

ADVISORY COMMITTEE ON SUPPLY CHAIN COMPETITIVENESS

Department of Commerce
Room 3407
Washington, DC

Wednesday,
June 24, 2015

The meeting was convened, pursuant to notice,
at 9:16 a.m., MR. RICK BLASGEN, Chairman, presiding.

APPEARANCES:

COMMITTEE MEMBERS:

MR. PAUL H. BINGHAM

MR. RICK D. BLASGEN

MR. JOSEPH G.B. BRYAN

MR. JAMES COOPER

MR. PAUL FISHER

MR. BRANDON FRIED

MR. RICK GABRIELSON

MR. WILLIAM HANSON

MR. RICKY KUNZ

MR. TONY McGEE

MS. TIFFANY MELVIN (Via Conference Call)

MR. NORMAN SCHENK

MR. CHRISTOPHER S. SMITH

MR. MIKE STEENHOEK

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MR. RONALD F. STOWE

MS. ANNE STRAUSS-WIEDER

MR. JUAN VILLA

MR. SHAWN WATTLES

MR. DEAN H. WISE

U.S. DEPARTMENT OF COMMERCE:

MR. RUSSELL ADISE
International Trade Specialist

MR. BRUCE ANDREWS
DEPUTY ASSISTANT SECRETARY

MR. GLEN BOLEDOVICH
NOAA

MR. RICHARD BOLL
International Trade Specialist

MR. DAVID LONG
Director
Office of Service Industries

MR. JOHN MILLER
International Trade Specialist

ALSO PRESENT:

MS. BRIDGET CULLEN

MR. SCOTT DRUMM

MS. ASHLEY FLEMING

MR. ERIC GABLER

MS. JEAN GODWIN

MR. DEREK JAEGER

MS. NICOLE KATSIKIDES

MR. ERIC KULISCH

MS. REBECCA MOND

MS. ELAINE NESSIE

MR. STEPHEN SHAFER

MR. BENJAMIN SIEGEL

MR. ED STROCKO

MR. MARCUS TRUJILLO

I N D E X

	<u>PAGE</u>
COMMITTEE WELCOME	
INTRODUCTORY REMARKS AND MEETING GOALS	
*David Long, Director Office of Supply Chain Professional Business Services U.S. Department of Commerce	5
*Rick Blasgen, Committee Chair	8
DOT UPDATE TO ACSCC	
*Ed Strocko	11
*Nicole Katsikides	12
*Eric Babler	40
FREIGHT MOVEMENT AND FREIGHT POLICY DEVELOPMENTS	
*Rick Gabrielson	45
SUPPLY CHAIN PRIORITIES	
*Bruce Andrews, Deputy Secretary U.S. Department of Commerce	76
FINANCE AND INFRASTRUCTURE DEVELOPMENTS	
*Mike Steenhoek	93
CMTS UPDATE	
*Glen Boledovich	113
WORKFORCE DEVELOPMENT COMMITTEE UPDATE	
*Anne Strauss-Wieder	129
PERMIT SPEED AND REFORM (AD HOC SUBCOMMITTEE)	
Dean Wise	143
WORKFORCE DEVELOPMENT PROGRAMS	
*Benjamin Siegel, Department of Labor	161
INFORMATION TECHNOLOGY AND IT DEVELOPMENTS	
*Tiffany Melvin	192
CLOSING AND ADJOURNMENT	
*Rick Blasgen	201

1 I did want to call your attention to some
2 small changes in the agenda today. We had to move some
3 things around on this to accommodate one of our key
4 speakers. We had asked Mr. Siegel to come and he was
5 preempted by higher powers for this morning, so the net
6 on this is the schedule is exactly the same way it was
7 out through 11:45. That's when Mike will be talking
8 about the Finance Subcommittee, some of the new things
9 we'll be exploring there.

10 After that, we have invited Glen Boledovich
11 supported by Bill Hanson from our team here to talk a
12 little about what is going on with CMTS. Then we moved
13 lunch up a few minutes and then we have Anne Strauss-
14 Wieder and the Workforce team talking about that issue
15 followed by Mr. Siegel from the Department of Labor.

16 Then coffee. At 2:00 Tiffany Melvin will talk
17 a little about some ideas they have for data issues
18 there, and then we will resume with Dean Wise taking up
19 where we are with the permitting issues and then we're
20 back to the rest of it.

21 We will cut back the amount of time necessary
22 for the Trade and Competitiveness Committee because
23 Shawn Wattles' team has done a great job on this
24 already and we sent the recommendations through a
25 couple weeks ago.

1 Shawn, did you want to mention something about
2 your plans for today?

3 MR. WATTLES: Yeah. Thank you. So for the
4 Trade Subcommittee, since we have submitted our last
5 work product, what I would like to do in lieu of time
6 for us to present anything since we have nothing to
7 present today anyway, what I'd like to do at lunch of
8 we could just do a 5-minute sidebar over here on one of
9 the tables to discuss if there is something looming
10 that we can go to work on between now and the next
11 session. Thank you.

12 MR. LONG: Super. One last thing I wanted to
13 mention. We have our Deputy Secretary, Bruce Andrews,
14 coming at 11:00 sharp. That's sort of the only really
15 hard stop we have in this.

16 This is tremendous. They are right in the
17 middle of the U.S./China strategic economic dialogue
18 discussions today. He is very interested in supply
19 chain and he recently appeared at an APEC Conference
20 organized in large part by our colleague, Bruce Harsh,
21 whom we all know, on supply chain's SME participation
22 in that.

23 So anyway, Bruce Andrews is very committed to
24 this and also we mentioned also Secretary Pritzker's
25 engagement in this. At the -- I think many of you saw

1 it or can see it online, she spoke at the U.S. Chamber
2 of Commerce Global Supply Chain Committee Conference on
3 May 12 and touched a number of the things that have
4 been very important to us.

5 She talked a lot about supply chain
6 innovation, infrastructure and congestion issues and
7 also devoted serious time to the whole world of single
8 window processing.

9 So anyway, I just want to mention this is
10 going on. Her last direct engagement in that before
11 that was joining Secretary Foxx and the Secretary of
12 Labor in trying to bring the parties together in the
13 labor dispute on the west coast ports.

14 So without further ado, let me turn it over to
15 our Chairman.

16 CHAIRMAN BLASGEN: Great. Thanks, David.
17 Good morning, everyone. Welcome back.

18 David, one question for you. I know some of
19 us had some conversations around the discussion we had
20 with Nate yesterday and I thought that discussion could
21 have gone on for quite a long time.

22 But your perspective would be good on the
23 interest he'll have in the comments that the group made
24 and what do you think he'll do with that information
25 going back and how can this Committee have a real

1 significant impact. Because I know you felt it was a
2 great discussion as well.

3 MR. LONG: I think Nate laid it out very
4 clearly that they are not at the point where they are
5 talking about an initiative yet. They are looking at
6 these issues and they are looking at the follow up's to
7 last year's Build America Infrastructure Program.

8 But at some point there will be a very strong
9 interest in understanding what industry leaders,
10 especially those with specialized knowledge of supply
11 chain, transportation, all the related issues to that
12 have to say on the long-term issue.

13 The definition of it, is it regional? Is it a
14 national issue? What would be a good strategy not just
15 to respond to what we saw coming out of the immediate
16 issues, but what would it look like in national terms,
17 you know, if we were to think about this in a
18 comprehensive way, what would we get from having -- if
19 we fixed this problem right, for example, there may be
20 a huge upside for the country in terms of its ability
21 to sustain higher economic growth, higher trade flows,
22 all the things that feed into everything else we are
23 doing.

24 The Secretary is very interested in these
25 things, too. So I would say that although they are not

1 at a point where they are ready to make announcements
2 about, you know, where they are headed for this, they
3 are doing the listening as they said right now, to
4 understand these issues better and this may just be the
5 premier place to get people in the supply chain.

6 So I'm very encouraged by the chance to work
7 on this.

8 CHAIRMAN BLASGEN: Thank you. Our next
9 meeting is scheduled for October 7 and 8 is what I have
10 on the calendar, so as we go forward through today,
11 think about what type of recommendations may or may not
12 be in the hopper there for us to vote on coming either
13 at that meeting or before it, leading up to it with our
14 calls and so on.

15 So without further ado, let's turn it over to
16 our friends at Department of Transportation. Ed? Let
17 me get out of the way here.

18 MR. STROCKO: Where do you want me to sit?

19 MR. LONG: Sit right here.

20 MR. STROCKO: All right. All right. Thanks,
21 Rick.

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1 in no small part to the work that this committee has
2 done over the last couple of years and really has
3 spurred us on and we are ready to take the next leap
4 forward in this next year, so Nicole can brief us up on
5 that, about 10 minutes, and then I'll come back and
6 talk about some of the other things here.

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1 **DOT UPDATE TO ACSCC: FLUIDITY**

2 **Ms. Nicole Katsikides**

3 **Department of Transportation**

4

5 MS. KATSIKIDES: All right. Well, good
6 morning, everyone. I'm very happy to be here to talk
7 about all the work we are doing with fluidity, and like
8 Ed said, this committee has very much been the catalyst
9 for us to be able to take this concept of analyzing
10 freight from the user perspective and being able to
11 look at it from that user perspective and understand
12 the types of bottlenecks and issues that are occurring
13 so that we can better inform our planning processes and
14 investments.

15 There is a lot of movement going on right now
16 with the public sector with freight fluidity. We are
17 real excited about the things that have been developed.
18 A lot of different groups working with different
19 things, but we are all working together, and we are
20 most recently very energized by Federal Highway's
21 strategic initiative to advance a national freight
22 fluidity system. So I'll talk about these things as I
23 go through my presentation.

24 All right. So the importance of analyzing
25 freight fluidity, I think this group knows very well

1 just how important it is that we consider freight from
2 the user perspective for -- in the past as we have
3 tried to understand freight movement and goods movement
4 on the public sector side so that we can understand
5 what types of improvements are necessary to support the
6 economy and economic competitiveness and cost.

7 We have assembled data from different modes.
8 Mostly we have been successful with having a lot of
9 truck probe data to be able to understand truck
10 movement on the highways and working on developing data
11 sources and approaches to measurement in different
12 ways.

13 But what fluidity helps us to do is to
14 understand that user perspective, the multi modal
15 nature of freight movement, freight movement across
16 borders, throughout the U.S., throughout North America
17 and gives us that picture.

18 It illuminates the supply chains for us so
19 that we can see the bottlenecks much differently. And
20 as you all have heard before, we are emulating
21 Transport Canada's concept of fluidity and working with
22 Canada and Mexico to not only set up our national
23 system, but look at it from a North American
24 perspective as well.

25 And so this helps really to once -- if we can

1 continue to work toward fluidity and develop an
2 understanding of freight from the user perspective,
3 this is really helpful for those who are making
4 transportation decisions and investments whether they
5 are operational or if they are capital.

6 And as an example, with the truck probe data,
7 we have Port of Portland here today. We use truck
8 probe data to illuminate some of the movements in their
9 tech sector and did that project for them a couple of
10 years ago and they have successfully turned that into a
11 TIGER funded project for ITS type improvements. So
12 that is just one small example of the ways in which
13 understanding how things are moving can help us to
14 better designate operational or funding strategies.

15 So again, I think these are things that you
16 all know. Fluidity really helps to connect that
17 transportation and economic development discussion,
18 shows us where the bottlenecks and the issues are that
19 we need to address and like Transport Canada does,
20 doing this system can help with where are the system
21 performance issues but also where are the economic
22 development opportunities.

23 It really helps to engage the private sector
24 and give more of the global nature freight view, and it
25 supports a lot of what was called for in MAP-21 and

1 what looks to be happening in Grow America and the
2 future of the types of freight, things that we need to
3 consider.

4 And it also helps support not only the
5 Department of Transportation, but obviously here at
6 Commerce, the work at Commerce, the Army Corps of
7 Engineers is very supportive of this and interested,
8 agriculture, energy and other regional groups like I-95
9 Corridor Coalition and many others. So this has been a
10 very popular initiative for us.

11 A few things about the applications throughout
12 the U.S. I think there is quite a bit happening.
13 There has been a lot of movement. I think this -- like
14 I said, this is really resonating with a lot of groups,
15 not only at the national level, but also at state and
16 regional levels. They are really looking to this to
17 try to better inform their information about freight
18 and the planning method put together.

19 Last year we had a workshop with the
20 Transportation Research Board and several of you
21 participated in that and helped provide your expertise
22 about the private sector side of things so that we
23 could understand how we might get to a fluidity system.

24 And since that, and that was in May of 2014,
25 since that workshop, there has been quite a lot of work

1 that has been underway or completed. You have heard
2 from Joe Bryan who has spoken about the work we have
3 done in concert with the Department of Commerce and
4 the I-95 Corridor Coalition and we have been able to
5 look at some key supply chains throughout the U.S. and
6 understand the types of data necessary and the types of
7 things we need to consider if we can take some steps
8 forward.

9 We also have work that we are doing with a
10 group called the North American Transportation
11 Statistics Interchange, and we have partnered with
12 Canada and Mexico and have done some initial runs of
13 fluidity and I will show them to you, the strategic
14 initiative that I mentioned that Federal Highway is
15 funding to help build out this national performance
16 measurement system.

17 At the regional corridor and state level, a
18 lot going on, a lot in concert with the work that we
19 are doing. We are seeing border crossing work in
20 Texas, state level fluidity analyses and implementation
21 in both Maryland and Florida and most recently I heard
22 about some projects in a lot of metropolitan areas
23 including Chicago. So there is quite a lot of interest
24 and a lot happening.

25 A few examples, and I will go through these

1 quickly and we can always make these available later.
2 This is an example of the work we have been doing with
3 Canada and Mexico through the Transportation Statistics
4 Interchange.

5 We looked at a key NAFTA corridor from
6 Windsor, Ontario to Nuevo Laredo and this is for
7 automotive parts manufacturing supply chain, and we
8 were able to use our probe data, our truck probe data
9 to understand the travel time between Canada all the
10 way through the U.S. and Mexico.

11 I think Transport Canada also gave us some
12 railroad data. We don't have -- we need to improve our
13 railroad data here in the U.S. We don't have the same
14 access that Canada has, but Canada has direct railroad
15 data, so they were able to see travel times for
16 railroad data through for this corridor, but over to
17 Tennessee and then down to Mexico.

18 So that is information that we have been
19 playing around with and monitoring and we are
20 continuing to see how we can work together as the three
21 nations to continue to look at various supply chains.

22 This slide just shows you -- this illustrates
23 the truck probe data that we have. We tracked 524
24 trucks that were coming from the automotive sectors and
25 Canada and looked at where they went and then tried to

1 analyze the travel times.

2 So for what you see here, the slide before was
3 actually the result. On average it takes about two
4 days and six hours to get from Canada to Mexico and the
5 border crossing travel time is relatively short into
6 Mexico, it is about 3 minutes and 33 seconds.

7 So that is the kind of thing that we are
8 working on and building out and doing, trying to
9 replicate for other supply chains as well. So this is
10 just one example.

11 A couple of other things to mention. This is
12 work you have seen before from Joe. This is the I-95
13 Federal Highway Department of Commerce work where we
14 looked at five key supply chains and we were able to
15 analyze them. This is the target supply chain.

16 I think what was really valuable about this
17 work is it helped us understand the data that we needed
18 to pursue and it was very comforting to hear that yes,
19 there is data available, we can get rail data, we can
20 get some of the other data that we need.

21 We have to look at the types of relationships
22 that we need to do here in the U.S. to get that data.
23 We have a lot of truck probe data, but it was really
24 important that tells us that yes, we can do this, we
25 can do this work, we can look at these different supply

1 chains and move forward.

2 So with that, our next steps, we are going to
3 -- I mentioned the strategic initiative at Federal
4 Highway. We are looking to take this work, build on
5 it, get the data that we need, get the arrangements
6 that we need and try to implement a North American
7 measurement system.

8 We want to continue to work with our partners
9 on continued supply chain analysis and support state
10 and regional analyses as well that are happening and go
11 forth and try to improve data and analytical options.

12 We have got a lot of work going on right now.

13 One with other transportation research boards to look
14 at big data and how we might skim some of the
15 transactional data that the private sector has,
16 anonymize it and use it to either supplement or enhance
17 the data that we already have, and we also have some
18 work in its infancy with like MIT, looking at how we
19 might combine truck probe data and commodity data and
20 get some more information about that as well.

21 So with that, that's where we are with freight
22 fluidity. I think we are taking some really good steps
23 forward. There is a lot happening, a lot of work being
24 done and we will probably be having a workshop with the
25 Transportation Research Board that would be open to

1 those of you in this room.

2 I am going to say in the late fall there will
3 be more to come with future efforts for that.

4 MR. LONG: Questions? Any questions for
5 Nicole?

6 MR. FISHER: Is the data you use, is that
7 voluntarily given to the Department?

8 MR. LONG: Can you speak up?

9 MS. KATSIKIDES: We can't hear you very well.

10 MR. FISHER: Oh, I'm sorry. The data you are
11 using, is that voluntarily contributed by companies?
12 Or is that something you gather regularly at the
13 Department?

14 MS. KATSIKIDES: It is something -- the truck
15 probe data we gather regularly through the Department
16 through a relationship with the American Transportation
17 Research Institute and they worked with industrial
18 partners to be able to get this truck probe data.

19 They get it from different vendor sources and
20 they are a trusted third party for us, and so they run
21 the analyses for us.

22 Transport Canada gets the truck probe directly
23 from companies and also rail data directly. They have
24 different legal mechanisms for holding data than we do,
25 so they -- the example that I showed you for the NAFTA

1 corridor, they provided their data and then we provided
2 ours and we looked at the differences between the two.

3 But it looks like we will probably be having
4 to -- we are not getting anything voluntarily. We are
5 definitely procuring these different data sources at
6 this time.

7 MR. FISHER: What about rail data? Do you
8 get rail data from the U.S.?

9 MS. KATSIKIDES: No. That is one area that
10 we need to look into. There are options. Joe's work
11 really found that there are definitely options that we
12 can pursue, so we are having those discussions now to
13 try to figure out how we can get that data, the best
14 way to use it, if there is -- if we need a different
15 type of mechanism like a trusted third party, but there
16 are options and so we are pretty optimistic that we can
17 take some --

18 MR. FISHER: Because intermodal exchange time
19 would be important to understand this last mile and I
20 think would be a big part of the fluidity analysis.

21 MS. KATSIKIDES: True, yeah.

22 MR. FISHER: Thank you.

23 MS. KATSIKIDES: Sure.

24 MS. MELVIN: Can you guys hear me? I don't
25 know. This is Tiffany on the phone.

1 CHAIRMAN BLASGEN: Hi, Tiffany. We can hear
2 you.

3 MS. MELVIN: Hi. I'm getting a little bit of
4 -- maybe a little bit of interference, I'm sorry, but
5 can you guys hear me okay?

6 CHAIRMAN BLASGEN: Yes. Did you have a
7 question for Nicole?

8 MS. MELVIN: So I just had -- I do, I have a
9 question and -- and I'm sorry if I interrupted someone
10 that was also going to ask a question, but first of all
11 I just wanted to make sure like David and all of you at
12 the Department of Commerce, are we able to get the
13 slides that they're showing? Or can I get copies of
14 them emailed to me somehow?

15 MR. LONG: Yes.

16 MS. MELVIN: Okay, perfect. And then so
17 Nicole, the IT and Data Committee has just kind of
18 issued their recommendations for the single window
19 initiatives and now we are looking at kind of what is
20 the take on that, and I have been pressed for time, but
21 I have had some opportunities to speak with the state
22 Departments of Transportation that I work with and --
23 about their ideas and concepts for big data.

24 And so the update is fantastic because I think
25 that you guys are [inaudible] you guys are already

1 working on some of the issues. But something that was
2 coming up repeatedly with some of the people that I was
3 speaking with was the need for the U.S. DOT to take an
4 aggressive lead for all the freight data reporting and
5 warehousing all the data needs of the states and
6 standardizing the data.

7 So there were a couple of I guess, I don't
8 want to say complaints, but isolated complaints with
9 totally different conversations I was having about how
10 right now it's apples to oranges and the 50 state are
11 using 50 different systems and there needs to be some
12 basis for the analysis and there is even issues with
13 base year.

14 Some states are using 2010 data, some are
15 using 2012 data, and the states should be able to
16 access and use the data in the same way so that you
17 have a comparison that is standardized throughout I
18 guess our country and then as you move onto the North
19 American issues.

20 So is that the ultimate objective here?
21 Because I know you are working on performance measures
22 and you are saying that you are looking to have your
23 North American performance measures, but is the
24 ultimate goal to have all the states using the same
25 standardized data with the same base year?

1 MR. STROCKO: Hey, Tiffany, this is Ed
2 Strocko.

3 I think that our goal is to focus on the
4 federal level and we do have some federal products out
5 that are standardized. We have a probe data set we
6 give out free of charge to all the MPO's and all the
7 state DOT's so everybody is using the same truck and
8 passenger car probe data set.

9 We have the freight analysis framework that is
10 partly derived from the Department of Commerce
11 products, the flow survey as well as some other things,
12 so that's a standard platform.

13 But we also recognize the unique nature of
14 each state DOT and we want to give that flexibility to
15 states and how they want to analyze data, how they want
16 to use data. It is all different. So we want to strike
17 that balance and we also want to respect the
18 marketplace and not kill the marketplace by having one
19 federal data source recognize the need for competition
20 out there.

21 So we've tried to strike the balance there
22 between the two, so we don't see forcing states or
23 anybody to use a standard base for all their products
24 and projects.

25 We are working through a partnership with

1 AASHTO and Transportation Research Board on a very
2 large project called SHARP 2, a strategic highway
3 research program and it has a variety of different
4 products in it from different types of pavement to
5 safety applications, and one of the products there is
6 improvements to freight models and data.

7 And part of that where Chris Smith and our
8 shop are working together, we are doing data
9 standardization workshops, so we are going to be going
10 around the country in the next year bringing clusters
11 of states and MPO's together to have a conversation.

12 What makes sense for this region of the
13 country, how can they share data, how can they come to
14 some common understanding of how they would analyze
15 data in a specific region.

16 But again, leaving that to the states to
17 decide, but we want to facilitate that discussion, so
18 you'll be seeing more of that in the coming year.

19 MS. MELVIN: Okay. Good. Thanks.

20 MS. STRAUSS-WIEDER: Nicole, particularly
21 looking at the Target slide, seeing how the performance
22 measures and the information collected on freight
23 fluidity, have you looked at how that can be used also
24 in looking at resiliency efforts?

25 If this is if you have documented critical

1 supply chains, how can we tie that to making our flows
2 more resilient?

3 MS. KATSIKIDES: I definitely think that is a
4 place to go to. We haven't done that yet. I think
5 just looking, trying to get this on paper and the work
6 that Joe did and trying to get it on paper, trying to
7 understand what we can and can't do, what our data
8 challenges are, that's our first step.

9 But there is lots of applications to
10 understanding the user perspective and resiliency is
11 one of them. So when -- as we can advance and do this
12 and get this in place, I think that we can start
13 considering what we can learn from this application for
14 things like resiliency and even costs and other things
15 as well, diversions.

16 MS. STRAUSS-WIEDER: Thank you.

17 MR. WISE: Thanks, Nicole. It sounds like you
18 are making good progress and it is encouraging to get
19 all the interest from all different parties.

20 On the next steps page, you talk about
21 implementing fluidity measurement program. Does that
22 imply that you have something that has kind of been
23 scoped out in terms of a design or road map or
24 objectives that you could share with us?

25 I mean we kind of searched around in the dark

1 here and we hope you are not just kind of doing another
2 search in the dark. But what is kind of the -- what is
3 the plan?

4 MS. KATSIKIDES: Sure.

5 MR. WISE: What's the outlook going to look
6 like? And maybe back to Anne's point, what might be
7 some of the applications and who are the users here?

8 MS. KATSIKIDES: Sure.

9 MR. WISE: Because we all want more data,
10 but, you know?

11 MS. KATSIKIDES: Right. So I don't think we
12 are in the dark anymore. I think we definitely have
13 from all the work, the work that this committee has
14 sponsored and the different things that we have done in
15 the past year really helped align for us the things
16 that we need to think about and consider.

17 So now we are at this point where we really
18 think we can take some steps forward and design, start
19 designing what this looks like, and we have sketched
20 out some ideas.

21 The first thing we are going to do though is
22 work through -- we have a committee, a task force, not
23 a committee really, but a task force with the
24 Transportation Research Board that is made up of public
25 and private sector. A couple people in the room here

1 are on that committee and they have helped to advise
2 our work and to give us input on where we are going.

3 So we are going to get that committee together
4 this summer through TRB and lay out everything that
5 we've learned and all of the considerations that we
6 need to consider and then talk about what this looks
7 like and have this bigger workshop in the fall where we
8 can get some feedback on our design.

9 MR. WISE: Okay. So when you say implement,
10 you really are just at the design phase.

11 MS. KASIKIDES: Yes. Yeah.

12 MR. WISE: Okay.

13 MS. KASIKIDES: But I think that we have -- go
14 ahead.

15 MR. STROCKO: Yeah. To follow up on that, you
16 guys have been instrumental in the past, the work that
17 Carl did and Joe did and Rick's subcommittee, and I
18 would like to have the committee, either the
19 subcommittee or the full committee consider allowing us
20 to come back and discuss this further and get further
21 input and direction from you guys.

22 This committee has really helped solidify what
23 this is and given us great direction and input. We
24 need to continue to rely on you to make sure we stay in
25 a good lane, so I hope this dialogue will continue in

1 the fall as we start doing these workshops and we would
2 love to come back and get your feedback and direction.

3 MR. LONG: I had just one question about the
4 example, the supply chain with the border crossing in
5 Mexico.

6 What is the source of the 3 minute, 33 second
7 travel time at the border? Is that CBP data or company
8 data, or where does that come from?

9 MS. KATSIKIDES: The source of that particular
10 piece is the ATRI truck probe data that we get, and so
11 they were able to see a limited, a very limited amount
12 of trucks into Mexico.

13 A lot of them stopped and then they are picked
14 up on the other side, but in this case ATRI does have
15 data into Mexico and they were using the travel times
16 that they picked up from those probes.

17 MR. GABRIELSON: One detail question on that.
18 Was that both sides, or just the U.S. side?

19 MS. KATSIKIDES: Just the U.S. side.

20 MR. GABRIELSON: That's an important
21 distinction.

22 MS. KATSIKIDES: Yes.

23 SPEAKER: Yes, that's a very important
24 distinction.

25 MS. KATSIKIDES: So through this North

1 American Transportation Statistics Interchange Group,
2 we just had a -- every year we get together and meet
3 with the people who are in charge of data and
4 statistical analysis for each country and we just met
5 with the Mexican delegation.

6 We have been working with them throughout the
7 year to try to get them to have some better data on
8 their end and I think that the conversation is
9 advancing. They are talking with some of their
10 companies and trying to see if they can work with us
11 somehow, but it definitely needs to improve so we can
12 see that side of things.

13 MR. LONG: We can also introduce, well, put
14 you in contact for that thing with the people working
15 on the time release study at DHS, because one of the
16 things people are trying to measure is what is the
17 state of play right now on border crossing and
18 processing so that when single window kicks in, we will
19 have something to compare, making the baseline now,
20 where this would be a big part of it.

21 So I think, you know, getting together with
22 some of those folks, Christa has got that, Christa
23 Brozowski.

24 MR. STROCKO: Yeah, that would be wonderful.
25 And some of the other work that Nicole does, she

1 didn't talk about, we can always talk about it some
2 other times. We do do a lot of work with CBP at the
3 border. We focus a lot on the Canadian border and we
4 have done a lot of instrumentation to get some real
5 time information that CBP uses and then we use a lot of
6 the archive data both with some of the readers we have
7 there and then also with the ATRI, the probe data that
8 we get and internally every quarter we track a number
9 of the crosses in both Mexico and kind of inbound and
10 outbound to understand that the truck trip at certain
11 points going across the border.

12 So we are tracking that already, so I think
13 that will be a great partnership there with the single
14 window, some data that we have that we can contribute
15 to.

16 MR. LONG: Super.

17 MR. STROCKO: Any other questions? I will
18 quickly touch on one or two other things.

19 MS. STRAUSS-WIEDER: Just one question, one
20 additional comment. It builds on Rick's point and also
21 something we heard at our last meeting about the
22 competition for certain export products from the U.S.

23 as a potential future application, can this be
24 used as a way of demonstrating to markets overseas the
25 predictability and the sustainability of our supply

1 chains vis-à-vis other countries in providing certain
2 products overseas?

3 MS. KATSIKIDES: I think definitely. You
4 know, looking at what Transport Canada has done, they
5 have definitely done that and they have used it as an
6 economic development tool, so I think that we have a
7 real opportunity to be able to identify the system
8 performance and then things we need to improve and
9 where there is opportunity.

10 So I think there is a lot of applications that
11 we're going to find once we get where we're going.

12 MR. STROCKO: All right. I will do a quick
13 round up of some of the other things.

14 Freight intermodal connector study, we briefed
15 you last time and we got a lot of good input. Thank
16 you so much for that, and I want to thank Jean Godwin
17 and Chris Smith who pushed us on that in the early
18 stages. So we have a draft final report, a draft
19 analysis I should say. We are reviewing that now and
20 we are going to incorporate that with the case studies,
21 the stakeholder input and what we anticipate is by the
22 end of summer we will have a draft final report and we
23 would like to send that out to the committee and if
24 possible either at a subcommittee level or at a full
25 committee level when you meet in the fall, we'd like to

1 have a discussion with you about the policy
2 recommendations that might come out of this and that
3 you would see based on our work.

4 We'd be very interested in incorporating your
5 work and your thoughts into the final report on some of
6 the policy and we were looking again at funding,
7 conditions and performance and planning for the
8 intermodal connectors there.

9 Freight, National Freight Strategic Plan, Eric
10 has been busy working at that and he feels like we're
11 going to be close to something at the end of the
12 summer, a release of something, so hopefully we'll see
13 that at the end of summer.

14 The other thing I wanted to touch base on is
15 the truck size and weight study. I know the committee
16 has been very interested in that and I think David sent
17 around a week or two ago a link to the technical
18 reports, so we have five technical reports out there.
19 To remind people what Congress asked us to do, they
20 asked us to look at trucks operating at or below the
21 federal size and weight limits and then above size and
22 weight limits at the federal level and then also look
23 at some alternative configurations, the impacts on
24 modal shift, freight movement as well as safety
25 infrastructure and compliance. And then they also

1 asked about some federal laws.

2 So we spent a number of months working on
3 that. As you might imagine, this is a very complex
4 subject and you have to pull in a lot of folks there,
5 so we had technical reports on safety, on bridge, on
6 pavement, on modal shift and on compliance and then we
7 looked at six alternative scenarios.

8 Three of them were heavier vehicles, one was a
9 five axle 88,000 pound truck, one was a six axle 91,000
10 pound truck and the interest there is that it meets the
11 federal bridge formula, and then a 97,000 pound six
12 axle truck which some of the industries that move
13 heavier product and commodities are interested in.

14 Then on the other side of world we looked at
15 some logger trucks. We looked at twin 33's, right now
16 they are twin 28 trucks, so we looked at twin 33's.
17 That is of interest to the LTL industry, and then we
18 looked at two different types of triples. One at about
19 105,000 pounds and one at 129,000 pounds, and that is
20 kind of the frame. The triples that run now are lower
21 bound and an upper bound.

22 So ultimately where we are now, we lacked a
23 lot of data. We have made some improvements since the
24 last time we studied it, the freight analysis
25 framework. We have some better data on both bridge and

1 pavements and better miles, but we still lack some
2 data, and the big piece that we lack is the weight of
3 trucks involved in crashes.

4 So that's a very important piece, especially
5 our mission is safety, so we need to better understand
6 that. With the lack of data, the decision was made
7 that really couldn't make any recommendations as far as
8 changing any size and weight limits at this point.

9 So from this point forward, we had a public
10 meeting last week. We have an open docket for people
11 to comment on. In a couple of weeks we're going to go
12 to the Transportation Research Board and have a peer
13 review, independent peer review, make sure that we
14 analyzed the data correctly, our assumptions were right
15 and our findings seemed appropriate.

16 From there on, we are going to write a report
17 to Congress and look at what kind of improvements we
18 need to make or what we can do. The Under Secretary
19 for Transportation has talked about a possible research
20 agenda that will get us further along in this space, so
21 that's something we will be looking into and we hope to
22 have a report to Congress by the end of the calendar
23 year.

24 But the big thing is the technical reports are
25 out now and I will be very happy to come back at a

1 subcommittee level or at a full committee level and
2 give you a full briefing.

3 Again, this is a tough subject. Even with the
4 best data, it is kind of difficult to understand what
5 the market reaction is going to be, but the information
6 is out there, so I'm happy to do whatever we can to
7 brief you up on that.

8 Any questions on any of those topics or
9 anything else?

10 MR. BINGHAM: This is Paul Bingham. Quick
11 question on the data.

12 You have got a research agenda you mentioned
13 coming out of the truck size and weight study. Will
14 there be something more explicit specifically on the
15 data programs that ought to be implemented to be able
16 to in the future actually complete this study?

17 I mean, essentially some of the objectives set
18 by Congress were unable to be achieved because of the
19 lack of data and it seems that's not just a research
20 agenda. You know what data you don't have, so it is an
21 institutional issue of being able to have it available.

22 MR. STROCKO: And that's the conversation
23 we're having now. What does that look like, what is
24 appropriate? Who is the most appropriate body to
25 collect the data or even figure out how the data is

1 collected.

2 Some places we just don't have a good
3 methodology on how you're going to collect data. Like
4 weight -- weight on trucks that crashed, if you have a
5 truck that has a bunch of -- turns over, spills eggs
6 all over the place, we're not going to be able to put
7 the eggs back together and weigh it.

8 We also want to get the truck off the road,
9 prevent any secondary accidents. So are administrative
10 records the way to go and kind of bill of lading, all
11 those types of things we need to understand.

12 So there is some research into actually how
13 you would go about collecting that. We are very
14 cognizant of the costs imposed on our partners at the
15 states and so we want to balance that out there, so
16 that's what we will be thinking about over the next six
17 months and leading to a report to Congress. Yes, Joe?

18 MR. BRYAN: Let me ask you a -- to elaborate
19 a little bit on the National Freight Strategic Plan.

20 The reason for the question is when we last
21 gathered, there was a hope that there would be a draft
22 floated in the May/June time frame and it sounds like
23 it will be longer, which is okay.

24 MR. STROCKO: Yes.

25 MR. BRYAN: But this is a subject that this

1 committee should want to interact with. In other
2 words, when it comes out for public comment, we should
3 have public -- we should have comment and we should
4 have an organized comments.

5 So fill us in a little bit more if you can.

6 MR. STROCKO: Yes. Yeah. Eric, come on up
7 and give us the lowdown on the nitty gritty.

8 MR. LONG: Let me just mention with our
9 schedule adjustments to this, we've got time to handle
10 all of this and get full time for everything that is
11 coming behind it. So let's go after it.

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1 DOT UPDATE TO ACSCC: National Freight Strategic Plan

2 **Mr. Eric Gabler**

3 **Department of Transportation**

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5 MR. GABLER: Every single day I work on the
6 National Freight Strategic Plan.

7 One of the challenges of the plan is it is
8 meant to be comprehensive for all the freight modes and
9 it is also meant to be readable and understandable by a
10 broad audience.

11 So we are constantly sliding back and forth
12 between, or we were, we're not anymore, a very long and
13 detailed report which I think some people felt was
14 perhaps too TRB like and then something more to the
15 point and easier to read.

16 I think we have hit a reasonable compromise on
17 that and we are putting together final review drafts
18 though the Volpe Research Center, and we are also
19 putting together a map of the multimodal system, and --

20 MR. LONG: Can you move closer to the mic?

21 MR. GABLER: Oh, sure. And so where we are is
22 we are getting some -- it is definitely going to go out
23 for public comment. In other words, it won't be
24 dropped as a fait accompli. There will be plenty of
25 opportunities for people to opine as to whether we were

1 too brief or perhaps some will think too ponderous on
2 some subjects, but it will go out.

3 Again, I think as I told you the last time, it
4 will not have a broad list of prioritized projects for
5 the nation. We simply don't have that type of
6 information that we could objectively do that, and
7 furthermore, to the extent that you do select projects
8 in that manner, you would also be pre-judging
9 environmental reviews and things such as that.

10 So it will actually be, you know, the programs
11 and initiatives we have in place or would like to get
12 through legislation to greatly enhance our data
13 collection and modeling, to improve cooperation between
14 public and private sectors, to essentially create
15 dedicated funding programs for freight that people
16 could count on and the freight projects could compete
17 for without being outclassed by say non-freight
18 projects, that type of agenda.

19 And again, it is a matter of getting it in a
20 manner that we think will appeal to a broad audience of
21 commenters without burying them or likewise being too
22 superficial. So that's where we are.

23 MR. WISE: Maybe it's the projects of national
24 [inaudible]

25 SPEAKER: Microphone? Here.

1 MR. WISE: I guess maybe it's related, maybe
2 not. I'm not exactly sure how it fits, but the
3 projects of national and regional significance, where
4 does that designation -- where does that stand?

5 Is there going to be an announcement, you
6 know, and so forth?

7 MR. STROCKO: Yeah. So there is an ask for us
8 or a requirement under MAP-21 for the Department to do
9 a report to Congress on projects of national and
10 regional significance

11 We went out, surveyed. We were supposed to
12 survey the states, so we did that and then we broadened
13 that to other important stakeholders, and so we have
14 gone out twice I believe to do that.

15 We have compiled everything and we are just
16 finalizing the report now, going through the clearance
17 process. Hopefully that will be out soon. We have
18 about a little over 300 projects in there and I think
19 about, I think 400 plus billion I think was the rough
20 estimate of order of magnitude of projects in there.
21 So hopefully you'll be seeing something in the next
22 month or two or three on that.

23 MR. WISE: Thank you.

24 MR. GABRIELSON: One follow up to that. Did
25 your group go through and rank them? You mentioned you

1 have 300 projects and the dollar amount that you
2 mentioned, I'm guessing that those projects probably
3 exceed the bucket of money that you've got available.

4 Did you do any forced rankings to go through
5 and take a look at what has got the biggest impact and
6 the biggest payback for the dollars that are there?

7 MR. STROCKO: I can say we did, and Congress
8 had asked us to compare it to their requirements of the
9 law and the criteria, so we did do some analysis of how
10 do these projects meet the criteria. So there is some
11 analysis in there of that.

12 MR. WISE: The tiers, or ranks? You can
13 tell --

14 MR. STROCKO: If I tell you now it's not going
15 to be any fun at Christmastime.

16 [Laughter.]

17 MR. WISE: Great.

18 MR. STROCKO: Well, Rick, the other part of
19 your question there -- this was just a list and we
20 weren't physically constrained at all. And I think one
21 of the uses that we can envision is helping to inform
22 groups such as this committee as well as Congress about
23 what the real needs are out there, so they have a
24 benchmark in understanding the universe of what is
25 going on out there. So we are hoping that that will be

1 one of the uses there. All right, thank you.

2 CHAIRMAN BLASGEN: Ed, thank you. So Ed,
3 thanks, and Nicole and team for joining us. It is
4 always great to have that collaboration, so you're
5 always welcome to come back and integrate with our
6 group. I think there is a lot of power in the two
7 committees remaining close together, so thanks for
8 that.

9 So let's turn it over to Rick Gabrielson now.

10 We have got a real meaty area that is of near and dear
11 interest to all of us I'm sure, and Rick and his team
12 have done a great job of defining this project, so
13 let's move forward. Rick, take it away.

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1
2 **FREIGHT MOVEMENT AND FREIGHT POLICY DEVELOPMENTS**

3 **Mr. Rich Gabrielson**

4 **Subcommittee Chair,**

5 **Freight Policy and Movement**

6
7 MR. GABRIELSON: Thanks much. The west coast
8 negotiations brought to light the impact that our lack
9 of a connected infrastructure has had on the flow of
10 goods through all of our supply chains.

11 The congestion has been felt by exporters as
12 well as importers and it is not limited to just our
13 coastal, as I call them, gateways, but our inland
14 connectors as well.

15 The solutions are not a one-size-fits-all
16 strategy. They are unique and they are different by
17 region of the country.

18 Our committee has put together a framework
19 that we call it that begins to look at some of these
20 longstanding, overdue issues and hopefully, we had lots
21 of good discussion yesterday about it and I'm hoping
22 that the groups have had a chance to take a look at the
23 framework document that has been passed out and
24 circulated.

25 If not, I would ask you to take a couple

1 minutes and look at it, and just to kind of give you an
2 overview of what our thoughts were.

3 Our committee went through and we formed them
4 into short and longer range objectives or questions or
5 issues I should say. There is nothing definitive about
6 1 to 5, we just use it as a point of reference for
7 short and then longer is something after that.

8 And we went through and we tried to identify
9 high level of congestion factors that have caused the
10 congestion. And within that, we tried to identify the
11 different groups or stakeholders that need to be
12 counseled or engaged as we begin to address that issue.

13 This is meant to be high level. I'd like to
14 refrain from word smithing today on certain words and
15 that type of thing just from a broader discussion
16 standpoint. But the objective of our committee was to
17 take these different questions and put them out there
18 as an initial high level overview.

19 Try to assign the different subcommittees that
20 can go through and begin to refine it, begin to come up
21 with an approach that addresses the question or the
22 issues, along with some potential solutions, and the
23 objective would be to come back to our next meeting
24 which is in October with recommendations which would
25 mean that the subcommittees working on this would go

1 through and through conference work, begin to flush
2 this out, send it out in advance so we could come back
3 as a group and get into those recommendations by the
4 October meeting.

5 The thought today would be again, I don't want
6 to go through all of the individual questions. If
7 somebody has got something that they wanted to take a
8 look at, great. Joe has got one that he may want to
9 talk about as well, but the thought would be do we
10 agree with the approach and do we go through and agree
11 with the recommendation on the subcommittees that
12 should tackle each of these issues.

13 With that, I would open it up.

14 CHAIRMAN BLASGEN: Thoughts? Comments?
15 Violent agreement? What's that?

16 MS. STRAUSS-WIEDER: So I'm just going to harp
17 back on a favorite topic of resiliency and suggest it
18 be considered in here, because, you know, certainly we
19 talked about what happened with Ike and what happened
20 with Katrina, but I really think of Super Storm Sandy
21 where we had the massive diversions down to Norfolk
22 where it just got completely congested up.

23 So I just think if there is a way of adding
24 that in, so it's not just port congestion due to the
25 arrival of new ships and new peaking patterns or labor

1 situations, but also that type of abrupt or less abrupt
2 natural disruption so that we can figure out how to
3 handle that as well in a more efficient manner.

4 MR. GABRIELSON: Do you see one of the groups
5 that could fall into, where it could be incorporated
6 into one of the current issues that we've identified?

7 MS. STRAUSS-WIEDER: Probably freight. There
8 are a couple.

9 MR. GABRIELSON: Yeah, but look -- if you can
10 attach it to one of the particular bullets, it would be
11 helpful. That's a good point.

12 VOICE: That's a great point. We could find a
13 way to incorporate it, okay? We will just leave it at
14 that.

15 CHAIRMAN BLASGEN: So Rick, part of what you
16 are asking about is on -- there is a lot of meat here
17 and some of this has to be picked up by other
18 subcommittees, right?

19 MR. GABRIELSON: Correct.

20 CHAIRMAN BLASGEN: So, you know, maybe we
21 should touch on the high level of each one of these and
22 just see where, you know, people want to take a crack
23 at moving that into their committee, because we need to
24 get some resolution. I mean, this is a lot of meat
25 here and our committee I think can have a great impact

1 on this.

2 You know, you and I talked earlier about maybe
3 a goal of trying to have some recommendation going up
4 to the Secretary's Office by October or maybe even
5 before if possible. So --

6 MR. GABRIELSON: Yeah. And maybe another
7 approach around that is there is a number of these that
8 we have identified as part the Freight Committee, and
9 our group has agreed to be able to take those on.

10 However, we have also gone through and
11 identified some of the other subcommittees. It might
12 be good to focus on those groups to see if they agree
13 with taking that on as an issue. That might be another
14 way around the barn on that one, Rick.

15 So if you look at the second bullet point,
16 first page, improving coordination and communication
17 between ports and shippers to reduce congestion, it is
18 working agreements.

19 We had our Freight Committee, but there is
20 also a role for regulatory.

21 MR. COOPER: I had a question about that.
22 What would that rule be? Do you have like some kind of
23 regulatory scheme in mind for this? Or --

24 MR. GABRIELSON: Yeah, I know. It's for the
25 record over here.

1 The thought on that is that in order to enable
2 the ports to be able to talk together, you have to
3 enable -- they have to see to be able to go through and
4 say you are blessed, you can now talk, et cetera, et
5 cetera.

6 So there is a role for our regulatory group in
7 order to help frame that up. It is to make it easier
8 for people to talk.

9 MS. STRAUSS-WIEDER: I know it's hard to talk
10 across the table. But to go back to your question
11 about where if it is -- if you look at Item 5 where you
12 have increased risk of disruption.

13 Again, I'm trying to stay away from word
14 smithing. That could be responding to natural and
15 manmade disruptive events, so just broadening a little
16 bit because it can be from labor, it can be from
17 disasters, any type of event and it does fit with what
18 you just talked about with regulatory because in that
19 case if you're going to have a diversion of vessels in
20 one situation, that's where you do want ports talking
21 to each other as well, how to handle it, how to make it
22 work along with, you know, among terminals and various
23 operators.

24 MR. GABRIELSON: We can add that.

25 MR. BRYAN: There is a second area. Don't

1 get too close to this thing. There is a second area
2 that touches on the regulatory committee and it is at
3 the bottom of the second page and it begins how can we
4 improve regulatory coordination, cooperation among
5 state and municipal agencies and ports to facilitate
6 permitting for port congestion relief purposes.

7 So the Regulatory Committee has done a bunch
8 on the permitting question, and the reason I want to
9 flag this one has to do with what things can we get
10 done and actually insert some influence over the near
11 term and the subject that is going through my mind, and
12 this is just, you know, this is an idea for floating,
13 is that the reauthorization debate is going on now.

14 Would there may be some legislation by fall?
15 It may take a lot longer. But one of the things that
16 is, if it is in some of the draft legislation, are
17 incentives for cooperation and mechanisms by which that
18 is done.

19 An example that might be, that you could say
20 -- you could facilitate coordination among the
21 different parties related to the permitting process.
22 You could also say that certain types of money might be
23 available if decisions are made faster.

24 In other word, the pool of money diminishes
25 the longer it takes in order to be able to get

1 something done. And if a proposition like that were
2 incorporated in how dedicated freight money became
3 available, if it does become available, it would be a
4 means to prod the permitting issue. It's a thought.

5 MR. LONG: That's a really good thought and
6 it captures the whole nature of this. I mean, the
7 topic by itself is too big for any one group to deal
8 with, and everything we have touched on the way through
9 for the last couple of years has required a lot of
10 cross subcommittee work on this, so, and what you said
11 there, you touched on regulatory, finance and sheer
12 freight movement issues right there.

13 So I think as we go through the discussion to
14 figure out how we want to have the group approach this,
15 you know, this is flagging different topics for some of
16 the groups to consider. So that may be the outcome for
17 today's discussion.

18 MR. GABRIELSON: The next one I would -- oh,
19 question?

20 MR. FISHER: Coming your way. Sorry. It's a
21 lot easier. Maybe that can be added to the sixth
22 bullet. We had the permitting ad hoc committee, the
23 sixth bullet on page two. We have regulatory, freight,
24 and there is a permitting subcommittee. Maybe that
25 could be the sixth bullet on the second page. Maybe

1 that could be something picked up specifically by the
2 permitting committee.

3 Yeah, how can we improve regulatory
4 coordination. Do you think that committee should take
5 the lead on that one?

6 MR. GABRIELSON: I think so. I mean, that's
7 -- there is enough heavy lifting to go around for
8 everybody, so --

9 MR. FISHER: You know, one thing that came --
10 one other point. I was on the subcommittee and was
11 talking about engaging labor yesterday, you know, when
12 does the Federal Government gauge labor.

13 I don't see labor in here. You know, when
14 does the Federal Government draw the line and get into
15 a negotiation? Can that be a regulatory issue where
16 there is a line? We are talking about ports talking
17 to, you know, municipalities. I don't see engagement
18 of unions and labor in here.

19 MR. LONG: I can answer part of that. I have
20 tried actively to recruit members to the Committee from
21 the labor side and have not had good luck with that, so
22 we will take another run at that and see if we can get
23 the discussion going even here.

24 But I think you are talking also about
25 something much larger, so --

1 MR. FISHER: But adding that layer into this
2 analysis might be -- I'm really suggesting that it
3 would be great to have their voice, but still we ought
4 to maybe think about it as a committee.

5 MR. LONG: Absolutely. And if we are unable
6 to recruit members who want to do this regularly, we
7 can also invite speakers from the groups we think are
8 most likely to have something to say about it or would
9 like to and ask who would be willing to do it. It is
10 for everybody.

11 MR. FISHER: Thank you.

12 MR. GABRIELSON: Okay. The next one I would
13 point out is on, I think it's the third page, the last
14 of the short-term items, which was Federal Government
15 strategically prioritizing and investing those gateways
16 that have got the largest impact.

17 It ties back to the conversation we were
18 having just a few minutes ago, and we have got freight,
19 regulatory, finance and infrastructure. That is a
20 fairly meaty topic, and I might point out, I don't know
21 if that is a regulatory lead, but I might tee that up
22 as an initial point for discussion. Thoughts from that
23 group?

24 It goes back to the discussion I had earlier.
25 I mean, we have gotten a number of different projects,

1 and the bucket of money, let's face it, is only so
2 large and you've got to take a look at what you go
3 after first. There needs to be some mechanism for that
4 is the question. Let's make it easy. There you go.

5 MR. COOPER: Are we talking about making a
6 recommendation to DOT? Or are we talking about making
7 a recommendation to Congress on this one?

8 The only reason I raise this is because next
9 year, there isn't going to be much done, but a whole
10 lot of competing interest on the Hill. And so any
11 chance at success for trying to make a recommendation
12 to Congress greatly diminishes as you move into an
13 election year.

14 MR. GABRIELSON: My understanding is that this
15 goes up to the Secretary and the Secretary will do
16 whatever.

17 MR. LONG: Yeah. The one technical point in
18 this, is whatever this group does as a recommendation
19 by the charter, it is a recommendation to the Secretary
20 of Commerce.

21 Now, that can be structured as something you
22 would urge her to send to deal with Congress or with
23 other agencies or as appropriate, and it also goes
24 direct to DOT because DOT is an ex officio member of
25 this committee as we are on theirs.

1 So speaking to this group talks to those two
2 departments directly and it can be structured to talk
3 to anyone you'd like.

4 MR. COOPER: Thank you.

5 VOICE: So it would be the Secretary's
6 prerogative?

7 MR. VILLA: One comment on that is probably we
8 are going to prioritize probably what we can come up
9 with recommendations on the different criteria that
10 would need to be used that prioritization, because
11 again, you know, everybody has different objectives and
12 the criteria might be different from us or from some
13 other stakeholders.

14 So part of the discussion should be had at the
15 subcommittee level on those criteria and come up with
16 that recommendation.

17 MR. SMITH: I would also like to add to that,
18 too, and I see that you've marked finance and
19 infrastructure and I think that's an appropriate body
20 as well.

21 It is not even just the criteria for project
22 selection, it is what funding sources or resources for
23 projects, because off the top of my head now there
24 aren't that many at the federal level that can do this,
25 and so when we are saying things like how should the

1 Federal Government strategically prioritize to invest,
2 how can they invest in the first place or what
3 resources in different programmatic regimes at the
4 federal level currently exist that can even do this,
5 and I think that sort of needs to be kind of taken
6 stock and inventory before having this conversation.

7 MS. MOND: Just at a point, a general point,
8 there is a fairly large coalition of trade associations
9 that is really being spearheaded by the National Retail
10 Federation. It is very active on port congestion and
11 port congestion issues, and so certainly coordinating
12 efforts with the coalition, because they are active
13 with the FMC, active on the Hill, active at the ports
14 and so we don't want to duplicate efforts by any means.

15 So it probably would make sense to have a
16 meeting to make sure that we are complimenting each
17 other on that.

18 MR. GABRIELSON: To that point, I know that
19 there is a number of committees that are involved. We
20 are an active member of RILA, very engaged with NRF, so
21 we recognize that there needs to be a coordination with
22 those different entities.

23 But today, they are off on their own and you
24 have got a somewhat fragmented approach, and part of
25 the recommendation is how do you do it more

1 holistically?

2 I know that is kind of a buzz word, but today
3 that has been part of the issue is that smaller groups
4 have gone after it and it has not gained a lot of steam
5 in my opinion.

6 CHAIRMAN BLASGEN: Eric?

7 MR. KULISCH: Eric Kulisch, *American Shipper*
8 *Magazine*.

9 Mr. Gabrielson, I was curious on the
10 potential --

11 MR. GABRIELSON: Will this be off the record,
12 Eric?

13 MR. KULISCH: I don't think so, the whole
14 meeting is on.

15 I just was curious on the point about the
16 coordination among the federal agencies, in like with
17 the FMC allowing ports to talk more together and so
18 forth.

19 I mean, what is the thinking behind what you
20 would recommend here? I mean, that process is already
21 available through the FMC to allow ports to talk, you
22 know, get that approval. So what are you kind of
23 looking for to improve?

24 MR. GABRIELSON: The thought from the
25 committee was that having it be a lot more engagement

1 from the Secretary's office in through the ports and
2 bringing the different parties together in a more
3 coordinated fashion might spearhead things a little
4 faster.

5 MR. WISE: Rick, it is very comprehensive in
6 terms of all the issues and questions. I wonder if
7 there is a different approach here that might get you
8 from A to B faster, with B being here is what we
9 recommend to the Secretary.

10 We have all seen how our subcommittee process
11 works. It is different in each subcommittee, it is
12 painfully slow. It is not always fully engaged and I
13 wonder if you could actually select or have volunteers
14 from each subcommittee to have a little matrix to say
15 this is an important topic right now, we're going to
16 get it done and before the next meeting and they --
17 those representatives basically represent that
18 committee.

19 You bang out something pretty quickly as a
20 straw man, they take it back to the committee and they
21 have something much faster. I can just see this
22 getting so bogged down.

23 MR. GABRIELSON: Yeah, because there is a lot
24 of stuff here.

25 MR. WISE: Yeah, yeah. And there is going to

1 be all kinds of philosophical debate. I know I have it
2 as like do I really want the Federal Government doing
3 anything in some of these areas, right?

4 MR. GABRIELSON: And as well --

5 MR. WISE: Six committees are going to have
6 six views and you're going to have to try to figure out
7 how to mesh all that together and it will be in 2017
8 before you get the answer.

9 MR. GABRIELSON: So you're saying go through
10 and take somebody from each subcommittee and assign
11 them one of the questions and they go after it?

12 MR. WISE: You may lead and say hey, we've got
13 a matrix here, it's a hot topic. I want at least one
14 person from each subcommittee because you have had the
15 experience and regulation or whatever --

16 MR. GARBRIELSON: And then bang it out.

17 MR. WISE: -- and bring that to bear.

18 MR. GABRIELSON: Good thought.

19 MR. WISE: And they go back, so you have a
20 straw man. People can -- we all can respond to things
21 better than we can create. So --

22 MR. GABRIELSON: Yes. Good thought. Okay.

23 CHAIRMAN BLASGEN: The other thing I want to
24 make sure we do too, Rick, you've done a nice job of
25 saying here is the short term issues, here is the long-

1 term issues.

2 I don't want to just let the long-term issues
3 sort of be out there and not comment on them. It would
4 be great to -- I mean, the short-term issues is always
5 for the meat that we want to hang onto so we can get
6 something done, but you know, the elegant solution may
7 be somewhere embedded in the long-term solution and
8 maybe it is a second recommendation we tee up
9 specifically for consideration on long-term issues.

10 VOICE: That's a good thought.

11 MR. GABRIELSON: Yeah. We spent actually a
12 lot of time on the longer-term issues, but we knew that
13 we needed to also try to have some deliverables that
14 were fairly near-term to get momentum going as you
15 begin tackling things that are much larger in scope.

16 CHAIRMAN BLASGEN: Because the long-term
17 issues seem to be more permanent in going forward for
18 the country given our committee's mission and so on,
19 right?

20 MR. GABRIELSON: Yes. Good recommendation.
21 We can take that approach.

22 CHAIRMAN BLASGEN: Yeah. So how do folks feel
23 about this? Because it has got to be -- we have got to
24 disseminate the workload here amongst the subcommittees
25 as best we can, so I think Dean's suggestion is a

1 really good one to start with.

2 We want to give Rick and the team some
3 direction here and get some people aligned around this
4 so we can move it forward. Any other points of view?
5 Norm?

6 MR. SCHENK: First Rick, Rick and the team,
7 thanks so much for putting this together. It is
8 obvious a lot of work went into that and while it
9 presents a lot of challenges, it is very educational to
10 see the breadth.

11 One suggestion would be, going back to
12 Rebecca's point earlier that before we kind of dispatch
13 with each of our committees, what we should do -- it
14 might be helpful to kind of better note -- do a little
15 bit of deeper dive and meet with this other coalition
16 and find what's on the table.

17 I mean, I think from a Regulations Committee,
18 we are more than happy to take on whatever would be
19 appropriate with that, but I can't speak for the rest
20 of our committee, but personally I would need to better
21 understand the breadth of this before we take it on.

22 MR. LONG: We can definitely help facilitate
23 that. We have good relationships with virtually all
24 the associations in this area, so we can help set up
25 whatever the subcommittees would like for that.

1 CHAIRMAN BLASGEN: Please.

2 MS. MOND: And just kind of as a brief
3 introduction on what this coalition has been doing, so
4 it certainly -- it has been very active on the Hill
5 with several pieces of legislation.

6 One in particular which would identify metrics
7 for port efficiency which I think is something very
8 important if we are going to have a conversation about
9 improving the efficiency of ports, we need to be able
10 to measure that.

11 But then also working with the FMC because
12 while the issues of congestion are important,
13 particularly from our perspective, the costs associated
14 with the congestion are important as well. So the
15 issues of detention and demurrage and the rising costs
16 of shipping and transportation, that is also of issue
17 for the coalition that they are looking at, so that has
18 been a lot of the work going on with the FMC to address
19 that.

20 But then also there is work at the ports with
21 the supply chain optimization forums at LA Long Beach
22 and then in New York. So those are just some of the
23 things, but, you know, happy to talk to John to come
24 here as well.

25 CHAIRMAN BLASGEN: Well, maybe just to help

1 close the loop here.

2 Going off of Dean's recommendation, any
3 concerns other than what has been expressed with taking
4 a look at moving in that direction as a group?

5 [No response.]

6 Then we will take that approach.

7 CHAIRMAN BLASGEN: Yeah. David and I were
8 just talking about what is the best way to try to herd
9 this thing and make sure people understand, you know,
10 where we want to go with this.

11 MR. LONG: I think what I have heard so far
12 here, let me check this with you, is that there seems
13 to be a broad interest in exploring this particular
14 framework to see if this makes sense.

15 It seems like there is general agreement that
16 this touches most of the right issues for it. Then
17 within that, the suggestion by Dean was to start
18 looking with each subcommittee now to understand the
19 implications of what this division looks like, and then
20 per some of the other conversations going on, start
21 upping the level of coordination with some of these
22 other groups on this, and then probably to suggest
23 maybe coming back in October with something that looks
24 like a plan to approach this.

25 Maybe some preliminary ideas on who does what,

1 which speakers and contacts we'd need, and a structure
2 based on that. Is that what I'm hearing here?

3 MR. GABRIELSON: I might take a different
4 approach than that, David, in that if we just take that
5 step by October, by the time you come up with some
6 recommendations, we will be well into 2016.

7 I think time is not necessarily on our side on
8 this one, so I would vote for expediency, which kind of
9 goes to Dean's point.

10 And if you begin to go through and pull the
11 different committee chairs together and ask them to go
12 through and get some recommendations after they have
13 had a chance to go back and maybe share this with their
14 teams and have a much more expedited timeline, we stand
15 a much better chance of going through and having some
16 recommendations back, which speaks right to Dean's
17 point.

18 MR. LONG: Okay. That certainly helps us a
19 lot, too. It is no problem to move this up. A lot of
20 this can be done by email, to start getting this heard
21 and then bring something concrete to the table much
22 earlier.

23 MR. GABRIELSON: Yeah, I think there is some
24 real merit in going through and having, you know, more
25 conference calls and setting them up that way.

1 They don't have to be really long in nature,
2 half day kind of things, but you know, if each of the
3 subcommittees go through and they take an hour
4 periodically throughout the course of a week or two
5 over the course of a couple of months, you have got a
6 lot of good work done typically. It doesn't take long.

7 CHAIRMAN BLASGEN: Good. You know, the one
8 thing I wanted to -- you said something, Mike, that I
9 thought was interesting yesterday about when government
10 steps in on the labor issue and Paul just brought it up
11 as well.

12 You were talking about moving the line in the
13 sand a little, somewhere between there is an issue and
14 a disaster, you know? I wonder if that's -- is that
15 part of a recommendation that comes out of this group?
16 You know, how do we feel about that? Because you
17 brought it up too, Paul, about the -- let's face it, I
18 mean, we are a recommendation on, -- you know, we are
19 an advisory committee on supply competitiveness and
20 that's a very important aspect of what we end up
21 talking about with regard to ports and our efficiency
22 and effectiveness there.

23 So I don't know how to word it, but maybe
24 there is some recommendation we make out of this that
25 deals with that issue. I don't know.

1 MR. STEENHOEK: Since I brought it up, I think
2 it makes a lot of sense because you can --

3 [Laughter.]

4 MR. STEENHOEK: Because I second that because
5 it -- I mean, you can have the most elegant, exquisite
6 port system on the planet with the capacity for a huge
7 amount of throughput, but if you don't have an
8 agreement between the two parties, it just has the net
9 effect of taking a bunch of Gantry cranes off your
10 facility or removing bursts.

11 I mean, that's the net effect of it. So you
12 know, I think anything that we talk about within this
13 or beyond needs to incorporate that.

14 One of the reasons I like having that kind of
15 recommendation is so much of what we talk about, so
16 much of particularly what we have talked about earlier
17 with the Finance Committee is that it really has, and
18 pardon me, we have got some deforestation going on out
19 there.

20 CHAIRMAN BLASGEN: We're going to contact the
21 Association for Chainsaw Management.

22 MR. STEENHOEK: Right, right.

23 [Laughter.]

24 MR. STEENHOEK: But so much of what we have
25 talked about, particularly within the Finance

1 Committee, really the most germane constituent group
2 that we are talking to is really Congress, right?

3 Now that hasn't prevented us from making
4 recommendations about the fuel tax and all the bunch of
5 other issues related to that, but what I like about
6 this particular issue is we saw earlier this year the
7 Department of Labor, the Department of Commerce,
8 Transportation actually get engaged and it had an
9 effect.

10 And so this would be a recommendation that
11 would be going straight to Secretary. Now, the
12 Secretary can agree with it or disagree with it, but we
13 are actually speaking to the appropriate audience.

14 And I think, you know, I would think anyone in
15 this room if the question was posed to us, did you care
16 about this issue, I would be shocked if a single one
17 said no.

18 CHAIRMAN BLASGEN: Well, it would also be I
19 think a good question to ask Mr. Andrews when he is
20 here at 11:00 too what his feeling would be about that.
21 Would that be appropriate?

22 MR. LONG: Sure.

23 CHAIRMAN BLASGEN: I don't think anybody on
24 this committee is rather shy, so I'd be more than happy
25 to tee that one up, but anyway. All right. So we have

1 a direction.

2 MR. LONG: What are we doing for steps?

3 CHAIRMAN BLASGEN: Well, for next steps I
4 think -- so between now and October there is a lot of
5 work that the subcommittee will do and --

6 MR. GABRIELSON: Yeah. If I were to give
7 specifics, what I would recommend is that I would give,
8 and I'm just going to throw this off the top of my
9 head.

10 I would give each of the committee chairs two
11 weeks to go back to their respective subcommittees,
12 review the document, try to gauge some interest into
13 whom on their subcommittee would like to tackle each of
14 the items.

15 I will have Russ set up a call with Joe and
16 myself and the other chairs and we will go through and
17 begin to put names to each of those and then try to
18 sketch out what we think a timeline might be so we stay
19 on task, and then schedule some periodic calls just to
20 review the progress to make sure that we don't come up
21 towards October and realize that we haven't made a lot
22 of progress.

23 CHAIRMAN BLASGEN: Right.

24 MR. GABRIELSON: So if we do that type of an
25 approach, I think we'll find that we'll make some

1 ground.

2 MR. BRYAN: And I would add let's have the
3 subcommittee people purposely limit the number of
4 volunteers, because we are looking for one or two, not
5 -- you might have five. Don't give us five.

6 MR. WISE: Yeah. I think really let's just
7 not get bogged down in there.

8 Rick, you probably know the most about this,
9 you probably have a theory about where this should end
10 up. There is probably three or four other people who
11 are very knowledgeable. Let's not all shoot in the
12 dark, let's get the most knowledgeable people together.

13 CHAIRMAN BLASGEN: Agreed.

14 MR. WISE: Bang out a straw man and let us
15 react to it and you'll make much quicker progress.

16 MR. FRIED: I'd like to --

17 MR. LONG: Please do.

18 MR. FRIED: Thank you. Sure. As the air
19 cargo guy, I just wanted to go back a little bit and
20 hope that we add a piece in here that has to do with
21 airport cargo congestion.

22 I was hoping that this could be a venue for
23 that. What do you all think? Would this be an
24 appropriate aspect for this?

25 MR. BRYAN: I will give you an off the cuff

1 reaction. I see why you want to say this, but my
2 feeling is it would add -- it is sufficiently different
3 -- that I think that it would add an additional burden,
4 that we already have enough.

5 So I dislike shooting you down because it has
6 merit, but I think it will be harmful if we tried it.

7 MR. WISE: Brandon, I would suggest that when
8 you see what they come up with that you would review it
9 and say look, the problems and the solutions have great
10 application for air cargo, I would also like to weigh
11 in that these work for this.

12 MR. GABRIELSON: That's a good approach,
13 rather than just trying to add another layer.

14 MS. STRAUSS-WIEDER: And I was going to
15 suggest the same thing because air cargo picks up the
16 slack when the ports get congested and retailers and
17 others need their cargo, it winds up on the plane, so
18 that is part of that whole idea of resiliency and
19 flexibility and so forth.

20 So maybe again, because the issues are so
21 specific here to a mode, but air cargo fits in as one
22 of the ways the ripple effect carries through to it.

23 MR. FRIED: I mean, you know, I bring it up
24 because it is fresh in my mind. We have trucks waiting
25 nine hours now to enter and pick up cargo -- nine

1 hours.

2 MS. STRAUSS-WIEDER: Why? What has happened?

3 MR. FRIED: Name it. You know, overall there
4 is road congestion, there is an increase in flights,
5 there is -- everything.

6 I was out at O'Hare two weeks ago, we had a
7 town hall kind of meeting, 105 people show up and they
8 are just crazy. And I just think we have to somewhere
9 fit into what we are doing.

10 I agree it is a small piece of the pie and it
11 is probably, you know, 30 percent of the value --

12 MR. GABRIELSON: But if we flush it out just
13 like Dean recommended, we can kind of insert it where
14 it makes sense.

15 CHAIRMAN BLASGEN: All right. So Rick, you
16 have asked for two weeks for the subcommittees to
17 review it and come back to you with a recommendation on
18 participation.

19 What do you think is the plan? What would
20 come back in October?

21 MR. GABRIELSON: What I'd like to see in
22 October at this point is that we have taken these
23 issues, we have boiled them down into maybe some
24 further definition and with some very specific
25 recommendations for addressing that issue.

1 And in some cases you may find that as you get
2 into the issue, it may change a bit, you know, that's
3 what it is on the surface, but as we get into that
4 detail, the end goal would be to come away with some
5 very specific action steps and recommendations that we
6 could present to the Secretary that might go across the
7 spectrum, okay?

8 CHAIRMAN BLASGEN: Right. Terrific. And if
9 there is points where we need coordination between the
10 Department of Labor and --

11 MR. GABRIELSON: Right. So a nice spectrum.

12 CHAIRMAN BLASGEN: Perfect. Okay. All
13 right. Thank you. We are going to take a break now.
14 We have got Mr. Andrews coming in at 11 I believe,
15 David, so --

16 MR. LONG: We will get reorganized and get set
17 up here and hear what he has to say and then we'll
18 launch into the revised agenda.

19 CHAIRMAN BLASGEN: Right. And as far as the
20 revised agenda, you all should have a sheet that we put
21 together this morning just with some of the minor
22 changes in it, so 11:30 we will hear from Mike and then
23 go into the CMTS update after that, all right?

24 So let's try to get, you know, seated a little
25 bit before 11 so when he comes in, we're ready. Thank

1 you.

2 [Whereupon, at 10:35 a.m. the hearing was
3 recessed.

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1 AFTER RECESS

2 [11:07 a.m.]

3 MR. LONG: Okay everybody, we are going to
4 restart here. Let's get settled down.

5 It is a real pleasure to introduce to our
6 group today Bruce Andrews, the Deputy Secretary of
7 Commerce. Bruce spoke with us in January at our
8 meetings and he is gracious enough to take time out of
9 the U.S./China strategic and economic dialogue to come
10 talk with us today.

11 He recently spoke at the APEC small and medium
12 size enterprise supply chain workshops that we help put
13 together for him for the APEC meetings in Atlanta in
14 June and is a big friend of the supply chain issues.

15 So without further ado, let me turn this over
16 to Bruce Andrews.

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1 provides high quality and strong support for everything
2 that we do. You know, that is why, for example, the
3 ACSCC was named as a key advisor to the Interagency
4 Border Executive Council in the group's last charter to
5 implement the single window in the Executive Order and
6 why the National Economic Council has recognized the
7 work that you all do.

8 And Secretary Pritzker recognized this. She
9 actually mentioned ACSCC in her speech on global supply
10 chain issues last month at the Chamber as well, and I
11 did the same in my remarks at APEC last year in
12 Beijing.

13 You know, we recognize that the success of our
14 country's trade agenda and our strategy, our efforts to
15 grow exports, all of it depends on how well we can
16 bring goods to market and how critically important that
17 is, and I think the Administration has really looked at
18 supply chain competitiveness broadly and how we can
19 support your efforts in three key areas, innovation,
20 infrastructure and border management.

21 But for the time today I want to focus on just
22 one of these in detail, and one that I know is
23 particularly on your mind right now, which is the
24 complex issue surrounding port congestion, which
25 obviously the west coast strike, or the west coast

1 situation really brought that into focus and I think
2 frankly made people really appreciate the impact and
3 the impact on supply chains spread across the country
4 in a way that I think people understood but they really
5 saw in focus with what was going on and frankly how
6 that impacted our economy more broadly.

7 You know, one of the areas we particularly see
8 this in is infrastructure and obviously it involves a
9 number of operational and technology issues, but, you
10 know, we have talked a lot about here the need to
11 invest in our infrastructure and actually the Secretary
12 had gone off and toured a port and talked to a number
13 of the leaders in the port industry and I think
14 recognizing the importance of infrastructure for the
15 ports to function properly for our bridges and roads
16 and railways to be in better shape in logistics and
17 moving material around the country, needing to be fluid
18 and reliable.

19 And that all starts with the ports and frankly
20 I think we are seeing how our infrastructure here and
21 our technology compares to the standard around the
22 world really highlights how much work we need to do
23 with the reliance on outdated technology, with the need
24 to unload the larger ships.

25 I was actually down in Panama recently seeing

1 the new canal coming in, but when those Panamac ships
2 start shipping, the need to be able to unload those,
3 equipment shortages, and then just the crumbling
4 transportation networks that link our ports out into
5 the rest of the country where you all operate.

6 And I think we are seeing the impacts across
7 the economy and how important it is. I think when the
8 Secretary was out and saw firsthand, she actually went
9 and toured some of the ports and I think really came
10 back with a recognition of how important this is and
11 the work that needs to be done because frankly although
12 the contract agreement was the immediate focus, it
13 really highlights the broader issues and what we need
14 to do and how much work we have to do.

15 So we want to focus on infrastructure and the
16 technology, we want to work with you and obviously work
17 with a number of industries who are strongly and
18 heavily impacted by this, because frankly we need to
19 make a long-term commitment to rebuilding and
20 reinforcing our infrastructure and updating our ports
21 because if we are going to meet the aggressive targets
22 we have set for growing exports, this is a critical
23 part of it.

24 We need the roads, we need the ports, we need
25 the infrastructure and we need the technology to make

1 this all fit together seamlessly and successfully.

2 I also understand you are beginning to work on
3 a set of recommendations on how these goals can be
4 achieved, and as we discussed when I talked to you
5 previously, we need your best advice and partnership to
6 craft these policies.

7 The input that you provide is critically
8 important to what we do. When we have already seen
9 with regards to the single window, which we are making
10 a lot of progress on and I think are very focused on
11 getting finished in this administration, but that
12 reflects recommendations that you all made and that we
13 are able to bring to life, and I think in the same way
14 we can guarantee that your recommendations will get the
15 same level of attention and the same level of focus
16 recognizing how important they are.

17 I think we have got great confidence in
18 America, American companies ability to be competitive,
19 but we need to provide that infrastructure and frankly
20 meet the logistics needs in order to do that.

21 So with that said, I'd be happy to take your
22 comments, your questions or your thoughts and issues
23 that are important or things that you think are
24 important to highlight.

25 MR. LONG: This is no time to go shy, people.

1 DEPUTY SECRETARY ANDREWS: I was going to say,
2 I wouldn't expect that from this crowd. Please? You
3 sat close to the microphone, so you get to go first.

4 MR. GABRIELSON: Okay, great. Given the
5 protracted negotiations that took place on the west
6 coast, I mean, it clearly brought to light some of the
7 infrastructure challenges that we have, which are not
8 just unique to the west coast. It is across the board,
9 and again, our groups are going to work on that.

10 But it also indicated that those long
11 negotiations ended up shippers whether you are an
12 importer or an exporter began moving cargo into other
13 gateways at significant costs both in cost of
14 inventory, delay time, ability to have product
15 available for your customers and it went on for a lot
16 longer than most people thought, including myself.

17 And so while you do not want to impact the
18 collective bargaining process, how do you go through
19 and begin to put processes or steps in place that do
20 not impact commerce, whether you are an importer or an
21 exporter and there are numerous stories to go around
22 that I'm sure you have seen where individuals and
23 companies were impacted.

24 How do you put a process in place where you
25 don't let that impact or the process impact the

1 livelihoods of individuals in those companies?

2 DEPUTY SECRETARY ANDREWS: Sure. And I
3 assume the "you" you mean is the U.S. Government "you"
4 rather than the private sector "you".

5 MR. GABRIELSON: Well, at some point, yes.
6 You know, there's a role I think for both, but at some
7 point, I mean, you had shippers that whether again,
8 importer or exporter that may have had cargo destined
9 for portions in California but because they are so
10 concerned about the risk, moved into other alternative
11 gateways, whether it was east coast, whether it's the
12 gulf, whether it is Canada and you get all kinds of
13 associated costs and risks with that.

14 DEPUTY SECRETARY ANDREWS: Right.

15 MR. GABRIELSON: So how do you prevent that
16 type of thing from really taking place for as long as
17 it did?

18 DEPUTY SECRETARY ANDREWS: Right. Well, look,
19 I think hopefully -- I mean, first and foremost, I
20 think hopefully there will be lessons learned out of
21 this situation because I think it was difficult for
22 everybody involved and I think it is our hope that A,
23 people take stock of what happened on the west coast
24 and as the east coast contracts come up and in other,
25 you know, processes, people A, start early because

1 frankly I don't think anybody wants to live through
2 what we just lived through again.

3 B, to your point, I mean, my hope is there is
4 also a recognition, you know, that this was not a cost
5 free transaction and to your point that people started
6 seeking other gateways because they didn't feel like
7 they could rely on those ports, which hopefully is a
8 lesson learned.

9 It is a little bit of a challenge in the
10 Federal Government to the extent that as a general rule
11 we don't intervene or interfere with private
12 contractual relationships. There also though is a
13 point where the U.S. Government had to step in and I
14 think actually to the credit this went all the way up
15 to the highest levels of the White House, but obviously
16 Secretary Pritzker, Secretary Perez and a number of
17 others became very engaged, very deeply engaged in
18 trying to help get this situation to a resolution, and
19 frankly I think none of us want to have to live through
20 that again if we can avoid it.

21 So I think having earlier discussion, I think
22 getting the parties to recognize the costs and frankly
23 the cost that I think the west coast ports are still
24 bearing at this point in time, but really trying to
25 have an earlier and more productive dialogue

1 recognizing that everybody has a number of self-
2 interests that we want to see them exercise and frankly
3 try to get the most efficient process we can.

4 MR. GABRIELSON: Is there a benefit to go
5 through and, you know, through the various
6 associations, we have gone one here today who represent
7 a number of customers, large customers, whereby if they
8 collectively grab the impact of their organizations and
9 while no company wants to go through and say it cost my
10 company X.

11 DEPUTY SECRETARY ANDREWS: Right.

12 MR. GABRIELSON: If you collectively bring
13 that together from an impact statement, is there a
14 benefit, you know, for Commerce and for others to
15 understand what that really truly meant or what the
16 impact was on a very large scale that might cause
17 different actions to take place.

18 DEPUTY SECRETARY ANDREWS: Right. Yes, I
19 mean I think understanding the impact and frankly
20 looking at the past is always the best frame for
21 looking at the future, and so I do think, and I don't
22 know what studies have been -- I know there have been a
23 few studies about the economic impact, but I also think
24 looking at the lasting, and this is something that I
25 suspect somebody in the private sector has already done

1 but would be interesting is looking what the lasting
2 changes are, and frankly the revenue transfers that
3 took place or the transfers in terms of business,
4 because if I were any of those east coast operators, I
5 would be very focused on what is the potential loss
6 here and for both parties, for labor and management to
7 have real incentives to get to the bargaining table
8 earlier rather than waiting.

9 MR. GABRIELSON: You know, cargo whether,
10 again, import or export, has a tendency to move through
11 a path of least resistance and most shippers will go
12 through and again, import or export, if they're
13 beginning to run into those problems, they make those
14 moves very silently and very quietly.

15 DEPUTY SECRETARY ANDREWS: Right.

16 MR. GABRIELSON: And you really don't know it
17 is taking place until all of a sudden you begin to see
18 shifts which take place in one part of the country or
19 another, and if you're a provider like a BNSF, all of a
20 sudden you are seeing spikes or you are seeing a
21 decrease and you're really wondering what in the world
22 happened.

23 DEPUTY SECRETARY ANDREWS: Right.

24 MR. GABRIELSON: Then that's got a huge impact
25 to your point, that it is long lasting and so I think

1 while some of the cargo on the west coast is still
2 considered to be discretionary, when these events take
3 place, cargo moves and in some cases it doesn't always
4 come back, and that's got an impact on jobs and a
5 number of things, and I think there is a real message
6 there I think for the Secretary and others to really
7 examine are there different approaches that we can take
8 where you minimize those types of things taking place.

9 DEPUTY SECRETARY ANDREWS: Okay. Thank you.
10 Others?

11 MR. HANSON: One of the beauties of this
12 committee is that we actually get a chance to deal with
13 the Administration and talk cabinet-level supply chain.
14 And so as a group, we are trying to focus on how we can
15 be more effective and actually a question back to you
16 would be whether it is -- is there something that
17 Secretary Pritzker would embrace at this point in the
18 short term we have before the elections next year that
19 she can actually take some aggressive action on.

20 I know there is a lot of talk about legacies
21 and things like that, but without getting into those
22 details, are there parts of the supply chain discussion
23 that are of particular interest to you, or to her that
24 she would like to hear from us?

25 I want to frame it in the context of the fact

1 that President Obama has had a chance to deal with
2 supply chain issues not just on the west coast, he
3 dealt with the drought in the Mississippi River a
4 couple of years ago, he has dealt with Sandy, he has
5 dealt with oil spills, all those types of things that
6 disrupt the supply chain.

7 And so as he has had a chance to interact with
8 that, is there something that Secretary Pritzker is
9 sitting at the table that we can have as a legacy for
10 the supply chain to come out of this Administration?
11 Are there some timing issues we can focus on or
12 specific parts of the supply chain discussion that are
13 attractive to Secretary Pritzker and President Obama?

14 DEPUTY SECRETARY ANDREWS: Sure. Well, I
15 would start with, you know, we are essentially at heart
16 a customer service organization. That's why your
17 recommendations and advice is so helpful because where
18 we want to focus are on the issues and the things that
19 are important to you and what we can do to help be
20 impactful and frankly facilitate them to work better.

21 With that said though, I do think, the areas I
22 had mentioned earlier are hugely important that she's
23 very focused on. Infrastructure is obviously a
24 tremendous challenge. I think we are hoping that
25 Congress will pass a highway bill.

1 I wish I could say that that will solve our
2 infrastructure problems because frankly it is a start,
3 but it leaves still some pretty substantial issues
4 sitting out there.

5 Another one she spent a lot of time on is
6 border management and the trade facilitation and those
7 issues, because to your point, we have got about 16, 18
8 months left from this Administration, as our team
9 always discusses, we are going to be running through
10 the tape and there is a lot of things I think we can
11 get done over the course of the period of that time or
12 things that we can get set up for the next
13 Administration to focus on.

14 But I think border management issues, you
15 know, obviously the single window I think will be a
16 huge accomplishment of this Administration when it's
17 done, but I also think looking at trade facilitation
18 more generally and it is something that we've been
19 very, very focused on.

20 She has personally spent a great deal of time
21 on the Mexican border issues engaged in the high level
22 economic dialogue. So we are going to continue to look
23 for areas, but I do think your feedback is a really
24 important part of that.

25 MR. KULISCH: Eric Kulisch with *American*

1 *Shipper Magazine*. I'm an interested member of the
2 audience here. Thanks.

3 DEPUTY SECRETARY ANDREWS: Can I ask a
4 question? Let's give all the members a chance first.

5 MR. KULISCH: Sure.

6 DEPUTY SECRETARY ANDREWS: Because I don't
7 want to take press questions -- I'd rather give the
8 members -- sorry about that.

9 MR. KULISCH: I can ask you later on outside.

10 DEPUTY SECRETARY ANDREWS: Okay. Yeah?

11 MR. WISE: One area of focus you didn't
12 mention which I hope you will add to your list is tied
13 into infrastructure is the whole speed at which we can
14 actually build infrastructure.

15 The Chinese get things built before we have it
16 permitted, so we have a lot of issues around just the
17 permit friction.

18 DEPUTY SECRETARY ANDREWS: Right.

19 MR. WISE: And there is a list of six to
20 eight things that are sort of -- everybody -- all the
21 studies say if we can do this and this and this, we'd
22 be better off.

23 DEPUTY SECRETARY ANDREWS: Right.

24 MR. WISE: We follow the coordination, they
25 fall into kind of shot clocks, they fall into challenge

1 periods, so you can't permanently delay projects.

2 In particular when you look at supply chain
3 construction projects, these have to go certain
4 places --

5 DEPUTY SECRETARY ANDREWS: Sure.

6 MR. WISE: -- because the bottleneck is
7 absolutely there and the ports are a good example of
8 that. So there is some really interesting legislation
9 that is popping up potentially right now.

10 The Rapid Act that is going to have some
11 streamlining in it and I think we would hope that the
12 Secretary could put some muscle behind that.

13 We know President Obama has had this high on
14 his list. He had the Dashboard, but frankly we had
15 Nate Loewentheil from the White House came in yesterday
16 and he declared the Dashboard a success.

17 I think our observation is maybe as a pilot it
18 was a success but we need to put the gas pedal down to
19 do more projects on that Dashboard that are big
20 projects, get them done, translate best practice into
21 common practice as they say and then there is an
22 implementation plan.

23 DEPUTY SECRETARY ANDREWS: Sure.

24 MR. WISE: It was OMB guided, and I think
25 there was a representative from Department of Commerce.

1 That was put on the table a year ago with 100 items and
2 I think Nate basically said nothing has happened.

3 So I think we are kind of observing like hey,
4 let's see if we can push further in permit reform
5 because it really is part of the supply chain
6 competitiveness that we are all here for on a global
7 scale.

8 DEPUTY SECRETARY ANDREWS: Right. And, you
9 know, we at the Department have been very supportive of
10 efforts to speed up the construction process and it
11 worked very closely with DOT. I know Secretary Foxx.
12 He has looked at these issues and feels very strongly
13 about it and he has really tried to focus resources and
14 efforts at DOT on these issues because your point is an
15 important one in particularly addressing these
16 bottlenecks where we know where the problems are and
17 how can we clear them out quickly enough.

18 Maybe one last question? Or if not, then I
19 will give you your time back.

20 [No response.]

21 DEPUTY SECRETARY ANDREWS: Good. Well, thank
22 you, and that you for all your work and we really
23 appreciate the input and we'll look forward to seeing
24 your next set of recommendations and seeing what comes
25 out of this meeting, so thank you so much.

1 [Applause.]

2 CHAIRMAN BLASGEN: All right. Thanks again
3 to the Deputy Secretary. That's great. Terrific to
4 hear that support for our team here, so without further
5 ado, let's move on with the agenda and tee it up with
6 Mike. Take it away, Mike.

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1 **FINANCE AND INFRASTRUCTURE DEVELOPMENTS**

2 **Mr. Mike Steenhoek, Subcommittee Chair**

3 **Finance and Infrastructure**

4 **Executive Director, Soy Transportation Coalition**

5
6 MR. STEENHOEK: Well thank you very much. I
7 will be very brief and concise.

8 Since our -- the Finance Subcommittee provided
9 our set of recommendations last year, we don't have any
10 new recommendations that we've advanced. We haven't
11 convened since our last meeting.

12 But I guess just to piggyback on the earlier
13 discussion from, you know, Rick's, you know, comments,
14 a number of these, as we discussed, a number of these
15 recommendations or these concepts do have a financing
16 aspect to it, and so moving forward I'll be working,
17 you know, conversing with the members of the
18 subcommittee and you know, fleshing these out further.

19 And ultimately I guess the way I see it for
20 the October meeting is having a sheet or two that
21 basically says since a lot of these concepts are kind
22 of similar, what are the opportunities for the Federal
23 Government to get more engaged and help finance
24 projects that are not parochial that are more multi-
25 jurisdictional, but then also where are the

1 opportunities to access alternative sources of revenue?

2 Particularly private or even, you know, foreign
3 sources of funding.

4 And so, you know, what I ultimately see for
5 the meeting in October is having just a -- first of all
6 doing kind of a scan in alignment with what Chris said,
7 you know, accessing or inventorying what are the
8 current opportunities that are available to do this.

9 If we wanted to do something like this, what's
10 the current avenue available to us. And then number
11 two is where are the gaps and what are the potential
12 remedies to fill those gaps, and then ultimately have a
13 therefore it is our recommendation to do X, Y and Z.

14 So just to really make it really tight and
15 concise in just a page or two. I think, you know,
16 we'll certainly be able to provide that and I think
17 that, you know, hopefully will be helpful to this
18 discussion moving forward.

19 So with that, and then just one more thing
20 during my time, to kind of piggyback on our earlier
21 discussion about the labor management disruption on the
22 west coast.

23 If the committee would like to pursue this, I
24 would be willing to draft a letter for the committee's,
25 you know, consideration as to whether or not we would

1 want to forward that, you know, to the Secretary.

2 You know, my intentions in doing this, if the
3 committee would like me to draft a letter, my
4 intentions would not be to cast disparagement on one
5 party or the other. Ah, the PMA, ah, the ILWU, there
6 would not be a phrase to that effect.

7 This would also not be a suggestion that two
8 parties should not have the latitude, should not be,
9 you know, permitted to have a robust set of
10 negotiations. We certainly believe that as well.

11 But what it is suggesting is that the process
12 was too protracted and as a result the overall U.S.
13 economy suffered for it, and this agency could play a
14 role in helping expedite that process.

15 I agree with the statement that was made
16 yesterday that you don't want to interfere with two
17 parties' ability to negotiate their contract. We
18 certainly don't want that, but there also needs to be
19 acknowledgement that not all negotiations are equal.

20 You know, if Alex Rodriguez and the New York
21 Yankees are at an impasse over their contract, unless
22 you are a New York Yankees fan, who cares?

23 [Laughter.]

24 MR. STEENHOEK: But there are certain
25 constituencies in this country that if they don't get

1 their relationship

2 right --

3 CHAIRMAN BLASGEN: Right.

4 MR. STEENHOEK: -- it has a profound ripple
5 effect on a lot of other industries, and I would argue
6 that most if not all of those sitting around this table
7 were affected somewhat, you know, by that.

8 So again, I just wanted to extend that. I
9 don't have to do anything, but if the committee would
10 like me to at least flesh something out, draft a letter
11 for consideration, I'd be happy to do so.

12 CHAIRMAN BLASGEN: Any responses to that?
13 Rick, when you were just coming back, Mike was talking
14 about he would be happy to draft a letter that talks
15 about the fact that what occurred in the west coast
16 situation may very well occur again if something isn't
17 changed in terms of the negotiations that go on and so
18 on and so forth.

19 So he was just asking whether we felt that
20 would be something we might want to hear about.

21 I will tell you my opinion about it, because I
22 talked to a lot of people about this and I bet Rick
23 Gabrielson and people like him in other companies can
24 look out to the future and pinpoint exactly when this
25 is going to happen again, and they are going to say

1 what is going to change?

2 It's great, we are over the hump now and here
3 it comes again, and just like seasons, you know, there
4 is going to be another situation and unless something
5 drastically changes, we are all going to be
6 anticipating it and companies will get the war room and
7 decide six or eight months in advance, here is how I'm
8 going to subtly and silently reroute my freight to make
9 sure I'm not being affected by that.

10 And so to me, we have often -- when we
11 instituted this committee however many years ago now,
12 we said, you know, it is up to us to talk about
13 solutions that, you know, may be difficult to
14 implement, but why not? If not us, then who?

15 So I would be all for anything that from a
16 supply chain standpoint says, you know, here is a
17 suggestion on how to alleviate the pressure and
18 influence companies to understand there is an
19 opportunity for them to do things more effectively and
20 efficiently, but here is what has got to change from
21 our perspective.

22 MR. GABRIELSON: Agreed.

23 MR. STEENHOEK: And just kind of as I
24 mentioned yesterday, what I would like to see, and this
25 -- I think it is impossible to define it precisely, but

1 what are either A, the lines in the sand, or what is
2 the glide path that if we are T minus X many days from
3 a contract expiring and there has been an absence of
4 any kind of progress, then should that trigger X kind
5 of response from the Department of Commerce or from the
6 Administration?

7 And if you start seeing evidence of disruption
8 of the supply chain, that should be a signal to ratchet
9 it up. And if it gets really -- versus what we saw
10 now, it was almost at the point where it was causing
11 severe hardship to our economy and that was the moment
12 that triggered the behavior, that triggered the
13 intervention and I think we can all agree whatever the
14 precise time frame is, it needs to be earlier.

15 CHAIRMAN BLASGEN: Right. Use the microphone,
16 please.

17 MR. FRIED: But what happens? I mean, this is
18 a political situation. Obviously the Administration
19 didn't want to get involved or delayed getting involved
20 because of political interests that were adverse to --
21 to the settlement out there.

22 What compels them? What brings them to the
23 table if they don't really want to do -- if they don't
24 want to get involved? I know that's a rhetorical
25 question, but I'm just curious to know what would be

1 the solution?

2 MR. STEENHOEK: Well, if a party doesn't want
3 to get involved, I see that really as the issue with
4 the other party.

5 I think what we are obligated to do is at
6 least transmit, since we are an advisory committee on
7 supply chain competitiveness, the operative word in
8 that is "advice". Provide advice on what those issues
9 that are important to us, particularly directing it
10 toward, and it is the Commerce Department Advisory
11 Committee, so we are supposed to transmit those
12 suggestions, provide advice to the Commerce Committee.

13 Now, regardless of the Administration, who is
14 in charge, what their motivations are, if they want to
15 activate on it or if they want to just put it in their
16 inbox and let it collect dust, you know, that's up to
17 them. But I think we have done our job.

18 MR. FRIED: You are on record.

19 MR. STEENHOEK: Yeah, we are on record and we
20 have transmitted what is important to us.

21 MS. STRAUSS-WIEDER: Well, and Rick, to your
22 point, what has changed in the countdown to knowing
23 when the next will be. First of all, you know,
24 thinking back to 2002 and so forth, what has changed
25 since 2002 is there are more robust port

1 infrastructures in Canada and Mexico --

2 MR. GABRIELSON: Right.

3 MS. STRAUSS-WIEDER: -- that are alternatives.
4 So that is a major contextual change.

5 Second, in terms of competitiveness is that
6 our export markets are in competition with other
7 countries and if we can't get those exports out and
8 there were enough news reports on this, then the
9 customer looks someplace else.

10 MR. GABRIELSON: Right.

11 MS. STRAUSS-WIEDER: And so there are
12 compelling reasons there. In terms of any kind of
13 disruption, I mean, 2002 it pointed -- the longer term
14 was instead of putting all my eggs in one basket, major
15 customers voted with their feet and they came through
16 Houston and they came through the east coast and there
17 was a loss.

18 But when you do that again to the big
19 customers in 2014/2015, they are going to go that's it,
20 you have got -- it is usually one strike and you're out
21 in supply chain, that's two.

22 MR. GABRIELSON: This is anecdotal, but there
23 was a port executive, I won't tell you which port, on
24 the east coast, who had a specific customer, not us,
25 who has purposely routed their freight to a gateway

1 that they feel will give them less issues over the west
2 coast, recognizing that they are going to pay more
3 money for it, because they are done with all of the
4 inconsistency that they have seen.

5 And those types of discussions while quiet,
6 that's kind of a common thread here today, are taking
7 place in companies across the nation because the
8 unreliability that they have seen, and that's the piece
9 that shippers will vote with their feet and they begin
10 moving to those paths give them less issues.

11 CHAIRMAN BLASGEN: Well, and what we typically
12 see are simply containers on ships floating around
13 somewhere, but there is inventory on those ships. What
14 is the inventory impact, right? What is the amount of
15 carrying cost impact, hundreds and hundreds of millions
16 of dollars probably for single large companies is
17 sitting out there.

18 MR. GABRIELSON: It is, and during the west
19 coast situation, you know, there is a couple of
20 websites that you can take a look at where you can
21 track the vessels and the delays coming in.

22 But it wasn't just container ships. You've
23 got bulk ships as well that are taking other
24 commodities, whether they are coming in or they are
25 going out that are out there for days and days and

1 those folks did the same thing. It wasn't unique just
2 to container ships.

3 CHAIRMAN BLASGEN: Right.

4 MR. FISHER: You know, I strongly agree that
5 we should make a recommendation, but I think part of it
6 has to be what tool kit -- it can't be just let's have
7 a jaw boning session where the Administration goes in
8 there and gets everybody together, because at the end
9 of the day you know how effective that can be if you're
10 dealing with two private parties.

11 So even though it might be ambitious, what
12 tool kit legislatively or regulatorily -- I can't say
13 that right, should we recommend? So what executive
14 action to coordinate the government better and what
15 should the Congress do to give the Administration the
16 tools to actually force the parties to come to the
17 table and reach a resolution.

18 So just identifying the problem and saying
19 let's start a conversation early I don't think that is
20 going to accomplish very much.

21 CHAIRMAN BLASGEN: Yes, Ricky?

22 MR. KUNZ: First I just want to point out that
23 every time Mike speaks, another tree dies.

24 [Laughter.]

25 MR. KUNZ: So we need to be careful up here,

1 okay?

2 MR. GABRIELSON: I live in De Moines, Iowa,
3 but my yard looks like Phoenix, Arizona.

4 [Laughter.]

5 MR. KUNZ: The Deputy Secretary made a comment
6 about he hoped that, or they hoped that lessons were
7 learned.

8 There were no lessons learned in 2002. I
9 doubt seriously that there were any lessons learned in
10 2014. For all intents and purposes, you only have
11 about four years left on the new contract because it
12 was retroactive I believe.

13 So it doesn't take a whole lot of thought to
14 figure out when the next issue arises.

15 I have to be very careful because, you know,
16 we are one of the beneficiaries of what occurs on the
17 west coast. If you go back to a dozen years or so,
18 zero percent of our containerized freight came through
19 the canal and it landed at the port of Houston. Now it
20 comprises 26 percent of our imports and exports and it
21 has gone up 30 percent.

22 We will probably realize a growth of about 15
23 percent from there, because it is not going back to the
24 west coast. But we are more concerned about the good of
25 the nation.

1 It is my job to go out and find new freight,
2 so I'll deal with that. But the losses were just
3 incredible and I hope that there is a way that we can
4 figure out how to avoid this in the future, because it
5 is not good.

6 MR. GABRIELSON: Right. The part that
7 resonated with me, and Walter is not here today, but
8 Walter Kimmsies has done a lot of work in looking at
9 the impacts of the lack of infrastructure.

10 And the one that hit me hard was when Walter
11 shared his thoughts on what happens once the canal is
12 done. Yes, the canal offers a lot, especially if the
13 other infrastructure is done from an export standpoint
14 and imports and that type of thing, but he actually
15 showed because of a lack of our infrastructure, the
16 impact that it has negatively on our economy, mostly
17 from an ag standpoint.

18 And he talked about the impact that countries
19 like Brazil would have because they now have the
20 ability to move much larger ships with export
21 commodities out of their country into other gateways in
22 the world, i.e., Asian or China.

23 And if you haven't seen that study that he put
24 together, it is very compelling, because it goes to the
25 point that Ricky talked about, and that is that if it's

1 not done, you now begin to impact jobs in the country
2 from an export standpoint and a growth standpoint and I
3 don't know how we could let that happen.

4 CHAIRMAN BLASGEN: Right.

5 MR. KUNZ: And so now is when those tough
6 decisions have to be done. They are not easy, but we
7 need to begin to wade in the water and make those
8 decisions, because if he is right, if his analysis is
9 correct, you know, as you look at your children and
10 their children and the jobs and the capabilities, you
11 know, are in jeopardy.

12 We can't let that happen. I don't want to be
13 a fatalist here, but my point is is that it has got a
14 much larger impact than outside of our borders.

15 CHAIRMAN BLASGEN: Well, and what strikes me
16 if I think about the supply chain discipline coming
17 into its own, what is one of our foundational
18 cornerstones is we will find the lowest total delivered
19 cost. We are on a quest, you know, to do that and you
20 bring up resiliency and redundancy and so on.

21 Supply chain people will serve their
22 customers. We will figure it out. You know, if we
23 have to, you know, ship it to Mars and back, we are
24 going to serve our customers, and the problem is we are
25 going to incur a lot of extra costs through no fault of

1 the supply chain executive, but through the economics
2 and the impacts of the infrastructure and all the other
3 things surrounding them that forces them to make
4 decisions to serve the customers in less than the most
5 efficient way, right?

6 And so having said that, you know, we should
7 be teeing up everything we can do to make changes,
8 behavioral or otherwise, to ensure we can achieve our
9 goal of lowest total delivered cost and satisfying the
10 needs of our customers in the process.

11 And if this is something that impedes us from
12 doing so, who better than our committee, a committee of
13 industry who gets it, to tee it up without taking a
14 political position and simply stating, Mike, to your
15 earlier point, what is the trigger by which we had an
16 effect?

17 I think you said it very well, Commerce,
18 Labor, Transportation got together and actually had a
19 positive impact. Why do we have to wait to just pre-
20 crisis in order to do that when people around this
21 table and others are going to understand when that
22 trigger is and will anticipate it and begin to silently
23 move freight and jobs and, you know, end up spending a
24 lot more money which impacts consumers down the road in
25 anticipation of it?

1 That's what happens, and it is going to happen
2 again unless something changes.

3 MR. STEENHOEK: And I think Paul made a good
4 comment. It would strengthen the suggestion if you
5 actually had something specific, prescriptive to say.

6 I guess my response to that is those things
7 are -- the debate is all over whether or not current
8 statute provides more latitude than what a lot of
9 people think, that's a debate.

10 The other debate is moving forward, what do we
11 do about it? And that's pretty -- it's an important
12 debate, but it's a protracted one.

13 My concern is if we wait until that set of
14 recommendations develops, then it is going to be awhile
15 before we are able to weigh in on this. So my thought
16 is I -- while just recommending that, you have more
17 expeditious engagement by the Department of Commerce
18 and other agencies while that certainly would not be
19 packaged as the panacea because you're right, it is a
20 jaw boning exercise, but I don't think any of us would
21 look at it as the solution to all of our problems and
22 the savior riding in on the white horse, but it would
23 be helpful.

24 It is something that is within the
25 jurisdiction of this government agency that we are

1 charged with advising, and, you know, I think it's
2 helpful just to be on record in expressing our opinion.

3 MR. FISHER: Can't we identify, yeah, there
4 is, you know, it's a complex world. Can't we identify
5 the categories of things that the government should
6 study? You know, that Commerce should take a look at,
7 what can be done under the existing statutes?

8 You know, for example, maybe we don't know,
9 but that is something that Commerce ought to study,
10 particularly since there is a change of Administration,
11 just to identify what things can be done potentially
12 from a regulatory standpoint and study what that can
13 be, you know, interagency collaboration, for example.

14 So without getting into detailed
15 recommendations, just getting before them, these are
16 the areas that we ought to focus on as a government.

17 MS. STRAUSS-WIEDER: What I just want to throw
18 out there, and again, it seems today I'm harping on
19 resiliency, but there are a couple of measures that
20 this relates back to as well.

21 You know, what are the levers available when
22 part of the system doesn't work? And that may be a way
23 of looking at it, to broaden it a little bit away from
24 being a labor issue to more or less when part of the
25 system doesn't work, what can be done? And that can go

1 in for waivers, it can go into ensuring that there is
2 enough flexible capacity on the system and that may go
3 over to permitting and qualifying rail crews and
4 whatever to move around the issue.

5 It also may go to single window, because if
6 you can't get your goods through one port, you should
7 be able to very easily say okay, I'm going to move it
8 through another port.

9 VOICE: And not call it port shopping.

10 MS. STRAUSS-WIEDER: Yeah.

11 MS. MOND: A couple of points, and one is on
12 this whole concept of port shopping, so we represent a
13 lot of small members and we talked to them after the
14 congestion.

15 Especially in light there was a study,
16 actually I think it was an *American Shipper* study that
17 said that there is a broad group of shippers who were
18 talking about diverting permanently to the east coast,
19 and I expected to hear more from our members that this
20 was a consideration, and most that I had called, again
21 these are small folks, said it's not a possibility, we
22 have to use these ports.

23 And so I just want to kind of keep that in
24 mind that yes, there is an element of discretionary
25 cargo, but there is also few small shippers and then of

1 course this probably also applies to the farm and the
2 ag community that they have to use these ports, and so
3 improving the efficiency of these ports is critical,
4 not just improving the options that they have
5 available.

6 And then also as we were talking about this
7 labor solution, the reality is that as soon as we start
8 talking about labor, it becomes political, and that's
9 unfortunate because there is a bill, and I have spoken
10 on it, that just -- it is going to be in markup
11 tomorrow and it talks about port metrics and that the
12 ports would have to submit a report every year on
13 efficiency, and there is a labor element in there that
14 says three months before a labor contract expires, the
15 ports need to submit a report and then once it expires,
16 every month there needs to be a report on the
17 efficiency and there is some specific metrics that are
18 included in there and that's a no-go for labor.

19 The AFL-CIO has written a letter against it,
20 ILA, was it TTD is the other labor group that has
21 written a letter against it. So you know, even
22 something as simple, as seemingly simple as metrics to
23 determine efficiency has become something political as
24 soon as we introduce labor into the conversation.

25 So that is just something to consider as you

1 guys are going forward and talking about that as a
2 solution.

3 CHAIRMAN BLASGEN: Jim?

4 MR. COOPER: With all due respect to Paul and
5 risking a kick in the shins, but I'm going to take a
6 little contrarian point of view here regarding the
7 convening role that the Secretary could play.

8 We have seen this, we have seen the White
9 House and other agencies at very high levels play a
10 convening role over the last few years, and in my
11 opinion, some of that has been very effective.

12 When you get the Secretary of Commerce calling
13 a couple of people into an office and saying look, we
14 need to talk, we have got a problem and you've got to
15 be part of the solution because I think that can be
16 very, very effective, and I think that can actually
17 help expedite discussions with just, you know, when you
18 get people realizing, because everybody is stuck in
19 their point of view.

20 Their heels are dug in and sometimes it takes
21 a third party to kind of loosen up the sand a little
22 bit, and so I view that as a very valuable role,
23 especially if you have some kind of threshold where you
24 can pull them in quickly and probably sooner.

25 CHAIRMAN BLASGEN: All right. So, to Mike's

1 question, I think that what we are hearing is yeah, we
2 would like for you to take that on and send it up to
3 committee and maybe we incorporate it with some other
4 recommendation that goes up or a separate point of view
5 from the Advisory Committee on Supply Chain
6 Competitiveness. So thanks for offering that and, you
7 know, we'll send it around and make sure that everybody
8 feels comfortable with it. Appreciate it.

9 All right. Thanks for -- great discussion.
10 We need to move on now to Glen and Bill for a CMTS
11 update.

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1 the committee and the Marine Transportation System in
2 law.

3 It has kind of the following purposes. To
4 assess the adequacy of the Marine Transportation
5 System, including ports, waterways, channels and their
6 intermodal connections. It includes inland waterways,
7 promote the integration of the marine transportation
8 system with other modes of transportation and other
9 uses, other marine environment, and coordinating and
10 improving the coordination of and making
11 recommendations with regard to federal policies that
12 impact the marine transportation system.

13 So by law the committee itself is a
14 secretarial body, it is shared by the Secretary of
15 Transportation on a permanent basis. Members include
16 the Secretaries of Defense, Homeland Security,
17 Commerce, Treasury, State, Interior, Agriculture and
18 Labor, Energy, also the head of EPA, the Chairman of
19 the Federal Maritime Commission and the Chairman of the
20 Joint Chiefs of Staff.

21 Not surprisingly, this committee rarely meets.

22 It has not met in the past eight years in fact. The
23 day-to-day operations of the committee are carried out
24 by its coordinating board which meets quarterly.

25 The board is supported by a small staff that

1 is head at the DOT. The Chair or the Board, the
2 coordinating board, rotates annually among the four
3 principle agencies, which are the U.S. Coast Guard from
4 DHS, MARAD from the Department of Transportation, the
5 Army Corps from DOD and NOAA at DOC.

6 They tend to have the highest ranking
7 officials on the board and also they often provide
8 staff support, especially during the year when they
9 have tenure as chair of the board.

10 The board has about 24 members consisting of a
11 mix of political appointees and high level senior
12 executive, career, federal employees. From NOAA, Dr.
13 Holly Bamford is the rep, from Commerce, and also David
14 Long from ITA. Those are members from the Department
15 of Commerce.

16 Just as an aside, sometimes I get -- I want to
17 take just a moment. My boss insists I wave the NOAA
18 flag a little bit when I speak to groups. I get from
19 folks sometimes that are not familiar with the maritime
20 community very well--and some of you I know are--they
21 get why the Coast Guard and Army Corps and MARAD is one
22 of the top four groups on this board. Why NOAA? And
23 so I just wanted to clarify that NOAA is home to a very
24 important core suite of navigation services.

25 Our niche is expertise in mapping, surveying

1 and ocean observing. I know this group has a high
2 level of interest in infrastructure. At NOAA, we see
3 our job is to provide part of that information
4 infrastructure to help people make more informed
5 decisions on the efficient timing and movement of
6 goods.

7 We build and maintain the nation's suite of
8 nautical charts in the National Water Level network.
9 We are the federal experts in coastal oceanography,
10 bathymetry, hydrography, tides, currents, shoreline
11 mapping, geodesy and three dimensional positioning.

12 Especially we have a mission as those relate
13 to marine navigation by statute. One of our premier
14 products is called the Physical Oceanographic Real Time
15 System or PORTS which kind of merges all these
16 capabilities into a system to provide mariners with up-
17 to-date real time information on port conditions,
18 coming in and out of ports.

19 Winds, waves, water levels, even slimjee
20 (phonetic) and other factors, including things such as
21 air gap, which is how much space you have between you
22 and that bridge as you are coming into port.

23 We also have an effort to try to forecast
24 future conditions to improve the timing of arrivals and
25 departures, and even to help maximize vessel moding in

1 port, a very highly valued service in major ports where
2 ships are pushing the limits for under keel clearance
3 of course.

4 We also have a suite of regional navigation
5 managers on the ground working with ports and the
6 pilots on a daily basis to ensure we are meeting local
7 needs.

8 So a little bit -- thanks for indulging me
9 there. The reason I'm here today is that the Chair of
10 the Coordinating Board, of the Committee of Marine
11 Transportation Systems rotates to Commerce as of July
12 1. They just met yesterday and Major Peabody from the
13 Army Corps chaired his last meeting and Dr. Holly
14 Bamford has been nominated and we expect soon the
15 Secretary will approve that she serve in that role for
16 the following year.

17 Dr. Bamford is the head of NOAA's National
18 Ocean Service, but she is currently serving as the
19 Assistant Secretary at NOAA. She is also my boss and
20 she's the person who asked me to attend some of these
21 meetings over the past couple of years. You have seen
22 me around a bit.

23 She had an inkling there was going to be some
24 links here coming down the road and this is one of
25 them, and it is why I am here today. One of her

1 highest priorities is she assumes the Chair is the link
2 between marine transportation system and the efficiency
3 and effectiveness of the U.S. supply chain. She wants
4 to work this issue during her year.

5 She is also very interested in getting the
6 CMTS more externally engaged. Like any beltway
7 bureaucratic group, over time becomes a little bubble
8 there and so she is kind of interested in engaging
9 elsewhere.

10 So what better group, obviously, to reach out
11 to than the existing committee of the nation's leading
12 experts on the supply chain to talk to, especially when
13 it's a sister bureau within the Department here at ITA.

14 So basically I'm here seeking to engage this
15 body over the coming year. David and I haven't worked
16 out any of the details about what that might include or
17 what that might engage, but perhaps a briefing from
18 select leaders from this group, on your views and
19 findings on port congestion, for example, of the things
20 related to marine transportation in the supply chain to
21 come and talk to this group.

22 Yesterday you had a great presentation and
23 discussion with this gentleman from the White House,
24 Mr. Loewentheil, and we talked about transition.
25 That's coming up. Well, this group is a permanent body

1 of 24 different agencies and people might be around for
2 another 20 years, not just the senior leaders, but the
3 staff that support them, and so it is I think an
4 opportunity for you to reach an audience that may help
5 sustain your recommendations over time, including
6 through any transition that's coming up.

7 So that is kind of my pitch. I just wanted to
8 kind of announce that. Holly is kind of looking
9 forward to engaging and I look forward to kind of
10 further discussing with David and the Chair about what
11 opportunity we might find.

12 The first meeting where she will hold the
13 gavel is October 1. In my ideal world, a couple of
14 leaders in this group would be on the agenda for that
15 meeting for maybe a half hour, 40 minutes to kind of
16 talk about some of the findings you have been
17 discussing already regarding the supply chain as it
18 relates to marine transportation.

19 MR. WISE: What is her name again?

20 MR. BOLEDOVICH: Holly Bamford.

21 MR. WISE: And she's been there for a year?

22 MR. BOLEDOVICH: Her term as Chair begins July
23 1 for a year of this organization, of the Coordinating
24 Board.

25 MR. WISE: [Off mic.] Well, in the spirit

1 of old ideas and in your last conversation, why doesn't
2 she pick up the spear today and solve the port
3 congestion problem under the banner of the mandate
4 described [inaudible] it seems like we would have port
5 congestion [inaudible] stop listening and start doing.
6 I think she [inaudible] --

7 MR. BOLEDOVICH: Not necessarily. I would be
8 glad to deliver your recommendations on solving port
9 congestion to her. I will take them with me today, I
10 promise you that for sure.

11 But she is kind of interested in engaging with
12 this group on its ideas of looking forward and I think
13 even more importantly is she wants not just herself to
14 hear this, but the 24 other member agencies of this
15 body to get this group to thinking about how they might
16 address issues regarding the supply chain during her
17 tenure in the coming year.

18 MR. WISE: [Off mic.] but for example
19 [inaudible] --

20 MR. BOLEDOVICH: To talk to?

21 MR. WISE: We just talked about one. I think
22 a number of people say there could be big value in the
23 convening role to basically get the stakeholders
24 together and put some -- the Federal Government role
25 could say hey, let's get this thing solved.

1 Could this -- and now particularly since it is
2 in Department of Commerce, who has a really vested
3 interest in making sure that this gets resolved from
4 the commercial side, could she take the lead in being
5 the convening -- play the convening role that we just
6 have been talking about?

7 MR. LONG: I've got some ideas on that one.
8 I think the key to the CMTS is very much a government
9 group, so in terms of convening stakeholders who get
10 all the relevant government people to look at it, so I
11 think there is -- part of the convening can happen
12 there.

13 But the reason CMTS is more interesting than a
14 lot of other groups would be for this is they have
15 already done some interesting inventory work that I
16 think will help what we are talking about for
17 understanding infrastructure, namely finding all the
18 current projects and starting to do some estimates of
19 what is necessary, what the priorities are, what the
20 funding for it would be.

21 I think this work is something that Rick, your
22 group and all the others will be able to draw from, at
23 least as a big source of information. So I think being
24 more closely engaged with them could go a long way
25 toward convening the government side of the house and

1 also getting better sources of data to support the kind
2 of work you're doing here.

3 Is that where we're headed?

4 MR. WISE: I was thinking a little bit
5 more --

6 MR. LONG: Okay.

7 MR. WISE: -- quick action going ahead.

8 MR. LONG: This group is not a quick action
9 group.

10 [Laughter.]

11 MR. WISE: All right. Okay. I withdraw my
12 comment.

13 MR. BOLEDOVICH: You're talking about 24
14 agencies around the table who meet quarterly, so any
15 group that meets quarterly, you know, their steps are
16 going to be measured differently than emergency
17 responders.

18 But she's a very take action person which is
19 one of the reasons I'm here today. We saw your group
20 was going to be convening here, just as she was coming
21 into the Chair and she said, we're not on the agenda.
22 We have got to call David and let's try to get a spark
23 started.

24 So I think she views this group as a
25 constituent stakeholder group that she wants to hear

1 from. If she is going to take up supply chain as an
2 issue before this Marine Transportation Group, she
3 would like to hear from this group about what that
4 means she should be doing.

5 CHAIRMAN BLASGEN: Is it possible that she
6 visit with us on the 7th or 8th?

7 MR. LONG: Absolutely.

8 MR. BOLEDOVICH: Is that when you are next
9 meeting?

10 CHAIRMAN BLASGEN: Yes.

11 MR. LONG: We can do that if she is in
12 America.

13 MR. BOLEDOVICH: Absolutely, I think we can
14 arrange that. In fact, and I'll talk to David
15 following up here. That's pretty darn close to when
16 the group is meeting on October 1.

17 So I think she would like to give her tenure,
18 you know, it is already a three month delay before she
19 gets to have her first meeting. She is going to be
20 doing some meeting with the other leading members of
21 this body between now and then, but she wants to get
22 that first meeting kick started on this issue which is
23 why she was kind of interested in maybe getting some
24 participation from this group there, especially
25 external private sector stakeholders to kind of talk to

1 this group and kind of help lay the groundwork for the
2 year ahead.

3 MR. HANSON: Glen, so you started off the
4 conversation talking about the history of CMTS and
5 shame on us for private industry for letting a group
6 like this exist at cabinet level and allowing it to not
7 meet for eight years. That says a lot about where we
8 are as a marine transportation system.

9 What would it take to follow up on Dean's
10 point to convene a cabinet level meeting of the CMTS?
11 Not the coordinating board, but the cabinet level folks
12 who can advise the President directly, sit at the table
13 with them on a regular basis. How does that message
14 get to him?

15 MR. BOLEDOVICH: I think you would need an
16 issue of some urgency in need of -- you have got to
17 look at where we are. We already talked about
18 transition, we are kind of coming into the last 18
19 months.

20 I think you would need an issue that would be
21 a legacy you want to make sure that they leave and that
22 they are interested in leaving.

23 MR. HANSON: Port congestion.

24 MR. BOLEDOVICH: And this would be an issue.

25 MR. WISE: Lessons learned.

1 MR. BOLEDOVICH: I can tell you that the
2 ultimate decision to convene is up to the Secretary of
3 Transportation, so it is not up to Holly Bamford. The
4 coordinating board can recommend that they convene, but
5 the Secretary of Transportation is the chair of the
6 committee.

7 MR. HANSON: Since we are in a letter writing
8 mode, can this group write a letter to --

9 VOICE: Mike, put that in your letter.

10 [Laughter.]

11 MR. HANSON: -- Secretary Foxx or Secretary
12 Pritzker and insist on an emergency meeting or urgent
13 meeting of the CMTS to address the port congestion
14 issue?

15 VOICE: That could be a recommendation.

16 MR. BOLEDOVICH: Other than what the scope of
17 this group and who you are here to advise is --
18 advising the Secretary--the lawyer in me is coming
19 out--is advising the Secretary of Transportation to
20 take an action within your purview when you are really
21 here to only advise the Secretary of Commerce I think
22 would be the big question there. It would be a legal,
23 question.

24 MR. HANSON: And then just, I guess, a final
25 point --

1 MR. BOLEDOVICH: -- encouraging that, I mean,
2 that's why we have groups like you to kind of push us
3 along in my view --

4 MR. HANSON: Just to endorse as well, having
5 Holly Bamford in this position over the next year is
6 going to be a big opportunity for CMTS and for supply.

7 If she is willing as a NOAA group which really
8 has a track record more as environmental, and I can say
9 this as a low bid contractor, impediment to projects,
10 to actually want to take on this issue says a lot about
11 her and her willingness to tackle the big issue, so we
12 should take advantage of that.

13 CHAIRMAN BLASGEN: And maybe, you know, why
14 not see if we can lock her up for the agenda the 7th or
15 8th of October. It would be good timing, right? It is
16 right after she meets with --

17 MR. BRYAN: Let me add a little bit here,
18 too. We have an urgent issue as you have heard. You
19 also, from the Administration's point of view, it is
20 also time urgent. You only have a year and a half or
21 less. So you have got time to do something.

22 What we have been looking for is a place to
23 push. It seems like there is an endowment in this
24 committee that's appropriate to the subject.

25 It has never utilized its power this way, but

1 sometimes the way power works is a matter of what you
2 assert. And since the subject is sufficiently
3 important to the nation and all of its supply chains
4 and all of its competitiveness, and there is a location
5 by which this can happen, then I know we have put you
6 on the spot, but please take that to heart. We need
7 this.

8 MR. BOLEDOVICH: I will certainly take the
9 message back, absolutely.

10 MR. BRYAN: Do something different.

11 MR. LONG: Other questions? Comments?

12 [No response.]

13 MR. BOLEDOVICH: Thank you very much for your
14 time.

15 MR. LONG: Thank you.

16 CHAIRMAN BLASGEN: All right. Well, thanks.

17 We are a little bit over our time frame, but let's
18 convene for lunch and then get right back at it right
19 before 1:00. Thank you all.

20 [Whereupon, at 12:07 p.m. the meeting
21 recessed.]

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AFTER LUNCH

[12:56 p.m.]

CHAIRMAN BLASGEN: Getting going here. So by way of agenda, we have got Anne with Workforce update on that subcommittee, and then at 1:30 we are supposed to hear from Mr. Seigel from the Department of Labor also on workforce in the event, Anne, that you end a little early, Dean, maybe what we can do is at least tee up the permitting issue until our speaker arrives just so we don't have a lot of dead time.

So Anne, if you would use the microphone, feel free to sing a song if you are compelled to do so given the mic in your hand as well.

[Laughter.]

CHAIRMAN BLASGEN: You and Ricky can do a duet.

1 that are privately funded, state level programs that
2 are part of economic development or education or labor,
3 and you know, part of what we can do is potentially
4 focus on those programs that are nationally promoted or
5 nationally funded.

6 On workforce accessibility, last time we had
7 heard from the folks who are at the Mercer County
8 Transportation Management Association who had partnered
9 with Amazon to help labor get to the massive
10 distribution center, they are calling it the ninth
11 generation distribution center in that county, and
12 accessibility, connecting labor from where they live to
13 where they work is absolutely crucial, not just at
14 distribution centers, but at airports, seaports and so
15 forth.

16 In fact, since that time we -- about another
17 TMA that actually serves the port of New York and New
18 Jersey and has a 40 person waiting list.

19 But the issue with workforce accessibility for
20 this committee is that seems to be a local issue,
21 that's number one, and B, it is an issue where
22 sometimes the employer says it is not my issue, it's
23 the worker's issue. So yeah, that's something that
24 came out when they were talking to other distribution
25 centers in addition to Amazon.

1 Amazon was willing to step up to the plate,
2 others were not. Usually the labor, the transportation
3 is your own car, you carpool with somebody, you work
4 for one of these workforce companies as a contract
5 laborer and they provide a van pool service which by
6 the way comes out of your paycheck or you take transit.

7 The TMA's are another option in there. But it
8 seems to be more local, so I don't know what we can do
9 other than potentially at some point being some
10 additional funding for these last mile.

11 But another area, and I know this is near and
12 dear to Rick, is workforce attraction and image. And
13 to that end, and I didn't know about this and it turned
14 out to be from New Jersey, I have given everyone a copy
15 of a brochure, it is about two years old that came out
16 of the Transportation, Logistics and Distribution
17 Network in New Jersey.

18 I'm not suggestion you read all of it, but
19 you'll see, and I really would like some interesting
20 comments. It has work area descriptions, and that's on
21 the second page of what you were given here, and then
22 because it is too big to print, they have exploration
23 of those work areas which was one of the first times I
24 have seen, and this is where the homework comes in, a
25 really great description of what is there and what they

1 pay and all the options, and that is kind of the
2 homework that I was going to ask of the committee, not
3 just the subcommittee, but to ask everyone if they can
4 provide me with any similar examples of this, because
5 this is pretty remarkable just put together in one
6 place.

7 I think they may have captured a lot of it.
8 Maybe not welding, but a lot of different items, and
9 I'm going to suggest, Rick and David, that, you know,
10 we focus initially on those two things, really
11 understanding the training and the funding and the
12 mandates that are put forward and perhaps how that is
13 coordinated or how -- if it is federally funded, how
14 that is coordinated with private programs and state
15 programs to meet the kind of mandates we see for labor
16 needs. Not just in trucking, but all the modes, and
17 then on this whole image.

18 MR. MCGEE: Questions. These were all based
19 on New Jersey --

20 MS. STRAUSS-WIEDER: Yeah, that's right. This
21 is just New Jersey.

22 MR. MCGEE: Okay.

23 MS. STRAUSS-WIEDER: But there is no reason why
24 these stats could not have been done for someplace
25 else.

1 MR. MCGEE: Yeah, because they look high for
2 Florida.

3 [Laughter.]

4 MS. STRAUSS-WIEDER: This is strictly -- this
5 was a New Jersey publication put out by a group in the
6 Department of Labor there. Again, I had not seen it
7 until someone showed this to me a few months ago, but I
8 thought the categories were quite interesting and
9 seemed to capture in one place a lot of what we were
10 talking about here, or at least began to talk about the
11 area.

12 So if there are examples in Florida or any
13 states or in private industry that capture the full
14 range of occupations and types, I think it is useful.
15 Is this the best document out there? I don't know, but
16 at least in our purposes beginning to categorize and
17 begin to see how to get the word out, this obviously
18 was a pamphlet, really hard to duplicate, but
19 nevertheless at least one was put together. There have
20 to be more out there.

21 MR. HANSON: [Out of mic.] There is one
22 [inaudible] --

23 MS. STRAUSS-WIEDER: And Rick, I know that
24 CSCMP has been doing a lot, too. I don't know if there
25 is anything you want to mention. I know we need to

1 side bar on that, and I don't even know if CSCMP had
2 seen this.

3 CHAIRMAN BLASGEN: No, you sent it to me
4 before, or somebody else did and I noticed it was done
5 by a center at Rutgers, so I might have gotten it from
6 them.

7 MS. STRAUSS-WIEDER: The Heldrich Center.
8 They are I think the ones that received the funding
9 through the Transportational Logistics and Distribution
10 Network.

11 CHAIRMAN BLASGEN: Yes.

12 MS. STRAUSS-WIEDER: You can see up there one
13 concrete spot. But beginning to get the point out
14 because obviously we can't have a competitive system if
15 we don't have enough labor in our manufacturing, in our
16 transportation system.

17 The good news is as Rick can tell you, the
18 supply chain programs are growing like crazy and there
19 is a lot of interest. But then I've talked to
20 warehouses where they still have a 50 percent or higher
21 turnover, so they are getting really good at training
22 people within a day now on their equipment, and you see
23 it.

24 You can't do that at ports, you can't do that
25 in other locations. I know the port labor is being

1 pulled from, you know, from a variety of sources and
2 that is also determined by the contract, how they can
3 get labor, so air cargo, a whole different ballgame as
4 well.

5 CHAIRMAN BLASGEN: Are you familiar with these
6 five transportation centers that are being created
7 across the country?

8 MS. STRAUSS-WIEDER: I am not. It is one of
9 the areas I need to get into.

10 CHAIRMAN BLASGEN: Because I have been
11 invited to join in on a tour of three of them, but
12 there is five transportation centers. Tom O'Brien had
13 presented it at TRB and anyway, so it is all about
14 workforce development primarily focused on
15 transportation and trucking and so on.

16 MS. STRAUSS-WIEDER: And I think they are
17 getting some of their funding from the Department of
18 Labor, so I think we followed the funding mechanism
19 back to the source.

20 CHAIRMAN BLASGEN: Right.

21 MS. STRAUSS-WIEDER: And understand how that
22 could be parlayed effectively with all the private
23 funds and other funds going on.

24 Some of those funds as noted have been used to
25 develop programs. But we have heard from this committee

1 along, the programs already exist.

2 CHAIRMAN BLASGEN: Right.

3 MS. STRAUSS-WIEDER: So how can those funds be
4 leveraged, how can the word get out there, just take
5 what exists or begin partnering and use it more -- use
6 it to greater effect.

7 CHAIRMAN BLASGEN: Right. Right.

8 MS. STRAUSS-WIEDER: So I'm going to keep it
9 short and there is a lot more to follow. I really do
10 hope that for October and that's why I'm asking
11 everyone to send me material or links or so forth that
12 we can talk a lot more about I will call it workforce
13 attraction for now so that we have something definitive
14 and useful in that regard.

15 I don't know how it can be a recommendation of
16 the Committee, but at least we will have a base of
17 understanding to see where to go next. Recommendations
18 may go more towards the training and I will defer on
19 that until we hear directly from Ben Seigel this
20 afternoon.

21 CHAIRMAN BLASGEN: Jim?

22 MR. COOPER: Along those lines, I just want
23 to mention our organization did exactly that with
24 petrochemicals and refining industry. We developed a
25 website that actually is very similar format where they

1 go through and job descriptions, salary ranges,
2 everything, and plus also links individual companies
3 looking for employees.

4 One of our main targets are with returning
5 military personnel, trying to get them something that
6 they can access before they move back home and get
7 involved in their old habits.

8 CHAIRMAN BLASGEN: Right.

9 MR. COOPER: And they are more likely to
10 relocate coming out of the military than after they get
11 entrenched back in the neighborhoods, and so that's one
12 of the things that we're trying to do.

13 MS. STRAUSS-WIEDER: Yeah, it's really that,
14 you know, the returning military seems to be a very
15 good source of labor throughout the supply chain right
16 now at ports and trucking.

17 Distribution centers, it is far more complex.
18 There are so many different layers of types of people
19 working there and the salary ranges are quite variable
20 as well, and particularly when you are getting to
21 hourly or less highly paid personnel, that's where you
22 really get into the accessibility issue.

23 Training seems to be on the job as well as
24 training is used in distribution centers as an
25 incentive, so you may see ESL offered, you may -- there

1 are some companies that in the breakroom they have
2 programs, they have Rosetta programs, they have
3 learning office, they have all sorts of training that
4 is an incentive, you know, an advantage of your
5 employment there is in your free time you can take
6 advantage of training programs.

7 So it is just a minor piece to mention
8 training as an incentive, but that is really to help
9 keep their labor. So to go back on it, it's a broad
10 topic we have here. We are going to have to think
11 through where is it most critical to our
12 competitiveness, and right now I'm at a loss to say
13 which is more critical than another.

14 MR. MCGEE: Did you guys account for marketing
15 in your plan?

16 MS. STRAUSS-WIEDER: Marketing?

17 MR. MCGEE: Yeah, and the reason why I say
18 that is because you have the numbers, which we all know
19 that if you are going to start talking about career
20 development, you absolutely have to talk about the
21 numbers.

22 But simultaneously I just don't think the
23 millennials, you know, really know how to access the
24 opportunities, the training and different things like
25 that, and if we do have the marketing through the, you

1 know, digital media that they use, then that might
2 attract them into the workforce.

3 I know that Career Source in Florida, they
4 have a lot of different programs, and in terms of
5 training for employees we have, but the problem with
6 that is it is hard to access those dollars because
7 there is -- when you call or you inquire about them,
8 they tell you all the reasons why you can't get access
9 to the dollars as opposed to really give you insight as
10 to how you can.

11 You mentioned that you have a pretty robust
12 website. When you put a website out there with the
13 salaries on it, all of a sudden you get a lot of hits,
14 and I think that's one way to really start to talk to
15 the new generation, because the thing that scares us is
16 we have got a great group of veteran professionals, but
17 man, when they graduate out of the workforce, I'm
18 scrambling.

19 So we definitely need this effort now, and I
20 think the way to get to them is definitely through the
21 marketing. And that's an inexpensive way, too, because
22 you have all the social media marketing. You have just
23 got to have the right way to put it together so it
24 reaches the desired crowd in terms of bringing more
25 people into the workforce and then educating them.

1 CHAIRMAN BLASGEN: Ricky?

2 MR. KUNZ: We have been having job fairs for
3 returning military and it has been very, very
4 successful. That's one.

5 But two, for the younger generation, you know,
6 a lot of them don't want to go to a four year degree
7 program, so we reach out to them starting in high
8 school at the 9th grade and they graduate out of high
9 school and the focus is assuming they decide to go on,
10 and most of them do, then they transfer over into a
11 junior college system where they come out with degrees
12 like tankerman, they are licensed AB Seamen.

13 This is more geared towards brown water,
14 inlands, waterways, as opposed to blue and it has been
15 very, very successful.

16 The other thing that we focus on is with four-
17 year degree programs locally. The University of
18 Houston, Texas Southern University and Texas A&M at
19 Galveston, and these are geared towards one deep blue
20 sea or coming ashore and working in a capacity with an
21 ocean carrier or whatever it may be.

22 So it has been a good setup for us and it is
23 very successful for our -- it's a good setup for the
24 local businesses.

25 CHAIRMAN BLASGEN: You know, we talk a lot

1 about how do we get our discipline as a destination
2 career into lower levels of education, and I know one
3 way is the community colleges who are connected to the
4 high schools in local areas. We are working with a ton
5 of community colleges now and they want to develop a
6 logistics curriculum of some sort because it is such a
7 hot field and they see an opportunity for increased
8 tuition and all that.

9 And so -- and they do have pretty good
10 connections with high schools. It would be great to
11 get to our Department of Education here and figure out
12 some national marketing campaign for the discipline.

13 MS. STRAUSS-WIEDER: Well, that is one of the
14 reasons we have Ben Seigel coming today so we can ask
15 about marketing and the funds that they have given out
16 and what they have heard back, because I think they are
17 the funding mechanism for many of these community
18 colleges and the five centers. So we will hear more
19 about that today.

20 CHAIRMAN BLASGEN: Okay. Please, Bill?

21 MR. HANSON: Another place to look at this as
22 well is not just the federal level, but the study in
23 Louisiana I'm referring to actually was done by
24 environmental defense, so a lot of the foundations, the
25 Waltons, the Rockefellers, they are really interested

1 in the social implications of development and post-
2 development as well, support development. So there is
3 no reason the supply chain can't tap into that as well.

4 CHAIRMAN BLASGEN: Sure, sure. Okay.
5 Anything further for Anne?

6 [No response.]

7 MS. STRAUSS-WIEDER: That's it. I kept it
8 short.

9 CHAIRMAN BLASGEN: All right. Why don't we
10 tee Dean up here and see if we can get going on the
11 permitting issue before Mr. Seigel gets here. So Dean?

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1 **PERMIT SPEED AND REFORM (AD HOC SUBCOMMITTEE)**

2 **Mr. Dean Wise,**

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4 MR. WISE: Sure. Well, I guess my role here
5 is to become the broken record on permit reform. Since
6 you have already heard the record, broken record three
7 times, this will be pretty brief, but we would
8 appreciate any comments.

9 So we put this -- Leslie is not here, Jim and
10 Paul and I put this together for our last meeting. We
11 have walked through it. It hasn't changed much, and
12 the next step happened yesterday which was to hear from
13 the White House.

14 David was -- kudos to David for making that
15 happen. It was a lot of work to get Nate in here, but
16 Nate gave us the update. David, correct me if I'm
17 wrong, I know you have a little bit different view, but
18 my summary of his update was the Dashboard was a
19 success, but the implementation plan of 100 items which
20 was issued last year is still in progress.

21 My interpretation is the Dashboard was a
22 success as far as it went, but they have taken the
23 pedal off the gas and they should use the opportunity
24 and there is the will from the President himself to
25 keep it going. We want to have them put the pedal down

1 and keep doing the Dashboard and then translate the
2 Dashboard from best practice to common practice. That
3 is their own term, and then we really need to hold them
4 accountable and say what's this 100 point
5 implementation plan that is going to move it into best
6 practice?

7 So I think the next step, and this kind of
8 tees us up to send a note to the Secretary saying here
9 is what we've done, here is what we've seen so far, we
10 would encourage more effort in this area, here is why
11 it is in the interest of supply chain competitiveness.
12 I think there is also some interest.

13 One of the comments from Nate that really I've
14 been thinking a lot about is he somewhat challenged the
15 idea that if permit speed was improved, there would be
16 more private capital attracted.

17 I have always felt that that is a pretty
18 strong concept. I think Paul supported that, but he
19 seems to say no, that's just BNSF puts a lot of money
20 in its infrastructure. So I take that as a challenge.

21 I think there is a some quantification, some
22 examples of how yeah, private capital has basically
23 diminished because of uncertainty about getting a
24 return.

25 So I think if he is saying that, then probably

1 other people in the White House believe it, so we can
2 put a case together just from what's available. I think
3 Parsons Brinckerhoff has probably done some work in
4 this area and the CGLA, a guy named Norm Anderson has
5 done some stuff.

6 We can put the kind of business case together
7 that yeah, it is a good thing if we can -- and here is
8 why reducing speed will be good for jobs, for private
9 capital, for people wanting to go into a career to do
10 big projects.

11 I mean, if you are 25 years old and you think
12 the project may or may not happen in 20 years, are you
13 going to go into that business? So you're not getting
14 the talent to go into these types of projects.

15 So I think we are at the point, and David,
16 correct me if I'm wrong, where we could, you know, our
17 little team will draft a letter for consideration for
18 the group.

19 On a positive note, maybe could you flip to
20 page 4. Go to page 4, yeah. So this is the list. I
21 mean, if you read all the literature, you come down to
22 these are the magic bullets you need to put together
23 that are going to really solve the problem. The first
24 three are really about communication and collaboration
25 and again, I think the White House did a good job with

1 this Dashboard of starting to go down that path, let's
2 keep going.

3 Then there are some trickier ones like the
4 shot clock and the trickiest one which has actually
5 been something where the Administration has pushed back
6 is the idea of a finite challenge period.

7 So you can challenge -- it is the analogy of
8 you are riding on a bus, you can pull the stop cord.
9 Anybody can pull the stop cord at any time. That's
10 what we are into, and some of the anti-growth activists
11 have made a science out of doing that so that they pull
12 it at exactly the right time to delay, delay, delay,
13 and that is what drives people crazy.

14 But it is a tough one for the Administration
15 to basically put in a finite challenge period that is
16 going to take the Sierra Club out of the picture for --
17 and others, so it's not just them. So that is one of
18 the contentious points.

19 The good news is there is two pieces of
20 legislation that are moving right along. One piece is
21 really just helping the railroads which of course we
22 love, but part of the way that's the Passenger Rail
23 Safety Act and that is being marked up I think today in
24 the Senate, which has some permitting streamlining.

25 The big one though which actually hits on

1 almost every one of those items is something called the
2 Permit -- what is it called now? Permit Reform Act I
3 think it's called, the Rapid Act is what it has been
4 referred to.

5 It is Portman and McCaskill, Portman from Ohio
6 and McCaskill from Missouri, Senate 280. It really
7 covers all those items and they seem to be pretty
8 serious in moving that one forward, so there could be
9 some legislative solution.

10 But it takes more than legislation. It takes
11 the will to actually process this stuff. So any other
12 comments, questions, things we should be doing?

13 MR. STOWE: If I could pick up on our
14 discussion on branding yesterday. I think this is
15 another case where very specific data on what the
16 benefits would be, how many jobs could be created, how
17 much faster could we do it?

18 Is it possible to reduce a permitting time
19 from 7 years to 4 or 3? And most of all, would it
20 create jobs, would it save money, how does it compare
21 with the timing in other countries, in other
22 jurisdictions?

23 That is all information that ought to be
24 available. I mean, somebody who works in this field or
25 a good graduate student, well directed, could put it

1 together. Nothing sells the message like some
2 specifics like that, and if somebody could think oh,
3 yes, we could have an outcome, a consequence, a
4 positive result, I can see it from your numbers, then
5 they might be inspired to do something.

6 If it's just another idea, then they have got
7 a lot of priorities.

8 MR. WISE: That's a really good suggestion.
9 I think we can pull that together. Any other thoughts
10 of sources?

11 My guy go to would be this guy, Norm Anderson,
12 who heads a little infrastructure firm. They do
13 several summits every year around the world and they
14 have a benchmark database of projects, they have best
15 practices information, so we could tap him for some
16 information.

17 Any other suggestions on where to get the
18 benefit stream?

19 MR. BINGHAM: I had another thought, which is
20 the state level Permitting Reform Acts in certain
21 states, and I know the Civil Engineers Trade
22 Association has been lobbying down at the state level
23 to have that happen in a number of places, and maybe
24 instead of just looking internationally for benchmarks,
25 maybe some of the lessons are also down at the state

1 level where they are trying to do some reform like CEQA
2 reform in California, some other examples.

3 MR. WISE: Good. Yeah, if you could send me
4 any notes on that.

5 MR. BINGHAM: Okay.

6 CHAIRMAN BLASGEN: Jim?

7 MR. COOPER: Along those lines and I will
8 send you this information too, Dean, there are I think
9 in Louisiana, they actually have the ability as
10 industry to provide a fee to expedite -- you can
11 request an expedited permit and that fee actually
12 offsets the overtime costs on permit reviews, and we
13 have heard no complaints from industry whatsoever in
14 paying those fees.

15 And so there are some creative ways to go
16 about this that conserves best practices at the state
17 level.

18 MR. WISE: That's a good one. Okay. So I
19 actually -- I don't think I'll wait until October. I
20 will draft something up that we could do by mail, Rick,
21 does that sound right?

22 CHAIRMAN BLASGEN: Yeah. I mean, and this can
23 be a simple recommendation that goes up the ladder,
24 right? That's what we will do.

25 MR. WISE: I appreciate all your attention,

1 and David, again thanks for getting the White House in
2 here. They can't say everything they want to say, but
3 it was helpful having them here.

4 MR. LONG: It is a big issue.

5 MR. WISE: Thanks.

6 CHAIRMAN BLASGEN: Great. Thank you all. So
7 we have got about 5 or 6 minutes here until Mr. Seigel
8 is supposed to address us, so what I thought I would do
9 is just accelerate the conversation around our calendar
10 for these meetings for next year.

11 David had put out sort of a little strawman
12 here of some dates, and one topic I wanted to bring up
13 -- some of us were kicking around some ideas last night
14 about doing this meeting elsewhere other than
15 Washington once or twice during the year or maybe once.

16 I wanted to sort of poll the group and see how
17 you felt about that. Ricky has graciously offered up
18 the Port of Houston, suggested we don't do that in the
19 middle of the summer.

20 VOICE: I would suggest spring or fall.

21 CHAIRMAN BLASGEN: One other suggestion,
22 might not do it in hurricane season, but maybe
23 springtime would be a good time to do it and he said
24 his organization has a great location, a great venue in
25 terms of a conference room and maybe we also take the

1 group on a tour of the port and have a little
2 educational or developmental venue there, too. So,
3 Rick?

4 MR. GABRIELSON: Yeah, we talked about it last
5 night and I think there is great merit in doing just
6 that. It is taking folks -- here we are talking about
7 ports, we are talking about infrastructure, whether it
8 is at a coastal port or whether it is an inland
9 waterway and it is a wonderful opportunity to take a
10 look firsthand at what is taking place and then find a
11 way to hold our meeting in and around that, you know?

12 There may be some budgetary challenges from
13 Commerce and I get that, but maybe there is ways of
14 getting through that, but I think the educational
15 aspects are immense and the more of that we do, I think
16 the more effective we can be. I'm a strong supporter
17 of it.

18 CHAIRMAN BLASGEN: Okay.

19 MR. WISE: I would like to offer that one of
20 -- the Houston Ship Channel is one of the most
21 impressive concentrations of industrial America. It
22 never could be done again, right? It is like Shanghai.

23 Ricky was just telling me that 150 of those
24 sites are private port facilities, 8 are public, so it
25 kind of tells you that mix. But I would offer to have

1 BNSF do a train ride for a part of our meeting along
2 the ship channel.

3 CHAIRMAN BLASGEN: That would be fantastic.

4 MR. WISE: And maybe we could even -- would
5 that be something that the Secretary might be enticed
6 to come visit if Matt Rose invited her or something?

7 VOICE: Because the train doesn't stop once
8 you get it going.

9 [Laughter.]

10 MR. LONG: That might actually be the way to
11 do it. A meeting in a remote location in the sense
12 of -- [audio interference]

13 MR. LONG: Anyway, yeah, meeting away from
14 here is no problem for us, it is just a budget issue
15 and the ability to get people's calendars set up in
16 time. That is primarily why we didn't change the
17 meeting arrangements last year, or this year rather,
18 because everybody was already locked in with stuff and
19 I think yeah, meeting in another location is a great
20 idea.

21 Are we thinking -- does the April session
22 work?

23 MR. GABRIELSON: I will make it work. Just
24 tell us what dates you prefer and I will move forward.

25 CHAIRMAN BLASGEN: Others? Other comments on

1 that idea?

2 MS. STRAUSS-WIEDER: [Out of mic.] If you
3 want, the port or Newark Airport has an air cargo
4 operation there. Please let me know. I will see if I
5 can --

6 CHAIRMAN BLASGEN: Newark airport? You are
7 suggesting we have a meeting --

8 MS. STRAUSS-WIEDER: [Out of mic.] Newark
9 Airport, yes. Well there is a general manager's
10 conference room in Building One. But it makes it very
11 convenient to get in and out by train or by air if we
12 want that or perhaps -- but I think we already have a
13 port so that's --

14 MR. KUNZ: Look, I don't mind flying to the
15 northeast, I'm just offering, but seriously, if you're
16 interested, we would love to have all of you come take
17 a look. And it is a great facility.

18 CHAIRMAN BLASGEN: All right. Well, I'll tell
19 you what we will do. We will go back, you know, we
20 kicked around some dates here mid to late January, mid
21 April, late June and early October, fitting all that
22 within the holidays and trying to have, you know,
23 similar amount of months to go by between meetings so
24 we can get work done and have that time span.

25 So what David and I will do is go back and

1 kick around some dates. We will also get with you,
2 Ricky, on if we want to cook up a springtime visit to
3 the Port of Houston, what would be a good week, good
4 dates for that. You know, and maybe we can build
5 around some extra time for those that can participate
6 in a tour or that sort of thing, because it opens up a
7 whole lot of opportunities with all types of
8 infrastructure things that -- or even company locations
9 that we can go visit and have a meeting at.

10 MR. KUNZ: I would just caution that the
11 fourth Tuesday of every month we have a port commission
12 meeting, so that would be the only thing that would
13 create an issue.

14 CHAIRMAN BLASGEN: So stay away from the
15 fourth Tuesday.

16 MR. KUNZ: The fourth Tuesday of each month.

17 [Chatter.]

18 CHAIRMAN BLASGEN: All right. Our speaker is
19 on his way, so we will get back to you on that and
20 dates, and also just to ensure that we are all aligned
21 around this, too.

22 This model of starting at noon on the first
23 day and going to three and having either a
24 subcommittees on either side of that and then the
25 following day still works for everybody when here in

1 Washington or where else? Okay.

2 Okay. We will change it a little depending
3 upon a port trip, but we will hold to that kind of
4 model as well. And what we will try to do also is get,
5 you know, additional interesting noise activities like
6 the Chainsaw Association or the Bulldozer Association
7 can come here.

8 MR. WATTLES: So Rick, if we ever decide to
9 have one of these events at a Boeing facility in the
10 northwest, I can provide engine noises.

11 [Laughter.]

12 CHAIRMAN BLASGEN: Engine testing on Boeing
13 aircraft. That would be a good --

14 MR. LONG: At least what we have here is
15 infrastructure.

16 CHAIRMAN BLASGEN: Thank you.

17 MR. LONG: Does this late date, does this
18 late June date work for people? I mean, we found
19 different problems trying to dodge the start of the
20 summer vacations.

21 Like July was difficult last year, this year
22 we've got a few issues with late June because of
23 schedules. Is one noticeably better than the other for
24 people? I mean, obviously you guys are here, so it is
25 manageable for you.

1 MR. GABRIELSON: June I think is better, but
2 I think the important thing is the earlier you get the
3 dates out and lock them in and don't change them,
4 people can make plans accordingly.

5 MR. LONG: Okay. We will cook that up in the
6 next week or so and get it out, because it worked well
7 last time and frankly we did better with the quarterly
8 meetings where it had been locked in a year in advance
9 than trying to put together the conference call in May
10 for the recommendation vote. So that turned out to be
11 a real --

12 MS. STRAUSS-WIEDER: If it's possible for
13 Washington, DC to arrange a block of rooms. I am not
14 saying to subsidize it in any way, but a block of rooms
15 in one hotel that would facilitate everyone getting
16 together after the meetings.

17 MR. COOPER: That's a great idea, but being
18 based on Washington and holding a lot of meetings here,
19 you are not going to get a room rate anywhere near what
20 you're going to get off the internet at like hotels.com
21 or whatever.

22 They don't cut you a break because the past
23 year is always booked up, and so that's an unfortunate
24 -- and I will help do this -- there are hotels in
25 Crystal City and Roslyn that are one Metro stop away

1 from DC, maybe two Metro stops away or three from here.

2 So we can get back and forth very efficiently and they
3 are probably half of what they cost if you're staying
4 in --

5 MR. LONG: Okay. We are looking at some of
6 the regulations for everything we do, but there is some
7 that pertain to what we can do for members of advisory
8 committees. We need to get that scoped out better.

9 It has been done in the past, but I understand
10 it was just an absolute paperwork nightmare for that,
11 so let me see if we can find a fix.

12 CHAIRMAN BLASGEN: Any other before Mr.
13 Seigel who I guess is on his way here?

14 MR. LONG: He is coming in from the entrance
15 right now. Russ is picking him up.

16 CHAIRMAN BLASGEN: Okay. Is there any other
17 administrative things anybody wants to tee up so we
18 don't have to do it right at the end here, but use our
19 time -- anything else that's on anybody's mind?

20 [No response.]

21 CHAIRMAN BLASGEN: From a committee -- one
22 thing that I'd like to point out, I have been
23 approached by a couple different people about hey, I've
24 heard about this committee, if you have an opportunity
25 or you're interested in different participants, let me

1 know.

2 So if there are folks who you run into who you
3 think may be good additions to the committee as
4 individuals have to roll off or we need people to join
5 who might, you know, be great contributors, send us a
6 note on that.

7 You know, there are some people out there who
8 are finding out about this committee who have an
9 interest in it and maybe can bring some value to it.
10 So we should always have sort of a succession plan
11 going on of new committee members and people who are
12 interested in participating.

13 MR. LONG: That question is excellently
14 timed. We are in the process right now of preparing
15 the paperwork to renew the charter for its next term
16 and as we go out for that, we'll be looking to open the
17 process to take applications to fill the vacancies on
18 the committee. So there will be a few spots there.

19 MR. KUNZ: So that will be from -- the new
20 charter would be from when to when?

21 MR. LONG: It will be the same charter. We're
22 going to renew it basically as is.

23 MR. KUNZ: I was wondering about the actual
24 date.

25 MR. LONG: November -- I think it's November

1 13th or -- this year for a two year term.

2 MR. KUNZ: Okay.

3 MR. LONG: Yeah, the charter is very broad
4 and seems to be adequate for the kinds of questions we
5 are asking, so I expect it will be identical.

6 CHAIRMAN BLASGEN: And that will be our third
7 two-year term, right?

8 MR. LONG: Yes. We got a late start on the
9 first one. Let's refresh the coffee and Mr. Seigel
10 will be here.

11 CHAIRMAN BLASGEN: So let's just sit tight.
12 He is on his way here.

13 MR. LONG: He is walking down the hall.

14 CHAIRMAN BLASGEN: Somebody somewhere is
15 talking into their watch.

16 VOICE: Well, Anne has offered to sing again.

17 [Laughter.]

18 [Pause.]

19 MR. LONG: I think we have our speaker here.
20 Thanks for making it, we appreciate that.

21 MR. LONG: Okay, everybody. Let me introduce
22 briefly our next speaker.

23 It is actually a guest recommended by Anne
24 Strauss-Wieder and this is Benjamin Siegel from the
25 U.S. Department of Labor and we've been looking forward

1 to his discussions for awhile.

2 I understand we will hear a lot about funding
3 for different types of programs, the inventory of what
4 is out there for these kinds of workforce development
5 programs and the handouts for this are coming around to
6 you right now.

7 So without further ado, let me hand it over to
8 Mr. Siegel. Thank you.

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1 focusing on at the Department of Labor right now.

2 So really what I just want to do is I will
3 spend a couple minutes kind of walking through a little
4 bit our workforce system, how it works from the federal
5 level, kind of how we are organized, some of the
6 resources out there, some of our key priorities right
7 now, and then I'd be, you know, I'd love to just have,
8 you know, some time to just answer any specific
9 questions that folks might have. So if that works for
10 folks, I'll jump in.

11 So the federal workforce system is overseen by
12 the Department of Labor, but it is very much a
13 partnership between multiple agencies at the federal as
14 well at the state and local levels. And you know over
15 the past couple of years, Secretary Pritzker as you all
16 know has been a huge champion in working closely with
17 Labor Secretary Perez on building what, you know,
18 Secretary Pritzker coined this term, what we are
19 calling now the workforce ecosystem.

20 And what is that ecosystem? So the, you know,
21 when we talk about a workforce ecosystem, we certainly
22 are talking about the state and the local workforce
23 agencies that are funded by the Department of Labor,
24 but it also very much includes the employers, so
25 individual companies, industry associations, Chambers

1 of Commerce as well as the training providers,
2 community colleges, universities, nonprofit training
3 providers and others, the labor unions and their
4 training programs, nonprofit organizations.

5 So there is a whole kind of ecosystem if you
6 will of organizations that are involved in identifying
7 what the skills and needs are of the workforce and then
8 going out and putting together the proper training that
9 is responsive to employer needs and that helps to kind
10 of get workers into career ladders and career
11 opportunity occupations.

12 And so the way that our system works is that
13 we on an annual basis put out formula dollars and
14 competitive dollars to the states and kind of depending
15 which side of the ledger you are looking at, you know,
16 our system is roughly funded at about \$4 billion or so,
17 and that does not include the unemployment insurance
18 system, that's kind of on a separate track.

19 But we put this money out to the states and to
20 local areas and it is used to provide employment
21 services, so that can include career counseling, job
22 training and a big part of our system is that it is
23 what we like to call dual customer.

24 So our customers are workers as well as
25 employers, and the backbone of our system is a national

1 network of about 2,500 what we call American job
2 centers. So these are one-stop employment shops that
3 exist in every county across the country.

4 They might go by different names, so like for
5 example in Illinois they call them work net centers and
6 other states they call them one-stop career centers and
7 other places, career source centers, but these are all
8 part of a national network of job centers that the
9 Department of Labor oversees and they serve job seekers
10 and workers as well as businesses.

11 And so on an annual basis, our system is
12 serving in the range of about 20 million people a year
13 kind of coming through that system and that's obviously
14 working with, you know, many thousands of employers.

15 So in terms of kind of what is guiding our
16 system, you know, we have gone through a real sea
17 change over the past couple of years in making our
18 workforce system more, and the term we are using here
19 is more job driven, you know, making sure that our
20 system is set up so that we are meeting the needs of
21 employers, we are addressing shortages of skilled
22 workers in specific industries and certainly
23 transportation distribution logistics is one of the top
24 industries that is a focus of ours, and what also is
25 driving our system these days is that we have a new

1 law. So there is a new law called the Workforce
2 Innovation and Opportunity Act, WIOA, and it goes into
3 effect next Wednesday. So this is a pretty big deal and
4 a pretty big time.

5 This has been, just so you have a sense, this
6 has been in the works for about 14 years, so our prior
7 law which was called the Workforce Investment Act
8 officially expired, actually it expired in 2003, so a
9 little less than that, and this new legislation was
10 signed into law by the President last July and it goes
11 into effect July 1st, so next week on Wednesday.

12 The new law keeps intact our kind of general
13 back, you know, kind of footprint of our career
14 centers, of our one-stop centers of 2,500, but it makes
15 a lot of tweaks to the law to make it more demand
16 responsive and job driven, and I just want to point out
17 a couple things.

18 The first thing that is of interest is that
19 for the first time, our system will be required to
20 report out on business related outcomes, you know? So
21 our system is driven by performance, as is most
22 systems, and up until now, our performance metrics have
23 focused only on workers. So how many or what
24 percentage of people got placed into a job? What
25 percentage of people retained that employment for six

1 months, a year? What percentage had wage gain?

2 Well, for the first time now we are going to
3 have a new metric on business outcomes, and so we have
4 about a year and a half to kind of make that metric
5 formal, so we are in the process now of soliciting
6 input and identifying kind of what are good, you know,
7 customer satisfaction business outcomes types of
8 indicators that we can use here.

9 So that is certainly one area we'd love to
10 engage with your group on, and this will be kind of the
11 one metric indicator that we will use, you know, for
12 our system for, you know, kind of measuring our
13 effectiveness with employers.

14 In addition to that, our system is under this
15 new law, is now organized in such a way where there
16 will be a lot more flexibilities for doing innovative
17 types of job training. And so what I mean by that is
18 we have found over the years that earn and learn types
19 of job training models are most effective, so this is
20 on the job training and this is a registered
21 apprenticeship, which I'll talk a little bit more
22 about, and this is other customized training and
23 employer linked training opportunities.

24 So our local systems have more flexibility
25 under our new law to use their training resources not

1 just to give someone a voucher and send them off to a
2 community college or to a training program, but to
3 partner with employers and to set up on the job
4 training where we can subsidize, you know, up to 75
5 percent of wages during a training period. So this is
6 very kind of big incentive for employers and it's a
7 great model for workers both to, you know, kind of
8 develop skills but then to develop experience on the
9 job, and so that's a big part of our new law.

10 Another part is there is new flexibilities
11 under this law for incumbent worker training, you know,
12 especially with the employer community there is a lot
13 of interest in being able to access resources to do
14 what we like to call up scaling, you know, to help
15 train frontline workers so that they can advance and
16 then, you know, fill higher level positions for people
17 who are retiring or if there are certain openings that
18 are hard to fill because of lack of skills in the
19 workforce.

20 So there is a lot of flexibility under there,
21 and a couple of other kind of flexible work experience
22 opportunities that we know industry associations and
23 employers are interested in engaging on. And so in
24 terms of how this kind of legislation or this law is
25 being rolled out, it goes into effect starting July 1.

1 States and local areas have a year, about a
2 year, nine months, to put together kind of their first
3 state plan. That's what we like to call our combined
4 or unified plan. So right now in states and in local
5 areas across the country, the workforce boards and the
6 workforce agencies are hard at work developing their
7 kind of new state plans.

8 And so, you know, in doing this work, you
9 know, we are really encouraging our states and local
10 areas to make sure that as they develop their plans,
11 they are reaching out and partnering with employers,
12 with industry associations, with groups like yours, you
13 know, especially in the high growth sectors in their
14 communities.

15 And so, you know, I would certainly encourage
16 all of you if you are not already engaged in some of
17 these conversations and efforts that you should make
18 sure you're at the table, you know, with your local
19 workforce investment boards which are now going to have
20 a new name under our law.

21 They are now called workforce development
22 boards, but same basic idea, and it is important to
23 engage on them and you know, in terms of how you can
24 find, if you are not already connected with your local
25 workforce development boards, if you go to a website

1 called ServiceLocator.org, it is a .org, not a .gov,
2 ServiceLocator, all one word, .org, you can just do a
3 search based on your zip code, on your state, and it
4 will give you the contact information for the workforce
5 boards in your area.

6 And part of what the plans have to focus on
7 under the new law is for states and local economic
8 regions. So states are going to be required under this
9 new law to establish economic and workforce regions
10 within their states, and we are certainly talking to
11 them to encourage that they, you know, map up those
12 regions with their Department of Commerce SEDS
13 [phonetic] regions and other local economic development
14 regions, and these regions will come up with specific
15 plans and those state plans around sector strategies,
16 you know, so what industries are they focusing on?

17 So if TDL is a big kind of industry in those
18 sectors, they should have a specific plan on how they
19 are engaging TDL and employers on that, and they also
20 have to devise plans for career pathways. You know,
21 how they are working with individuals to kind of move
22 them along, you know, kind of careers from one
23 occupation to the next.

24 Question in the back?

25 MR. MCGEE: Yeah. Did you say the

1 apprenticeship is already set up? Or it will be
2 coming? The apprenticeship, it is already set up?

3 MR. SIEGEL: I'm going to talk about that in a
4 second, yeah.

5 And so the states will be coming up with
6 these, you know, plans as part of the new law. Now,
7 let me talk about registered apprenticeship.

8 So registered apprenticeship, as I'm sure most
9 folks know, is a model that has been around for a very
10 long time. The Office of Apprenticeship at the
11 Department of Labor oversees the National Registered
12 Apprenticeship Program. We just celebrated our 75th
13 year doing this work.

14 Now, we currently in this country have about
15 400,000 registered apprentices, and we are right now in
16 the process of a major kind of movement if you will to
17 double the number of apprentices in the U.S. over the
18 next five years.

19 Now, why are we so focused on registered
20 apprenticeship? Of all of the training models, this
21 has proven to be the most effective model both in terms
22 of worker outcomes and employer outcomes. So registered
23 apprenticeship, you know, there are some statistics out
24 there where the average completer of a registered
25 apprenticeship program earns -- starting earning salary

1 is \$50,000, a good middle class salary.

2 And for employers, there is very good
3 statistics on return on investment in terms of
4 investing, you know, in an apprenticeship and how it
5 equates to the skill level of workers to retention of
6 workers to health and safety records of those workers
7 depending on the industry.

8 So we are very bullish on registered
9 apprenticeship and we are looking to expand the model.
10 Now, the key here is that historically when you hear
11 the words registered apprenticeship, you probably think
12 of electricians, of plumbers, of the trades, and the
13 trades have been, you know, very good over the years in
14 registered apprenticeship.

15 What we are really looking to do is not just
16 continue to support trades and those programs, but also
17 to branch apprenticeship into other industries, into
18 logistics, you know, into IT, into advanced
19 manufacturing, and so that has been a big focus of
20 ours.

21 And the handouts that I gave you have a lot of
22 materials on what we are doing on the apprenticeship
23 front. Without going into tremendous depth on it, the
24 basic definition of apprenticeship is an earn and learn
25 model where you have someone who is on the job, so they

1 are employed and they are on the job and they, you
2 know, have to work a set amount of hours to kind of
3 complete their apprenticeship and then they are also in
4 training. So it's kind of a mix of on the job
5 experience and training and classroom training.

6 And again, when you think of the journeymen,
7 electricians or plumbers and you think of 4- and 7-year
8 apprenticeship programs, that is not the only model. We
9 are doing a lot of apprenticeship programs now in IT
10 and in advanced manufacturing and in other industries
11 that are one year programs.

12 So there is a lot of flexibility in doing
13 apprenticeship to, you know, to kind of fit the needs
14 of industry and employers. Under our new law, one of
15 the ways that apprenticeship is going to be driven is
16 that registered apprenticeship programs will be
17 automatically approved as eligible training providers
18 under our new law.

19 And what that means is as an eligible training
20 provider, those registered apprenticeship programs can
21 receive training vouchers through our system, which is
22 an important component because employers are often the
23 provider, the registered apprenticeship sponsor or
24 program which means that employers can access
25 resources, you know, through this new law as an

1 eligible training provider.

2 So that is something that we are really
3 looking to encourage.

4 Another thing that we have done is we did a
5 competitive grant program this year where we put \$100
6 million into expanding apprenticeship into new
7 industries, and that includes transportation. And so
8 those competition, the competition closed April 30th
9 and we will be making the grant award announcements in
10 the early fall, so we are looking forward.

11 I know that we -- I think, Anne, we had talked
12 about this the last time. It was just about to close
13 when I think we met, but we know from the field that
14 there was a lot of interest in the TDL industry and I'm
15 almost certain that we got some good applications from
16 the industry.

17 So that's a big area and, you know, our
18 apprenticeship office has been doing a great job to
19 modernize our processes to make it easier for employers
20 to sign up for apprenticeship, to access technical
21 assistance and a lot of that is in your materials that
22 I handed out.

23 I brought extra copies of our one-pager, what
24 we are calling our Leaders Program in apprenticeship,
25 and so under the Leaders Program, we are looking to

1 partner with employers, with training providers, with
2 industry associations who, you know, are willing to
3 work with us to kind of help amplify and to promote the
4 value of apprenticeship, so kind of as a leader we are
5 asking entities that already have apprenticeship
6 programs to kind of expand them and those that are
7 interested to kind of go down the process of starting
8 them.

9 And so our apprenticeship office is set up to
10 work individually with employers, with industry
11 associations, with others to launch these kind of new
12 apprenticeship models.

13 The other thing that I would note is that over
14 the past few years, we have done a lot of work in
15 strengthening partnerships between our workforce system
16 and the community college system.

17 So the Department of Labor working closely
18 with the Department of Education just completed our
19 fourth and final round of grants under what we call our
20 Trade Adjustment Assistance Community College Career
21 Training Program, TAACCCT.

22 So over the past four years, we awarded about
23 \$2 billion in grants to community colleges and to
24 consortia of community colleges as well as in
25 partnership with employers and industry associations to

1 work with those colleges to develop kind of new
2 training models in high demand industries that are tied
3 to employers.

4 And one of the largest sectors that we have
5 supported through this program is transportation
6 distribution and logistics, and so I know that I had
7 shared with Anne kind of our list of all of our grants
8 under this TAACCCT program and TDL and I can circulate
9 that around to Russ to make sure it gets to all of you
10 because we have these programs, you know, all
11 throughout the country.

12 You know, one of the most recent ones is in
13 Broward College in South Florida, they have got a great
14 Florida Trade Program that they are doing in
15 partnership with a number of colleges. And so these
16 programs are designed to work with employers and
17 industry associations and you know, there is another
18 great program with Lewis & Clark Community College in
19 Illinois along the Mississippi River doing a lot of
20 logistics and maritime logistics training, and so
21 that's another example.

22 So we really encourage you to make sure you
23 and your, you know, affiliates and chapters and
24 partners and organizations are connected with these
25 grants and, you know, as we go into our new law, we

1 will be looking to, you know, do more in this space.

2 Just kind of a final thing, in terms of grants
3 that we have coming out, the next big grant that we are
4 going to be coming out with through the Department of
5 Labor, it's a little later this year, we are going to
6 have a competition that we are calling Tech Hire. So
7 this is something that the President announced a few
8 months ago, and we will be making investments in
9 programs that provide training in the IT space writ
10 large and of course, you know, within transportation
11 distribution logistics, IT is a significant part of
12 this.

13 So, you know, we are not limiting this just to
14 kind of the Google's of the world, this is about, you
15 know, IT training across industries, you know, that
16 rely on IT which obviously these days is a lot of
17 industries.

18 So that will be coming out later this fall and
19 I would encourage folks to take a look at and engage in
20 that.

21 Let me pause there and see if there are any
22 questions or clarifications that folks want me to go
23 more in-depth on. Can I ask how many folks here are
24 kind of connected with maybe members of your local
25 workforce investment boards or are aware of what they

1 are, where they are, that they even exist?

2 [A show of hands.]

3 MR. SIEGEL: Okay, we got one. You know, one
4 of the things that Secretary Perez often likes to talk
5 about is that at the Department of Labor we have a
6 little bit of a tree falling in the woods problem. You
7 know, we have got this great system that I don't like
8 to say free services, because nothing is free, but
9 provides no cost services to employers and to industry.

10 You know, and in many places it is just not
11 known that that is out there. So starting with the
12 workforce boards, that's a good way to kind of connect,
13 but our system can be very flexible and nimble.

14 And so, you know, if an employer comes to our
15 system and says hey, you know, I'm a logistics firm, I
16 have got 300 workers, I need to do training to bring in
17 50 people, I can't find them anywhere, our system will
18 partner with that company and will either do a kind of,
19 you know, depending on what that firm needs, we will
20 kind of help set up a recruitment and a screening and
21 an assessment effort for them all the way through to
22 coming in and helping them set up an on the job
23 training program.

24 So our system is very much, you know, intended
25 to work as an HR extension, HR department for companies

1 and we work with, you know, large companies, midsize
2 and small. And one of the great models that we have
3 seen on the apprenticeship front is that we have got
4 some very interesting models and two states that are
5 doing really good work on apprenticeship are South
6 Carolina and North Carolina.

7 There are some really interesting models of
8 kind of smaller companies coming together as a
9 consortium and doing an apprenticeship as a group.
10 There is a great program outside Charlotte where there
11 is a group of about ten advanced manufacturers led by
12 Siemen's, and it is no coincidence that a lot of the
13 companies that are doing the work here are German and
14 Swiss companies whose home countries have very strong
15 apprenticeship models.

16 And so, you know, we are working with those
17 companies to do kind of a consortium based
18 apprenticeship program where we partner with the
19 community college to provide the classroom level
20 training and then folks are going out, you know, on the
21 job with these companies and completing the
22 apprenticeship program.

23 And the companies are finding that, you know,
24 by partnering together, it is is not a competition
25 issue, but you know, all boats rise if you will.

1 Everyone benefits from a skilled workforce in a
2 specific region.

3 MR. MCGEE: Yeah, we have a career workforce
4 office down in Florida.

5 MR. SIEGEL: Where in Florida are you?

6 MR. MCGEE: Orlando, Florida.

7 MR. SIEGEL: Great. Workforce Central
8 Florida. They just changed their name.

9 MR. MCGEE: Exactly. And they told us about
10 all these wonderful opportunities and different things
11 like that, and then when we were ready to go, they said
12 oh, well we didn't get the funding. And then oh, well,
13 we changed the name.

14 Then we end up doing some training and we went
15 back to them for reimbursement, oh, that's not covered.
16 Lastly I had a young lady, a specific case, a young
17 lady that was working with us doing really well, wanted
18 to go back to school.

19 I said, hey, is this something we can get
20 reimbursed for? No. So, I mean, every door that I
21 went to it was closed and we tried to utilize it and I
22 have done a lot of work with them on their events and
23 different things like that, so I guess my question is
24 is the red tape settled now? Is it really --

25 MR. SIEGEL: Well, you have to be from

1 Orlando, didn't you? So Orlando is -- we had problems
2 with that workforce board a couple of years ago. They
3 had a complete turnaround.

4 They brought in a new director, Pam Neighbors
5 I think is her name, if you met her, so you know, they
6 are on the course to kind of fixing things up, but
7 Orlando is not kind of representative of how our system
8 works, but they do have strong leadership now.

9 I would love to follow up with you to kind of
10 make sure that, you know, any of the individual issues
11 you are having we can work out. So we have -- the way
12 that we are structured at the Department of Labor is we
13 have six regional offices across the country and the
14 regional offices kind of work day-to-day with the
15 states and with the local workforce agencies to address
16 these types of issues.

17 So our regional office for Florida is in
18 Atlanta and I'd love to -- I will give you my card.
19 I'd love to follow up because, you know, this is the
20 type of like customer service that we want to make sure
21 our system is addressing.

22 But, you know, certainly kind of on your last
23 example, you know, our system is not as designed to say
24 hey, you have got, you know, an employee who wants to
25 go and kind of get tuition reimbursement or access

1 training. That is not typically how our system -- I
2 mean, that's where, you know, Pell grants and the
3 education system, that can certainly come into play.

4 But to your earlier example, I mean, we are
5 supposed to be set up where if an employer comes in and
6 says look, I've got ten slots I need to fill or, you
7 know, I need to do training for this group, you know,
8 we should be nimble to be able to put together an on
9 the job training program or a customized training
10 program, and that's how our system works.

11 Now, like everything that is fragmented and
12 localized, we have got management channels. But I'd
13 love to follow up with you on the central Florida
14 example..

15 MR. MCGEE: Great.

16 MS. STRAUSS-WIEDER: Ben, when we had spoken
17 in April, you mentioned there were \$2 billion in
18 grants, there were about 35 grants, currently about
19 \$300 million --

20 MR. SIEGEL: Right.

21 MS. STRAUSS-WIEDER: -- TLD programs. Could
22 you describe --

23 MR. SIEGEL: That's the TAACCCT program
24 program, right? So those were the community college
25 grants, so over the four years it was \$2 billion, and

1 of that \$2 billion, roughly \$300 plus million were
2 specifically for community college. I think I followed
3 up and sent you the list of all of those grants, but I
4 will resend, I will make sure Russ has it.

5 But that is what I was talking about. So the
6 Broward County example and the Lewis & Clark Community
7 College in Illinois, so those are two examples and
8 we've got obviously, you know, a whole bunch of others.

9 And so it would be great to make sure that
10 list is, and I'm sorry I didn't bring it today, but I
11 will get that out there. That is circulated among you
12 guys so in your kind of states and local areas you can
13 connect with those programs.

14 MS. STRAUSS-WIEDER: Can you describe those
15 programs a little bit? Are they the typical community
16 college programs?

17 MR. SIEGEL: Yeah. So like the -- it varies
18 a little, but, you know, let's take the Lewis & Clark
19 Community College example.

20 That is actually a program that Lewis & Clark
21 is the kind of lead partner, but they have got nine
22 community colleges in states all along the Mississippi
23 River from Minnesota down to Louisiana that are part of
24 that program.

25 And what they are doing in that program is

1 they are designing a couple of specific customized, you
2 know, occupational training programs related to, you
3 know, brown water distribution jobs. So dock worker,
4 you know, other specific, you know, logistics and
5 distribution management and entry level positions.

6 And so they are kind of developing new
7 associate degree programs at those colleges as part of
8 this training, as well as other certification-based
9 training. And one of the big focuses of this one and
10 some of the others in the TDL space is doing what we
11 call stackable credentials, you know?

12 So rather than having someone go to get an
13 associate's degree for two years and have to, you know,
14 sit in a classroom before they can work, what a lot of
15 these programs are doing is you go in, your first
16 semester you get your first kind of credential level,
17 right?

18 And that first initial credential, you know,
19 allows you to be kind of an entry level employee. You
20 have got kind of the basic skill set there, and then
21 you know, you can either go and work full time or you
22 can work and go to school to continue kind of the next
23 credential, and the idea is that kind of with each
24 semester, you are stacking up these credentials, so you
25 get to the point where you are, you know, gaining more

1 skills and then ultimately, you know, you are earning
2 that associate's degree.

3 So it is very much this earn and learn model.
4 So I think the Lewis & Clark and the Florida trade one
5 is doing some of that.

6 And so what our grant is doing is two things.

7 One is it is funding these colleges to build out these
8 training programs so it could build the curriculum, you
9 know, to -- if there are kind of lab spaces or if they
10 are developing kind of a training centers or classrooms
11 that can support some of that work, and then of course
12 it is funding, you know, some of the actual training,
13 you know, some of the cycles and tuition and putting
14 them through.

15 The other thing I should mention is that all
16 the curriculum that is being developed through these
17 programs is all online and available to everyone. It
18 is open curriculum, and we have a website called
19 Skillscommons, skillscommons, all one word, .org where
20 all of the new curriculum being developed is being
21 posted. Does that help, Anne? I will make sure to
22 circulate that.

23 VOICE: Is that where we would go to look to
24 see which community colleges, for example, are even
25 participating?

1 MR. SIEGEL: So that is somewhere else. So in
2 terms of where to see the colleges participating, you
3 can just do a Google search using the phrase TAACCCT
4 finder, T-A-A-C-C-C-T, that's our ridiculous acronym,
5 TAACCCTfinder, and we have got a website where you can
6 go to TAACCCTfinder and it is like a Google search.
7 You can type in the name of the college or your state
8 or the industry and it will list all of the programs.

9 And, but I will send -- I will recirculate to
10 Anne and to Russ the list of, you know, colleges that
11 are specifically involved in some of the TDL models.

12 VOICE: Thank you.

13 MR. SIEGEL: Yes.

14 MR. WISE: I have got a question. The gap is
15 sometimes not just skills, it is sometimes geography.

16 MR. SIEGEL: Yes.

17 MR. WISE: And we have seen that a lot with
18 oil patch having very low unemployment and other places
19 have very high.

20 Is there anything in the program that provides
21 for some workforce mobility?

22 MR. SIEGEL: That's a good question. Yeah,
23 thanks for that.

24 So yes and no I guess, it's hard. We do have
25 a our TAA program, our Trade Adjustment Assistance

1 which some people might have heard of over the past
2 couple of days, right? There is a lot of talk on that,
3 so we want TAA because our Trade Adjustment Assistance
4 program for workers does provide assistance on
5 relocation transportation.

6 And in addition to that, we have another
7 program called our National Emergency Grants Program.
8 Under our new law, the program is going to be changed
9 from being called National Emergency Grants to National
10 Dislocated Worker Grants. So as of next week, we won't
11 be saying NEG, we will be saying DWG.

12 These are grants that states can apply for to
13 help address any kind of mass layoff issues, and a mass
14 layoff is 50 or more people, and what we can do is we
15 can provide funding to states to work with dislocated
16 workers. And that layoff of 50 or more people doesn't
17 have to be from just one company, you know? It can be
18 an event.

19 So we've been doing a lot of these national
20 emergency grants recently in coal communities in
21 Eastern Kentucky and in West Virginia where we can come
22 in, and these are flexible resources that can do on-
23 the-job-training, you know, registered apprenticeship.

24 A lot of the models that I was talking about that can
25 fund those, and they can also provide resources for

1 relocation assistance.

2 So to give you an example on this, there has
3 been a lot of great successes in Eastern Kentucky
4 whereas, you know, I'm sure everyone knows, you know,
5 lots of layoffs resulting from mine closures, coal mine
6 closures there.

7 They have had about 7,000 dislocated workers
8 over the past couple of years. Through the National
9 Emergency grants that we've been able to provide
10 Eastern Kentucky and it is in the -- we have awarded
11 them in the range of about \$13 million over the past
12 few years.

13 They are currently working with 2,000
14 dislocated workers. They have been able to already
15 help place about 1,500 of those workers into new jobs,
16 and a good portion of those workers are either kind of
17 relocating permanently or temporarily and the grant
18 helps pay for that.

19 So they have got a big group of workers who
20 are going into the cement mines in Western Kentucky.
21 They have got a big group who had been going up to
22 North Dakota into Western Pennsylvania into some of the
23 shale jobs there, and a lot of these folks are getting
24 jobs in the trucking industry, right, because as
25 everyone here knows, that is one of our biggest, you

1 know, job openings in the country, truck drivers.

2 And so these grants can assist that. So
3 that's all to say, you know, if you guys have specific
4 examples in communities, you know, where there have
5 been layoffs and folks are maybe looking to move from
6 one community to another where the jobs are, these
7 funds can help assist with some of those relocation
8 funds, and again, I' be happy to follow -- I'll leave a
9 bunch of cards here. I'd be happy to follow up
10 individually with folks on that.

11 MR. LONG: We are basically timing out here,
12 but no, no, this is great. I'm glad to see you. I did
13 have one question though before we go to our next
14 speaker.

15 My question, you answered part of it. I was
16 curious what sort of international models you had been
17 drawing from, and I think to no surprise it is Germany
18 and Switzerland. But in doing that, is it primarily
19 working with the companies or with the government or
20 the academic universities? And how do the participants
21 in the apprenticeships find the program?

22 MR. SIEGEL: Right. That's a great question.
23 So we have been doing a lot of international exchange.
24 To say exchange maybe isn't the right word, it is kind
25 of one way.

1 We are learning, so we have had a couple of
2 delegations. Secretary Perez has been over to
3 Switzerland and Germany a couple of times, our
4 Assistant Secretary, so we have got a couple things
5 going on.

6 Commerce has been a big partner with us on
7 this, so we've developed some kind of government-to-
8 government MOU's with the German's and the Swiss to
9 share information and models about apprenticeship. So
10 there has been some great, you know, partnerships
11 there.

12 And then I mean, like you said, so in addition
13 to kind of having the government exchange, a lot of
14 this is flowing from the companies, you know? So what
15 is driving a lot of this are companies like Nestle and
16 Zurich and Siemen's and others who are saying hey, we
17 are expanding our footprint in the U.S., we want to
18 kind of bring as best we can our apprenticeship model
19 that we do in Switzerland and Germany here.

20 And so, you know, that certainly, you know, a
21 big catalyst and impetus is having the employers drive
22 that, and so you know, that's a key part of what we're
23 doing.

24 I mean, you know, certainly, you know, unions
25 have been a part of this and there has been a number of

1 studies in academia, Brookings has a big kind of
2 apprenticeship, workgroup that they are looking at, so
3 that's all been, you know, a big part of it.

4 What I will say is, you know, the
5 apprenticeship system in Germany and Switzerland is
6 very different from our apprenticeship system here.
7 You know, in Switzerland at age 17, you go into it,
8 right? So it starts very young and it is, you know, it
9 is kind of high value in going into kind of a skilled
10 trade, you know, at age 17, right?

11 And it is something like that parents really
12 encourage their kids to do. We don't quite have that
13 system here. And the other thing is that in Germany
14 and Switzerland, it is all paid for by the government,
15 right?

16 So outside of, you know, our dedicated \$100
17 million grant program and certainly under our new law,
18 having our training vouchers and on the job training to
19 support this and to be able to cobble together
20 resources, you know, we don't cover -- our government
21 doesn't cover apprenticeship, subsidize wages, pay for
22 training in kind of a systemic way.

23 But certainly as we have been learning from
24 them, we are figuring out how we can use things like
25 Pell grants and federal work study programs. We have

1 seen some kind of initial results on, you know, working
2 with colleges to do work study rather than like working
3 at the bookstore at the college, although colleges
4 certainly, you know, want to encourage that, you know,
5 why not do federal work study where someone can go and
6 do an apprenticeship at a local company?

7 So we are looking to do more of those in the
8 models, and there is some good literature on that in
9 the packets I handed out. Thank you.

10 CHAIRMAN BLASGEN: Great. Thanks, Ben.

11 MR. SIEGEL: Yeah. Thank you. Sorry I took a
12 little longer.

13 CHAIRMAN BLASGEN: That's all right.

14 MR. LONG: Super. Thank you very much.

15 MR. SIEGEL: Yes, thank you for that.

16 [Applause.]

17 MR. LONG: Are you on, Tiffany? Can you hear
18 us?

19 MS. MELVIN: I can.

20 MR. LONG: Excellent.

21 CHAIRMAN BLASGEN: Okay, Tiffany. Thanks for
22 hanging on. You have got the attention of the group
23 here, so go right ahead.

24

25

1 **INFORMATION TECHNOLOGY AND DATA DEVELOPMENTS**

2 **Ms. Tiffany Melvin,**

3
4 MS. MELVIN: Okay. Well thanks very much.
5 I'm sorry I couldn't be there in person. I'm sorry
6 I've kind of had to be on and off the phone yesterday
7 and today, but I won't take long and I'm very worried
8 that you guys are approaching the end of your day and I
9 want to give plenty of time for Dean and the permitting
10 issue to be discussed.

11 But since our meeting at the end of April, my
12 travel schedule has been outrageous as I'm sure all of
13 you are in a similar situation. I haven't had a lot of
14 time to put into figuring out where our subcommittee
15 needs to go as far as the "data" that was brought up at
16 the last meeting.

17 It is a broad category, everyone understands
18 the importance of data, you know, the power of data.
19 It is talked about at every conference you go to, but I
20 feel like it's such a broad category, it's kind of how
21 do you eat an elephant, so we have got to figure out
22 the one bite at a time.

23 When I was talking earlier after Ed Strocko's
24 presentation, I have had an opportunity to meet with
25 some of the state departments of transportation that I

1 work with and they all, you know, in separate
2 conversations independently of one another have brought
3 up the issue of the need for standardized data and good
4 base marked, you know, what year is going to be your
5 base line, you know, apples to apples instead of apples
6 to oranges.

7 And so I was interested to hear Ed's
8 presentation which was very good and provided some
9 detail that I didn't know about. However, he did
10 mention there in the presentation that they are trying
11 to leave some flexibility to the states.

12 From my perspective in having talked to some
13 of the states, I got the impression they didn't really
14 want that flexibility from state to state, because as
15 they are trying to plan or compete for potential funds,
16 they want, you know, all the comparisons to be fairly
17 standardized.

18 So I sent an email to Ed today asking for a
19 little bit more follow up so I can maybe talk to him
20 offline and get some more details about what they are
21 doing and not doing and why and I feel like you guys
22 sitting around the table probably have a lot of
23 expertise as it relates to data and your individual
24 jobs and your needs for it.

25 There are obviously needs from the private

1 sector and needs and requirements of the public sector,
2 and so I guess I would like to sort of ask all of you
3 maybe over the next few weeks. As we move into the
4 summer I'm going to have more time to dive into this.

5 My goal would be to have the subcommittee
6 members of IT and Data and all of you around the table
7 if you can shoot me an email or even set up a time to
8 talk if that's easier, probably the email is easier,
9 about ideas you might have, information you think would
10 be helpful.

11 I know Joe Bryan has been working with the I-
12 95 Corridor Coalition. I think there is a white paper
13 coming out in July based on kind of some data studies
14 they have done. I would love to talk more about that.

15 And then what I think my current plan would be
16 is to have a conference call with the subcommittee,
17 probably, you know, towards the end of August or early
18 September and hopefully by then I have been able to
19 collect some good information from the subcommittee
20 members and also all of you and then other people that
21 I deal with on a regular basis and kind of put together
22 a pretty good game plan, some options and be able to,
23 you know, have a conference call later this, you know,
24 later this summer and be able to have a good plan to
25 present to you guys in October of where our

1 subcommittee thinks we need to move forward.

2 I'm happy to take ideas now and take notes on
3 them, but I also know that we are kind of running up
4 against a time clock, so does anyone have any questions
5 on that?

6 MR. LONG: Let me add one thing. I don't
7 know if you were able to listen in on the discussion we
8 had of Rick Gabrielson's freight movement paper where
9 we're trying to structure some of the elements of the
10 freight congestion, port congestion issue.

11 But I think there will be specific information
12 demands and requirements that flow from however we
13 divide that work up and which topics we choose. That
14 might be something, I think we are going to be looking
15 across all the groups to take a close look at what each
16 group can contribute on the different points.

17 Rick, do you want to jump in on that?

18 MR. GABRIELSON: Yeah. I would just say you
19 may have missed that piece, Tiffany, since you are
20 calling in, but there are a number of issues or
21 questions as we originally put in the framework that
22 will require I think input from your group.

23 So I plan on sending an email out by early
24 next week outlining our approach and looking for a
25 couple of people by group that can go through and begin

1 to tackle a number of those issues, both the short and
2 the long-term.

3 So I would say that there are some definite
4 takeaways as we begin to break those different issues
5 apart for your group.

6 MS. MELVIN: That's fantastic, yeah. I was
7 trying to -- I had to go, but I was listening at the
8 beginning but there was a lot of reference to I guess a
9 handout that was given and I didn't have the handout in
10 front of me, so it wasn't really that helpful, and then
11 I had to hang up the phone.

12 But I love that idea, I think that's a great
13 place for us to start, so when you send out the email,
14 I will be eager to get it and I will follow up with you
15 if I have any questions.

16 MR. GABRIELSON: Sounds good.

17 CHAIRMAN BLASGEN: Any other questions for
18 Tiffany?

19 [No response.]

20 CHAIRMAN BLASGEN: Tiffany --

21 MS. MELVIN: Okay. Well, thank you guys so
22 much. I'm sorry I can't have you, you know, have a
23 great idea already put forward, but it sounds like we
24 have got some good work with Rick's initiative in the
25 port congestion, and then if you do think of things or

1 if you're at conferences and you hear people talking
2 about data or hear any good presentations, shoot me an
3 email because I'd love to get as much information as I
4 can.

5 CHAIRMAN BLASGEN: All right. Great, Tiffany.

6 MS. MELVIN: Thank you guys.

7 CHAIRMAN BLASGEN: Thank you very much.
8 Okay. The last two committee topics we had, or may not
9 have, but were Norm on regulatory and Shawn on trade
10 and competitiveness, but I think we have pretty much
11 covered yours Shawn, so you have got the recommendation
12 out there?

13 MR. WATTLES: We're good. We're good. We got
14 our recommendation out and we had a small group here at
15 a table and we picked our next couple of topics to look
16 into for the next cycle, so we're good to go.

17 CHAIRMAN BLASGEN: Terrific. Great. And
18 Norm, is Norm still here?

19 MR. WATTLES: He bailed out

20 CHAIRMAN BLASGEN: Okay. All right. So I
21 really appreciate all the great attention we had over
22 the last couple of days.

23 I thought we made a lot of progress in a
24 number of different areas and with a little bit of work
25 to do on others.

1 Anything else that in the last few minutes
2 here anybody wants to cover that we haven't gotten to,
3 or any questions for clarity or --

4 MR. WATTLES: I don't have a question, I just
5 have a comment.

6 I feel kind of bad actually for not speaking
7 up a bit. When we had the gentleman here from -- I
8 forget the abbreviation, the Marine transportation?

9 CHAIRMAN BLASGEN: Glen?

10 MR. WATTLES: Yeah. He handled things with a
11 pretty good spirit I think. Looking back on it, I know
12 he was asking for help and input and it kind of feels
13 like we threw a lot of go do's and agitation at him
14 without really volunteering to help too much.

15 So David, if somebody could let him know -- it
16 is a big issue, so there is obviously interest in it
17 and I think he felt that. But it is fair game to come
18 back to us to help where we can with what we can do.

19 CHAIRMAN BLASGEN: It's a good point and, you
20 know, we will invite -- it was Holly, right? To attend
21 our meeting October 7th and 8th if the timing is right,
22 you know, and kick it off that way, too. Paul?

23 MR. FISHER: Yeah. I was just wondering,
24 would it be -- new to the committee, but we have a
25 number of speakers come in every time.

1 Would it be possible to get the materials or a
2 brief ahead of time?

3 CHAIRMAN BLASGEN: Ahead of time, yeah.

4 MR. FISHER: Because sometimes, you know, we
5 don't have enough, at least I don't, enough time to
6 digest what is being said so that I can react or ask
7 questions that might be appropriate.

8 So it might be good, you know, to get
9 slideshow or something that at least could stimulate a
10 more effective use of the speaker's time and ours.

11 CHAIRMAN BLASGEN: Yeah. Is that typical
12 David? I mean, do they usually -- I know the
13 Department of --

14 MR. LONG: They come in very, very late. I
15 was unable to get the DOT one out in time. The other
16 stuff was things that we had neither seen or that were
17 out a few days in advance.

18 I know I had gotten copies of the framework
19 document. Yeah, that's a good point. We'll watch for
20 it.

21 CHAIRMAN BLASGEN: So just as a couple follow
22 ups, we will come back with some suggested dates for
23 2016 meetings. We have got an ask from Rick for the
24 individuals to get back to him on any of the
25 subcommittee work that can participate in his whole

1 freight movement effort.

2 Thanks, Rick for that. If you have potential
3 candidates who you think might add some value to this
4 committee, please tee them up. We will continue to go
5 down that path.

6 And then one thing I'd like to just mention
7 here. David, for you and your team, we are coming to
8 the end of your fiscal performance year I believe, is
9 that right?

10 MR. LONG: September 30th is the end of the
11 fiscal year.

12 CHAIRMAN BLASGEN: Yes, September 30th is
13 the end of fiscal year, so we won't formally meet until
14 the beginning of the new fiscal year.

15 So I just want to say on behalf of the
16 committee, you and your team do a remarkable job of
17 herding all of us, which is in no uncertain terms easy
18 at all, and you are diligent about supporting us.

19 You respond to all of our many needs and make
20 sure that we have the facilities available for us and
21 the subcommittee details are tended to as well. So I
22 just wanted to take a moment on behalf of the committee
23 and thank you and all of your team for being there.

24 I know it is hard sometimes to get the
25 recognition and make sure it ends up where it belongs.

1 So thank you.

2 [Applause.]

3 MR. LONG: Well thank you very much, but all
4 the credit goes to the team. We've got John Miller,
5 we've got Russ, you know Eugene, Rich, Bruce is out of
6 town today, otherwise he would be here for it. We get
7 a lot of support in the department, so thank you guys.
8 It's a real pleasure to work with you.

9 CHAIRMAN BLASGEN: With that, thanks everyone.
10 Have a safe trip.

11 [Whereupon, at 2:27 p.m., the committee was
12 adjourned.]

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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, June 24, 2015, were transcribed as herein appears, and this is the original transcript thereof.

LISA DENNIS,
Court Reporter