

FREIGHT IN THE SOUTHEAST



Moving Our Region's Business



CONFERENCE SUMMARY

Charlotte, North Carolina • February 9-11, 2011



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Disclaimer: The contents of this report reflect the views of the participants, and are included to provide broad information about the materials presented. These opinions do not necessarily reflect those of the various sponsors and groups affiliated with conference. The author remains responsible for the facts and accuracy of this report.

Presentation materials and additional photographs are available on the ITTS website.

ITTS would also like to thank the Chris Voelker, Ben Ritchey and Matt Bell for their help in compiling these notes.

Freight in the Southeast Conference – Agenda

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February 9

- 8:00 a.m. Optional Tour of the Lowe's Distribution Facility in Statesville North Carolina
- 1:30 p.m. Opening Remarks
Thoughts on State Freight Planning Activities
- 3:30 p.m. Experiences with Creating State Freight or Logistic Advisory Councils
- 7:00 p.m. State DOT Dinner

February 10

- 8:00 a.m. Future of Multimodal Freight Corridors
- 10:00 a.m. Managing Truck Movements in Multi-State corridors
- 1:30 p.m. Managing Multitmodal Projects within a Corridor
- 3:30 p.m. Trends in Urban Freight Development and Delivery
- 6:30 p.m. Reception – NASCAR Hall of Fame

February 11

- 8:00 a.m. Military Logistics
- 10:00 a.m. Where does the South go from here?
Closing Remarks

Welcoming Comments:

Gene Conti—Secretary, North Carolina Department of Transportation

This city and this conference reflect the fact that the Southeast is a changing region. We live in a world of great change. We have representatives from eleven states here. We are all part of this vast global network of goods and people and information flowing in every direction. And the infrastructure that we're thinking about and maintaining and building for the future and envisioning to move all that freight, and a lot of people as well, has a significant impact on the kinds of goods we manufacture here in the US— North Carolina, South Carolina, Mississippi, Tennessee, Alabama— but also has an impact in South China and Malaysia and South America and Brazil as well.

It's all interconnected these days, with the technologies we have and the great assets we have to move things. So, a poorly designed highway system, or a malfunctioning rail system, or poor shipping capacity in a far-off place may absolutely affect each of us in our day-to-day lives. Therefore, what we are really considering today is thinking and acting locally, while also understanding all the interconnection.

Now among those eleven states assembled, we all compete. We compete for freight traffic, and I think competition is healthy in general. I support healthy competition, and I think we all should. We need to compete because it makes us all try to think smarter and act smarter. It will help all of us in the long run, as long as we do not get too vicious about it, and as long as we don't try to win it all for ourselves. We do have to work together. So, we can profit by sharing information, and we hope to do that over the next couple of days.

We all rely on tremendous assets we have already built, such as the interstate system running through the Southeast. These are all facilities that we have all invested in with the help of the federal government, and we all need to keep those assets vibrant and modernized. We're all looking for ways to maintain those assets, and to figure out where to build new assets, and where to make new investments that can make all that work together and work better.

In North Carolina, we are making some progress, but one of the reasons we invited everyone here is to learn about what you are doing. We all need to build, as I said, and maintain effective and efficient transportation systems to support the businesses that we have, and to continue to help those businesses grow and create jobs. We have seen tremendous population growth in our region over the last 30-40 years, and we want to continue to manage that growth in a way that keeps the high quality of life we appreciate here in the Southeast. We all have faced difficult economic challenges, particularly during the last couple of years. Hopefully we will turn the corner and start a more positive economic cycle over the next few years.

For instance, North Carolina DOT has identified something like 2000 highway and transit projects that our stakeholders—the citizens of North Carolina—considered high-priority projects. If we build all those projects, based on our current estimation, the cost would be \$54 billion over the five-year period from 2015-2020. Our projected revenue stream as of now is about \$10.5 billion. So we have a \$54 billion need and a \$10.5 billion resource. We must be smart about how we spend those precious resources we do have. We must make sure that the public and our business community understand and trust the decision-making process we use to make those investments and build the future.

In North Carolina, we're tackling these challenges on several fronts. Under our governor's leadership, we have adopted many reforms to make our department more transparent, accountable, and efficient. We have found new ways to give our taxpayers more bang for their buck. A key part of this is the state priorities we have put in place. We use quantitative data to help us decide how best to spend those dollars. We have not finished all that. We have not designed a perfect system. However, we are very much on the way to creating investment strategies based on quantitative data and quantitative benefits for making those investments. We have also reached out across North Carolina to include civic and business leaders from all walks of life and all parts of the state, so those quantitative scores get supplemented by the opinions and views of our citizens.

Our goal is to find a program we can actually deliver. I have said for the last couple of decades that we've had a transportation program that is the state's greatest work of fiction because we've promised people all kinds of stuff. And I think our hope was if we promise it, by the time we got around to when we were supposed to deliver it, maybe those people we promised it to weren't there anymore or they forgot or something. So four or five years later, when we had not delivered, we didn't get much grief for it.

What we want to do now, and what we have started to do in the last two years, is to find a work program that's based on realistic resource levels, and then be held accountable for delivering it. Our history has been to deliver about 50-60% of what we promise. Our goal is to deliver 90-95%. There are always going to be unexpected events and other things that intervene, so I don't think you can get to 100%, but our goal is to get up in that higher range so we're actually being held accountable.

The other thing we're trying to do is to take a holistic view of transportation, rather than just focus on highways that have been so important to building our economy over the last 40 years. We want to continue to look at the links among highways and rail transportation and aviation and ports—all of

that. In North Carolina, we have a ferry system. We need to pay attention to that as well. We continue to look at links between all those modes and try to be smart about how we're making those investments, so that the goods and people can move efficiently and help support our economy.

Defining that holistic approach really grew out of the general assembly a couple of years ago. In 2007-2008, North Carolina Department of Transportation commissioned a statewide logistic study to assess the long-term economic mobility and infrastructure needs of the state. The study identified several key issues, some of which were obvious, but one of them is that North Carolina DOT can and should support the state's economic development. Too often in the past we have thought about these little stove pipe departments doing their own thing, but not understanding how important transportation is to the economy of our state and region. So North Carolina's DOT and Department of Commerce have become much closer over the past few years to aligning plans to work on outreach strategy, particularly when we are recruiting new business. This helps to ensure that we present ourselves as one state and one entity, and preventing businesses from having to shop around different parts of state government to try to figure out how we can be helpful. So we're being much more proactive and less reactive, and we're engaging globally, not just locally.

Governor Perdue followed up that study by creating the Logistic Task Force chaired by Lieutenant Governor Walter Dalton. We also have a lot of private sector participation on that task force, and we have the Secretaries of Commerce, Environment, and Natural resources. The representation is a good mix of public and private. The members are focused on improving economic development in the medium- and long-term plans for the strategic movement of goods, people, and information throughout our state and the broader region.

Another example of this strategy can be seen here in Charlotte. In partnership with our department and with Norfolk Southern Railway, the Charlotte airport is developing a three-parallel runway layout, an interior rail freight terminal, and a major air cargo complex, bringing all of that together in one location to improve the existing movement of goods. The plan is to turn that facility—those sets of facilities, if you will—into an air hub, a rail hub, and a highway hub, facilitating the movement of goods throughout the Southeast. Some of you may be involved in this incredible project. We are certainly proud of what's going on, and look forward to the completion of part of the project in the next year or two.

Our transportation board, which has nineteen members, oversees all of our investments and policies. It has developed a much sharper focus over the past couple of years for enhancing logistics and economic development. For instance, we're meeting with the North Carolina Railroad, a state-owned company that manages 300+ miles of freight rail. We are also meeting regularly with members of the port authority and the Department of Commerce.

Finally, the Logistics Task Force is looking to identify what we are calling "logistics villages." These are nodes of economic development for the future of the state. It's important that we identify locations all across North Carolina that can support multi-modal investments so we can continue to help all parts of our state grow and prosper in the years to come. The task force will result in some significant recommendations over the next several months built around the concept of these "logistics villages."

I want to conclude by talking briefly about the I-95 Corridor Coalition because I think it's a great example of how far we have come over the last 25-30 years. The coalition was formed 25 years ago. Having originated in the Pennsylvania, Maryland, Delaware, and New York area, this coalition has been discussing how to coordinate traffic flow, tolling, and other issues that are common in regions that are part of the Northeastern states. The group began by focusing primarily on traffic operations. The I-95 Corridor Coalition has grown to 13 states, from Maine to Florida, and is now focused on all sorts of connections: rail, the concept of a marine highway along the East Coast, and aviation issues along the East Coast. The coalition may be a good example of working together to tackle challenges and share ideas. Recently this coalition helped us with some of the rail investments in the Southeast, and we were joined by representatives from Alabama, Mississippi, and Tennessee, which, though not on I-95, are important partners in terms of rail investments.

Thinking about how we build regional partnerships can help us all move forward together. As I said when I started, competition is a very healthy thing, and we will continue to compete with the ports of Virginia, Savannah, Jacksonville, and New Orleans, but we're all going to have to figure out how to work together, even as we compete in this global economic network and global society in which we live. At the end of the day, if we bring out the best in each of our states, we will build stronger states, we will build a stronger Southeast region, and we will certainly build a stronger USA.

Panel #1 Thoughts on State Freight Planning Activities

Topic Areas: This session discusses the role of freight planning and the challenges associated with analyzing freight activities.

■ Panelists

Tom McQueen—Georgia Department of Transportation

George Schoener—Executive Director, I-95 Corridor Coalition

Jason Bittner—Deputy Director, National Center for Freight and Infrastructure Research and Education

Matthew H. Hardy—Program Director for Planning and Policy, American Association of State Highway Transportation Officials (AASHTO)

Moderator: Jeff Pierce—Mississippi Department of Transportation

■ Key Points:

1. Need to tell our “freight story”: Keep the public and officials informed.
2. Working across borders can be difficult, but we need to communicate and develop regional strategies.
3. Performance management provides information about performance of the overall transportation system to help understand conditions and needs.
4. Transportation system represents a means to an end regarding economic development in a region.
5. Funding is critical for multi-state (corridor) projects of national importance or significance.

■ Summary:

The Southeast is continually growing regarding freight shipments, as evidenced by the region’s tightly interconnected economies. However, even as the states are intertwined with their neighbors in terms of infrastructure, they also compete heavily with each other for business and trade. While competition is a healthy thing, sometimes it’s useful to work together to develop a regional (multi-state) strategy and share information.

We all use certain common existing assets, like the Interstate Highway system and our ports. One of the major tasks of planning requires continually looking at ways to maintain and improve these assets, while at the same time looking for what areas might benefit from constructing new projects, under the boundaries imposed by very tight budgets. We need to learn how to use freight information and studies



to operate within our budgets more effectively. The state DOT should participate in the state economic development plan, and should constantly look for places around the state that would benefit from infrastructure investment.

Regional freight corridors are an excellent way to work beyond a state’s borders and contribute to developing the entire region’s economy. Clearing freight bottlenecks, not only in one state but across a region, can improve system reliability and promote trade. For instance, in some trade areas, Chicago may be a large bottleneck, but it would be hard to program funds from the Southeast there. The I-95 Corridor Coalition has introduced the ICAT, which can be used to display current transportation infrastructure and travel patterns across states, and provide data to support multi-state analyses of transportation issues in the Coalition’s region. The three issues that users of ICAT face are 1) getting the appropriate data, possibly from private sector sources, 2) bringing the states together and building credibility and support for the list of projects, and 3) developing funding (both planning and capital) sources, which is critical for projects of national importance. However, as important as this regional perspective is, the panel suggests that a new multi-state level of government is not the answer, and that states simply need to work together.

In trying to establish regional coalitions, it can be difficult politically to send program funds to other states (e.g., if something is important on I-70 in Missouri, how is it important to me in Ohio?). However, investing in multi-state corridor infrastructure projects can benefit the regional economy. Another aspect is creating uniform regional trucking regulations (e.g., truck weight and size, and parking) to make

is easier to operate within heavy inter-regional trading states, such as those in the Midwest. With any regional coalition, maintaining communications with private sector freight stakeholders is important to understanding and, perhaps, measuring project benefits.

Recently, Georgia completed a truck-lane feasibility project to consider information on freight shipments and congestion while improving highway safety. The state DOT gathered data on truck origins and destinations to see what areas could benefit the most from a dedicated truck lane. The study team performed truck volume counts and origin/destination surveys at the Port of Savannah and weigh stations. (The Port of Savannah benefited from a lot of undeveloped land and good rail access—CSX and NS—that resulted in attracting warehouses and shippers in the region. The port has done a good job at continuing to get its message out about its importance to the Georgia economy.) The study found that most of the truck traffic coming through Georgia had origins and destinations within the Southeast. It was noted that a separate freight study would be more useful than simply integrating freight into a larger transportation study.

Sometimes it is useful to develop separate state freight plans. The word “freight” grabs more attention from policy decision makers and often is seen as directly contributing to economic development. Having separate plans for freight projects may prove easier to gather funding and to address challenges that can arise when working across state borders. In the Midwest, four out of ten states have freight studies, which include both multimodal flows as well as traffic on secondary regional traffic.

There are three areas where freight could be more involved and integrated into the planning process. First, the overall transportation planning process needs to address and incorporate the inherently different needs of freight, especially when compared to other traffic. Second, asset management strategies involve examining the overall performance of the physical assets. Traditionally freight has not been a factor in these decisions, but knowledge of both freight activity and lessons from the private sector would benefit public sector decision makers. Finally, the role of performance management, focusing on the overall system, must involve freight information to ensure both transparency and accountability. The AASHTO Standing Committee on Performance Management developed nine technical task forces to look at performance measures, one of which is freight shipments. Understanding and instituting performance measures is important to secure funding from policy and budget decision makers. Politics play a large part in developing transportation systems, and being able to show results and forecast real improvements is important. How we measure our systems and plans is an integral part of explaining why we need funding for infrastructure investments.

Good data for planning, asset management, and performance measurement remains critical. There is much more data available for consumer travel studies. For example, for freight data, the Commodity Flow Survey (2007) just came out. We need to have more emphasis on data. With regard to the specific project, the question is how do you use the measures to affect the decision-making process?

State DOTs also face a difficulty with ever-changing systems for data and performance measurements. We need to define a set of national performance standards as the state of the art remains a moving target. These standards would improve cooperation among different states when developing regional corridor projects, make it easier to compare results from year to year, and allow states to collect data more effectively. Data collection can be a time consuming and costly process, and having a consistent approach can greatly improve efficiency. There are some states that have attempted to do this; Washington DOT has a book of measures, for example. While there probably will be some performance measures in the upcoming reauthorization bill, AASHTO remains critical of specific measures being written into the bill itself.

One question posed to the panelists did a fair job of summing things up: “One of the things I keep hearing is that you have to tell the story, and you have to tell the story to people who don’t understand. Can you do it without data? The Romans built roads without data.” The answer simply stated is that even if you present the greatest data, you may not convince decision makers. So, data is not the whole story. It must be presented in terms of economic growth, vitality, and remain “fresh” in keeping the public sector involved. During the Lowe’s tour, a member of the Lowe’s logistics staff mentioned that congestion kept him up at night. We need people who can connect business information to the overall economy.

Freight coordinators are important, but having one in the wrong place in a DOT organization may not be very beneficial to broaden freight needs. We don’t just look for the freight coordinator but someone who can ask, “How do we best get freight into each DOT so that we can make [our collaborations] effective?” and “Who is the best person with an overarching multimodal view?” One panelist stated “There will always be a turnover in commissioners, etc., but the private sector needs to continue to support freight and help keep it from “getting cold” with elected officials. But there should always be a freight focus driven from the top to create a higher visibility.”

Panel #2 Experiences with Creating State Freight or Logistic Advisory Councils

Topic Areas: Experiences with developing and maintaining state advisory councils or working with regional economic groups on freight development projects

■ Panelists

Dr. Eric Kalivoda—Deputy Secretary, Louisiana Department of Transportation and Development

Cliff McKinney—Arkansas Department of Transportation

Larry Goode—Consultant to North Carolina State University (NC DOT, retired)

Robert Romig—State Transportation Development Administrator, Florida Department of Transportation

Moderator: Bob Jilla—Alabama Department of Transportation

■ Key Points:

1. Several state DOTs use or may create freight (private sector) advisory councils. Membership reflects direct and indirect freight industry players, as well as association types.
2. A few states have created transportation authorities that have bonding and eminent domain capabilities, have the ability to levy and collect taxes, and are exempt from non-federal taxes.
3. Freight advisory councils can be useful to clarifying project worthiness and benefits, as well as providing political influence and outreach to system users.
4. Freight advisory council membership can include more than freight shippers, such as economic development groups, organizations with land-use interests, and environmental groups.

■ Summary:

Forming a freight or transportation advisory council has no set process and therefore can be undertaken in a number of ways. The purpose of an advisory group varies from state to state, but in general, it serves as a means to involve the freight and transportation industry, as well as related association types to provide input to freight and other planning studies, specific infrastructure projects, and regulatory topics. Some state DOTs have broadened the membership beyond freight players to include economic development groups, organizations with land-use interests, and environmental



groups. One state DOT suggested that staffing the council with at least one senior level person would demonstrate the DOT's commitment to freight industry-level membership.

Planning is not forecasting and it's not modeling. Planning is about allocating resources and seeing what the best possible uses would be. It involves market studies, environmental assessments, and system analyses. Freight needs to be one of the issues that are "on the table" when planning transportation projects, as it can directly spur economic development as well as influence certain aspects of personal transportation. This is one of the primary reasons to organize such a council.

A broad perspective is integral to planning, and this can be accomplished by bringing together all the stakeholders in the planning process. It may be very difficult to get competing cities, counties, and states to agree on issues, but it's necessary to create a good working system where all parties can contribute and benefit. Collaboration with local chambers of commerce and other private sector entities can be useful. Council membership must include people who use the transportation system to make their living: trucking companies, port directors, railroaders in the state. Creating an advisory council is one possible way to improve cross-sector communication. In the end, freight equals jobs, which needs to be communicated to policy decision makers.

Some suggestions on working with advisory council members:

- Be very clear regarding the succession of meetings. They need to be held frequently enough so people don't forget

what was discussed, but not too frequently as to affect their business. The process should feed participants with information that they can digest and return later to discuss.

- Follow up in writing with participants. Tell them the key issues that were identified, which projects were adopted and which were not, and why.
- When doing surveys to inform transportation planning, structure them carefully. Many people only know about where they drive or what they experience. Frame the questions in a way that allows people to think about the bigger picture: “Do you want to invest in the transportation system for things that secure our economic future or for your daily convenience?”
- Remind them that long-term planning affects them, and ask them to think about how they want to be included to see the results. Having high-level DOT staff involvement shows public sector commitment.
- It’s important to have the data to inform people about the current situation, forecasts, and the amount of resources available to tackle the problems at hand.

With regard to the freight industry, there are a number of transportation system concerns and issues, but system reliability is often at the top of the list. Connecting the network to new areas, or removing bottlenecks and congestion to improve reliability can boost the local and regional economy and improve trade. The public, however, is generally only concerned with the system as far as it interacts with it. People do not understand roads they do not use. This affects political support for projects, because the opinions of the constituency may drive decisions. Not in My Back Yard (NIMBY) proponents are a prime example. Thus, an advisory council can be useful to communicate project and system importance to policy decision makers. The number of freight projects that have been delayed by NIMBY remains a critical issue, and there are many different conflicting issues steaming from land-use decisions, a lack of information, or putting freight projects in the context of other goals such as safety.

The stakeholders must feel involved. One should never try to blindside local or political groups, so extending common courtesy can create better long-term working relationships. Bringing all the stakeholders to the study is important, to understand their desires for the system and their concerns, and to garner support for the project. A good plan is not worth anything if it isn’t approved for implementation. If politicians are confident that a certain project would strengthen their constituency and the economy, they are more apt to approve it.

Arkansas recently passed legislation to create a Freight Transportation Authority. The authority has bonding and eminent domain capabilities, can levy taxes and collect fees, is exempt from non-federal taxes, and permits members to

combine funds for projects. The authority follows a process to organize as well as to conduct business. Membership can include economic development agencies, shippers, industries, and chambers of commerce. Authority activities range from planning/design to financing construction projects (access roads, rail spurs, and water/sewer).

Logistics planning is good for the state because it focuses investments and helps legislators understand the needs and priorities that exist. The North Carolina statewide logistics plan findings identified short-term (congestion), medium-term (land banking for inland ports), and long-term (air cargo) actions. The findings also showed a need for a clearer and higher-level interface between private sector and government concerns in logistics. In general, a statewide plan with freight forecasting should have a long shelf life. The deeper issues don’t change very rapidly; they’re more long-term and boiled down to key issues. (Many people will have one issue that’s bugging them; you should try to capture those topics.) One should also remember to follow up with the council after implementation to keep it informed, and to check the effectiveness of the project.

Membership can and should come from a number of constituencies of the transportation system. Partnering with the local chambers of commerce can be a good idea. It can help to identify potential business to improve upon, and to understand future trade flows. Logistics planning is good for the state, as it helps build a competitive advantage for the region. The users of the transportation system and the benefactors of any competitive advantage due to investments are primarily in the private sector. Yet it can still sometimes be a challenge to bring the correct folks from the private sector to the table. The advisory council should show them how they could benefit and encourage their participation. Freight forwarders and customs brokers offer valuable opinions, as they arrange transportation services across all modes and have good insight regarding the system. The military is also a major user of the transportation system and should be considered for representation on the council. Also, disadvantaged and minority businesses should not be forgotten when the makeup of the council is being considered. There are other potential members to consider for an advisory council. International shippers will often use the same corridors as local distributors. Thus, understanding these overlaps is important.

Some other items:

- Identify and understand mega regions and emerging economies, and invest in connecting them to these corridors.
- Trying to shift or change what modes carry freight is not something that should be accomplished through government policy, as the market will be the biggest dictator of how and where freight will travel.
- Advisory councils need to listen to the concerns of the public, which also utilizes the system, and make sure that policy and investment recommendations can benefit as many as possible.

Panel #3 Future of Multimodal Freight Corridors

Topic Areas: There are many different topics facing the transportation community, such as funding and financing. Transportation operations and planners will also face policy issues.

■ Panelists

Gene Conti—Secretary, North Carolina Department of Transportation

John Boyd—Associate Editor, Journal of Commerce

John Gray—Senior Vice President, Policy & Economics, Association of American Railroads

Tony Furst—Director, Office Freight Management and Operations, Federal Highway Administration

Moderator: Marsha Fiol—Transportation and Mobility Planning Director, Virginia Department of Transportation

■ Key Points:

1. The Administration and Congress want to move more freight to rail and water to improve fuel efficiency and the environment, and to decrease the highway program outlays.
2. Marine systems' dredging is a growing issue that will not be helped by the surface transportation reauthorization, unless it includes a new Transportation Investment Generating Economic Recovery (TIGER) grant program. If such funding is not dealt with before the Panama Canal expansion is complete, our region's competitive advantage may be at risk.
3. It's difficult to predict how much funding will be available out of reauthorization over the next four to five years. This will have a negative impact on planning, and the state DOTs may need to pursue alternative funding and financing mechanisms, such as public-private partnerships (PPPs) to meet the expected surface transportation capital needs.
4. Specific investment programs, such as TIGER, work well with multi-state corridor projects where complex public benefits are more difficult to distribute to a single state. In addition, the TIGER grants bring new money to the table beyond current/traditional funds.
5. We need to measure transportation performance. Performance metrics could include 1) system level (how well freight is moving), 2) multi-modal (measure emissions and/or modal shifts), and 3) national priorities (where to invest).



■ Summary:

Public policy and funding have significant effects on transportation planning and project selection. The future looks good for multimodal freight corridors, based on what the current administration is saying, and many expect a reauthorization bill to come through Congress soon. TIGER grants and other public allocations are benefiting intermodal developments. Rail is attracting a large portion of these TIGER grant investments, with two out of the three largest awards going to eastern double-stack corridor projects. As for the water projects, dredging is an important issue that may not receive surface transportation program funds, unless the reauthorization includes a TIGER-grant type program. It's suggested that if dredging is not dealt with, we may lose our region's competitive advantage with the Panama Canal expansion. As projects continue to grow to move freight from the highways to the railroads and water, some believe that perhaps the funding should support more modal competitive projects. Specific investment programs, like TIGER, may work well for projects that include multijurisdictional boundaries, and/or when they involve complex public benefits that are difficult to distribute to a specific public entity. If these programs are funded from a source other than rail revenue or shippers' fees, they do bring new money to the table. There are claims that intermodal systems can be a double-edged sword, in that longer and heavier shipments are unfairly favoring imports and not benefiting export businesses.

In order for the public to push certain transportation projects, there needs to be more public-private cooperation. Compared to the public sector, the private sector has more

expertise in selecting projects based on economic/market value. Yet the public still has certain things it may want that the private sector may not be providing. Public funding can help projects that have substantial public benefits that the private sector would not normally fund, or might fund but not in the near future.

A big question is how we plan or select projects when we are unsure of future public sector levels of transportation funding. Projects entail many different types of costs, some of which can be ongoing (e.g., maintenance and administrative). The current tax structure does not really support our transportation needs, yet there is an immense resistance toward change. These big projects do not happen overnight. You have to create the partnerships and multistate institutional mechanisms, then figure out how to get resources and actually build the project. This makes it hard to predict, given the uncertainties regarding capital investment needs.

Public transportation funds can be expensive for the private sector to manage (administrative costs). A public loan is still debt to the private sector and therefore creates balance-sheet issues. Unless the interest rate is substantially below the market rates, it brings no new money to the table. Perhaps tax incentives could be a better alternative, and would favor project selection based on the market and not as much on politics. The short line railroads infrastructure investment tax incentive is an ongoing success story exemplifying this.

There's a need to include future multimodal corridors in this discussion. For example, the European Union has prioritized key corridors, and although were politically driven at first, they are becoming more grounded in data and models. To ensure connectivity, the Europeans are defining a "core network," which consists of major corridors, and a "comprehensive network," which is made up of principal arterioles. The same approach should be considered in the

US, as existing corridors can be defined, but these should be reviewed against emerging corridors to ensure that the system is meeting both current and projected needs.

These studies should also be linked to performance measures and national priorities. One of the challenges is that existing corridor groups need to develop metrics that work for them, and clearly limiting these groups to a few manageable sets of states makes more sense. Using data to know where the major freight flows are and how they're moving can help us make better policy decisions. Traffic flows are always changing; we need to look not just at existing patterns, but also make sure we can forecast the future as accurately as possible.

Long-term funding is a necessity. The administration and Congress want to invest in projects that move freight from highway to rail and water to improve energy efficiency and emissions, and to decrease highway program outlays. Developing a performance-based system for deciding where to invest means that performance measures are becoming increasingly important and are integral to maintaining funding. The system should be monitored and studied to determine efficiency and benefits.

Multi-state projects will continue to be a challenge. Different regions of the nation have different performance standards, goals, and regulations. For example, uniform size and weight regulations for trucks are major issues across states. The funding of multi-state corridor projects is also a challenge. Specific investment programs, such as TIGER grants, may be well suited for multi-state projects where complex public benefits are difficult to distribute to a specific single state. However, it's ultimately up to the states to come together and work out ways to connect projects across their borders. Projects with more participants may be more challenging than projects with only a few states.

Panel #4 Managing Truck Movements in Multi-State Corridors

Topic Areas: Along a corridor, truck operations can be influenced by security, Intelligent Transportation Systems, parking, and other related items.

■ Panelists

David Cooper—Chief; Threats, Vulnerabilities & Consequences Branch; US Department of Homeland Security; Transportation Security Administration; Highway & Motor Carrier Division

Skip Yeakel—Principal Engineer, Advanced Engineering, Volvo Group North America

David Congdon—President and CEO, Old Dominion Freight Line

Clifton Parker—President and General Manager, G&P Trucking

Moderator: Charlie Diehl—Transportation Consultant to NCDOT

■ Key Points:

1. TSA mission is to enhance security through a risk-based approach to prevent terrorist attacks; protect highway assets, systems, and people; and improve the resiliency of trucking, motor coach, infrastructure, and school transportation industries.
2. Congestion remains an increasing problem with the growing US population.
3. Truck productivity needs to be examined at the national and regional levels. Increase in truck size and/or weight regulations could address a variety of challenges. Benefits include decreased number of trucks on highways, decreased truck congestion, improved productivity for shippers, and decreased fuel consumption.
4. With fuel-tax revenue expected to decline, will highway funding come from a distance- or mileage-based system, or a weight- and mileage-based system in the future?

■ Summary

Trucking is the workhorse of the freight industry and is likely to remain that way in the near future. Trucks continue to haul the vast majority of freight in the United States, carrying 71% of all value and 39% of all ton/miles. Each year, trucks move over 8 trillion dollars' worth of freight and over 8.5 billion tons of cargo.

With trucking being such an integral part of life, it's also the target of security concerns. The TSA feels that buses and bridges are the most likely targets of terrorism, but truckers are



also at risk. Cargo theft is a huge problem and is estimated to cost over \$20 billion annually. The TSA offers free instructional courses on a variety of topics to people in the transportation industry, as well as up-to-date data on possible threats. Truckers are trained to protect sensitive information, such as their destinations, origins, and cargos. Many times, companies cut security as a result of sliding profit margins, but TSA recommends that firms examine low-cost/no-cost solutions that include better cargo and logistics planning.

Congestion is growing rapidly across the nation and is quickly becoming a major problem. Technology can help reduce congestion through Intelligent Transportation Systems (ITS), which can foster more efficient driving patterns and reduce accidents. Congestion can increase the risk of accidents, and trucks contribute to more severe accidents than passenger vehicles. Most accidents are the result of human error, but ITS can help reduce the chances of driver error resulting in a collision. However, highway accident and truck-related accident rates are falling, which is very good news. If implemented correctly and with the proper driver training, ITS can be a wonderful complement to other safety systems without distracting drivers. To develop this future, we should focus on Research, Development, Demonstration, and Deployment, or RD³. This also means working with various organizations, such as the I-95 Corridor Coalition, Southeast Diesel Collaborative, American Trucking Associations, etc.

There is growing discussion to improve shipper productivity via increased truck size and weight regulations. Simply working to get trucks off the roads by moving cargo onto rail has its benefits and limits. Making more productive truck movements would get trucks off the road and reduce

overall fuel consumption. Intermodal solutions do not tend to work so well on a smaller regional level, where LTL shipments are the primary means of freight transportation. (“Shift more freight to rail” is a common theme in Washington. Intermodal provides a good answer, but it is not THE answer. Shippers and consumers want everything now, which is not compatible with shipping by rail in all cases.) Allowing the use of triples—three trailers attached to one truck—would not create any extra damage to the roadway, and would allow fewer trucks to move more freight. The benefits would be immediate, safe, and require a negligible investment, with noticeable fuel and truck VMT savings. (Old Dominion estimated that for July 2010 on just the ten routes, they would have saved 2.84 million miles in one month. Annualized, this equals 5,672,700 gallons of diesel; 92,967 tons of carbon; and 9.6% fewer trucks on road, or 4,525 per month. Just think—this is only one fleet, 10 routes, one slow month.)

We need to compete in the world economy, and our current size and weight restrictions limit trucking productivity. New regulations (see www.safedrivershours.com), which would reduce the hours a trucker can drive from 11 to 10, could further stifle productivity. Reducing driver hours would

decrease fleet productivity and increase costs and congestion. The new regulations would also push many drivers into driving during the day, which is generally not appreciated by the public. Many trucking companies feel that current regulations on driver hours are perfect and should not be changed.

In addition, fuel taxes on trucks have been the mainstay of support for the transportation infrastructure that they use. However, as vehicles are becoming more fuel efficient, less tax revenue is being generated for road upkeep and so on. Tracking the number of miles driven and assessing taxes that way would be a possible solution, but that would require data systems for recording such information, which could be expensive to implement and maintain.

Overall, the trucking industry is strong and will remain competitive. However, there are certain steps that should be taken to increase productivity, improve safety, and create a more environmentally friendly industry. Much of this would require legislation to be passed in order to accomplish, and only by spreading information and increasing awareness can the trucking industry move forward.

Panel #5 Managing Multimodal Projects within a Corridor

Topic Areas: How do multimodal corridors compare, such as making investments in railroads or waterways? What does the TIGER/ARRA program suggest for future multimodal freight allocations?

■ Panelists

Lauren Brand—Director, Office of Marine Highway and Passenger Services, Marad

Scott Greene—Senior Economist, Federal Railroad Administration

Pat Simmons—Director of Rail Division, North Carolina Department of Transportation

Greg Pritchett—Executive Director, Henderson County Riverport Authority

Moderator: Doug Frate—South Carolina Department of Transportation

■ Key Points:

1. TIGER grants encouraged partnerships (such as state DOTs and railroads or multi-competitive ports) to focus on regionally and nationally significant projects. US DOT staff was enlightened by the public benefits offered in several of the state DOT and railroad bids.
2. There were ten Marine Highway Corridors designated in 2010 that parallel congested surface corridors. The goals of the marine system are to create or expand marine services in these corridors.
3. It is recognized that VMT and US population are growing at rates that pose a congestion problem to our current transportation funding scheme.
4. State DOTs invest in short line railroads to retain jobs in rural areas, reduce emissions, improve safety, and prepare for the post-Panama Canal expansion, which could change intermodal freight container flows.

■ Summary

Multimodal freight movements reinforce the idea that no single mode of transportation is very separate from the others. It's all part of a regional and national system; the better connected the various modes of transportation are, the more efficient the system can operate. As an integrated system, freight shipments can benefit from the service (modal) choices and an efficient multimodal system. These projected increases in population should result in planners asking themselves: "Where do they go?" "Where do they live?" and "How will our investments help to ensure long-term economic development?"



The Post-Panama Canal Expansion Era could change intermodal traffic flows dramatically. There is a strong push to increase maritime transportation through building marine highways and establishing routine maritime freight services. There are gaps across the nation in connectivity, with certain regions not being serviced by any major intermodal corridor. Kentucky, for example, is mostly bypassed by rail corridors, yet anything stackable can easily be placed in a barge. This allows Kentucky to supplement its existing highway and rail infrastructure by making connecting legs via marine transportation. These intermodal changing points lead to the development of new terminals, which also have the benefit of creating new jobs.

In North Carolina, a focus on passenger rail movements has seen ridership in North Carolina increase by 20% annually for the past three years. While some people say that adding passenger rail onto freight tracks is bad for freight, this is not true. The freight railroads get the benefit of the added capacity, while allowing freight to be moved more efficiently, and enhances factors of livable communities (more dense development reduces public costs on infrastructure and expands the labor pool available to employers).

Ten Marine Highway Corridors were designated in 2010, which roughly paralleled land corridors. In order to set a benchmark for containerized freight, Marad identified existing services, as well as corridors where services could reasonably be developed within five years. Which resulted in the question: How do we develop routine maritime freight movements?

As the US population and VMT continue to grow, we will be expecting and asking more of the corridors while highway congestion grows. This should result in planners asking

themselves, “Where do they go?” “Where do they live?” and “How will our investments help ensure long-term economic development?” The public may not support subsidizing freight transportation, but whether it’s tax breaks, grants, or whatever, something will need to be done to encourage investment in the transportation system.

The TIGER grant process changed the way we look at transportation systems, encouraged new partnerships, and helped us think in terms of regional and national system needs: “Is there a choke point or a bottleneck where cargo is switching modes?” or “Is one mode incongruently developed as compared to another?” With this new viewpoint, we have to think in terms of developing all the modes of a region so that they integrate well with each other for improved efficiency.

With the designation of the ten Marine Highway Corridors, the state DOTs’ current support for highways and short line railroads, and the new partnerships developed to respond to the US DOT TIGER grants (such as state DOTs and railroads, and multi-competitive ports cooperating), more people recognize that multimodal freight planning is critical. This represents a change in business as usual, which could be the foundation of a truer multimodal approach to transportation planning and investing. (One panelist recommended reading “Transportation for Tomorrow: Report of the National Surface Transportation Policy and Revenue Study Commission” to understand the challenges facing the nation’s transportation system.)

Panel #6 Trends in Urban Freight Development and Delivery

Topic Areas: How do we support local freight movements, either for local delivery or to support large freight activities (ports, terminals)? The focus on moving local product must be connected to shippers' needs as well as sound infrastructure planning.

■ Panelists

Suzann Rhodes—Senior Project Manager, Wilbur Smith, Principal Investigator, NCFRP-15, Understanding Urban Goods Movements

Michael Kray—Principal Planner, Atlanta Regional Commission

Dan Gross—North American Surface Transportation Network Planning Coordinator, United Parcel Service

Randy Butler—Office of Freight Management and Operations, Federal Highway Administration

Jimmy Yokeley—Director, Community Economic Development, North Carolina State Ports Authority

Moderator: Bill Murray—West Virginia Department of Transportation

■ Key Points:

1. The NCFRP-15 (Urban Goods Movement) project findings include: land/use and zoning are controlled by local agencies, and freight is not a priority at the local level, with most of the agency focus on passenger issues.
2. Congestion is a major issue. Consider a number of ways to reduce congestion: right turn strategies, U-turn lanes, and truck-only lanes.
3. The Atlanta Truck Route Study findings include: first-mile/last-mile issues, identification of a network with needed improvements, and using a “freight is a good neighbor” approach.
4. The Cross Town Improvement Project’s goal is to deploy information sharing to enable better coordination of truck moves. The project findings included improved congestion, system efficiency, and energy efficiency.
5. Ports are often overlooked in urban areas and need to be considered as a key part of a logistics strategy.

■ Summary

Urban planning in terms of freight (goods) movement is often not well understood by local agencies. Understanding the importance of first- and last-mile journeys involved in getting the freight to and from the major intermodal terminals



and connecting it to the end recipient represents a critical gap. The last leg of a freight movement—the movement at the local level—is often overlooked. If you asked local communities about their regulations for freight deliveries, you would probably get a thousand different answers. Local governments talk about livability and walkability, but do not consider freight. That’s why it’s important to bring local companies and more stakeholders into those conversations.

Crosstown movements involve receiving rail cargo on one side of town and then transporting it via drayage service (truck) to another outgoing mode at a terminal on the other side of town. Optimizing routes and loads helps reduce congestion, environmental problems, efficiency, and energy consumption. The Cross Town Improvement Project’s (CTIP) goal is focused on information exchanges between all of these parties (railroads, truckers, etc.) so we can optimize movements between terminals. The focus is on improving intermodal exchanges through improved data release procedures, wireless drayage updating, real-time traffic monitoring, and dynamic route guidance. In Chicago, researchers identified 20,000 of these movements per day, and there are another 22-23 locations where this project could be implemented.

Urban planners need to think about ways to accommodate and expedite freight movements while minimizing environmental and community consequences. For many people, quality of life means not having trucks moving around their city streets and neighborhoods causing noise and congestion. Local officials need to understand what services it provides to the public and how freight is directly related to the economy. There is a need to educate the public about how

freight moves around a local area. For example, eggs have a shelf life of two days, so deliveries are constant. There should also be some discussion about how codes and ordinances can complicate local deliveries. Freight providers need to take an active role, given that many distribution centers are located near residential areas. The relationship between regulations/codes and freight efficiency is important to understand, in order to answer questions such as:

- How does the freight move?
- Where does the freight move?
- Why does the freight move?
- Who moves the freight?
- What impacts does it entail?

A problem with many truck routing methods is that they tell the trucks where they cannot go, instead of giving them a route where they can (which can also lead to a lack of regional vision on freight mobility). Another issue is traveling across political borders in urban areas. Different jurisdictions can lead to inconsistent regulations, such as a truck lane, which, when it crosses the jurisdictional border, becomes a road where no trucks are allowed. Freight needs consistency in codes/regulations and to be viewed as a good neighbor.

Another issue is residential areas encroaching on manufacturing and distribution center areas. This makes it hard to find new areas for industrial expansion, and more difficult to move goods in and out of these areas.

Ports are often overlooked in the planning process and need to play a critical role in an urban logistics strategy. Connecting our urban areas to our seaports is another important issue, as most of the common products in our stores originate as international cargo. Containerization is the dominant mode of moving freight, and ports and terminals, as well as urban freight systems, have a major impact on jobs.

Congestion is a major concern in urban areas, and needs to be addressed. We need to look not just at trucking, but also at gateways, airports, etc. Congestion costs everybody money and reduces system reliability. Some considerations may be very simple, such as UPS's right-turn strategy (restricting left turns, which take longer), and permitting designated U-turn areas every few blocks. (For UPS, drivers in urban areas mostly take right turns. Since the company started this program in 2004, it has saved 10 million gallons of fuel, taken 1300 vehicles off the road, and reduced traffic accidents.) Night deliveries—called off-peak deliveries—also help reduce congestion. Drawbacks are the increased truck noise at night, and the fact that somebody must be working at the stores during the night in order to receive shipments.

Another consideration is truck-only lanes. They would be segregated from autos and be specially designed for truck traffic. At the heart of the issue lies the question of funding priorities, levels, and programs. Legislatures as well as the public need to better understand the role of freight in an urban area's economy, such as delivering milk to stores every two to three days. We need to do a better job of highlighting the benefits of freight and the building of freight-friendly urban centers.

Panel #7 Military Logistics

Topic Areas: Role of logistics in military operations, working with the local community, deployment related support.

■ Panelists

Mark D. Needham—Special Assistant to the Governor, Kentucky

Don Parker—Deputy to the Commander, 596th Transportation Brigade, Military Ocean Terminal, Sunny Point, North Carolina

Col. Beth Austin—J4/Deputy Chief of Staff for Logistics, North Carolina National Guard

Moderator: Lynn Soporowski—Transportation Engineering Branch Manager, Division of Planning, Kentucky Transportation Cabinet

■ Key Points:

1. Military personnel and facilities are big business in several southeastern states. The facilities welcome an opportunity to collaborate with the local community, such as a chamber of commerce.
2. Sunny Point is a military munitions facility located in North Carolina. This unique facility is primarily a trans-shipment point for all overseas munitions. It uses rail and truck for inbound and ships for outbound.
3. The military has a huge impact on local economies. Defense spending is expected to decrease in the future with more consolidations of major military facilities and personnel (via Base Realignment and Closure, or BRAC), which may be an opportunity for specific communities.
4. The military uses all modes of transportation and benefits from easy access for freight and passenger. It views the local airport and access to barge service as important assets.

■ Summary:

The military has a strong presence in many of our regions, especially in the Southeast. Bases integrate into our communities, sometimes even using the same power grid. As with any operation that involves moving personnel and supplies, the military is also a big user of our transportation infrastructure and private carriers. When developing military facilities, the process to build infrastructure is relatively simple. In civilian areas, though, the military often finds itself working closely with local agencies and state DOTs to get things accomplished. One key to doing this is to never approach the



legislature divided over an issue. It's best to prioritize a single point and work to get approval and/or funding.

The military plays an important economic role, creating jobs and bringing new businesses to a region. The defense industry is downsizing, and this will likely affect the bottom line of many regions and states. Closing down major military facilities and merging armories can negatively affect the local and state economy. However, consolidation of military facilities via BRAC processes could offer opportunities for specific communities.

Besides sending convoys and cargo on highways, the military ships a lot of cargo via barges. For this, it's important to make sure that the locks and dams of the nearby waterways are in good working order. In addition to moving cargo, military personnel also need to travel, which brings benefits from having access to public airports in the region.

The military faces special issues due to the heightened security requirements, size, and sometimes dangerous nature of its cargo (munitions, for example). Most munitions travel by rail, with only about 20% travelling by truck. The military and the state DOTs are charged with the delicate task of balancing military cargo movements without obstructing commercial freight and civilian traffic. Convoy movements that use public roads must file requests that are approved by the state DOTs before moving. Even though the Interstate Highway System was first developed with military movements in mind, sometimes the military has complications with transportation because certain vehicles are not cleared by the state DOTs to use the specific roads, due to vehicle size and weight, and other regulations.

When examining base realignment plans, the concept of travel demonstrates the difference in people's grasp of traffic in congested and uncongested networks. When troops first moved into Kentucky, they were expecting distances to be expressed in time, not miles. This was seen as critical to the facilities' success. The challenge is to make sure that those travel times do not change.

Working relationships with the military in our states is very important since we share a lot of the same transportation infrastructure. Military bases are strongly integrated into the communities around them these days, and it's a good idea to establish a liaison between the community and the military facility. Domestic emergencies, such as 9/11 and Hurricane Katrina, have signified the importance of planning for responses, and having a solid supply chain infrastructure available with plans on how to stage and move units quickly. These needs also suggest that any military freight shipments must be integrated with local traffic patterns and not severely interrupt commercial movements.

The US Department of Defense continually evaluates roads, rails, etc., to judge if they are ready for deployment. It will go after federal funds if it believes a project is important. The DOD remains very concerned with deployments and monitors projects that support them. Know that there is advocacy at the very senior levels to support infrastructure, and the state DOTs are not alone in trying to get funding. This also means that local communities need to work with local bases to ensure that traffic, deployments, and congestion can be managed.

It should be remembered that National Guard Armories are located throughout the states, and are largely (roughly 75%) funded by the states. Despite base realignment and consolidation, based on budgetary regions, the military may remain a large part of a local economy. In Kentucky, the military is a \$9.5 billion industry (2006 data), and that number has increased significantly after the latest BRAC rounds. It is also the largest industry within a state that could move outside it.

Panel #8 Where Does the Southern Economy Go from Here

Topic Areas: Discuss where we're going regarding the region and transportation in general, as it supports the Southern economy.

■ Panelists

Ted Abernathy—Executive Director, Southern Growth Policy Board

Joe Bryan—Vice President, Halcrow

Dale Carroll—Deputy Secretary/COO, North Carolina Department of Commerce

Rick Kaglic—Economist, Research/Regional, The Federal Reserve Bank of Richmond, Charlotte, NC

Danny McComas—President, MCO Trucking; Representative, NC Assembly

Moderator: Bruce Lambert—Executive Director, Institute for Trade and Transportation Studies

■ Key Points:

1. The Southern economy has growth opportunities—a good starting point with the majority of top military projects located in the region, and a focus on manufacturing. Our challenges are transportation funding and the lack of political collaboration. We need to focus on our competitiveness in a global economy where speed and complexity are working against us.
2. The mega regions are growing along with their congestion, which wastes resources and stifles development.
3. Better institutional mechanisms for freight planning and funding, which are not passenger-like and do not add another layer of government, are needed. However, we need an overarching authority that's focused on the entire freight system and involves the private sector.
4. The economy continues to strengthen and presents many challenges, including the number of jobs needed to replace those lost during the recession. Freight is used as an economic indicator. Global markets (exports) are important to our economic recovery.
5. North Carolina has created a task force to prepare a master plan that leverages transportation infrastructure and other assets to support economic development. The plan includes the export business, with a goal to create short-term jobs.



■ Summary:

There is a real need to connect transportation (freight) to economic development. Does anyone think our transportation system is in great shape? We know there's a lot of investment needed. The South has opportunity. Eleven of the top twelve military projects are in the South. Manufacturing will be a major topic for the next few years. We believe we can be competitive with anyone in the world in manufacturing. The problem might be money, but we think it's more about choice. America has fallen into problem paralysis. The decisions we make today are not simple. Speed and complexity are working against us. How do we make decisions with shrinking resources, which are more important than ever for shaping economic competitiveness, in a time when people are not as collaborative as they once were because it's not fashionable to work together? We need information that helps people make smart decisions. With both manufacturing and non-manufacturing industries expanding, and continued growth in global markets (exports), now is the time to plan infrastructure investments to ensure regional competitiveness.

Throughout the conference, congestion was noted as a prominent issue that worries everybody, from passenger vehicles to private sector supply chains to public officials. Congestion naturally appears to be the worst in urban areas, and then spreads into the travel lanes around them. The mega regions are growing along with their congestion, complicating all types of highway movements. Transportation does not just intersect at national, state, or local levels; it's one organism with varying management and funding. We need better institutional mechanisms for freight that we probably don't need for passenger transportation.

What would you say about slowing the congestion? To address it, look at the key elements in infrastructure that facilitate the movement of goods. Your job is to adapt the existing infrastructure to move freight better, and to concentrate your resources on the key elements of that process—the ones that move freight for the industries your region depends on, and for the ones that are growing. This may also mean reducing autos from a public sector perspective, moving from building to managing the system. The private sector fleet operator does that now, and makes incremental gains going forward. The focus on incrementalism can also be part of an educational outreach to elected and public sector officials, who may better understand the regulatory burdens that may also restrict system optimization, or include looking at other modes, such as the Intercoastal Waterway. This may also mean moving large trucks operating at night to alleviate local congestion while improving operations.

Talk about economic conditions, because freight is important to the aggregate demand in our recovery. This is growing from government stimulus and overseas markets to an economy with more internal vigor. It looks like the inventory replenishment cycle will be up in the first quarter of 2010 and, combined with exports, is good news for the economy overall and the transportation industry in particular. The demand seems to be broadening.

Strengthening does not mean stagnation. There are plenty of challenges ahead of us. However, more and more economic indicators are starting to come back up from the valley. The one sticky point of the recovery has been the lack of solid, sustained job growth. We have managed to recover 1 million of the 8.5 million jobs that were lost as a result of this economic downturn. The Southeast region lost more than 8% of payroll, and unemployment is much higher than the national average.

We need to focus on urban freight issues (pickups and deliveries), as well as rural/intercity transport. The economy is related to what happens in our urban areas, which are often the final destination of products and play a key role in exports. This spectrum of the supply chain needs to be understood and efficiently managed. We need an overarching authority to tie the freight planning and funding together at the regional and national levels, which was another common theme throughout the conference. Individual jurisdictions like to be clear on who owns what, but nobody remains in charge of ensuring the performance of the total system.

We are not central planners, even though some of our global competitors are. We need to formulate our own "American Solution." Some people call for the federal government to serve this role. We do not need another layer of government. We need to move into the 21st century. Freight is not just coming over the ocean and highway. It's on the rails, waterways, and in the air as well, moving through every aspect of the transportation system. We need to look outside the box, at the big picture, to see how the dynamics of all these pieces

fit together. In a recession, business moves are all about cost; in an upturn, it's about labor. But all the time, it's about the infrastructure.

We do not have just a domestic economy; we have a global economy. In North Carolina, we've had all these assets but have not utilized them. The Mobility Fund and the Logistics Task Force are how we're bringing everything together, in a master plan and coordinated effort to do a better job at leveraging transportation infrastructure and assets as it supports economic development. Exports are seen as critical to creating jobs in the short term (China is North Carolina's second largest trading partner). The Mobility Fund is a separately corrected fund that would allow us to address congestion in the urban areas, and access issues in the rural areas that we might not be able to do under our normal funding.

In the South, we are very competitive in manufacturing, but how do we encourage that? How do we make decisions about utilizing a shrinking set of resources, in a time when people are not as collaborative as they used to be? The problem is more about choice than about money—the choice of how to allocate the funds we have.

How can we work together across the region? The key is institutions that allow people to get together. People collaborate when it's in their interest to do so. You have to find out where the stake is for each player. You are not going to give up something from your state for somebody else unless you see something valuable down the road. The key is to continue the dialogue, not go and hide. If you look at gaps in education and infrastructure, you see that some states are better at some things. People will listen to the economics if you talk about it in a straightforward way. The GDP of the South is about the same as the GDP of China. We need to continue to do this branding of the South.

We need to learn how to get over these old ideas of very strong state ties in order to collaborate across the entire transportation system at the regional and national levels. The key is maintaining a continued dialogue. We need to raise the understanding by elected officials and the public regarding why freight matters to the economy. We need to keep them up to date, make sure we talk about the relevant issues, and demonstrate economic results on their transportation investment.

Reception at the NASCAR Hall of Fame



Institute for Trade and Transportation Studies

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

The ITTS members include the Alabama Department of Transportation, the Arkansas State Highway and Transportation Department, the Florida Department of Transportation, the Georgia Department of Transportation, the Kentucky Transportation Cabinet, the Louisiana Department of Transportation and Development, the Mississippi Department of Transportation, the North Carolina Department of Transportation, the South Carolina Department of Transportation, the Tennessee Department of Transportation, the Virginia Department of Transportation, and the West Virginia Department of Transportation.

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