



## Texas Freight Advisory Committee

May 14, 2013, 9:00 AM

Carlos M. Ramirez, Tech<sub>2</sub>O Water Resources Learning Center  
10751 Montana Avenue, El Paso, TX 79935

### Attendees:

Committee Member	Organization	Attendance
Judge Ed Emmett, Chair	Harris County	Present
Judge Carlos H. Cascos, Vice-Chair	Cameron County	Present
French F. Thompson, III	BNSF	Present
Rigoberto Villarreal	City of McAllen	Present
Steve Stewart	Gulf Wind International, Inc.	Present
Kevin McIntosh	Kansas City Southern (KCSR)	Present
Joseph Adams	Union Pacific	Present
Mike Graham, Sr.	HEB – San Antonio	Present
Col. Leonard Waterworth	Port of Houston	Present
Michael Dyll	Texas International Freight LLC	Present
K. Alan Russell	The Tecma Group of Companies	Present
Jack Todd	Texas Association of Manufacturers	Designee Present
John LaRue	Texas Ports Association, Port of Corpus Christi	Designee Present
Judge Clay Lewis Jenkins	Dallas County	Designee Present
Aaron Demerson	Governor's Office of Economic Development	Not Present
Carlton Schwab	Texas Economic Development Council	Not Present
Kenneth Dierschke	Texas Farm Bureau	Not Present
Steve Boecking	Alliance Texas	Not Present
John Esparza	Texas Motor Trucking Association	Not Present
James Griffin	East Harris County Manufacturers Association	Not Present
Todd Frease, Sr.	McLane Global Logistics	Not Present
Ronnie Volkening	Texas Retail Association	Not Present
Nelson Balido	Border Trade Alliance – San Antonio	Not Present

**TxDOT & Texas Transportation Institute (TTI):**

Marc Williams, PE	Director of Planning, TxDOT
Caroline Mays, AICP	Interim Freight Systems Branch Manager, TxDOT
Laura Perez	Planner, TxDOT
Herman Deutsch	Maritime Division Director, TxDOT
Jorge C. Garces	Director, IRO, TxDOT
Jolanda Prozzi	Program Manager, Environment and Planning, TTI

**CDM Smith Consultant Team:**

Keith J. Bucklew	CDM Smith
Rob Wayson	CDM Smith
Vince Mantero, AICP	CDM Smith
Nancy Ledbetter	Nancy Ledbetter & Associates, Inc.
Chris Holtkamp	Nancy Ledbetter & Associates, Inc.

## 1. Introductions and Opening Comments

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**Judge Ed Emmett, Chair**

- Goods movement in Texas encompasses a diverse and complicated system
  - In illustration, Houston is the busiest port in the country in terms of foreign tonnage, and continues to move more and more goods and services, requiring an integrated system
- International trade shipping issues include the facilitation of freight movement and accurate forecasts for trade growth
- Land Ports of entries continue to be a priority for the freight plan
  - The McAllen international bridge carries 300,000 vehicles per month; 350,000 going into Texas, and 300,000 into Mexico
- Future Committee meetings will include:
  - August 22<sup>nd</sup> meeting in San Antonio. Visit HEB, Port of San Antonio, and auto industry
  - October – Amarillo, in conjunction with the Ports to Plains conference (Mexico – Texas – Plains Commerce)
  - November – Austin in concert with Texas Transportation Commission.
  - Executive Freight Leadership Forum – discussion
- Today also provides the opportunity to get a wide view of freight issues in Texas through the use of poster sessions

**Caroline Mays**

- The purpose of the poster sessions is to show the Committee the magnitude of freight-related initiatives and technology projects going on in Texas
- Poster Sessions provide an executive summary of freight projects
- While there is no formal presentation; the poster authors create boards with a variety of freight topics, and guests have the opportunity to ask questions to the presenters
- The purpose is to share all relevant experience between the poster creators and audience in a less formal setting

**Marc Williams**

- The Committee serves as:

- Forum for agency transportation decisions affecting Texas freight mobility.
- Assist in the development of a multimodal freight plan and provide guidance and set strategic direction to help address freight planning issues
  - The Committee will guide the development of the Texas Freight Mobility Plan (TFMP)
  - Assist in outreach to other freight stakeholders
    - Committee members understand the key players in the freight industry and how they can participate in this effort
    - Stakeholder input will help us put the diverse pieces of the freight operator and user network together with the freight infrastructure network. Outreach to other stakeholders is critical in order to engage them and understand their needs
    - Identify key freight industry stakeholders
    - Support the TFMP effort through direct engagement with users of the freight network, identifying freight champions and supporters
- TxDOT is responsible for intergovernmental cooperation
- TxDOT will hold Listening Sessions across the state – providing outreach to stakeholders and local constituents involved with freight in order to gain input into the TFMP development
  - Upcoming Listening Sessions will include discussion on current Texas freight needs, and how is the system, and Texas as a whole, doing now when it comes to moving freight.
  - Each Listening Session will have anticipated topics of conversation, based on location, such as border trade, ports, etc.
  - A pilot Listening Session is initiated today in El Paso with up to 40 stakeholders in attendance
  - The consultant team will report back with information from Listening Session in the afternoon session
- Executive Freight Leadership Forums will be conducted in the fall
  - Attendees will be executive level stakeholders whose businesses have a direct stake in the freight industry
  - The purpose of the forum is for attendees to help outline a statewide strategic freight vision get their insight on the TMFP, and participate in the planning process
  - This forum will help TxDOT understand future freight scenarios, how freight movement has changed over the past 5-10 years in Texas (with NAFTA and Panama Canal), and what TxDOT should be doing to plan for changes
- The consultant team and Committee may want to have one-on-one sessions with the high level freight executives, and we want Committee members to guide the process
- There are various elements of the TFMP upcoming
  - Needs Assessment and Identification of the Outcomes will be developed.
  - It's Critical as TxDOT identifies needs, we need to begin asking how do we evaluate the issues, needs, and overall performance
- A critical component will be identifying the key performance measures. We want guidance from the FAC on these items
- A successful plan is critical in providing a strategic vision for freight system investment in Texas, and outlining the role of industry in implementation. We want a Vision, with accompanying

tools and priorities, as well as a clear implementation plan. We would like to conclude the TFMP by October 2014

**Steve Stewart**

- Please look at Committee membership, and to see if we are flexible enough to add members. Perhaps room for one additional person on Committee

**Judge Emmett**

- Ocean carriers, air cargo, and energy sector are not represented on the Committee.
- Steve Stewart will work with TxDOT for possible members to add

## 2. TIGER Grant Application

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**Herman Deutsch, TxDOT Maritime Division Director**

- The TxDOT Maritime Division understands the economic impact of maritime commerce.
- The Gulf Intercoastal Waterway (GIWW) is critical to the economic health of Texas
- The GIWW serves Texas ports and supports petrochemical production and keeps hazardous materials off highways
- With the development of the Eagle Ford Shale, \$25 billion in product value moved on GIWW.
- However, the lack of funding is impacting GIWW. It is not maintained to standards, and there is a missed opportunity to increase efficiency
- There are clear economic benefits for maintenance expenditures on the GIWW
- The Maritime Division is applying for TIGER grant (deadline June 1) for \$60 million for improvement for the GIWW, and is asking Committee members for a letter of support
- Need \$60 million to dredge to authorized depth with \$30 million additional per year to maintain (in addition to \$25 million from Federal Government)

**Judge Emmett**

- To clarify, the grant is not for deepening the GIWW
- The grant is for specific projects in Victoria, Beaumont, and other locations
- The grant and the harbor deepening are two separate issues
- Projects have been identified to improve the GIWW in coming years, and TxDOT will be focusing on 3 or 4 projects

**Joe Adams**

- Typically there is a 20% match required. Where will the match come from? TxDOT, perhaps?

**French Thomas**

- A match is required in urban areas, but is not needed in rural areas or for environmental improvements

**Judge Emmett**

- While the consultant is assisting the Maritime Division on drafting an example support letter, make sure the letter includes specific projects

**Joe Adams**

- The Federal transportation philosophy is that funding goes to construction. There are modal equity issues

**Judge Emmett**

- A specific project would be a liquid loading dock in Victoria

- Other potential projects on the GIWW include environmental project in Aransas; park barges, funding for buoys, etc. Most of these impact the GIWW, and you should approach ports to get input and multimodal approach
- Most of the TIGER funding has gone to rail projects and you need to coordinate closely with ports for multimodal connection
- While you are asking for \$60 million, you may receive only 40-50 % of amount and hope the rest is from matching funds

**Joe Adams**

- Most of the TIGER grant money has gone to transit projects. For the Railroads, Tower 55 was funded with a generous match

**Judge Emmett**

- I look forward to seeing the draft support letter for the grant application

### 3. NAFTA and TxDOT's Role

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**Jorge Garces, TxDOT, Director of International Relations Office (IRO)**

- NAFTA is critical to the Texas economy
- The value of trade with Mexico has increased since NAFTA from 29% in 1993 to 43% in 2012
- Trucks move the vast majority of freight (88% in Texas)
- This has resulted in increase in not only truck crossings, but also rail crossings and container crossings between Texas and Mexico
- Looking forward, what will impact trade and traffic between Mexico and Texas:
  - Inadequate capacity
  - Opening of the border
  - Waiting to cross the border
  - Lack of federal funding
  - Rail crossings
  - Violence in Mexico

**Judge Emmett**

- Most remember when NAFTA was just an idea (1994). People never talk about Canada, just Mexico

**Jorge Garces**

- Trade between Mexico and United States and Mexico and Texas has increased since 2009.
- In 1993 most trade was between Canada and the United States
- In 1993 trade with Mexico was \$85 million. By 2012 trade increased to \$438 million.
- Mexico is the U.S. #3 trading partner and Canada is the #2 trading partner
- Texas is the #1 state in the total share of trade with Mexico
- Texas is the most important state in trade with Mexico, while California is #2 state
- Many Texas and US jobs are dependent on trade with Mexico
- TxDOT-IRO is conducting a wait time study on bridges for future planning, and it's going to address two issues: 1) border master plan and 2) wait time measurements
- There are 55 border crossings in the US and 34 crossings are in Texas

**Steve Stewart**

- A study is being done for pre-clearing Mexican trucks at loading centers

## 4. NAFTA and Texas Border Master Plans

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### Jolanda Prozzi, TTI

- In 2012, there was \$494 billion in U.S. / Mexico trade, with \$195 billion in Texas / Mexico trade, which means 40% of the total trade between U.S. and Mexico, is through Texas
- Trade with Mexico went down by 40% during the recession but bounced back in 2012. There was less effect on the Texas economy than the U.S. economy
- Trucks move the majority of U.S. / Mexico trade with rail coming in second
- 66% of freight movement from Mexico to United States crosses in Texas
- There has also been an increase in the volume of truck crossings: In 1994 it was 1.6 million trucks. By 2011, it was 3.3 million
- In crossings by bridge, the World Trade Bridge is by far the largest crossing
- Train crossings are also increasing: In 1996 there was a 30% decrease during the recession. While it has not fully recovered, traffic continues to grow

### Judge Emmett

- Look at the rail, length of trains, modal traffic for possible impact on train traffic

### Kevin McIntosh

- There was a spike in traffic after 2009 because of train consolidation of car and auto distribution changed

### Jolanda Prozzi, TTI

- Laredo has the most train crossings in Texas
- Eagle Pass has seen a consistent increase in train crossings (the only crossing that has more traffic than before recession)
- NAFTA freight movement is concentrated on seven Texas Corridors – I-35, I-10, I-20, I-30, US 59, US 281, US 77

### French Thompson

- There is a difference in El Paso, since it has 12 hour slots. In two to three years El Paso will spike on the Mexico side and we need to look at the dynamics and constraints on both sides of the border

### Jolanda Prozzi, TTI

- Possible reasons for decline in train volume include longer train length, UP merger and related problems. KCS had an early 2000 presence in Mexico, modal shift?
- There is an increase in number of rail containers – loaded versus empty; exceeded the number of loaded containers
- A growing industry is shipping auto parts to Mexico
- It is cheaper to move empty containers by rail than truck.
- There has been a 54% weight increase in trucking. Perhaps this is due to a decrease of empty trips or better use of the capacity in trucks

### Joe Adams

- Also, there are no weight load restrictions for rail

### Alan Russell

- The level of manufacturing has increased in Mexico and trucks are getting heavier because products are dense which makes products heavier. There is an Overweight Corridor Bill in the Texas State Senate

- New Mexico allows overweight trucks from Mexico to Santa Teresa warehouses, but TxDOT has a weigh station along the corridor and does not allow over-weight trucks

**Jolanda Prozzi, TTI**

- What does the future hold, and what should we look for?
  - Do border crossings have adequate capacity to serve increasing NAFTA trade?
  - Border delays: is it infrastructure constraints or operation constraints?
  - What are the direct costs for car waiting to cross border (such as fuel, labor, and tires)
  - \$6 billion is needed over next 10 years to fund the needs at the border crossings in Texas
  - The border master plans will prioritize needed border crossing improvements

## 5. Border Wait-Time Studies

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**Jorge Garces, TxDOT, Director of International Relations Office (IRO)**

- What are Border Master Plans?
  - They are comprehensive, long range plans to address infrastructure issues at border
  - The U.S. and Mexico have formed joint working committee
  - This committee has national level involvement and support

## 6. Secure Origins Introduction

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**Toby Spoon, Secure Origins, President**

- Mexico’s auto industry is larger than all of Europe
- Increasing trade means increasing security
- The key is maximizing the existing infrastructure
- Secure Origins monitor equipment headed northbound
- It is an intelligence gathering model to work up and down US border and has creative intelligence capability to know what’s coming across the border. This includes GPS technology, geo fences, route tracking, and customs tracking
- The system will track if a truck has spent too much time with the doors opened
- This would give reasons for a secondary inspection
- Effective selection of what is inspected
- Measures are in place to self-report to Customs and Border Protection (CBP)
- If a shipment got off route, or if there is a door tamper alert, CBP is alerted to take a look at the truck
- Transportation companies are interested and excited in the technology
- This system has resulted in a drop in emissions by 27% and fuel savings

**Alan Russell**

- How quickly can it be implemented in other places?

**Toby Spoon**

- Next year 2 other ports will join, McAllen and Laredo, and it works in both directions.
- Mexico has spent \$1.2 – \$1.4 million a year in “Electronic Escort”
- 10% of shipments are using the technology (takes a little while to get it set up)
- Customs and Border Protection (CBP) has invested time with this system and prefers to deal with one company.

- In earlier years, the government would have developed and had people use their system. A public – private partnership is in place and it works well for everyone

**French Thompson**

- Can this system be implemented with rail carriers?

**Toby Spoon**

- Secure Origins envision an integrated multimodal system

**Steve Stewart**

- Can you reveal the operating system?

**Toby Spoon**

- It is a web-based system with secure fiber optic networks in Mexico and the U.S.

**Alan Russell**

- CBP can see X-ray and heat images
- It takes about one minute per rail car to view
- A train is continuing to move while scanning is done

## **7. Texas Freight Mobility Plan – Stakeholder Engagement**

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**Rob Wayson, CDM Smith**

- The Stakeholder Engagement strategy is designed to engage the Committee members constructively at various levels
- Aside from regular Committee meetings, this includes Listening Sessions and the Executive Freight Leadership forums
- We want to have a meaningful conversation with freight providers, understand operational needs, and have a facilitated discussion
- The purpose of Executive Leadership Forum is to have a facilitated discussion to engage decision-makers, understand business sector trends, and find out what they need 10 – 20 years out
- The schedules of meetings for the Forums include August (San Antonio) & January (DFW), which would be in coordination with Committee meetings

**Judge Emmett**

- Expressed concerned with expanding TxFAC to include the Executive Freight Leadership Forum

**French Thompson**

- Stated that it's would be challenging to get high level executives to sit in room with 50 other people

**Judge Emmett**

- Stated that it is hard to get shippers away from their business, and it is really hard to get leadership involvement in associations
- We should look at separating the Committee meetings from the Executive Leadership Forums, and not tying the two together so closely

**Mike Graham**

- Stated that we need a targeted outreach to the executives identified and invited by Committee members

**Rob Wayson**

- If we have specific requests of people, FAC members can get people to provide feedback

**Steve Stewart**

- Stated that it is difficult to get major players involved, but the committee has contacts and personal relationships within the industry and suggested that the consultant team provide them with the information about the EFLF and they can get it out to the right people and invite them to participate
- Also, suggested that maybe we think of doing one-on-one meetings that would help to get significant input from the high-level executives
- A combination of project team and Committee members to get one-on-one meetings would be helpful
- Their involvement may come down to personal relationships
- An interview guide should be developed and used as a guide
- Would it be a stretch to ask who the contacts would be so we make sure to have a good representation of industry?

**Mike Graham**

- Wal-Mart wants to get rid of Tier 1's and go with all Tier 2's

**Rob Wayson**

- We would like Committee members to come up with 5 names of persons that could participate in the forums

## 8. Texas Freight Mobility Plan– Issue Identification

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**Keith Bucklew, CDM Smith**

- The survey reinforced the Committee role as plan experts
- There were several strengths of the existing freight transportation system that were identified by Committee through the survey:
  - Texas has an extensive pipeline network
  - Border be both an opportunity and issue for the state's continued economic growth.
  - Transportation infrastructure sets the structure and the strength of the economy
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- There were several weaknesses identified through the Committee surveys, including:
  - Infrastructure – lack of multi-modal connectivity
  - Policy – perceived lack of policy for advance planning, lack of necessary funding.
  - Performance – Competing modal needs and bottlenecks

**Joe Adams**

- We have a lack of multimodal connectivity
- We could have an intermodal freight facility, ports to highways, ports to rail.
- Air and truck representation missing on the Committee

**Mike Graham**

- Lack of capacity or operational integration

**Marc Williams**

- We have the resources to do the key and most effective projects; we don't have resources to do everything
- There is unused capacity at night. How can TxDOT be most effective?

**Joe Adams**

- Texas has done a lot with tolling: FedEx and others use toll roads
- Economic growth and population growth will impact congestion on the state's transportation system.

### **Mike Graham**

- Major population centers and urban areas – roadways have outgrown the transportation infrastructure

### **Marc Williams**

- In the world of limited funding, how do we identify freight transportation investment priorities?
- SH 130 pilot program where trucks paid same price as cars was a success. We never saw Wal-Mart trucks on SH 130 until this was put into place
- How do we get that word out to the private sector? Where can TxDOT do more to help the business sector?
- There are economic factors: abundance of natural resources, big diverse state

### **Joe Adams**

- Texas implementing toll roads might not be popular, but it helps address mobility challenges for moving freight efficiently throughout the state

### **Rob Wayson**

- Morning Listening Session Summary
  - Border crossings a positive and negative, including operational windows.
  - Transportation operations in Mexico have an impact on Texas border crossings
  - Rail crossing are all at grade, and we can't have trains during day. They are all at night
  - System capacity is strained
  - Challenges with geography, border and mountains, develops east to west.
  - Enhanced use of ITS and technology is critical.
  - Use of tolling facilities and systems should be considered
  - Growth is continuing and needs to be addressed
  - Funding is always an issue
  - Operational efficiency needs to improve

There will be an overall summary of Listening Session comments after June 20<sup>th</sup>

## **9. Issues and Committee Interests**

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### **Marc Williams**

- Would like to have 2 or 3 take-aways from Committee that are important on border crossing issues

### **Judge Emmett**

- Number 1: We focus on infrastructure. The presentation during lunch showed technology as way to solve problems

### **Alan Russell**

- Land ports of entry congestion issues slows trade and commerce and affects the economy of Texas
- When the tour of ports was provided, the bridge was not as backed up as usual due to it being a Monday
- By Wednesday, lines coming out of Mexico are miles long, and the whole border slows down
- Homeland security and customs affecting both U.S. and Mexico trade
- There are no longer 9 million people walking across border for work and shopping – it has come to a halt
- It takes too long to get there and back; and it affects commerce
- There are 360 manufacturing companies and 70 Fortune 500 companies in Juarez

- Support personnel in Mexico plants live in El Paso
- Land ports very important to Texas in terms of freight and it is extremely important for the committee to understand land port issues

**Marc Williams**

- Are there other ideas / solutions we need to look at?

**Alan Russell**

- TxDOT will not let a truck from Mexico get on Texas highways without being inspected
- Sometimes that truck is inspected three times a day
- The same technology can be used in autos. Workers come across to work and go to school, and there should be no need to inspect every day. They could label people as a “secure traveler”

**Joe Adams**

- With the amount of truck traffic coming across the bridge you see:
  - Highway damage
  - Congestion
  - Burden on state without benefit

**French Thompson**

- NAFTA and border crossing discussion need to look at traffic flows, and find ways to divert some of the truck traffic to rail or other modes of transportation to move goods across the border quickly
- A legislative update would be helpful. Perhaps the August agenda could have an update of the legislative session

**Marc Williams**

- Focus on state infrastructure bank (SB Loan), GIWW, many ideas from Panama Canal stakeholder group carried through to legislative session, think about how we articulate the story

**Judge Emmett**

- Stated that the next Committee meeting will be on August 21<sup>st</sup> - 22<sup>nd</sup> at Port San Antonio

**Adjourn at 2:17 PM**