



MEMORANDUM

To: Freight Committee
From: CMAP Staff
Date: November 19, 2012
Re: Draft CMAP Federal Freight Policy Agenda

As called for in CMAP's GO TO 2040, the regional comprehensive plan for Northeastern Illinois, CMAP is developing a national vision for freight policy, called the Federal Freight Policy Agenda. This Agenda identifies two major CMAP priorities in addressing how the US Department of Transportation develops its Strategic Freight Plan, as required under new federal law, and in influencing the next surface transportation reauthorization bill.

Staff has prepared a draft Freight Policy Agenda that focuses on specific research requests to the US Department of Transportation (DOT) recommending that DOT analyze the capacity of rail to execute a potential policy of balancing freight movements among modes, and that the analysis be useful for metropolitan level analysis.

Staff is also requesting that DOT analyze the potential for a specific purposed funding mechanism for freight investment, such as a freight trust fund or through expanded funding availability through other existing programs.

The attached draft Platform is being provided to the Freight Committee for input.

ACTION REQUESTED: Information and discussion

###

8A: Draft CMAP Federal Legislative Agenda for Freight Mobility

As the nation's freight hub, Metropolitan Chicago is the nexus of a quarter to a third of all freight movements in the United States, and a similar proportion of its jobs are dependent upon freight and logistics support. Worth billions of dollars to the regional economy, freight is a cornerstone of future employment growth in the region. Since the adoption of GO TO 2040, CMAP has advocated for a federal intermodal freight policy to address the efficient movement of goods, and direct federal resources to the projects where freight has the greatest national benefit. Specific objectives and goals will provide valuable guidance as metropolitan regions attempt to confront freight challenges, many of which are national in their scope.

The recent passage of Moving Ahead for Progress in the 21st Century (MAP-21), the federal surface transportation reauthorization legislation, provides an important opportunity to help shape national freight policy. The following statement updates the status of MAP-21 implementation around freight, introduces CMAP's policy research concerns, and offers some preliminary next steps for advancing this research and implementation agenda.

MAP-21 and Freight

MAP-21 sets forth several new initiatives to advance the strategic development of the US freight transportation system. MAP-21 directs the US Department of Transportation (DOT) to prepare a national freight policy and strategic plan to ensure the performance of the freight system; to identify a priority freight network comprising 27,000 centerline miles of roadway as the focus of future investment; and to encourage the states to develop their own freight plans. USDOT is further directed to develop performance measures for the freight system.

In terms of freight investment, MAP-21 incentivizes freight related projects by raising the federal participation rate from 90% to 95% on the interstate system for these projects. However, MAP-21 only tangentially addresses direct national freight investment via two competitive funding programs-- the Projects of National and Regional Significance (\$500 million), and an expanded Transportation Infrastructure Finance and Innovation Act (TIFIA) credit assistance program (up to \$1 billion.)

USDOT recently formed a Freight Policy Council to develop the National Strategic Freight Plan (NSFP) and consider how freight rail can be integrated into the Network. The NSFP will assess the state of the freight mobility system, identify bottlenecks and introduce performance measures to benchmark the public return on investment in the system. That plan will also introduce a framework for multistate cooperation on freight issues and is due by July 2015.

For the last several months the Freight Policy Committee, comprised of federal agency stakeholders, has been developing the Plan. CMAP has been monitoring the progress of the Plan, and has issued comments on USDOT guidance on State Freight Plans. At present, USDOT has not released any documentation on Freight Policy Committee activities.

Moving Forward- CMAP's Freight Policy Priorities

A GO TO 2040 priority for CMAP is the development of a national freight vision. This vision, or policy, would set the direction for national priorities in developing and maintaining a world class goods movement system. Those priorities would define what should be the components of a multimodal and adequately financed freight mobility system and how it should be developed.

Given MAP-21's inclusion of a process to formulate a national freight policy, Northeastern Illinois has a considerable interest in how this is implemented, and particularly how it will lead to improvements to freight transit time and safety. Since congestion impedes freight transit time and therefore impacts the regional economy, the Chicago metropolitan region has an interest in congestion relief through operational improvements, strategic investment in facilities and, potentially, by balancing freight movements by mode to achieve a more efficient freight mobility system.

Given GO TO 2040's emphasis on the development of a multimodal freight system, CMAP and its partners should encourage the federal government to research the potential for adopting a national policy that balances demand for freight movement among the different modes and the development of a reliable and ongoing source of funding for freight investment to strengthen the nation's ability to expand exports.

Can Freight Rail take on a greater share of future freight movements?

Freight movement is the country's fastest growing transportation segment. With ton-miles forecasted to increase by 60 percent over 2010 figures¹, the already strained US highway transportation system will face new pressures as the great majority of freight is forecast to continue to move by truck². Aside from strategically developing new capacity and managing existing facilities more efficiently, the National Freight Strategic Plan currently being developed by US DOT may be more effective if it incentivizes more extensive use of freight rail in the future.

¹ <http://faf.ornl.gov/fafweb/Extraction1.aspx>

² IBID, Truck share of all ton-miles is expected to grow from 55% to 61%, while freight rail is forecast to decline from 35% to 28%.

Potentially, greater use of freight rail can have economic benefits for Northeastern Illinois. With the region's comparative advantages in manufacturing railroad equipment and technology, parts and other logistics services, an increase in freight rail's share of goods movement can have positive impacts on the metropolitan economy by raising demand for rail related goods and services produced in this region and create jobs in manufacturing and logistics.

On the other hand, there may not be enough physical or operational capacity in the metropolitan rail network to handle greater levels of freight. Potential conflicts with commuter rail, with passenger traffic at grade level crossings, noise and land use compatibility issues with communities surrounding terminals may constrain the future growth potential of freight rail, or may make the costs to communities higher than the benefits.

While market decisions allocate the movement of goods to particular modes based on the type of good and customer needs, the federal government has a significant role to play in ensuring a level playing field for freight movement in terms of accessing suppliers and customers. The federal government also has a role in producing data and analysis that answer important questions about the future capacity of the transportation system.

CMAP recommends that the Federal Rail Administration (FRA) analyze how much freight can be diverted to rail by 2040 based on the forecasted mix of transported goods and the suitability of those goods to move by rail; the existing and potential future physical and operational capacity of rail, and impacts on commuter rail, with recommendations on how to implement any potential rail diversion at the national, state and metropolitan levels. Further, FRA should research a combination of incentives, such as tax breaks on rail investment to encourage more private investment and partnerships with the public sector, and increased federal support for rail access such as sidings, grade separations, and access to intermodal terminals. The analysis should yield findings detailed enough to consider the impacts of expanded rail capacity in major metropolitan areas.

With Board approval, staff will execute a letter to FRA with these requests. A similar letter will be sent to the Congressional leadership, the state delegation, and the respective chairs of the House and Senate committees dealing with reauthorization concerns to recruit their support for this initiative.

Which specific purposed funding mechanisms should be developed to fund freight?

While the national freight strategic plan is currently being developed with existing funding resources, any future program will require dedicated funding to support

freight specific improvements to the transportation system. A dedicated funding source is important because, like transit, freight is sometimes overlooked in policy making and in investment decisions. CMAP's recommendation is for DOT to analyze the potential of creating a freight specific grant program, such as a firewalled Freight Trust Fund (FTF) or expanded resources available to freight in existing programs that will be administered by the US Department of Transportation. The fund would emphasize intermodal access, access to terminals, truckways, highway operational improvements, rail improvements and similar investments. The analysis should yield actionable research on how fund dollars should be distributed to states and regions using performance-based criteria.

Similar to action on the increasing freight rail's share initiative, staff will send letters to the Congressional leadership, the state delegation, and the respective chairs of the House and Senate committees dealing with reauthorization concerns to recruit their support for this initiative. As with both initiatives, continual follow up with legislative staff will be necessary to ensure that these initiatives have an audience.