

ADVISORY COMMITTEE ON SUPPLY CHAIN COMPETITIVENESS

Department of Commerce
Room 4830
Washington, DC

Wednesday,
September 10, 2014

The meeting was convened, pursuant to notice,
MR. RICK BLASGEN, Chairman of the Committee presiding.

APPEARANCES:

COMMITTEE MEMBERS:

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MR. PAGE SIPLON

MR. PAUL H. BINGHAM

MR. JOHN F. BEASLEY

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MR. JIM JACOB

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MR. PANOS KOUVELIS

MR. RICKY KUNZ

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MR. TONY McGEE

MS. TIFFANY MELVIN

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MR. MARK MICHENER

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MR. COREY ROSENBUSCH

MR. DANIEL A. ROWLEY

MS. CYNTHIA RUIZ

MR. NORMAN T. SCHENK

MR. PAGE SIPLON

MR. CHRISTOPHER S. SMITH

MR. MIKE STEENHOEK

MR. RONALD F. STOWE

MS. ANNE STRAUSS-WIEDER

MR. JUAN VILLA

MR. SHAWN WATTLES

MR. THOMAS WEILL

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U.S. DEPARTMENT OF COMMERCE:

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Director
Office of Service Industries
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MR. BRUCE HARSH
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Distribution and Supply Chain
U.S. Department of Commerce

MR. RUSSELL ADISE

MR. RICHARD BOLL

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[1:44 p.m. -- Meeting In Progress]

MS. BLAKEY: You know I think, though, that Jevon's point is really a good one in the general concept of how we could follow on our subcommittee's recommendations because putting aside the specific subject matter, in many of the cases that we come up with--assuming we gain consensus today on the things that are going to be on the table--there are a number of other organizations that are interested in these subjects that we are not connected to, necessarily, either by having a representative here or just by virtue of the work that they are doing that these recommendations may have a specific bearing on. I think it would be really smart for the subcommittees to try to compile as a follow-up list of organizations that we might want to reach out to for a subcommittee meeting where we hold a joint session with some other associations or advocacy organizations or whatever they are that have bearing on the particular recommendations.

COMMITTEE MEMBER: [indiscernible] the work that was done could certainly assist the project

1 [indiscernible] there is power in numbers.

2 MS. BLAKEY: Right. There may just be a
3 benefit of fertilizing ideas with those organizations
4 that they have not thought about before too. So I
5 think there is no point in putting it on the shelf and
6 just waiting for something to happen.

7 MR. LONG: We will take that as an action item
8 for the next one. [indiscernible] in groups that we
9 would like to hear from.

10 CHAIRMAN BLASGEN: So as we plow forward here,
11 there may be an opportunity for us to close out a few
12 recommendations after today and tomorrow, particularly,
13 from the Freight Committee. I know Cynthia will take
14 us through that in a moment here.

15 So you all, I know, have read every word that
16 was delivered to you.

17 [Laughter.]

18 CHAIRMAN BLASGEN: Just in case you have not,
19 we have an extra packet for you out there. So a lot of
20 detail, a lot of really good detail has been put into
21 the information so far for us to comment on.

22 There is a calendar associated with Cynthia's
23 committee as well which makes it all the more important
24 that we get to where we can deliver that
25 recommendation. So on that note, let me turn it over

1 to Cynthia and the floor is yours for discussion around
2 the recommendation.

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1 **FREIGHT POLICY AND MOVEMENT DEVELOPMENTS**

2 **Cynthia Ruiz**

3 **Subcommittee Chair, Freight Policy and Movement**

4
5 MS. RUIZ: Well, thank you Rick. I am the
6 Chair of a Subcommittee on Freight Policy and Movement.

7 First of all, I would like to have everybody that has
8 been on the committee to raise their hand because a lot
9 of work -- raise your hand Leslie, Joan, Lance, Ricky
10 -- we also have some new members who are going to be
11 joining us as well -- and Juan.

12 So a lot of work has gone into our
13 recommendations. Now, initially, we had some trouble
14 getting there on a recommendation and we actually got
15 pretty far into the weeds to the point where we were
16 doing some value stream mapping and really looking at
17 different supply chains individually and really got dug
18 down.

19 So after that what we decided to do is get out
20 of the weeds, look at more of a national supply chain
21 from the supply chain user's point of view. Once we
22 got out of the weeds and looked at it more nationally,
23 we were able to come up with, actually, six
24 recommendations. I am not going to read them all
25 because you have them in front of you, but basically

1 one was make strategic investments.

2 I think we heard in our very first meeting
3 that we had, from the DOT economist saying, do you want
4 to use the peanut butter approach where you just spread
5 money around or do you want to be strategic and
6 actually make investments that are going to make a
7 substantial difference. I think the committee was of
8 the opinion that we should take a strategic approach.

9 We also -- number two -- feel that we should
10 use supply chain performance measurements to set
11 policy.

12 Number three -- we identified three areas that
13 we think should be taken into consideration: travel
14 time, travel time reliability, and cost. The other
15 areas we had discussion around were risk and security,
16 but we felt that we wanted to focus on these three
17 areas.

18 Number four really looked at the bottlenecks
19 on the supply chain and looked at improving those
20 areas.

21 Then we felt -- number five -- that it was
22 important to apply the supply chain performances at the
23 industry level, the metropolitan level, state and
24 multi-jurisdictional level, national level and then the
25 North American level.

1 The number six recommendation is to
2 disseminate supply chain performance information,
3 basically, to all of the stakeholders.

4 So we narrowed all the information we worked
5 on for the last -- what has it been? A year and a
6 half, two years? We narrowed down into this. So at
7 our last in-person subcommittee meeting, as a group we
8 decided that these are the recommendations that we
9 wanted to put forth to the larger committee.

10 However, we did have one dissenting opinion
11 and the dissenting opinion felt strongly that -- this
12 is Chris Smith from AASHTO -- and basically he felt
13 very strongly that he was opposed to the
14 recommendation. So what we submitted to you is the
15 committee's recommendation and then his recommendation
16 and we felt that, hopefully, through the discussions
17 that we will have at this forum that we can work that
18 out and come up with a unified committee recommendation
19 to move forward.

20 It has taken a long time for us to get here,
21 many dinners. Some involved wine, some did not. Many
22 dinners and telephone conferences -- telephone
23 conferences, to me, is not the most ideal way to try to
24 hash these out.

25 The good news is we have some very experienced

1 people on the committee that were able to really drill
2 down and say, okay, this is what is important to us.

3 So that is where we are at. We actually have
4 another subcommittee meeting this afternoon after this
5 and we are hoping to facilitate the discussion on
6 looking at our recommendations and getting consensus
7 from the whole committee and moving forward on these
8 recommendations.

9 Did I miss anything? I am just trying to stay
10 very high level. Is there anybody from the
11 subcommittee that would like to comment on that?

12 [No response.]

13 MS. RUIZ: Okay.

14 MR. LONG: Let me provide something extra on
15 the process that may help. Whatever is decided, I have
16 some definite views on this.

17 In terms of -- you have a lot of options to
18 work with in how to take this forward.

19 MS. RUIZ: Okay.

20 MR. LONG: They range from something the way
21 -- we are talking about a substantial dissenting view.
22 One approach is to simply go for a committee
23 recommendation that says this is what the committee
24 recommended, the entire committee as a whole voted for
25 this and that is it.

1 This is sort of like when a regulatory body,
2 looking at rulemaking, dismisses some comments as being
3 not -- something close to frivolous. That is pretty
4 rough.

5 Another approach is to build something in the
6 paper that says, the committee as a whole believes
7 these things, recommends them. We had strong dissent
8 on one set of points. We decided the way we did for
9 certain a certain reason and just keep it very brief.

10 Acknowledge that there was substantial
11 disagreement. It was nowhere close to being a
12 majority. That is another way.

13 A softer version of that is to take the
14 recommendation that you want to write and in the cover
15 letter just note that there were dissenting views on a
16 couple of key points. State very briefly what they
17 were, but note that the committee chose to do something
18 else.

19 Finally, another approach is to write
20 something Supreme Court style where you would leave
21 someone to write a full dissenting. But these are all
22 different choices. It depends, I think, on what you
23 wish to do and how you want to see the committee
24 behave.

25 MS. RUIZ: So as the results of our last

1 subcommittee meeting, we were of the opinion that --
2 number 4. Do a majority and then a dissenting opinion.
3 Now I do not know if the larger committee would do
4 that, have these four options available to them. Are
5 you talking about for the whole committee?

6 MR. LONG: Yes.

7 MS. RUIZ: Okay.

8 MR. LONG: You put a lot of effort into
9 shaping what you think is the right recommendation and
10 the entire committee as a whole has to deliberate on it
11 and decide what to do about the views that have been
12 expressed. So you have lots of options.

13 MS. RUIZ: Great. And I do not want to speak
14 for the dissenting opinion or for Chris, but my
15 perception of it is that we are trying to look at this
16 holistically as a whole supply chain and I believe --
17 and my perception that Chris is looking at it from one
18 particular -- from like the highway system, let's say.

19 So are we tasked to look at the whole supply
20 chain or are we going to take everybody's individual
21 opinions into consideration? So --

22 MR. LONG: Something could be written into
23 that that says for these reasons we think this is
24 either factually incorrect or does not reflect the
25 spirit of the recommendation or is limited in some

1 other way, whatever the actual facts and opinions will
2 be. You have a lot of flexibility.

3 MS. RUIZ: Right and a lot of work has been
4 done. Do you envision the subcommittee -- we have
5 given you our recommendation. As we move forward, it
6 is the whole committee that is going to come up with
7 one of these four options?

8 MR. LONG: Yes. As a group everybody has to
9 decide what they want to do.

10 MS. RUIZ: Okay.

11 MR. BLASEN: I know, Page, you have a comment.
12 I have some really strong opinions about this. I want
13 to talk to all the committee members.

14 MR. SILPON: I was just going to offer --
15 because Chris and I talked a little bit about this --
16 as a state representative, his two big concerns that
17 are reflected in the wordsmithing that he has put in
18 here, or suggested -- one was the role that the state
19 government plays in highway and transportation
20 investment as a process. It is the state governments
21 that get the money down from the federal government and
22 then they will apply it to projects.

23 His view was if we are telling the federal
24 government that you have to use these requirements --
25 well, if we are not engaging the state in the process,

1 there are some challenges there. Really -- I know you
2 see that in the first recommendation where it says
3 "Engage state and local public transportation agencies
4 to make these recommendations."

5 The second one was more just not laying out
6 that -- using softer words. Like in the second bullet
7 instead of using "use" say "consider". His point was
8 those are great tools and great measures, but there are
9 others that need to be used -- maybe not at the federal
10 level, but certainly at a state and a regional and a
11 local level. That is a different part of that process
12 not reflected.

13 He was comfortable with softening the words,
14 again just putting some color behind some of his
15 comments. Instead of using the word "use", use
16 "consider". Instead of "apply", say "encourage".
17 Change "happy" to "glad".

18 MS. RUIZ: Let me just say as a committee, I
19 have nothing but respect for Chris.

20 MR. SIPLON: Sure.

21 MS. RUIZ: And I think he has been a very
22 valuable team member, so I do not want it to be like it
23 is us against him or anything like that.

24 MR. SIPLON: Well, no, but he certainly has
25 that state highway transportation in his viewpoint.

1 MS. RUIZ: Right.

2 MR. SIPLON: And he wanted to make sure that
3 was reflected. He was comfortable -- not dissenting
4 with the entire opinions -- I think he agrees with all
5 of these. He just wanted to see some wordsmithing
6 happen.

7 So we talked about it and he put together
8 these wordsmith changes --

9 MS. BLAKEY: I think having been through--as
10 Cynthia says--enumerable of these discussions, one of
11 the places where the sticking point occurs is that we
12 are talking as a group about national view, the federal
13 role, the concept of we as a country need to do this
14 things vis-à-vis our international marketplace. Chris'
15 perspective was consistently, as Page just said,
16 focused essentially on the role of state DOTs, which is
17 fine. He is here is representing them.

18 Except at a certain point, you have to step
19 outside of your own individual organization and say
20 from the point of view of the task that we have been
21 given, which is to look at the larger national
22 perspective, I appreciate what this is trying to do.
23 And I do not think he ever did that. Again, I am not
24 trying to criticize Chris, but that goes very
25 fundamentally to the way that he wanted to change these

1 recommendations.

2 So I do think that state DOTs play a very
3 important role. They do not play the only role.
4 Increasingly, I do not know if anyone listened
5 yesterday to the Department of Treasury and the
6 Department of Transportation Investment Summit that
7 took place right here in Washington yesterday, engaging
8 with an enormous array of international investors and
9 international capital firms.

10 We are looking for ways to get other money
11 that is not straight-up state formula money into
12 transportation choices and investments and we are doing
13 more of it by competitive grants selected at the
14 federal level. Although the money may channel through
15 state DOTs, the project is evaluated and chosen at the
16 federal level.

17 So a lot of what we are talking about here is
18 going to those kinds of investments. I think that it
19 is a gap in appreciation for what this is trying to do
20 versus what his organization represents in that -- as a
21 subtext to that role.

22 COMMITTEE MEMBER: I would argue -- and it is
23 on the same lines. We are here to represent a
24 particular point of view, which is not [indiscernible]
25 representative. Our subject if competitiveness which

1 is fundamentally a commercial proposition. There are a
2 lot of interests that will hold for other points of
3 view. Our point of view is that one.

4 There is a public interest in the commercial
5 side, which is why we have a Department of Commerce.
6 But our job is to carry forward what it takes to be
7 competitive, which is commercial, which needs to be
8 carried forward into the recommendations we make.

9 COMMITTEE MEMBER: Well I was just going to
10 add, probably a perspective, to Cynthia's
11 recommendations and that is --

12 MS. RUIZ: They are not my recommendations.
13 They are the committee's.

14 COMMITTEE MEMBER: Yes, the committee's
15 recommendations. Excuse me. I think it is to address
16 a pain-point; right? And that is what we are trying to
17 do and it is to address a pain-point for the commercial
18 sector, companies like ourselves.

19 So if you are looking at competitiveness, and
20 you are addressing a pain-point, I think there might be
21 another constituency that is on the table--virtually--
22 and those are the companies that you are going to
23 provide a competitive edge to, economic value to, et
24 cetera. There might be some interest in having some
25 tailwind by going into some of those companies, a cross

1 section of those companies. It does not need to be a
2 lot, maybe 10 or 15 U.S. high-level companies to
3 probably endorse this recommendation set. It will
4 probably carry a lot more weight for you taking it
5 through.

6 CHAIRMAN BLASGEN: I had a long talk with
7 David and a lot of introspective thinking about this.
8 To me, the subcommittee region is where you debate
9 this. Go after it. Go debate it. We all said, "Look,
10 we are going to tee up some solutions that hopefully
11 can be acted upon." There might be an elegant holistic
12 supply chain competitiveness solution that we know will
13 never be acted on. That is great, but let's get at it
14 and get some things that are actionable.

15 So debate it at the subcommittee level. I
16 would not be in favor of the full committee sending
17 something up the ladder and then there is another paper
18 that is a dissenting opinion from it because if you are
19 Secretary Pritzker, you get that. What are you
20 supposed to do?

21 MS. RUIZ: Right.

22 CHAIRMAN BLASGEN: And you go back down and
23 say, well come up with something that is consistent
24 that you guys should debate about and align around.
25 There is a difference between agreement and alignment.

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I am not asking everybody to agree. That is why you assemble people from different biases and different perspectives, to arrive at the best solution that can be acted on for the holistic supply chain competitiveness arena, which is what we were commissioned to do.

So I would suggest -- I appreciate his point of view or anyone else's point of view on a particular area of supply chain. We are all biased on that. But at some point you have got to raise above it and say, here is the committee. This is going to have much more influence and persuasiveness if we are all in agreement or alignment on what we should do.

So I would prefer not to have an option where -- here is the committee's point of view, the full committee, 45 people, here is another opinion that is in complete disagreement with that. I just do not think it is right for us to tee that up.

MS. RUIZ: So you like option number one that David --

CHAIRMAN BLASGEN: I think you debate it and debate it and find out why somebody feels that way. See if they can get to where they can get around the full committee recommendations that this committee can

1 vote on.

2 COMMITTEE MEMBER: I spent a good deal of time
3 talking with Chris about this. I have a couple of
4 comments.

5 One, the marked up version you have here has a
6 couple of really good comments that Dennis has put in--
7 clarification and such like that--that I think we are
8 going to pick up. Much of the other is Chris'
9 suggested amendments to it, which effectively water it
10 down. What is driving part of his concern about that
11 is he sees a very immediate connection between our
12 recommendations and tomorrow morning's action zone
13 distribution of federal funds under the current MAP21
14 legislation.

15 He has much greater faith, I think, that our
16 recommendations will actually fall through on that
17 thing. I think that is misplaced at this point. I
18 think as said earlier, we are looking for broader,
19 forward-looking, not backward-looking.

20 Chris' concerns boil down to, really, three.
21 Do not impose supply chain management performance as a
22 criteria for making our decisions. And we pointed out
23 to him a number of times that there is nothing in the
24 recommendations that impose those.

25 Since Congress is the only one that is going

1 to do that, I think we are a long way from doing that.

2 So there is no immediate imposition of anything, and
3 in fact, most DOTs we work with are in fact looking at
4 these issues. AASHTO has taken a rather more
5 conservative approach.

6 The second comment is that we do not want to
7 use supply chain measures as a way of apportioning any
8 funds, whether they are discretionary or formula.
9 Again, there is absolutely nothing in the
10 recommendations as they stand today that direct anyone,
11 federal, state, local or others to use them as to
12 apportioning.

13 I think we are saying it is to inform those
14 decisions and it is not the only set of criteria that
15 you are going to be looking at. There is certainly
16 safety. There is certainly a whole series of other
17 things that are out there.

18 And I think the last kind of concern that they
19 kept repeating, repeating is going back to a point that
20 Leslie made earlier, is do not do anything beyond MAP21
21 which is on the books today. We have repeatedly said
22 our charge is not to interpret for DOT the legislation
23 or even to interpret it themselves and to second-guess
24 the Congressional TOI Committee. Our mission is to
25 look forward on this sort of thing.

1 The thing that I think that -- Chris was a
2 single dissenting vote on this kind of discussion. The
3 thing that I think I find problematic about it is, you
4 know, our work around the country with state DOT
5 officers and governors -- they are vitally concerned
6 about economic development and jobs. Almost every one
7 of them is working with economic development groups or
8 businesses within their state to develop trade, export
9 trade, internal trade, whatever. Quite a few of them
10 are, in fact, looking outside their states as to how
11 stuff moves in here.

12 In talking with Chris--we had that debate--he
13 wants to look at a very parochial, sort of somewhat
14 protectionist viewpoint of a DOT that is strapped for
15 money, and pressed to spend it, and very concerned
16 somehow if they are being asked to look outside, that
17 that will somehow stretch their resources and places
18 they cannot go. I told him they are already doing
19 that. This is simply a consideration that you ought to
20 enter into that.

21 I think their viewpoint is -- I am finding it
22 quite counter-aligns to what I hear from governors and
23 state DOT and economic development. So I understand
24 its concerns. They are strapped for money. They do
25 not want to have anything that will push them outside

1 of what they have got, but I think it is a very narrow
2 focus. I think we will go back in and debate this
3 issue.

4 I think many of the round and round again,
5 many of the edits in here are Chris' sense of sort of
6 watering it down to the point where it will not have
7 any impact on current legislation and in fact, that is
8 not what we are after and not where we are going with
9 it.

10 CHAIRMAN BLASGEN: Well, you can look at the
11 charter of the committee -- nobody said to us make sure
12 you do not recommend anything that costs money. Make
13 sure that you do not recommend anything that affects
14 current legislation or future legislation.

15 They said go tell us how we get the company
16 more competitive on a -- supply chains get from a
17 perspective of a supply chain management and that is
18 what we should be doing. Obviously all of this stuff
19 will filter down -- funding votes and so on.

20 COMMITTEE MEMBER: [indiscernible] at the end
21 of a movie here. Wouldn't it be a good idea to get the
22 majority recommendation for the subcommittee? If
23 somebody felt strongly enough about a dissent, present
24 it to the whole group so we can talk about it, then
25 maybe modify the document, but then this committee

1 votes and one report [indiscernible] submit it.

2 MR. LONG: One of the options you have in
3 this--would not detract from the idea of having a
4 single recommendation with a clear statement--would be
5 to add a paragraph not so different from what we heard
6 a few minutes ago, saying something to the effect of
7 strong views held by one member on this three points.
8 The committee believes that these were not relevant for
9 "xyz" reasons and just go with that. That way there
10 would be the courtesy of having acknowledged that there
11 was a debate, but also the fact that no one agreed with
12 the points of view.

13 COMMITTEE MEMBER: What does it get us,
14 though? It adds confusion and well, maybe this is not
15 -- it seems it would add hesitation--if I am Secretary
16 Pritzker--looking at a recommendation like that.

17 You hash it out in subcommittee and figure it
18 out at -- then we vote on it going forward and not
19 everybody is going to agree.

20 MR. LONG: True. I think what it buys you --
21 if you elect to go that way is simply that you have
22 recognized that there was a big debate, but you have
23 resolved it. You have given some official notice that
24 there was a dissenting view on the way through, but
25 then for coherent reasons described in the

1 recommendation itself, this is what you think and you
2 deliver it unfiltered the way you think it ought to be.
3 That is an option.

4 MS. BLAKEY: One possibility, because we are
5 going to have a subcommittee meeting here this
6 afternoon, is that we could think about adding a
7 paragraph a little bit different from what David was
8 just saying, but it might help mitigate Chris'
9 concerns. Unfortunately, he is not here today to
10 defend himself or his views.

11 [Laughter.]

12 MS. BLAKEY: But I was just thinking that we
13 could possibly add a paragraph along the lines of we
14 understand that state DOTs have specific functions in
15 the context of the authorizing and appropriations
16 directives of Congress and our recommendations should
17 not be construed to try to interfere with their being
18 able to accomplish their work or something to that
19 effect so that we recognize the role of state DOTs, but
20 the overall recommendations remain intact and not, as
21 Lance was saying, watered down.

22 COMMITTEE MEMBER: We have now discussed this
23 in, I know, at least two, now three different
24 subcommittees, the same kind of situation where you are
25 faced with well, do we even spend time working on this

1 issue knowing up front that we are not going to have a
2 consensus because somebody really spoke up about it
3 early one. My view is I think the discussion itself
4 can be as valuable as a consensus document. We are
5 having that discussion, allowing government officials
6 to hear the dissent, but to also recognize the
7 magnitude of the dissent. If it is just one person and
8 then you have the entire committee talking about
9 something over here and one person talking over here,
10 it is good for the agency officials to hear things like
11 that.

12 One way around it -- do what they do in the
13 U.N., bracket language, make sure that the
14 recommendation accurately reflects the dissention. It
15 cannot just acknowledge it. That is not going to
16 suffice. It has to at least explain the dissention
17 somewhat, not devote pages to it, but -- and then move
18 it forward with the bracketed language. That way the
19 Secretary gets a recommendation, sees the ultimate
20 viewpoint, and then can move forward. It is the U.N.
21 It is the most fair process in the world.

22 MS. BLAKEY: They also do not accomplish
23 anything.

24 [Laughter.]

25 COMMITTEE MEMBER: I hesitate to advocate the

1 U.N. as a model.

2 [laughter.]

3 MR. LONG: One way to deal with that rather
4 than go to bracketed text and delay a decision on
5 something that to me sounds like it is very well-
6 advanced would be simply to say that these points were
7 raised. The committee felt overwhelmingly that they
8 have been addressed in these points and that is it.

9 CHAIRMAN BLASGEN: You know in business --
10 when I was in the food industry if I went to
11 manufacturing and said if you spend \$10 million more in
12 flexibility, I can give the company \$15 million in
13 transportation savings, would you do it? They would
14 say well not if I am graded against only manufacturing
15 costs. I am not graded against total supply chain
16 costs and transportation savings do not impact.

17 Isn't that what we have here? I mean we are
18 trying to say this is the total country -- if you will
19 -- supply chain competitiveness agenda. There is going
20 to be puts and takes. If I spend \$10 million in
21 manufacturing and get \$15 million in savings, Shawn,
22 wouldn't that be a good calculation for your
23 shareholders?

24 MR. WATTLES: Oh, yes.

25 MR. STEENHOEK: But don't you think there

1 needs to be some kind of allowance. I am not
2 suggesting it has to be a manifesto dissenting opinion
3 that goes all the way up to the Secretary. I am not
4 suggesting that, but let us assume within a
5 subcommittee you vigorously debate it ad nauseam and
6 after this marathon debate there is still one or two
7 people that say I am not with you. I think this is
8 contrary to the interest of my organization. I think
9 it is contrary to the interest of the United States. I
10 am looking at it holistically too.

11 COMMITTEE MEMBER: The latter part would be
12 fine. Mike, but it is contrary to the interest of my
13 organization is not why people are on this committee.

14 MR. STEENHOEK: Sure. Let us say both. Let
15 us say whatever it is -- whatever organization. Any
16 of the subcommittees, there is a prospect of that
17 happening. Someone believing, I think it is contrary
18 to the interests of the United States.

19 So then the options are: a) provide some kind
20 of avenue for that dissenting opinion to be a voiced,
21 whether it is in general terms or in specific terms. I
22 would lean more toward general. What is the
23 alternative? If the person thinks okay there is going
24 to be a recommendation that I think is going to be
25 pernicious to the United States, pernicious to my

1 organization, maybe both. What option does that
2 individual have? Resign from the committee? We do not
3 want to encourage that.

4 I think there is a way of really pleasing
5 both. The dissenting opinion just wants to make sure
6 that their perspective is voiced, that they do not get
7 lumped in with a recommendation they think is going to
8 be harmful. Whether rightfully or wrongfully -- if
9 they think it is harmful, that is what matters.

10 So why can't you just have something that is
11 internal to the -- maybe it does not get advanced to
12 the Secretary. So the Secretary is getting the
13 recommendations, but maybe just internally post it on
14 the website, you know, here are the recommendations
15 advanced out of the Finance Committee or whatever
16 committee. Here are some other perspectives on this,
17 but then you are only taking the recommendations and
18 sending it to the Secretary. So the Secretary is not
19 getting two papers and having to weed through, now what
20 is the perspective of this organization.

21 COMMITTEE MEMBER: And the minutes are public,
22 so the minutes are published. It could be in those.

23 COMMITTEE MEMBER: That is all the person --
24 that is all the dissenting opinion is going to care
25 about. They just want to make sure I am not lumped in

1 with a recommendation that I think is harmful, whether
2 rightfully or wrongfully.

3 COMMITTEE MEMBER: That is kind of what I what
4 I was going to say is maybe there is just a way to say
5 in one paragraph, a very short paragraph -- there was a
6 discussion about the state's--in this particular case--
7 the state's DOT roles and blah, blah, blah. Go through
8 the -- three descriptive sentences on what the
9 discussion was about and leave it at that.

10 You do not have to say who was upset. You do
11 not have to say that it was 1 versus 20. You could
12 just say there was a discussion about this, but the
13 committee overwhelmingly went with this, and then --

14 COMMITTEE MEMBER: Yes. I think that is fine
15 -- the committee aligned, however, to this
16 recommendation. Not here is a recommendation and then
17 here is another paper you must read with a different
18 opinion. That is what I am trying to --

19 COMMITTEE MEMBER: A discussion came up about
20 blah, blah, blah and the committee overwhelmingly
21 supported what we are submitting to you today or
22 something like that. That way it is in there, it is
23 acknowledged, but in a very minor way.

24 COMMITTEE MEMBER: Right. I think there seems
25 to be some confusion, maybe some clarity needed around

1 -- in terms of the individuals who are on the committee
2 and their participation. Are they representing their
3 individual interests or are they representing their
4 company's interest and if so, when they are voting in
5 subcommittee, are they committing their company to the
6 position if it is the company's interests?

7 MR. LONG: I will take that one. Essentially,
8 the membership in this group is not purely company
9 representation. Everyone here is a member because of
10 their individual skills, knowledge and experience.
11 Some are in specialized categories of being experts in
12 the sense of like a university expert as opposed to
13 someone who operates a supply chain.

14 So it is not necessarily -- it is not by force
15 a commitment of the company, but there is always the
16 inevitable blurring of I work for such and such an
17 organization. What I do in this committee more or less
18 reflects it in some way, but it is not a perfect
19 alignment. So it may be difficult to sort that out.

20 MS. RUIZ: So, Rick and David, I do not want
21 to take up the whole time. So maybe since we do have
22 an in-person subcommittee meeting this afternoon, if we
23 can work on a paragraph that kind of incorporates some
24 of Chris' ideas and then present it as our
25 recommendations including that paragraph tomorrow to

1 the whole committee to vote on -- because we do want to
2 be sensitive to his position as well, but we want to
3 give something to everybody to vote on. I think that
4 only one set of recommendations should be forwarded to
5 the Secretary, not all of these different --

6 MR. LONG: I understand what you are saying is
7 you want a single recommendation with clear views that
8 acknowledges there was some debate over key points and
9 state briefly what they were.

10 MS. RUIZ: Yes. And let us work on that
11 language today. We will have it ready for you by
12 tomorrow.

13 MR. LONG: Legal tells me I am empowered to
14 help you --

15 COMMITTEE MEMBER: Just a small point for
16 process. Is that something that we need to vote on,
17 the process of what the recommendations will look like?

18 That it won't be two separate papers? You have
19 outlined four different options -- just for the
20 subcommittee chairs, so they know what to be working
21 towards -- to rehash this. Is this something that we
22 need to have formally approved or --

23 CHAIRMAN BLASGEN: Well, I had asked David to
24 find out what -- so theoretically this conversation
25 could happen multiple times in different subcommittees.

1 What are they options that we put forward to everyone
2 so that they understand?

3 COMMITTEE MEMBER: But if the opinion of this
4 whole committee is this is how we want our
5 recommendation to go forward, they will look like such.
6 They will be a single set with no dissenting papers and
7 all that -- if that is the opinion of that committee --
8 then we do not want the subcommittees waste time doing
9 some other things that don't go forward with that final
10 recommendation. It would be a waste of efforts.

11 MS. RUIZ: Because I think what I was leaning
12 towards is going with option number one, just with
13 adding a paragraph acknowledging or trying to
14 incorporate some of the dissention.

15 MR. LONG: Someone had views about this. The
16 committee believes this or something like that. I
17 think that is -- from what I heard -- the consensus.

18 CHAIRMAN BLASGEN: Yes.

19 COMMITTEE MEMBER: I'm sorry. I have got to
20 ask this question. Is there an expectation that all of
21 the recommendations coming out of a subcommittee are
22 unanimous?

23 CHAIRMAN BLASGEN: No. That is why I said
24 there is a difference between agreement and alignment.
25 We want the best brains in the room to debate these

1 things. There should be some healthy discussion on
2 what is the best way to proceed. But what I would not
3 want, Shawn, is here is recommendation, then here is a
4 sub-paper -- it does not make sense.

5 COMMITTEE MEMBER: Then the other issue we are
6 going to run into is when we bring it to the whole
7 committee, if you have five people that are not 100
8 percent aligned around it, how do you --

9 [Laughter.]

10 CHAIRMAN BLASGEN: You are right. And that is
11 why --

12 COMMITTEE MEMBER: So are we going to keep
13 adding paragraphs that say, you know, well what the
14 subcommittee and then the committee -- you know.

15 COMMITTEE MEMBER: I just want to say on the
16 major points of dissent, what Lance did here was just
17 beautiful. He said here are the three things. Here is
18 why they are not relevant to the recommendation.

19 I think it is really important that you
20 capture that in the documentation, not in the
21 recommendation, but in the documentation because you do
22 not want to hand it off to the government and say, hey,
23 this is a homerun. Nobody is going to complain. You
24 want the government to be prepared and say, oh, they
25 thought this through. Here is the answer. The work is

1 done.

2 MS. RUIZ: So if we put that in the
3 background --

4 MR. LONG: For us it is a better document if
5 it says that. If we have clear recommendations with
6 broad support and the issue where there were serious
7 debates are flagged and answered, however briefly, it
8 is more intellectually honest and we can use it. It
9 does not cloud the issue --

10 CHAIRMAN BLASGEN: I am not suggesting that I
11 do not want people to be heard.

12 [Simultaneous speech.]

13 MR. LONG: So it sounds like the consensus is
14 one paper and then adjusted to reflect major --

15 MS. RUIZ: And it is sufficient to put that in
16 the background, not in the recommendation?

17 MR. LONG: Sure.

18 MS. RUIZ: Okay.

19 MR. GRENZEBACK: The entertaining thing about
20 the discussion that I have been having with Chris is
21 that he is actually not objecting to what the
22 recommendations say. He is actually objecting to his
23 interpretation of what the implications of those could
24 be and sort of saying, if you put these recommendations
25 in place, we will have a half-empty glass and it will

1 get worst and we could lose money.

2 I have been suggesting to him that if you put
3 these recommendations in place, you might, in fact, get
4 more public and private investment in supply chain
5 transportation that would benefit state DOTs. He is
6 objecting to a future --

7 CHAIRMAN BLASGEN: Which could be a relevant
8 part of the recommendation from the whole, more money
9 for transportation -- there is a blinding -- of the
10 obvious.

11 [Laughter.]

12 COMMITTEE MEMBER: Well, I can see why you are
13 the Chair.

14 [Laughter.]

15 [Simultaneous speech.]

16 MS. RUIZ: So my report is done.

17 CHAIRMAN BLASGEN: So tomorrow we can talk
18 about the results of your meeting today and decide are
19 we at a point where we can recommend that and have a
20 vote on it.

21 MS. RUIZ: Okay.

22 Chairman BLASGEN: All right. Thank you.
23 Good conversation.

24 Norm? Is Norm -- do you want to talk about
25 regulatory?

1 alternative fuel one is important to all of us, both in
2 businesses and citizens.

3 We have also identified some number of
4 smaller--we call them--quick-hitter kinds of things.
5 But with -- I guess the expression I would use -- the
6 enemy of good is perfect. We can tackle some -- if we
7 tackle all big projects, we are going to be here, who
8 knows, trying to resolve some of those things. So we
9 have identified some smaller ones, simple things that
10 as a regulatory change on the ability to use a third-
11 party provider or employee reporting, some of these
12 types of things that, again, they are not real
13 glamorous, but they do have an impact on supply chain
14 competitiveness because they drive cost up and have
15 other implications on that. So we did some shaping of
16 different things this morning so when we have the full
17 report tomorrow, we will get into more detail on that
18 one.

19 I guess the last thing that came up that -- I
20 think Ron and I are on a couple of committees and it is
21 kind of a question that -- and I know a lot of work
22 that we have done in the past and that is on the area
23 of workforce planning that -- where this one actually
24 belongs or do we have kind of a crossover subcommittee
25 on that one because we know there are multiple groups

1 kind of looking at that.

2 That is kind of a question how to move --
3 again, it is an important topic. I think there is a
4 lot of interest on that, but as a broader committee,
5 how do we want to -- if you want to keep it within
6 ours, that is fine, but we need more crossover
7 participation if it belongs somewhere else. We can
8 tighten up that one particular issue because it is a
9 big, broad issue and an important one. We just need to
10 find out how to maybe have a little better coordinated
11 way in going after that one.

12 CHAIRMAN BLASGEN: Because other subcommittees
13 are getting at it?

14 COMMITTEE MEMBER: It is coming up a lot.

15 COMMITTEE MEMBER: As Norm knows because he is
16 also on the Trade Subcommittee and we are looking at it
17 there too. So we want to be sensitive not to do
18 redundant work on this.

19 COMMITTEE MEMBER: To be clear on the
20 workforce development, is that, for example, dealing
21 with the growing truck driver shortage? Is it diesel
22 mechanics? Is it all the types of flavor for
23 distribution centers? There seems to be shortages
24 cropping up everywhere now.

25 COMMITTEE MEMBER: If I may? It is primarily

1 focused on two areas. One is STEM education, but the
2 other is craft labor. None of what we are talking
3 about is going to happen if we get hit with an acute
4 labor shortage for, you know, welders, et cetera, et
5 cetera because what happened in the middle east when
6 they were talking about doing all of these grandiose
7 expansions from chemicals all the way to finished
8 goods, within a year or two they ran into a labor
9 shortage. Everything came to a screeching halt because
10 the costs went through the roof.

11 So they could not complete projects because
12 they just could not justify the economics anymore. And
13 they had a lot of resources moving into these projects.

14 So that is, I know, a concern of our industry, but I
15 have been involved in it for about two years now, in
16 discussions about shale development and what it could
17 mean to manufacturing in the country, just from that
18 pure perspective. Every single sector in this economy
19 identified that as probably one of their top one or two
20 issues.

21 COMMITTEE MEMBER: I would like to put forth
22 an idea of perhaps creating a new subcommittee on this
23 issue because it is rampant. Again, manufacturing,
24 every single sector in the supply chain is looking for
25 labor right now, trying to figure out where to get

1 craft labor, encouraging individuals to go into that
2 field. Look at the average age of a truck driver, the
3 rail industry. Everybody is senior and it is a
4 fundamental competitive issue at this point.

5 We cannot grow without the workforce -- I have
6 heard of companies signing -- hey, I am not going to
7 put my new millionth -- PC next to the new Amazon one.
8 Amazon grabbed all of the labor already.

9 [Laughter.]

10 COMMITTEE MEMBER: So this is not just a
11 national issue -- that resonated here.

12 [Laughter.]

13 CHAIRMAN BLASGEN: Right before you said that,
14 I mentioned to David, I wonder if this deserves its own
15 subcommittee. I know in my world, our universities--
16 from a management side--are not pumping out enough
17 logistics and supply chain graduates for the draw that
18 is on them global -- and then we are also trying to get
19 our field, our discipline into lower levels of
20 education so that you do not stumble across it when you
21 hit a business class in college somewhere.

22 COMMITTEE MEMBER: Let me just second that
23 thought. Our Chicago executive supply chain decided
24 that that is going to be a primary focus across the
25 board from do we have enough [indiscernible]

1 information oriented [indiscernible] we got a big note
2 of that, truck drivers, trucking companies want,
3 railroads cannot get locomotive engineers, and welders,
4 and so forth. We formed a committee to actually tackle
5 that across the spectrum, the skills for highest paid
6 software engineers to low-grade workers that are
7 [indiscernible].

8 MS. BLAKEY: And there are some very
9 interesting kind of specific dysfunctions in some of
10 these issues that are related to this and while it is
11 not especially a question of education, it is a
12 question of dysfunctional policies in a way. With
13 truck drivers, for example, most people do not come out
14 of high school, wait eight years, and then say I think
15 I will become a truck driver and yet that is
16 essentially what the insurance requirements that won't
17 insure CDLs until they are 25 years old, essentially
18 force the workforce into.

19 So the opportunity to have a subcommittee that
20 is going to consider a number of different facets of
21 this issues is, I think, a real opportunity. I know
22 there are some members of Congress who are interested
23 in looking at that specific problem, actually.

24 COMMITTEE MEMBER: If you have 44 million jobs
25 that are directly associated with logistics, but you

1 really have no training programs to speak of, the
2 majority of the people that you see in high positions
3 now -- they usually started in the warehouse and just
4 worked their way up and figured it, but they had no
5 formal education or training. I even know some
6 carriers that are getting desperate enough that they
7 are going to the prisons and trying to put some
8 programs and train them while they are in so they will
9 have drivers when they get out.

10 You have the assets. We have the truckloads
11 that need to be moved, but we just do not have the
12 drivers. That is a major issue from the grassroots
13 level. So some type of training would definitely be --

14 COMMITTEE MEMBER: Would you mind getting me a
15 list of those companies that are hiring prisoners.

16 [Laughter.]

17 COMMITTEE MEMBER: They are looking to train
18 them.

19 COMMITTEE MEMBER: Work release.

20 [Laughter.]

21 COMMITTEE MEMBER: Yes, I am thinking where I
22 do not want to put my freight contracts.

23 COMMITTEE MEMBER: [indiscernible] come back
24 to economic development. Georgia, for example, was one
25 of the first out of there that said if you want to

1 locate your manufacturing distribution operation, we
2 will recruit, we will find, we will train the workforce
3 for your building. That became one of their big
4 incentives to secure industry. So this is something
5 that at least on a regional and center point here, a
6 known factor from day one, it's look at the top
7 location consideration for selecting sites -- jobs, you
8 have the labor available. And this is now on a
9 national level.

10 New Century, a major trucking company, went
11 under. It happened over a weekend. There were people
12 there with their notebooks saying, hey, you know, when
13 the drivers showed up the next day. There were lawn
14 signs out there. Hey, come work for my company.

15 So it has reached that desperation level. So
16 we can talk about all of the great recommendations
17 here, but if we do not have the labor force behind this
18 -- as Juan just mentioned -- for the manufacturing, for
19 the supply chain and getting it back to the high
20 schools.

21 If you start talking about prison labor --
22 yes, I -- kind of the same thing here. I would like to
23 see them get a TWIC card.

24 [Laughter.]

25 CHAIRMAN BLASGEN: I am hearing that there is

1 a lot of passion --

2 [Simultaneous speech.]

3 COMMITTEE MEMBER: Exactly.

4 CHAIRMAN BLASGEN: Does it belong in its own
5 subcommittee or does --

6 COMMITTEE MEMBER: I think so. It is huge,
7 Rick. And not only that, it is time sensitive not just
8 from a labor demand side -- we have got tens of
9 thousands of people returning from overseas within the
10 next couple of years who are going to be hungry for
11 work, have the qualifications, at least, to be able to
12 pass a drug test and get into training programs. If we
13 do not come up with a recommendation or do something
14 now, we are going to lose the opportunity and we are
15 literally going to lose an entire candidate pool to
16 going back on the block and doing who knows what.

17 MS. BLAKEY: Yes, this qualifies as a separate
18 subcommittee in my mind because it is a really multi-
19 dimensional problem. I think that element is kind of
20 like -- It would be one of the defining characteristics
21 to me of what merits a full subcommittee.

22 MS. MELVIN: I feel bad that I stepped out of
23 the room because this is actually -- I agree it is
24 worthy of its own subcommittee. I do not know exactly
25 what the discussion was while I was gone, obviously,

1 but considering what NASCO does -- what we focus on is
2 the freight logistics, energy and skilled workforce
3 issues.

4 I know that there has been kind of a from top-
5 down directive for the committee to think about North
6 American perspective on several issues that we are
7 covering. One of the things that NASCO promotes is
8 North American portable credentialing system for
9 manufacturing and logistic jobs, that if you are
10 trained in one country and you move to another, that
11 your credentials have value and are respected and have
12 merit. We promote several different training courses
13 related to entry and midlevel logistics and
14 manufacturing certification programs.

15 So it goes right into line with what you guys
16 are saying. So I think it is definitely more its own
17 subcommittee. And we can even have a North American
18 approach to it if that is something that we still want
19 to do in that committee.

20 CHAIRMAN BLASGEN: So how do we proceed?

21 COMMITTEE MEMBER: Do you need a motion for
22 that?

23 MR. LONG: Are there any dissenting voices on
24 this?

25 COMMITTEE MEMBER: Preaching to the choir.

1 [Laughter.]

2 MR. LONG: I guess a volunteer to suggest a
3 few of the basic things you would like to see in this
4 would be terrific. Let's do it. Yes, if you can rough
5 out the ideas of what you think would be integral, we
6 will make it happen.

7 COMMITTEE MEMBER: Maybe we can just sit and
8 work something out real quickly.

9 MR. LONG: Let me know. Volunteer if you
10 would like to be on it. It would be great. It sounds
11 like there is a lot of interest in this and we will set
12 the thing up and make it happen.

13 CHAIRMAN BLASGEN Great. Alright, Norm,
14 anything else?

15 MR. SCHENK: No. We will have a full report
16 tomorrow.

17 CHAIRMAN BLASGEN Thanks. Next, Mike?
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FINANCE AND INFRASTRUCTURE**Mike Steenhoek****Subcommittee Chair, Finance and Infrastructure**

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5 MR. STEENHOEK: I will, obviously, give a more
6 comprehensive report tomorrow, but at the last
7 committee meeting in June, we submitted our
8 recommendations and then what has been forwarded to the
9 full committee is a document that has additional
10 context and the arguments have been substantiated. I
11 want to thank the members of the subcommittee,
12 particularly Leslie and Lance, for all of the work that
13 they have done in producing this document.

14 The particular, specific recommendations, they
15 are across the various modes and they are categorized
16 as either a collection mechanism or either generating
17 revenue and also recommendations that relate to the
18 distribution of those funds once the funds have been
19 generated. They are divided up, starting on page
20 three, the specific recommendations -- everything from
21 restoring the purchasing power of the fuel tax,
22 increasing it and also indexing it to inflation, the
23 railroad rehabilitation and improvement financing
24 programing that is a distribution mechanism that is
25 geared toward more of a short-line railroads. It is a

1 loan guarantee program. Harbor Maintenance Trust Fund
2 -- we see a lot of movement on that, a lot of notoriety
3 about that issue since the President signed the Water
4 Resources Reform and Development Act in this past June.
5 So there have, fortunately, been some favorable
6 developments on that.

7 Talking about making sure that money is used
8 for its original purposes and also having expanded
9 qualifying activities which will satisfy both the
10 interest of the ports that have benefited from it
11 historically, but also those ports that have been
12 classified as donor ports that generate a lot of that
13 revenue, but yet are not beneficiaries of it. Those
14 are primarily ports on the west coast.

15 Increasing the fuel tax that is paid by the
16 barge industry that goes into what is called the Inland
17 Waterways Trust Fund to help maintain our navigable
18 waterways.

19 There is a lot of support for the TIGER
20 program. I just saw that the sixth round of recipients
21 was announced just today. Was it not? So an
22 initiative that is severely oversubscribed, very
23 popular and we would like to see that continue.
24 Emphasizing one of the beauties of the TIGER program is
25 that it does have more of a regional and holistic

1 approach. It is not just a parochial approach to
2 divvying out funds. We think that needs to be promoted
3 and enhanced.

4 So I just gave kind of the nickel tour. Any
5 questions? Any comments?

6 COMMITTEE MEMBER: I read through it and I
7 thought it was very-well done. I truly understand why
8 you have taken the -- we do not have enough money. The
9 motor fuel tax that has not changed since 1993 and
10 inflation -- certainly we have vehicles that are more
11 efficient, so it is sort of a no-brainer that there
12 cannot be enough money.

13 But I almost would like to see a fifth
14 principle added. I liked your four principles, but I
15 think the fifth one really around what -- the money is
16 spent yielding the most benefit possible. So that it
17 isn't just for bringing in more money, but somehow that
18 we can spend that money not just for where it is
19 generated that it goes back into that, but that it is
20 very precious spent. It is really carefully spent
21 and not sorted of wasted.

22 I think we would probably all agree that there
23 is lots of money that is wasted today and having that
24 fifth principle around there -- I know in 1997, the I-
25 35 bridge collapsed in Minnesota. Typically, a bridge

1 takes five years to build and they did it in a year and
2 14 months and ended up with a state-of-the-art bridge
3 that has lots of benefit and is environmental. So I
4 think defining that value around safety and quality
5 costs, environmental sustainability -- I just think
6 that would be a really good add to that so that it
7 isn't just for bringing more money in, that we are
8 going to spend it more carefully.

9 MS. STEENHOEK: Sure. Other thoughts?

10 COMMITTEE MEMBER: A lot of comments that
11 were made seem very generalized and probably
12 purposefully so. Does the document need to dive
13 deeper, more detail as to suggestions on how to pull in
14 those funds or how to dispense or identify those funds,
15 et cetera?

16 CHAIRMAN BLASGEN: As a subcommittee, you can
17 get as detailed as you want, things that we want direct
18 action on.

19 MR. STEENHOEK: Sure. Well, yes. The answer
20 to that question is we can go as detailed as the
21 members of the committee will allow.

22 MR. LONG: So it is not the only bite at the
23 apple either.

24 MR. STEENHOEK: Right. But to just pick one
25 of them -- we had pretty, I think, very principled but

1 definitely differences of opinion on just the harbor
2 maintenance issue and about -- used for its original
3 purposes with expanded qualifying activities. And the
4 whole issue of qualifying activities, just that was a
5 point of disagreement and the people on either side are
6 principled, knowledgeable individuals and I do not
7 disparage either perspective. They are just
8 approaching it from what they think is best.

9 The minute we would have gone any more
10 specific--in my opinion--on this one issue, the
11 probability of even this being a part of our
12 recommendations would have gone down significantly. So
13 that is that balance. You do not want to be just
14 totally insipid and say, harbors are good.

15 [Laughter.]

16 MR. STEENHOEK: Obviously for it to be a
17 worthwhile endeavor, you have to go more specific than
18 that, but then there is that point where all of a
19 sudden, you no longer have any degree of consensus. So
20 that is the challenge on every one of these
21 suggestions.

22 MS. BLAKEY: Jevon, what did you have in mind?

23 MR. JAMIESON: Well, specifically like the
24 VMT, vehicle mileage tax, and when you look at the
25 document, there seemed to be no recommendations or

1 thoughts ore pieces. So I am just wondering what was
2 the group's concept. What was the idea? What was
3 bantered back and forth? That sort of thing --

4 MS. BLAKEY: You mean except to transfer to
5 that --

6 MR. JAMIESON: From the highway side of
7 things, there is a big dissention in going away from --
8 and going more towards a vehicle fuel tax. So I am
9 just -- I am new to the group and this is the first I
10 read it, a couple of days ago. So I am just trying to
11 get some points of clarification.

12 MR. STEENHOEK: It was more kind of a
13 philosophical discussion. We did not get into, okay,
14 how would you institute this? Would you have some kind
15 of GPS monitors on vehicles or will you just have the
16 odometer read it -- an odometer read annual who does it
17 with a rate per miles? We did not go into that. That
18 would have been --

19 MS. BLAKEY: We did not really try to go
20 technical on any of these in terms of the -- the array
21 is large and so we, as Mike said, tried to take more of
22 a -- in a general sense would make sense. The
23 practicality of some of these is challenging. No
24 question.

25 CHAIRMAN BLASGEN: So are you of the opinion

1 you are close to making a recommendation to the full
2 committee? Is this it?

3 MR. STEENHOEK: Yes. I think the next step --
4 and we are getting that feedback from the full
5 committee already and then it is up to the full
6 committee to --

7 MR. LONG: That is on tap for debate and
8 closure tomorrow?

9 MR. STEENHOEK: Yes.

10 MR. LONG: Do you anticipate any major
11 controversies? We discussed some of the issues with
12 the Freight Policy Committee. There is major dissent
13 there. Do you foresee any large issues that still need
14 to be --

15 MR. STEENHOEK: I really do not see someone
16 having a real objection, a strident objection to any of
17 these. I think the feedback will be more in the form
18 of tweaking here and there, maybe some are -- most
19 everyone is going to want to be more specific, but the
20 problem is when my specificity conflicts with his
21 specificity. That is when you are going to have to
22 say, well, I guess we are going to have to step back
23 and then just keep more at the general perspective.
24 But I do not see any kind of --

25 COMMITTEE MEMBER: It has been on the table

1 for a while.

2 MR. STEENHOEK: Yes.

3 CHAIRMAN BLASGEN: It is a good question. So
4 when these recommendations come out and they reach
5 Secretary Pritzker or her team and there is a
6 discussion about them and they want more clarity or
7 more details, is there a process where it comes back to
8 us for another --

9 MR. LONG: Yes. We will see some of that
10 tomorrow. The new Under Secretary will be here talking
11 about some of the things we are doing this year,
12 talking about Single Window North America.

13 Recommendations that you make are now part of
14 my personal office business plan. I am charged with
15 actually implementing a great deal of what you
16 recommend or ensuring that it does get done.

17 CHAIRMAN BLASGEN: Well, get these things
18 done, man.

19 [Laughter.]

20 MR. LONG: I have got to talk to Sandi about
21 my problems with ITTS, but the net is, yes. The more
22 -- and the more often they see me, this whole question
23 of sequencing the recommendation so it is a steady flow
24 drives up the attention and it makes the case that
25 industry does care about this stuff so that it is a

1 multiplier. It is good thing.

2 COMMITTEE MEMBER: Okay. Terrific. I guess
3 for those who are interested, none of these are new
4 issues. There is probably several icebergs worth of
5 information underneath these.

6 If you are really desperate to spend your next
7 two years, there is a reading list on each one of
8 these, quite definitive. I think there is a question
9 that Mike could have asked in our subcommittee meetings
10 where out of the several 100 -- of financing
11 transportation improvements, which ones are relevant to
12 freight -- and which ones are most relevant for freight
13 modes. And is it a problem with finding more revenue
14 or is it a problem with spending the revenue that you
15 already have?

16 The -- that Mike kept asking for was for
17 freight, for supply chains, what financing mechanisms
18 are relevant and reasonably applicable --

19 [Simultaneous speech.]

20 COMMITTEE MEMBER: -- research any of these
21 because there is a lot of research out there already.
22 We can provide you with more reading than you would
23 ever want, I'm afraid.

24 MR. LONG: As usual, you hit it right on the
25 head. These are -- have been out there. What is new

1 inside the trade community is recognizing that supply
2 chain is really, really important in this in a way they
3 have not before. So just getting this committee set up
4 was a sea change in government attitudes about who to
5 consult on this issue. So this is a big educational
6 process.

7 COMMITTEE MEMBER: Maybe I am misunderstanding
8 it, but when you ask about potential opposition to that
9 -- the idea of raising taxes is, the suggestion of
10 raising taxes is not real embracing, particularly for a
11 company that spends over \$4 billion a year on fuel. I
12 suggest that this issue is a little more complex than
13 just raising rates as it needs to take in a whole lot
14 of other considerations in terms of -- it ties into the
15 alternative fuel issue and the disincentives out there
16 that are for trying to get companies that are trying to
17 do more to be environmentally friendly and the use of
18 alternative fuels.

19 I would just suggest at this point that on
20 face value, I would have serious concerns about this
21 particular recommendation. But instead of just being
22 in opposition to it, would suggest that I think that it
23 opens up a broader dialogue of other things that could
24 be done and impacting to look at because it touches a
25 whole lot of different areas.

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CHAIRMAN BLASGEN: Okay. And then Shawn met
with his team prior to this meeting.

1 **TRADE AND COMPETITIVENESS SUBCOMMITTEE**

2 **Shawn Wattles**

3 **Subcommittee Chair, Trade and**
4 **Competitiveness Subcommittee**

5
6 MR. WATTLES: Yes. I met with the team right
7 before this one, so sorry for making some of you stand
8 out there in the hallway to come in.

9 We basically have finalized up on our proposed
10 draft to send to Secretary Pritzker. We have got here
11 -- we made one change beyond what is currently in the
12 handout.

13 But we had an interesting dialogue as we went
14 through looking at our recommendation which basically
15 is kind of -- I would summarize this as for the most
16 part we are supporting agreements and practices, policy
17 statements that are already out there and encouraging
18 support and action from the government to basically go
19 forward with what has already been done as well as open
20 up some continued discussions around helping us open
21 foreign markets a bit.

22 So specifically, where we had some discussion
23 that we -- I found the first discussion around how do
24 you handle dissent to be very interesting because we
25 had the same issue on our subcommittee here within the

1 last hour. That is actually why we are making a change
2 to the second paragraph from what we see here.

3 We had an interesting conversation where we
4 were talking -- the second paragraph starts out, "We
5 would like to express our support for the current trade
6 economic negotiating agenda that boosts American
7 competitiveness." Next sentence is, "We also urge the
8 administration to vigorously assure adherence by our
9 trading partners to agreements that have already been
10 negotiated."

11 What we have done here is to try to strengthen
12 that. We say, "To vigorously assure adherence by our
13 trading partners to agreements that have already been
14 negotiated and to enforce those agreements. Through
15 the negotiation and adoption of trade agreements, we
16 look for the opening of markets to American products in
17 the same way" -- so that was the change that we have
18 made to that paragraph, because one of our members --
19 the legal team from the company they represent felt
20 that our comments there were too vague. So we are
21 really asking for some enforcement of the agreements
22 that have already been made in addition to just kind of
23 plotting the endorsements.

24 Beyond that, our committee is supporting -- we
25 made a statement in here supporting the Trade

1 Facilitation Agreement signed in Bali, really around
2 simplifying the export and import process. So again,
3 we do not have new actions embedded in here that we
4 want taken, but expressing our support for moving
5 forward with the simplification as seen by our last --
6 where the goal of the administration should be
7 regulatory simplification. Then, of course, we offer
8 that we are ready to support that.

9 The full committee, I think you have seen this
10 draft before we did some of the last rework here, but
11 where we have made -- based on our discussion earlier,
12 some of the changes since we have seen it -- we think
13 that we have got -- we talked about risk in here. It
14 is really kind of about fairness. We are trying to
15 make sure that it is timely. Our original draft was
16 still congratulating the Secretary on her appointment
17 which is now over a year old, so we took that out.

18 [Laughter.]

19 MR. WATTLES: We did add the reference to the
20 trade and services agreement to try to make this timely
21 as well. Other than that, we did not have any
22 significant change from what we have already seen and
23 in the interest of time--since we close in about eight
24 minutes--I will wrap with that and we can talk more
25 tomorrow if there are any specific questions. But that

1 is kind of where we left it. We think we are ready to
2 go with this latest change. We will be proposing that
3 tomorrow as our final --

4 MR. LONG: In the spirit of the World Cup, we
5 can add a few minutes.

6 [Laughter.]

7 CHAIRMAN BLASGEN: So you will have another
8 draft for us tomorrow?

9 MR. WATTLES: Yes. We have made -- Eugene is
10 magic. We have already got the one change made, so we
11 will have what we hope to be the draft ready for the
12 full proposal and see if we can get a thumbs up
13 tomorrow.

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COMMITTEE DISCUSSIONS**Rick Blasgen, Committee Chairman****David Long, Office of Supply Chain Professional**

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5 CHAIRMAN BLASGEN: So if we do, David, there
6 is a chance that we could have two or three of these
7 recommendations going at the same time. Is that
8 appropriate?

9 MR. LONG: Well, here is the deal on how we
10 need to deal with these. It sounds like we have three
11 packages basically in final form for deliberation.

12 The basic ground rule for issuing a
13 recommendation is that the full committee has to
14 deliberate on the entire text of the document and
15 approve it. It cannot be, like written here and agreed
16 to be edited later. It has got to be -- the committee
17 has got to see the whole package at once.

18 So what we can do on that is bring the stuff,
19 take a look at it. We will have the documents on the
20 screen. We will wind up doing a bunch of editing. I
21 would expect -- depending on what people view about the
22 thing -- talking through the outstanding issues and
23 trying to bring it to a conclusion.

24 If for some reason we are unable to get as far
25 with these as we would like, a fall back option is to

1 set up a full committee conference call to do a final
2 round of edits. But the basic deal is the final
3 package has to be deliberated and voted on in public
4 under the Advisory Committee rules.

5 So it looks like we have a big package ready
6 from three of the groups. This is good and we will
7 adjust the agenda for tomorrow. We will do an audible
8 on how much time to allow each one to make sure we get
9 through everything. And let's go with that.

10 CHAIRMAN BLASGEN: So if I understand
11 correctly -- just take the Finance Committee. We will
12 have the recommendations on the screen. We will go
13 through each one. We will deliberate. People will say
14 I want to tweak this, add this, delete this and then at
15 that point, does the group say, vote on that particular
16 recommendation and then proceed to the next
17 recommendation? Say if the Finance Committee has eight
18 recommendations, do you go through that or do you make
19 all of those adjustments and then say, approve them or
20 disapprove them in a block?

21 MR. LONG: My inclination would be to go with
22 the latter unless you feel too differently about it. I
23 would work through the whole thing, get the thing
24 edited up the way you want it. It seems to be in very
25 good shape. The three packages look pretty close.

1 Work through the whole thing and just put it to a vote
2 when everybody seems happy. When people are exhausted
3 from editing, that's the --

4 CHAIRMAN BLASGEN: Yes, perfect.

5 [Laughter.]

6 MR. LONG: I would ask everyone to bring in a
7 spirit of cooperation tomorrow. Editing in committee
8 is not the most fun you will have.

9 CHAIRMAN BLASGEN: But it is a good point, so
10 we are basically voting on the overall submission.

11 MR. LONG: Yes. It has got to be the whole
12 document. If you decide for some reason in the
13 discussions, that alright, we do not know what we are
14 going to do about -- make something up -- example 15 or
15 17, whatever it is. You can say we are going to drop
16 that one. But the decision has to be the whole group,
17 in public, on the record.

18 CHAIRMAN BLASGEN: But I would think there
19 would have to be -- I don't want to get too much in the
20 weeds, but I think there would have to be a way to
21 either allow an amendment to one recommendation to
22 either make the cut or not make the cut for the
23 eventual voting for en banc.

24 So, for example, finance -- Harbor Maintenance
25 Trust Fund. Let's say someone wants -- I am just

1 uncomfortable with the expanded qualifying activities
2 phrase. Maybe it is one person that says that, maybe
3 it is two people. You need to at some point during the
4 discussion of that specific recommendation where we
5 say, okay, that is the will of the full committee to
6 delete that sentence or not and then -- because that
7 determines what we are eventually going to vote on en
8 banc in the end.

9 MR. LONG: Yes. Just trust your judgment on
10 that -- when you think it makes a sensible discussion
11 in process for that. And it will be different for all
12 groups.

13 CHAIRMAN BLASGEN: It sounds good. Well I
14 know this time went really fast. We put this time in
15 place so that we could have a discussion as a full
16 committee on what the subcommittee recommendations were
17 going to look like and hear from them on that. So we
18 sort of contextually understand what we are all going
19 to vote on. So I know our time went pretty fast here.
20 We got started a little later, but hopefully you felt
21 that it was worthwhile.

22 One thing I would like -- maybe we can spend
23 just a couple of minutes. Do we want to entertain
24 hosting one of these meetings in another area or is
25 everyone just fine the way we are doing it? How do

1 people feel about that, because if we do, there has got
2 to be some alternate locations thrown up as opposed to
3 Honolulu.

4 [Laughter.]

5 COMMITTEE MEMBER: I am all in favor of the
6 holding it other places, but keep in mind if you try to
7 do something in Chicago in January, you are taking a --
8 I grew up in --

9 [Simultaneous speech.]

10 [Laughter.]

11 COMMITTEE MEMBER: So Chicago is probably
12 nothing, but you are taking a risk of a cancelled
13 meeting at the last minute. The same with Denver. So
14 January -- you want to pay particular attention to
15 where that major airport is where people have to fly
16 through because those flights can get cancelled on a
17 moment's notice.

18 COMMITTEE MEMBER: Miami.

19 [Simultaneous speech.]

20 COMMITTEE MEMBER: In January -- also this
21 meeting is nicely positioned right at the
22 Transportation Research Board -- as it ends.

23 MR. LONG: January needs to be here. For
24 planning purposes, this would be talking about possibly
25 doing it later in the year.

1 This is the first chance we have had to talk
2 about this.

3 CHAIRMAN BLASGEN: Yes. So you are saying we
4 could alter the April or June or October meetings if we
5 wanted for 2015?

6 We can talk about it in January. I just
7 wanted to throw it out there. There needs to be some
8 thought about what cities are appropriate with ease of
9 access and a place close to the airport and all that.

10 MS. BLAKEY: Wouldn't it make sense to choose
11 a location based on something we can learn from it? I
12 know that the [indiscernible] for example, is holding a
13 meeting in Memphis in a few weeks because they are
14 going to tour, I think, the Fedex facility or something
15 like that.

16 But it seems to me as though maybe among our
17 committee here we have got people who might like to
18 show off their facilities and that would be kind of
19 cool.

20 CHAIRMAN BLASGEN: I am sure in that context
21 we could probably get into a lot of cool places.

22 [Simultaneous speech.]

23 MR. WATTLES: The problem is, we are located
24 up in the other corner of the U.S., so I do not think
25 people will look at Seattle as an ideal location, but

1 we could do a factory tour there too, the Everett --

2 COMMITTEE MEMBER: Wherever we do it, we have
3 got to be open to the public too; right?

4 CHAIRMAN BLASGEN: Right.

5 MR. JACOB: I nominate 3M as well for that
6 pool for you to consider. We have some big operations
7 in Minnesota and you are welcome in January and
8 February.

9 [Laughter.]

10 COMMITTEE MEMBER: To get to Shawn's point,
11 when I was in -- we had a meeting up in Seattle. We
12 actually had the meeting at the museum on Boeing Field.
13 Then Bruce set up a tour for Boeing in Everett. That
14 was incredible. Just an idea -- it can be done rather
15 easily.

16 COMMITTEE MEMBER: So Honolulu is off the
17 table?

18 [Laughter.]

19 [Simultaneous speech.]

20 MR. WATTLES: I would suggest Seattle as a
21 possible maybe for June. We don't get very humid in
22 Seattle.

23 CHAIRMAN BLASGEN: Well we will banter that
24 about for conversation in January.

25 Welcome to our new members. Is there -- yes,

1 Gary?

2 MR. LYNCH: I just have one question. I see
3 as a potential blind spot -- I am not sure exactly
4 where it fits in. We talked about, obviously, railways
5 and waterways, et cetera, et cetera.

6 We really have not addressed the issue of
7 supply chain around pipelines, especially being on the
8 front end of the supply chain with regard to chemical,
9 waste, feedstock, et cetera. Some of the consolidation
10 that is going on there now and some of the challenges
11 that are going on from a pricing standpoint and
12 contractual standpoint as a result of consolidation --
13 the impact it is having downstream, obviously, on those
14 that rely--which is everyone--on either energy or
15 feedstock or waste and water, et cetera -- I am not
16 sure where it belongs, but I feel it is something that
17 eventually has to get worked into the agenda here as
18 well for the committees or as a separate committee.

19 CHAIRMAN BLASGEN: Well, we are going to talk
20 about the North American agenda. That probably fits in
21 there at some point in terms of conversation.

22 COMMITTEE MEMBER: The subject came up in the
23 context of permitting that talked about not just
24 pipelines, but the whole infrastructure for the supply
25 chain all the way to finished goods. One of the

1 resounding things was permitting processes and that
2 kind of thing, but that is the only context so far.
3 And that was the regulatory --

4 MR. LYNCH: This is related to the
5 transportation of hazardous materials and et cetera, et
6 cetera as well?

7 COMMITTEE MEMBER: We only talked about it
8 briefly. We did not take a deep dive at all.

9 MR. LYNCH: Yes, environmental, hazard,
10 especially some of the regulatory issues now that have
11 come up that are just tightening and making it more
12 difficult to move through that supply chain or change
13 the supply chain.

14 COMMITTEE MEMBER: That would probably be
15 another fit like -- there is a regulatory subcommittee
16 that -- whether it is DOT --

17 MR. LYNCH: So I don't know if its weed
18 through all of them or if it's -- but somehow it has to
19 get incorporated. My opinion is it should be
20 incorporated.

21 COMMITTEE MEMBER: Right now pipelines are in
22 direct competition with the railroads because of them
23 hauling the crude oils and where do we get our rates to
24 put in pipelines, but through the railroads. There is
25 a very complex issue.

1 COMMITTEE MEMBER: Well, we can have the
2 discussion.

3 COMMITTEE MEMBER: I will be glad.

4 CHAIRMAN BLASGEN: And also ask the members of
5 the committee to consider if you want to join the
6 workforce development subcommittee.

7 COMMITTEE MEMBER: How do we communicate that?

8 CHAIRMAN BLASGEN: Well, tell us.

9 [Laughter.]

10 CHAIRMAN BLASGEN: There is no bureaucratic
11 process for this. It is just -- think about it. Send
12 it into David and -- definitely want to participate.
13 And then we get an action item to produce that --

14 Any other thoughts before we meet tomorrow?

15 [No response.]

16 CHAIRMAN BLASGEN: Tomorrow is at 9:00 a.m. in
17 this room.

18 COMMITTEE MEMBER: The same entrance?

19 MR. LONG: Yes, the best way to come in is the
20 15th Street entrance -- the awning one works best. You
21 are on the list, so you won't need to call or anything.
22 They will just send you directly up and we will have
23 somebody meet you there.

24 CHAIRMAN BLASGEN: Thanks everyone.

25 (Whereupon, at 3:05 p.m., the meeting was

1 recessed subject to reconvening at 9:00 a.m. on
2 September 11, 2014.)
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C E R T I F I C A T E

This is to certify that the foregoing proceedings of a meeting of the Advisory Committee on Supply Chain Competitiveness, held on Wednesday, September 10, 2014, were transcribed as herein appears, and this is the original transcript thereof.

LISA DENNIS,
Court Reporter