

An Agenda For Meeting Freight Demand in the Upper Midwest

Upper Midwest Freight Corridor Coalition Research Team

Executive Summary

The Upper Midwest is nearing a critical point in its transportation and economic history. Just as global competition is challenging the economic preeminence of the US, particularly in the manufacturing and agricultural sectors critical to the Upper Midwest, congestion and inadequate investments are threatening to strangle our historically efficient and dependable transportation systems.

In response to growing freight demand in the Upper Midwest, seven states have developed an agenda to help meet the challenge of freight movement and economic vitality in the region. Phase one of this effort, the Upper Midwest Freight Corridor Study, identified the conditions and needs across all modes of

Priority Initiatives

1. Public and Political Understanding
 - 1.1. Improve public and political understanding
 - 1.2. Document funding needs
2. Public Sector's Ability to Plan for and Deal with Freight
 - 2.1. Create an ongoing regional organization
 - 2.2. Collect data
 - 2.3. Define agency focal point
 - 2.4. Develop model planning approaches
 - 2.5. Define regional freight network
 - 2.6. Develop role and structure for public/private partnerships
3. Intermodal Regulations and Capacity
 - 3.1. Modify Jones Act
 - 3.2. Establish regional traffic management technologies
 - 3.3. Support river and lock improvements
 - 3.4. Support multi-modal bottleneck solutions
 - 3.5. Address regulatory bottlenecks at borders

freight transportation for the corridors in the Upper Midwest. The Upper Midwest Freight Corridor Coalition, created for phase two of this regional effort, used the findings of phase one as background information for drafting of regional freight agenda. This report is the product of their efforts.


The Upper Midwest Freight Corridor

Coalition's vision is to have the states of the region, along with the affected provinces of Canada, cooperate through efficient use of all transportation modes to ensure the adequate capacity of systems. The priority initiatives in this Regional Freight Agenda will help the Upper Midwest realize that vision and meet the challenge of freight movement and economic vitality in the Twenty-First Century.

I. Background

Background

- Seven states participated
- Phase One
 - Congestion
 - Lack of coordinated technology
 - Minor regulatory differences
 - Major internal regional trade



Ohio, Indiana, Michigan, Wisconsin, Illinois, Minnesota, and Iowa, as well as the provinces of Ontario and Manitoba, participated in the Upper Midwest Freight Corridor Study along with the Federal Highway Administration and researchers from the University of Wisconsin-Madison, the University of Illinois-Chicago, and the University of Toledo. The effort was coordinated by the Midwest Regional University

Transportation Center.

Phase one of the study concluded that congestion is a major issue for our freeways, rails and waterways. And, the region lacks coordination in the implementation of traffic management technology. Only minor differences were noted in regulatory issues, since federal law controls vehicle size and weight issues on the Interstate system. Finally, the states of the region are their own best customers. Internal trade is robust.

Phase Two

- Goal was to agree on policy issues that would help them meet the needs of freight in the region
 - Some issues are regional in nature
 - Some are national
- Regional technology planning
- Regional data

Participants in the study recognize that freight does not stop at political boundaries. They also understand that the economies of the region are heavily interdependent and that, as a crossroads area, the region's needs in freight transportation are different from other parts of the country. Therefore, in phase two, they sought to develop an agenda

to guide their actions as individual states so they might implement programs and take actions that are regionally complementary. They also understand the importance of national actions in transportation and seek to define potential national issues and positions upon which they can agree as future national legislation is developed.

This document is the first step in the process. Its contents will be reviewed, debated and modified by the states. As it is adopted, it will guide future actions. Other products of phase two include continued development of a regional freight data system and conceptual planning on technology programs.

II. The Challenge

The Challenge

- Dependable and efficient freight movement is critical to the heavily industrial and agricultural economy of the region
- Congestion is threatening to make that movement difficult in all modes
- Our global competitors are improving

In a global market, the competitive position of a region or a country depends upon the cost and quality of delivered products. Cost is comprised of two elements: production and transportation. Production costs tend to be higher in the US. Our workers are paid more; we dedicate more to environmental protection; and, in some sectors such as agriculture,

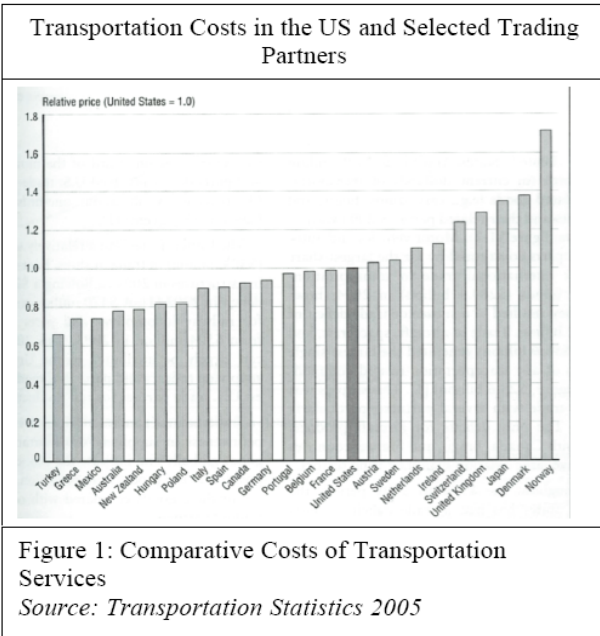
we are more capital intensive. These factors contribute to our high standard of living. Historically, higher production costs have been offset by lower transportation costs, keeping our products competitive. Quoting the AASHTO Bottomline Report (1):

To take a single example, the total production cost of a bushel of soybeans in the U.S. is well over a dollar higher than some South American producers — \$5.11 compared to the cost in Brazil. However, the U.S. internal transport and marketing cost is 43 cents compared to \$1.34 in Brazil, leading to a final price that makes U.S. soybeans competitive in world markets, which would not be the case without transportation efficiency. Competitors, however, do not sit still. Brazil is making inland-waterway improvements that will significantly reduce internal transportation costs for soybeans. To remain competitive, the U.S. must maintain and improve the efficiency of its transportation system.

Goldsby (2), in his evaluation of the comparative advantages of the US and Argentina, came to similar conclusions:

A review of the comparative transportation and logistics systems demonstrates that U.S. shippers maintain a significant advantage over their peers in Argentina. This advantage in movement and storage capacity is substantial enough to create an overall comparative advantage in the serving of common export markets. There is evidence, though, that the gap is closing. While the United States benefited from several decades of substantial public and private investment, yielding perhaps the world's most advanced logistical infrastructure, Argentina languished from nominal development of its own infrastructure. However, the privatization movement in Argentina has achieved great progress in a very short time. An influx of investment from domestic and foreign sources is largely responsible for Argentina's recent gain in movement and storage. The rate of change in the Argentine logistics environment is anticipated to remain high well into the foreseeable future.

Regional Freight Agenda for the Upper Midwest



Similar comments could be made about other products and other countries. Like Brazil and Argentina, China and India are making improvement to their water, rail and highway networks to improve their competitive position in the world. A recent report from the US Department of Transportation compared the cost of transportation services in the US and selected trading partners. The results are shown in Figure 1 (3). While the data used in the graph does not necessarily translate into shipping costs, it does indicate that the US has rivals in low cost transportation.

While other countries are improving their transportation infrastructure, congestion and inadequate investment plague American transportation systems. Congestion will increase as auto travel expands and as freight, currently forecast to nearly double in the next twenty years, continues to grow.

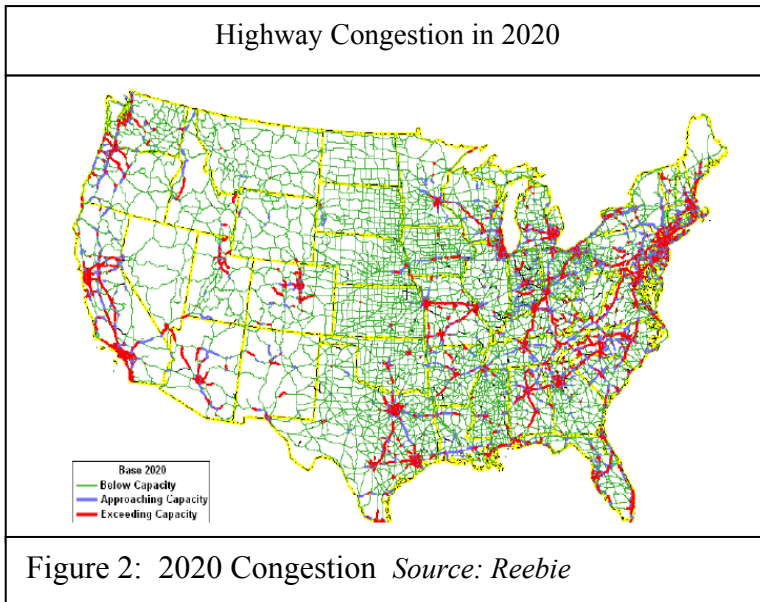
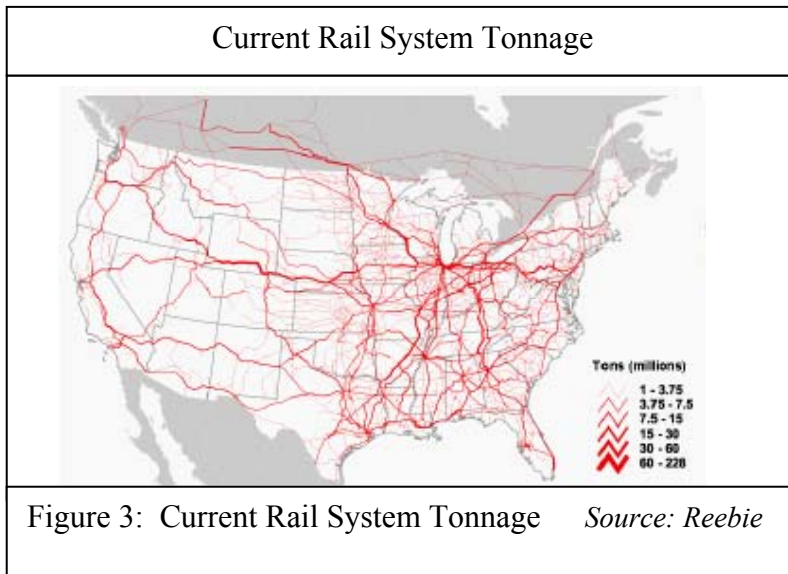


Figure 2 provides a forecast of highway congestion in the year 2020 (4). We might expect to see bright red lines, indicating congestion, in Chicago, the Twin Cities, Detroit, Cleveland, and Indianapolis, but in this map we also see red lines in generally rural areas of Wisconsin, Illinois, Michigan, Ohio and Indiana. Blue lines, signifying routes near capacity, are also evident throughout the region.

Congestion in rural areas indicates a system-wide capacity problem. It suggests that production centers, for example the Twin Cities, are positioned farther from their markets in the South and the East. It also suggests that the delivered cost of products will be higher in the future. This confirms the capacity analysis of the Upper Midwest Freight Corridor Study (5) that shows many segments of the

freeway system in our region operating at congested or near congested levels of service in 2002.



Highways are not the only congested mode. Figure 3 (4) shows the national rail network with the thickness of lines representing the current levels of freight carried on each segment. The lines in our region tend to be heavy, indicating a proportionately greater degree of utilization. This is consistent with the track utilization analysis (5) that indicates that many

corridors in the region are operating at or beyond their designed track capacity in 2002.

Our inland waterways suffer from inadequate investment. The last significant investment made on the Great Lakes was in 1966. Most of the locks and dams on the Upper Mississippi and Illinois date from the 1930s. Old locks and dams and major river bridges delay barges and increase costs.

III. The Vision

The Vision

- Cooperation across state and international borders
- Intermodal systems operation
- Adequate systems capacity

The vision for future movement of freight in the region, as defined by the Upper Midwest Freight Corridor Coalition, has three main elements: cooperation across state and international borders, intermodal systems operation, and adequate systems capacity. The vision defines a future in which the freight

demands of the Upper Midwest can be met. It is necessary to have the states of the region, along with the affected provinces of Canada, cooperate through efficient use of all transportation modes to ensure adequate capacity of systems. The path to achieve this vision is through the prioritized initiatives identified by the Coalition.

IV. Priority Initiatives

The Upper Midwest Freight Corridor Coalition Advisory and Steering Committees, at a meeting on April 25-26, 2006, reviewed and prioritized 26 potential initiatives as short-term and long-term activities. The short-term initiatives illustrate areas in which a regional effort can have immediate payoff with limited staff and funding resource allocation. The long-term initiatives illustrate areas in which a regional effort can have a high return from long-term support. The top six initiatives in each category, determined by a voting exercise among participants and listed in Table 1, are discussed and analyzed further in the following sections. After reviewing these twelve initiatives, the participants advanced a thirteenth--create an ongoing regional organization--because it is fundamental to many of the other initiatives.

Initiatives Identified as Short-Term Priorities	Rank
Collect Data	1
Document funding needs and consequences	2
Improve Political and public understanding of freight	3
Support multi-modal bottleneck solutions*	4
Address regulatory bottlenecks at boarder crossing	5
Define freight focal point in each agency	6
Initiatives Identified as Long-Term Priorities	Rank
Support multi-modal bottleneck solutions*	1
Support river and lake lock improvements	2
Define regional freight network	3
Define role and structure for public/private Partnerships	4
Develop model planning approaches	5
Implement regional freeway management technologies	6
Modify Jones Act	6
Additional Initiatives (See Appendix)	
Create an ongoing regional organization**	
Modify Harbor Maintenance Tax	
Develop regional approach to tolls	
Define regional test projects	
Engage private sector in dialog	
Support nation rail policy	
Support maritime, rail and CVO research	
Encourage and facilitate shipper's associations and 3rd party providers	
Create rail dispute resolution process	
Initiate pilot projects for CVO safety regulation	
Address security issues	
Support categorical flexibility	
Increase awareness of crossing impacts	
Include truck lane issues in reports to Congress	
*Identified as both short- and long-term priority	
**Added to priority list follow ing voting exercise	

Table 1 also lists initiatives presented to the Coalition but not selected as priorities. These initiatives are detailed briefly in the Appendix of this report.

V. Priority Areas Overview

Priority Areas
<ul style="list-style-type: none"> • Public and Political Understanding • Public Sector's Ability to Plan for and Deal with Freight • Intermodal Regulations and Capacity

The thirteen initiatives fall into three priority areas. One priority area addresses the need to improve the understanding among the public and political leaders about the importance of freight to our region's economies. Another addresses the public sector's ability to plan for and

deal with freight transportation needs. The final priority area deals with capacity and regulatory reform. Further explanation of each priority initiative, including a vision statement, draft action plan, and rough estimation of potential cost follows.

VI. Priority Area 1 - Public and Political Understanding

1. Public and Political Understanding
1.1. Improve public and political understanding
1.2. Document funding needs

This area focuses on achieving the public and political understanding necessary to meet freight demand in the Upper Midwest. As research from phase one showed, freight demand will continue to grow in the region faster than capacity. Public and political understanding of the region's needs will be necessary for

freight issues to receive the attention and investment required to prepare the transportation system to meet the growing demand of freight.

Initiative 1.1. **Improve public and political understanding of freight**

The vision of this initiative is to: *Create a cross-state task group to develop a marketing plan, detailing audiences, messages and actions.*

The expected audiences for the effort include the general public, elected officials at the local, state and federal level, and transportation professionals in both the public and private sectors. The message that is envisioned includes:

- the regional, national and global nature of freight movement,
- the importance of efficient freight movement for a robust economy,
- the demands that freight places on the transportation infrastructure,
- the need to improve our infrastructure to meet the growing demands upon it,
- the importance of pursuing a multi-modal solution to freight transportation issues,
- the significant impacts that freight movement can have for safety, the environment, and our security, and
- the shared responsibility of both the private and the public sectors for efficient freight movement.

Four strategies should be considered to help elected leaders and the general public better understand the nature of the freight challenge and the importance of freight:

Define a clear message. Transportation professionals often see and attempt to explain their world with much too much detail and complexity. To be heard and understood the freight message must be simple, concise and relevant.

Use various methods for delivery. A single approach to transmitting the clear message will not be adequate. Written materials, after-dinner presentations, one-on-one conversations, and formal and informal presentations to large and small audiences of stakeholders will have to be used.

Enlist many messengers. Public officials have to be the key messengers in this process, but they cannot be the only messengers. Private sector people can also be key participants. In some cases, transportation agency personnel may have to assist these other messengers in understanding and preparing the message.

Make the economic case clear. Freight is fundamental to our economic wellbeing. Whether the freight is raw materials moving to a manufacturing plant or goods moving to retail shelves, our standard of living depends on the free movement of freight. This is the most basic “pocket-book” issue for our audiences.

The cost of this effort will range from modest to significant, depending upon how it is ultimately defined. At the low end, DOT and MPO staff can do most of the work and the message can be carried through the normal channels of agency speaker bureaus and other routine contacts. At the other extreme, professional media firms can be employed and the message can be carried through funded media campaigns. The effort can begin shortly after the states agree to move ahead. The timeline for completion will depend upon the definition given to the project by the task group.

Initiative 1.2. Document the funding needs for freight transportation and the consequences of failing to meet those needs

The vision of this initiative is to: *Work with elected officials at the state, regional and federal levels to make them aware of the funding needs associated with freight transportation and the consequences of failing to meet those needs.*

This initiative should be coordinated with the effort to inform the public and political leaders of the importance of freight. The action plan for this initiative involves identifying a portfolio of investments to aid in the freight planning process, utilizing existing studies to help identify the portfolio and document conditions, and relying on existing public-private relationships to help improve understanding of freight. The effort will start at the local, state and regional level and mobilize regional organizations such as builders associations, AASHTO and others.

In the short-term, the focus will be on developing the materials, such as a region freight condition report, and strategies for MPOs and regional organizations to use in carrying the message. A committee of public and private individuals and interests who might participate in the effort will be formed. In the longer-term, the

focus of the effort will be the next transportation reauthorization bill and the effort needed to inform members of Congress of the needs for freight.

The cost of this effort will likely be in the medium range. Costs may be offset by what states normally expend to prepare for reauthorization.

VII. Priority Area 2 - Public Sector's Ability to Plan for and Deal with Freight

2. Public Sector's Ability to Plan for and Deal with Freight

- 2.1. Create an ongoing regional organization
- 2.2. Collect data
- 2.3. Define agency focal point
- 2.4. Develop model planning approaches
- 2.5. Define regional freight network
- 2.6. Develop role and structure for public/private partnerships

This area focuses on improving the public sector's ability to plan for and deal with freight in the Upper Midwest. Public agencies will continue to take the lead on maintaining the transportation network and providing customers with quality transportation service. As the challenge of meeting freight demand grows, improvement in the public sector's ability to provide and manage the network grows in importance. The following initiatives

outline some ways in which the public sector can improve its ability to plan for and deal with freight.

Initiative 2.1. Create an ongoing regional organization

The vision of this initiative is to: *Develop and sign a regional memorandum of understanding (MOU) that will commit the states of the region to ongoing cooperation in meeting freight needs.*

The proposed MOU, drafted by the Upper Midwest Freight Corridor Coalition, calls for the establishment of:

- an executive committee made up of seven Department of Transportation CEOs to guide regional cooperative efforts to meet freight demand, and
- a technical committee made up of experts in the fields of freight operations and intermodal transportation to propose and recommend and implement a plan of action for improving the regional freight transportation systems.

Initiative 2.2. Data Collection

The vision of this initiative is to: *Develop an information resource to identify opportunities for freight transportation improvements in the Upper Midwest region.*

The primary providers and users of the data will be state DOTs, MPOs, other public agencies, universities, and the private sector.

To realize this vision two goals will have to be attained:

- State DOTs and MPOs will have to participate in the data collection effort and agree on the data sets to be collected.
- Data provided will have to be of high quality, current, accurate and honest, free from liability issues and proprietary conflicts, up to established standards and accessible.

This initiative will expand upon the work done in phase one of the Upper Midwest Freight Corridor Study. It will utilize the structure, content and accessibility features of the database now housed at the University of Toledo. Therefore, the costs will be modest. They will consist primarily of DOT staff time necessary to define and find needed data and the cost of the continuing effort to keep the data current and readily available. Progress on this initiative can begin as soon as the states approve of moving ahead.

Initiative 2.3. Define freight focal points in each agency

The vision of this initiative is to: *Establish a freight coordinator/champion position with an understanding of the policy and technical aspects of freight in each agency to participate on a multi agency working group on freight issues and to coordinate freight related issues inside the agency.*

These positions will be critical to the progress of a regional freight effort. Since the FHWA advocates that such positions be required in each state, the states of the region should work with the FHWA to define contacts in both directions to make the positions most effective. FHWA's *Position Description for a State-Level Freight Coordinator (6)* and *Improving Freight Transportation (7)* both define benefits and roles for these positions. An early and major effort of these freight contacts will be the development of a freight condition report for use by the states in addressing the next transportation bill.

The cost of this initiative will be the salary and related costs of at least one position in each state. Some of this cost will be offset by an expected reduction in the freight related workload of others in the agency and by increased efficiency made possible by the coordinating role of these positions.

Initiative 2.4. Develop model planning approaches

The vision of this initiative is to: *Create a multi-state, multi-modal plan, incorporating best practices that identify freight system trends, needs and issues.*

The action plan for this initiative is to use a collaborative approach to establish a

common framework and gather multi-modal inventory and commodity flow data. The effort may utilize the Freight Analysis Framework, with specific regional modifications, to define conditions and performance standards and identify needs. The product of the effort will be a freight condition report for the region, containing identification of a portfolio of investments and projects of regional significance. Accordingly, this effort will benefit from coordination with other related initiatives, such as the documentation of needs.

The cost of this initiative could be significant, but it will be offset by savings in other ongoing agency efforts. For example, some data will have to be purchased and analyzed, but this should reduce the need for individual states to make similar purchases.

Initiative 2.5. Define regional freight network

The vision of this initiative is to: *Define an interconnected regional freight network for efficient and cost-effective intra- and inter-regional movement of goods and commodities.*

This effort will require all of the elements of a planning study. Definitions will be required; boundaries must be drawn on which modes should be included; data must be collected on system usage, freight and commodity flows, major generators and other items; and public input and industry input will be required. When completed, the region may consider branding the network in much the same way that the Interstate system was branded to identify the quality network that will assure shippers, carriers and industries of the nature of the system.

This initiative can be accomplished on a short timeline, building on the work accomplished in phase one. It should be coordinated with other related issues.

Initiative 2.6. Define role and structure for public/private partnerships

The vision of this initiative is to: *Define the role and structure for public private partnerships (PPPs) where public and or private money could be leveraged in recognizing modal differences.*

The first step in this process is a literature search and survey to identify other areas of the nation that have successfully used PPPs, how they were used and the structure they acquired. Next, an inventory of programs and funding sources that might be available for PPPs is necessary. An analysis can determine how PPPs might best be used in the region. Finally a model contract will enable states in the region to pursue these partnerships.

This could be a short-term effort, but it must be coordinated with other related initiatives.

VIII. Priority Area 3 - Intermodal Regulation and Capacity

3. Intermodal Regulations and Capacity

- 3.1. Modify Jones Act
- 3.2. Establish regional traffic management technologies
- 3.3. Support river and lock improvements
- 3.4. Support multi-modal bottleneck solutions
- 3.5. Address regulatory bottlenecks at borders

The third area selected by participants in the Upper Midwest Freight Corridor Coalition involves intermodal regulation and capacity. Freight movement within the Upper Midwest faces some restrictions on mobility due to inefficient or avoidable regulation. Similarly, capacity constraints can be a significant limiting factor on the mobility of freight within the region.

The initiatives outlined below focus on the removal or mitigation of regulatory and capacity limits on freight mobility within the Upper Midwest. Obviously, this part of the vision carries a cost, but the cost of the vision is lower than the cost of failing to attain the vision. Aggressively managing existing capacity, using all of the modes effectively, and adding new capacity selectively should keep costs low.

Initiative 3.1. Modify the Jones Act (Merchant Marine Act of 1920)

The vision of this initiative is to: *Revisit the Jones Act to remove a regulatory barrier to intermodal freight alternatives and to increase economic competitiveness and efficiency.*

Among other things, the Jones Act (Merchant Marine Act of 1920) requires maritime shippers operating in American waters to use American-made ships. When it was passed, the act was intended to protect and promote the American shipbuilding industry. Its effect now is to dramatically increase the cost of introducing new types of maritime service because it effectively requires that new ships will be used to provide new service. No American-built vessels of the type that might be considered for new inland waterway service are in the pool of used vessels. The result is the costs of starting a new service are prohibitive.

Completing a revision of the Jones Act will require several steps. First, a detailed analysis will be required of the economic and environmental impacts of the proposed change and of the potential market for short-sea-shipping on the inland waterways of the region and across the nation. Next, the specific statutory changes required must be defined. This will have to consider both of the need to make maritime shipping more competitive and of the interests of those who would maintain the current statute. Finally, a regional consensus on the specific change will be required before it can be advanced politically.

The cost of making this change is low. The benefit will depend upon the response received in the shipping community. Ideally, the steps outlined above

will be completed prior to the next Congressional debate on transportation policy and funding, which will likely begin in about two years.

Initiative 3.2. Establish regional freeway management technologies

The vision of this initiative is to: *Develop a Midwest Multi-state Traffic Operations Partnership (MSTOP) that manages a virtual center for traffic and commercial vehicle operations.*

Establishing an MSTOP has both short- and long-term elements. In the short-term, a strategic plan must be developed that is compatible with FHWA and AASHTO guidelines. In the long term, this initiative requires a champion to promote the concept with regional DOT leaders to bring them and the FHWA and AASHTO together. Finally, funding will have to be found.

Funding for this effort could be significant. The model of the I-95 Corridor suggests that much of the cost could be met from federal sources.

Initiative 3.3. Support river and lake lock improvements

The vision of this initiative is to: *Improve the efficiency, capacity and navigability of the waterway systems, while mitigating environmental impacts.*

This initiative should be seen as part of an overall effort to enhance and grow the maritime mode of freight movement. It should be coupled with updates to the Jones and Harbor Maintenance Acts and also with an effort to inform the public of the importance of having a maritime alternative to land transportation of freight. It should also be accompanied by an effort to begin collecting maritime data in a manner that is consistent with the land modes. Finally, the various interest groups will have to be organized in the larger effort to secure funding for the lock improvements.

In the short-term, the focus should be on the effort to educate public agency staff on the importance of waterborne freight, the organization of stakeholder groups and the collection of data on waterborne freight.

Initiative 3.4. Support multi-modal bottleneck solutions

The vision of this initiative is to: *Remove regulatory constraints, improve infrastructure and make greater use of each of the modes through some modal shifts in order to address inefficiencies, safety and environmental issues that affect freight movements.*

This effort will focus on collecting and analyzing data to identify bottlenecks and potential solutions to those bottlenecks. Solutions will be documented and the bottlenecks prioritized. The first step will be defining a bottleneck. Subsequent

steps will be collecting and analyzing data to find locations that meet the definition of bottleneck, identifying any planned fixes to the bottlenecks, and finally looking at the system to determine how the bottlenecks impact the region and how fixing them might impact other links in the system.

This effort is linked to other initiatives in the agenda, such as **Initiative 2.2** and **Initiative 2.3**. It will utilize data and analysis done in the planning and agency focal point efforts. It will have to be coordinated with each of these other efforts.

Initiative 3.5. Address regulatory bottlenecks at border crossings

The vision of this initiative is to: *Address regulatory and infrastructure issues which restrict freight movements across the US/Canadian border, creating costly inefficiencies. Changes in the regulatory structure should be the first focus for improving the flow across the border.*

This is a complex issue since it involves two federal governments as well as all states and provinces with border crossings. For the Upper Midwest, the major problem lies at the Detroit-Windsor crossing area. To expedite solving the problem, the states of the region should urge the USDOT to take an active role and make the crossing a high priority.

IX. Performance Measures

The Upper Midwest Freight Corridor Coalition identified performance metrics that could be used to determine progress on each initiative. Since some measures are common to multiple initiatives, they are presented in Table 2 on the following page in a matrix format. The measures are listed vertically on the left; the various initiatives are listed horizontally across the top; and the checked cells indicate which measures and initiatives are linked.

If these performance measures are regularly monitored and used, they offer the possibility of helping to improve the condition of the freight transportation systems in the region.

**Placeholder page for Table 2: insert pdf here
(Performance Measure 6-15-06)**

X. Summary

The combination of these thirteen initiatives, prioritized by the Upper Midwest Freight Corridor Coalition, promises to be a sound starting point for the region's efforts to address current and future freight needs. Logically, they should be coordinated and proceed in an orderly manner. Figure 4 illustrates how such a logical flow might progress. Under this suggested approach, the initiatives in green boxes—to create an ongoing organization and an agency focal point—are done first as the basic building blocks of the regional freight agenda. The initiatives in red boxes are information gathering, formatting and presentation activities. They should precede the specific actions represented by the initiatives in the blue boxes.

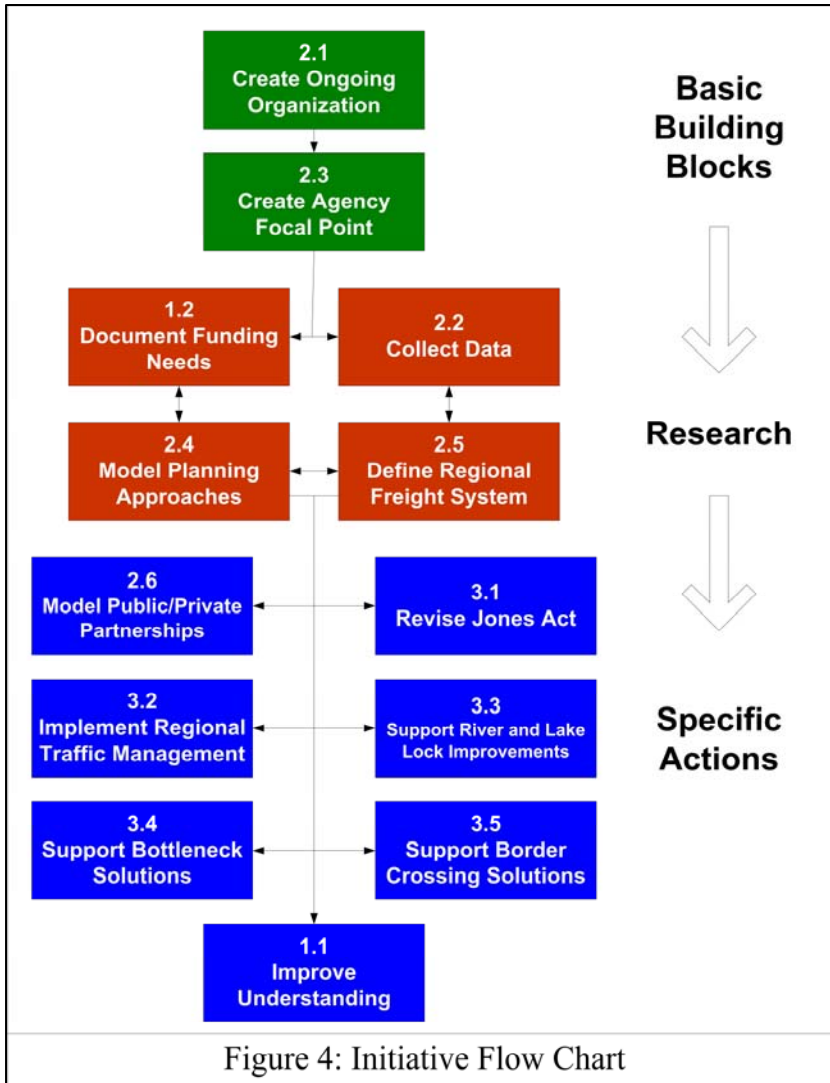


Figure 4: Initiative Flow Chart

gathering, formatting and presentation activities. They should precede the specific actions represented by the initiatives in the blue boxes.

The Upper Midwest Freight Corridor Coalition's vision is to have the states of the region, along with the affected provinces of Canada, cooperating through efficient use of all transportation modes to ensure the adequate capacity of systems. The prioritized initiatives in this Regional Freight Agenda can help the Upper Midwest realize that vision and meet the challenge of freight movement and economic vitality in the Twenty-First Century.

XI. Next Steps

This Regional Freight Agenda is one part of the findings of phase two of the Upper Midwest Freight Corridor Study. In a parallel effort, traffic operations specialists from all of the states in the region have met and are meeting to develop plans for the complimentary deployment of traffic information and management technologies that might improve the flow of freight throughout the region. Their work will provide more detail for the related recommendation in this report. It will be complete by mid-summer.

This report, the work of the traffic operations group and a draft MOU will be presented to the Board of directors of the Mississippi Valley region of AASHTO in July. The Executive and Technical Committees created by the MOU will meet in the later summer or fall to plan and approve the next steps to be taken in the effort.

Acknowledgements

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Appendix

This Appendix to the Regional Freight Agenda for the Upper Midwest contains the additional initiatives identified by the Upper Midwest Freight Corridor Study

Additional Initiative Areas
<ul style="list-style-type: none">• Understanding• Organizational• Capacity• Regulation• Research• Funding

Research Team. These initiatives were not selected as high priority for short-term or long-term by the Study's Steering and Advisory Committees, but still represent a valuable contribution to the regional dialogue on meeting freight demand. The initiatives are divided into the following areas: **organizational, capacity, regulation, research and funding.**

Organizational Issues

A number of changes could be made in the organizations of transportation agencies to improve their ability to deal with freight.

- **Engage the private sector in dialog.** Freight is controlled and managed in the private sector. Meaningful freight planning can only be done with much input from that sector. In the Upper Midwest, most of the major shippers, carriers and third party providers have a presence in several states. Therefore, a regional approach to dialog through a regional freight council makes sense.
- **Encourage and facilitate the growth of shippers associations and third party providers.** Shippers associations and third party providers are two tools that can be used to make freight movement more efficient. Both tend to increase the pool of shippers and carriers, minimizing deadheading and maximizing the impact of particular shippers in the marketplace.

Capacity

Several actions should be considered to address capacity constraints on freight movement within the Upper Midwest:

- **Increase awareness of crossing impacts.** More rail-highway crossings not only increase exposure to train-auto crashes, they also slow train movements, reducing capacity. State and local officials, who must approve new crossings, or the adjustments to old crossings, should be aware of the impact their actions can have on rail operations.
- **Include truck-only lanes issues in reports to Congress.** The recently passed transportation bill requires two reports to the Congress on the Interstate and National Highway Systems. The focus of these reports is on

the future directions and needs of those systems. The reports should include information on the use, design characteristics and environmental and economic impacts of truck lanes on those systems.

- **Support a national rail policy.** The nation has a freight crisis on the horizon. Rail should be a key part of the solution to this crisis. The nation also has many needs and aspirations for passenger rail. But it has no established rail policy. With the exception of Amtrak, passenger and freight rail is handled by the private sector. We need a national policy that affirms and balances the importance of rail transportation for both passenger and freight and that makes and guides public investment in that mode.

Regulation

Current regulations and laws impacting the freight industry have effects that are counter to the efficient movement of goods: Remedies might include:

- **Address Security Issues.** Heightened awareness of potential terrorist activities highlights the need for greater security for all of the transportation system. It is most obvious at the border crossings, but it is also a factor in all other areas of transportation. Solutions that provide needed security without sacrificing mobility must be found.
- **Modify the Harbor Maintenance Tax.** The Harbor Maintenance Tax is charged to ships entering port based on the value of their cargo. It was designed for the coastal ports and trans-oceanic shipping. For short-sea shipping of any kind, it presents a cost burden that is-in most cases-prohibitive.
- **Create a rail dispute resolution process.** Competition was the underlying rationale for deregulating the rail industry. The rail industry is, however, unique in that companies are tied to their tracks; they are not free to compete head-to-head in many circumstances. Therefore, rail companies can assume a take-it-or-leave-it approach to many customers. Trucking, which may not be the most efficient option, is the only real competition. Existing federal laws make the Surface Transportation Board the decision body for resolving rail shipper disputes. It has become a very costly and very slow body for carrying out this specific responsibility. Therefore, the provisions of the law that concern operating in the public interest have become moot. A replacement must be found.
- **Initiate pilot projects for CVO safety regulation.** Federal rules for safety regulation allow for pilot projects to encourage new and innovative approaches to enforcing the regulations. In some cases, the existing regulations have very detrimental impacts on the productivity of truckers. For example, some truckers have said that the new hours of service regulations

effectively reduce the number of trips allowed in a driver's day by half. (This is the result of being in service while waiting at terminals.) A pilot that uses a performance-based approach to safety enforcement might solve this problem while maintaining or even enhancing safety. To be meaningful, this would have to be done on a multi-state basis.

Research

Research is key to increasing our understanding of the conditions that exist and to the viable options that are available to addressing those conditions.

- **Support commercial vehicle, rail and maritime research.** Better information is needed on the safety, environmental and economic impacts of alternative freight strategies. These issues and strategies cover all of the modes.
- **Define regional test projects for implementation.** Using specific tests of innovative approaches to freight will demonstrate the viability of the idea. Test projects are a very simple method for testing new ideas.

Funding

Dollars are the underlying need in many areas of freight. Some areas for consideration include:

- **Support categorical flexibility.** Congress tends to color money by mode and function, highways or rail, maintenance or construction. Some greater flexibility in the use of categorical funding would enhance the ability of states to meet their most pressing needs.
- **Develop a regional approach to tolls.** If the region is to have any significant growth in freeway capacity, tolls will likely play a role in paying for that capacity. Since the states of the region have widely varying rules on their use of tolls, some regional dialog should begin to find a common ground and cooperation on tolls to thus make any new system as simple and compatible as possible