks, and more rail. The future is change. People talk about volume increasing in the future, but there are changing elements in origins and destinations. There are conversations about the Panama Canal expansion and speculation that people will have more traffic from the east coast of Asia and understanding how their will be change in that increasing volume is central. But there isn't just more volume as a result; there are changes to different origins and destinations. From the perspective of the state DOT, understanding how there will be change within that origin-destination is essential. For example, with near-sourcing to Mexico, what we will have is less freight in LA-Long Beach, and more coming across the U.S.-Mexico border. For truck and rail, and for Texas and others, it is important to understand that this is on the horizon and that it's not just more, but it's more with a difference. There are emerging issues with super-loads. Super-loads are related largely to energy with loads involving the movement of turbines for wind power projects and shale equipment. These are large and heavy things and there is a strong interest in the industry to regularize the movement of these super-loads.

The freight challenge question with regard to congestion, and passengers is: Can it be addressed by massive movement to rail? Can it be addressed with the creation of more truck lanes/highways, or incorporating trucks into planning and project development? In most state DOTs, the truck is a large vehicle, not counted as a carrier of freight. When people are figuring out the costs of congestion they figure out the cost of the equipment and the time and the cost of the wage of the driver. But the truck is carrying something of value with the possibility that if it gets someplace late there exist consequences that generate economic costs, which are not normally calculated unless estimating congestion values. Regarding cross-mode analysis and investment, here in Virginia a good deal of questions are going into whether to put money into I-81 and expand it because it is a truck highway or whether to invest in putting another line in for Norfolk Southern to accommodate north-traffic. We are not well equipped to conduct these cross-mode analyses. How do we figure out which investment will contain higher net benefits? Planning for new traffic ports, terminals and distribution centers: For state DOTs these are generators of truck traffic and it's important to understand when conducting long-range planning where and when you will have a jump in truck traffic, and how to incorporate the jump into your long term plan.

The Regulatory Challenge for trucks and coordinated enforcement: AASHTO was involved in an international scan a few years ago of coordinated enforcement. The expectation was that we'd return with information about new technologies being used. What we found was that the EU was using the same technology developed in the U.S., but were doing coordinated enforcement that did not have the fragmentation that we have in most states, which includes everything from the officer in the road to the judge in the courthouse.

On the topic of Harmonization of Oversize-Overweight (OS/OW) requirements, going from one border to another means changing load configurations because of differing regulations. There is a lot of effort in the Southeast region and Western regions to harmonize the OS/OW regulations. In the Northeast there is not enough harmonization between the states, and in the upper Midwest there are lots of efforts to reduce the barriers to free movement of OS/OW loads across state lines. Assessing proposals for truck size and weights and developing analysis with reasonable answers for the consequence of changes in OS/OW laws is critical.

With federal and state legislation, we have both general and specific proposals in congress that has since disappeared, which would have authorized states to allow 97,000 pounds and six axles on the interstate highways. We also have specific proposals for different types of transporters, such as auto transporters on trucks, as well as certain commodities. Some states have determined that milk is okay to go beyond 80K pounds. Montana has a zone in which Congress said that Canadian trucks can operate at Canadian weights. Every year states are looking at new proposals with regards to truck size and weight. AASHTO has a truck size and weight working group where we have developed categories for analyzing environmental and economic benefits and costs, infrastructure impacts, and congestion impacts to make a better determination on whether making changes in the truck size and weight regulations makes sense. Rather than starting out saying that we like bigger trucks, we figure out how to make decisions on whether or not you like bigger trucks. For example, you can condition approval on specific routes for different axle loads, or roads that contain infrastructure restrictions. In the west where LCVs are run there are safety requirements. Other options are to enhance enforcement and require that if there is an estimated cost for running a heavier or larger vehicle, the company pays a fee to cover that cost.

We discovered in AASHTO that these regulations on OS/OW are a "Tower of Babel". Within state DOTs you have multiple responsibilities with regard to trucks. If you ask a bridge engineer, if they can run heavier weight trucks on the bridge, there isn't a bridge engineer alive who will say yes. If you ask a pavement guy, you might get a different answer. No one is prepared to engage across the board to all different expertise areas since we are wedded to our views and maintain our prejudices.

We asked TRB to put together a directory so that all who wanted to get into it could find all the best references to research. Texas Transportation Institute, working with TRB, put together this directory to somehow overcome these prejudices and to point out some of the best research on this OS/OW topic. The research records on highway safety related to truck size and weight contains 10,000 pieces of research and over the last ten years, 3,500 pieces of research. It is not the case that this subject hasn't been researched, but advocates don't care about research, while people who have a piece of the responsibility only want to know their own piece.

So we encourage you to go to this report. It's organized so you have a link to every piece of research referenced in this report. The two most relevant to this meeting are modal share and industry costs. What are the consequences to truck modal share if you make changes to truck size and weight regulations? The question becomes what it will do to the share of trucks and rail. If you make regulatory changes, what does it do to costs for shippers? I recommend you use this report to honestly engage in the conversation about truck size and weight.

Wayne Davis – Hauling Permit Program Manager, Virginia Department of Motor Vehicles

The Virginia Department of Motor Vehicles has a lot to do with freight, such as titling vehicles, and moving these functions online was a no-brainer. IFTA and IRP credentials are all centralized in the DMV, especially for movement of freight- goods and services. Our weigh stations are maintained by the DMV. I work with the modal weigh enforcement crews. We take loads from one part of the country to the next; if it's to be seamless, it's critical to centralize these enforcement attempts. In the oversize-overweight world we figure out how to make it easier for the truck industry. Within the OS/OW department we look for ways to automate functions. Two years ago we tried to do away with manual labor by automating our routing system. We invested a lot, so a truck driver can go into the website, insert parameters, origin and destination, and thus ease delays that the DMV is incurring at these weigh stations.

What else are we doing to assist the movement of freight? We put forth effort to push automation within processes like the International Fuel Tax Agreement (IFTA)/International Registration Plan (IRP). We have online EZ fleet- titling and registration. If you have a huge fleet and you go to a DMV office to do that, it costs too much time, and is an obstacle which slows freight time. We take a reputable trucking company with a large fleet and we set out an account with these carriers (UPS is one, so that they can go online and title these vehicles themselves. We continue to examine these big fleets on a state level to ensure that they are able to perform with relatively seamless movements.

Regarding weigh stations, Virginia and many other states are examining what to do to improve efficiency. We have Weigh-in-Motion stations where, if you are with a reputable company on I-95, I-81 - you just keep traveling without having to stop at the weigh stations. You get a transponder in your vehicle and keep going toward your destination. We also have license plate readers, which automated the checking of companies by scanning license plates.

A huge issue for freight not moving efficiently is lack of education, because many times we have complaints about time truck companies not understanding the process in Virginia. One of these essential processes failures, including not having vehicles properly registered. As an agency, we do outreach to educate the trucking community on Virginia's process. In Virginia, we are improving major bridges, which require new heavy bridge repair equipment. Before we start, we have these carriers sit down with us to understand what they are missing. We spend education outreach with those who were bringing in bridge repair equipment. At the state level, the trucking industry has valid concerns. A company here in the Tidewater has a mega project in northern Virginia and wanted to send and receive goods seamlessly to ensure the project went off without any hitches. We sat down with them and examined the scope, made some adjustments and ensured them that they could meet all their requirements for the transport of their freight from the Tidewater area up to northern Virginia.

We want people to be educated about truck operations. House Bill 806 in Virginia is important for seamless freight. We've put together a pamphlet on the rough road ahead. Much of this legislative package for House Bill 806 addresses OS/OW https://www.txdmv.gov/motor-carriers/oversize-overweight-permits restrictions effective in 2013, and will put forth a small percentage toward roadway infrastructure damage from these OS/OW freight. That's one piece. Having a truck at the state line (Leo's example), he needs to adjust the cargo, or has to wait until morning, which is a huge hindrance. Virginia has 12 counties with their own permits. The entire Tidewater region regulates what is done for truck movements of OS/OW freight. Each city within the Tidewater region has different regulations and enforcement views when it comes to moving freight through the region.

This is a huge issue and as part of HB 806, Virginia has decided that, similar to the automation of titling and registration, the DMV needs to become a one stop shop for permitting, as well. So, by sitting down with localities and ironing out an acceptable level of permitting, we might be able to then issue these permits on their behalf. The reason is because many businesses stopped doing business with the Port of Virginia since they couldn't get their permit credentials on time. Back when the economy was humming along, if customers would need five days to get a permit they'd go for it. Since the economy has gone belly up, time demands have increased and five days takes away clients from Virginia, which means that the delay is unacceptable.

The movement of goods is extremely important, although we have to improve on a state level so people are not afraid to come through Virginia.

Dale Bennett - President and CEO, Virginia Trucking Association

Why are we here? Why talk about trucking? Here are a few quick facts:

- On a national basis trucking companies haul 67% of all freight.
- In Virginia we represent 85% of Virginia's total manufactured tonnage.

Some of the challenges according to the recent IHS Global Insight forecast are, that by 2022, total tonnage will increase 19%, and of that increase, trucking will haul 70% of the total U.S. freight tonnage. This represents a 30% increase of the total haul from 2010. Rail intermodals will takeoff, but, of the total pie, truck still retains 70% of the tonnage. Rail intermodal will remain a small piece of the pie, and though it does grow, it is only from 1.2% to 2.6% of total tonnage. This is compared to the 67%-70% for trucking in 2022. That is not to disparage the growth of intermodal freight. Trucking companies love intermodal, but folks shouldn't fall into the trap of thinking that rail investments will meet freight demands alone. The bottom line is that the vast majority of freight will be carried into the foreseeable future by trucking companies.

How do we address this challenge? One way involves size and weight. If we put more weight on trucks, it means less trucks on the road. But there isn't any agreement from industry, nor is there any consensus between governments at the local, state and federal level. The other alternative is to expand highway capacity, which raises the question of how do we pay for it?

The Federal Motor Carrier Safety Administration (FMCSA) proposed changes to hours of service requiring rest breaks every 8 hours and limits to the 34 hour restart provision. You have two night time periods between 1am and 5am. At 5am, we turn on a green light and say go, right into the commute period. Let's not mandate trucks with a green light right in the middle of the morning commute.

This rule will hurt night time pick-up and delivery, increases cost of fuel and imposes these on deliver-costs for consumers, and hurts productivity. It hurts capacity by limiting the drivers who can drive and it's going to cost more. We can't say how much it will cost just yet. I sat in the same traffic on I-64 and then people come to me and ask "Why are your trucks always in our way"? I tell them someone has to be there to make that delivery. We don't want them there in your way, but it's the demand of the shipper who dictates the schedule.

Looking at some highway capacity issues and needs regarding federal investment, I feel for those at local and state DOTs. The federal government has abdicated responsibility, and is dropping the highway system into your lap. They're saying that they aren't going to give you the dollars and resources to do that. What we need is a dedicated federal-level freight program aimed at addressing congestion in bottlenecks for freight forwarders, paid for by freight users through an increase in the diesel tax dedicated to funding highway projects. Trucking companies want freight dollars going to freight highway projects. There is a need to fund maintenance and expand freight corridors. Fixing our infrastructure is going to cost a lot, and as we go on with no new taxes, trucking companies understand and are willing to pay for those improvements. We support the increase of the fuel tax across the board, but are adamantly opposed to tolling existing highways to pay for highway maintenance and expansion in the future.

For every dollar we collect from the fuel tax, 98 cents goes down to highway maintenance and expansion. With tolling, at best even with best technology, about 20 cents is being kept by government or someone else and 80 cents gets down to highway maintenance and expansion. It is simply inefficient. Tolls are double taxation, because you take our taxes for fuel and then you take more for a toll. Tolls are unaffordable for trucking companies because we operate on thin profit margins. It will lead to less safety as we divert truck traffic onto less safe roads, which creates further problems. Tolls increase the cost of moving freight, which depresses job growth, raises prices on consumer goods and makes the economy less competitive regionally where tolls exist.

Down the road the effort may very well be to toll every mile of every interstate, because if you don't you end up balkanizing the state, which puts one area at a competitive disadvantage. Indiana is rolling back its efforts and Virginia is going to lose an advantage. Freight is not going to move to that port if there is a toll surcharge.

Here are some of our other concerns:

- We are concerned with the leasing or selling of existing roads through the public-private process. In Virginia, the public-private transportation act, PPTA, translates to the "people paying tolls act".
- In the regulation of emissions, EPA has increased the cost of the truck engine by $20,000. Tractors cost $110K which is a significant cost increase for our industry and brings an increased need for more freight haulage, and more freight drivers to offset the higher costs.

There are some innovative programs to offset some of these costs and concerns. The troops to trucks program encourages the military to ease their transition of military veterans with large vehicle experience by getting them into the private sector. Other concerns have to do with maintaining electronic logs for various states and federal government, which is a new cost.

Panel 3 - The Role of Logistics in the Southeast - Why Does This Matter?

Moderator: Juan Flores, Florida Department of Transportation

Rich Biter, Assistant Secretary, Intermodal Systems, Florida Department of Transportation
Jeff Keever, Senior Deputy Executive Director, External Affairs, Virginia Port Authority
Jeff Heller, Group VP - International Intermodal, Norfolk Southern

Rich Biter, Assistant Secretary, Intermodal Systems Development, Florida Department of Transportation

In Florida, Governor Scott was elected on an economic plan with a focus toward expanding transportation operations for freight and logistics in Florida and to make Florida a place of business. He recognized freight mobility was a lynchpin and decided the Florida Department of Transportation (FDOT) was to lead that charge. I came on, and a week later Juan came onboard and together we moved freight mobility into a central focus for FDOT. There are three pillars of the freight story: identifying stakeholders, developing a plan that ties into other strategic plans, and marketing/selling the idea that Florida is a state where freight is taken seriously.

In painting "what freight means in daily lives", we want to communicate where the connection exists between freight mobility and the economy. In our internal deliberations we found that we needed to sell it to our own people. Traditionally I dealt with the private sector and never really thought that consumers and the general public may not be aware of the importance of freight mobility. In taking up this position it has become clear to me that education and outreach are critical.

At FDOT, we are a centralized committee with decentralized communications. The bulk of what FDOT does is highway resurfacing with a good part of the workplace consisting of engineers who are great at what they do, but aren't aware of freight issues. We want to get freight into the engineers manual and freight mobility into the book on how to develop the freight plan as a strategic intermodal system. It is a long term look (2060) at important corridors and hubs that we need to ensure receive adequate funding.

So how do we include freight in this plan? One is through policy, and the second is through funding. Traditionally planners examined traffic patterns and population densities, but what if there are changes in logistics, affecting trucks and marine highways that occur outside of the demographic growth? There could be institutional changes with laws that improve marine highways. If so, what are the impacts on our roads? These are all scenarios that are taken into account.

The funding aspect of this is that now we have the freight policy piece, and once there, freight begins to compete on equal footing with other priorities. The priority piece is deciding which corridor gets money first. We established five year plans to actually fund these projects with a secret weapon - stakeholder involvement. Juan said that when the Governor came onboard he had a plan on-hand developed by FDOT and Chamber of Commerce (COC). The COC produced a trade/logistics study for FDOT and then the COC went to their constituency across the state developing a freight/logistics plan with a number of recommendations and displays of how FDOT addresses logistics and relevance to the economy.

By the COC doing that, they take ownership of the efforts to get legislatures to sway and bend. Freight doesn't vote, but businesses do, and when you get the business community going to state senators with reports showing the importance of business commerce and freight logistics, then your representative should address this issue. We had a major piece of legislation passed. It is unbelievable the impact of new dollars spent on operations addressing freight mobility. The lesson is, that rather than us taking the lead, it is fine to sit back and support others who are better situated to garner support, like the COC.

So Florida has a certain number of advantages when it comes to its freight network. How do we market these advantages to attract new business to Florida? There are many ways to do that, such as through symposiums, distribution of materials and website displays. But when it comes down to it, potential businesses really want a view of what is on the ground; they want to see what you've actually done. As an example, early in my career I served in Delaware where we took freight seriously. Every month they brought in freight stakeholders - trucks, railroads - asking what their issues were, such as increased turning radius and intermodal connections, and these recommendations were in our five-year plan. This did not address their needs soon enough. FDOT wants to be able to go to our constituency at the MPO and freight stakeholder level to see if there are issues we can address in the short-term and demonstrate that we listened and acted positively on their concerns.

Jeff Keever, Senior Deputy Executive Director, External Affairs, Virginia Port Authority

The Southeastern region is in an economic fight. There are forces to be dealt with to grow the Southeastern economy. Today I will be going with a more regional approach in my speech.

The Southeast has a robust economy, from a ports and international trade perspective. Regionally, international trade makes up ¼ of our GDP. Freight mobility is important, which Virginia understands very well. The Virginia Port Authority (VPA) imports over $36 billion in cargo into the U.S. and provides 340,000 jobs in the state of Virginia. Our mission is to increase these contributions. Logistics is generally an area where the U.S. has prospered, but includes volatility in costs, and an uncertainty could influence buyers' willingness to purchase goods.

Globalization brings an increased need to focus on logistics and improve innovation. Supply chains today have increased to an average of 8,000 miles in distances compared to an average of 250 miles in the 1960s. Individual components need to be weaved together to take advantage of our leadership position in logistics. Our natural ability to gain advantages from logistics is critical. The Southeast should be prepared for international trade. We expect globalization to continue, and that GDP, as a percentage of international trade, to increase. Will the Panama Canal expansion be a floodgate to the East Coast? Many believe the Panama Canal expansion has been oversold. Increases of new sources and prices will greatly affect our logistics and force links to supply chains to have a laser focus. If the efficiency or costs of shipping trade lanes increase, who knows how much will change? The canal will open in 2014 and the benefits that the Southeast region can capitalize on are still to be determined. I am happy to say we are prepared with a 50 foot channel. Miami will be completed in 2014 and NY at the end of 2012. Other ports are hard pressed to meet the deadline of 2014. There are ways with efficient logistics connectivity and inland connections that they can serve as viable freight mobility hubs even without proper channel depths.

Larger ships will come. Mega ships are coming to the east coast through the Suez Canal, such as the MSC Brussels, which at its deepest draft drew 48 feet. We can accommodate those ships today but adding these in significant numbers could create a bullwhip if we aren't prepared. Good logistics are flexible, as evidenced by near source manufacturing. Automation infrastructure and technology allows us to compete with lower wages throughout the world. It took the best practices throughout the globe, and in this Greenfield development (APM Terminals) we can continue to expand as needs demand.

Regarding international gateways, the railroads have projects in motion to improve freight corridors in the Southeast. The Heartland Corridor, via Norfolk Southern, has improved access to the Ohio valley. The Crescent Corridor, which is the CSX National Gateway Project is also improving rail, but all of this is useless if we forget the last mile that trucks need to complete the delivery. Planning for the future is now required.

Jeff Heller, Group VP - International Intermodal, Norfolk Southern

There is continued demand for logistics-based savings, and as a result supply chain patterns are changing dramatically. For Norfolk Southern this is especially the case. Our international length of haul has shortened because of the need to compete with trucks in the eastern corridor lanes. We continue to see the economy slug through this and our growth comes from taking trucks off the road. I-81 is an artery that is filling up to overcapacity and so our real growth is to be able to deliver faster service to make freight on rail more attractive.

Highway congestion in the east is getting worse. We aren’t building anymore I-81s in the U.S. and won’t do it in the future. Our goal is to provide faster service to take freight off the highway. On the highway side and in the steamship lines, patterns of freight are shifting. In the U.S. where primary routes are moving from Asia to the east by delivering to a west coast port and then onto rail to the east, the jury is out on the rate of growth. There is no question that we need to be able to handle more capacity to process more than we ever did before.

On the subject of what our international business has done, 10 years ago west coast ports fed eastern consumption by about 60% through west ports and 40% through east ports. Now 60% of international freight is moving through the eastern ports and the length of haul is shorter. We built our network to handle shorter hauls because in intermodal freight, with highways getting more congested, intermodal units are on the up and we need to share with road freight more readily.

Our network is New Jersey to Dallas, and our I-81 corridor moving into traffic goes from the southwest in New Orleans to the Northeast. For 53-foot truck containers into the Northeast, our route is a viable alternative since I-81 was not built to take on this magnitude of freight.

As to the Norfolk to Midwest Corridor - the Heartland Corridor - we need to handle bigger ships coming into port at Norfolk and to ensure when a ship comes in that the port can discharge the ship with the capability to load on, as well. Ports with on-dock capability for our rail freight allow us to feed these east-to-west destinations, which right now take more capacity and more money to serve. Norfolk Southern has six corridors, four of which apply to the Southeast region.

The first is the Crescent Corridor that parallels I-81 and I-75 towards the southeast. States who participate in the I-81 Corridor want better ways to take freight off the highways. This is a $3.5 billion dollar project. We completed the Phase 1 line and speed advancements and two terminals in Memphis and Birmingham. Alabama will have large intermodal facilities. These will be completed by 2012. This is a public-private partnership. The Heartland Corridor is a $191 million project that is allowing us to improve freight flows on rail from the Port of Virginia into the Midwest. We’ve always been double stack here in Virginia, but now we will get double freight going into the Midwest.

The Meridian Speed way is a $300 million investment into Kansas City for our southern rail route. We control how it's operated and it facilitates moving freight from the Pacific Southwest into the Southeast. It is now complete. We also just completed the Titusville corridor in the Orlando Area. There are many corridors in the Northeast, where the premier corridor goes back to the Conrail network and then to the Panama southern corridor, which is investing $400 million from Jacksonville to Titusville and eventually into Ft. Lauderdale and Miami. We have realized that a lot of freight increases are underway. Our volume of freight is increasing dramatically and it is having a large impact.

As we get into the Panama Canal expansion the jury is out on what's to happen when the canal expansion is completed. It's all relying on the economy's growth, but bigger ships are coming through the canal to eastern ports and moving freight from the east and southeast to the Midwest is critical. We'll be ready to accommodate this growth.

Panel 4 – Economic Development Issues

Moderator: Marsha Fiol, Virginia Department of Transportation

Chad Miller, Assistant Professor, University of Southern Mississippi
Hon. Patrick O. Gottschalk, Partner, Williams Mullen
Charles McSwain, Charles McSwain Consulting
Dennis Wilmsmeyer, Executive Director, American's Central Port
Ken Wester, ADHS Program Manager, Appalachian Regional Commission

Hon. Patrick O. Gottschalk, Partner, Williams Mullen

Transport is a key consideration when considering any economic development deal, especially if there are asset-based needs for an international port, airport, or access to an interstate. There is no question that it will cause problems if assets are unavailable. They won't get to you in the Southeast if you haven't met transportation asset access requirements. One thing good about the Southeast is that all are right-to-work states, which is an important calculation for most businesses.

Transportation assets in Virginia, such as the Port of Hampton Roads, are really strong logistical centers, but others in the Southeast also have competitive ports. The same could be said for airports in the Southeast, but Dulles Airport is the key airport in this area. Many prospective companies advise that they need to be within one hour of an international airport. If the airport highway access limits the region, that's a critical factor for attracting businesses.

When it comes to whether to invest in a region, there is no question that there is an internal calculus that a company does when considering location. People have varying needs for transport assets. If you are in the manufacturing business you need to get materials in and goods out. If you can't do that it's going to be a check mark against that particular project. Often a company comes to the Virginia Chamber of Commerce and says here are my requirements and they usually are: 1) access to an educated workforce, 2) access to transportation assets (1 hour from airport, near an interstate, 1 hour from Port of Hampton Roads), and 3) access to production materials. Sometimes there are no requirements. Transportation assets for commuters allow employees to come to the place of business in an efficient commute manner. We had a HQ relocation project for Northrop Grumman into Fairfax County from Los Angeles. I'd venture that Northern Virginia may be more crowded than Los Angeles, but they made calculus to be near the customer, specifically, the Department of Defense. You have to be able to get commuters in and out, as well.

In the Southeast, development is about competitiveness and each state differentiates. North Carolina has a research triangle with Duke, the University of North Carolina and North Carolina State in the Raleigh area. A higher education cluster is compelling. Congestion impedes progress towards picking that particular site or state or region if it's apparent and it's a problem.

The three-legged stool of economic development is: 1) Education, 2) Transportation, and 3) Material Production Sites. We warn that a leg falls and goes away because of congestion, lack of road funding, so that with a lack of infrastructure you lose out on potential business investment. The transportation lag of the three-legged stool is funding. Consultants do a lot of work before getting to your region for a potential site, so you don't know if you've been excluded before, because they use a computer to find out your assets or lack thereof. You need to highlight these assets on the internet to promote yourself.

Charles McSwain, Charles McSwain Consulting

What Pat said is right when he makes the point that you need to collaborate in-land use plans with your freight system users. If you don't build models to react proactively and you don't react to chokepoints, you don't get the benefits. You must remain proactive to surf the curve of economic development. The driver is the private sector, whether passengers or freight. In either case you need the private sector. By bringing the operational designers in from the private sector you create a product that will be used. Here are the key cost factors our private sector clients have determined when considering relocating to an area: Rent is 4.3% of operating costs, Transportation is 50.3%, and Labor is 9.5%. So, transportation is the entire game to them.

Local barriers to developing a well-designed logistics center are related to developing public support, and addressing Not in My Backyard (NIMBYs), and Build Absolutely Nothing Anywhere (BANANAs) concerns. What we need in this design solution is to have entitlements in place and infrastructure planned and funded to remain on the list. I spent 21 years with the railroad companies. This maps a revolution to maximize throughput capacity for the railroads. This rail map dictates where you can connect a new customer to the railroad. If it's red it is busy at 50 trains a day and you don't want local short lines interfering with these class 1's moving freight. On a single lane track, if a short line goes in and switches two cars for a customer thereby holding up four trains while he switches out, that is a problem. The solution is to make the red line tracks as free flowing as possible. If you want access you need to be able to clear up the main line, which means a 5,000 foot siding. From a planning perspective we need to create a large scale presence for a railroad service site, or you are not in the game.

So, how do we finance all these projects? Maybe we let the Florida Chamber of Commerce know of our capability and conduct outreach to local business communities and political constituents to start this conversation at a much higher level. The private sector will be partners for you on that. 80% of the U.S. population lives near the beach. When the Los Angeles Long Beach Port dispute was underway in early 2000s, Wal-Mart saw its main pipeline was blocked. They went to ocean carriers to make the final delivery to ports inland and up river ways. Ports are moving to create more efficient shore-to-shore services that move quickly on and off the ships intermodally. For the people in Norfolk, building a road like the Greenfield project indicated by Secretary Cannoughton, will bring you greater business development.

Chad Miller, Assistant Professor, University of Southern Mississippi

I will be preaching on the topic of intermodal facilities. The public sector promotes economic development but also needs to provide more expenditures to ensure safety and environmental factors are met. There are clusters of intermodal facilities. The Mississippi blueprint is developing a warehousing cluster in northwest Mississippi near Memphis, and on the coast near Gulfport with its port expansion. Regarding intermodal freight facilities, there are over 100 across the U.S. We collected data and focused on 39 facilities for this study.

The trends we have found are that a growing number of these intermodal facilities differ in scope, from rail to full blown freight villages. Some are run by public authority and some are just railroad operations. Most are owned by the private sector that own real estate and are just getting involved in developing these facilities. Almost all have huge economic impacts with studies showing at least 1,000 jobs created. There are lots of expectation that there will be public financing to support the development of these facilities.

The root of the research question for our project is that some created a lot of employment, while others did not. We wanted to know what was the factor or factors that brought the jobs to these facilities.

We looked at intermodal-related jobs in counties adjacent and in counties of these intermodal facilities and found certain factors that influenced their creation. There was the state of the national economic business cycle, the particular management model used when developing the operational plans for the facility, the railroad operating model, whether there was developable land, and yearly container volumes through the area. Some impact studies show that with so many TEUs this means so many jobs, and also influences how much public finance is going in. There is also the question of whether it's a dry port, such as Virginia's inland port. Within the dry port concept, lies the question of whether you are going to have the port drive the development or have the carrier drive the development to the port.

Our key findings are that freight throughput nor developable land in our land and intermodal models were related to job growth. It did support the fact that suitable public infrastructure was a component of an increased number of jobs, but it was questionable as to whether more public financing related to job growth. Therefore, we are looking at whether incentives to the private sector could be another possible reason for improved job growth related to the development of these intermodal facilities.

The take away thus far is to consider having the local public authority buy the land and then have an inland development strategy. This then supports a shared buy-in from the private sector and the community to maximize efficient operations and higher jobs growth.

Ken Wester, ADHS Program Manager, Appalachian Regional Commission

My job is to get states to complete the system it started in the 1960s. The mission is to have sustainable economic development in the Appalachian community. President John F. Kennedy ventured into the Appalachians and was taken by the economic situation of the area. He put together the Appalachian Regional Commission (ARC), and in 1965 the ARC was created as a result of JFK's interest. Our region runs from southern New York down into northeast Mississippi. We are organized and headed up with a federal co-chair from the White House. We have 13 governors in 13 states. They appoint one governor to lead them. It is one vote that is an equal vote as far as what actions are to be taken back by the staff. I am with the public non-profit division that is there to support the commission.

Developmental activity can't proceed until regional isolation is overcome. The system is based on criteria to stimulate the movement of people and goods into remote areas. This is the mission of the Appalachian Development Highway System (ADHS), which had 2,350 miles authorized in 1965 and $840 million for construction. At the time there was an estimated total cost of $1.2 billion to complete the project. Our ADHS ends with another corridor or an interstate system. When they were building the Interstate Highway System (IHS), they bypassed a lot of the Appalachian corridor system. In 2004 we have about 600 more miles to be completed. About 100 miles of that is under construction and in the past year we completed 34 miles. The funding is under SAFETEA-LU at $470 million per year, which is then broken up with cost-to-complete estimate at the individual states. It is an 80-20 funding match between states and the program. We obtained services to conduct an economic impact analysis and have established that its completion will yield by 2035 over 80,000 jobs and $2.1 billion annually in economic activity. Also there were found to be national travel efficiency savings of $5.1 billion related to freight movement.

There are challenges to complete the ADHS. Funding is provided via SAFETEA-LU and the funds stay with the state. Some states have built up pretty large balances. Often the building capacity is questioned and lack of funding is the excuse, even if these states are holding a lot of these funds. ARC Jurisdictions are also a challenge because they cross state boundaries. One state is working to complete a corridor while the other state has no interest. Another challenge is in our national transition to the global economy. We have to begin to factor in the economic impacts of this transition, and recognize the shifting pattern of freight flows through the ADHS to ensure that its completion is ready for these changes.

Dennis Wilmsmeyer, Executive Director, American's Central Port

Inland ports are brown water, not blue water ports. There are navigable inland miles in our country along the Mississippi River and its tributaries and in rivers on the East Coast that need more attention. These are underestimated and under-utilized, but are getting more attention thanks to USDOT refocusing and trying to get more funding to support the inland river system.

Here is the Inland Ports 101: they focus on job creation, transportation, but receive no tax revenue whatsoever, so they require innovation. Many have defined geographic boundaries less than a county size and some get as large as the state of Ohio. Ohio has done a great job. In Ohio their geographic boundary is the entire state of Ohio and they can partner and go together to fund large projects throughout the state.

Over the past four years, our country has been dealing with creating jobs, increasing transportation infrastructure and doing so without increasing taxes. Inland ports have been doing this for a lot longer. They are lean and streamlined with very small boards that meet monthly. A federal project handed to the state in turn contracted with a local inland port because they knew they'd get a contractor that would get the work done efficiently and cost-effectively. Because these inland ports are operating without tax revenues, they are opportunistic and can take advantage of their operational status so that they don't lose money.

Inland ports are intermodal, multimodal, and logistics hubs, before these terms were catch words. We ran rails, roads, rivers, and runways, the four Rs, and the inland ports contain three of these Rs. Taking advantage of FTZs - Foreign Trade Zones - we have over 300 now in the U.S. As the trade duties raise and lower, the FTZs are more useable in that they allow goods and products into the country by keeping assembly manufacturing here while the duties do not get attached.

Here is one Case Study: America's Central Port is five minutes from downtown St. Louis. We have a small board and we handle 3.5 million tons of product by barge. We are a full service port in the middle of the country. Any product, whether dry, liquid, or otherwise, can be handled in our facility. Grain is a large export along with U.S. Steel. All orders from the local steel plant come down rail and onto barges for export down river to other countries. Fertilizers are also big imports. Logistics wise we inherited a military army base because warehousing logistics and distribution are very big. We operate 1.5 million square feet of warehouse space and went from 12 tenants to 75 tenants today. We have a fuel ethanol plant running at full capacity, so inland ports can be competitive assets for local communities.

Panel 5A – Corridors – What Are They and Can They Work?

Moderator: Tony Kinn, Virginia Director of OTP3

Paula Dowell, Cambridge Systematics
Karen White, Economist, FHWA
Rebecca Brewster, President and Chief Operating Officer, American Transportation Research Institute
Ryan Houfek, AVP for Intermodal Sales CSX
Barbara Nelson, Principal Planner, Richmond Regional Planning District Commission

NO NOTES WERE RECORDED FOR THIS SESSION

Panel 5B - Latin America and the Southeast - Growing Markets, Growing Connectivity

Moderator: Tom McQueen, Georgia Department of Transportation

Ricardo Sanchez, Chief, Infrastructure Services Unit, UNECLAC (CEPAL)
Arno Hart, RNO
Sonney Jones, Division Director - Transportation, Dal-Tile Corporation
Shawn Ricks, U.S. Department of Commerce

Arno Hart, RNO

I run a consulting practice in Charlottesville, VA. I was project manager on LATTS, so the idea of the Southeast region galvanizing around freight trade and goods movement came out of the LATTS study. The purpose of my discussion is why we are here today, and what Latin America has in store for the Southeast region.

The impact that LATTS had on the national level was mainly to do with the Freight Analysis Framework (FAF) and its use of freight data in state DOTs. The database in LATTS was used as a model in developing FAF and it raised the profile of freight within DOTs so that all DOTs have a freight group or freight designate that is beyond a minor role. LATTS resulted in tangible intermodal programs, and it resulted in rail investments in north-south corridors to deal with north-south LATTS trade and investments.

The LATTS study was on point. Latin America was a real and tangible trade animal. Freight in Latin America and trade are synonymous and manifested itself in different ways. From a trade perspective, the first is the Panama Canal Expansion. Another way is in the densification of trade lanes. Latin America plays a fundamental role in global trade competing against North American jobs. North American investments in transportation infrastructure had a lot to do with being able to compete with Latin America in a global sense (e.g., our agriculture exports).

The densification of trade lanes from the Panama Canal and in the Caribbean are different from what we've seen in the past, and it affects our trade in the Southeast and our investments in trade and infrastructure in support of freight mobility. So here are some issues that were addressed in LATTS but not anymore:

Regarding dredging, we must dredge the depth of the Mississippi River especially at its mouth. It is the area where we protect our industrial jobs that are mostly located in the heartland. There are also all of those agricultural exports which affect our ability to compete in China against Brazil. Significant costs arise from the failure of dredging depths, which has impacted transportation costs associated with the carting capacity of our canals. It is fundamental and critical that we invest in that specific infrastructure to retain our export edge. Regarding the lack of several container load centers for ports in the mouth of the Mississippi and the Gulf, we have Mobile and Houston but we don't have a large containerized load center. This affects our ability to capitalize on imports via materials to manufacturers through transshipments in Caribbean ports. There is lack of investment in a gateway facility along the Gulf Coast ports. Those are my basic remarks about how LATTS affected what we're doing on a day-to-day basis.

Ricardo Sanchez, Chief, Infrastructure Services Unit at UNECLAC (CEPAL)

Thanks for your interest in Latin American and the Caribbean. Regarding the growing markets and activity between Latin American and the United States, my challenge is to present thoughts on the economy and maritime transport. Today I'll show you the positive evolution of the economy in the Latin American community and examine the commercial relationship within the U.S., which is losing its competitive edge to Latin America but can catch up. It's important to review challenges in container transport, which are driven by the increase of the fleet size, the preparation of the ports and therefore the macroeconomic impacts on trade and the Latin American transportation system.

The region is experimenting gradually slower growth of 4.3% in 2011 to 3.7% in 2012. Brazil's improvement prevents a deceleration at the regional level but continues to be lagging behind. In this context, employment is expected to continue to grow moderately keeping the unemployment rate at 6.6%-6.8% in 2012. International trade has sustained the region's growth while the improvement of exports in international trade was supported by increasing prices, rather than increasing commodities. Domestic demand was reflected in the surge of import volumes.

Across the world there is renewed interest in strengthening investment in trade outlets in Latin America. The United States is our main trade partner while China is moving up rapidly towards 2nd place in imports and exports. Within exports and imports from Latin American including the Caribbean, containerized is 54% and non-container is 46%. Localized exports are non-containers and there is tremendous opportunity for trade with U.S. and Latin America as a result.

Latin American countries have the largest chance because there is room for increasing trade between Latin America and the United States. Mexico alone accounts for 2/3rds of total U.S. imports from the region. Mexico has the largest shares of these manufacturers' exports to the U.S. with almost 82%. If Mexico is excluded, the share of exports to the U.S. is much higher. Among the main products are vehicles, electronics, and digital processing units, which represent about 50% of Mexican exports to the U.S. Following Mexico, the other countries with the largest share are the Andean countries. Contrary to trade with Europe and the Far East, the trade is less than before the crisis. Despite the recovery in 2011, in 2011, 1.28 billion TEUs went to the U.S. and 1.59 billion were exported from the U.S. to Latin America, resulting in a trade imbalance.

There are new requirements for our ports. We expect big ships and our ports must adapt. At this moment our big ships can handle around 8,500 TEUs. Our study analyzes the maximum size to determine when the demand for maximum vessel sizes will come to our shores. Right now the maximum class is around 13,000-15,000 TEUs. So, when does it arrive to South America? Our models assumed an increase of productivity for 10% and 12% for West Coast so that the 13,000 TEU ships will reach our ports in South America by the end of the current decade with 2016 being the best case scenario and 2020 being the worst case. We are sure these big vessels will arrive by the end of this decade.

Some American companies have informed us that the next container vessel is between 10,000-11,000 TEUs and will arrive between 2013 and 2014. Our concern is related to our ports ability to receive these big ships. Central America is influenced by U.S trade and these larger vessels will arrive in South America after first stopping in Central America. Regarding projects in Panama, Costa Rica and Mexico, all ports are going to a draft of 46-48 feet. Meanwhile in South America, we are going to a depth of 42-45 feet, although Santos, Brazil is planning to move toward a depth of 48 feet.

For many, some of these port expansion plans are just plans and they won't be completed by 2014. This means that everyone will rely heavily on transshipments from deep sea Caribbean ports to convert shipments into a ship that can access ports in South America and the U.S., as well.

Shawn Ricks, U.S. Department of Commerce

I am going to talk about how trade agreements support U.S. Companies.

With all of this talk about the Panama Canal expansion, has anyone toured the Canal? If you have the chance, go to Panama and visit the Canal. I saw the ship going through the Canal and got access to the control room. I was so close, that I could have shaken the hand of the ship's captain. The technology it required to expand it is phenomenal.

Two years ago, President Obama tied exports and trade to our economic growth. A number of free trade agreements were implemented during the previous administration, but there was no talk about what these meant. I started during the negotiation of the North America Free Trade Agreement (NAFTA), which initially had issues because of environment and labor laws that were not considered part of free trade agreements at the time. Since then free trade agreements have evolved to be broader.

On the topic of the evolution of benefits of free trade agreements, it does help to level the playing field. In the past, when products entered the U.S., almost all goods were imported on a duty free basis. When exporting to other countries, there was little to no reciprocity and duties to enter these other countries. By establishing these trade agreements, we've reduced these tariffs on U.S. products.

Regarding transparency, marriages provide for open communication and similar to that, Trade Agreements help to establish better communications. Brazil is a tough market to enter and while there are opportunities, you need insight into that market. We don't have a Free Trade Agreement (FTA) with Brazil, but we have a U.S.-Brazil CEO forum where we have 10 representatives from both countries who present recommendations on challenges that each country is facing and presents results to governments to use as a dialogue between governments. The outcome of the dialogue is to work on trade facilitation and customs issues to show how we process. It's a matter of showing the time it takes for products to enter Brazil. Other areas we work on are corruption, workers' rights, protection of environmental regulations and trade capacity building. For example, we have a program helping foreign governments reduce corruption among agencies to improve transparency.

The policy area has within it the promotion of trade and advocacy of U.S. companies. Programs here are the U.S. Export Assistance Center in Richmond with a session where you can hear what the U.S. Trade Administration has to offer. We have an international network of commercial offices around the world advocating on your behalf. Another area is that of enforcement. We have reduction of trade barriers and intellectual property protection, where U.S. companies ask us to act on their behalf. We maintain a case database for each country that we measure countries against.

A third area is in our public-private partnerships, collaborations and coalitions. One that ITA engages in is the National Export Initiatives, which is building the number of companies and expanding both to new markets. At the beginning of the month the number of exports has gone up. The American leader summit is an opportunity for three countries to collaborate and discuss how our countries can coordinate and work together. I am delighted to see that as you develop your business strategy you have to think globally because of our interconnectivity. There is a series of customs facilitation shops where we are conducting workshops so that our flow of goods to customs can be reduced. The American Competitiveness Forum brings leaders across the hemisphere for education, training of the work force (that third leg in the stool), where we also talk trade logistics and transportation asset infrastructure identification.

Sonney Jones, Division Director – Transportation, Dal-Tile Corporation

I work with Dal-Tile Corporation and want to discuss the value of weight harmonization, or more specifically the cost and value with regards to NAFTA, but carried on to all international transit and investment worldwide.

Dal-Tile is a division of Mohawk industries. It is the largest flooring manufacturer of carpet, laminate, solid engineer wood flooring, and ceramic tile. Our tile is produced in the U.S., Mexico and through a joint venture in China. Our sales are in North America and some international markets and our largest loads were processed in 2011.

Not all freight transport is alike and that is the challenge. Freight is dense and heavy, and not all freight is homogenous. This variety drives your transportation demands. The top picture displays freight that is 95 pounds per cubic foot. Tile products are dense and we use only 20% of the cubic feet in trailer before hitting weight limits. Weigh out issues are a problem. In this picture is a Mexican domestic load that is 57,000 pounds or 26 metric tons (which gets back to the 97K pounds gross weight), and we only use about 30% of the cube even at 57K pounds. Look at this load. We'd have to take 1/3 of the weight off and occupy only 20% of the cube.

When you examine NAFTA, the lack of harmonization of weights really affects the cost of transportation, especially on high density products. Canada has similar limits compared to Mexico, while the U.S. has the lowest weight limits. Most states in the Southeast recognize the need to adapt to international standards with higher weight limits and many of these states have overweight permit processes. But these OS/OW permit processes are limited to that state alone. They are not answers regarding the syncing of transport within the NAFTA group. We have seen heavy weight border crossings emerge. One is in Matamoros or Brownsville with a 30 ton limit and the other is the crossing from Juarez to Santa Teresa, New Mexico.

Dal-Tile recognized the value of harmonizing the M-10 Marine Highways Service that allowed weights to be harmonized from our Mexican factory origin all the way to delivery in Florida. It provided a valuable link in the NAFTA Supply Chain, which entailed the use of the MT Multimodal Transit Container on a barge. This was a conventional service that was considered both intermodal and an over-the-road service with a 19.5-20 metric ton limit.

Because the U.S. has the lowest weight limits, we must limit truck weights in Canada and Mexico, as well. In Mexico we cut the weight back to U.S. standards in order to cross the border. We have impacted transit and trade between U.S. and Mexico, as well. To move that product we would move 1,600 loads on that road. By using the heavy weight service this was reduced to 1,200 loads, which had a powerful impact in reducing costs to our company to move products into the U.S. Our actual cost dropped 45% on the movement of goods from this factory in Mexico to the U.S. That reduced the landed costs to about 10 cents per square foot which is a huge cost savings. In manufacturing they will kill for a half a penny per square foot. That's a huge impact on sourcing decisions and on lane costs. There were times the product was bought from Brazil vs. manufacturing in Mexico and sourcing via the conventional route.

Of that 45% reduction in cost, 33% was because of the savings regarding weight harmonization. Some of this material was destined for Baltimore where we have a distribution center. On this route to Baltimore, the intermodal marine route was not competitive on the open road from Mexico or Florida. We used intermodal services as much as possible but the intermodal product was not competitive with the open road product. We'd have used rail if it was cheaper, but it wasn't cheaper to ship from Florida to Baltimore on rail. So the impact of heavy weights does have an impact on the modal choices you make.

The shotgun approach to increased weight and lengths in the U.S. has and will be resisted by the private sector. It has led to capacity sharing (co-loading) and the sharing of cubic capacity with low density products, but it's just a "Band-Aid" due to the lack of weight capacity as you are buying weight or cube space on a truck.

We have an initiative to better use transport capacity, just based on the impact it has on the industry, and we need to improve the competitiveness of intermodal product through increased, synchronized weights. We need to recognize that the intermodal offering is a way to harmonize weight on inland services, while preventing the public from being scared about heavier trucks. Intermodal facilities would be used at inland ports for harmonized intermodal moves with a limited operation zone around the intermodal ramp.

Regulated through federal state authorities, this could stimulate the regular economy via reduction in landed costs. There was competitiveness between the rail and short sea service and that competitiveness wasn't healthy. Just keep in mind that there is an environmental capacity impact in having to take 1,600 pound loads and reducing it to 1,200 loads. This proposal would do a lot for efficient transport.

In closing, the first observation I have as an industrial engineer is what has happened to America's role as a leader in productivity? There is a way to do this and not create panic throughout North America. We are creating problems in Canada in Mexico.

Panel 6A – Urban Freight Railroad Operations

Moderator: Robby Burt, Mississippi Department of Transportation

Karen McClure, Federal Railroad Administration
Cannon Moss, Norfolk and Portsmouth Beltline
Chris Luebbers, Group Manager International Marketing, Norfolk Southern
Rob Case, Principal Transportation Engineer, Hampton Roads Transportation Planning Organization

NO NOTES WERE RECORDED FOR THIS SESSION

Panel 6B – Connecting Markets to Support Export Shipments

Moderator: Doug Frate, South Carolina Department of Transportation

Patrick Donovan, Rahill Institute
Gordon Wilmsmeier, Economic Affairs Officer at UNECLAC (CEPAL)
Eric McDonald, Director, Richmond, VA U.S. Export Assistance Center, U.S. Commercial Service, US Commerce Department
Juan Villa, Program Manager, Mexican Office, Texas Transportation Institute

NO NOTES WERE RECORDED FOR THIS SESSION

Panel 7 - The Legislative Framework - How Do You Link Local, State and Federal Transportation Policy?

Moderator: Dennis Decker, Louisiana Department of Transportation and Development

Geoff Bowman, House Transportation and Infrastructure Committee
John A. Cosgrove, Virginia Delegate
Robert Barclay, Suffolk Councilman, Ports Law

Geoff Bowman- House Transportation and Infrastructure Committee

Sixteen months ago, 93 new members were elected to Congress. 37 is the average. 87 of those are Republicans, with three instructions given to them by the voters:

- Cut spending.
- Stop earmarking.
- Do not compromise.

These instructions made me nervous, because we need earmarks, funding and compromise to implement transportation funding. There has been a real push and pull between major transportation committee members. We have an administration expanding the concept of infrastructure to schools and broadband, but including more things into the infrastructure pie is making the slices smaller.

We've had this same infrastructure for so long, but we have taken it for granted. What I am seeing is that infrastructure on all levels, not just transportation, is breaking faster than we can fix it. Many other highly visible infrastructure pieces such as airports, trains, bicycle paths, trucking weigh-stations, are receiving their full due with articles written in "Roll Call" by the subcommittee members. But other vital pieces such as marine navigation infrastructure, are not receiving any attention while they continue to age just the same. For most of the public, it is out of sight and out of mind. They know who the freight trains are because they run ads on TV! The barge industry doesn't need to run ads, but right now the navigation industry doesn't have a lot of visibility on Capitol Hill. Add to this the fact that they now compete with the broadband and education community for this slice of the pie.

When I started we didn't have a vision about what to do. Now 10 years have passed and we still don't have a plan, and we certainly don't have enough money. We've elected members who don't want to spend money, and the best way to educate their own members is to talk about the consequences of non-investment on critical infrastructure. Still, behind all this talk of consequences, there are *substantial* costs. The current administration wants the Corps of Engineers to change into a maintenance-oriented organization, where they've traditionally been focused on construction. There are two port deepening projects in the President's budget, while channel navigation maintenance receives 30% of the budget, yet the Panama Canal Expansion is scheduled to be completed as soon as 2014. The Port of Charleston can't get an Environmental Impact Study in that amount of time and the Port of Miami is not one of the two proposed deepening projects by this administration. Miami will have to self-fund their port deepening and then come begging for reimbursement later. Finally, the subcommittee was unable to get maintenance funds to dredge the lower Mississippi River.

What is the proper way to discuss transportation with elected officials? Go and sit in a member's district office for 30 to 90 minutes out of your year and talk about the consequences of non-investment in ports and rivers.

The bottom line is that it's not okay to have a $4.7 billion dollar U.S. Army Corps of Engineer's budget. There are flood control projects, eco system projects, hydropower projects, yet their budget has remained flat since Ronald Reagan was president.

John A. Cosgrove - Virginia Delegate

We like to build roads when we can, but many times when we want to build roads, federal regulations bind us to make building almost impossible. One 10 mile stretch of road in the Chesapeake watershed area, crossing over the waterway costs $400 million. You have permit problems from the EPA, U.S. Fish and Wildlife Service, Federal Highways Administration, U.S. Army Corps of Engineers. This permitting process makes the cost of our road building endeavors sky rocket. That boulevard project could have been done 10 years ago, but we had to build a tunnel that adds lots of cost to the road. If we can reduce the regulatory framework that state and localities have to go through it makes doing these projects timelier, more efficient and costs a lot less money. In other words, it is now easier to build a road without federal funding so you can live without all the strings attached.

We have a commonwealth transportation board, appointed by the Governor, that makes all the decisions about what is going to get funded and where. I serve as a member of this board. We tell the commonwealth that this is your money and then ask them what they are going to build. The localities get information from their Metropolitan Planning Organizations to help them prioritize the projects, but the board makes the decision. One-eighth of the jobs in Virginia are attributable to the port here in Hampton Roads and the import/export business it supports, which makes it extremely valuable.

The freight that comes out of our port uses the Heartland Corridor. We can dredge Hampton Roads as deep as we want to go and have the infrastructure to support the increased demands that could come from the Panama Canal expansion. We talk about freight in order to raise bridges for containers that are double-stacked on rail. We are looking to increase barge traffic up to Richmond as I-64, which can be congested easily. Truck traffic uses I-64, so with more freight on rail and barge, it reduces pressure on I-64. If we expect more containerized freight through the Panama Canal to pass through Hampton Roads, then we need to expand our road capacity to the region. There is no point thinking we can only use rail or barge to get us around that capacity bottleneck.

My district has 80,000 constituents, who don't want taxes to rise on gas and don't want a sales tax increase. They are my bosses and that's what we have to obey. We have to change their mind, or raise revenue through some other alternative method for these projects. If trends continue, by 2017 we will spend all of our transportation dollars on maintenance. Traffic is bad here but it is nothing compared to D.C., although it can get worse. The mid-town tunnel expansion through a private public partnership will be a toll project, which has infuriated our citizens. The Governor elected to go into this agreement and there are state members getting together to overturn this agreement.

Robert Barclay - Suffolk Councilman, Ports Law

I'd like to discuss the process at the local government level and how we are prioritizing transport projects. In Virginia, each locality is required to have a comprehensive plan, which is a primary document to guide future land use, economic development, education, and transportation infrastructure. This plan is updated every five years, with the planning department taking the lead by bringing together the stakeholders: other city departments, school systems, community stakeholders, business groups, the transportation industry, and the agricultural community. We have public hearings with small focus group-type meetings to give the local government some perspective from folks of the city. The plan outlines all future growth areas of the community.

About 20% of the plan is devoted to transportation. Once that blue print is developed, it's brought to the city council where we go over the zones. Once the plan is adopted, the public works department sits with the traffic engineer and we then forecast new traffic volume based on the plan. The transportation engineer applies a model allowing that one family dwelling generates x trips per day and so the plan changes according to our land use expansion and zoning of development.

The transportation department plugs all these formulas in and public works comes to city management and makes priorities for funding roads and construction dollars. A capital improvement plan is then approved based on these priorities, which is funded one year out, while any other projects beyond one year are considered projected funding. We then start plugging into that the capital improvement plan for funding requirements.

Where does the funding come from? We are a locality and part of a larger Metropolitan Planning Organization (MPO). We all come together as elected officials and each locality brings their priorities to the MPO. The MPO's staff handles it using a sophisticated prioritization model, and then we request funds from our general assembly members who advocate on our behalf using these completed plans.

Our MPO was recently re-organized and is doing a better job of communicating our priorities, but there is currently less money to go around. Historically the state provided 100% of the money for these priorities. There is a funding formula for urban allocation and to give you a sense of what happened five years ago, we were at 75K population. Now we are at 85K. Last year we got $500,000 for infrastructure transportation funding. Meanwhile at the local government level the economy, structural issues, and past neglect of infrastructure projects remain issues that are largely beyond our control. We continue to try to maximize our ability to use the existing funds, and then set up dedicated funding streams from our local dollars to get new tax revenue and focus it towards transportation dollars. We are leveraging transport dollars that utilize grants which require state or federal grant opportunities and then we have match requirements to obtain these grants. Our grant application helps us move to the top of the list. You will see localities doing that moving forward to patch together transportation funds.

For localities to survive, they have to get creative with their dedicated funds, by using them to apply for grants in order to get more funds. That's been our new method, along with planning to support prioritization of access to transportation funds.

Panel 8 – Where Do We Go From Here?

Moderator: Robert Rock, Tennessee Department of Transportation

Steven Curtis, Collins Engineering, ASCE Board Member
David Tyeryar, Deputy Secretary of Transportation and Chief Financial Officer, Virginia
Dwight Farmer, Executive Director, Hampton Roads Planning District Commission
Pam Kordenbrock, Tennessee Division Administrator, FHWA
Chris Lloyd, Senior Vice President and Director, Infrastructure and Economic Development, McQuireWoods Consulting

Steven Curtis – Collins Engineering, ASCE Board Member

My purpose here today is getting involved with local, state, and federal legislatures, and about getting public perception changed with regards to transport issues. Since 1998, ASCE has issued an infrastructure report card that addresses fifteen types of infrastructure in this country. This year we are issuing an economic impact report for 6-7 of those infrastructure types that address the economic consequences of the current lack of infrastructure investment.

Where is America headed? The U.S. economy expanded as result of the global economy expanding. Our nation's surface transportation network has to expand so that access and level of service at our major hubs such as seaports, airports, and transit can continue to serve the economic growth that is ramping up, and not impede it.

So why have cars on roads been the central focus? Throughout the 20th century there have been decades of progress associated with the Interstate Highway System. It had a price tag of $114 billion to construct it, and as a result, the U.S. network supports 237 million registered vehicles. As DeWitt Greer once quoted, "We do not have great highways because we are a great nation; we are a great nation because we have great highways".

America's infrastructure has many years of infrastructure investment behind it, because everyone recognizes that it directly impacts our ability to stay in competition with our global competitors.

Three years ago the U.S. was ranked 8th in the world in spending for infrastructure. Today the U.S. is ranked 16th. Our report card back in 2009 with 15 areas of concern gave an overall rating of a "D". If you were to individually take a look at those elements, you see that, looking within transportation, Aviation was a D, Bridges a C, Inland Waterways a D-, and Transit was a D. This kind of report card would have gotten me a whooping at home.

For bridges with a grade C, there are $17 billion of annual needs to fix all deficiencies while currently there is only $10.5 billion being spent. Inland waterways maintain a grade D-. The average age of inland waterway locks and other infrastructure is 60 years. They were designed to last 50 years. Increased federal leadership could solve problems with regards to the sustainability and resiliency of national transportation infrastructure projects. Federal leadership could support the development and coordination of state infrastructure plans for freight mobility and improve the coordination of investment among all stakeholders. Users need to know the cost of these facilities and the cost to maintain and use them.

This week USDOT Secretary LaHood was quoted as saying, "America is one big pothole". Recently, California estimated that every $1 in road maintenance equates to $16 in savings in improvement costs. Our community needs to start advocating the consequences of our failure to act. Our organization has undertaken four economic impact studies. One of the key points focuses on the loss of American jobs and the costs annually that the failure to act will impose on each American family and how it could cost us in U.S. exports. This is a major initiative of the current administration.

We've had decades of progress. This nation was built on commerce around coastal trading. In the 18th century, the transport network focused on inland waterways and canals. In the 19th century, there was a national railroad network developed, and in the 20th century, the development of an interstate highway system occurred. So now it's the 21st century. Who is our visionary, and what will that vision be? What can you do? Talk to your friends and family and take a good look at the status of your local bridges and highways. What's their condition? If they are bad talk to somebody, send them an email, or twitter and stay actively engaged.

David Tyeryar, Deputy Secretary of Transportation and Chief Financial Officer, Virginia

There has been much talk about money or the cost, but I am not sure it gets at the real question because it is more grassroots than that. I have been in state government for 25 years. From my experience, the issue really boils down to synthesizing or homogenizing around a central issue. There is a common population of users of our transportation networks that is putting a value on their time while using these networks. Freight is about time: getting products to market in a timely manner or a just-in-time basis. In the past we focused on an egalitarian approach where, when we have enough money, we devote it as we could. But we have to do a better job. This investment in infrastructure for the Port of Virginia will create jobs and it will enhance freight mobility for Virginia and the Southeast. It is important because of how our port is positioned for international trade with the expansion of freight arriving at our shores from Asia. At the same time the census prediction for our region is that for the next three decades we will be one of the fastest growing parts of the U.S. in terms of population growth.

We need to focus on a set of priorities. We have proposed transport corridors in Virginia legislation that will help the port and a large portion of the state. They will serve to increase capacity for a series of distribution networks, highways, railways, and other improvements. We do that one increment at a time and have made significant improvements over the last ten years. We've invested $1.5 billion in the port, which helps to get cargo into the port if you need to move it by rail or truck and to distribution centers beyond. So we have this hop scotching of distribution centers to port, and port to distribution centers which rely on the network between the two. For any major infrastructure project we get $4 of private sector investment versus $1 of public sector investment. It is about leveraging those dollars and creating a network of multimodal distribution centers, a network that's based on flexibility.

As I watch Bills unfold, it seems like the flexibility that we enjoyed is on the way out. I was listening to the ASCE report card and reading Virginia's report card on how well we handle mobility, accessibility, and economic sustainability. The barriers we experience here in Virginia are balancing safety, environmental sustainability and mobility. In the past we've done poorly on safety and mobility, which I blame on our egalitarian approach. Now we want to pick targets that deliver big performance increases versus an equal distribution without regards to network performance. VDOT is focusing on Hampton Roads and Northern Virginia, where 25% of the state population lives. Nationally, 2/3 of our country's population lives east of the Mississippi River. Picking our priorities and distributing infrastructure investment dollars through multiple modes is the answer. We don't have enough to be all things to all people.

Dwight Farmer, Executive Director, Hampton Roads Planning District Commission

Hampton Roads is the home to 1.7 million people. It is the home to the Port of Virginia. We have four marine terminals, two class one rail terminals, and are next to the world's largest naval base with over 120,000 active military personnel. We have sixteen local governments, each with a range of populations from 15,000 to 435,000. We have diverse needs from agricultural to dense urban areas, but we have transport problems that are enormous - bridges and maintenance are underfunded and tunnels that have been abandoned with costs to replace easily a billion dollars each. There are lots of discussions on toll facilities, which become contentious, but on any given day, most of our population, including freight users, encounter major chokepoints. I use a watch and odometer to monitor our travel speeds; they are less than 10 mph consistently approaching these chokepoints. These are speeds where there have been no accidents and no one has run out of gas. My average speed last afternoon was 1.5 mph!

I think we can deal with these challenges ourselves. From a local community perspective we need real time information. With three parallel crossings, and one or two lanes shut down, I could use real time information to navigate around these blockages. I look forward to more real time accurate information.

We need real state and federal capital investments here, because it's not us against Raleigh or Nashville; we are operating in a global economy. After all these improvements are done we still need revenue for their maintenance and for new transport infrastructure. But additional taxes are not going to be accepted by the public. Dominion Resource, Commonwealth Natural Gas, and Cox Cable are all public utilities and all operate under a fee-based system with a menu that customers can choose. I think we need a new transport revenue plan that is based on all these utilities, which means the customers do have oversight of a revenue stream based on a business plan. Transportation is the only public utility that operates using the same revenue stream from 50 years ago. You flip a switch when you get home for light. You open a faucet not waiting for water to come through. You turn on a cell phone without waiting to get a signal. Transportation is the only utility that forces folks to wait for people to use it. Let's determine if we accept what we have today, or will we all move forward and be part of the solution.

Pam Kordenbrock, Tennessee Division Administrator, FHWA

We've all had to get creative with our designs and prioritizations for projects. Barbara talked yesterday about Richmond Hampton roads and marine highway for barges. It is a true working solution with a short haul marine highway and it's really interesting to me since we also talked about using this concept in Tennessee.

On the topic of developing a performance management focus, I am not clear what that means. We are positioning ourselves to take advantage of whatever performance measurement focus comes out of the legislation. Competition for the funding will become stiffer and we are entering a phase where there is a changing role for FHWA and we will need to reorganize our staff. We'll be creating a freight office at the USDOT level. We've taken asset management folks and are having them become a performance management group. We are looking for flexibility now in the current interpretations of national guidance.

One thing that hasn't changed is the rule making process. That's a long process with a big commitment of resources and time. It will require rule changes at the federal level which is also a lengthy process. The interesting thing for us is to manage how we adjust these rules. We require a lot of data, but what someone calls real time information in Tennessee may not be real time information in Virginia or Maine. Hampton Roads sees itself as a trade partner with the world, but it has to adjust to fit into our southeastern sub-regional trading blocs. I like David's idea of synthesizing around a priority to bring those conversations together.

Land-use policies need to take into account multimodal freight approaches. Regarding FHWA and freight program assessments with MPOs and DOTs, we are developing a discipline on freight. It is no longer a collateral duty - it's a full discipline. Regarding performance management in freight, we have an intermodal connector assessment tool to do multimodal approaches and we can partner with state and local agencies to do that.

Chris Lloyd, Senior Vice President and Director Infrastructure and Economic Development, McQuireWoods Consulting

Public Private Partnerships (PPP) are a piece of the puzzle, but aren't the silver bullet. They play a role in investing in transport infrastructure and in making a freight difference, but PPPs come with strings attached. If you roll out across the Southeast, they are oversold to legislators and under-explained to the public. Legislators are in love with PPPs because they equivocate private money coming in with free money without the need for a return. When Sprint or Verizon brings in a cell tower they get money back. But, charge 25 cents a day for a toll and the people are burning effigies in the street. People haven't been educated about funding infrastructure and have been told transport is a free infrastructure when it is not.

We need an educational effort on what is a PPP and what it means for the public. PPPs are explained as new and shiny, but they have been around since Mesopotamia. The public is fearful that these private contractors are out to get their money, but PPPs are not that scary. PPPs can be maintenance, finance, dealing with development rights, as each PPP will have different scope. They play a role with the foundation of a PPP law that creates a transparent process. Only Virginia and Florida have existing PPP Laws. Georgia has the law but implementation has been rocky at best. Other southern states are tinkering with PPPs. South Carolina has a southern connector in Greenville, which has been a challenge. It's all stop-and-go, and the reason is lack of a consistent predictable PPP law.

The role that the private sector is going to play is to cultivate those champions on the inside who can lay out how to make it consistent in the state legislation. PPPs are not just for toll roads. Those on the harbor cruise saw the APM terminals. Maersk spent $500 million to build the most advanced terminals in the country. There is the LINK system in Charlotte and a light rail project here that has a PPP behind it. MARTA stations in Atlanta or D.C. Metro is coming to PPPs for development of these stations. So PPPs have many roles, they require that legislation is in place. We all need to work on bringing those opportunities into focus.

Closing Remarks

David Tyeryar, Deputy Secretary of Transportation and Chief Financial Officer, Virginia

In talking to some of you between sessions, I hope it's been a real opportunity to exchange ideas. The real work gets done during sessions, but transportation is the key challenge in the U.S. for the 21st century. In terms of other modes, and items of other infrastructures, such as the power grid, and water, we all find ourselves in roughly the same spot.

We get you involved here at these conferences because we're trying to provide the right leadership, but that's a grass roots effort to get you involved. The more we create these regional, local approaches the better off we are at the end of the day. You ask someone to pay a dollar a day more, something towards infrastructure and then go to the ballot box and ask if we should tax more? The answer is almost a universal: "No, we don't think so".

I can't emphasize enough that there are heavy handed approaches, but it's far better if it starts from the bottom up because it gives the localities the ownership of the prioritization when they can bring it to you. This gives you an opportunity to focus, and hopefully accomplish the project. There is light at the end of the tunnel. Engage localities with putting these transportation infrastructure improvements and get them to buy in, or take ownership and go with their recommendations.

Challenges are long and daunting. It becomes manageable to put it all together into a regional, Federal, state, local, system, but if there is no plan and no priority if all you can say is "woe-is-me". Funding is always a challenge. We had Base Realignment and Closure in the U.S., but Virginia gained jobs. There is a local panel in Fairfax County and we can work with them to fix this project, but what I need for them to do is figure out the single problem and the solution. Two locals turned out 1,200 people against these plans, a sign that the state's top down approach won't work. So I queried the localities on the issue to get at their issues. What's number one, two, three, etc.? It has taken a year and the number one solution was mobility and capacity on the interstate, so that is what we are doing to fix.

Another thing is to demonstrate the economic improvements from transportation investments. We build a transportation infrastructure investment and the commonwealth gets the income taxes, gas taxes, portions of sales tax and the economic impact is over here, while transportation sits over there. It is a system designed in the 1930s, but it doesn't work anymore and it needs to be fixed. The gas tax remains as a part, but we need other pieces. By virtue that you gave pieces of your life to this problem means that you've signed on to be part of the solution.

America enjoys a free market society which means we will breed ideas, and figure this out. Who would have known that FedEx would expand capacity by flying cargo into an airport at night when there are no other passenger flights coming in and out?

We hope that something happened at this conference, which will serve as a germination of a transportation solution that will take place 10 years from now.

Conference Agenda

2012 Freight in the Southeast Conference

March 14-16, 2012

http://www.ittsresearch.org

Location:

Norfolk Waterside Marriott

235 E Main Street
Norfolk, Virginia 23510
757-627-4200 phone

All Meetings in Norfolk III unless otherwise noted.	
Wednesday, March 14, 2012	
12:00pm-1:00 pm	Lunch - Norfolk I-II
1:00pm-1:30pm Welcome Remarks	Jeff Keever, Senior Deputy Executive Director, External Affairs, Virginia Port Authority Tony DiFilippo, President & CEO, VisitNorfolk Bruce Lambert, Executive Director, ITTS
1:30pm-3:00pm Panel One - Economics and the Southeast - When Will The Recovery Occur	Moderator: Thomas Bartkiewicz, LADOTD Jack Wells, Chief Economist, U.S. Department of Transportation John S. Woodcock, Director of Market Development, TTX Company Ann Battle Macheras, Vice President, Regional Division, Research Department, Federal Reserve Bank, Richmond
3:00pm-3:30pm	Break
3:30pm-5:00pm Panel Two - The Role of Government and Truck Operations	Moderator: Jeremy Edgeworth, Kentucky Transportation Cabinet Leo Penne – Program Director, Freight Transportation and Economic Development at AASHTO Wayne Davis – Hauling Permit Program Manager, Virginia Department of Motor Vehicles Dale Bennett - President & CEO at Virginia Trucking Association
6:30pm-8:30pm	ITTS Business Dinner (by invitation only) Franklin-Sangria-York Room (2nd Floor)

Thursday, March 15, 2012 – Morning Sessions

7:00am-8:00am	Breakfast Buffet Norfolk I-II Moderator: Bruce Lambert, ITTS Workshop meeting – Data for Transportation Planning
8:00am-8:20am	Remarks: Sean Connaughton – Secretary, Virginia Department of Transportation
8:30am-9:30am Panel 3 - The Role of Logistics in the Southeast - Why Does This Matter?	Moderator: Juan Flores, Florida DOT Rich Biter, Assistant Secretary, Intermodal Systems Development, Florida Department of Transportation Jeff Heller, Group VP - International Intermodal, Norfolk Southern Jeff Keever, Senior Deputy Executive Director, External Affairs, Virginia Port Authority
9:30am-10:00am	Break
10:00am-11:30am Panel 4 - Economic Development Issues	Moderator: Marsha Fiol, Virginia DOT Hon. Patrick O. Gottschalk, Partner, Williams Mullen Charles McSwain, Charles McSwain Consulting Chad Miller, Assistant Professor, University of Southern Mississippi Ken Wester, ADHS Program Manager, Appalachian Regional Commission Dennis Wilmsmeyer, Executive Director, American's Central Port
11:45am-1:15pm	Lunch Keynote Speaker Rodolfo Sabonge, Panama Canal Authority

Thursday, March 15, 2012 – Afternoon Sessions

1:30pm-3:00pm Panel 5A - Corridors - What Are They & Can They Work?	Moderator: Tony Kinn, Virginia, Director of OTP3 Rebecca Brewster, President and Chief Operating Officer, American Transportation Research Institute Ryan Houfek, AVP for Intermodal Sales CSX

	Barbara Nelson, Principal Planner, Richmond Regional Planning District Commission Paula Dowell, Cambridge Systematics Karen White, Economist, FHWA
Panel 5B - Latin America & The Southeast - Growing Markets, Growing Connectivity	Moderator: Tom McQueen, Georgia DOT Arno Hart, RNO Sonney Jones, Division Director – Transportation, Dal-Tile Corporation Shawn Ricks, U.S. Department of Commerce Ricardo Sanchez, Chief, Infrastructure Services Unit at UNECLAC (CEPAL)
3:00pm-3:30pm	Break
3:30pm-5:00pm	Moderator: Robby Burt, Mississippi DOT
Panel 6A - Urban Freight Railroad Operations	Rob Case, Principal Transportation Engineer Hampton Roads Transportation Planning Organization Chris Luebbers, Group Manager International Marketing, Norfolk Southern Karen McClure, Federal Railroad Administration Cannon Moss - Norfolk & Portsmouth Beltline
Panel 6B - Connecting Markets to Support Export Shipments	Moderator: Doug Frate, South Carolina DOT Patrick Donovan, Rahill Institute Eric McDonald, Director, Richmond, VA U.S. Export Assistance Center, U.S. Commercial Service, U.S. Commerce Department Gordon Wilmsmeier, Economic Affairs Officer UNECLAC (CEPAL) Juan Villa, Program Manager, Mexican Office, Texas Transportation Institute
5:30pm-7:00pm	Harbor Cruise and Reception - Dinner on your Own
Friday, March 16, 2012	
7:00am-8:00am	Breakfast Norfolk I-II Moderator: Rich Biter, Florida DOT

	Lauren Brand, U.S. Maritime Administration Workshop meeting – Marine Highways
8:00am-9:30am Panel 7 - The Legislative Framework - How Do You Link Local, State & Federal Transportation Policy	Moderator: Dennis Decker, LA DOTD Geoff Bowman- House Transportation and Infrastructure Committee Virginia Delegate, John A. Cosgrove Robert Barclay, Suffolk Councilman, Ports Law
9:30am-10:00am	Break
10:00am-11:30am Panel 8 - Where Do We Go From Here?	Moderator: Bob Rock, Tennessee DOT David Tyeryar, Deputy Secretary of Transportation and Chief Financial Officer, Virginia Steven Curtis – Collins Engineering, ASCE Board Member Dwight Farmer, Executive Director, Hampton Roads Planning District Commission Pam Kordenbrock, Tennessee Division Administrator, FHWA Chris Lloyd, Senior Vice President and Director Infrastructure and Economic Development, McQuireWoods Consulting
11:30am-12:00pm Closing Remarks	David Tyeryar, Deputy Secretary of Transportation and Chief Financial Officer, Virginia
Adjourn – Box Lunches	

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