



October 16, 2008

The Honorable Peter A. DeFazio, Chairman
Subcommittee on Highways and Transit
U.S. House Committee on Transportation and Infrastructure
Washington, DC 20515

Dear Chairman DeFazio,

Thank you for your letter requesting additional information to support the Subcommittee on Highways and Transit's recent hearing on Transportation Planning.

On behalf of the I-95 Corridor Coalition, the attached responses are provided to your questions for the hearing record.

Please do not hesitate to contact me should additional information be helpful. I can be reached by telephone at 410-545-0400, by e-mail at npedersen@sha.state.md.us, or by mail at 707 N. Calvert St., Baltimore, MD, 21202.

Sincerely,

Neil J. Pedersen

Neil Pedersen, Executive Board Chair
I-95 Corridor Coalition

Encl.



1. The GAO found that freight-related projects have a difficult time being programmed for construction under the current planning process. Recognizing there is a number of reasons for this situation (private sector benefits, benefits accrued to areas outside of the jurisdiction making the investment.) Can you give us your thoughts on how the process could better integrate or account for the benefits of freight-related projects?

RESPONSE

The transportation planning process has long focused on passenger transportation issues, especially in large metropolitan areas. The I-95 Corridor Coalition has sponsored a number of studies aimed at identifying critical highway bottlenecks and rail chokepoints in its sixteen state region. These studies have shown that the many of the highway bottlenecks and rail chokepoints in our large metropolitan areas are, in fact, the primary causes of inefficient freight movement, contributing directly to increased costs of goods and services. So, we agree that it is imperative that we find ways to better account for these economic costs in our planning processes.

As a multi-state Coalition that concerns itself with longer-distance travel issues, we believe that there first must be a policy mandate for public sector transportation agencies to consider the potential benefits to freight movements (and, therefore, economic efficiency) in determining project priorities. Since these trips typically involve interstate travel, we believe that the policy should be promulgated by the Federal government. The need for new Federal surface transportation legislation provides an opportunity to include such a policy mandate.

Each state and metropolitan region should be required to enhance their planning processes to demonstrate that longer-distance freight movement issues are being addressed and considered in project priority decision-making. For example, the evaluation criteria/performance measures used to inform the project priority process should include measures designed to capture the potential economic benefits of improvement freight movement.

Because freight operations are often organized at a multi-state scale (e.g., truck distribution operations from ports and major distribution centers typically serve an area extending 100 to 250 miles from the port or distribution center; and Class I railroads work with markets that may cover a dozen states), it is also important that metropolitan planning organizations and state transportation and economic development agencies have a mechanism or forum that allows them to coordinate policy, planning, and programming activities across city and state boundaries, matching the scale of operations of private sector shippers and carriers. The I-95 Corridor Coalition is one approach to meeting this need.

We would like to draw your attention to the proceedings of a Freight Planning workshop conducted by the FHWA in August of 2005. The entire proceedings



document can be found at: www.fhwa.dot.gov/freightplanning/freightworkshop.pdf. This document identifies a number of key issues in the areas of long-range planning, engaging the private sector freight community, use of data and analytical tools, organizing to facilitate freight planning, and multi-jurisdictional planning. The document recommends a number of actions designed to improve the ability of planning organizations to incorporate freight into the transportation planning process, for consideration by AASHTO, FHWA and other funding organizations.

2. You talk about the development of a “national strategy.” It is clear that lack of direction, mission and strategy have undermined the program. How do you suggest we prevent this strategy from becoming every states and/or regions wish list, and create a process to develop a truly targeted, performance-based prioritization?

RESPONSE

In our view, a successful national strategy will not be one handed down by the Federal government. A successful national strategy will be one that evolves from discussion and consensus among the states, shippers, and carriers with Federal leadership and guidance in the consensus process. Buy-in will be essential to success. We believe such a process would result in a national strategy that ensures that freight can be moved efficiently among all major markets by improved highway and rail connections.

The I-95 Corridor Coalition undertook such a process in the development of its 2040 Strategic Vision. Our consensus vision was informed by input from our members, from regional planning organizations, and from a wide variety of public and private stakeholders. It was guided by our Policy and Strategic Planning committee, with leadership provided by our Executive Board. And it was supported by our technical staff and consulting team.

The Coalition has no authority to impose its vision on any of its state members or any other of its member organizations; that would be impractical and inappropriate. But by conducting a transparent, consensus process, we believe that our work will influence the future transportation policies of our member organizations, particularly as they relate to issues that require a multi-state approach such as reduction of greenhouse gas emissions, expansion of intermodal freight movement, development of intercity rail, and the financing of the mega-projects that will be need to alleviate critical highway bottlenecks and rail chokepoints that are threatening regional and national economic vitality.

We have found that states and regions, as well as private sector firms, benefit from a broader, strategic understanding of how transportation systems work. The pooled effort is cost-effective, and the larger system view allows individual states to target their investments with less risk that their improvements will be off the mark.



3. Do you agree that the Projects of National and Regional Significance, created by SAFETEA-LU, structure as a more targeted, competitive program (as it was originally designed) could sufficiently fund the large-scale, national and regional corridor projects that our surface transportation system needs?

RESPONSE

We do agree that the Projects of National and Regional Significance, if structured as a more targeted, competitive program, could serve as a vehicle through which the Federal government contributes towards critical projects necessary to implement the national consensus strategy.

We would like to share with you input that we provided to the Federal Highway Administration February 2007 relative to grant criteria for the program (see Appendix). We believe it directly addresses your point for a more targeted, competitive program.

Your question also addresses the need for a sufficiently funded program. That is certainly a critical issue, as many highway sections, highway bridges, and rail infrastructure are aging and must be replaced. Moreover, many of our highway bottlenecks and rail chokepoints will require massive investment. These are mega-projects that no single state can, or should, pay for alone.

To cite two examples, the replacement of the Woodrow Wilson Bridge in the Washington, DC region cost \$2.4 billion. The cost of replacing the Howard Street Rail Tunnel in Baltimore, a critical link in the national rail network, may be \$2 to 3 billion or more. Projects such as these exist throughout the Coalition region and throughout the nation. The I-95 Coalition has inventoried the location of major highway bottlenecks and rail chokepoints in its region, but we have not calculated the cost of improving them. A back-of-the-envelope estimate suggests that the present value of recaptured time achieved by reducing delays to cars and trucks by 25 percent at the top 30 bottlenecks in the amounts to \$15 billion to \$20 billion over the next 20 years. This first order estimate suggests that there is a positive economic benefit to a Projects of Regional and National Significance program. We believe that a national inventory and cost estimate should be developed to inform the process of deciding funding needs for a targeted Projects of Regional and National Significance program in the next Federal Surface Transportation authorization legislation.

While calling for an important Federal role in funding these improvements, we also acknowledge the role of state and local governments in providing fair and affordable funding. We also acknowledge the potential role of private financing of these improvements, although the events of recent weeks in international markets may affect the ability of the private sector to raise capital for longer-term infrastructure projects.



4. According to the U.S. Department of Transportation, land use and transportation are symbiotic: development density and location influence regional travel patterns and, in turn, the degree of access provided by the transportation system can influence land use and development trends.

- In your opinion, are land use and transportation planning sufficiently linked? If you would argue that they are, please provide us with examples. If you would argue that they are not, please provide us with specific strategies that can be employed at the Federal, state or metro area levels.

RESPONSE

Transportation and land use decisions are usually made by different levels of government that have different interests, and therefore the linkage which should logically occur between land use and transportation planning often is not as strong as it should be. Most land use decisions are made by local government, and often these decisions are driven by economic development and tax base considerations more than any other factor. The degree to which impacts of development on the transportation system or adequacy of the transportation system is taken into account in these decisions varies considerably by local jurisdiction, but it frequently is a secondary factor, or not an important consideration at all. Local jurisdictions are often in competition with each other for economic development, and therefore development will occur where it is economically most advantageous to developers rather than where it is most efficient from a transportation standpoint. In fact, development patterns that are more efficient from a transportation standpoint, such as transit-oriented development often are more costly for developers, and therefore are at a competitive disadvantage. Developers will often shop around until they find a local jurisdiction that will give tax breaks or other economic incentives in order to land the development.

Based on our experience in Maryland, I would recommend that economic incentives be provided when transportation and land use planning are done in a coordinated manner and in a manner that supports more transportation efficient development patterns. Similarly, disincentives could be used when land use and transportation planning are not well coordinated or inefficient land use patterns are promoted by transportation investments. For example, higher matching ratios could be provided for transportation improvements that support planned transit-oriented development and lower matching ratios for transportation improvements that primarily serve sprawl development. Similarly programs could be developed that encourage the transportation component of well planned communities that reinforce efficient transportation. This was partially the intent of the TCSP program; however if a program such as this is heavily earmarked the monies will not be spent in a way that best reinforces the intent of the program, as was demonstrated through the TCSP program.



5. The Surface Transportation Policy Project (STPP) recently released a study on performance measures in transportation planning. It suggested that an expanded list of performance indicators could include: financial transparency; efficient land use; transportation choice and mode share; energy efficiency; health impacts; and environmental impacts.

- What types of performance measures, in your opinion, should states and MPOs be required to consider when fulfilling their transportation planning roles?

RESPONSE

Performance measures should be tied to the goals established for a program. The federal surface transportation program has lost its focus due to much of the funding going to projects that are not supporting the most important national goals for surface transportation. I believe that both funding eligibility and the structure of the federal program should be refocused on objectives of national interest. I have had the opportunity to be involved in the development of AASHTO's reauthorization policy proposals, and I believe they have proposed an appropriate set of national goals for the federal surface transportation program:

- Preserve and renew the System and maintain urban and rural accessibility and connectivity
- Enhance economic competitiveness, interstate commerce and national defense through an enhanced freight system
- Improve transportation safety
- Reduce congestion and improve urban and rural accessibility and connectivity using multimodal solutions
- Support system reliability, national security and natural disaster response
- Enhance the environment and community quality of life

AASHTO is also proposing to restructure the federal program to align funding programs with these goals of national interest, with the following program areas:

- Preservation
- Freight/economic development
- Safety
- Congestion Relief and Connectivity (mobility and accessibility in both urban and rural areas)
- System Operations
- Environment
- Intercity Passenger Rail
- Federal Lands
- Research
- National Defense



I believe that a limited set of uniform performance measures should be developed for each program area that would then have to be used to demonstrate that projects that are being proposed to be funded in each program area actually support the national goal that program category is associated with. States or MPOs could develop additional performance measures, but these would have to be related to the national goal associated with the program category. This would have the effect of increasing accountability for the federal-aid program being related to a national purpose.

Appendix

Grant Criteria for Project Evaluation Projects of National and Regional Significance

Based on our work to date, we would like to share the following observations with the FHWA relative to grant criteria for the PNRS program. FHWA has adhered closely to current legislative language in developing the proposed criteria; however, given that these criteria are being developed for future program applicants beyond this authorization cycle, we suggest the following broader set of criteria that ideally would guide such a program in the future:

1) National Transportation System Function – What function does the proposed project serve in the national transportation system?

- A highly recommended freight and/or passenger project should address transportation needs and connectivity at an international trade gateway or domestic trade hub; along a national trade, commerce, or military corridor; or along a multi-state regional trade, commerce, or military corridor.

2) Condition and Performance – What is the condition and performance of the gateway, hub, or corridor?

- A highly recommended freight transportation project should demonstrate that it serves a high volume and value of commodity movements; that current and forecast performance are negatively affecting freight carrier travel time, operating cost, and reliability; and that current and forecast conditions create significant safety or environmental problems for carriers and adjacent communities.
- A highly recommended passenger transportation project would demonstrate that it serves a high volume of personal, business, and recreational travel; that current and forecast performance are negatively affecting passenger trip travel time, cost, and reliability; and that current and forecast conditions create significant safety or environmental problems for travelers and adjacent communities.

3) Economic Value and Benefits – What is the economic value of the proposed actions?

- A highly recommended freight transportation project should demonstrate that it serves commodity movements supporting a wide variety of domestic and international supply chains critical to the growth and competitiveness of significant business and industry sectors or to military preparedness and mobility.
- A highly recommended passenger transportation project should demonstrate that it serves a high volume and value of personal, business, and recreational travel critical to the growth and competitiveness of significant business and industry sectors.
- A highly recommended freight or passenger project should demonstrate a positive benefit to the national and multi-state regional economies compared to the cost of the project and the opportunity cost of taking no action or suffering failure of the facility. Benefits should include

jobs, business development opportunities, contribution to the gross national product (GDP), and to our international competitiveness.

Projects that meet these criteria should then be evaluated on four additional criteria:

4) Technical Feasibility – Is the proposed solution technically feasible?

- A highly recommended project should demonstrate that the proposed actions—which may include proven and innovative capital, operating, pricing, and regulatory solutions—are feasible and effective at addressing the identified problems and achieving the anticipated benefits.

5) Funding Feasibility – Is the proposed funding approach feasible?

- A highly recommended project should demonstrate evidence of sufficient, stable, and dependable financing sources—with appropriate contingency amounts—to implement the project within a proposed and reasonable schedule.
- A highly recommended project should demonstrate an allocation of public and private cost responsibility in proportion to public and private shares of benefits and risks.
- A highly recommended project should leverage Federal investment with non-Federal contributions, including contributions from public-private partnerships.

6) Institutional Feasibility – Who has jurisdiction to finance and implement the proposed project?

- A highly recommended project should demonstrate that the proposed project cannot be readily and efficiently realized without Federal support and participation because multiple states or other jurisdictions and private sector interests are affected by the project and there is no non-Federal mechanism to fully finance and implement the project.
- The project should, however, demonstrate that the public and private interests have a well thought out institutional approach to development of the project.

7) Political Support – Do major stakeholders support the project?

- A highly recommended project should demonstrate the commitment of public and private sector support for the project from planning through financing, implementation, and operation.

A project that meets all seven criteria should be considered for funding as a high-priority Project of National and Regional Significance.

Eligibility for Federal Assistance

In regard to eligibility, we recognize that FHWA has attempted to foster a multimodal approach to the program, however, we find that the limitation of Federal funds under this program to Title 23 eligibility is restricting the types of intermodal projects we envision for our multistate region. We encourage a more flexible interpretation of eligibility as we move forward and encourage the FHWA to embrace the broad intermodal approach advocated by the Department and surface transportation legislation since ISTEA. For example, we believe that eligibility under this program could now be interpreted to include rail projects that were made eligible for Title 23 TIFIA funds in SAFETEA-LU. In any case, we encourage the Department and the Surface Transportation Policy and

Revenue Commission to advocate wider eligibility for Projects of National Significance as we move toward the next reauthorization.

A further question relates to Section 506.7 which says that projects should be equal to or greater than \$500 million or 75 percent of a state's apportionment. How might this apply to a multi-state project?

Project Development and Environmental Streamlining

We believe the Notice should address this important topic with language to the effect that such nationally significant projects would automatically be identified by FHWA for inclusion in the Department's environmental streamlining initiative and also for public-private partnership flexibility embraced under SEP-15.