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Reforming the Transportation Program: An Early Challenge for the Obama Administration

A reform of the federal surface transportation program is likely to figure prominently on the policy agenda of the Obama Administration. Rarely has there been so much agreement within the transportation community about the need to fundamentally restructure the program. "The transportation program has lost its sense of purpose and become nothing more than a vehicle for earmarks and revenue sharing," goes a common plaint. Congressional lawmakers of both parties likewise agree that continuing the status quo is not an option.

According to Committee Chairman James Oberstar (D-MN), the staff of the House Transportation and Infrastructure Committee is already hard at work developing a new surface transportation bill that promises to "look beyond the current program" and "rethink the existing program structure." The Committee plans to release a detailed summary of its proposal early in 2009. If the Obama Administration wishes to influence the shape of the next legislation and participate in its development, it must start formulating its own legislative proposal almost immediately upon taking office.

The challenge is daunting. Drafting a multi-year highway and transit authorization bill that aims to fundamentally revamp the existing approach will require a rethinking of many long-standing assumptions about program funding, structure and delivery methods. With a brand new team on board in the Department of Transportation, the task becomes even more challenging. Here are a few suggestions the new U.S. DOT team may wish to consider: Today, the federal surface transportation program consists of over 100

different programs that have sprouted up over the past three decades. In addition, in 2007 the program contained 6,300 congressional earmarks many of which were for projects of purely local character. As part of the programmatic reform, the Obama Administration should propose collapsing these programs into a few program areas of significant national interest and concentrate federal funding on these areas. Such action would find support in President-elect Obama's recent pledge to "eliminate spending programs that have outlived their usefulness, and reform others to ensure they are working in a cost-effective way."

Four main program areas should constitute core of the future surface transportation program: (1) preserving, modernizing and improving the performance, reliability and safety of the Interstate Highway System (with incremental system additions to serve emerging population concentrations); (2) relieving congestion in major metropolitan areas; (3) establishing a national system of freight corridors with adequate capacity to accommodate the nation's expanding economy and international trade; and (4) enhancing public transit viability in large cities.

To eliminate wasteful expenditures, the Obama Administration should propose reforming the process by which major investment decisions are made. Infrastructure investment decisions should be based on a systematic analysis of economic benefits and performance measures to ensure that scarce resources are flowing to projects that benefit the public the most. For additional information on this subject, please see the following website: <http://transportation.nationaljournal.com/2008/12/writing-the-next-transportation-bill.php>

U.S. infrastructure shaky, official says

If you thought the \$700 billion bailout of banks and financial institutions was big, you haven't looked at the bill for repairing the country's aging infrastructure.

To repair and then increase the capacity of the country's infrastructure would cost from \$87 billion to \$225 billion more a year than we are spending for decades to come, said Jack Schenendorf, vice chairman of the National Surface Transportation Policy and Revenue Study Commission.

Schenendorf spoke last week to members of the Regional Legislative Alliance of Ventura and Santa Barbara Counties. The group consists of local politicians and members of chambers of commerce in both counties.

Schenendorf worked with the bipartisan commission to draw up a 10-point plan to revitalize the nation's transportation infrastructure. If the nation doesn't tackle the problem, he warned, "the kind of gridlock that's coming could drag our economy down with it."

The problem goes beyond longer waits in traffic — that currently costs drivers \$63 billion a year in wasted time and fuel costs — and extends to the failure of bridges, ports unable to keep up with shipping traffic and rail lines operating beyond capacity. It's only a "looming crisis," if you thought that New Orleans had a looming crisis when Hurricane Katrina was sitting offshore and headed toward the city, Schenendorf

said. "We are in crisis," said Schenendorf. "We need bold action." Although Republicans had appointed him to his post, Schenendorf said the new Obama administration has the potential to tackle this problem. By making an investment in the country's infrastructure, Obama could also stimulate the economy, provide jobs and help tackle some of the problems related to climate change by improving alternative modes of transportation, he said.

But that kind of investment would take money, and Schenendorf suggested the money could come from increases in the federal gas tax, taxes on freight and customs fees at ports. This is where some members of the commission parted company, with dissenting members arguing against new taxes.

In California, voters two years ago passed Proposition 1A, which raised almost \$20 billion for transportation. But estimates pegged the cost for the transportation needs in the state at around \$200 billion, said Hamid Bahadori, of the Automobile Club of Southern California. "So you can see there's a shortage there," Bahadori said. For additional information, please see the following web-link: <http://www.venturacountystar.com/news/2008/nov/29/us-infrastructure-shaky-official-says/>

Rail project fund gains Texas commission backing for state infusion

Earlier this week, the Denton County Commissioners Court passed a resolution supporting efforts to obtain state funding for rail relocation and improvement projects throughout Texas.

In 2005, state voters approved a constitutional amendment establishing the Rail Relocation and Improvement Fund; however, Texas lawmakers haven't yet dedicated any state dollars for it.

State funding would create a revenue stream that could leverage billions of dollars in bonding authority to improve transportation safety, ease congestion at hundreds of grade crossings, increase the capacity of the state's freight-rail network, and shift more truck traffic to rail, according to the Texas Rail Relocation and Improvement Association.

The Texas Rail Relocation and Improvement Association is a statewide coalition of municipal, county and state elected officials, interest groups and residents who seek to improve transportation. "We believe rail must be a key component of the overall solution to the state's transportation challenges," said Bruce Todd, the association's executive director, in a prepared statement. "Our state cannot simply build more and more roads without rail being incorporated into transportation plans."

For additional information, please see: <http://www.progressiverailroading.com/news/article.asp?id=18900>

FMCSA issues medical requirements for truck drivers

The Federal Motor Carrier Safety Administration (FMCSA) issued a final rule that will require states to merge the commercial driver's license (CDL) and the driver's medical examination certificate into a single electronic record.

When fully implemented by the states in three years, the new combined CDL will streamline record keeping obligations for the states and CDL holders, while providing instant electronic access to the CDL holder's medical certificate by state and federal enforcement officials.

The rule requires states to take enforcement actions against CDL holders if they do not provide medical certification status information within the deadline. FMCSA also issued a related rulemaking that would establish a National Registry of Certified Medical Examiners to ensure that physical qualification examinations of CDL holders are performed by qualified medical practitioners and are administered in a uniform and consistent manner. The Notice of

Proposed Rulemaking (NPRM) for the National Registry of Certified Medical Examiners would create certification standards and a National Registry of medical examiners who are qualified to conduct examinations of interstate truck and bus drivers.

The proposal would require the medical examiner to electronically transmit to FMCSA the name and a numerical identifier for each driver who is examined. The proposal also would create a process by which medical examiners who fail to meet or maintain the minimum standards would be removed from the National Registry.

The NPRM for the National Registry of Certified Medical Examiners is at the following website: www.regulations.gov, docket number FMCSA-2008-0363. Public comments on the proposal must be submitted by Jan. 30. The final rule on Medical Certification Requirements as Part of the CDL is available at: www.fmcsa.dot.gov.

Texas emissions reduction plan accepting grant applications

The Texas Commission on Environmental Quality's Texas Emissions Reduction Plan (TERP) Program is accepting applications for two types of grants designed to reduce air pollution. Emissions Reduction Incentive Grants fund replacement, repowering, or retrofitting of heavy-duty vehicles, equipment, marine vessels, locomotives, and other engines to reduce NOx emissions. Approximately \$60 million is available for these grants in this round.

Applications are due by 5 p.m. on Feb. 20th. Rebate grant funding of \$30 million is available for replacement or repowering of on-road and non-road diesel vehicles and equipment. Applications for rebates will be accepted until 5 p.m. on June 30 or until all funding has been distributed. Owners of eligible vehicles and equipment that

operate in counties in the nonattainment or near-nonattainment areas for national ambient air quality standards are eligible.

Eligible counties for this round of funding are: Bastrop, Caldwell, Hays, Travis, Williamson, Hardin, Jefferson, Orange, Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Tarrant, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, Waller, Bexar, Comal, Guadalupe, Wilson, Gregg, Harrison, Rusk, Smith and Upshur. For more information visit: www.terpgrants.org or 800/919-8377.

N.Y. enhanced licenses approved for U.S.-Canada border crossings

The U.S. Customs and Border Protection said it will accept Enhanced Drivers Licenses issued by the state of New York as an acceptable document to cross into the United States from Canada without showing a passport.

Only U.S. citizens are eligible for EDLs, and the New York EDL is available for CDL holders. Drivers wishing to apply will also need to bring proof-of-citizenship documents with them. The move was approved as part of the government's Western Hemisphere Travel Initiative.

A regular CDL costs \$130 and there is a \$30 premium cost for the EDL, with an initial pro-rated renewal fee structure for drivers wishing to take advantage of the new EDL. Visit the New York DMV's EDL website for more information, at



www.nydmv.state.ny.us/edl-main.htm. Additional information on international border crossing wait times may be found at the following U.S. Customs and Border Protection website: <http://apps.cbp.gov/bwt/index.asp>. Check out the new ABC series entitled "Homeland Security USA" which premieres on Tuesday, January 6th (8-9 p.m., ET) This new reality series gives viewers an unprecedented look at the U.S. Customs and other agencies and employees who protect our Nation's border security every day.

Tacoma port tests wireless container-tracing system

The Port of Tacoma, Wash., is testing a tracking system to trace intermodal containers as they move via rail from waterfront terminals to Midwestern and Eastern destinations.

The tests, which began in June 2008, are being conducted with BNSF Railway Co., ocean carrier Yang Ming Line and Safefreight Technology, which developed the system. The Global Positioning System-based system will enable intermodal planners to better understand inland rail issues, and work with railroads and shippers to improve transportation speed and reliability, the port said.

"We will be able to proactively work with our steamship and rail partners to plan for the future and make sure that Tacoma remains a high-velocity transit point in the global supply chain," said Rob Collins, the port's manager of transportation and supply chain planning, in a prepared statement.

The wireless system features a portable tracking device originally designed for truck trailers and vehicle fleets, and gathers data on a container's location, speed, direction and movements. The port obtains the data via the Internet. For additional information on this system, please see: <http://www.progressiverailroading.com/news/article.asp?id=18901>



Supply chain: 3PLs play key role in supply chain integration, sustainability and security

A recent survey of customers and businesses who utilize third party logistics (3PLs) highlights some of key issues and most recent technical developments regarding the freight supply chain. Green supply chain initiatives are tied to future business success according to 98% of logistics companies surveyed, however many of these companies have not yet heavily invested into the “greening” of the supply chain.

The theft and security of material goods continues to be the top concern. But other issues are growing more worrisome, including the theft of intellectual capital, natural disasters, the closing of ports and product tampering. Strong relationships exist between different parties in the supply chain through integrated systems and services, which provide sustainability and security.

Through efforts to form solid relationships with logistics providers using detailed contracts and metrics, companies can achieve significant cost savings, shorter order cycles, better customer service and improved business efficiency. In addition, while 3PLs and their users say the costs of creating a more secure, integrated, environmentally-friendly supply chain should be split; there is continued resistance to collaboration and the unspoken assumption that costs will ultimately be carried by the customer.

These insights were captured in the 13th annual Third Party Logistics Study completed by Capgemini in cooperation with the Georgia Institute of Technology, Oracle and DHL. The study, which delves into the current state of logistics outsourcing, is based on a survey of 1,644 logistics executives from North America, Europe, Asia Pacific and Latin America.

Green supply chain: Companies are almost unanimous in their belief that green supply chain initiatives, such as local sourcing, are important but there is widespread uncertainty about how to take the initial steps toward a new business model – particularly since sourcing overseas has grown exponentially over the years.

However, the report notes that companies must begin to act before it is too late. The survey shows that the greening of the supply chain will have an increasing impact on network design, transport modes used, selection of equipment, business processes, behaviors and balance sheets. Yet few users rate green capabili-

ties as a deciding factor when choosing 3PL partners, despite the fact that collaboration between 3PLs and their users is crucial in planning for a greener supply chain.

Only 46% of respondents said that the effect of supply chain operations on the environment was a factor considered when selecting a 3PL. Yet, the report notes that only when the source and impact of emissions can be accurately assessed can 3PLs and their customers become accountable and will the supply chain become more environmentally friendly.

Security in the supply chain: Although 76% of respondents called their 3PLs secure, the survey reveals a gap between 3PL users expectations and the current security capabilities of their 3PLs. Companies are becoming increasingly concerned about the costs of meeting compliance mandates designed to enhance supply chain security in light of terrorist threats. However, by working closely with 3PLs to set up workable processes, companies can gain considerable benefits that help recoup costs and improve the efficiency of the supply chain, the report adds.

Dennis Wereldsma, Global Leader of Capgemini’s Distribution Sector, said, “As compliance and regulation around green and security practices becomes increasingly prevalent, 3PLs and users that are greener and can tout their security capabilities can gain significant market advantage.”

For additional information regarding this survey, please see the following web-link at: <http://www.supplychainbrain.com/content/nc/general-scm/environmental/single-article-page/article/third-party-logistics-providers-play-key-role-in-integration-sustainability-and-security-of-the-sup/>

Q- What are Third-party Logistics (3PL) Providers?

— They include specialists in logistics that provide a variety of transportation, warehousing, and logistics-related services to buyers or sellers. These tasks were previously performed in-house by the customer.

Source: FHWA Office of Freight Management & Operations

U.S. roads' intermodal volume, carloads reach record lows in November '08

There are bad months and all-time-bad months. November fell into the latter category for U.S. rail traffic. Railroads originated 1.2 million carloads, down 10.1 percent, and 851,517 intermodal loads, down 7.9 percent compared with November 2007's totals, according to the [Association of American Railroads \(AAR\)](#).

The drops in both traffic segments "are by far the largest monthly declines since we started keeping track of monthly traffic in 1997 — and probably since well before then," said AAR Vice President John Gray in a prepared statement. "Railroads join with everyone else in hoping that this economic downturn changes course sooner rather than later."

Commodities registering the largest carload declines include metals and metal products (down 39.6 percent), motor vehicles and equipment (down 32.7 percent), grain (down 16.6 percent) and chemicals (down 16.3 percent).

Through 2008's first 11 months, U.S. railroads originated 15.5 million carloads, down 1.4 percent, and 10.8 million containers and trailers, down 3.5 percent compared with totals from the same 2007 period. Total volume fell 0.3 percent to an estimated 1.62 trillion ton-miles.

Canadian railroads had a trying month, too, as carloads fell in nearly every category. Their carloads dropped 12.3 percent to 281,416 units and intermodal volume decreased 7.7 percent to 186,447 units compared with November 2007's totals. Through 11 months, Canadian railroads originated 3.6 million carloads, down 5.4 percent, and 2.3 million intermodal loads, up 2.5 percent vs. totals from the same period last year.

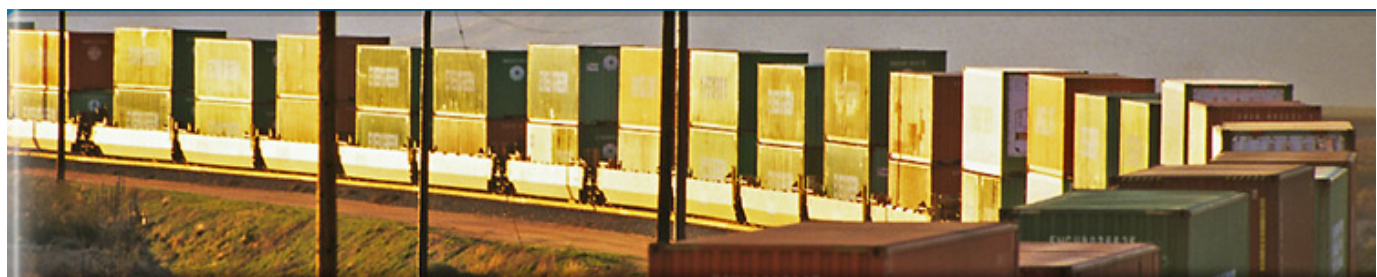


On a combined cumulative-volume basis through 11 months, 12 reporting U.S. and Canadian railroads originated 19 million carloads, down 2.1 percent, and 13 million containers and trailers, down 2.4 percent year over year.

In Mexico, Kansas City Southern de México S.A. de C.V.'s carloads in November totaled 37,347 units, down 17.7 percent, and intermodal volume totaled 21,547 units, down 2.5 percent compared with November 2007 totals. Through 11 months, the railroad's total carloads decreased 7.1 percent to 487,874 units, but intermodal volume rose 8.1 percent to 244,109 units.

Meanwhile, the AAR has released the 2008 edition of "[Railroad Facts](#)." The publication contains more than 80 pages of facts and statistics on U.S. railroads' finances, operations, plant and equipment, employment and compensation, and fuel consumption and expenses. Railroad Facts includes data for 2007 and selected prior years — in some cases as far back as 1929.

The publication also contains a profile of each Class I (including the two in Canada), Amtrak and Mexico's two largest railroads. Non-AAR members can purchase one copy of Railroad Facts for \$18; two to 10 copies for \$15 each; or more than 10 copies for \$13 each. AAR members can buy multiple copies for \$5 each. To order copies, visit the AAR's Web site at www.aar.org and click on "[store/publications](#)."



**FEDERAL HIGHWAY
ADMINISTRATION
TEXAS DIVISION**

**CONTACT
INFORMATION**

Kirk D. Fauver
300 E. 8th Street, Room 826
Austin, TX 78701

Phone: 512-536-5952
Fax: 512-536-5990
E-mail:



We're on the web at:
www.fhwa.dot.gov

Famous Quote of the Day:

"Reflect on your present blessings, of which every man has many; not on your past misfortunes of which all men have some."

- Charles Dickens,
Author

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Information provided is a compilation from other news and on-line media sources, any information relayed is based upon the accuracy of the information provided by other news gathering organizations and does not necessarily reflect the views or positions of the Federal Highway Administration or the State of Texas Border Partnership Working Group.

Next FHWA HQ's Talking Freight Web Seminar

The Federal Highway Administration's (FHWA) Office of Freight Management and Operations and the Office of Planning host the "Talking Freight" seminars. The web seminars are part of a broader Freight Professional Development Program aimed at providing technical assistance, training, tools, and information to help the freight and planning workforce meet the transportation challenges of tomorrow.

These web seminars are held on a monthly basis throughout the year and are open at no cost to all interested parties in both the public and private sectors. The next FHWA HQ's Talking Freight Seminar will be

held on December 10th (12-1:30 PM-CST) and will cover the topic of: **"Establishment Surveys in Freight Transportation."** Establishment surveys focusing on freight could be included in the data collection process for the travel demand forecast models. The data collection activity generally takes place every ten years to recalibrate the models in preparation for the new Census data.

For additional on freight-related courses and training opportunities including how to register for this webinar event, please see the following FHWA website: http://www.ops.fhwa.dot.gov/freight/fpd/talking_freight.htm

Surface Trade Among U.S/Canada/Mexico Rises 7.5%

Surface trade among the United States, Canada and Mexico rose 7.5% in September from the same month last year, the Department of Transportation said last week. Trade among the North American Free Trade Agreement partners rose to \$71.8 billion, DOT's Bureau of Trade Statistics said in its monthly report.

Truck imports to the United States slipped 0.3% year-over-year to \$23.9 billion, while exports rose 7.3% to \$24.2 billion. Rail imports fell 11.7% to \$7.3 billion, while exports rose 10.8% to \$4.4 billion, DOT said. Surface transportation consists largely of freight movements by truck, rail and pipeline. About 90% of all U.S. trade among NAFTA partners moves by land. For additional information, please see the following web-link: http://www.bts.gov/press_releases/2008/bts057_08/html/bts057_08.html

**Top 10 States Trading with Mexico
by**

Surface Modes of Transportation

Ranked by September 2008

Surface Trade Value

(millions of dollars)

Rank	State	September 2008
1	Texas	8,227
2	California	4,358
3	Michigan	2,254
4	Illinois	1,008
5	Ohio	782
6	Arizona	771
7	Tennessee	498
8	North Carolina	474
9	Pennsylvania	421
10	Georgia	378

Source: BTS TransBorder Freight Data, <http://www.bts.gov/transborder/>

