Agenda Item No. 6.0

Chicago Metropolitan Agency for Planning

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MEMORANDUM

To: CMAP Freight Committee

From: CMAP Staff

Date: June 15, 2015

Re: Federal Update

The Chicago region is the nation's freight hub, and as such federal regulations and legislation related to freight have an outsized impact on our economy and quality of life. Several freight-related topics have received significant attention at the federal level in recent months, in the form of both federal agency regulations and proposed Congressional legislation. These topics include rail safety initiatives – specifically those related to positive train control technology and crude-by-rail shipments – along with reauthorization of the nation's intercity passenger rail program and the establishment of a new federal freight program. Each is discussed in turn, and the memorandum closes with discussion on CMAP's freight policy principles.

Positive train control

Positive train control (PTC) refers to the use of advanced technologies to detect potential issues and automatically stop or slow a train before a crash occurs, and is required by the Rail Safety Improvement Act of 2008 to be installed on railroad track carrying hazardous materials or passenger traffic by December 31, 2015. Due to its cost and technical complexity, it is unlikely that positive train control will be fully implemented as required by the end of the year. As such, legislation has been proposed to extend the implementation deadline, notably S. 650, Rail Safety and Positive Train Control Extension Act. This bill would extend the deadline for implementing PTC to December 31, 2020 and also grant the U.S. DOT limited authority to make additional extensions of the deadline. S.650 was passed out of the Senate Commerce Committee on March 25, 2015.

According to its 2015 budget resolution, Metra estimates the implementation of PTC on its system to require capital costs of over $400 million and annual operations costs of $15-20 million. Reports from the National Transportation Safety Board indicate that positive train control could have averted Metra derailments in 2003 and 2005, both on the Rock Island District line. The 2005 derailment resulted in two fatalities and over 100 injuries. Additionally, Metra was the subject of a special safety review in 2014 by the Federal Railroad Administration in response to three speeding events that spring.

More recently, the deadly Amtrak derailment on May 12, 2015 in Philadelphia appears to have been caused by excessive speeding through a curve. Positive train control is intended to avert events such as excessive speeding, leading some to speculate that its full implementation on the corridor would have averted the crash. Amtrak reports that it remains on schedule to have PTC implemented throughout the Northeast Corridor by the December 31, 2015 deadline.

Crude-by-rail regulation

Domestic oil production has grown in recent years, particularly in the upper Midwest, and the nation's pipeline system is not equipped to handle movements from these regions to oil refineries. As such, shippers have increasingly relied on the rail system to move their product. Data from the U.S. Energy Information Administration (EIA) document the surge in crude-by-rail shipments over the past few years. To illustrate, the EIA estimates that total crude-by-rail shipments grew from about 20 million barrels in 2010 to over 370 million barrels in 2014, an eighteen-fold increase in four years.

Over the past few years, a number of derailments – including incidents in North Dakota, West Virginia, and perhaps most notably, Quebec – have focused attention on the safety of crude-by-rail shipments. Locally, a train carrying crude oil derailed near Galena, Illinois in March 2015, nearly spilling oil into the Mississippi River. Crude-by-rail incidents are particularly concerning, given the flammable nature of the cargo and its potentially high volatility. Given the central role the Chicago region plays in the nation's rail system, a large number of these crude oil trains pass through northeastern Illinois. The Chicago Tribune reports that about 40 crude trains pass through the region each week.

In response to various crude-by-rail incidents, the U.S. DOT has issued a number of safety advisories, recommendations, and standards over the past two years, including a significant rule on tank car design standards and operating controls. Jointly issued on May 1, 2015 with Transport Canada, the new rule would phase out old tank cars from service and establish new, stricter design standards, including enhanced braking systems. The new rule would also restrict the speed of crude oil trains within certain urban areas, require more robust risk assessments of potential routes for crude oil trains, and impose a new data collection and sampling system.

Congressional action

Last year's Congressional interest in freight topics has continued in 2015, with numerous freight-related bills introduced in both chambers. Several of these bills have focused on positive train control and crude-by rail, as highlighted above, but others take on a variety of topics. Two bills are particularly relevant to the Chicago region and are profiled below; the first would reform and reauthorize Amtrak passenger rail service and the second would establish a long-term federal freight program and funding stream.

Additionally, the U.S. Senate Environment and Public Works Committee recently announced a markup session to be held on Wednesday, June 24, 2015 to review a six-year transportation reauthorization bill. While this bill would not be limited to freight topics, it could lay out a legislative proposal for federal freight policy, including regulations and authorized funding levels.

Passenger rail reauthorization

H.R. 749, the Passenger Rail Reform and Investment Act of 2015, would reauthorize Amtrak funding from FY2016 through FY2019, providing a total authorization level of $5.8 billion. Aside from the timeframe and overall funding levels, the bill has the same major provisions as the Passenger Rail Reform and Investment Act (PRRIA) of 2014, proposed late last year. These provisions aim to increase transparency, leverage resources to encourage private investments, streamline the environmental review process, empower states to have a larger role in managing state-supported routes, and target investments strategically.

On that last item, PRRIA would separate the Amtrak system into the Northeast Corridor and the National Network. This approach would create separate accounting controls, requiring separate capital plans and programming processes for the two networks. The Northeast Corridor is one of the few Amtrak corridors that have ever produced enough ticket revenue to cover their operating expenses; this new accounting would require profits from those routes to be reinvested back into the corridor. However, separating Amtrak's accounting system could result in fewer resources for long-distance and state-supported routes, such as those that serve the Chicago region. Additionally, only Northeast states would benefit from a statutory assurance that their subsidies for state-supported routes would stay in the same corridor.

Multimodal freight planning and programming

H.R. 1308, the Economy in Motion: The National Multimodal and Sustainable Freight Infrastructure Act, reintroduces the main provisions of a previous 2014 bill, also called the Economy in Motion Act. The bill would impose a 1 percent waybill fee on ground transportation services, paid by the shipper, with revenues deposited in a new Freight Transportation Infrastructure Trust Fund. The waybill fee is essentially a 1 percent sales tax on the amount paid by the shipper for certain types of truck and freight rail shipments. Estimated to generate $8 billion annually, the bill would split the revenues equally between a formula and a competitive freight program. The competitive program would be designed to promote a number of goals, particularly environmental goals, and also include reporting requirements and retrospective analysis. It would also include a 5 percent set-aside for clean energy demonstration projects.

The formula program would be based on each state's share of the nation's total number of ports, rail track-miles, cargo handing airports, and Interstate miles. To receive 40 percent of their formula funds, states would be required to establish state freight advisory committees and adopt freight plans, conduct an analysis of freight needs and bottlenecks, and demonstrate that they use these plans to prioritize projects. To receive the remaining 60 percent of their formula funds, state would be required to collaborate with their neighbors, including Canadian provinces and Mexican states, along multistate freight corridors.

The Federal Highway Administration has estimated the maximum distribution each state could receive under the formula funding program (see Table 1 below). Illinois could receive a maximum distribution of $185.7 million, the third-largest of any state and 4.67 percent of the total freight formula program. This share compares favorably to Illinois' apportionment of federal highway funds under MAP-21 – in FY 2015, Illinois received an apportionment equal to 3.63 percent of the nation's total – underscoring the vital importance of the Chicago region as a national freight hub.

Table 1. Estimated FY 2016 distributions of $4 billion in freight formula funds under H.R. 5624, the Economy in Motion Act

	Estimated FY 2016 Maximum Distribution	Estimated Percentage of Total Formula Program
Alabama	$ 73,645,020	1.85%
Alaska	$ 50,821,148	1.28%
Arizona	$ 57,252,009	1.44%
Arkansas	$ 43,233,894	1.09%
California	$ 328,055,946	8.24%
Colorado	$ 49,642,202	1.25%
Connecticut	$ 34,985,059	0.88%
Delaware	$ 15,429,757	0.39%
Dist. of Col.	$ 3,389,508	0.09%
Florida	$ 163,531,774	4.11%
Georgia	$ 119,385,061	3.00%
Hawaii	$ 28,093,971	0.71%
Idaho	$ 23,786,334	0.60%
Illinois	$ 185,772,563	4.67%
Indiana	$ 109,947,911	2.76%
Iowa	$ 64,897,693	1.63%
Kansas	$ 55,397,215	1.39%
Kentucky	$ 82,815,951	2.08%
Louisiana	$ 109,091,091	2.74%
Maine	$ 20,068,992	0.50%
Maryland	$ 51,526,400	1.29%
Massachusetts	$ 52,333,641	1.31%
Michigan	$ 142,955,007	3.59%
Minnesota	$ 85,111,733	2.14%
Mississippi	$ 53,432,556	1.34%
Missouri	$ 90,609,916	2.28%
Montana	$ 26,748,316	0.67%

Nebraska	$ 41,047,112	1.03%
Nevada	$ 27,653,896	0.69%
New Hampshire	$ 16,337,869	0.41%
New Jersey	$ 103,662,325	2.60%
New Mexico	$ 26,220,485	0.66%
New York	$ 163,389,035	4.11%
North Carolina	$ 99,081,703	2.49%
North Dakota	$ 31,550,060	0.79%
Ohio	$ 154,483,569	3.88%
Oklahoma	$ 48,663,027	1.22%
Oregon	$ 52,993,310	1.33%
Pennsylvania	$ 150,204,865	3.77%
Rhode Island	$ 10,686,087	0.27%
South Carolina	$ 60,096,811	1.51%
South Dakota	$ 23,680,749	0.59%
Tennessee	$ 101,688,364	2.55%
Texas	$ 347,255,978	8.73%
Utah	$ 33,465,065	0.84%
Vermont	$ 8,936,179	0.22%
Virginia	$ 90,621,032	2.28%
Washington	$ 99,644,448	2.50%
West Virginia	$ 31,491,611	0.79%
Wisconsin	$ 76,472,901	1.92%
Wyoming	$ 49,624,337	1.25%
Puerto Rico	$ 9,088,514	0.23%
Subtotal	$ 3,980,000,000	100.00%
Administrative Takedown	$ 20,000,000	
Total	$ 4,000,000,000	

Source: U.S. Department of Transportation

Additionally, the bill would revise numerous freight provisions established in MAP-21. It would transform the National Freight Network into the National Multimodal Freight Network, suggesting multimodal criteria to designate the new network, eliminating the mileage cap, and requiring stakeholder input. The bill would also require and prescribe various components of a national freight strategic plan, duties and membership of state freight advisory committees, and components of state freight plans.

Looking Ahead

GO TO 2040 calls on the region to create a more efficient freight network, with an emphasis on improving federal policy, securing dedicated funding for freight, and steering resources to projects with the greatest impact. CMAP has worked with peer agencies to further articulate these policy positions. In 2014, CMAP coordinated with 12 other major MPOs to co-sign a white paper that calls for the next federal transportation authorization to take a multimodal perspective on freight policy, provide at least $2 billion in annual funding for freight improvements, and incorporate regions into the investment decision-making process.

The keen federal interest in freight topics presents a unique opportunity for the nation's metropolitan regions, and Chicago in particular. The Chicago region stands to benefit from increased federal investment in freight, particularly if these investments are tied to measures that accurately reflect the performance of the system. Focusing investments in northeastern Illinois supports the regional economy and improves quality of life for local communities, including their safety. Due to the interconnected nature of the freight system, the state and nation would also stand to benefit from efficiencies in the Chicago-area freight system. With ongoing discussions of a long-term federal transportation bill, the time is right to ensure smart freight policies are put in place.

CMAP will continue to monitor freight-related legislation as it moves through Congress, as well as significant freight regulations as they progress through the rulemaking process, and will continue to advocate on behalf of the region's freight needs.