



## Freight Advisory Committee

December 5, 2013

IBC Bank, Laredo, Texas

### 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 Ramon Navarro IV	City of McAllen	Designee Present
Steve Stewart	Gulf Wind International, Inc.	Not Present
Kevin McIntosh	Kansas City Southern (KCSR)	Present
Joseph Adams	Union Pacific	Present
Mike Graham, Sr.	HEB – San Antonio	Present
Colonel Leonard Waterworth	Port of Houston	Present
Michael Dyll	Texas International Freight LLC	Present
K. Alan Russell John Rippee	The Tecma Group of Companies	Designee Present
Jack Todd	Texas Association of Manufacturers	Present
John LaRue	Texas Ports Association, Port of Corpus Christi	Present
Judge Clay Lewis Jenkins	Dallas County	Present
Amir Mirabi	Governor's Office of Economic Development	Present
Carlton Schwab	Texas Economic Development Council	Not Present
Kenneth Dierschke	Texas Farm Bureau	Not Present
Steve Boecking	Alliance Texas	Present
John Esparza	Texas Trucking Association	Present
John Hill	Gulf & West Coast for Hapag Lloyd	Present
Todd Frease, Sr.	McLane Global Logistics	Not Present
Ronnie Volkening	Texas Retail Association	Not Present
Miguel Perez	Border Trade Alliance	Not Present
Ron Beeson	East Harris County Manufacturers Association	Present

### **Texas Department of Transportation**

Marc Williams, PE	Director of Planning, TxDOT
Russell Zapalac, P.E.	Chief Planning & Project Officer, TxDOT
Caroline Mays, AICP	Interim Freight Systems Branch Manager, TxDOT
Laura Perez	Planner, TxDOT
Sondra Johnson	TxDOT
Dan Harmon	Maritime Division Director, TxDOT
Sarah Bagwell	Maritime Division, TxDOT
Jorge Garces	International Relations Division Director
Melisa Montemayor	Laredo District, District Administrator
Gus Khankarli	Fort Worth District
Doise Miers	Public Involvement Office
Mark Weiner	Rail Road Division
Rose Walker	Administration, TxDOT
Luis Garcia	TxDOT
Moses Garcia	RTI, TxDOT
Michael Amador	Media Production, TxDOT
Mike Graham	Environmental, Laredo District
Sara Garza	MPO Coordinator, Laredo District
Nancy Cordero	Laredo District
Martha Cantu	Laredo District
Ana Duncan	Laredo District
Humberto Gonzalez	Laredo District
Alberto Ramirez	Laredo District

### **Speakers & Presenters**

Gerald Schwebel	Executive Vice President, IBC Bank
Honorable Mayor Raul G. Salinas	Mayor, City of Laredo
Mark Berndt	Olsson Associates
Melissa Ziegler	CDM Smith
Tim Lomax	Texas A&M Transportation Institute
Caitlin Hughes Rayman	Director of the Office of Freight Management and Operations, Federal Highway Administration
Mario Maldonado	Bridge Manager, City of Laredo
Michael Garza	CBP, FAST Enrollment Center, Port of Laredo
Rafael Silva	Federal Motor Carrier Safety Administration, Laredo Field Office
Major Chris Nordloh	Department of Public Safety, Commercial Vehicle Enforcement
Esther Hitzfelder	International Relations Office, TxDOT
Jolanda Prozzi	Texas A&M Transportation Institute

### **Consultant Team**

Vince Mantero, AICP	CDM Smith
Glennis Nelson	CDM Smith
Janna Rosenthal	CDM Smith

### **Other Attendees**

Jackie Benavides, TAMU	Dr. Terry Clower, UNT
Georgi Jasenovc, FHWA	Matt Woodruff, Kirby Corporation

Pete Supulveda, Judge Cascos Office	Jorge Verduzco, IBC Bank
Juan Villa, TTI	Omar Gonzalez
Nathan Bratton, City of Laredo	Steve McQuagge, DPS
Michael Bomba, UNT	Felix Canales, AAA WLD
Jesus Alberto Maure	Alejandro Aguilar
Jessica Shaver, Port of Houston	Richard Zientek, Judge Emmett Office
Olivia Varela, Laredo Economic Development Foundation	

## **1. Welcome & Introductions**

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Judge Emmett welcomed meeting participants and asked each member to introduce themselves. He also thanked the IBC Bank, the City of Laredo and Texas Department of Transportation (TxDOT), Caroline Mays, for hosting and coordinating the meeting. He mentioned that in the packet is a postcard of Save the Date for the Leadership Forum summit, scheduled for April 3, 2014. Sincere thanks for coming to Laredo for the TxFAC

## **2. Remarks**

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Caroline Mays provided an overview of the upcoming Texas Freight Leadership Summit scheduled for April 3, 2014. The leadership summit is an offshoot of the original Executive Leadership Forum because TxDOT realized currently, there are no conferences that focuses specifically on freight issues in Texas. This summit will provide an opportunity the Freight Advisory Committee and freight community in Texas to discuss Texas-specific solutions or issues discussed, and to help build into the Texas Freight Mobility Plan, and will address all freight modes. The team is hoping to confirm a representative from Amazon as the keynote speaker for the summit. TxDOT is requesting to have sponsors for this conference. NASCO will be co-hosting the summit and will be leading planning efforts. Caroline requested participation from TxFAC members to make the event a success. TxFAC members interested in sponsoring or who have any ideas should let Caroline know. The summit will provide an opportunity for TxFAC members to make their voices heard and have their comments reflected in the Texas Freight Mobility Plan.

Gerald Schwebel, IBC Bank Executive Vice President, “Welcome to God’s country at ground zero for trade”. We know what role you play for Texas that is key for economic vitality. By virtue of the bank, we are economic developers and we want to work with you. IBC Company is the largest state bank and worth over \$12 billion dollar bank. We are in over 170 different communities between Texas and Oklahoma. The bank is headquartered in Laredo, Texas.

Russell Zapalac thanked the Texas Freight Advisory Committee (TxFAC) and Federal Highway Administration (FHWA), Caitlin Hughes Rayman from Washington, D.C., for their participation and commitment to recognizing and addressing the critical nature of freight movement and its impact on the economy and our families. He reminded everyone that the TxFAC is a sounding board for TxDOT and collaborating with this group also presents a tremendous opportunity for TxDOT and the citizens of Texas.

Mayor Raul Salinas, the Mayor of the City of Laredo extended a warm welcome to all attendees. He thanked TxDOT and the TxFAC for hosting the meeting in Laredo and stated that it is a safe city and the hub of international trade, as well as the No.1 inland port. City of Laredo jumped from 6<sup>th</sup> place to 3<sup>rd</sup> place as a US custom district. The Mayor stated that trade is booming on the border and pointed out teamwork and open communication is important. He urged everyone to work together to make Texas and the United States strong and to make this economy strong. We are successful because we work together for a team Texas strong. Trade is really booming from Mexico, with 10,000 – 12,000 trucks a

day crossing the border. It's about job creation. He publicly thanked IBC for being in the forefront of trade. Mayor Salinas presented a gift basket to both Judge Emmett and Judge Cascos and pointed out the value of the gifts were less than \$25 which follows ethics rules.

## 2013 Year in Review

Marc Williams provided the TxFAC with an overview of the efforts over the past year and objectives for 2014. He mentioned that the committee has covered a lot of ground over the past year and the Laredo meeting was the fifth meeting held. The first TXFAC meeting was held on February 28<sup>th</sup> in Austin and was focused on getting to each know other, to talk about the objectives, framework of committee, goals, and laying the groundwork, and setting expectations. The second meeting in El Paso, held this spring, focused on Texas/Mexico border crossing locations and issues. TxDOT also kicked off the listening sessions in El Paso and received input from many stakeholders. The third meeting was held in San Antonio in August where a listening session summary was provided, feedback on SH 130 was received, priorities, and defining the freight network and priority setting and set strategic priorities and going forward were also discussed. In San Antonio, we also did an automotive sector tour at the Toyota Manufacturing plant. The fourth meeting was held in Amarillo in October in conjunction with Ports to Plains coalition conference going on the same time. At this meeting, rural transportation related issues as it pertains to transportation and the energy sector issues were discussed. In addition, the Committee delved more into the freight network (highway and rail), looked at preliminary performance measures and how to define and evaluate ourselves in terms of how we are doing, and discussed the top 50 most congested corridors in Texas.

The Laredo meeting will address economic trends and issues driving freight transportation in the state and nationally, follow-up to the performance measures in top congestion issues with TTI and Rider 42 committee work over the last few years, border crossings trade issues, and Caitlin Hughes Rayman will FHWA will address the group. Dates for the upcoming four 2014 meetings have been set.

- February 20<sup>th</sup> in Dallas
- May 8<sup>th</sup> in East Texas region
- August 14<sup>th</sup> in Midland/Odessa
- November 13<sup>th</sup> in Houston

2014 will be used to put together the Texas Freight Mobility Plan report. A draft outline of the Plan will be presented at the February meeting. Key recommendations and themes provided early in the process include: improving efficiency in the gateways at ports and border crossings and inland ports, defining the network, set strategic investment priorities, improving traffic operations to enhance reliability for freight shippers, economic factors, and what freight means to the state of Texas. Marc is encouraged by the success to date and asked the Committee for comments, thoughts or questions on where we are heading next year?

Russell Zapalac expressed that the Texas Transportation Commissioners are extremely supportive of the Texas Freight Advisory Committee and the work they are doing for the state. This committee is opening the commissions' eyes, the community eyes on the multimodal transportation. TxFAC is identifying and prioritizing concerns and solutions; building consensus with elective officials, with communities on the importance on the need for fixing some of the challenges identified by TxFAC. There is great momentum. Let TxDOT know if they can help with assisting TxFAC. There is no regionalization and knows that the state is in it together and without fighting between the modes.

Judge Emmett made an observation that a real positive that the state is in this all together and pointed out that there has not been any regionalization. He stated there a distinct lack of fighting among modes

which is important. It is important to 'growing the pie', really a big pie and enhance freight transportation everyone will benefit.

Judge Cascos pointed out that attendance at the meetings has been great.

French Thompson commended TxDOT for doing a great job on forefront of freight planning and mentioned the camaraderie seen among TxFAC members are not often seen in other states.

Ramon Navarro indicated that financial coordination has done a good job.

### **3. Texas Freight Mobility Plan-Trends & Issues Analysis Presentation**

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Mark Berndt, Olsson Associates, delivered a presentation on trends and issues that could impact freight movement. The presentation focused on five main trends that affect freight network in Texas:

1. Economics: NAFTA trade continues to grow, growing trend with emerging markets such as the BRIC countries, Panama Canal expansion, global increase in global trade and Port and Border Security/Efficiency with the use of advanced technology and credentialing programs.
2. Demographics: Population trends, Mega-Regions
3. Infrastructure Preservation: Port and Waterway Maintenance, Highway and Bridge Maintenance, Modal Productivity Growth, Labor Productivity Growth, Domestic Oil Production & Hydraulic Fracturing
4. Environmental: CSG and LNG Fuel Use, Alternative Energy Alternative Fuels
5. Technology: Dedicated Freight Lane Studies and Infrastructure, Freight Shuttle System, Micro fabrication or 3D Printing

Each trend/issue is evaluated on what impacts it could have on flow origins, flow destinations, routing, flow volumes, and value density. Asked for feedback from TxFAC? Two questions: What are the potential impacts on emerging markets on Texas existing infrastructure and how will the TFMP address those impacts? Develop performance indicators to track these trends and issues, or simply increasing awareness of them, TxDOT can be better prepared and able to quickly adapt to whatever the future might bring.

Judge Emmett pointed out that the table on emerging markets on slide 6 displaying Texas exports to emerging nations should be in billions and not trillions.

#### *Potential impacts of emerging markets*

Jack Todd noted that exports to China seem to have doubled. What are the products that are going out? He asked what specific goods are being exported and indicated the types of products will dictate the mode. Based on the type of product will determine the mode whether it is barge, rail, truck or pipeline.

Joseph Adams noted one of the main exports via the Panama Canal will be coal exports, oil and petroleum products.

#### **Question: What other economic trends that should not be overlooked that should be included in this area of economic trends and issues?**

French Thompson mentioned the inflation or devaluation of the American dollar and its impacts on the buying power for Texas citizens and the US being able to acquire these goods. And how much does the fluctuation of the value of dollar over time affect consumer imports? He also stated it would be

interesting to see the inverse of this, what are the Texas imports, where it is going and by what mode and therefore we can make recommendations on the type of infrastructure plays or the improvements that need to be made to help support those trends.

Colonel Waterworth commented that the Port of Houston Authority and Port of Houston has a large number of exports that are driven by the technological changes in the petroleum industry. Texas is exporting aggressively TODAY. An efficient freight system needs to be in place TODAY to handle the investments being made in the petrochemical industry. Our infrastructure needs to be in place TODAY. Investments are slated to come on line in the next 2-3 years. Petrochemical manufacturing ties our system together- investments happening in Texas. The Panama Canal comes in on the back side with products returning, but the boom times are now. He reiterated the need of a comprehensive freight system that ties all our systems together TODAY.

Jorge Canavatti mentioned that Mexico reforms will also have an impact, fiscal and tax reform and Foreign Trade Zones.

Matt Woodruff echoed Colonel Waterworth's comment on the growth of the petrochemical industry. He indicated intermodal, multimodal connectivity is critical and stated that molecules move up and down the coast multiple times before they leave to the export market.

Olivia Varela from the Laredo economic development foundation commented about the emerging trends mean a multi-billion dollars investments going into Mexico infrastructure which will affect and impact through our port and through IH 35.

Demographics: In packets there is a brief survey and TxFAC asked to have input on key issues. Freight driven activity: more people equals more freight change in Texas. The issue nationally is more attention move toward mega regions....more pressure on the transportation system. Consumer consumption of freight on an increase, approximately 55 tons of freight is used per person per year. There are some implications of demographics on the system and how freight plan will address those issues.

Mike Graham stated population growth and congestion on highways from cars and trucks will necessitate growth on the highway infrastructure.

Colonel Waterworth noted on the NFAC the mega-regions map is more intriguing than the infrastructure network map. Policy needs to be reactive to growth of each of these regions and mega-regions. This will allow for policy to be directed where we want to grow or not grow. The freight system needs to be integrated to connect mega regions for the next 5 – 10 years.

Judge Jenkins mentioned that the fastest growing metro area is at Dallas-Fort Worth. He stated that until as recently as April, there was no rail service between Alliance and the Port of Houston. We now have rail service and it takes about 25 hours to get from the Port to the metroplex. We need to improve the time and frequency service to the metroplex.

Joseph Adams mentioned the issue is economics: infrastructure improvement of rail service is challenging, such as double tracking. As Port grows and trade increases we have a good opportunity in the future for the intermodal facility in Dallas, but to get to Alliance is more of a challenge.

French Thompson stated that it's about the economics and freight is going to flow like water, following the cheapest and easiest route. Infrastructure improvements partnered with the state for example,

Tower 55 needs to eliminate bottlenecks and move freight more freely. There is a need for a level playing field where all the modes can compete on the same page will benefit the state as a whole and the country.

Jack Todd noted the need to add barge to the infrastructure preservation slide. The reason is why there are many different touching that product. Vital to know barge fits into labor.

Mike Graham discussed the need for heavier weight trucks and noted the truck industry's willingness to pay a fee to help fund impact on bridges. Current regulation makes this inefficient, but there will be less demand on infrastructure if this is efficient. He noted that six axels and additional weight of the truck can impact bridges. We should work at the federal level to get it more efficient. Raise productivity and reduce demand.

Joseph Adams stated that user charges implications need to be recognized. He mentioned that bridge/maintenance issues include costs and impacts on roads

John Esparza noted that truck size and weight has slowly, methodically increased. He also mentioned the patchwork of infrastructure that can tolerate different sizes and weights. How do we best design/engineer our roads? Eagle Ford shale roads were never designed for the current weight and traffic. Safety aspects are always on the forefront. It is important to have an open mind. There is an argument to move more freight with fewer trucks.

Jack Todd commented that more weight for trucks means more rails. The trust fund for road broke with the gas tax. How are we going to work through this?

Judge Emmett mentioned does not want to get into a classic rail and truck debate. An issue will be the number of drivers available for the trucking industry. Always have to get back to math, if 8,000 TEUs comes to Houston, ½ goes to Dallas and then 2,000 containers are going to Dallas, and the infrastructure within the Houston area cannot handle traffic from a ship. The distances are not a critical factor, for example going to Dallas at 230 miles with 1000 containers will get through, the rail road will figure out how to get it there.

Steve Boecking asked what will make it cheaper and faster to go by rail. It is pure economics right now.

Colonel Waterworth mentioned that they have permit to take Bayport Barbour to 45 feet. The current 4,500 TEU ships will slowly migrate and the Port can will see 8,000 TEU ships. The bigger the ships the cheaper the unit cost. He is not worried about the Panama Canal because the demand is here today.

John Esparza asked about the pricing change? How will it work?

Colonel Waterworth stated that the need and demand is TODAY. The 8,500 TEU's will go up to 10,000 TEU's ships. The bigger the ships the cheaper the unit costs move is. I have demand today.

Judge Jenkins suggested a demonstration project by FHWA from Port of Houston and Dallas of the six axles, heavier truck would be helpful.

Kevin McIntosh agreed it is about economics. He stated that rail has the ability to get goods from point A to point B in greater volume than trucks and more frequency. It is a more logistical sense and viable option with the rail system.

Judge Emmett stated that TTI has new technology which will give Houston and Dallas corridor a good opportunity. Please fill out the survey for your feedback.

#### **4. Texas Freight Mobility Plan –Economic Analysis Presentation**

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Melissa Ziegler, CDM Smith, delivered a presentation on insights on trends affecting major industry clusters within the state of Texas that will affect the demand for freight transportation and support economic development. Melissa mentioned that it is more important to hear from TxFAC to determine how the Freight Mobility Plan can help to support economic opportunities with all the freight changes going on within the economy in the state of Texas. She mentioned that today 95% of the world's consumers and 80% of the world's purchasing power reside outside the US, which has profound implications on economic development and on freight transportation in the years ahead. Important to recognize that in the state of Texas there are over 1 million jobs that are supported by export businesses and 12% growth in exports in the state of Texas. The Texas economy produced over ½ million new jobs from 2006 – 2011, which is over 73% of all the jobs created in the US during that period. What that means for Texas is that you have been exceedingly successful when other parts of the US have not enjoyed that level of economic development. We also realize the role that oil and gas production has played in the state's economy and the role it plays in freight and the demand for freight. Texas businesses produce 17% of the total exports for the entire US in 2012. Exports are big business in Texas and they are likely to become a much more significant part of the economy in the years ahead. It is also important to realize that a large number of those businesses that are engaged in exports are defined by the department of Commerce as small business, with less than 500 employees throughout their operation. What does that mean for economic development and for freight in Texas? It means you got more people, more employees, more businesses and moving goods to more destinations into and out of more destinations. This trend will continue and expand in the years ahead. As mentioned earlier, the largest trading partner in Texas is Mexico with about 36% of exports from Texas go to Mexico. For Latin America exports is over 50%. Top Texas exports are oil, gas and petroleum products. Non energy exports are chemical manufacturing, computer electronics, transportation equipment and machinery. These products have different demands in the supply chains and use different types of modes.

What are the implications of these economic trends, this growth on exports on existing and future freight transportation in Texas and what improvement need to be considered in this freight mobility plan to help Texas businesses compete globally?

Mike Dyll questioned why we split out fabricated metal product manufacturing, transportation equipment manufacturing and machinery manufacturing in three different subsets on the Texas non-energy exports graph, when it is obvious that if we combine all of them you see it is far the largest non-energy export value. What is the percentage of goods that flow by value manufacturing versus raw goods like cotton or pecans?

Steve Boecking questioned whether it was 95% of the individual people or 95% of the purchasing power that resides outside of the United States.

Amir Mirabi stated that by sheer numbers and population metrics that number will stay consistent and static for a long time. We are only 300 million people in the US and collectively as NAFTA by ½ billion so not really that large in comparison to Asia. More important to focus on more of on the impact rather than sheer numbers is the implication of the free trade agreement. Especially the ones the US is currently negotiating with the Atlantic partnership or TPP and what kind of impact that will have on

Texas and ostensibly the entire country. That definitely will help to facilitate and catalyze trade with select countries and super mega regions more so than just where the purchasing power is at. The purchasing power will always be overseas because that is where the aggregation of population and monies are at. But the free trade agreements, particularly using Mexico current situation as a template, to ascertain and distill the trend analysis for the US. In Texas, there was tremendous growth in petroleum exports in the last ten years. Devaluation makes goods valuable.

Judge Cascos asked whether we something we can compare, for example have the same data from 5, 10 or 20 years ago so we can relate to current numbers? Any way we can project or forecast out based on prior trends? Also if you are able to compile that data can you determine what happened globally that made this trend go in the direction it is going? Did something trigger this event? Was it global market place or population proliferation that changed the data? Can you put a per capita number?

Melissa responded that the level of income in some of these countries is nowhere near the level of income in the US. It causes business and industry to think about not only where they sell goods and services but how and where they source inputs. She will get some historic data to see how things have changed over time. The population growth is really dynamic with a disposable income that created a market for American business. The trade relationship is very important.

Amir Mirabi stated that a 10 year snap shot of our petroleum and coal products is \$4 billion 10 years ago. Now ten years later, we are exporting 54 billion dollars' which is beyond linear growth and exponentially. Dollar devaluation is very critical in making American and Texas exports very attractive. The other has been economic liberalization in so many of the countries we are talking about in particular the BRICs, such as Brazil, Russia, India and China, has changed their economic structure and becoming quite considerable powerhouses. Since 911 was a game changer in making investment not come to the US and go back to those countries. There are so many things that can be transposed and depends on what we want employ as the mode of perspective. It is not an exact science and is very nebulous in nature.

French Thompson noted that we need to look at those commodities and trends and see which modes are most effective for that and how can we encourage that growth. Policy need to be in place to encourage manufacturers to manufacture here for export. He also stated the need for a more robust transportation system to get us to those export locations. How do we reverse the export to import supply chain and ensure we have the capacity to reload those 8,000 TEU ships or equivalents if it is a bulk ship to get goods out of here?

Judge Emmett commented that in terms of the texas freight system for import or export we don't care where it goes or where it comes from. Once it hits a port that is all we care about because we don't have anything to do with that supply chain once it leaves. Focus on getting it to the dock.

Melissa Ziegler noted that everyone recognizes that economic development is a very competitive business. Texas has been successful in economic development for a long period in time. Texas is number 1 in exports among all states in the US for last 11 years. In the state of Texas there are six industrial clusters that support the growth. Economic development takes more than transportation. It includes work force, education and training. Important to note that 93% of Texas exports are manufactured goods and those include oil and gas, automotive goods and industrial manufacturing. Manufacturing contributed 1.8 trillion dollars to the US GDP in 2012 and 86% exports in total in US are manufactured goods. Manufacturing wages are 20% higher. In the state of Texas 800,000 people are employed by manufacturing. 2/3's of research and development are funded by manufacturing firms and are major

users of technology. Advanced technology programs that have expanded in Texas in that last 2 years are Samsung semiconductor and Bell Helicopter.

French Thompson stated that at Alliance there is the Caterpillar Company is a supply chain and has access to rail heads. He mentioned that it is cheaper to be located on a highway because the infrastructure is already there. When a company is next to a rail they are encouraged to build their own spur, build the infrastructure to hold the cars and have the infrastructure to unload and reload cars. A lot of manufacturing companies are looking for just in time deliveries because they don't want to have the inventory on hand. When it comes to rail we want large quantities. Is it modal equity or economical to other modes of transportation? We need to look at various sectors and what are the hindrances and how can we reduce those hindrances to be a more diverse modal opportunity.

Melissa Ziegler states there are circumstances from time to time that create the need for multimodal crossover. Need to make choices and linkages that support economic development. Automotive manufacturing is a huge business in Texas. There are 478 automotive manufacturing firms in Texas and the assembly plants are located in the major metro areas across the state. Texas and Mexico automotive cluster up and down the NAFTA highway is a huge that brings to the forefront the role of the suppliers and manufacturers in the economic development of automotive manufacturing. A future trend for automotive in Texas is if you look at population growth will be an increase in population by 313 million people by 2030.

Joseph Adams stated that in 2012 – 2013 many automotive plant expansions in Mexico with a cost over \$500 million each underlines the implication of our freight transportation network. When you look at parts moving south and finished vehicles moving north, it will affect the plans for future needs.

Melissa Ziegler stated that Aerospace and Aviation demand will double in the next 20 years. She talked about the site selection criteria for Boeing and Airbus facilities. It was very important to both companies to have 24/7 operation near a port at close proximity. Airbus located near Mobile, Alabama and Boeing at Charleston, South Carolina is on a main line rail to the port. The continuous availability of multiline heavy traffic movement between ports, interstate highway, railways, suitable runways and evaluated cargo and freight cost. They also used barge for movement of aviation parts.

Kevin McIntosh asked at what point were the different modes brought into the process before the site selection are identified an actual site. Were they brought in the beginning stages? Or some point in the middle or at the very end when the site had been selected? He said it was refreshing that it was selected early because often times the railroad are not notified until the later stages which are discouraging because they have a pool of resources to help foster a relationship and help identify suitable sites.

Melissa Ziegler answered that at the very beginning when the sites were selected. Everyone is aware that the Gulf coast has the largest Petrochemical complex in the entire world. Agriculture is big in Texas and the largest producer of cattle, hay and cotton. She addressed the shortage of skilled workforce for transportation and may need to be addressed in the Freight Mobility Plan. For the last 26 years there was a US corporate site study done and found that location, expansion and closures of plant decisions based on freight transportation. There is an intrinsic linkage between economic development and freight. She quotes that "If I'm not moving you're not selling". This really brings it home the role of economic development and freight. What transportation systems deficiencies can impede economic growth in Texas?

Jack Todd stated that funding impedes economic growth.

Colonel Waterworth asked how we should prioritize. The 2007 forecast we had in the petrochemical industry is not what we forecast today. From the Port perspective we need to maintain and expand, widen, deepen, add more capacity to the channel.

Judge Emmett stated that if we have a deficiency in any one area it messes up the whole area. I have given speeches for 30 years that if the veins and arteries of the transportation system don't flow, then the economic health dies. It is an absolute, how do you measure the impact if you don't have a transportation network the economy dies.

French Thompson said he agreed. What is interesting to me about the Boeing and Airbus site selection, I asked what locations do we have in Texas that it can offer the same deal? What are the other site selection criteria that other companies have and how are we encouraging and developing growing those specific locations to encourage more development growth? So proximity to a rail road, highway, a Port and an airport and can you get in and out of those locations? What can we do to encourage that and make it more attractive and have that multi modal connectivity? It is really important that we focus on those areas so we don't lose the opportunity to grow to become an economic power.

Amir Mirabi mentioned that are other components in that entire melting pot. On the state level we are in a constant struggle over incentives to attract. But another component really symbiotic with infrastructure development is workforce development and if you don't have the workforce or education we cannot attract companies.

Jorge Canavatti stated that logistics goes hand in hand with workforce and workforce is an issue in this state.

Jack Todd asked John Esparza what the average age is for a truck driver in Texas.

John Esparza commented that 54 years old is the average age of the truck drivers in Texas and nationally it is 57 years of age. Something to think about is education. Younger workers are not becoming truck drivers.

Ron Beeson stated the trucking workforce age is an issue and there is an attempt to address it. In chemical manufacturing there is a need to train workers, not necessarily for a 4 year degree, for operators or supervisors type jobs. It is recognized in the chemical manufacturing community that there is a need for educating workers. They are actively engaging with San Jacinto and Baytown junior colleges to get quality workers quality workers to support their resource needs.

## **5. Rider 42 Legislative Action – Highest Priority Mobility Needs Presentation**

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Tim Lomax, TTI, presented the legislative mandate Rider 42 or also known as mobility investment priority project and to focus on the most congested areas in the state. The charge was given is to set up in 4 metro regions and develop specific projects for the last couple years. He noted there is a need for public engagement to sell off on the projects and to explain traffic management to the public. Report is about getting people involved, listening to the stakeholders and meet the public where they are. Engagement tools, smaller meetings and using the web to reach the public. We need innovative ideas and funding sources. Technology is a part of the solution. The big take away is to create more incentives and generate more creativity for a reliable service. For a state to do a good job the public and businesses are engaged and they need to know the benefits of the project in an open accountable

setting to discuss financial streams. Rider 42 focused on the top 50 most congested corridors because the legislature focused on the same 50. The top 10 corridors are in a league of their own and account for 27% of the cost of delay from the top 100 corridors. He also listed congestion reduction strategies including active traffic management, travel options, economic benefits, system modification, additional capacity, and construction improvements.

Judge Emmett added he could remember when walk lights didn't have the count down and while it was designed for the walker it has actually improved traffic flow. Simple things like merge control and queue warning improves traffic flow.

Tim Lomax discussed situational awareness, busses talking to traffic signals. The help technology can deploy, such as grade separations for safety and congestion benefits, radii done right, added capacity, sustainability and environmental concerns. Toll roads and additional tax supported roads are needed for a service guarantee to handle upcoming population increase. Technology and creativity and partnerships can build new systems that can offer support for some of these improvements. He stated that we need to move in position to be marketers that we have to be informed and have a more informed and more robust discussion with the public able how much these priorities projects and programs are going to cost them. We need to be more creative on how we do that.

Judge Emmett mentioned that everyone wants improvements but nobody wants to come down to what the improvement is. And the classic "Not In My Back Yard", "NIMBY". It became an issue with 249 in the Houston area for a designated toll road in Harris County which has agreed to speed it along. We need to shorten the time frame to implement, make decision and move on.

Tim Lomax reiterated that we need to get other people engaged, have a robust discussion and get people to understand the benefits.

Joseph Adams asked what are the lessons learned on a way to relieve congestion on IH 35 with SH 130.

Tim Lomax stated that if he had built the road closer to IH 35 and then growth is heading that way. Should grade projects on what next quarter century brings.

Russell Zapalac indicated that NIMBY moved SH 130 further out.

Judge Emmett cited that the east side of Gran Parkway clearly has a big freight component coming out of the ports and we need to sell that to the public.

## **6. Working Lunch – Special Guest Speaker – Caitlin Hughes Rayman**

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Caitlin Hughes Rayman, Director of the Office of Freight Management and Operations, FHWA, presented MAP-21 legislation and freight planning at the national level. She pointed out that 52 million tons of freight moves daily at an equivalent value of \$47 billion in the US. Top trade partners include Canada, China and Mexico. She mentioned Texas has the 9 significant freight congested corridors of the top 25 in the US. Critical focus planning with the three border master plans in Texas with good bi-national work being done. The truck, size and wait study is being conducted out of her office and there will be a webinar held on December 18, 2013. She asked that TxFAC look at truck parking improvements, for safety of the trucker and the general public and for mobility and efficiencies. She provided an overview of the national freight strategic plan development and freight performance analysis for trucking and other modes. She mentioned the House Infrastructure Committee stood up an unprecedented focus

group on goods movement for 6 months. A 75 page report came out in November, 2013 which had a good analysis of what the funding and multimodal needs are out there and some solutions. There is some legislation being introduced as of this week considering freight funding. The national freight strategic plan deadline for this is October 1, 2015. A member of the Federal freight advisory committee, Colonel Waterworth, sits on the TxFAC and can have input in the national freight strategic plan. The state freight plan, that is as multimodal as possible, will be another way to have input in the national strategic freight plan. She recommended that the state Plan coordinate with neighboring states and adjoining countries. Some states are identifying key freight corridors and key stakeholders in their state plans. Need to work with the MPO's and the regional planning associations are also critical in the state plan. Our freight data is not good and needs to be improved. She noted having a complete network with no gaps is challenging as legislation only allows for 27,000 centerline miles to be included in the network. Comments are due by January 17, 2014. She discussed recommendations from the National Freight Advisory Committee which are listed in a white paper they are developing and that will be available online. She noted cost benefit analysis is a good practice and is required by TIGER. However, she said the State Plan is probably not the best place to do an economic analysis on a project by project basis.

Judge Emmett stated the map has oddities with the various sections on the map. He inquired about the best way for our input to make its way into the national plan. He asked if Caitlin had any concerns about whether this will be a partisan issue.

Caitlin Hughes Rayman stated you need to get your map comments into the docket by January 17, 2014. Get us your inputs under the 27,000 miles. Thinks Congress can get log jammed over pretty much anything. Biggest hurdles are identifying funding and that is not a partisan issue. Many modes represented here. We need to come together collectively and multi modally to identify resources to do the work that we need to do to improve the national system.

Ron Beeson asked if it was beneficial that we prioritize the projects based on a cost benefit analysis. He also inquired if all states would have the same criteria. He mentioned that an accident on I-10 affects freight significantly going east and west across the country.

Caitlin Hughes Rayman explained that the cost versus benefits is the key component in the identification and selection under the TIGER grant and put money where it makes sense. TIGER does not have multiyear authorization. PNRS must demonstrate that benefits outweigh the cost. The state freight plan is not right place to do the economic analysis. Do a separate list as Florida is doing. The state of Florida has a policy based plan and now they are doing the investment based plan.

## **7. Laredo Border Crossing Issues Presentation**

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Mario Maldonado, City of Laredo bridge manager, presented the operations of the Laredo bridge system and to explain how they operate, the amount of traffic that crosses the bridges and what they are doing to prepare themselves for future traffic growth. He mentioned that they built bridges for the local community but for the entire world to use and approximately 170 countries cross goods through the international bridges here in Port Laredo. The city is the largest international port and has been operating since 1889. There are strong efforts to attract more trade from Central and South America through the ports of Mexico. Additional traffic is being generated from a new road from Mazatlan to Durango, highway 40. This new road in Mexico has decreased traffic travel time by 6 hours. Highway 40 has 115 bridges and approximately 60 tunnels. In 2012, Port Laredo ranked number 6 in the customs

districts area with \$239 billion dollar of trade. As of June 2013, Port Laredo ranked number 3 in US customs districts trading with Mexico at 4 International bridges in two Mexican states.

World Trade Bridge  
Gateway to the Americas  
Lincoln- Juarez  
Columbia

The World Trade Bridge was built in 2000 and is 100% commercial facility that processes an estimated 12,000 trucks daily. Before the World Trade Bridge was built trucks used to be backed up 8 – 10 miles along IH35. When the bridge was built the city made a \$70 million dollar investment for technology to help move commercial traffic. Another \$9 million dollars has been approved to improve the current system by the city. The bridge has a weigh in motion system that charges by axle for a cost of \$21.25 per truck per crossing. No cash is handled at the lanes. The Automatic Vehicle Identification (AVI) system issues electronic stickers to trucks and allows each truck to be weighed and charged in 16 seconds going into Mexico.

Plans are in place for the technological project expansion of the station which is another \$5.4 million investment. It will include 7 new primary lanes and 3 new secondary lanes to help reduce the wait times by half to prepare for future growth. In addition, two new secondary inspection stations were constructed and another exit lane.

Plans are also in place for the building of refrigerated inspection facilities at a \$2 million dollar investment to have a controlled environment to inspect goods. This will attract more trade from Mexico, central and South America. Presidential permits for hazardous material to cross the bridge span retrofit project containment system. There are no requirements to construct such a facility on the Mexican side but they agreed to build one too.

The yearly commercial traffic southbound into Mexico for FY 2009-2010 was 1,575,893 trucks and projections for FY 2013-2014 are 1,903,976 trucks. Laredo district includes Del Rio to Brownsville but 65% of crossings occur here at Port Laredo. Other bridge projects for future growth includes: additional lanes, static scales, new technology, pedestrian turnstiles and southbound toll lane expansion on Bridge IV.

In conclusion, Port Laredo is the busiest and largest inland port in the US we will continue to prepare for the future with more investments on new projects.

## **8. Second Presentation for Laredo Border Crossing Issues**

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Michael C. Garza, CBP Supervisor, Free and Secure Trade (FAST) Enrollment Center, Port of Laredo, stated that the Customs and Border Patrol (CBP) mission is the prevention of terrorism and is the number one priority and facilitating trade and travel. He mentioned the breaking news of the cobalt 60 that was hijacked in Mexico. The service Port of Laredo includes 3 land passenger operations, 3 land commercial operations and 1 international airport. Laredo is considered a full service port that has a full range of cargo processing functions that consists of 3 major operational divisions are passenger, tactical and trade operation. Laredo is the 6<sup>th</sup> largest port of entry monetarily and largest in southern border.

Secondary express, referred to as the bat cave, expansion will increase from 2 lanes to 4 lanes with the capability to open a fifth lane which is a part of the layered inspection approach. This aids in the traffic

flow and to allow for quicker release of the cargo. Benefits of CBTP are time and money if you are certified member. We have 4 dedicated FAST lanes. Local trade is always willing to work with CBTP and facilitate trade. An estimated 1,300 trucks a day use the FAST profile which is about quarter of the trucks crossing the bridge. The FAST lane is a non-intrusive inspection. The application is done online and then an in depth interview is performed.

Gerald Schwebel stated to keep in mind for freight mobility that has a potential threat is the current immigration debate that is going on and there are 8 bills in the House to address exit patrols southbound and we have staffing problems. If any of those bills pass in Washington, where do you think they are going to get their staffing for those inspections? We lobby for staffing for inspections now will impact our border crossings will impact the way we do business.

Joseph Adams asked if you can do criminal background checks on the Mexican drivers.

Michael Garza stated it is part of the process, which is similar to the global traveler system. It is very in depth and compared to doing a background check above and beyond what you do for a new employee.

## **9. Federal Motor Carrier Safety Administration Presentation**

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Rafael Silva, Safety Auditor with the Federal Motor Carrier Safety Administration, Laredo Field Office, stated that FMSCA, was established on January 1, 2000 and administration with the department of USDOT. The mission is to prevent crashes, injuries and fatalities involving large trucks and buses. At the border FMSCA enforces the safety regulations to all transportation companies operating in in state commerce and intrastate commerce. FMSCA also targets high risk carriers, commercial drivers and trucking companies. FMSCA also improves the safety information system and commercial vehicle technologies by adding and maintaining the FMSCA website. FMSCA regulates the commercial driver license, collect data and analysis, regulatory compliance and enforcement, technology and safety assistance. FMSCA collects and reviews data based on road sign inspections, compliance reviews and safety audits and then provide this information to the motor carrier industry. FMSCA also regulate the compliance and enforcement operates a program to improve safety performance. FMSCA coordinates research through their research and technology department. Other activities include enforcing the hazardous material transportation and conduct operations to inspect warehouses with hazardous material packages to assure in compliance with the regulations.

The pilot program on NAFTA long haul trucking provision developed on April 13, 2011, FMSCA announced the proposal of this initiation program for Mexico based motor carriers to operate in the US. This 3 year pilot program is to assure the Mexico based motor carriers operate safely in the US within the commercial zones along the US-Mexico border. Since September 17, 2009, FMSCA regulates all intermodal equipment providers which require they file a MCS-150C identification report to obtain a USDOT number. In conclusion, the mission of FMSCA is to prevent crashes, injuries and fatalities involving large trucks and buses.

Judge Emmett asked what has been the experience for the Mexico based motor carriers that are operating throughout the US. Have there been any problems?

Rafael Silva stated they have 14 carriers in the program and 6 of them are with the permanent permit and there have been no problems or incidents. Mexico carriers operate under the US federal regulations and FMSCA conducts inspections of the carriers, hours of service and check the commercial driver's license every time they cross the border.

Judge Emmett emphasized that the word needs to get out because a lot of people for various political reasons want to beat up the idea of Mexican carriers in the US. He has noticed that their equipment is as modern as we have operating on this side. The more that word can get out the better it is.

John Rippee stated they work with Mexican carriers. There are issues with English standards and Mexican truckers receive warning tickets for not speaking English. This causes frustration.

John Esparza noted that the Mexican facility has a first class operation. Currently there are 14 carriers, 6 to 8 provisional Mexican carriers with a permit authority sticker that shows enforcement and it indicates a higher level of equipment.

Rafael Silva finalized by saying he conducted a pilot program carrier as part of the safety audit. These Mexico based carriers have first class facilities and they are very familiar with the safety motor and hazardous material regulations.

## **10. Statewide Commercial Vehicle Enforcement Issues Presentation**

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Major Chris Nordloh, Commercial Vehicle Enforcement Coordinator for Texas, Department of Public Safety (DPS), Texas Highway Patrol Division, stated there are many challenges, concerns and future issues. It does take team work with the industry, federal and state agencies, the commercial safety alliance and local communities to be fluid, respond quickly to problems and be proactive. Commercial vehicle (CV) enforcement goal to is reduce crashes and combat crime by enforcing traffic laws, enforcing state and federal regulations, size and weight, federal motor carrier safety regulation, hazardous material and bus inspections.

The overall driver and vehicle out service rates on the national average is 20% for vehicles and 4.9% for drivers. The Texas average is 19.7% for the vehicle and 3.2% for the driver. Texas is below the national average, which is good. On the border the vehicle out of service rate is 15%. The rate is lower on the border because of the high inspection rate. The numbers are coming down for the Mexico carriers are getting better.

Some of the top challenges are people, facilities and technology. Our top enforcement challenges are border enforcement, energy sector activities and crashes on rural counties and interstates. Dimmit, Dewitt, Corns, McMullen and La Salle counties have seen a 1000% increase in crashes in over a few years. The number 1 cause for crashes is a distracted driving. More than 70% of crashes statewide involving commercial crashes involve passenger vehicles because of distraction, speeding, passing on no passing zones, cutting people off and one vehicle rollover due to a pothole in the road. DPS addresses this issue with aggressive traffic enforcement.

Major Nordloh described some of the staffing difficulties they encounter. There are 426 state troopers statewide and 236 of them are on the border. There are 176 troopers are border inspectors and 81 are compliance auditors. Typically 5 troopers are pulled in from Dallas, Houston, Waco and Victoria weekly to work 3 to 4 day operations in concentrated hot spots. We have also trained 386 highway troopers to do inspections. Also include 55 local law enforcement agencies with about 255 personnel to assist in the enforcement effort. Currently there are 270 vacancies and having a hard time filling those positions. That is one of our challenges getting more people.

With regards to facilities and technology, Major Nordloh expressed the need to modernize by adding inspection facilities in major corridors and the use the most advance technology to pre-screen vehicles that we don't stop the free flow of legitimate freight. The total number of inspections was about 393,000 last year. Finally one of our big projects is a facility on IH 35 to get as much main lane screening and not slowing people down.

Joseph Adams stated that at least once a week there is an accident involving big trucks that cross 4 lanes are usually due to excessive speed and should be addressed with unmarked cars.

Major Nordloh commented that the truck may not have been speeding but the accident could be from other reasons. Houston has applied for a federal grant called the TAC program that targets aggressive trucks.

Mike Graham thanked the Major for keeping all of us safe. He noted that some fleets actually govern their trucks to tell their drivers to go 64mph in a 65mph zone to improve their efficiency. Do you have a point of view on the differential in speed that it creates and any issues that you see out there on the road?

Major Nordloh asked whether anyone has been behind two trucks when one is trying to pass the other at ½ mph. It makes people aggregated and me being one of them. Personally I believe it is safer for everyone to go the same speed. We don't have any data yet that shows one way or the other.

John Esparza said that the greater the difference in speed the more dangerous the driving conditions. He went on to say when trucks are restricted with lanes or otherwise, their ability to react accordingly is limited.

Amir Mirabi asked if there is a trend of the types of accidents and if there was a common time of day or night for these accidents.

Major Nordloh answered that most accidents occur in urban areas during the day, Monday through Friday, 6 a.m. – 5 p.m. due to congestion and difficult to combat that. A fact compiled from TxDOT that the number one crash, number one fatality profile in the Eagle Ford Shale is 19 years old, male and at 5 p.m.

## **11. Border Wait Time Study Presentation**

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Esther Hitzfelder, International Relations Office, TxDOT project manager for the border wait time study project, delivered a presentation on Texas-Mexico border wait time measurement for freight traffic. She mentioned that there are 13 commercial bridges in Texas and they look at how long it takes to get trucks across the border. She discussed the rationale and value proposition for border wait time measurement systems. These systems eliminate guess work and anecdotes about wait and crossing times. She continued in detail on the border crossing information system which is available on the internet. They have completed deployments at various points of entry. They provide real time and archived information on wait time. We have the capability to monitor wait times to see the performance of ports of entry. It eliminates the guess work because there is hard data from technology based solution. It can help agencies look at trends at the various crossings at specific times or weather patterns. They can help agencies look for answers, and test and evaluate solutions. Ms. Hitzfelder shared an example of a monthly border crossing profile report that can be produced from the system and discussed the various

issues and challenges. The monthly border crossing profile report is available to the general public on the internet at <http://bcis.tamu.edu>.

Judge Emmett commented that while this was good information, where does it lead? The World Trade Bridge clearly had a longer wait time than the other bridges, but the overall time moving across that bridge versus a bridge where the wait time may not be as long can still be a much longer journey. So in reference to freight transportation then we need to understand the so what of this. If the wait at that bridge is longer are we going to try to move people to other bridges?

Esther Hitzfelder commented that is one of the things we are giving the stakeholders. Eventually in the future we would like to get this information hooked up to a dynamic messaging sign in the US and in Mexico telling them which one has the shortest wait time.

Marc Williams noted getting the information is something the stakeholders have requested. We have also gathered from the reports that the wait times are generally predictable, long and notifying carriers and operators of incidents or issues is something we want to be working on. DPS and CBP are looking at ways to better integrate their system and give people choices such as the express lanes. Wait times we see seem to be market driven.

Esther Hitzfelder commented that if improvements are made are wait times reduce and this is something that until we had this type of data there wasn't any answer to that.

Mike Graham inquired if TxDOT ever modeled what would happen if bridges were open 7 days a week.

Gerald Schwebel stated that we have been looking at border wait time for thirty years. Only 6 studies have ever looked at the impact of wait times on the economic development. It always comes back to the question, so what are we going to do about it? It is not a 24 hour 7 days a week operation because Mexico and the US has staffing problems. All of our port of entry bridges, from El Paso to Brownsville, need some form of repair and they need to be shut down for repairs which become a budget issue that impacts the movement of goods and services. Human infrastructure also needs to be taken into consideration. I commend TxDOT for taking this initiative of measuring border wait times.

## **12. Texas Center Transportation Policy Presentation**

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Jolanda Prozzi, TTI, delivered a presentation on the Transportation Policy Research Center which was created through a legislative mandate and serves as an independent resource to the latest legislature. They will provide analysis of the state's transportation policies and specifically the economic impact of those policies. The Center works directly under the direction of the Senate and House transportation committee chairs and they came up with an initial list of topics that the Center has to tackle. In addition to the research they have on call support to the legislature and provide institutional memory for the various committees. The initial topic list covers six areas: finance, freight, congestion, public engagement, technology and transportation data. This approach is multi-disciplinary and cross disciplinary and the finding of solutions across all the areas. She stated that sustainable multimodal freight system in Texas has three components: economic, environmental and social which can be achieved by working with industry, federal agencies, local agencies, TxDOT and other state agencies.

She discussed the importance of public engagement have two components: public perception and public outreach. For technology, inventions and innovations will drive change on how transportation services are delivered. Acquiring transportation data, which was specifically mentioned by FHWA at this

meeting, will bring about good policy that can only be founded with robust data available for analysis. She noted that in the policy research process it includes preparing a project list then obtaining legislative feedback, engage the stakeholders, conduct research, report the funding and assist with legislative solutions.

Judge Emmett mentioned that this is a great resource of information.

### **13. Discussion & Adjournment**

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Judge Emmett mentioned the list of future TxFAC meetings. Asked when the decision will be made between Lufkin and Nacogdoches. Recommended we select the city that has the best facility to meet at. What about Dallas/Fort Worth? The Alliance tour and meeting in Fort Worth already occurred with the Panama Working group and no need to meet there again. Dallas was selected as the next site for the TxFAC meeting scheduled for February 20, 2013.

Joseph Adams asked how we will pay for all this stuff.

Colonel Waterworth noted that there are three big buckets: funding, DOT policy and improved operations. He asked for input on what policies Texas wants to see at the federal level that would facilitate freight movement in and out across Texas. There is interest in any incentive to match federal and local money for freight corridors.

Marc Williams commented that the way MAP-21 is set up with incentives is good. The preference is for the incentives instead of penalties. Texas does not like the federal government giving to individual pots. TxDOT wants the flexibility to use the money as it sees fit.

Caroline Mays stated that the biggest policy issue is to look at freight as a system. Freight doesn't move in chunks. Strategically, how do we connect to 1-10? This means a regional corridor approach is needed nationally and for the state of Texas.

Russell Zapalac stated that existing corridors and future corridors need to be identified.

Caroline Mays stated that the white papers and presentations will be posted on the web site. Please fill out the survey. She noted the TxFAC meeting dates for 2014 and the upcoming summit.

Judge Emmett thanked everyone for attending and IBC bank for hosting the TxFAC meeting. The meeting was adjourned at 3:10 p.m.