



**Committee on Transportation and Infrastructure
U.S. House of Representatives**

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July 23, 2013

SUMMARY OF SUBJECT MATTER

TO: Members, Panel on 21st Century Freight Transportation
FROM: Staff, Panel on 21st Century Freight Transportation
RE: Panel Hearing on “How Freight Transportation Challenges in Urban Areas Impact the Nation”

PURPOSE

The Panel on 21st Century Freight Transportation will meet on Friday, July 26, 2013, at 1:30 p.m., at the Alexander Hamilton U.S. Custom House, located at One Bowling Green, New York, New York, to receive testimony related to the ways in which urban freight challenges impact the Nation. At this hearing, the Panel will receive testimony concerning the operation of the freight network in urban areas, the unique challenges that impact the performance of the freight network in these areas, and how these issues resonate throughout the rest of the Nation’s freight system. The Committee will hear from:

- Patrick J. Foye, Executive Director, Port Authority of New York and New Jersey
- William J. Flynn, President and Chief Executive Officer, Atlas Air Worldwide Holdings
- Stephen Edwards, President and Chief Executive Officer, Global Container Terminals
- Gerry Coyle, Vice President for Environmental & Sustainability, Evans Network
- William Goetz, Resident Vice President for NYC, NJ, and Philadelphia, CSX Transportation

BACKGROUND

Every year, the Nation's freight transportation system moves billions of tons of goods valued at tens of trillions of dollars.¹ Because the United States supply chain is so interconnected, issues that impact one region of the country inevitably have a ripple effect through the entire network. For a variety of reasons, freight transportation through urban areas is a complex endeavor and has a dramatic impact on the efficiency of the Nation's freight system. Congestion, the fact that many ports and large freight facilities are located in urban areas, the density of the population consuming and producing goods in these regions, and the number of governmental entities present in urban areas and their surrounding regions all contribute to the complexity and sensitivity of urban freight transportation challenges.

Congestion

The Texas Transportation Institute's (TTI) *Urban Mobility Report* found that congestion in 498 of the Nation's cities cost the economy \$121 billion in 2011, or nearly \$750 for every commuter in the country. This figure is up from an inflation-adjusted \$24 billion in 1982. Furthermore, congestion is becoming a problem that transcends "rush hour," with about 40 percent of the Nation's delay occurring in the mid-day and overnight hours, creating an increasingly serious problem for businesses that rely on efficient production and delivery. TTI estimates that by 2015, the amount of fuel wasted in congestion will reach 2.5 billion gallons – enough to fill more than 275,000 gasoline tanker trucks.

In its recent Traffic Scorecard, INRIX found that 61 of the Nation's 100 most congested cities have experienced increased traffic congestion. This is a dramatic shift from 2012, where only 6 cities experienced increased congestion and 94 saw decreases in congestion levels. Each day, approximately 12,000 miles of the highway system slow below posted speed limits, and an additional 7,000 miles experience stop-and-go conditions.

The congestion challenges in Southern California provide a sobering example of the tangible harm that congestion inflicts on the Nation's economy. More than 43 percent of the Nation's containerized imports enter the country through Southern California. The import and export traffic of the Southern California ports benefit the residents of every region of the United States. Goods imported and exported through Southern California make their way to and from each state, supporting billions of dollars of local economic activity and millions of jobs.

When congestion, bottlenecks, and other inefficiencies hinder the Southern California region's ability to import goods through its maritime ports and international border crossings or its ability to move these goods through the region, costs rise and transit-times increase. These costs are often passed on to consumers. Consequently, the level at which the freight network functions in Southern California tangibly impacts the lives of consumers all across the Nation.

¹ Statistics used in this memorandum are taken from materials published by the Texas Transportation Institute, INRIX, the Federal Highway Administration, the Journal of Commerce, the Port Authority of New York and New Jersey, the Port of Los Angeles, the Port of Long Beach, the Southern California Association of Governments, and Mobility 21.

Furthermore, according to a recent study, more than 16 million jobs in the United States depend on imports. This study does not even take into consideration the millions of domestic manufacturing jobs that rely on an efficient freight transportation network to export American-made goods. In 2011, the Nation's transportation system moved 17.6 billion tons of goods, valued at over \$18.8 trillion. Given the connected nature of the Nation's supply chain, the issues that impact the freight systems in urban areas have a direct impact on the economic competitiveness of the entire Nation.

Urban Freight Planning

Generally, state departments of transportation, metropolitan planning organizations (MPOs), and rural planning commissions work together to create a statewide transportation improvement plan (STIP) listing all of the transportation projects that are eligible for funding. In addition to the STIP, these organizations may also work together to create a long-range transportation improvement plan with proposals for future consideration.

While the general transportation planning process is the same for projects that directly impact freight movement and those that do not, freight projects often have difficulty competing with other projects. There are a number of possible reasons for this difficulty, including difficulty accounting for the public benefits of these projects and concerns over providing funding from one jurisdiction for projects that may primarily benefit another jurisdiction. Large freight projects often add additional layers of complexity. Many freight projects are located in urban areas, and city governments or port authorities often take a leading role in developing plans for these projects. Furthermore, freight projects often cross state boundaries, implicating multiple state departments of transportation and MPOs. Given that planning bodies are responsible for focusing on the needs and issues of their specific jurisdiction, planning for and advancing multi-jurisdictional projects requires significant coordination.

The Chicago Region Environmental and Transportation Efficiency Program (CREATE) is an excellent example of the planning of a large freight project with coordination from many different stakeholders. CREATE was developed ten years ago as a public-private partnership between the Chicago Department of Transportation, Illinois Department of Transportation, freight railroads, U.S. Department of Transportation, Metra, and Amtrak to help mitigate the rail-related congestion in the Chicago region. CREATE consists of 70 individual projects including 25 highway-rail grade separations, 6 passenger-freight rail grade separations, rail infrastructure improvements, technology upgrades, viaduct improvements, grade crossing safety enhancements, and signalization.

As of May 2013, there are 17 projects completed, 11 projects under construction, 21 projects in design and environmental review, and 21 projects yet to begin. To date, over \$1.2 billion has been committed to CREATE, but the total estimate for completion is \$3.3 billion. When complete, CREATE will enhance passenger rail service, reduce motorist delays, increase public safety, improve air quality, create and retain jobs, and strengthen economic competitiveness. CREATE demonstrates how many organizations and interest groups can come together to effectively plan and fund a large freight project that will improve the efficiency, safety, and performance of the freight system in the region and across the Nation.

New York City Region

The New York City metropolitan area is the most densely populated region in the United States and is home to almost 19 million residents. As a result, this area experiences some of the most critical freight challenges of any region in the Nation. The Port Authority of New York and New Jersey is a bi-state government agency that was established in 1921 to manage the freight and transportation facilities in the region. The Port Authority network consists of America's busiest airport system, a rail transit system, marine terminals and ports, six tunnels and bridges between New York and New Jersey, the Port Authority Bus Terminal in Manhattan, and the World Trade Center.

This region of New York and New Jersey supports 8.6 million jobs with an estimated gross regional product of almost \$1 trillion. A 2010 study found that the Port Authority supports over 200,000 jobs and nearly \$30 billion in business activity in New Jersey, and over 46,000 jobs and nearly \$7.6 billion in business activity in New York. The Port of New York and New Jersey is the busiest port on the East Coast and the third-busiest port in the Nation, by container volume. The port has the ability to reach 20 percent of the Nation's population in fewer than 8 hours, serving one of the largest consumer regions in the United States.

New Jersey / New York Cross Harbor Freight Movement

One of the major freight mobility challenges facing the New York City metropolitan area is the ability to move goods efficiently across the Hudson River. Much of the port, rail and air freight facilities have been developed to the west of the Hudson River. As a result, the region is heavily reliant on trucking goods over a limited number of ageing and congested crossings to the heavily populated region east of the Hudson River, while non-highway freight modes remain largely underdeveloped and underutilized.

Currently, there are limited options for freight to cross east of the Hudson by rail. Rail freight crosses New York Harbor on barges carrying railcars from Greenville Yard, New Jersey to float bridges located in Brooklyn, New York. The only other rail link across the Hudson River is operated by CSX, and is located 100 miles to the north of New York City. Using this route adds over 200 miles for rail freight goods traveling to and from the south and west.

To explore both near-term and long-term options for addressing this concern, the Federal Highway Administration and the Port Authority of New York and New Jersey are preparing an Environmental Impact Statement. This study will evaluate a range of alternatives to improve the movement of goods in the region by enhancing the transportation of freight across New York Harbor.

WITNESS LIST

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