

ADVISORY COMMITTEE ON SUPPLY CHAIN COMPETITIVENESS

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Thursday,
January 21, 2016

The meeting was convened, pursuant to notice,
at 9:11 A.m., MR. RICK BLASGEN, Chairman, presiding.

APPEARANCES:

COMMITTEE MEMBERS:

MR. RICK D. BLASGEN
MS. LESLIE BLAKEY
MR. JOSEPH G.B. BRYAN
MR. CARL Q. CARTER
MR. JAMES COOPER
MS. LAURIE HEIN DENHAM
MR. PAUL FISHER
MR. BRANDON FRIED
MR. RICK GABRIELSON
MR. LANCE R. GRENZEBACK
MR. WILLIAM HANSON
MR. JEVON T. JAMIESON
MR. RAM KANCHARLA

MR. RICKY KUNZ

MS. TIFFANY MELVIN (Via Conference Call)

MR. MARK MICHENER

MS. GINA REYNOLDS

MR. NORMAN SCHENK

MR. RONALD F. STOWE

MS. ANNE STRAUSS-WIEDER

MR. JUAN VILLA

MR. SHAWN WATTLES

MR. DEAN H. WISE

U.S. DEPARTMENT OF COMMERCE:

MR. RUSS ADISE
International Trade Specialist

MR. EUGENE ALFORD
International Trade Specialist

MR. RICHARD BOLL
International Trade Specialist

MR. BRUCE HARSH
Division Director
Distribution and Supply Chain

MR. DAVID LONG
Director
Office of Supply Chain
Professional and Business Services

MR. JOHN MILLER
International Trade Specialist

Also Present:

MR. PAUL BEA
R&B Public Affairs

MS. CYNTHIA COLENDIA
Alcalde & Fay

MR. ERIC KULISCH
American Shipper Magazine

MR. DAVID LIBATIQUÉ
Port of LA

MR. TONY PADILLA
Department of Transportation

MR. MARTIN ROJAS
International Road Transport Union

MR. GENE SEROKA
Port of LA

MS. MELZIE WILSON
Mallory Alexander/NCBFAA

MR. JOHN YOUNG
AAPA

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RECOGNITION OF SERVICE OF DAVID LONG

Ted Dean

Deputy Assistant Secretary for Services

U.S. Department of Commerce

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David Long, Director

Office of Service Industries

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P R O C E E D I N G S

COMMITTEE WELCOME

Mr. David Long, Director

Office of Supply Chain

Professional and Business Services

U.S. Department of Commerce

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8 MR. LONG: Let me just start by taking
9 attendance real quickly. I think we have got a huge
10 turnout here. I want to thank everybody for that and
11 we have got some folks who couldn't make it yesterday.
12 When I call your name, just let me know here or
13 something like that.

14 [Whereupon, there was a Committee Member roll
15 call.]

16 MR. LONG: Alright. So we are loaded for bear
17 here. Let me turn it over to our Chairman and let's
18 take up the next -- we have other comments to launch
19 and then I think we should go into the agenda.
20
21
22
23
24
25

1 **CHAIR COMMENTS AND COMMITTEE BUSINESS**

2 **Chair Rick Blasgen**

3 **President and Chief Executive Officer**

4 **Council of Supply Chain Management Professionals**

5 **(CSCMP)**

6
7 CHAIRMAN BLASGEN: And we do have some
8 visitors coming in from the Department of
9 Transportation around 11:00?

10 MR. LONG: Yes.

11 CHAIRMAN BLASGEN: Is that right?

12 MR. LONG: We have two batches. We have --
13 John Drake is coming to talk about both the FAST Act
14 and the National Freight Strategy. There will be a
15 second batch -- some of his team will be talking about
16 some of the other initiatives.

17 CHAIRMAN BLASGEN: Great. Thanks, David and
18 thanks Al, for spending some time with us. We
19 appreciate that.

20 So we have a lot to cover here. So without
21 further ado, let me turn it back over to Rick.
22 Everybody should have the document that was passed out
23 or delivered to us in a variety of different forms. So
24 Rick, take it away.

25

1 **FREIGHT MOVEMENT AND FREIGHT POLICY DEVELOPMENTS**

2 **Rick Gabrielson, Subcommittee Chair**

3 **Freight Policy and Movement**

4
5 MR. GABRIELSON: Thank you. Before we get
6 into discussion on this, I want to take a moment and
7 thank the subcommittee for the great work that they
8 have done in getting this to (inaudible) today.

9 We went back after the last session, made some
10 changes. I think we have got a really, really good
11 document. I want to give a callout to Joe, to Ross,
12 especially. Lance certainly helped us with a lot of
13 our wordsmithing that we needed to do and some sort of
14 spots and clean it up a bit.

15 Then I want to give a shout out to Leslie who
16 I think capped it. As you go through your document,
17 look at the last paragraph. She helped us add a real
18 poignant comment. It really talks to the fact that
19 this is not (inaudible) as a federal mandate, that
20 these are recommendations (inaudible). I will let you
21 read the rest, but it really, I think, helped us cap
22 off.

23 I want to thank the subcommittee for all of
24 their work. The subcommittee has approved the
25 recommendations. Certainly, we can open it up for any

1 further discussion from the Committee. Based on --
2 after that, we can take it to the Committee for a vote.

3 CHAIRMAN BLASGEN: Good job. So the Committee
4 has gone through this. I guess at this point, I would
5 open it up if anyone else has additional comments from
6 the Committee on the recommendations.

7 MR. LONG: Is there anything decisively
8 different in this that needs to be highlighted?
9 Anything decisively that needs to be highlighted in the
10 text?

11 MR. GABRIELSON: I don't think. We
12 incorporated some changes.

13 MR. LONG: Okay.

14 MR. GABRIELSON: A piece I think that was
15 important early on that the Committee had to review
16 was, I think, that last paragraph that Leslie helped us
17 craft.

18 MR. LONG: Okay.

19 MR. GABRIELSON: So nothing else is
20 substantive at this point.

21 MR. LONG: Okay. One thing, just the text
22 that he is referring to is the one that was circulated
23 to you on January 8th. I received no written comments
24 on that document.

25 We did received comments from a member of the

1 public on this, which we may or may not wish to discuss
2 in more detail.

3 MS. BLAKEY: I did have a question about that
4 because they -- AAPA, American Association of Port
5 Authorities, obviously not just a member of the public,
6 but a very highly interested member of the public on
7 this subject -- gave fairly extensive comments, some of
8 which were cautionary, some of which were just
9 informative.

10 I am wondering if that is something that we
11 want to take into account because, obviously, they, did
12 this for a purpose. They would like to have us
13 consider their thoughts. So I am just wondering how
14 that should be handled.

15 CHAIRMAN BLASGEN: Well, everybody received a
16 copy of that document, Leslie. So everybody --
17 certainly the full Committee has the ability to digest
18 it, consider it, and discuss what was in it much like
19 any other input that they received from anyone else
20 right now, which is what the reason is for the
21 deliberation.

22 MR. KANCHARLA: If I may, in one of the two
23 (inaudible) there are a number of things mentioned in
24 the FAST Act (inaudible) a number of those comments had
25 to do with the FAST Act and the policies within that

1 address or enhance what we are saying, number one.

2 Number two, I think the question of whether we
3 can paint the whole nation's ports with the same brush
4 came up even though it is not in the comments.

5
6 One last point to make. I think sometimes
7 being idealistic is fantastic but when practical, when
8 feasible (inaudible) again, not in every sentence in
9 the overarching statement, like the saying it is
10 recommendations, but some of these things they feel
11 doesn't make any sense, but it doesn't have to make any
12 sense in (inaudible) because not everything has to make
13 sense. We can get there over a period of time. A
14 general statement saying when practical (inaudible)
15 because times change, things change

16 Let's say there are two terminals, they are
17 merging. One terminal is (inaudible) there are things
18 ports should do.

19 MR. GABRIELSON: I don't think our document is
20 meant to say this is uniform --

21 MALE VOICE: Could you all use the microphone,
22 please.

23 MR. GABRIELSON: The document was not meant to
24 say that every single port on earth is created equal.
25 They are not, and I think we took care to help

1 illustrate that.

2 If I can, let me read the last paragraph
3 because I think it may help address some of it. This
4 document represents the views of Committee members on
5 practices that could improve processes for moving goods
6 through our ports into our domestic transport system.
7 However, this document should not be construed as a
8 call for federal mandates, whether by regulation or
9 legislation. These recommendations are offered instead
10 for consideration as appropriate by a variety of
11 parties in both the private and public sector with a
12 focus on offering possible -- we repeat that --
13 offering possible remedies in locations where chronic
14 congestion problems have been shown to exist.

15 That broad statement was meant to be that they
16 are not all created equal. Where you have those issues
17 or problems, these are meant to be suggestions. They
18 are not all inclusive. They never will be -- to go in
19 and address it. So I don't think we are trying to get
20 as finite as to say two ports or terminals are going to
21 merge and this is going to happen and that is going to
22 happen. It was not meant to be that.

23 I don't know if that helps to address it, but
24 that is why that broad statement was put in there.

25 Thank you.

1 MS. STRAUSS-WIEDER: Thank you, Rick. In
2 bringing up FAST, within FAST there is a whole section
3 on port performance. In fact, they have to establish
4 an advisory committee on that with members, I guess,
5 from this committee -- this committee is actually
6 mentioned in there -- by March 1 or so.

7 Given the priority that has been given, is
8 there a way that we can, perhaps, add a little language
9 in here that would help inform the folks who are
10 working on those performance measures? I think it is
11 there. I am just looking at that saying, given that
12 mandate and that quick turnaround they have, how can we
13 best do that, especially since this committee has been
14 name in the legislation itself.

15 MR. GABRIELSON: Other comments, suggestions?

16 [No response.]

17 MR. GABRIELSON: Is that wording that we think
18 -- that we need to put in there, or is it applied
19 already?

20 MS. STRAUSS-WIEDER: I was really looking,
21 Rick, to see if we need to add a sentence or two that
22 says, may want to be considered by or something like
23 that, or acknowledge that there is a group being formed
24 to establish these port performance measures as far as
25 FAST. Rather than come up with some language, I threw

1 it out there because I know a lot of work has been done
2 on this document.

3 MS. BLAKEY: Just feeding off of that comment,
4 one thing that might be helpful -- and again, this is
5 in no way guiding policy -- would be to, taking Anne's
6 point, add a little bit of wording somewhere that says
7 some of the things that are probably more than obvious
8 to us, additional investment in infrastructure,
9 investment in new technologies and intelligence
10 systems, on dock and near dock facilities are all
11 worthwhile uses of public funds to improve port
12 productivity.

13 I know we say something to that effect, but it
14 might be a good idea to bring that forward because that
15 is the kind of thing that from the standpoint of a
16 legislative -- as you say, FAST has sort of a
17 legislative directive to try and look at these issues.

18 That is something that Congress can actually do
19 something about.

20 I'm just thinking it could go not necessarily
21 in the body of these individual points that we've --
22 but may, you know encouragement to Congress to -- if
23 you are looking to take action to improve productivity,
24 those are three direct things that Congress can be
25 helpful on.

1 MS. STRAUSS-WIEDER: Yes, and actually I was
2 suggesting maybe a sentence that says that this --
3 somewhere in there, I was thinking about it when you
4 read that last paragraph, Rick, that this information
5 should be considered useful input in the -- as -- for
6 performance measures to be considered, like a single
7 additional sentence. Something in there. Just -- it
8 links it back to legislation because a lot that has
9 been covered in here so well. So just one sentence
10 somewhere.

11 CHAIRMAN BLASGEN: We always draft a cover
12 letter when we send this up to the Secretary. Maybe
13 these things that Leslie is referring to and that you
14 are referring to, Anne, are called out in the letter.

15 MR. GABRIELSON: We certainly could.

16 MR. KANCHARLA: (Out of mic.) Also the FAST
17 Act freight provisions, I can provide a summary to a
18 (inaudible). There are so many provisions for the
19 first time in the FAST Act as it relates to freight and
20 supply chain (inaudible).

21 MR. GABRIELSON: My suggestion would be that
22 you take those provisions if it looks like this here,
23 maybe as an addendum or something and you reference
24 FAST Act in the statement that Rick is talking about in
25 the letter.

1 Does that suffice? Incorporate those pieces?

2 MR. LONG: This all works procedurally. The
3 thing -- the report that you have prepared with the
4 recommendation needs a cover letter so that you can
5 address the points as you discuss them. If there are
6 things that you would like to add, a summary of those
7 things, that is fine too. That all works.

8 MR. GABRIELSON: The one ask that I would have
9 is that both Anne and Leslie, if you would be so kind
10 to take your last comments before we lose them, because
11 I can't remember what they, and if you would shoot
12 those to Dave and copy Rick and myself, it would be
13 great so we can make sure that we incorporate that into
14 the cover letter.

15 Does that cover it?

16 MS. STRAUSS-WIEDER: I would be happy to.

17 MR. LONG: We can take the draft cover
18 whenever it is ready and show it to everyone and just
19 arrange for signatures.

20 MS. STRAUSS-WIEDER: Since it was a single
21 sentence referencing the material here for
22 consideration, but I do want to highlight that they are
23 looking to form that panel, I believe, by March 1. So
24 if possible, since we are discussing this topic, I do
25 want to highlight that is probably something that

1 should be discussed today since we are not getting
2 together before March 1 again.

3 CHAIRMAN BLASGEN: So your suggestion is that
4 possibly some folks in this room who are very
5 knowledgeable about this topic be invited to be a part
6 of that panel or --

7 MS. STRAUSS-WIEDER: Once U.S. Department of
8 Commerce receives a clarification on how many -- it is
9 not clear in the legislation how many, but it does
10 reference this committee as part of the group. So it's
11 such a natural tie-in and such wonderful work has been
12 done here, it seems a wonderful next step.

13 CHAIRMAN BLASGEN: Okay.

14 MR. WATTLES: So just a couple of comments on
15 the document that was routed. There are two that I
16 would like to kind of express a concern on just for
17 discussion purposes to make sure what we intend.

18 There is a comment about port authorities
19 working together -- Ocean carriers, terminal operators
20 and shippers should look at ways to reduce the level of
21 time granted to shippers to store containers at the
22 terminal without penalizing shippers during periods of
23 high port congestion or insufficient (inaudible)
24 supply. I think the key there is without (inaudible)
25 during congestion and until the equipment shortage gets

1 resolved, otherwise what you end up with are shippers
2 paying additional demurrage charges.

3 MR. LONG: Which page is that, Shawn?

4 MR. WATTLES: I'm sorry -- (inaudible).

5 MR. LONG: It's the very last page.

6 MALE VOICE: What section is he talking about?

7 MR. GABRIELSON: Oh, I see. The second page
8 you are talking about.

9 MR. WATTLES: You say?

10 MR. GABRIELSON: The second page?

11 MR. LONG: Is it the very last page?

12 MALE VOICE: It's under Container Terminal
13 Operations and Dwell Time, which is on --

14 MALE VOICE: It's on page one --

15 MALE VOICE: Yeah, the first page.

16 MALE VOICE: Under Container Terminal
17 Operations and Dwell Time. So --

18 MR. VILLA: The second bullet?

19 MALE VOICE: Correct.

20 MR. VILLA: Second bullet from the Container
21 Terminal Operations and Dwell Time, Improving Port and
22 Terminal Operations and Container Management. So what
23 is the recommendation?

24 MR. WATTLES: Well, so my concern is whether
25 or not saying that without penalizing shippers. I

1 believe that that is intended to mean shippers don't
2 wind up -- if we are going to reduce the amount of time
3 that shippers are allowed to store containers at a port
4 during periods of high congestion, you cannot allow
5 them then to say here is the reduced time you get. By
6 the way, we are congested and there is a shortage of
7 equipment, so you can't get your stuff out. So now we
8 just start charging you an additional demurrage charge
9 because you are exceeding the number of days we told
10 you you had.

11 MR. GABRIELSON: The intent was that certain
12 terminals, again it is not meant to be inclusive for
13 every terminal, may grant shippers excessively large
14 amounts of free time. That contributes to congestion
15 inside of the ports and terminals given the current
16 footprints that some terminals have.

17 The intent of the comment was meant to be
18 that: 1) Ports should continue to look of ways of
19 reducing free time as a whole. However, during periods
20 high periods of congestion, if a shipper is unable to
21 go in and get their containers within the time that is
22 allowed, they should not be penalized accordingly.

23 So what we are saying is really to fold. One
24 is, no, when it is congested, you shouldn't penalize a
25 shipper if they can't go in and get there container due

1 to congestion and other things taking place, i.e., it
2 got buried in a stack, and you can't get to the stack,
3 and the stack was closed off.

4 At the same time, what we are saying is
5 terminals need to continue to work towards making
6 terminals more fluid through reducing lead time as a
7 whole. In other words, they should -- terminals were
8 never mean to be warehouses is in broad concept what we
9 are saying. As a shipper, I would agree with that.

10 MR. WATTLES: Yeah, and I don't disagree with
11 that. I just think when we say in one sentence reduce
12 the amount of time that is granted to shippers during
13 periods of congestion when there is a shortage --
14 reduce the amount of time they have to store things
15 there, oh, but don't penalize them.

16 MS. BLAKEY: There is also an issue of
17 inadvertently penalizing drayage carriers that also
18 have no control over it either with per diem charges
19 and various other things that occur.

20 MR. WATTLES: So my concern there is if we
21 find ways to reduce the congestion and increase the
22 chassis supply, then this whole point is moot for the
23 most point; right?

24 MR. GABRIELSON: Which is addressed in other
25 segments within here.

1 MR. WATTLES: So then why is this point in
2 there? That is my concern. This thing is basically
3 saying when there is congestion and not enough
4 equipment, we don't want you to have as much time to
5 store your stuff here, but because there is congestion
6 and not enough equipment, you can't get your stuff out.
7 So that doesn't --

8 MR. GABRIELSON: We are reading it
9 differently. Would you like to see it worded
10 differently because I think there are two statements
11 here.

12 One statement says, terminals should look
13 broadly at reducing free time. Forget the rest of the
14 statement for a moment.

15 Do we think it is a good time that terminals
16 overall should begin reducing the level of free time
17 within a port? Is that a good thing or a bad thing?
18 Set this piece aside for a moment on penalizing
19 shippers.

20 MR. WATTLES: You can tell me how to think if
21 you'd like, but what I am thinking here is what is --
22 by just saying we want to reduce the amount of free
23 time -- if what we are trying to do here -- this is a
24 port congestion issue; right? So if we have got an
25 issue with people staying beyond -- storing things

1 beyond the allowable free time, I am not sure we are
2 saying we are going to cut your free time, or we want
3 you to cut free time while we are trying -- this whole
4 thing is all about, it actually says in your statement,
5 you should look at the free time granted to shippers to
6 store containers at terminals during periods of high
7 port congestion or insufficient container chassis
8 supply.

9 My whole point is, if it is during the period
10 of high congestion and insufficient container chassis
11 supply, then people aren't going to be able to get
12 their stuff out faster because you have just described
13 a situation that says they cant. So this bullet really
14 doesn't -- to me, it doesn't add anything being in
15 there. It just causes confusion.

16 While we have got you locked in the room, you
17 are not allowed to stay in the room. It makes no
18 sense.

19 MR. GABRIELSON: That is not what it says in
20 my mind.

21 MR. WATTLES: It's an equivalent. It's my
22 opinion, so --

23 MR. GABRIELSON: Any other views on it? Would
24 you like to see it changed from a wording standpoint?

25 MR. WATTLES: I would like to either see it

1 revised or just removed because I am not sure that it
2 -- to me, it just doesn't make sense to say when there
3 is high congestion and not enough equipment, you don't
4 have as much time to store your stuff.

5 MR. GABRIELSON: One suggestion might be if
6 you change it to say, port authorities working together
7 with ocean carriers, terminal operators and shippers
8 should look at ways of reducing time granted to
9 shippers to increase the flow, and then add a second
10 sentence or something that talks about, however, during
11 times of high congestion, shippers should not be
12 penalized for -- if they are not able to get their
13 containers out.

14 MR. BRYAN: All that is doing is saying since
15 there are two different thoughts here, it is a way to
16 break them apart.

17 MR. WATTLES: Yeah. I guess I would have to
18 see what it looks like, but yeah. You know, this is
19 something that we can share a draft --

20 MR. MICHENER: Another way to look at it might
21 be to say reduce excessive dwell times without
22 penalizing shippers or increasing the costs to the
23 ports or something of that nature.

24 MR. GABRIELSON: We had two different thoughts
25 there. So if we want to break them apart, we can

1 certainly do that if it makes it clearer.

2 MS. STRAUSS-WIEDER: If I can suggest two
3 sentences, wordsmithing there. Basically in the
4 sentence where it says to store containers at the
5 terminal.

6 New sentence, however, during periods of high
7 port congestion or insufficient container chassis
8 supply, shippers should not be penalized -- unduly
9 penalized. Thank you.

10 I'm giving it to Lance.

11 MR. GABRIELSON: Lance is good at this.

12 MR. VILLA: So, however, --

13 MS. STRAUSS-WIEDER: So basically, however
14 shippers --

15 MR. LONG: Let me interrupt one second.

16 MS. STRAUSS-WIEDER: -- should not be unduly
17 penalized during periods of high port congestion and/or
18 insufficient container chassis supply.

19 MR. LONG: Okay. John is going to put that
20 upon the screen here. So you may want to repeat that.

21 MALE VOICE: One more time in the mic.

22 MR. LONG: Can you repeat that, Anne, slowly
23 so we can get typed up on the screen.

24 MS. STRAUSS-WIEDER: So it says, to store
25 containers at the terminal. However, shippers should

1 not be unduly penalized during periods of high port
2 congestion and/or insufficient container chassis
3 supply.

4 It is only minor word changes to that element.

5 MR. WATTLES: I think that would be better
6 and, you know, I have got to admit I would be happier
7 if that bullet didn't exist, but with the changes I
8 will shut up and concur.

9 CHAIRMAN BLASGEN: Rick, the point your team
10 was originally trying to make is shippers shouldn't be
11 penalized through no fault of their own if there is
12 congestion.

13 MR. GABRIELSON: Yeah, that is what we are
14 trying to convey. Right.

15 MR. WATTLES: And that is my thing. My fear
16 is if we are saying we are going to do that by
17 shortening the amount of time you can keep something at
18 the port when you can't get it out --

19 CHAIRMAN BLASGEN: It's in conflict, yeah.

20 MR. WATTLES: It, to me, it's like -- okay. I
21 will tell you we've spent months unwinding, literally,
22 millions of dollars of charges for storage that we wind
23 up having to go back to people and unwind.

24 MALE VOICE: As did I.

25 MR. WATTLES: And we can all say, well that's

1 a one-off. If it happened to us with multiple players,
2 it is happening to other shippers as well. So I just
3 want to make sure there is not changes made that make
4 it easier for that to continue to happen.

5 MR. GABRIELSON: No. As a shipper, I can tell
6 you that that was not our intent. We are no different.
7 We face the same kinds of things that other shippers
8 do.

9 The intent was -- it was twofold, and maybe we
10 needed to reword it, but it was -- the concept was
11 terminals are not meant to be warehouses. They never
12 should have been and some, not all, some use them as
13 warehouses. That just simply adds to the congestion.

14 All we were trying to say is, that should not
15 be allowed to take place, but at the same time, if
16 there is conditions that impact shippers through no
17 fault of their own, you can't get it because of the
18 congestion, they shouldn't be penalized if you can't
19 get it out in time. That is what we are trying to
20 communicate.

21 So if there is a better way of doing that,
22 which we got from Lance and from Anne, then so be it.
23 That's great.

24 CHAIRMAN BLASGEN: Okay. So this is the
25 revised sentence, "Port authorities working together

1 with ocean carriers, terminal operators and shippers
2 should look at ways to reduce the level of time granted
3 to shippers to store containers at the terminal.
4 However, shippers should not be unduly penalized during
5 periods of high port congestion or insufficient
6 container chassis supply."

7 MR. WATTLES: Thank you.

8 CHAIRMAN BLASGEN: Does that make it?

9 MR. GABRIELSON: Yeah.

10 CHAIRMAN BLASGEN: Do you have one more.

11 MR. WATTLES: Yeah. I'm good with that if
12 everybody else is.

13 So I had one other comment. And again, I
14 extracted this, so I don't have the exact location in
15 the document. I would have to go find it.

16 There is a bullet in there that says, "to
17 speed container movement, port authorities and terminal
18 operators should consider implementing a licensed, on-
19 demand trucking system through which truckers would
20 pull containers off a stack on a first-available basis
21 for delivery, rather than waiting for a designated
22 container.

23 MR. GABRIELSON: Mm-hmm.

24 MALE VOICE: (Out of mic.) The second bullet
25 under Container Pickup and Delivery Schedule --

1 (inaudible.)

2 MR. WATTLES: Thank you. So my concern there
3 is that just realistically, especially when you look at
4 the volume that comes off a ship right at a port, there
5 are containers that have things that are required for
6 more urgent delivery than others.

7 You know, selfishly, we went in and we pulled
8 the parts that otherwise were going to stop production
9 lines at our Everett Plant, were we build the twin-
10 aisle airplanes. If we had stopped that plant, we shut
11 down hundreds of millions of dollars of exports on a
12 weekly basis.

13 So we had critical containers we needed to get
14 out of there ahead of others. So if we moved to a pure
15 first-available basis, that's how they go, and if there
16 is no available method to pull urgent -- if there is a
17 surcharge for pulling something out of sequence, I
18 mean, they are okay with that, but something that just
19 says it comes off first-available basis, that's what
20 gets loaded and delivered, I've got a concern if there
21 is no way to get more urgent shipments out ahead of
22 others.

23 MR. GABRIELSON: The thought behind this
24 statement was not broad brush, not every single
25 terminal facility, but there are some terminals that

1 are working with free-flow stacks. If you are a fairly
2 large shipper and you have got a sizeable number of
3 containers on a given vessel and/or you might be
4 working with, let's say it is trans (inaudible)
5 provider and they have got three or four major shippers
6 within their complex. You see a lot of this in
7 southern California.

8 There is the ability to go through and create
9 what is called a free-flow stack. It does not have to
10 be for every single shipper and was not intended that
11 way. But you have got the ability at that point,
12 rather than going through and saying I need container
13 1, 2, 3, 4, if you are saying my goal and my plan,
14 through communication, is I need 50 boxes tonight.
15 Give me the first 50 that come off the stack, and my
16 plan is to have them off in a certain amount of time.

17 When you have got operations that can do that,
18 it is really efficient for the terminal operator. It
19 is really efficient for the trucking company and the
20 drivers going in, and it is the type of thing where
21 when the gates are set up, you will get that driver
22 that is going to get two, three, sometimes--depending
23 on where they are going to go--four turns a night.
24 That is money in their pocket. That is a huge thing.

25 It wasn't intended to say every single

1 terminal in the country is going to be this way, but it
2 is in practice today at some facilities. There are
3 some terminals, especially in souther California, that
4 are doing this and the productivity you get is
5 phenomenal.

6 Again, that was the intent behind it, not
7 meant to be everything. Would you want to do this
8 potentially, you know, in Jacksonville or Tampa?
9 Probably not because it is not necessarily needed, but
10 where you have got really, really congestion levels, it
11 makes sense.

12 Mr. Bryan: Shawn, this has been done. They
13 have had a mixed approach so that there were ways to be
14 able to expedite what had to be --

15 MR. WATTLES: So to my point that I made
16 earlier -- and I understand, Rick, you are saying this
17 isn't a mandate for everybody everywhere, but remember
18 this is a document of recommendations, and if it gets
19 implemented, it doesn't necessarily get implemented as
20 if you want to where it makes sense, sometimes do it
21 here, but not over there. I mean, this reads as a
22 recommendation for how we want ports to operate.

23 So my concern is if we are going to put
24 something in here saying, we think you should go to
25 this method, having the potential for a dual path

1 approach where there is a need to go get an urgent
2 part, there is an urgent container, it can be done as
3 it is being done elsewhere. I would rather have that
4 included here in the statement.

5 This statement, to me, precludes that. It
6 says it is going to come off as first available basis.
7 That is the recommendation.

8 MR. BRYAN: Shaw, if we change the word
9 "implementing" to "including" would that work?

10 MR. WATTLES: To be honest, I believe in being
11 direct. I just as soon have a statement in here that
12 says that the ports could maintain a process for
13 pulling urgent containers as needed or as required.

14 MR. GABRIELSON: I wrote a suggestion down
15 that might work. This recommendation does not preclude
16 the need for shippers to pull individual containers
17 based on priority.

18 MR. WATTLES: Okay. Yep, that works for me.

19 MR. GABRIELSON: Let me read it back again so
20 you -- I actually wrote this one down. This
21 recommendation does not preclude the need for shippers
22 to pull individual containers based on priority.

23 MR. WATTLES: That works for me.

24 MR. GABRIELSON: Lance, is that grammatically
25 okay or do I want to make a change.

1 (Laughter.)

2 CHAIRMAN BLASGEN: So does this get it Rick,
3 the recommendation does not precluded the need for
4 shippers to pull individual carriers based on
5 priorities?

6 MR. GABRIELSON: Containers.

7 MR. JAMIESON: Can somebody explain to me the
8 piece about a licensed on-demand trucking system? What
9 is that?

10 MR. GABRIELSON: That was code for appointment
11 systems. We didn't want to be really, really specific
12 with appointments. It was our attempt to have a broad
13 nature at different types of appointment systems that
14 are out there, which are in process, they are coming,
15 they look different at different terminals and
16 different facilities, and it was meant to be very
17 broad.

18 MR. JAMIESON: I just have concern that that
19 is going to start forcing trucking companies, drayage
20 carriers, and what not to give extra credentials, extra
21 costs prohibitive systems to conduct their business.

22 MALE VOICE: I don't think that was the
23 meaning.

24 MS. STRAUSS-WIEDER: Perhaps eliminating the
25 word --

1 (Simultaneous speech.)

2 MR. JAMIESON: That's why I am asking. When I
3 see "licensed on-demand trucking system" that, to me,
4 speaks that carriers are going to have to get something
5 to do something. So if you are adding that
6 additional --

7 MS. BLAKEY: Why do we have to say "license"?

8 MR. GABRIELSON: We can take the word
9 "license" out.

10 MS. STRAUSS-WIEDER: Take out the word
11 "license".

12 MR. GABRIELSON: Strike the word "license" if
13 we can, and say implementing on-demand trucking system.

14 (Simultaneous speech.)

15 MR. GABRIELSON: So do we want to read that
16 back and see if that's okay?

17 CHAIRMAN BLASGEN: We are going to take out
18 the word "license" here -- implementing -- did that
19 capture it? Should consider implementing an on-demand
20 trucking system?

21 MS. STRAUSS-WIEDER: Maybe even taking out the
22 word "on-demand". Just say a trucking system. Leave
23 it a little broader. I throw that out for
24 consideration.

25 MR. GABRIELSON: I would leave it. Let's

1 leave it, if we can. Are you okay with that?

2 On-demand implies there are certain ways you
3 can approach it. That is why we put it in there.

4 MS. STRAUSS-WIEDER: Okay.

5 MR. KANCHARLA: Just a semantic. I don't know
6 how literally or practically this will be taken. In
7 some of the recommendations we say, other stakeholders
8 or industry partners, so I feel like sometimes some of
9 these, maybe in some of these the -- operators need to
10 be there. We don't need to mention everybody that may
11 need to be there. Just like we put in other
12 recommendations, can we consider putting other
13 stakeholders or industry partners, or put it under a
14 general statement, this is not supposed to be all
15 inclusive, and we can put it outside of the
16 recommendations also in that manner.

17 MR. GABRIELSON: Is that throughout, Ram,
18 or --

19 MR. KANCHARLA: Yeah. In some cases you have
20 that statement. In some cases, we are just mentioning
21 -- I know, this is not meant to be all inclusive, but
22 maybe in the opening statement somewhere there, saying
23 that we have mentioned some entities, but this may not
24 be all inclusive. When practical or when there are
25 other entities that are influencing that operation --

1 MR. GABRIELSON: In the cover letter, we can
2 say broad-view stakeholders (inaudible).

3 MR. KANCHARLA: Something like that, yes.

4 MR. GABRIELSON: Any other recommendations,
5 considerations, or thoughts?

6 MR WISE: I like the whole document --

7 CHAIRMAN BLASGEN: Can you turn the microphone
8 around, Dean.

9 MR. WISE: I have no problem with what's in
10 the document. I think it is a good list and it is good
11 for the stakeholders to all go through it and say, what
12 am I doing, what am I not doing, and how do we get
13 better. But it seems to me we are sidestepping one
14 issues which is, we have this in front of us because of
15 the issue in 1314. It was caused by a labor shutdown.

16 That was not resolved until the federal
17 government stepped in. We kind of take the federal
18 government off the hook here in the letter, saying, you
19 can't do anything. So please help just forward this
20 list to everybody.

21 If I was the Secretary, that is what you are
22 asking me to do; right? That paragraph. Forward this
23 list to everybody and keep an eye on it.

24 Can we put a sentence or two in -- maybe I am
25 out of school on this because I wasn't involved in all

1 of this stuff -- that would say -- after that sentence
2 where we say, federal leadership is required to -- it
3 is at the top of the second page.

4 MR. GABRIELSON: In the summary document,
5 Dean?

6 MR. WISE: Yeah, on the second page of the --
7 the federal government ability is limited, and then it
8 says, however, federal leadership is needed to advance.
9 Add a sentence or two that would say, however,
10 recognizing the extensive economic damage that is
11 caused by prolonged port congestion, where federal
12 action can be taken, it needs to be timely and
13 decisive.

14 Something very simple, similar, but is kind of
15 a -- I think the federal government thinks they save
16 the day. I think everybody here at this table said,
17 yes, but they should have saved the day about three
18 months before that.

19 MR. LONG: We actually have something on that.
20 The recommendation from the last meeting, the letter
21 that Mike Steenhoek had prepared that went forward to
22 the Secretary, that could be attached here. That
23 addresses, specifically, that question, the economic
24 impact and the need for early engagement by the federal
25 government.

1 MR. WISE: Okay.

2 MR. LONG: We might want to resend it.

3 MR. WISE: Can that be woven into this at all
4 somewhere too, since --

5 MR. LONG: I'm sorry?

6 MR. WISE: Should that be woven into this, or
7 is that going to the Secretary, or --

8 MR. LONG: That has gone to the Secretary. It
9 might be good to -- we can send it along again with
10 this if you want.

11 MR. GABRIELSON: We can include a statement if
12 somebody wants to just -- you want to start typing and
13 someone wants to take a crack at drafting something.
14 Any thoughts?

15 MR. LONG: Yeah. That's been done.

16 MR. GABRIELSON: Would you rather see it in
17 this document or in the cover letter?

18 MR. WISE: I don't know. I don't know how the
19 thing flows through or has an impact or should we
20 reference Steenhoek's letter and say, however, when the
21 federal government can take action, it needs to be
22 timely and decisive as we told you in correspondence
23 xyz.

24 MR. LONG: And whenever we send something at
25 the line that has reference this or that, the document

1 is there. So it is not a problem. If you mention the
2 letter, we will send a copy with it.

3 [Simultaneous speech.]

4 CHAIRMAN BLASGEN: A cover letter for this
5 recommendation, we make that statement that has see
6 attached letter dated whatever. We already made a
7 recommendation around that topic and attach it.

8 MS. STRAUSS-WIEDER: I've thrown some language
9 together as we have been talking and this would be at
10 the end of either the second to last paragraph or
11 paragraph. I will just read it first to get the
12 wordsmithing started.

13 Timely and proactive responses to disruptions,
14 either natural or manmade, is crucial to the continuing
15 competitiveness of the nation's supply chains or ports,
16 whatever you want to use.

17 MR. WISE: I would like to link it right to
18 where we say, basically, in that second sentence on the
19 second page we are saying you can't do anything, but
20 your leadership is needed to advance a comprehensive --

21 I would say right after that sentence, we would say,
22 however, where the federal government can directly get
23 involved to reduce congestion issues, timely decisive
24 action must be pursued and then see Steenhoek's note.

25 MR. BRYAN: Can we try that? Can you type

1 something just like what he just said?

2 MR. LONG: Where exactly does that go, Dean?

3 MR. WISE: Bottom of the top paragraph on the
4 second page.

5 MALE VOICE: The one that begins the federal
6 governments ability to directly resolve the issues.

7 MR. GABRIELSON: You want it as the last
8 sentence, maybe, on that paragraph, Dean?

9 MR. WISE: Yeah, because we said you can't do
10 anything, but we want you to be a leader to advance
11 these lists. We can all say, in addition, federal
12 leadership is required where federal involvement can
13 directly reduce congestion. In those cases, timely
14 decisive action must be pursued.

15 MALE VOICE: It still seems kind of benign.

16 MR. LONG: I'm sorry. We couldn't hear all of
17 that and John needs to hear it so he can type it in.
18 Could you go slowly and in the microphone, please.

19 MR. WISE: So it just kind of flows from
20 saying -- that paragraph says, you can't do anything,
21 but your leadership is needed to advance a set of best
22 practices. Then we would say, in addition, federal
23 leadership -- where federal government can directly
24 reduce, resolve congestion issues, timely decisive
25 action must be pursued.

1 MALE VOICE: [off mic.] In addition, where
2 federal government can directly reduce port
3 congestion --

4 MR. WISE: Where federal government
5 involvement can directly reduce or resolve congestion
6 issues, federal government must pursue these actions in
7 a timely and decisive manner.

8 MR. GREENZEBACK: [Off mic.]

9 MR. WISE: When, yeah when. Start with when.
10 Lance says instead of saying "in addition" say "when".

11 CHAIRMAN BLASGEN: Right, so in addition, when
12 federal government --

13 MR. WISE: No. Get rid of the "in addition",
14 just say "when". Start the sentence with when.

15 CHAIRMAN BLASGEN: Oh. Forget the in
16 addition. When federal government -- alright, go
17 ahead.

18 MALE VOICE: [Off mic.]

19 MR. WISE: Now, it is still not specific.
20 Maybe the Secretary reads that, yeah, like I did last
21 year. I think we want to say, no, sooner.

22 MR. LONG: Would you give us the final
23 thought?

24 MR. GABRIELSON: I would say swift and
25 decisive actions.

1 MR. WISE: That's good. Swift.

2 MR. GABRIELSON: I would say swift and
3 decisive action.

4 MR. BRYAN: After should, why don't we just
5 say take, rather than do so. Change that to take -- it
6 should take swift and decisive action.

7 MR. KANCHARLA: Why not preemptive? You don't
8 want the problem to be there. You know the problem is
9 coming. It is not like [out of mic].

10 MR. BRYAN: David, can we make -- I suggest
11 that the last phrase be, when federal government --

12 CHAIRMAN BLASGEN: Ram is suggesting some
13 statement that says the federal government can preempt
14 the issue. The problem is where do you put that in.

15 Right now it reads, when the federal
16 government involvement can directly reduce or resolve
17 port congestion issues, it should do so with swift and
18 decisive action.

19 MR. GRENZEBACK: Oh, let me suggest in the
20 last, instead of saying it should do so -- we don't
21 know what it is referring to. Say when federal
22 involvement can directly reduce or resolve port
23 congestion issues, federal action should be swift and
24 decisive, and make it clear that you want -- the acting
25 party is the federal government.

1 CHAIRMAN BLASGEN: Let's take that again,
2 Lance.

3 MR. GRENZEACK: Just the last, where you have
4 got the blue there, say "Federal action should be swift
5 and decisive." Get rid of the action there.

6 CHAIRMAN BLASGEN: Alright. So now it states,
7 "When federal government involvement can directly
8 reduce or resolve port congestion issues, federal
9 action should be swift and decisive.

10 MR. GABRIELSON: How is that, Dean?

11 MR. WISE: Good. Thank you.

12 MR. GABRIELSON: Okay. Anybody else?

13 [No response.]

14 MR. GABRIELSON: Hearing no others --

15 MS. WILSON: [Out of mic.]

16 MR. LONG: Microphone. Your name, please.

17 MS. WILSON: Thank you. Melzie Wilson.

18 MR. LONG: We have to continue the process on
19 this, but your comments, please.

20 MS. WILSON: Melzie Wilson with Mallory
21 Alexander, representing NCBFAA. Just to let you know,
22 in the onboarding of ACE cargo release, we have
23 discovered that, as the regulations state, we can
24 preclear ocean freight five days prior to arrival.

25 We are finding out that we cannot get a

1 release until the carrier and customs arrives the
2 vessel with the cargo. So just an fyi, because we
3 don't know if there is a problem until after the cargo
4 has technically arrived. So that is causing some
5 delays for us.

6 MR. GABRIELSON: It wasn't meant to be that
7 type of thing.

8 MS. WILSON: Right.

9 MR. GABRIELSON: There is a lot of things that
10 take place out there, so -- but thank you for your
11 comments.

12 MR. LONG: Alright. So do I understand that
13 the debate on this is essentially resolved? We have a
14 text that we are ready to look at for final
15 consideration here?

16 MR. GABRIELSON: I believe so.

17 CHAIRMAN BLASGEN: I think as next steps Rick
18 is going to get some input in terms of cover letter
19 language -- Leslie and Anne. Is that right?

20 MR. GABRIELSON: Yes, Leslie and Anne.

21 MR. LONG: Okay. The letter will basically
22 say something to the effect of here. Here is this set
23 of recommendations by this committee. The handful of
24 short qualifiers that we discussed, and then we will
25 arrange for signatures on that, by you and you, and we

1 will go with that.

2 MR. GABRIELSON: Okay.

3 MR. KANCHARLA: Do we put something up to take
4 a vote?

5 MR. LONG: That's what is coming up right now.

6 MR. GABRIELSON: So hearing no other comments,
7 I will turn it over to the Chairman.

8 MR. LONG: Okay. Let's put it to a vote.

9 CHAIRMAN BLASGEN: So do we vote individually
10 or --

11 MR. LONG: I am hearing unanimity here. Is
12 there -- all in favor?

13 [A chorus of ayes.]

14 MR. LONG: Any noes on this?

15 [No response.]

16 MR. LONG: Alright. So it is passed by
17 unanimous vote as described. Let me thank the
18 committee and the subcommittee and all concerned for a
19 great job on this. Thank you very much for the effort
20 and time.

21 [Applause.]

22 MR. LONG: Let's grab a coffee and move on to
23 the next part.

24 CHAIRMAN BLASGEN: Thanks everybody. We will
25 take a brief coffee break and come back with Dean.

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[Whereupon, at 10:00 a.m. the meeting was recessed.]

1 AFTER RECESS

2 [10:21 a.m.]

3
4 MR. LONG: Okay, everybody.

5 CHAIRMAN BLASGEN: If we could take our seats
6 again, we've got Dean, who's going to be talking about
7 permit speed and an update on that, and then our guests
8 are planning on arriving around 11:10, so the
9 Department of Transportation updates will take us right
10 into our lunch at about 12:15. I guess around the
11 time, David, they're scheduled to be here. So, Dean,
12 take it away.

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

2 **Dean Wise, BNSF**

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4 MR. WISE: Yeah, I'm going to start in, and
5 I'll let the other subcommittee members jump in here in
6 terms of what we're going to be proposing for next
7 steps. But as you may recall, at our last meeting we
8 had circulated a draft letter to the Secretary, which
9 basically said: Hey, here's the problem of permit
10 delays, what it costs the economy. This is something
11 you need to be -- it's of your concern as the agency
12 that's all about competitiveness.

13 The timeliness at that point was that the
14 President had just kind of kicked his dashboard effort
15 back into gear and had put out a letter to all the
16 department heads saying we're going to take this
17 dashboard of major projects and expediting major
18 projects to a new level. You need to designate a lead.

19 We're going to get together. We're going to speed
20 this thing up, and all the kind of ideas that we've
21 said are lacking or were needed for permits being
22 reformed.

23 Well, what's happened is events have kind of
24 overtaken us. That letter didn't go out, and what we'd
25 like to do is suggest a revision of that letter. The

1 events that have overtaken us are really positive. In
2 the last bunch of material we had sent out, we pointed
3 to three different legislative proposals that were
4 very, very good in addressing the deficiencies that we
5 have with permit delays.

6 The biggest one was Portman-McCaskill, which
7 was the Federal Improvement Act, and it really touched
8 on all the ideas of a lead agency to drive speed,
9 concurrent reviews rather than sequential reviews; when
10 states had been more active than the feds, let the
11 state process flow; not having multiple documents; and
12 then one of the most important things was have sort of
13 a statute of limitations on challenges, because right
14 now, somebody can pull the cord on the bus and stop the
15 bus at any time when there are issues, or they can pull
16 it at the eleventh hour when you thought the process
17 was about to be done. And that's what drags things on
18 and on and on. And it drives companies crazy, it
19 drives investors crazy. It drives investors away
20 because they can't be -- the risk becomes too high
21 because of the delay.

22 Anyways, the development was all that
23 legislation got pulled almost directly into FAST, and
24 FAST is vast. I don't know if you've seen it, but it's
25 like 2,000 pages. I know Wesley probably read it. We

1 scoured through it for all, well, what does this mean
2 for the railroads, of course, and then I scoured
3 through it, thinking what's in there for permit reform?

4 And there's actually three big chunks in there, and
5 it's actually hard to summarize.

6 What we have as a handout here is a summary of
7 the DOT-specific provisions, and I'm not going to walk
8 through these. It gets fairly mind-numbing. And the
9 best summary there is actually the Coalition for
10 America's Gateways and Trade Corridors, Leslie's
11 organization, and this is --

12 MR. LONG: Dean, let me interrupt. We can
13 post some of this stuff. We have them all loaded, if
14 you'd like.

15 MR. WISE: Okay. So you should have this
16 handout. This is the one with the green stripe across
17 it. This summarizes the big chunk of permit reform
18 provisions that are now in FAST that are directly
19 related to DOT activity. And so it's Title I, Subtitle
20 C, Sections 1304 to -18. And you can see there's a
21 nice summary on the front page. I'm not going to go
22 through all that, but this really should have some
23 good, positive impact in speeding up and streamlining
24 the permitting process for transportation infra-
25 structure projects. That's great.

1 The second big chunk is in the second
2 document, which says "FAST Act Infrastructure
3 Permitting Reforms." That's actually summarizing the
4 other big chunk, which is the Portman-McCaskill bill,
5 Title -- what's XLI? Is that 49, I guess? Section
6 4103, blah, blah, blah. But this is where there's some
7 really impactful things that sort of codify what the
8 President had been trying to do with the dashboard, so
9 establish an interagency council -- that sounds like
10 more bureaucracy, but hopefully it will be helpful --
11 permitting timetables, lead agency, concurrent reviews,
12 state-level environment. A lot of this parallels the
13 DOT-specific stuff that Leslie summarized. So there's
14 some issue about, you know, how do these dovetail
15 together? They just kind of threw it all in there.

16 But the very last one, or second to the last
17 one is the one that probably has one of the most
18 powerful, and that's reducing the statute of
19 limitations, to challenge a project review from six
20 years to two years. That's big. It should be one
21 year, but I think two years is good.

22 And then we've got to put any of these reviews
23 -- if someone wants to stop something and stop
24 projects, you've got to put it through the lens of the
25 impact on job creation, so that's also a plus.

1 Therefore, these two things, if you read them, you go
2 through and you'll see some good -- it's all good
3 stuff.

4 The challenge now is, What does that mean and
5 what's going to happen? And, frankly, in an election
6 year -- and this is where I'm going to hand it over to
7 Leslie -- we think some of this will move a lot slower.

8 And how do we revise the letter that we were going to
9 send to the Secretary three months ago to reflect this?

10 And what's the role of the Department of Commerce in
11 taking what's now new, fresh legislation, bipartisan
12 legislation, and actually making it happen?

13 So, Leslie, do you want to --
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1 **PERMIT SPEED AND REFORM (AD HOC SUBCOMMITTEE)**

2 **Leslie Blakey, CAGTC**

3

4 MS. BLAKEY: Yeah, I think that what at this

5 point this committee might concern itself with is,

6 first of all, the impact these permit reforms could

7 have on helping to, A, reduce the cost of

8 infrastructure investment is huge. The report, "Two

9 Years, Not Ten," pointed out -- kind of for the first

10 time really brought it in focus -- that infrastructure

11 projects that are held up for long periods of time by

12 permitting issues often cost twice as much as the

13 original infrastructure investment would have been

14 during that time when costs escalate over ten years or

15 whatever, and we wind up spending twice as much public

16 money as we would have. And the review doesn't -- that

17 ten years of review does not actually add to either the

18 benefits of the project from an environmental or other

19 point of view. So there's that.

20 There's the cost in jobs and productivity,

21 which certainly concerns the Department of Commerce.

22 And, furthermore, there's the discouragement of private

23 or other capital coming in to help augment public

24 dollars in investing in these kinds of projects, which

25 more and more, as we look into the future, we are

1 needing to achieve multiple goals from projects. The
2 days of just doing a single modal transportation
3 project that has no other purpose is starting to be
4 eclipsed now by, you know, the ability to run utility
5 lines or fiberoptics or other kinds of infrastructure
6 alongside of and concurrent with the development of a
7 project. We're moving more and more into the future of
8 multiple infrastructure needs being achieved in single
9 projects, and that kind of productivity we lose because
10 of this sort of thing.

11 So I think that the issue of productivity here
12 and the ability to attract private capital to help
13 augment the public dollars is a hugely important thing
14 from a policy point of view.

15 So besides pointing that out and pointing out
16 that the FAST Act does include reforms that will
17 greatly improve this, there's the issue of someone
18 needing to be a champion within the federal government
19 and to institutionalize these reforms or at least
20 encourage the administration and the next
21 administration to institutionalize these reforms so
22 they don't get just sort of lost in the shuffle of an
23 administration transferring or not a priority of the
24 next administration or future, you know, means of
25 accountability.

1 So we think that a letter to the Secretary
2 that would help articulate the need for the Department
3 of Commerce -- whether they're the lead agency on this
4 or not -- to be a champion for needing to support these
5 reforms that have been called for in FAST and encourage
6 both the White House and particularly the Department of
7 Transportation but other agencies to act on these, even
8 as, you know, it's a period of, you know, difficult --
9 an election year is a difficult time to be doing this,
10 but we don't want to lose sight of this just because
11 we've got some months of disruption ahead of us.

12 MR. WISE: I think the point is that, hey,
13 we're in a good place with this, but everyone's going
14 to be moving slowly. This is of economic interest.
15 The economic damage is still happening as we speak.
16 Permitting delays are still there. So we want DOC to
17 basically -- and I think Leslie carefully chose the
18 word "cattle prod" -- is the role we'd like the
19 Department of Commerce to be here and go through the --
20 you know, do what the President's asked, be the first
21 one there with the best people, try to say, hey, where
22 is this interagency council, I am in, how do I get
23 going?

24 So I don't know all the ways that Commerce can
25 do that. That's for your team, David, to discuss what

1 does all that mean. But step into this thing and get
2 it moving so that it doesn't lose momentum, whether
3 there's a Republican or a Democratic administration in
4 the next administration. This is very important either
5 way.

6 So I think in terms of the actual letter, a
7 lot of the front end, as Leslie said, is still valid.
8 You know, here's why it's a problem, et cetera. But
9 now the ask to the Secretary is a little bit different.

10 CHAIRMAN BLASGEN: And, Leslie, you mentioned
11 a lead agency. It does say that the Department of
12 Transportation is the lead federal agency, but is there
13 a role for Commerce?

14 MR. WISE: Again, that's where this is
15 confusing. In FAST, there's two blocks of legislation.
16 The one that calls for Transportation to take the lead
17 is specific to transportation projects. Fifteen
18 hundred pages later is this big, broader, probably in
19 the long term more impactful discussion about setting
20 up an interagency council. This is across any
21 projects, whether they're transportation, water,
22 transmission lines, any projects, and that's where I
23 think DOC can say, "I'm going to be the lead horse in
24 making this thing happen."

25 MS. BLAKEY: You know, it might be that the

1 Secretary of Commerce would decide that they think that
2 the best place for this -- or they would encourage the
3 White House to appoint Treasury, for example, to be the
4 lead agency. Or it might be that the lead agency
5 overall could be Department of Transportation. It
6 probably isn't for us to decide that, but I think that
7 the role that the Department of Commerce could take
8 would certainly be to encourage action on this
9 legislation and to actually fulfill the part of it that
10 each agency that's called -- there's 13 agencies that
11 are called to be involved, Commerce being one. They
12 could undertake their part of this and encourage the
13 White House and their counterparts in other agencies to
14 actually move forward.

15 And whoever gets to be the lead agency, that's
16 probably above our pay grade, but certainly there is a
17 valid reason for an agency like Treasury or the --
18 we've talked about the BATIC here, the Build America
19 Transportation Investment Center at DOT. We've talked
20 about that before. The FAST Act also calls for a kind
21 of similar approach, which is a Bureau of Innovative
22 Finance at DOT, and under that -- which resides in the
23 Office of the Secretary. It's a high enough -- it
24 would be a high enough level organization. It might be
25 that DOT would choose to put this kind of approach

1 under the Bureau of Innovative Finance, for example.

2 So there's a lot of possibilities, but I think
3 the point here is that encouraging the Department of
4 Commerce and the Secretary of Commerce to become a
5 proactive champion for moving forward on this would be
6 a very helpful thing so that there's -- in a very short
7 period of time, the FAST Act is calling for a lot of
8 organization, dispensing of monies, reforms in other
9 areas, and so forth and so on. There is actually quite
10 a lot there that has to be stood up, and the Department
11 of Transportation mostly has responsibility for these
12 things. So it would be very easy for a lot of this to
13 kind of just get put on the back burner, and we don't
14 want to see that happen.

15 MR. FISHER: David, who normally would take
16 the lead in implementing something like this? Because
17 the statute is vague about it. So if we didn't send a
18 letter like this, what would happen?

19 MR. LONG: Well, okay. Multiple layers to
20 that. I think part of the things like this, there's
21 whatever the text says. Somebody's going to be named
22 in the structure to lead the thing. That's effectively
23 DOT for most purposes. But it's a people world, and
24 what happens in practice is the real leaders in the
25 process are real leaders, and they have a lot of

1 influence and a lot of clout that way. And so someone
2 with a lot of talent like Secretary Pritzker who's
3 interested in this agency will have sway that goes well
4 beyond whatever's actually written into the statute or
5 connections with business and the rest.

6 So what would happen with it -- without the
7 letter, I think it's taking a risk in the coming
8 transition period for what will happen. I think with a
9 letter that says that this is important, it needs to be
10 sustained during what is coming ahead, and we'd like
11 you to take an active role in setting this up, I think
12 has tremendously positive benefits.

13 MR. FISHER: Can we recommend a specific
14 implementation strategy with deadlines and so forth?
15 Is that possible? Other than saying it's important,
16 could we be more specific, given your knowledge of all
17 the different agencies that work on this?

18 MR. LONG: I think realistically, in terms of
19 when this could be turned into a final recommendation
20 of some kind, we're probably looking at ratifying by
21 April or a special meeting before then. So whatever
22 the time frame you would propose for something very
23 specific would have to be around that. I'm inclined to
24 think that something more generalized would have real
25 effect, noting that there are certain timeline

1 elements, things you want done, things that need
2 attention. It would be better than trying to build an
3 entire work plan. I leave some of that thought to you
4 folks. I don't know what that would take.

5 CHAIRMAN BLASGEN: From our committee
6 standpoint, are there certain things that we should
7 prioritize? You know, it's all important, but from
8 your Advisory Committee on Supply Chain Competitive-
9 ness, our level of priority would be these things, to
10 your point earlier, Leslie?

11 MR. LONG: I think that makes a lot of sense.
12 If you can identify the ones you think are the ones
13 that should be done first or the ones that have the
14 most impact, that would be very helpful. And, again,
15 the call to have someone engage personally on that is
16 very strong. Without getting into specifics on this,
17 the Secretary's team is very engaged on a number of
18 these transportation supply chain issues, and this will
19 get attention.

20 MR. WISE: One person I'd like to volunteer to
21 help inform Paul's question in the next month or so is
22 Joe. Your boss really has been a very big thought
23 leader on this -- John Porcari -- and we'd like to
24 engage him and ask him, "Hey, what do you think of this
25 stuff? What might be a path?" That would be great.

1 So I guess stay tuned, right? It's kind of
2 where we are.

3 MR. LONG: Absolutely. I think what's
4 happened is the materials we looked at last fall were
5 based on the instructions from the White House, and
6 they were completely overtaken by the legislation. I
7 think that accounted for sort of the quiet on those
8 issues. We're seeing a lot of interest in infra-
9 structure issues and similar things from the White
10 House staff. We got a lot of attention upstairs. So
11 the timing couldn't be better on this. It's really
12 good.

13 MR. FISHER: Would it be helpful to catalogue
14 the major projects out there? I know you have one that
15 had been delayed. And, you know, Leslie, you talked
16 about doubling in cost. If those facts are sound, I
17 mean, that would lend some real power to getting this
18 going, even with respect to pending projects.

19 MR. WISE: Yes, I think I would commend to all
20 of you, I think we sent it out before, but this little
21 white paper called "Two Years, Not Ten Years," which
22 made that bold statement that delays double the cost of
23 projects, which is kind of mind-boggling. But it
24 actually has a lot of examples it goes through, not
25 just transportation but other sectors of the -- the

1 people that have to build things in our economy. And I
2 was pretty convinced by the end of it, that, yeah, this
3 is right. He's looking at public as well as private
4 costs. That just is such an overwhelming number to
5 think that our things that we build cost twice as much,
6 and even we're expensive to begin with. Think of the
7 difference in competitiveness in terms of infra-
8 structure, bang for your buck versus other countries
9 that can do things much faster.

10 MR. LONG: You might find the document that
11 listed some well-chosen examples to illustrate key
12 points like that, the price of delay rather than
13 something exhaustive, would be easier to compile in a
14 shorter period and probably more effective.

15 MR. WISE: I think most people are convinced
16 of the importance, which is why it was a bipartisan
17 effort to pass it. But now what? It doesn't end with
18 a new bill, right?

19 MR. LONG: Exactly.

20 MR. WISE: A new law.

21 MR. FISHER: Do regulations come out of this?

22 MR. LONG: They will.

23 MR. FISHER: They will?

24 MR. LONG: There will be implementing regula-
25 tions for everything that comes out of it. The law of

1 nature, as it were.

2 MR. HANSON: Is there any time frame for that,
3 David? Speaking from experience with WRDA last year
4 and implementing guidance for the Corps, when you have
5 other groups like OMB who really make the call on what
6 gets done and how it gets done, how can we put a
7 spotlight on this and keep the attention on it? It's
8 nice that it says "streamline," but the implementing
9 guidance will actually determine how it happens, and
10 there's bureaucrats making those decisions, not
11 legislators.

12 MR. LONG: Yeah, and with the coming
13 uncertainty, that'll be a concern, too. I would
14 recommend a well-focused letter that captures what you
15 want them to do, and this is the urgency of it to act.
16 It's got to be stripped down into something that looks
17 like the typical recommendation that says, you know,
18 "basically a prestige advisory group says these things
19 are important in this order, we'd like you to engage on
20 this personally and use your skills to convene the
21 forces in government to make this all come true," is
22 exactly the thing we're looking for. But, again, time
23 is a factor in this, so your outer bound for this is
24 probably -- given the implementation schedules in the
25 act, I would like this is something you'd probably want

1 to work for for an April decision or sooner if it could
2 be set up with a meeting.

3 The trick in that is any kind of intermediate
4 meeting takes about a month to set up for the reasons
5 Alice explained on public notice and all that.

6 MS. BLAKEY: I think we can put this together
7 quickly.

8 MR. MICHENER: I just want to say with the
9 Single Window, we did the similar recommendation that
10 recognized the work that had been done and then
11 provided areas where we thought that they could move
12 faster or do some oversight over.

13 MR. LONG: That's a good one, too, for under-
14 standing the dynamics of this. The initial reaction
15 was there was some skepticism on the government side
16 when that came in, and within a matter of months
17 virtually everything that you had proposed wound up in
18 the program. So, you know, it's making a
19 recommendation and saying something clear about what
20 you want, and then it has to be responded to. In this
21 case, you're looking at something that crosses many,
22 many different parts of government. So it's an
23 interesting problem.

24 CHAIRMAN BLASGEN: So the next step is to
25 draft a new letter?

1 MR. LONG: Yeah, and I would suggest ask the
2 committee involved with this to go on the draft. I
3 have some ideas for things I can suggest that might
4 help the structure a bit, but it's basically you need
5 to draft what you want this to say and how you want to
6 say it. I would urge you to have something clear and
7 concise, focusing on the direction so it looks more
8 like an instruction than a lot of background.

9 CHAIRMAN BLASGEN: And then if the
10 subcommittee could get that before our next meeting, we
11 can vote on that and send that up the ladder, is what
12 you're suggesting as well.

13 MR. FISHER: David, would it be helpful bullet
14 by bullet, you know, for example, to give some specific
15 framework for the implementing regulations? Like if
16 there's wiggle room, how do we constrain what the
17 regulation writers can actually draft? Or that's too
18 detailed?

19 MR. LONG: I would have to look into that. I
20 don't know quite how that would work. We'll check to
21 see how people feel about that. I'm not that close to
22 writing the regulations to be able to give you a good
23 answer. Sorry.

24 CHAIRMAN BLASGEN: All right. Well, Dean,
25 we'll leave that in your good hands, the subcommittee's

1 hands.

2 MR. WISE: All right. [inaudible] streamline
3 the process.

4 MR. LONG: Thank you.

5 CHAIRMAN BLASGEN: Sounds good. So we have a
6 few minutes before our guests get here. Should we move
7 on to one of the other committees? We have about 20
8 minutes. Tiffany would be -- Information Technology,
9 is Tiffany still on the phone?

10 MR. LONG: She's not on.

11 CHAIRMAN BLASGEN: She's not on? Shawn, would
12 you be prepared to switch your timing to now since
13 we've got about 20, 25 minutes before our guests get
14 here?

15 MR. WATTLES: We can do that.

16 CHAIRMAN BLASGEN: All right.

17 MR. LONG: And just to interject, we'll also
18 have Jean Janicke appearing in the afternoon to talk a
19 little bit about what's going on in the TPP and how
20 that relates to what we're doing here. So let's
21 continue and pick that part up as we go. Thank you.

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INFORMATION TECHNOLOGY AND DATA DEVELOPMENTS**Shawn Wattles, Subcommittee Chair,****Trade and Competitiveness**

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5 MR. WATTLES: Thank you, David. Okay, so my
6 report out will be fairly short here but I think filled
7 with all kind of fun and amazing recommendations. A
8 little tongue in cheek there.

9 The first thing that I would like to say is
10 kind of along the lines of our discussion yesterday
11 morning around the structure of the subcommittees, et
12 cetera. One of the things that both the Regulatory and
13 the Trade Subcommittees have experienced over the past
14 year is it's kind of tough to get a lot of members
15 together for some of our subcommittee members, and
16 we've also realized that we have a lot of overlap in
17 some of the areas that we're interested in working.
18 And so we wound up having a joint subcommittee session
19 yesterday, and we are proposing that we merge the Trade
20 and Competitiveness and the Regulatory Subcommittees
21 together into one subcommittee going forward. So I put
22 that on the table. The proposal would be that Mr.
23 Jamieson and I team up as the co-chairs for the new
24 joint subcommittee. So I put that out there first,
25 with the stipulation that if either one of us steps

1 away, the whole thing falls on Norm.

2 [Laughter.]

3 MR. WATTLES: Beyond that, we came up with
4 quite a list of potential topics that we've been
5 discussing, and we've selected three that we are
6 definitely going to go to work on drafting up the
7 problem statement for our subcommittee to work on that
8 we intend to put together recommendations for, and then
9 we've got one or two others that we've got on kind of
10 the short back burner list, where we're going to look
11 at a little more information, kind of have a discussion
12 or two internally to decide if we bring one or more on
13 to the list.

14 But just going into it, what we've decided on
15 as kind of our -- we're going to look at these for our
16 next step things. We're going to be looking at, first
17 of all, around the -- as I put my cheaters on so I can
18 read. We're going to take a look at the whole issue
19 around Mexico-U.S. trade, and there's quite a few
20 topics there that we're looking at, everything between,
21 you know, modal issues and maybe some NAFTA-related
22 recommendations, but we've decided that that's one that
23 we definitely want to work on that many of our
24 subcommittee members had a real interest in, and Juan
25 has graciously agreed to make a first stab at putting

1 together our problem statement and drafting up what
2 we'll go to work on.

3 Our second topic that we're going to go to
4 work on, where Mr. Schenk has agreed to jump in and put
5 together the starting document is around the
6 intellectual property rights and the problem statement
7 there and what can be done to improve trade
8 competitiveness by maybe some adjustments to how the
9 IPR is handled.

10 And the third item that we're going to work on
11 is I took the lead on putting together a starter
12 document for what we see as concerns and issues or
13 recommendations related to the ASEAN, kind of a TPP-
14 related topic that actually, as you mentioned, we'll
15 have a speaker on later today. Those three we have
16 definitely put on the plate.

17 We're going to look at -- we may be adding a
18 simplified returns process. We've got a few internal
19 meetings and decisions that are going to happen there
20 before we put that one on the table. And we were also
21 just talking about looking also at -- we have a couple
22 others on some OGA-related issues around clearing
23 through government agencies and another around if CBP
24 wants to be there to see if we have -- something's
25 going to be destroyed or whatever, so that we can kind

1 of close things out, but they aren't there in a timely
2 manner, is there a way to proceed without them being
3 present?

4 So those last couple of items we're going to
5 look at and see if we can flesh them out and if they
6 make the hit list, but we've decided our first three
7 for sure that we'll be coming back here and working on
8 are recommendations around Mexico-U.S. trade, IPR, and
9 ASEAN.

10 MR. LONG: That sounds excellent. These are
11 topics we've mentioned before, and I think especially
12 on the Mexico-U.S. trade thing there's a direct linkage
13 to what's going on with the high-level economic
14 dialogue with Mexico, also the North American
15 Leadership Summit, and also some of the Beyond the
16 Border programs with Canada and the linkages into
17 Mexico on that.

18 I think there's a lot of ways in which -- you
19 know, it'll be interesting to see what you propose as
20 the work statement for that, and we can maybe make sure
21 it fits really closely with some of the urgent
22 Secretary priorities for that, too. So I think it's a
23 really good fit.

24 MR. WATTLES: Great.

25 MR. LONG: And the TPP side is excellent, too,

1 because there's a lot of work going on right now to
2 galvanize support for the deal and be able to show its
3 value and how it affects things. And being able to
4 point to things in the supply chain world that will
5 allow us to get more benefit from the deal is going to
6 be important. So your thoughts on what really works
7 there is valuable.

8 MR. WATTLES: Yeah, there was a pretty uniform
9 agreement with our subcommittee yesterday that we were
10 working on things that mattered, and as Dean mentioned,
11 we're going to look at for the subcommittee maybe
12 setting up some speaking times with different speakers
13 to kind of educate the subcommittee on what's happening
14 with some of the different activities going on.

15 CHAIRMAN BLASGEN: So as the two subcommittees
16 come together, do we just take all of the participants
17 and create one large committee, or do you want to
18 redefine the makeup of that committee once we under-
19 stand who the next ten are? Or how do you want to go
20 forward with that?

21 MR. WATTLES: So I think our discussion
22 yesterday was first and foremost just initially merge
23 the two, just because I think there were only a few
24 Regulatory Subcommittee members there yesterday. We
25 had a pretty full house from our Trade Subcommittee,

1 but the last two subcommittee meetings, because of
2 people's plans, we were only able to have two or three
3 people at each one. So by merging, we can maybe get a
4 better representation on a regular basis.

5 Having said that, I think we also did talk
6 about how we acknowledged that especially with new
7 members joining the full committee, there's going to be
8 maybe be some changeout between new folks coming on and
9 maybe some people who want to go join other
10 subcommittees.

11 MR. JAMIESON: Rick, when we talked about this
12 yesterday, we saw a large confluence of issues, items,
13 and agendas that, when you look at the two
14 subcommittees, were very much running in parallel or
15 criss-crossing each other at various times. And when
16 you looked at the membership of both subcommittees,
17 everybody tried to do the same thing and be in two
18 places at one time, and it just didn't work. So it
19 seemed like a very appropriate thing to do for us at
20 this time.

21 CHAIRMAN BLASGEN: Yes.

22 MR. FISHER: Shawn, I was speaking to Lance
23 here. Are there elements in the Trans-Pacific
24 Partnership that deal with supply chain that this
25 committee could address, enhancements to supply chain

1 matters?

2 MR. LONG: It's indirect. The way the
3 agreements are structured, I'll arrange to get Tables
4 of Contents when there are chapters by different
5 topics. And there had been some work early in the
6 negotiating process to see if it might be possible to
7 develop a chapter devoted entirely to supply chain
8 issue. For a lot of complicated reasons, that didn't
9 work. But all the things that go into the world of
10 supply chain logistics operation have their places in
11 the different chapters.

12 For example, there's a cross-border services
13 chapter which governs -- provides basic rules for
14 offering different types of services, sort of a
15 national treatment, most-favored-nation basis within
16 the structure. There's also a chapter devoted to
17 investment, which comes into play when you're talking
18 about building and operating facilities in another
19 country. There are provisions that deal with e-
20 commerce, express delivery, competition law. That is,
21 does the incumbent in the nation get treated better
22 than you do as the foreigner participating? How do
23 they control market power in the home country? And
24 others, there's IPR provisions, standards. And you see
25 right away why this didn't fit naturally into a single

1 chapter, because all the supply chains are different in
2 fundamental ways, even though they're the same.

3 So the idea is simply to come up with broad,
4 standardized rules that capture everything from what
5 happens to your facilities and operations and presence
6 in the other country through the delivery, supply,
7 management of product, whether it's professional
8 services or protecting IPR or being able to buy telecom
9 circuits at the same rate as your competitor.

10 So, yeah, it's there, and that's why the deals
11 are so complicated, because you not only have to get
12 the structure right, but you've got to test every
13 industry you're trying to help, which is all of them,
14 and sort of an end-to-end value chain way to understand
15 if you've missed something important. Does that help?

16 MR. FISHER: Tough to advocate for anything
17 because it's so diffuse.

18 MR. WATTLES: I believe that was it for our
19 joint subcommittee, unless you've got some other things
20 to say.

21 MR. JAMIESON: No, I don't.

22 MS. BLAKEY: Just one question. I don't know
23 if this is possible, but you were saying that you all
24 were looking at having some speakers. I'm assuming
25 this is joining you on a conference call, something

1 like that.

2 MR. WATTLES: Yes.

3 MS. BLAKEY: And if there are folks that are
4 not on your subcommittee but are interested in hearing
5 those speakers, is it possible for us to join in those,
6 listening to those calls?

7 CHAIRMAN BLASGEN: Sure.

8 MR. WATTLES: Right, I think just send me a
9 note, and when we send out the meeting notice, we can
10 include anybody who's interested.

11 MS. BLAKEY: That would be terrific. Thank
12 you.

13 CHAIRMAN BLASGEN: For Leslie, and there might
14 be one or two of you who weren't here yesterday either,
15 one of the things we talked about early was taking a
16 look at the subcommittees. You know, we've got ten new
17 people now who are going to join. Do we want to change
18 them up, refocus them, change them, come up with
19 something new, that kind of thing? So if you think of
20 something, we'll close out with a conversation maybe
21 about that.

22 MR. LONG: The last thing, on the point about
23 reorganizing the structure, that's essentially within
24 our purview. We can do that. I'll make sure that it's
25 sanitized with the Advisory Committee structure here

1 and tracks with our charter. But I see no objection to
2 this at all, and it should go through right away. So
3 we can do that.

4 CHAIRMAN BLASGEN: And then Jean will still
5 meet with us about 1:45?

6 MR. LONG: Yes. What she'll provide is an
7 update on some of the work that's going on to analyze
8 the agreement, talk about the structure, and some of
9 the programs going on to get the word out about it so
10 all the businesses know what it is.

11 Our guest is here, too.

12 CHAIRMAN BLASGEN: Oh, they are? Terrific.
13 Do you want to move into that then? Shall we do that?

14 MR. LONG: We're ready to go.

15 CHAIRMAN BLASGEN: Caitlin, hi.

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REPORT ON DOT PROGRAMS AND LEGISLATION**Caitlin Rayman, Department of Transportation**

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4 MS. RAYMAN: Good morning. I'm Caitlin Hughes
5 Rayman. I think I've seen many of you before. I'm the
6 Director of the Office of Freight Management and
7 Operations for the Federal Highway Administration, and
8 I have a slide deck here relating to the FAST Act.
9 It's broader than just the freight piece, so, you know,
10 would you like me to just focus on the freight
11 components or the whole -- okay.

12 Well, transportation in general is probably
13 relevant for all of you. Maybe -- thank you. Great.
14 I have to be, like, pat my head and rub my tummy
15 because my note slides are on here. But I think we can
16 do this.

17 What I will do is give you an overview of
18 FAST. I will just caution you that for those of you
19 who've read the law, this isn't going to be very
20 informative. It's pretty much summarizing what's in
21 the law for you, and I'm sorry. I'm sure Leslie knows
22 it back and forth, and many of the others of you as
23 well. But the reason is the Department is hard at work
24 developing guidance, to some extent, where necessary,
25 rulemaking, and other materials to help with the

1 implementation of the provisions. And until that
2 material is released, there's not a whole lot we can
3 say. I can't even tell you piece by piece whether
4 we're going guidance or Q&A or some other format. So I
5 apologize. The depth on this is not great, but at
6 least it will give you some sort of an overview.

7 Hang on a moment here, and I will pull up --
8 good. Okay.

9 So as we know, last month the Congress acted
10 and the President signed the Fixing America's Surface
11 Transportation Act into law, and this is the first
12 long-term act we've had in a decade, so it's very
13 exciting for folks who are looking for long-term
14 certainty, programmable allocations of funding, and so
15 forth.

16 So with five years now of funding certainty,
17 the states and local governments are expected to be
18 able to plan and invest in the nation's infrastructure.

19 The act authorizes a total of \$305 billion over all
20 modes for the fiscal years that we're currently in
21 through 2020. And there's a transfer of \$70 billion,
22 mostly from the general fund, to the trust fund which
23 will keep the trust fund solvent for that duration.
24 That's a relief to many of you who are helping to
25 advocate for funding and a long-term bill, and thank

1 you for that effort as well.

2 The act is also deficit-neutral. It offsets
3 the transfers with savings in other areas of
4 government, and unlike previous House and Senate bills,
5 FAST is available without interruption for five years.

6 A lot of contract authority there. The act includes
7 the requisite pay-fors to cover the funding in the
8 bill.

9 This table shows the FAST Act's authorizations
10 of budget authority by mode, and these amounts fund
11 each agency's operations as well. I will just say that
12 it solves for Federal Highway what had been kind of a
13 tight general operating expenses scenario where we were
14 having difficulty with hiring and travel and so forth.

15 It does fix that issue. It, however, has some
16 interesting twists in our research side, so while we
17 have a 5-year bill and lots of money for states and new
18 freight provisions, there are a few areas where we're
19 still stretched and constrained, and I'm sure our
20 partner down the way here, Juan, knows very directly
21 what that research constraint is. But I'll speak to
22 that in just a moment.

23 So these are some general facts. It's \$226.3
24 billion over five fiscal years, and I think I didn't
25 say it, but this is just basically the highway

1 perspective. I'm not here to give what's in there for
2 rail and so forth, and I apologize I don't have that
3 big picture. But I'm not at liberty to speak about the
4 other modes' pieces unless they are related. So in the
5 freight section, I certainly can speak to that.

6 The act builds on the program structure of
7 MAP-21, kind of brought those disparate pieces together
8 and added two new funding programs -- a freight formula
9 program and a competitive grant program for nationally
10 significant freight and highway projects. I will say
11 that \$1.1 billion of this money is subject to
12 appropriation from the general fund.

13 Accelerated project delivery, I know that was
14 a big focus for the National Freight Advisory Committee
15 that the Department of Transportation had run. I
16 believe this group was also concerned about the pace of
17 projects, that it wasn't efficient enough. So that is
18 a theme here in this law, so we look forward to more
19 improvements in project delivery. And it also has a
20 new tribal self-governance option.

21 Here's the highway funding. It's about 5.7
22 percent higher than the previous fiscal year, and it
23 grows at about 2-plus percent per year. A good portion
24 of that growth is in freight.

25 All right. So there's some formula programs

1 here that we can talk about. The average annual
2 funding for the apportioned programs is 9.8 percent
3 higher than last fiscal year. The growth's a bit
4 uneven. It's not linear. The largest increase went to
5 the Surface Transportation Program, which has been
6 renamed the Surface Transportation Block Grant Program.

7 That one should be of interest to you because it does
8 have very broad eligibilities. Within the Highway
9 Program, it's got some multimodal flexibility. It is a
10 15.6 percent increase and also is the -- the new block
11 grant program encompasses the Transportation
12 Alternatives and Recreational Trails programs. This is
13 also important for understanding the growth in the new
14 formula program, which is called the National Highway
15 Freight Program.

16 I really feel challenged, tap and move, and
17 here we go.

18 The apportioned programs, those with the
19 funding distributed by statutory formula, constitute 92
20 percent of the highway funding, slightly higher than
21 under MAP-21, but also as under MAP-21, our NHPP, the
22 National Highway Performance Program, and the STBG
23 funds account for the preponderance of highway
24 apportionments.

25 So under the changes, you can see there's new

1 eligibilities under our Highway Performance Program and
2 also eligibility for V2I, vehicle-to-infrastructure
3 communication equipment. We're moving rapidly into the
4 current century. That's good. New eligibility for
5 reconstruction, resurfacing, restoration,
6 rehabilitation, or preservation of non-National Highway
7 System bridges, if the bridge is on a federal aid
8 highway. That should be helpful.

9 In addition, the Surface Transportation
10 Program, as I said, was renamed. All the previous
11 eligibilities continue. There are some new
12 eligibilities. They're nuanced, but among those, in
13 land border states, up to 5 percent for border infra-
14 structure projects are eligible under the SAFETEA-Lu
15 Border Program. And then there is also suballocation
16 available, suballocation to the -- the percentage
17 suballocated increases 1 percent per year. That's
18 probably too nuanced for this group. And then not
19 shown on the previous slide, the Surface Transportation
20 Block Grant projects must be treated as projects on a
21 federal aid highway. So if it's another modal-type
22 project, it still has to follow all of the Davis-Bacon
23 federal aid procurement requirements and so forth.

24 So TAP doesn't have a name anymore for some
25 reason. The program still exists, but it has no name.

1 We still have a CMAQ program, and that's been used for
2 other modal projects as well, specifically in rail.
3 Highway Safety Improvement Program continues. And then
4 if you want to get any more detail -- I'm just skipping
5 over some of the notes on those to get to the freight
6 section.

7 So here we go. As I mentioned, two new
8 programs: one is a discretionary, and one is a
9 formula. In particular, there's an average of about
10 \$1.2 billion per year for the National Highway Freight
11 Program. This is one that doesn't go linearly. It
12 starts, I think, at 1.1, goes down, goes up. And this
13 is focused on improving the efficient movement of
14 freight on the National Highway Freight Network. I
15 think without going into too much depth, I'll just say
16 that basically the act had a replace all for Section
17 167. So previous references to National Highway -- I'm
18 sorry, National Freight Networks and Primary Freight
19 Networks, those programs have been replaced. So if you
20 were previously concerned about the Primary Freight
21 Network or the National Freight Network, you should
22 know that there are new requirements, new descriptions,
23 new eligibilities.

24 In addition, there is a linking of a network
25 to the funding. So in this particular case, for the

1 National Highway Freight Program, which is the formula
2 program going to states, they do have to spend their
3 funding on the Primary Highway Freight Network, or if
4 they're a state with less than 2 percent of the mileage
5 of that Primary Highway Freight Network, they have to
6 spend it on that, or they can spend it on any
7 interstate system in their state.

8 So we'll be coming out with clearer
9 information about where you can spend the funds, but
10 they did base -- in the statute, you can see that they
11 have identified a network based on some material we put
12 out in 2013, and that is where states can immediately
13 begin to look to spend their formula dollars.

14 So there's eligible activities like
15 construction, operational improvements, even freight
16 planning and performance measurement. That's good news
17 for those that will need to update -- everyone's pretty
18 much going to need to update their State Freight Plan
19 because FAST added new requirements. And to access
20 these funds, you must have a State Freight Plan. So if
21 you were working with a state or in many states that
22 didn't have a State Freight Plan or had one under
23 development, there will still be some requirements that
24 they'll have to address before they can access funds
25 after the first two years. Starting out of the gate,

1 they can access the funds, put it on this new National
2 Highway Freight Network, and then after two years they
3 need to update their plans.

4 Federal share, 80 percent federal funds, 20
5 percent non. This is a highway-focused program. We
6 shouldn't mince words. There's a maximum of 10 percent
7 of the state's freight funds that could be used for
8 public or private freight, rail, or water facilities
9 including ports, as well as intermodal facilities. The
10 eligibility's there, but there's a cap.

11 The act does repeal the special federal share
12 for freight projects, formerly known as the 1116. We
13 didn't get many takers for that. Only three states
14 really used that higher match. But it was the
15 precursor to give folks access to greater eligibilities
16 for freight.

17 MS. BLAKEY: Cate, could I just interject? I
18 think this is correct, and it might be important for
19 this group to know. In that 10-percent cap, though,
20 the states can use the money for this for grade
21 separations, and it doesn't count against that 10
22 percent.

23 MS. RAYMAN: That's in the discretionary
24 program.

25 MS. BLAKEY: That's not true for the highway

1 program?

2 MS. RAYMAN: I can't remember off the top of
3 my head. It's certainly true for the discretionary
4 program. But I think the point was Congress wanted to
5 demonstrate the value of grade separation, so now in
6 this next slide you see the discretionary program
7 described, which is \$4.5 billion. The previous program
8 was actually \$6.3 billion over five years disseminated
9 to the states. This program is \$4.5 billion over five,
10 only \$500 million of which can be used for non-highway
11 modal projects. But as Leslie said, if they're grade
12 separation projects, they are exempt from that cap.

13 So this one, you know, clearly the funding's
14 available this year, so the Department will be working
15 on getting this discretionary grant program out the
16 door so folks can begin to apply for it. Do you have a
17 question about this?

18 MR. KANCHARLA: Yeah. You used the word
19 "grant" [inaudible] TIFIA. From my understanding,
20 [inaudible] 50 million, 100 million in some cases at
21 least.

22 MS. RAYMAN: Yeah, you can use this money to
23 help with a TIFIA plan. You're asking about the level
24 -- the size of the project?

25 MR. KANCHARLA: No, no. I guess it's slightly

1 confused. I know the TIFIA loan program, but this --
2 there is also a grant program with the same [inaudible]
3 TIFIA programs eligible for, this grant program
4 eligible for all those [inaudible]?

5 MS. RAYMAN: Yeah, this -- well, that's an
6 interesting question. I think you're going to have to
7 wait and see what the Notice of Funds Availability says
8 with respect to the TIFIA piece, because the law
9 doesn't go into too much detail. So those are among
10 the things the Department needs to work through. But
11 there is -- I mean, it was called out within this
12 National Highway System and Freight Project
13 Discretionary Program that there would be TIFIA
14 eligibility.

15 MR. KANCHARLA: But all these things, I guess
16 we have to wait for the notification to come out?

17 MS. RAYMAN: Yeah, yeah.

18 MR. KANCHARLA: That will be coming out pretty
19 rapidly?

20 MS. RAYMAN: We hope so, yes.

21 [Laughter.]

22 MS. RAYMAN: We recognize the need to get it
23 out expeditiously.

24 This one has a couple of nuances. It isn't
25 exactly a replacement for the previous projects of

1 regional and national significance. There are expanded
2 eligibilities for applicants. You can see here it
3 includes MPOs, port authorities, federal land
4 management agencies, even the special purpose district
5 or public authority with a transport function. So, you
6 know, the effort here was to get to that greater range
7 of project sponsors, and there was a change, as was
8 previously discussed here, in the size of the project.

9 The project needs to be roughly \$100 million or more.

10 That's not the amount requested, but the project costs
11 in total need to be more than \$100 million. There's a
12 few exceptions for rural projects, but right now, you
13 know, any further detail that's not in the law will
14 have to wait and put out with the NOFA.

15 It does have a twist. This program, unlike
16 the PNRS program or even TIGER, requires that Congress
17 get 60 days to look at the selectees, the selected
18 projects, and they can actually decline the funding for
19 those, but they have to do so by a joint resolution of
20 Congress.

21 CHAIRMAN BLASGEN: Is there a committee that
22 would receive that? How does that work?

23 MS. RAYMAN: It has to be acted on by a joint
24 resolution of Congress, so the whole Congress would
25 have to vote on it.

1 CHAIRMAN BLASGEN: In 60 days?

2 MS. RAYMAN: Yes. And the timing would be
3 interesting, too.

4 MS. BLAKEY: They'd really have to hate the
5 list, like really hate it.

6 MS. RAYMAN: It doesn't specify, you know,
7 whether they do it on a project-by-project basis or up
8 and down like BRAC. I mean, it really isn't -- there's
9 not a whole lot of detail. But it's a heavy lift, yes.

10 So there's a few other provisions. The act
11 does specify freight policy goals. It gets multimodal
12 finally. MAP-21 did not; this does. The National
13 Freight Strategic Plan, for example, needs to be
14 multimodal. I will just add that there's a little bit
15 of what appears to be redundancy between the highway
16 section of the legislation or the act and the non-
17 highway section, the multimodal piece. But it's not
18 exactly a one-for-one. There are networks with similar
19 but not identical names. There are caps that are
20 different. There are eligibilities that are different.

21 So we will help straighten out and clarify that. That
22 is part of the reason that we're taking time with this
23 to get this right and be able to answer questions. We
24 are happy to receive questions. It helps us develop
25 more informative guidance and so forth.

1 Anyway, we have a lot to do between putting
2 out the new National Freight Strategic Plan. We'll use
3 probably a lot of what we've heard before in developing
4 our draft plan last year, and there's requirements in
5 the act to go out and get more input from around the
6 stakeholder communities. And we'll also be working on
7 a national multimodal freight network as identified and
8 defined by Congress.

9 MR. FISHER: There had been in the previous
10 regime bonds that were available for intermodal freight
11 transfer facilities. Was that redone?

12 MS. RAYMAN: Bonds?

13 MR. FISHER: You can issue --

14 MS. RAYMAN: No -- well, there's no reference
15 to that in the new act's freight provisions. I think
16 that that is not a current program. I mean, you still
17 have -- you have the TIFIA program. You have RIF
18 loans.

19 MR. FISHER: Public activity bonds.

20 MS. RAYMAN: Yeah, private activity bonds? Is
21 that the --

22 MS. BLAKEY: Private activity --

23 MS. RAYMAN: Yeah, that's not in there.

24 MS. BLAKEY: But that exists outside -- yeah,
25 right.

1 MS. RAYMAN: The rest of this presentation,
2 which David can make available to you -- there's also a
3 link, I think, on our public website -- covers things
4 like our Federal Lands Program. There's a Nationally
5 Significant Federal Lands and Tribal Projects Program,
6 just to further confuse folks. It's slightly the same
7 title. I didn't even give you the benefit of that
8 slide, but there, there's the Freight Policy Goals and
9 Strategic Plan. State Freight Plans are required,
10 Advisory Committees encouraged. As I mentioned, there
11 will be a Multimodal Freight Network, but there's also
12 a Highway Freight Network with a subset Primary Highway
13 Freight System, and that whole section under the
14 National Highway Freight Network is what's linked to
15 the formula dollars that states can send.

16 So those are the freight provisions. The rest
17 of it, I don't think I'll use the time here today, but
18 if you in reviewing these slides have questions, please
19 contact me. In addition, I mentioned the issue with
20 the research funding. There's some big projects
21 identified out of research funding and grant programs
22 that are new. What that means, though, is that the \$10
23 million that's in there for what we had requested for
24 data is actually still going to end up coming out of
25 our research funding. So we had hoped to solve a

1 budgetary maneuver we were doing because of the lack of
2 research funding, and this just codified it. So now
3 it's stretched ever more thinly.

4 There are still requirements for planning and
5 performance. In fact, the Notice of Proposed
6 Rulemaking on the freight performance measures has been
7 a little bit delayed. We had to add in the elements
8 that are in the FAST Act that speak specifically to
9 that. They're not large, but they're in there, and
10 they do change a little bit what we had in the NOFA.
11 So we still hope to release that NOFA quite soon.

12 There's changes to the Ferry Boat Program,
13 tolling and high-occupancy vehicles, and highway
14 design. Again, you know, as you see this set of
15 slides, please give me a call or our Office of
16 Government Affairs.

17 There were a couple other things that David
18 had asked me to speak to, such as fluidity. We are
19 going to go out shortly with a contract to advance that
20 multimodal performance measurement piece of fluidity to
21 get more than just truck movements in terms of looking
22 at supply chains. So this committee I believe has been
23 very active in advising on that, and we appreciate
24 that. So we are moving forward there.

25 Eric is here from MARAD. Eric, I have some

1 notes from Steven Schaeffer on Strong Ports. Did you
2 have anything you wanted to add to that? I can read
3 them or you can speak to them.

4 [Inaudible comment.]

5 MS. RAYMAN: Okay. Give me a second. Our top
6 secret security here has locked me out of my phone, so
7 let me -- are there any other questions on FAST or the
8 implementation of FAST, any nuances? There's one in
9 the back here.

10 MR. BRYAN: This question comes from a DOT --
11 and you're welcome to decline to answer. But the
12 question -- but put it on your list. The question is
13 whether the formula money can be used to develop a
14 Freight Plan. And the way, you know, as I read the
15 language, it looks to me like partially but not
16 entirely.

17 MS. RAYMAN: Yeah, we have had that question
18 already, so we are developing a response. I think that
19 your interpretation is one that people could have. I
20 will just say but in addition to that, we also want to
21 help and be flexible. So if there's flexibility at
22 all, we'll try to provide that. So that's as much as I
23 can say. Can you read between the lines?

24 [Laughter.]

25 MS. RAYMAN: Okay. So I did have another note

1 on the fluidity piece, so we're partnering with a 3PL
2 in the next few months to understand how we can
3 anonymize and aggregate the 3PL data to understand
4 freight trips and where the investments should be made.

5 So in the next six months, we hope to present to you
6 -- probably Nicole Katsikides will be back to present
7 to you on the preliminary results and how our work will
8 better identify the inefficiencies in the system that
9 require improvement.

10 You know, the Freight Plans that are called
11 for under FAST, one of the new elements that has to be
12 in a State Freight Plan is the identification of
13 bottlenecks and some discussion of the strategies that
14 could be used to mitigate those. So I think it's a
15 really nice thing that we've been able to advance the
16 fluidity analysis and the tool, hopefully being able to
17 provide that to states and MPOs and others who will be
18 working on these plans.

19 The other thing that State Freight Plans
20 require is a prioritized investment plan. They could
21 just put one project up there because what they need to
22 do, you know, according to the act, is look at how
23 they're going to spend their formula dollars. So I
24 think some of these tools could be very helpful in that
25 respect.

1 Let me see if I can just grab this stuff from
2 Steven Schaeffer here and give you a two-minute update
3 on that.

4 MR. VILLA: Caitlin, on the provision for the
5 border states, because actually before you came in, we
6 were discussing that we're going to prepare a problem
7 statement to improve U.S.-Mexico trade. So those
8 monies were additional to what already had, or --

9 MS. RAYMAN: Actually, it appears to us
10 they're within the formula, so it's just that a state
11 could identify that they're going to partition an
12 amount for use on border projects. But the eligibility
13 is there regardless. So it's probably a good way to
14 quantify border project spending if it gets identified
15 specifically tied to that eligibility. But the
16 eligibility to do so existed prior to FAST. So, you
17 know, if they don't want to go through that step, they
18 may just go ahead and prioritize and expend formula
19 dollars on border projects without taking advantage of
20 that provision. That's how we interpreted it, but, you
21 know, stay tuned. Maybe there's more information.
22 But, you know, if that's not how you see it, let us
23 know. We'll see if we can drill down.

24 So, lastly, the update on the Strong Ports,
25 they're nearing completion at MARAD on the port

1 planning and investment toolkit. The Maritime
2 Administration and the American Association of Port
3 Authorities are building the port planning and
4 investment toolkit to help the ports to develop
5 investment-grade project plans so that they can attract
6 more public and private investment. It has three
7 modules addressing planning, feasibility, and funding,
8 and planning is what you would expect. The feasibility
9 module is to help determine if the plan is feasible so
10 that they can have a business strategy that accompanies
11 it, do risk assessments, examine the financial
12 performance, and project the economic impact of the
13 project.

14 And the final module that deals with funding
15 also contains analytical tools and guidance and project
16 profiles on strategies and best practices for funding
17 and financing the projects.

18 The time frame for completing this is expected
19 to be this spring, and the Strong Ports staff are happy
20 to provide a more in-depth presentation on that once
21 it's ready. So that's all I have on Strong Ports.

22 Now, that question in the back?

23 MR. KULISCH: Eric Kulisch, American Shipper
24 Magazine. One of the provisions in FAST -- I don't
25 know how familiar you are with it -- dealt with

1 collection of metrics related to port performance, to
2 make sure cargo's flowing through the ports.

3 MS. RAYMAN: Yes.

4 MR. KULISCH: It's kind of a fallout from the
5 port congestion last year. And so I guess I'm just --
6 and I guess they still have to have a committee and
7 develop the metrics, but I guess my question is:
8 What's supposed to be the end game from that? The
9 statistics or those metrics will be collected annually,
10 so then what's done with that?

11 MS. RAYMAN: So that piece is being run out of
12 the Office of the Secretary, and they have the action
13 on it through the Bureau of Transportation Statistics.
14 I don't know that anyone is here from them today, so I
15 can't go into detail on that. I think you'll just have
16 to wait and look to see what they come out with.

17 MR. LONG: Comments? Questions?

18 MR. SCHENK: Norm Schenk with UPS. Thank you
19 for the excellent presentation. I don't have a
20 question directly related to that, but being you're the
21 representative from the DOT, if you don't mind if I
22 just ask for some of us in the room, the increase for
23 the twin trailers from 28 to 33 feet, it was quite
24 disappointing that it didn't make the cut in the
25 negotiations. It's a huge efficiency, environment, and

1 safety issue, and I didn't know if you were connected
2 with others in your group that you could comment on
3 some suggestions on how we might be able to move that
4 forward or something this committee could do?

5 MS. RAYMAN: So, yeah, I actually am the head
6 of the office that developed the Comprehensive Truck
7 Size and Weight Limits Study. So we did release the
8 technical reports last June, and we're working to
9 complete the report to Congress. It's in clearance.
10 So that will be coming out shortly. And we also are
11 compiling all the stakeholder comments, some of which
12 dealt with the twin 33 issue. So there's a body of
13 input related to that issue, that desire, and, you
14 know, the relative benefits or potential concerns
15 related to that.

16 I think the Department was pretty clear this
17 summer about what it thought about changes to truck
18 size and weight. You know, when we started our
19 Comprehensive Truck Size and Weight Limits Study, twin
20 33s were not operating in the United States. So our
21 technical analysis did not deal with real-life data.
22 We modeled where appropriate, surrogates where
23 appropriate, but, you know, we didn't have real data.

24 What we discovered, as we were wrapping up the
25 technical work, is that, in fact, there were twin 33s

1 operating in the time that we -- you know, that began
2 operation during the time that we were working on our
3 study. And they were doing so in Florida, and I
4 believe they're in a few other places, and they do so
5 because we have a patchwork of laws. You know, we have
6 the basic size and weight laws and regulations that
7 cover the nation, but then individual states,
8 individual commodities, certain routes throughout the
9 nation have garnered exemption either through
10 grandfathering or specific acts of Congress and
11 appropriation and authorization bills.

12 So there are places in the country where twin
13 33s are operating. There are places where they could
14 operate and don't operate. So I think, you know, part
15 of this is the industry's trying these out. I think
16 they -- we heard that they were testing driver
17 performance. There's obviously a range of other
18 questions that arise when you put a new configuration
19 on the streets, you know, roadway design, safety,
20 impacts to bridge and pavement, all those areas that we
21 addressed with models in the Truck Size and Weights
22 Study, and more than we addressed -- truck parking, for
23 example.

24 So I don't have any position to share with you
25 or prognostication as to where this will head. It

1 certainly was a hot topic in Congress. We received
2 letters on it, and, you know, it did make it far. I
3 mean, that and the weight issue were both moving
4 through various draft legislation, be it authorization
5 or appropriations. But, you know, it will certainly be
6 up to Congress. They're the final arbiters of what
7 happens to new configurations in terms of nationwide
8 eligibilities.

9 MR. SCHENK: Thank you.

10 MS. RAYMAN: Anything else?

11 [No response.]

12 MS. RAYMAN: Well, it's a pleasure to see you.

13 I'm sorry I was so disjointed, but, you know, it's
14 cobbling together some different pieces. And hopefully
15 when we put out guidance, NOFAs, rulemakings, et
16 cetera, things will become much clearer. And if
17 they're not, please contact me and we'll try to sort it
18 out through the phone. Thank you.

19 [Applause.]

20 MR. VILLA: Are we going to have access to the
21 presentation?

22 MR. LONG: Yes, we'll send copies of that
23 slide presentation to everyone, and there will be links
24 to the supplementary materials that were mentioned.

25 Our next speaker is here. We'll start in a

1 moment.

2 [Pause.]

3 MR. LONG: Without further introduction --
4 John needs no introduction, really -- John is Deputy
5 Assistant Secretary of Transportation for Policy, and
6 he's here to talk today about what's going on with the
7 National Freight Strategy and associated issues, and we
8 thank him very much for coming. Thank you.

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NATIONAL FREIGHT STRATEGIC PLAN**John Drake, Department of Transportation**

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4 MR. DRAKE: Thank you all very much for your
5 time. I've heard a lot about you, and I actually have
6 been frustrated in that I haven't been able to come
7 before this group before, so I'm really excited to be
8 here this morning, and thank you for the opportunity to
9 speak before you today.

10 I very much hope that this is sort of an
11 interactive conversation. I think we're really excited
12 about the story the Department is able to tell right
13 now, especially with the recent enactment of the FAST
14 Act, which is the most recent long-term reauthorization
15 legislation for the Department of Transportation. It's
16 a five-year bill. It includes a number of new programs
17 that I'm going to start speaking about as part of this
18 presentation itself. But, most importantly, I think,
19 for you all is a new program that provides \$800 million
20 this year for freight-specific projects. And I'll be
21 talking a little bit more about that as we go forward.

22 I assume you've already spoken a little bit
23 about --

24 MS. RAYMAN: Yeah, [inaudible].

25 MR. DRAKE: Okay, so then we're good to go.

1 So National Freight Strategic Plan, what is
2 it? So the Congress required as part of the MAP-21 act
3 that the Department lay out what it views as being the
4 largest challenges and opportunities for the movement
5 of freight in this country. And it did this as part of
6 a larger recognition of the importance of freight
7 transportation and the necessity of ensuring that
8 freight transportation is being considered and is being
9 prioritized in the Department's planning and decision-
10 making process.

11 For us, this document is important because,
12 you know, I think there is a conversation within
13 Washington recognizing that, you know, our competitive-
14 ness and our long-term competitiveness is no longer
15 something that we can really sort of take for granted.

16 I think for a very long time we have just sort of been
17 sitting on the laurels of the Eisenhower Interstate
18 Highway System and the investments that we have been
19 making in a very robust sense in the last -- 30 or 40
20 years ago. And now with many long-term trends that
21 have been emerging more and more, especially on the
22 globalization and increasing of competition in the
23 marketplace, we feel more and more like there needs to
24 be a greater recognition and a greater sort of focus of
25 the Department's resources on the freight

1 transportation side.

2 I think we'll get into this a little bit more,
3 but really what we're trying to lay out here is a
4 document that says this is where we think that we need
5 to go, these are the sorts of challenges that we see
6 before us, and then start the conversation by saying,
7 "What do you think?" Because this is -- the Department
8 has really not played a substantive role or has played
9 very sort of like -- it has sort of introduced itself
10 into the conversation and then kind of pulled back, I
11 think based in part on changing political leadership,
12 also in part just based on what Congress has sort of
13 directed us to do. And I think this for us is intended
14 to be sort of a really substantive first step in and
15 say, you know what, we are new to this conversation in
16 many ways, we have a lot of thoughts on where we can
17 play, but really where can the federal government be a
18 value-add as opposed to just being in the way.

19 And so this National Freight Strategic Plan in
20 many ways is an attempt to sort of articulate what we
21 feel a vision of where the federal government can play
22 and what sorts of things that we can do, and the
23 presentation I'm about to present here is really kind
24 of an overview of the National Freight Strategic Plan,
25 some ideas we have of where we think that we should go.

1 But we really want to hear back from you, and I think
2 we really want to hear back from the public on your
3 thoughts on this. And so hopefully this can be a
4 little bit of back and forth, because we are also
5 looking to finalize this plan over the summertime, and
6 we'll be closing out the comment period on this plan.
7 We should probably have another 60 or 65 days of public
8 comment, and we'll be announcing that here shortly.

9 So these are things that I presume are not new
10 to you, but our freight transportation is very complex.

11 It is really kind of a system of systems in many ways:
12 7 million miles of highways and local roads, railways,
13 navigable waterways, and pipelines. And it's more than
14 just infrastructure: 2.5 million combination trucks,
15 millions of trucks and vans, locomotives, 1.28 million
16 freight rail cars, 38,600 maritime vessels, 700
17 domestic all-cargo aircraft all operate in the system,
18 oftentimes moving the same goods as part of a single or
19 a multiple move.

20 This is for us something that is very
21 important I think that kind of doesn't get talked about
22 a lot, which is, you know, this system is operated by
23 millions of Americans who are very well paid. It also
24 supports many industries as well: 3.1 million
25 Americans are employed in operating and supporting

1 freight vehicles, as well as logistics, and 44 million
2 jobs directly rely on freight transportation. So it's
3 certainly not an insubstantial focus of our economy.

4 This is something that we are trying to draw
5 more attention to. You know, freight transportation
6 makes our economy and quality of life possible. So the
7 story I like to use is, you know, I have two small
8 children at home, one is four and one is two. My four-
9 year-old very much loves Teenage Mutant Ninja Turtles,
10 and I will tell you that the first question he asks
11 when we get to Target and he sees Teenage Mutant Ninja
12 Turtles on the shelves is not, "How did that box
13 actually get on the shelves of Target?" It's more,
14 "How quickly can I get that in my hands and like rip
15 open the box and play?" You know, and all that is to
16 say these are the sorts of questions the public does
17 not think about a whole lot, right? We think about the
18 truck that's driving alongside us when we're driving
19 into work and hoping that it doesn't careen off the
20 road. We don't really think about the trains that are
21 moving coal and other goods along the way. And yet,
22 you know, I think this is a really sort of -- it's a
23 very exciting and very -- a topic of conversation
24 because there's so many parts that have to take place
25 in order for us to sort of enjoy the sort of quality of

1 life that we're able to enjoy on a daily basis. So
2 really trying to highlight just all that goes into
3 making our quality of life possible here in the U.S.

4 We move 55 million tons of goods worth more
5 than \$49 billion each and every day, and that's a
6 number that we try to attach to it, but it's just one
7 way to kind of illustrate the importance of freight
8 transportation.

9 We have made very good strides on our freight
10 transportation system overall. It's safer, it's more
11 environmentally friendly, and it imposes fewer adverse
12 impacts on most communities today than it did in past
13 decades. But that is not to say that these challenges
14 have been overcome, and at the Department these are
15 challenges that we hear about each and every day from a
16 variety of stakeholders, both concerned citizens as
17 well as industry and safety advocates alike. And, you
18 know, we see increasing challenges that are only
19 continuing to put additional strain on our system as a
20 whole.

21 And the National Freight Strategic Plan
22 discusses six major trends affecting freight
23 transportation and the challenges they present. And
24 those key trends and challenges are: first, the
25 expected growth in freight tonnage; second is the

1 underinvestment in the freight transportation system;
2 third is the difficulty in planning and implementing
3 freight transportation projects; fourth is the
4 continued need to address safety, security, and
5 resilience; increased global economic competition is
6 fifth; and then, finally, the opportunities that are
7 presenting themselves with new technologies for a
8 variety of applications and deployment.

9 So expected growth. So 54 million tons of
10 freight move across our nation every day. These are
11 the sorts of growth trends that we're seeing, you know,
12 very substantial certainly on the trucking side.
13 Basically all of these modes are going to see
14 substantial increases in traffic. Everything in many
15 ways sort of starts and stops with truck traffic, and
16 we're going to see huge increases there, but certainly
17 not insubstantial increases in rail, maritime, and
18 aviation movements as well.

19 Underinvestment. So this is where we feel
20 like our system as a whole really is not up to the
21 level where we feel it needs to be. Twenty-five
22 percent of our bridges are structurally deficient and
23 functionally obsolete, and we are seeing, I think --
24 you know, we think that the FAST Act, which I think
25 Caitlin spoke to you a little bit about, is certainly a

1 good downpayment. It is not, I think, where the level
2 of investment needs to be. But it is certainly better
3 than the sort of start and stop that you saw from the
4 federal government for the last few years where
5 Congress would pass a short-term extension of the
6 programs, it would promise money to the states for
7 transportation projects for like six or seven months,
8 and all it really did was just keep the funnel of sort
9 of smaller projects going. But it certainly did
10 nothing to give states the commitment they needed to
11 see from the federal government to let those larger
12 projects get underway, you know, the additional lanes
13 or the new bridge.

14 Underinvestment, I think this is something
15 that we -- I think we feel is really important and
16 doesn't get the attention it deserves, which is, you
17 know, talking about the freight transportation system
18 not just being infrastructure but also about the labor
19 that's attached to it. And, you know, we look at the
20 labor situation as really kind of being sort of a --
21 you know, really being close to a crisis in many ways.

22 If you look at the labor trends across all
23 sectors of the economy, our understanding is that the
24 transportation sector is probably a little bit closer
25 as a whole to retirement than other sectors. And so

1 the sorts of need to sort of hire and train and replace
2 the people who are operating our system today is
3 probably much more a near-term challenge than we think
4 in other sectors. But it's also critical if you take
5 into account the growth that we're expecting to see.
6 And, really, if we're looking at -- the number we use
7 here is we're going to need 4.6 million new employees
8 from 2012 to 2022 just to keep pace with the movements
9 that are happening today.

10 Right now there are 68 more job openings than
11 the number of students entering into the workforce for
12 freight transportation. That's the other thing that we
13 like to talk about as well.

14 Difficulty in planning and implementing
15 projects. You know, here, unlike other transportation
16 areas, freight transportation projects that are often
17 -- there's a confluence of different stakeholders who
18 are involved in the advancing of freight transportation
19 projects. It's not just states, but it can also be
20 local governments, MPOs. You have different
21 expectations on the infrastructure in question, right?

22 So like if it's a rail line that's being -- if it's a
23 private rail line that's going to be built out by the
24 railroad, you have to figure out some way to make sure
25 that there's sufficient capacity, get trucks and

1 whatever else to that facility, and that introduces its
2 own challenges in the planning process. And oftentimes
3 because these different actors will have different
4 motivations, different objectives, and different
5 fundamental goals in putting money on the table, it can
6 really kind of slow down the process, because there
7 isn't really necessarily that cohesion.

8 The other part is that, you know, while there
9 are advantages to this process, the fragmented
10 decisionmaking, like we said, can slow down the
11 decisionmaking process. You have competing needs. And
12 also as a whole, freight transportation projects are
13 often more difficult to sell to the public because the
14 public is not going to see the benefits immediately
15 like they would a new transit or a new bus system. So
16 in that sense, you know, we feel like it's these --
17 it's much harder to sell the project for all these
18 reasons. In many ways, we don't think that it's
19 getting -- that freight-specific projects I think
20 oftentimes will be funded after a moment of crisis as
21 opposed to a more progressive, more kind of long-term
22 approach.

23 So safety, security, and resilience. So
24 between 1990 and 2011, we've seen a 27-percent increase
25 in freight ton-miles. With it has been a 33-percent

1 decrease in freight-related fatalities. So it's
2 certainly a very good success story. But, you know,
3 again, these are just statistics, and at the Department
4 we think that every life is precious, and, you know,
5 we're going to be constantly striving, as I know your
6 firms are, to make sure that that number is zero. And
7 so safety is always going to be the top-most concern of
8 ours.

9 You know, and just, again, just sort of
10 underlining that point, 543 people died in 2013 due to
11 freight rail vessel and pipeline operations, and almost
12 4,000 people died as a result of crashes involving
13 large trucks. Not insubstantial numbers, certainly.

14 Transportation is the second biggest source of
15 greenhouse gas emissions in the U.S., and this
16 continues to be, I think, an area of great concern,
17 especially with this administration trying to bring
18 those numbers down. And so we need to be not only
19 mindful of the effects on global climate but also local
20 communities oftentimes where there is a lot of
21 apprehension and a lot of resistance to planning and
22 advancing freight projects.

23 You know, my personal experience is I'm
24 originally from California, and I had the opportunity
25 to look at -- you know, take a tour of the Port of

1 L.A.-Long Beach, and, you know, I know that there's a
2 lot of tensions that are there. And I think the ports
3 do a very good job of managing those tensions, but, you
4 know, you're always going to have those tensions
5 whenever you're looking at increased growth with any
6 facility.

7 And then, finally, on the security side.
8 Since 9/11, freight movements to ports have been
9 increasingly inspected. We are certainly not
10 inspecting everything, and that is probably not a
11 realistic expectation. But we also are aware that
12 there are new technologies that are coming on the scene
13 that are creating new vulnerabilities in our system.

14 And so increasing interdependencies between
15 physical and cyber infrastructure, you know, there's
16 certainly a lot of opportunities to make our system as
17 a whole more secure, but also to make it more
18 vulnerable to human-engineered events. And we also
19 recognize that new security protocols should not
20 exacerbate other issues influencing the efficient flow
21 of freight flows.

22 And then increased global economic
23 competition. The share of international freight is
24 expected to double from the 1998 levels by 2040. You
25 kind of see a bar chart here of where we expect to see

1 that growth take place. And those increased freight
2 flows are resulting in increased use of ports of entry
3 across the U.S. And you'll see that what we expect
4 from 2014 -- I think this should advance. Maybe not.
5 Okay. And, you know, we're also seeing increasingly
6 complex international trade and shifting trade
7 patterns, and all this means to say that trade is
8 becoming more complex and more sophisticated, and
9 there's a lot of changes we're seeing at the ports, and
10 this is something that we feel like we need to be
11 increasingly on top of and just understand as we make
12 it part of our decisionmaking process and part of what
13 we're thinking about at the Department of
14 Transportation.

15 You know, another trend that we're seeing is
16 offshoring, where we're seeing that there are sort of
17 green shoots, so to speak, of where there are
18 opportunities where businesses are bringing certain
19 components of their manufacturing base back here to the
20 U.S. You know, the number here is since 2010, 200
21 companies have brought back production that they had
22 previously sent out of the U.S. You know, I think it's
23 really -- I'm certainly not putting this up to say,
24 like, this is the beginning of what's going to be a
25 wide-scale revolution of production being brought back

1 to the U.S. But it is a trend, and it's a trend that I
2 think we need to be mindful of. And I think that there
3 are certainly -- from the research that I've seen, I
4 think businesses are constantly looking to try to
5 understand if it does make sense to bring back other
6 aspects of their manufacturing process back here to the
7 U.S. So we look at that as saying, you know, there's
8 much more thinking about the U.S. as a base of
9 operations as opposed to offshoring it. And, again,
10 just something, a trend that we're watching.

11 And then, finally, the change in international
12 trade environments has ramifications on the U.S. A lot
13 of people talk about the Panama Canal. I'm sure this
14 is something you've talked a lot about. You know, I
15 don't think that we feel like there's going to be a
16 widespread sort of shift of goods that are coming from
17 the west coast ports into the southeast and the east
18 coast ports. But I think what it does indicate is that
19 there are going to be new opportunities for shippers
20 with their own supply chains as they're thinking
21 through.

22 And then, also, the sixth trend or sixth
23 challenge is the technological revolution that we're
24 seeing, and, you know, there's better data collection
25 and analysis capabilities and opportunities there.

1 There is huge growth in autonomous vehicle technologies
2 that we're seeing. In fact, the Department is getting
3 ready to put out a proposed rulemaking on automated
4 vehicles. You know, new and automated -- new processes
5 for automated and expedited inspection processes, and
6 the new opportunities and challenges to improve safety
7 and security. And, again, you know, this is something
8 the Secretary is really focused on: How can we
9 automate our system more and more? How can we leverage
10 these new technologies to realize increased safety and
11 efficiency benefits? But in many ways, you know, as
12 much as this is a very exciting field, it's also in
13 many ways kind of a Wild West. And I think that
14 there's a lot of promise here, but a lot that we need
15 to be learning from.

16 So strategies. So we talked a lot about
17 these. What we just finished up was sort of the trends
18 and challenges as we see it, and based on whether or
19 not you agree with those key trends and challenges, we
20 have kind of laid out a number of strategies to address
21 these. And what we've done is we've organized them in
22 three separate buckets to address the bottlenecks of
23 infrastructure challenges, institutional challenges,
24 and financial bottlenecks.

25 Speaking of infrastructure bottlenecks, what

1 this is, I mean, this is purely capacity, right? You
2 know, bridges that aren't up to snuff or don't have the
3 capacity, where you've got like a six-lane highway that
4 goes down to a two-lane bridge; border crossings and
5 facilities; at-grade railroad crossings and truck gates
6 at ports. And strategies to correct this, you know,
7 reducing congestion, so targeting investments to try to
8 alleviate bottlenecks, improving the safety, security,
9 and resilience of the freight transportation system,
10 facilitating intermodal connectivity where it makes
11 sense; identify major trade gateways and multimodal
12 national freight networks and corridors; and mitigate
13 the impacts of freight project movements on
14 communities, as well as supporting research and
15 promoting adoption of new technologies and best
16 practices.

17 Institutional bottlenecks. This goes back to
18 the challenges of planning and prioritizing and funding
19 for transportation projects. And going back to the
20 discussion about oftentimes the different capabilities,
21 priorities, and objectives that stakeholders bring to
22 bear, some of the strategies that we have are
23 streamlining the project planning, review, permitting,
24 approval process. In the FAST Act, you know, we
25 actually got a lot of success here where we have been

1 able to better sort of make the project delivery
2 process more transparent, introduce a number of steps
3 that allow for there to be more accountability in the
4 process.

5 Oftentimes what we would see is that, you
6 know, you will have a multitude of federal and state
7 and local partners that have to kind of sign off on a
8 new project, and, you know, if you had one person in
9 that entire process who wanted to slow something down,
10 it's very easy to do that in the federal government.
11 And so what we have been trying to do as part of this
12 administration is introduce steps so that at the outset
13 of a new project, everyone gets together who's involved
14 in the planning of that project, and they lay out a
15 schedule of how we're going to get it done. And
16 everyone as part of that planning process is given a
17 certain allotment of time to review, and then if they
18 take more time than they want, they can certainly do
19 that if the process demands it. But very much trying
20 to ensure that, you know, extra time is justified, and
21 also making sure that people stay on track.

22 We've also introduced a dashboard for certain
23 projects where people can actually go to our website
24 and actually sort of see where a project is in queue
25 and understand how it's making its progression through

1 the review process.

2 Facilitate multijurisdictional, multimodal
3 collaboration and solutions. You know, this is really
4 just kind of us getting out there trying to use our
5 dollars to help drive certain decisionmaking processes.

6 Improving the coordination between public and private
7 sectors. Ensuring availability of better data and
8 models. And then developing the next-generation
9 freight transportation workforce.

10 A couple things to speak to on the FAST Act.
11 In terms of ensuring the availability of better data
12 and models, something that I'm really excited about is
13 there's a provision there for the Federal Motor Carrier
14 Safety Administration to look at ways to sort of
15 improve the police accident report forms so that there
16 is a better collection of data coming in to understand
17 where crashes are happening, you know, what
18 configuration of truck, for example, is involved in a
19 crash. So, for example, only the State of Washington
20 collects -- I think maybe one other state will identify
21 how many axles are involved for a truck crash. Many
22 other states don't collect that sort of information,
23 and as a result, we've had difficulties of
24 understanding the impacts of what it would mean if you
25 allowed a larger truck on the nation's highways. And

1 so being able to kind of collect that data I think
2 would allow us to make much more informed, much better
3 educated sort of understanding of what the impacts of
4 certain policy decisions would be.

5 Developing the next-generation freight
6 transportation workforce, something I'm excited about
7 that we've been involved in quite a bit is helping to
8 ease the transition of our military force into truck-
9 driving professions. And I think one of the big
10 challenges there is that typically the military
11 workforce, when they're driving trucks, it may be a
12 part-time job, it may be a full-time job. But they're
13 not doing that work under a CDL, right? And you have
14 to -- as part of getting a CDL, you have to get it in
15 your state of domicile, right? And so frequently our
16 servicemen and -women are not -- they're not stationed
17 in their place of domicile, and so they can't get a CDL
18 even if they wanted to while in the military.

19 And the other part is that trucking companies
20 oftentimes will want to look at your safety record with
21 your CDL to understand how much they want to compensate
22 you, to understand your experience and so on. And so
23 you will see military folks getting out of the military
24 as veterans; they have a fabulous safety record; they
25 have maybe ten years' experience of driving a truck;

1 but they can't document that to a potential employer.
2 And as a result, they're taking jobs at an entry-level
3 station even though they have ten years of experience
4 that they can -- of safe driving, and they're taking
5 other jobs because they can get better pay somewhere
6 else, and they don't want to start at the bottom again.

7 And so the FAST Act included a couple
8 provisions to help sort of streamline that process so
9 that there now is sort of an exemption from the state
10 domicile requirement and also allows for military vets
11 to actually test for CDLs at military facilities. So,
12 you know, these are kind of long-term trends that I
13 think will benefit a lot of folks as we go forward.

14 Yes, ma'am?

15 MS. BLAKEY: Just one question. Is that up to
16 the Department of Defense to somehow implement or --

17 MR. DRAKE: It is. It is because of the --
18 the Department of Defense will have to work with the
19 state DMVs to ensure that there's testing facilities
20 made available at certain bases. There are two or
21 three bases here in the U.S. that already will do truck
22 testing for the army, for example, but it's all done
23 in-house. They're all doing it on military
24 credentials. They're not doing it with CDLs. But I'll
25 tell you that FMCSA has been working very closely with

1 the Department of Defense to realize these changes.
2 The great thing about the FAST Act is it actually sort
3 of institutionalized some changes that we could have
4 done under our own power, but it just would have taken
5 a lot longer to get there because you have to get, for
6 example, AAMVA, the Association of American Motor
7 Vehicle Administrators, all in a room and actually kind
8 of driving towards this. And the FAST Act actually
9 said you will do this by such-and-such date or else.
10 And that's great for us.

11 Yes, sir?

12 MR. JAMIESON: I just want to bring up that
13 there's a couple programs, one I'm very familiar with,
14 that ABF Freight System has worked in conjunction over
15 the last couple of years with the Teamsters
16 organization and have developed an incredible program
17 with the United States Army to take these transitioning
18 veterans from the Army and run them through joint
19 ABF/Teamster-run trucking schools and are producing
20 certified CDL drivers as we speak, and it has been just
21 an incredibly fabulous and successful program.

22 MR. DRAKE: Yeah, and some of the larger truck
23 firms, like Schneider and J.B. Hunt, I believe,
24 actually have people whose full-time job is just to
25 recruit people from the military, you know, into these

1 jobs. And I think that's fantastic. And I think, you
2 know, these are really kind of the best of the best. I
3 think anybody would be very lucky to get them. But I
4 think it's just the fact that that's not -- I think
5 those are -- at least my understanding is that these
6 are sort of exceptions to the rule as opposed to sort
7 of the standard practice. And trying to make that more
8 kind of the standard practice I think would be great,
9 and I think what we're pushing for and I think what the
10 industry is pushing for as well.

11 Yes, sir?

12 MR. HANSON: If I can just play off that as
13 well, it's not just on the land side. It's also on the
14 water where you have Navy veterans coming back and they
15 don't get credit for their hours to be on our tugboats
16 and working on our equipment.

17 MR. DRAKE: Really?

18 MR. HANSON: So there is a move through a U.S.
19 maritime group called "Military to Maritime," and we
20 typically have events around the country highlighting
21 those types of issues as we get vets back on the job
22 force.

23 MR. DRAKE: Could we help with that?

24 MR. HANSON: I think actually MARAD is
25 involved in that as well.

1 MR. DRAKE: Okay.

2 MR. HANSON: So we'll promote some more of
3 that to you as well.

4 MR. DRAKE: Great.

5 MR. HANSON: It's something you guys should
6 get some credit for, worth taking a hard look at.

7 MR. DRAKE: Okay. That would be great.
8 Please, let's definitely follow up.

9 MR. LONG: Other member questions? We can
10 take some comments and questions, too, from the public.
11 We can save the press for afterwards [inaudible].
12 Other questions or comments people would like to make?
13 State who you are, please.

14 MR. ROJAS: Martin Rojas, former APA, now with
15 the International Road Transport Union, and sort of
16 following on Juan, who had a question to the past
17 speaker on border issues. With the International
18 Freight Plan Program, the former speaker actually
19 mentioned sort of a disjointed presentation. I thought
20 she did a great job with her presentation. But the
21 disjointed policymaking and coordination with the
22 states on a National Freight Program per se and related
23 to the supply chains and working with Canada and
24 Mexico, can you talk a little bit more about that and
25 what office and how you're seeing that planning going

1 on in coordination with Canada and Mexico since our
2 economies are so interlinked now?

3 MR. DRAKE: Yeah, so we are in the process
4 right now of developing sort of a tri-country freight
5 plan with Mexico and Canada. This document is intended
6 to be sort of like a first step in that process, and
7 we've been talking with the Canadian Government and the
8 Mexican Government about sort of next steps.

9 You know, I think a lot of the -- on the
10 southern border, a lot of the challenge is just at the
11 border crossings, quite frankly, and not just with the
12 trucking but rail and so on, and, you know, trying to
13 -- and there is a huge sort of infrastructure gap, I
14 think, in trying to service the amount of traffic
15 that's going back and forth. I think initially that's
16 where we see like probably the biggest challenge being.
17 But what are you thinking?

18 MR. ROJAS: Up to a point, I would agree on
19 the infrastructure point. But I think --

20 MR. DRAKE: I've got to invite you to my poker
21 game, by the way.

22 MR. ROJAS: There's a little bit of under-
23 utilization of the infrastructure that we have or not
24 the best use of the infrastructure that we have right
25 now. And that's part of the challenge in what we're

1 trying to do, and I think this committee does a really
2 good job at it, bring in customs also to sort of get a
3 multi-agency feel as to what are some of the issues
4 that we're dealing with in relation to international
5 freight border crossings and stuff.

6 And so I don't think it's necessarily an
7 infrastructure -- lack of infrastructure. It's an
8 issue of really how do we improve the infrastructure,
9 the use of the infrastructure that we have, everything
10 from manpower to technology to the security issues that
11 we have, and, you know, the fact that so many companies
12 have the same shipments, repetitive shipments going
13 back and forth, back and forth, and yet we're still
14 stopping a lot of this traffic. So that's some of the
15 thinking, at least from a trilateral -- and we've got a
16 great relationship now with Canada and Mexico through,
17 you know, the RCC and the Border Coordination
18 Committees and also with Mexico.

19 So I think this is really a unique time right
20 now to really improve the way we look at the borders
21 and we improve border utilization.

22 MR. DRAKE: Yes. Okay. Yes, sir?

23 MR. KANCHARLA: I am with the Port of Tampa
24 Bay, and I don't need to educate you about the
25 importance of ports and freight. But having said that,

1 in the 30 years I've been in the port business in the
2 U.S., we come to D.C. only with Army Corps issues, and
3 then maybe we got a little bit of funding through the
4 TIGER Program.

5 Now that you've created this Freight Program,
6 it gives us a few more opportunities. But having said
7 that, my experience -- I am just talking personal
8 experience -- even with all these new criteria of
9 freight plans, somehow a bike path -- I'm not against
10 bikes. I love bikes. Somehow it receives a higher
11 evaluation than, say, building something in a port
12 which is going to serve hundreds of customers.

13 So all I'm asking is as we implement these
14 freight strategies and things in the FAST Act, that
15 there be -- they're used to evaluating highways and the
16 traditional projects, so they need to be a little bit
17 more open-minded to considering these projects. I've
18 already had some conversations in your office, MARAD,
19 et cetera, and they all said, "Great." But that
20 doesn't translate to -- you know, I'll play a poker
21 game if you want to, but, you know, we need to make
22 sure not only -- this is the last point I'll make, as
23 much as off port last mile is important, on port is
24 also important. Our port, for example, for private-
25 public sector, is over 10,000 acres. We've got miles

1 of roads and rails and grade separations and grade
2 crossings within the port also, where everybody says,
3 "It's not my jurisdiction. It's within the gates."

4 So we need to keep a little bit more flexible
5 mind-set as we, you know, divvy out these monies over
6 the next few years.

7 MR. DRAKE: Yeah, and, you know, the freight
8 program I think we had been pushing for greater
9 recognition of the needs of multimodal interests.
10 There is approximately \$500 million to be spent over
11 the five-year life of the program on multimodal
12 concerns, and it's really -- I mean, the bulk of it is
13 really sort of considered for highway, grade crossing-
14 type improvements. There is flexibility there, but
15 you're absolutely right.

16 And, you know, the other thing, too, is
17 through the TIGER process, what we have seen is that
18 the BCAs, the benefit-cost analysis that are done for
19 projects, score very, very well. And they just --
20 freight projects do very well on -- you know, and
21 there's a very -- and I think especially the port
22 community has done a much better job of sort of drawing
23 the metrics to kind of demonstrate why their project
24 will do well. And I think it's a conversation that
25 needs to keep going because, you know, we have a

1 limited capacity to do what we can, but I think, you
2 know, over a quarter of all the dollars that have gone
3 out for TIGER, for example, have gone out for freight
4 projects, and I think a bulk of that has gone out to
5 port projects as well.

6 MR. KANCHARLA: Thank you.

7 MR. LONG: Do you have more slides?

8 MR. DRAKE: Yeah. No, no, it's fine, unless
9 you guys are -- if you guys have totally gotten bored,
10 I'm more than happy to stop, too.

11 [Laughter.]

12 MR. DRAKE: So, you know, financial
13 bottlenecks. So it's critical to establish freight
14 transportation funding. This deck is slightly out of
15 date. We put it together before the FAST Act was put
16 into place. So we'll kind of check the box on this one
17 that we do now have this Freight Program in place, but
18 we also have other financing tools at the Department of
19 Transportation, whether it be TIFIA, whether it be RIF,
20 TIGER, PABs, et cetera, where -- and what we're trying
21 to do is we're trying to identify ways in which to make
22 them more accessible to the public.

23 About a year and a half ago, Secretary Foxx
24 established the Build America Transportation Investment
25 Center, and the whole purpose of this center was really

1 to improve the customer service interaction of the
2 public with the federal programs so that you don't have
3 to be super-sophisticated on Washington, D.C.; you
4 don't have to pay millions of dollars to be able to
5 kind of understand what opportunities are available to
6 you, how can you sort of network with like-minded
7 players who are looking to make investments in certain
8 types of projects, and all just by picking up the phone
9 and talking with someone here at the Department of
10 Transportation.

11 I think that has been a successful program so
12 far. I think we have actually gotten congressional
13 sponsorship of that program with the establishment of
14 what we're calling the "Innovative Bureau," which is
15 really -- what it did, it moved around a lot of the
16 different financing programs and project review
17 programs at the Department of Transportation, and where
18 you previously had, for example, the RIF Program at
19 FRA, TIFIA at the Budget Office, what the FAST Act did
20 was it took all these different programs, including the
21 new Freight Transportation Program, and it brought them
22 under the roof of this one -- of the Innovative Bureau,
23 and so the idea being that, like, really kind of
24 expanding on this one-stop shop concept, but also,
25 again, kind of breaking down many of the modal silos

1 that the Department has built up over the years where
2 you're -- you know, it's difficult to move from one
3 mode to the next to try to advance a transportation
4 project when it is multimodal and, you know, you're
5 just speaking to the folks who just understand the
6 trucks versus when you need to talk to somebody who
7 understands the trucks and the rails at the same time.

8 And the bureau is something that we'll be building up
9 over the next few months.

10 So strategies, ensure dedicated funding,
11 freight funding, like we said, kind of a check mark
12 there. Use existing grant programs to support freight.
13 We talked about the BATIC, the TIGER.

14 Okay. And then the last thing I wanted to
15 talk to you about is this multimodal freight network
16 map. And so really the idea of this was kind of going
17 back to the Eisenhower Interstate Highway System. You
18 know, when Eisenhower was trying to sell the public on
19 the whole idea of why we needed to have a Federal
20 Highway System, part of it was done based on selling
21 the defense capabilities and how we would help move
22 missiles around the country so that we could bomb the
23 USSR and so on. But the other part that he did was he
24 actually built out a map that showed this is what
25 you're going to get if you invest in this. And what

1 that allowed the public to understand is, "What's in it
2 for me?"

3 And so we tried to do something very similar
4 with a multimodal freight network map and kind of
5 laying out this is where we think the freight flows
6 are, these are sort of the critical gateways, and, you
7 know, this is where we think that attention needs to be
8 devoted to address freight transportation going
9 forward, freight transportation issues going forward,
10 especially in the context of a resource-constrained
11 Department of Transportation where we can only do so
12 much and where more money is needed.

13 And so the multimodal freight network that we
14 laid out includes 65,000 miles of highways, almost
15 50,000 miles of Class I railroads, the marine highway
16 routes, 78 ports that handle 90 percent of the nation's
17 waterborne container and bulk cargo movements, 56
18 airports that handle approximately 90 percent of the
19 nation's air cargo, and 75 of the largest highway rail
20 intermodal transfer facilities by volume. And this is
21 a rough -- this does not give you sort of like the full
22 picture of the map itself, but this is an approximation
23 of what we put out there.

24 And we put this out prior to the enactment of
25 the FAST Act. I'll tell you that when Congress did the

1 FAST Act, they actually proposed their own multimodal
2 freight map, which we were very happy about because in
3 MAP-21, they instituted a freight network that was only
4 highways and only 27,000 miles of highways, which
5 didn't capture nearly enough and it was very kind of
6 willy-nilly and very sort of arbitrary in the decisions
7 it forced on the Department to make.

8 This multimodal freight map was intended to be
9 much more expansive, and I think a success for the
10 Department, Congress with the FAST Act actually moved
11 away from the highway network that they established in
12 MAP-21 towards a much larger, much more expansive
13 network, but it isn't, I don't think, large enough but
14 certainly much further along than I think where we were
15 before.

16 And the benefit of this map is, one, it really
17 kind of gives you a picture and gives the public a
18 picture of where stuff is moving and also kind of
19 trying to make, again, this picture much more real.
20 But what it also shows is there are now -- there are
21 preferences in some of the grant programs that the
22 Department has under the FAST Act whereby if you can
23 sort of identify a project that is on this map, you're
24 definitely going to get sort of preferential treatment
25 I think in the application process when you're asking

1 for money from the Department. So, again, trying to
2 sort of like help tie resources where we think that
3 they are most needed.

4 And so, again, we have set up a website,
5 www.transportation.gov/freight, and you can actually go
6 online, you can see sort of a route-by-route -- like
7 Google Maps, you can go online and you can actually
8 track each route of this national -- this multimodal
9 freight network and see which facilities fall on it,
10 which airports, which ports, et cetera. And you can
11 also read the plan in its entirety. And like I said,
12 we are going to be going out with a Federal Register
13 notice here probably in the next couple weeks that will
14 be closing out the comment period for this plan, and
15 that should be a 60-day notice. We hope to have the
16 plan done by late summer or thereabouts.

17 And, again, I think the importance of this
18 strategic plan really has taken on sort of a new
19 meaning with the FAST Act, and specifically what that
20 new value is, one, it's giving you all a sense of where
21 we think that we need to be spending our dollars and
22 our resources in terms of improving freight. And it's
23 also sort of an opportunity to get from you all clarity
24 on if we have this right or if we need to be focusing
25 on other things or not.

1 So thank you for your time, and if you have
2 any questions, I'm more than happy to answer them now.

3 MR. LONG: Thank you very much. Great
4 presentation.

5 [Applause.]

6 CHAIRMAN BLASGEN: Any remaining questions for
7 John?

8 [No response.]

9 CHAIRMAN BLASGEN: John, I want to thank you
10 and Caitlin for giving us a lot of great information.
11 It was really helpful [inaudible].

12 MR. DRAKE: Thank you for your time. I
13 appreciate it.

14 CHAIRMAN BLASGEN: Thank you.

15 So we will break for lunch right now. Richard
16 [inaudible] have created a great [inaudible].

17 [Whereupon, at 12:16 p.m., the hearing was
18 recessed for lunch.]

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AFTER RECESS

[1:16 p.m.]

CHAIRMAN BLASGEN: Tiffany is on the phone
from Honolulu.

[Laughter.]

MS. MELVIN: I wish.

CHAIRMAN BLASGEN: Anyway, Tiffany, we are all
assembled here, so go right ahead and the floor is
yours.

1 **INFORMATION TECHNOLOGY AND DATA DEVELOPMENTS**

2 **TIFFANY MELVIN**

3 **SUBCOMMITTEE CHAIR, IT & DATA**

4
5 MS. MELVIN: Okay. Thank you all. I am sorry
6 that I left in the middle of the night. It is a good
7 thing I didn't give too many of you hugs yesterday. I
8 am missing everyone and I apologize for not being
9 there.

10 So basically, yesterday I talked a little bit
11 about what the status is of our subcommittee work,
12 anyway. So I don't have a whole lot more to add.

13 I did talk with a few people after the
14 meeting. So, essentially, you heard the update from
15 Maria Luisa about what all has been going on there.
16 The IT & Data Subcommittee was tasked with working on
17 the North American Window issue and making
18 recommendations to Secretary Pritzker about how the
19 Department of Commerce should engage and support the
20 efforts of the federal agencies that are working on the
21 North American Single Window.

22 Like I said, they have actually taken -- CBP
23 has taken a lot of recommendations that has come out of
24 our committee. So we should all feel really good about
25 that. So they have started this North American Single

1 Window vision working group. That is what Maria Luisa
2 referenced that I have been put on to, sort of, observe
3 and listen in to help, kind of, coordinate the efforts
4 of our council with the work that they are doing.

5 So as you guys know, I have been asking a lot
6 of you and a lot of you have volunteered to help give
7 me information about your companies and, kind of, the
8 dream vision of a North American Single Window and the
9 challenges you are currently facing. I want to thank
10 Carl at International Paper, and Rick at Lowes, and
11 Jevon at Walmart because they got back to me with
12 information.

13 Luckily, a lot of it was the same. I think
14 what is good is that coming from three various sources,
15 the dream vision and the challenges they are facing,
16 there is a lot of overlap. So I took those and I have
17 drafted a letter. I brought copies to hand to my
18 subcommittee.

19 The thing is, the information that I got from
20 the companies, it is very detailed and very technical.

21 So at first I was, like, how are we going to get these
22 recommendations to Secretary Pritzker? It is really
23 not -- it is a lot about datasets and commonality and
24 consistency with the PGAs and reducing redundant
25 message sets and things like that that Secretary

1 Pritzker really doesn't have a hand in. However, this
2 is the very stuff that does directly impact our North
3 American commerce.

4 So the letter that I drafted is pretty
5 detailed in explaining that to Secretary Pritzker in
6 the letter. What I thought I would do -- but then, I
7 heard from David Long. He was, I guess, last week with
8 COAC at a meeting in New Orleans and talked to Maria
9 Luisa and she indicated that they are really not ready
10 for us to make recommendations to Secretary Pritzker in
11 support of their efforts because it hasn't come, you
12 know, it's not really that far along yet.

13 So we were, kind of, sort of told to put the
14 stops on it, which is what I mentioned yesterday.
15 After talking to some of the subcommittee members
16 yesterday after the meeting, it also came up that just
17 because they are not ready doesn't mean that we
18 couldn't make, maybe, some more general recommendations
19 to the Secretary about supporting their efforts.

20 So what I think I am going to do, if it makes
21 sense to everyone is maybe take a stab at redrafting
22 this letter a little bit to not make it maybe so
23 specific, but slightly more general just to kind of
24 keep things moving forward and to keep the pressure on.

25 Even though they have assembled their North American

1 Single Window vision working group, you heard me answer
2 yesterday that I still think its years in the making
3 just because they are having -- they are doing a lot of
4 really good work and they are really digging deep into
5 this stuff, but the -- just because it is the three
6 countries and right now the main focus of the agencies
7 is to get the U.S. single window working, I don't
8 really see this happening for a least a year and a half
9 to two years as being a reality.

10 So it doesn't mean we should stop. We should
11 hold their feet to the fire to continue pushing for a
12 North American Single Window. So if it is okay with
13 the subcommittee members and you guys, I thought I
14 would probably take a stab at making the letter a
15 little bit more along those lines. Then I can
16 distribute it to my subcommittee and also to Carl and
17 Bryan at International Paper and Rick and Jevon so they
18 can, you know, make sure that it matches what the
19 people that gave me their recommendations and try to
20 have that done by our April meeting in Houston.

21 So that is kind of, I guess, the current plan.

22 Does anyone have any questions or comments or doesn't
23 like the plan?

24 MR. LONG: Yeah, Tiffany. This is David. I
25 just wanted to add a little more detail to what you

1 said which was right on the money here.

2 Essentially where the work in the COAC is
3 right now is that it is -- we are about where they were
4 when they started, okay. They have met, I think, four
5 or five times to start trying to develop what a vision
6 for North America could look like in single window
7 terms.

8 There first couple of meetings are exactly
9 like the conversations and exchanges we have had with
10 the subcommittee so far. There is really nothing
11 surprisingly different about it. In their case, given
12 that it is a more specialized group, they are turning
13 more to some of the very concrete things about forms in
14 the different countries, but the notion of holding back
15 too far on this, no reason or that. There are plenty
16 of things that can be said. I think as we get deeper
17 in the work we will find that the specific problems to
18 address become more and more specific over time as the
19 conversation with other groups, other industries,
20 possibly even some of the other government people and
21 associations produce more detail on this.

22 There is one other thing. Essentially what
23 they have been doing at the COAC level is, they have
24 been working with our counterparts and the associations
25 for the Canadian border and the Mexican border and

1 building out materials with that. Again, that gets to
2 the point about being very specific and, therefore, why
3 would they ask this group -- which is not entirely
4 customs brokers -- to participate?

5 A big part of it is the quality of the work
6 that you put together on single window before. The
7 idea of what a regional portal could look like for that
8 and also the program recommendations drew a lot of
9 attention and CBP was very interested in hearing the
10 views of this particular audience because this is in
11 many ways fundamentally different from the mix of
12 people they normally consult with.

13 So the fact that this features a much higher
14 percentage of people that run global supply chains and
15 has more of a user perspective in some areas makes it
16 very attractive. So that being said, I think you are
17 plan is good, Tiffany, and I just wanted to add the
18 additional detail to it.

19 MS. MELVIN: Yeah, thank you. As you were
20 talking I actually was thinking that, you know, one
21 thing that we could recommend -- can you guys hear me?

22 MR. LONG: Yes.

23 MS. MELVIN: Okay, there is some kind of
24 weird, crazy sound on my end. So, you know, she
25 mentioned that they have reached out and have some

1 Canadian and Mexican representatives on their group,
2 but she didn't say specifically who they were. One
3 idea might be that our recommendation could be --
4 because, you know, if they are just reaching out to
5 their counterparts, it is kind of the same old problem.

6 I would like to think that they have within their
7 Single Window vision working group, maybe there are
8 counterparts with the agencies, but also some Mexican
9 industry, maybe a couple of big companies and small
10 companies and Canadian big companies and small
11 companies to get a good mix as to what all the
12 different types of industry might have for their
13 vision. So that is something that maybe we could
14 recommend, the type of people they are selecting to be
15 on the committee, which leads me to -- she mentioned
16 that I am the liaison.

17 I talked with Jevon yesterday after the
18 meeting. He is extremely interested in being on that
19 North American Single Window working group. He talked
20 to Maria Luisa after the meeting and she said that she
21 is really stuck to a hard number of 20 people on that
22 committee. One of my thoughts -- and Jevon and I will
23 work with Maria Luisa on this -- is that, you know, I
24 am really not -- I am not someone that is moving these
25 goods on a daily basis and I don't have a lot to add to

1 the committee.

2 I am there to kind of listen and take notes
3 and figure out ways that our council can support their
4 efforts or make recommendations about it. I think it
5 might be more valuable if Jevon could still serve in
6 that role and liaison with me about what he thinks, you
7 know, might be important or send me some emails or
8 something like that, but he might actually might be
9 able to add to the group also. So it might make more
10 use out of our one spot on that working work group if
11 Jevon took it over.

12 Then I am going to ask Maria Luisa if Jevon
13 does fill the spot, could I still sit in and listen
14 because I really wouldn't be actively providing any
15 kind of expertise or advice. So that is sort of in the
16 works, and we will keep you guys posted on how that
17 pans out. I just wanted to bring that to your
18 attention as well.

19 MR. LONG: One other point to add to that, Liz
20 Merritt who is a member of our committee is also a COAC
21 member. She is involved in the North American vision
22 part, so we will have in effect, two people engaged
23 with that directly.

24 MS. MELVIN: Yeah, absolutely. And Liz is on
25 my subcommittee too, the IT & Data subcommittee. So

1 that is good too.

2 MR. JAMIESON: Tiffany, this Jevon. I wanted
3 to really emphasize the point that I think it is
4 vitally important that we continue to push this group,
5 CBP, CBSA, Mexico because this has been such a long
6 ongoing task. I have been involved with the whole
7 harmonization of the North American data arrangements
8 since early 2000. It is kind of go-and-stop, go-and-
9 stop. You see where they have gone with the ACE
10 project and how that has been strung out for over the
11 years. I think it is pertinent that we continue to
12 drive this bus as long as we can and be a leader on
13 this if at all possible.

14 MS. MELVIN: Okay. Yeah. Great. I
15 completely agree. It's a very good point you make.

16 I was kind of under the impression that -- I
17 don't know. David, when he talked to me, was sort of
18 like we need to back off a little bit because of this,
19 but I -- but yesterday I talked with David also and he
20 agrees, just because they ask us -- maybe the timing is
21 not good for them, but I agree with you completely,
22 Jevon, that we need to keep pushing.

23 So I will work on this letter and get it out
24 to you guys as soon as I can for your comments.

25 CHAIRMAN BLASGEN: Any questions? Comments

1 for Tiffany?

2 MR. ROJAS: This is Martin Rojas again. I sit
3 on the COACs committee on the Single Window. I think --
4 and I agree with Tiffany. I think the more input they
5 get from different groups, I think it is a beneficial
6 thing.

7 I think the challenge that we are facing right
8 now is just figuring out the mapping issue. So right
9 now we are sort of getting into the, really the
10 specifics as to how the processes take place at the
11 border, per se'. That is going to be the really
12 critical issue to figure out.

13 With ACE being sort of on the front burner,
14 yet on the back burner at the same time, many times we
15 are not quite sure if they are going to make the final
16 date of February 28th and what is going to be happening
17 with all of this, but just the coordination with Canada
18 and Mexico, I think, is taking place and we are just
19 trying to figure out what are the details. Of course,
20 the devil is always in the details.

21 So once we figure out the mapping, I think we
22 are going to have a much better way of figuring out how
23 we can coordinate on a North American Basis to have the
24 systems interact among themselves. That is basically
25 it.

1 MS. MELVIN: Okay. Good.

2 CHAIRMAN BLASGEN: Anything else?

3 [No response.]

4 CHAIRMAN BLASGEN: Alright. Tiffany, thanks
5 very much. I appreciate it.

6 MS. MELVIN: Okay. Thank you guys. Have a
7 great rest of the day. Sorry I couldn't be there, but
8 I will see you guys in Houston.

9 CHAIRMAN BLASGEN: All right.

10 MR. LONG: Thanks.

11 MS. MELVIN: Alright. Okay. Bye-bye.

12 MR. LONG: Okay. We are slightly ahead of
13 schedule, but well-placed for it. As part of the -- we
14 had some discussion on the trade subcommittee earlier
15 this day. We have invited Jean Janicke from our Trade
16 Policy Analysis Group to come talk a little about what
17 is going on in TPP, some of the issues and outreach
18 efforts that are shaping up for that.

19 For background, you will all recall that -- as
20 we discussed this morning, in fact -- one of the things
21 the committee is looking at is the supply chain
22 barriers that may exist in doing business with some of
23 the countries within the agreement structure and trying
24 to understand better what the environment for that
25 really looks like.

1 So without further ado, let me hand it off to
2 Jean Janicke to say a few words about yourself, and
3 your group, and what you would like to talk about.
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1 **TRADE AND COMPETITIVENESS DEVELOPMENTS (Continued)**

2 **Jean Janicke, TPP Coordinator**

3 **U.S. Department of Commerce**

4
5 MS. JANICKE: Great. Thanks very much. I
6 appreciate the opportunity to speak with this group.
7 It is the first time I have really gotten to learn a
8 lot about the agenda for your committee and issues of
9 interest here.

10 I am currently the International Trade
11 Administration's TPP Operations Lead, so trying to plan
12 out the outreach and implementation for the agreement
13 now that the agreement has actually concluded. We
14 spent a lot of time in the fall in terms of educating
15 all of our domestic field specialists on the basics of
16 the TPP. We are now turning to our foreign field
17 specialists to make sure that they are trained, and we
18 also put out 50 state-by-state and 15 industry-by-
19 industry TPP opportunity fact sheets in the fall.

20 Our focus really for this next few months is
21 really trying to do more sector-specific or industry-
22 specific outreach on TPP, which is partly where you
23 come in. I brought with me copies -- I am not sure if
24 I quite have enough, but I will send David the
25 electronic version to send out to you all, but what we

1 are hearing from a lot of industry groups is now that
2 the text is out and like I just said, ITA has done 65
3 different fact sheets, and USTR has done 20, and there
4 are chapter summaries and things. It almost went from
5 not enough information to so much information that
6 people are drowning in it. So we put together this
7 guide that describes some of the key materials that are
8 available in our continuing efforts to try to make sure
9 that the information out there is as useful and
10 maneuverable and findable as possible.

11 At the very top of that page, you will see a
12 link to trade.gov/tpp, and that is where our state-by-
13 state and sector-by-sector reports are located. We
14 have one in that section on services, but we thought of
15 it as sort of version one because we wanted to be able
16 to add over time and as more details from the agreement
17 became available, add additional sectors, including
18 supply chain.

19 So I will send around after this too just a
20 copy of the services sector report. With our goal of
21 trying to add more details to help do the outreach and
22 the education on TPP, would be to add a section
23 specific to supply chain.

24 David was kind enough to draw for me last week
25 what he thought was the intersection between -- here

1 are the different areas, you know, the kind of issues
2 that you all think about and worry about. Then I was
3 trying to go through and match to areas of the Trans
4 Pacific Partnership that relate to those different
5 areas, and I have started to do my own sort of sketch
6 of that.

7 What I was hoping to find out from you all
8 today is really, as we prepare to do that material,
9 what are the issues in TPP that you think are the most
10 important, or the most relevant, or the most confusing
11 that should be incorporated in something that would be
12 useful for you in talking about the Trans Pacific
13 Partnership with your members, or colleagues, or
14 contacts?

15 Also a separate, but related issue, is we are
16 working on a user guide for companies to use to take
17 advantage of the agreement once it enters into force.
18 A lot of the focus of that is going to be on what are
19 just the practical, sort of, logistic side of taking --
20 for a company, especially a small- or medium-sized
21 company that wants to take advantage of the agreement.

22 So partly letting you know the information
23 that we have out there, but partly we would like to
24 hear from you what you think are the important issues,
25 what do you think are the gaps in what material is

1 available on TPP outreach, and as we think about how to
2 put something together that is really tailored for your
3 industry, what should that look like?

4 Questions?

5 MR. LONG: This gets back to the question that
6 came up earlier this morning, is there like a supply
7 chain chapter in this, or where would you look or
8 different provisions that affect global supply chain
9 operations in there different forums? So this would be
10 a chance to explore some of that and get your input
11 into it.

12 MS. JANICKE: That's exactly what we were
13 talking about last week. So great.

14 MR. LONG: What is the promotion effort?

15 The promotion effort is we are working with
16 our industry specialists and our domestic field
17 specialists to do as many kind of local TPP industry
18 focused events as we can over the next three months.
19 So ranging from a manufacturing focused event in Kansas
20 to a medical equipment focused event in Minnesota and
21 really trying to pair either sector or market interest
22 at the local level with the pairing of here is what TPP
23 means for this audience or for this sector of industry,
24 trying to drill down from -- the fall, a lot was spent
25 on sort of the basics of TPP and TPP 101 and TPP helps

1 jobs and promotes exports. Now we are trying to get to
2 a more granular level, a more technical level to really
3 help businesses understand early what the potential is
4 from TPP.

5 We found, say with the U.S./Korea free trade
6 agreement that between entry and (inaudible) and when
7 you really started seeing exporters take advantage of
8 the agreement and claiming the preference, there was
9 maybe a six-month time lag. So with TPP, we are trying
10 to think ahead. What are the things that businesses
11 could be doing now to plan for eventual TPP
12 implementation entry into force.

13 I know there are some larger companies that
14 are already doing that. They are already in Vietnam
15 trying to figure out there business plan for when this
16 enters, but a lot of smaller companies are going to
17 need more lead time, more information to do that. So
18 that is sort of the focus of the outreach over the next
19 few months.

20 MR. LONG: With that there is an opportunity
21 here to, as we get a better sense of what the supply
22 chain environment looks like in these markets for our
23 companies, a good way to think of it is in very
24 practical terms, like if you want to locate a
25 distribution center or a hub or some operation like

1 that in an offshore location, what are the things it
2 takes to get it? What does tax policy look like? Do
3 you have customs issues? Can you get the telecom
4 circuits you need? Do you have the internet access and
5 data security questions resolved with that? Are there
6 particular tariffs that affect what products you would
7 buy or use or route through the systems for that.

8 In a sense, just work through the different
9 elements of a project and see which ones need to be
10 covered. I guess the question for a supply chain group
11 like this is does it seem useful to you? I see a lot
12 of utility myself in being able to point to the supply
13 chain logistics world and say, look at all the things
14 you can do because of this. This deal creates certain
15 things, as opposed to waiting for it to be only an
16 export product or a particular service.

17 What we are trying to get here is -- if we
18 were consulting, it would be a solution, rather than a
19 particular service where you show the entire
20 [inaudible] package, what it takes to get warehousing
21 set up, a supply chain end-to-end operation, the
22 associated networks with it. It strikes me that there
23 might be a good way to match that against what we know
24 about the difficulties, or lack of them, in particular
25 markets before and after the deal.

1 Does any of that make sense? Yeah? I am sort
2 of rambling here.

3 MR. FISHER: Is it given that it is going to
4 pass Congress?

5 MR. LONG: Can you get in your microphone,
6 please?

7 MR. FISHER: Is it a given that it is going to
8 pass Congress? How is it shaping up?

9 MS. JANICKE: Well, I am a glass half full
10 person. So of course, I think it is going to. We are
11 still in -- under the trade promotion authority rules,
12 the text has to be available for public and
13 Congressional review for 90 days before the treaty
14 could even be signed by the President. We are now over
15 60 days into that 90 day process.

16 So in early February is the earliest that the
17 treaty can be signed. There are rumors floating around
18 today that New Zealand has actually announced a signing
19 date. I am still trying to confirm that. As soon as
20 that happens, the Administration starts working through
21 all of the different reports that are required under
22 trade promotion authority so that Congress has the full
23 package of all the different things they need to --
24 what are the legislative changes, what is the customs
25 implementation thing, all of those different pieces.

1 I think, really, one of the reasons we are
2 working on sort of what is the domestic and locally
3 focused outreach is we feel like the more companies and
4 industries that know about the TPP, the more they will
5 like about that. I know that both the Secretary of
6 Commerce and other officials have been in regular
7 contact with the members of Congress that supported
8 trade promotion authority to try to get them the
9 information about the Trans Pacific Partnership.

10 During this 90 day period the answer they are
11 getting from a lot of members of Congress is, oh, we
12 are still reviewing it during the review period. But I
13 think once that review period is over, then the follow
14 up calls from the Administration officials will then be
15 getting into more, kind of, trying to find out about
16 their support.

17 MR. FRIED: [Out of mic.]

18 MS. JANICKE: Yeah, some of the areas that
19 have been concerns have been from -- there is a whole
20 spectrum out of different concerns. From the industry
21 side, where the Department of Commerce has been focused
22 most has been in the area of pharmaceuticals. There
23 were different views on what the data protection for
24 biologic should be and different divided industry views
25 in terms of where that end of the negotiation came out.

1 There is a lot of misinformation out there.
2 So there is like a whole stream of calls to Congress
3 over the last month saying, oh, a TPP means foreigners
4 can take over our ports. That is in the press. They
5 are calling our Congressional press officer asking is
6 that really true? Where does it say that in the TPP?
7 So there is also this whole, sort of, incorrect
8 information out there.

9 We did see -- although there were initial
10 industry concerns in the area of currency, in the auto
11 makers, and the area of pharmaceuticals, over the last
12 two weeks a lot of the big industry associations have
13 come out with endorsements of TPP -- so the U.S.
14 Chamber, the National Association of Manufacturers,
15 Business Roundtable, so I think there were industries
16 that had concerns with particular provisions that are
17 now at different levels of enthusiasm.

18 Does that answer your question? I think
19 currency and pharmaceutical were some of the big
20 concerns before. We also on the policy side, the first
21 time that we have ever had environmental groups
22 supporting a trade agreement because of the things like
23 protections of illegal fishing and illegal logging that
24 are in the agreement.

25 MS. BLAKEY: [Out of mic] -- which of those

1 environmental groups that are supporting you --

2 MS. JANICKE: I can send the actual details of
3 that to David. I know that there is a sort of, more
4 like on the natural resources side. I will get the
5 exact name, but I think it is like the World Wildlife
6 Federation and more that are interested in the sort of
7 animal and tree protection provisions that are in the
8 agreement. I think it was either -- I think it was
9 just last week that -- statement about that, but I will
10 get the details.

11 MR. JAMIESON: Does a lot of the kickback,
12 your opposition, come from union and labor areas? Is
13 that --

14 MS. JANICKE: Yeah, I think that you still are
15 hearing concerns from the labor side. The main, sort
16 of, comment from that from the Administration is they
17 say, this agreement has the strongest labor provisions
18 of any trade agreement ever negotiated in history -- so
19 a whole book, basically, of provisions that have never
20 been included in previous agreements trying to get at
21 some of those concerns. But, yeah, I think there also
22 are labor concerns about it.

23 MR. LONG: Doe is help you if we can identify
24 areas that we found as difficulties with the markets
25 and things that are being corrected by the agreement?

1 MS. JANICKE: Yes. I think that would be --
2 one of the challenges, especially in say the services
3 part of the trade agreement -- because of the approach
4 that trade agreements takes, that say, basically,
5 everything is liberalized unless you put in a clause
6 requesting that it is not, is that it is then harder to
7 see, okay, what is it undoing? It is not as easy to
8 read as say a good schedule to see it was a tariff of
9 100 and now it is 0. You just see, okay, now
10 everything is open except for this one accounting
11 license that is needed.

12 So if there are -- it would be extremely
13 helpful, like here are the barriers that we were
14 concerned about before or that we were facing before
15 and then we can track it back to see how is TPP
16 addressing those. That would be great.

17 MR. LONG: And in terms of the tasks the
18 committee is taking on, we are almost certain to find
19 that some of the problems are different country to
20 country. Just a question of can you own facilities or
21 invest in a market, say to do a distribution center or
22 warehouse or a production facility or what have you,
23 some countries will have solved this completely through
24 the agreement and others there will be carve outs where
25 it isn't.

1 The same thing will show up in how well people
2 are handling, say trade facilitation and customs
3 processes or telecom as it pertains to the world of
4 internet, and data privacy, and the other things, and
5 of the stuff that goes into making good supply chains
6 out of this.

7 MS. JANICKE: Express delivery provisions --

8 MR. LONG: Yeah. That kind of thing.

9 Questions? Concerns with? Thoughts on this
10 whole thing?

11 [No response.]

12 MS. JANICKE: Well I guess, are your
13 organizations engaged in outreach about trade
14 agreements with your -- as part of your regular
15 business?

16 MS. BLAKEY: Hi, Leslie Blakey, Coalition for
17 America's Gateways and Trade Corridors. We have an
18 auxiliary effort in our coalition that is called NAFTA
19 Next. We have, in particular, focused on the supply
20 chain aspects of an advanced NAFTA world, including
21 other trade agreements like TPP.

22 Because they are among the detractors to TPP,
23 there has been an ongoing kind of campaign to through
24 negative associations about NAFTA try to malign the
25 prospects for better trade and better outcomes with

1 TPP. So one of our objectives is to help blunt that
2 criticism. We are a relatively small effort.

3 One of the things that we are going to be
4 doing, we hope, is in the very late spring, again,
5 trying to get in the right spot on the curve of
6 Congressional consideration, we are going to be holding
7 a roundtable on Capitol Hill inviting a large army of
8 Congressional staff to come and hear from -- not our
9 group specifically, but a -- it will be a roundtable of
10 business groups that have been all putting together
11 different scenarios about how TPP will help their
12 industry, or help their region, or elements of economic
13 value that will be gaining from their business groups'
14 perspective and we will invite them to come and present
15 on this. So that will be taking place. We hope it is
16 going to be in May, but we will keep you posted. We
17 still are in the early stages of setting that up, but
18 it will be an open forum.

19 MR. HANSON: Just briefly, I have the
20 privilege of serving on ATEK 10 for services. So
21 certainly, we think that TPA has actually been a game
22 changer in how treaties get implemented and the issues
23 get discussed. As Leslie said, it is very important
24 that we not wait until something gets passed to get
25 engaged. It has got to happen up front. We will see

1 more engagement from the U.S. maritime community in
2 these treaties up front, mostly because we find this
3 USTR folks need that support.

4 CHAIRMAN BLASGEN: Are there other questions?

5 MS. FEFFER: Hi, I am Rachel Feffer from
6 Library of Congress. I was wondering because in the
7 eCommerce chapter of TPP there is the ban on data
8 localization, but for financial services, that does not
9 apply. So there is more flexibility for data
10 localization requirements for financial services.

11 I wanted to hear how you see that impacting
12 supply chain.

13 MS. JANICKE: Well, that's -- I am not sure
14 how that would impact supply chain. That provision was
15 at the request of the U.S. Treasury, because of their
16 priority in terms of financial regulation and following
17 the financial crisis, that was actually a U.S.
18 Government request to have that provision to allow that
19 same kind of more regulatory action in the financial
20 services area for data. So that is sort of the origin
21 for it.

22 I guess my question to the group would be,
23 what do you see as the impact from it. I know that
24 some of the financial industry has made their user
25 concerns known about it, but as we are trying to map

1 out -- I believe financing was on David's handwritten
2 -- in terms of figuring out what those provisions are,
3 so is that something that does have impact for this
4 group?

5 MR. LONG: In the interest of full disclosure,
6 what I said is, supply chains have the flow of goods
7 and services. There are big flows of information, then
8 there are flows of finance or money. Essentially,
9 having highly efficient systems within that that
10 support the information and flow of the payment stream
11 as well is critical to good supply chains, which is
12 obviously standard issue stuff for everybody here.

13 We never got to -- I am not sure what the -- I
14 can't comment on the things from the Treasury
15 Department about their views on that, but the basic
16 idea of having high-performance finance systems
17 undergirding the supply chains, I think, speaks for
18 itself.

19 MS. JANICKE: And I think that provision also
20 relates to -- you were asking about what are themes
21 that we are hearing from -- I think another concern
22 that is out there about TTP, will it undercut the
23 U.S.'s own right to regulate. So -- the answer, well,
24 no, actually. The U.S. government made sure that we
25 could reserve our right to regulate in areas of public

1 health, in areas of national security, in areas of
2 financial stability goals. So that has been something
3 that -- a theme that we have been hearing as a concern
4 and something, I think, we can do a better job of
5 explaining in terms of maintaining that right to
6 regulate and the right to make sure [inaudible]
7 protected.

8 I guess I should say -- mentioned the events
9 that may be coming up in the spring, probably not so
10 much Hill focused events, but if you are having other
11 industry events and you are interested in having an
12 expert speaker for that, we are -- the different
13 Commerce partners kind of see if we can make speakers
14 available for particular topics. Keep that in mind.

15 When I send materials to David to send out to
16 the group, USTR has a good fact sheet on the
17 differences between NAFTA and TPP so you can see -- go
18 through a lot of the different chapters and some of the
19 key areas where it is different

20 CHAIRMAN BLASGEN: Great.

21 MS. JANICKE: Thank you so much.

22 MR. LONG: Thank you very much. Thanks a lot.

23 CHAIRMAN BLASGEN: Alright. Jevon, is there
24 anything left in Regulatory Development Section to talk
25 about.

1 MR. JAMIESON: No. I will pass my time back
2 to the group. I think we covered everything that we
3 needed to in Shawn's trade group this morning.

4 CHAIRMAN BLASGEN: Okay. The last topic that
5 we had was the Finance Subcommittee discussion.

6 MR. LONG: Also continuation of the structure
7 issues.

8 CHAIRMAN BLASGEN: Right, and talk about the
9 structure of all of the committees and any other
10 further thoughts you have on that. As I mentioned
11 earlier today and yesterday, talking about the
12 structure of the committees, do we want these
13 committees to continue in there current form. We have
14 already had a recommendation. Everybody seems to be
15 aligned connecting the trade group and the regulatory
16 group together, which seems fine.

17 Then we will evaluate the next ten folks who
18 are joining the committee in terms of where they would
19 like to devote their time and efforts.

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1 **FINANCE SUBCOMMITTEE DISCUSSION**

2 **David Long, Director of Supply Chain**

3 **Rick Blasgen, Chairman, ACSCC**

4

5 CHAIRMAN BLASGEN: The Finance Committee
6 remains one where -- are we force-fitting it and trying
7 to shoehorn something into the group that just doesn't
8 need a lot of focus at this time, or should we continue
9 to have a committee devoted to that? If so, what
10 should it do? We have got all of these other areas
11 going on around that. We are just seemingly having
12 some difficulty getting some traction.

13 MS. BLAKEY: Yeah, hi. I serve on the Finance
14 Committee as does Bill and I am not sure -- I am trying
15 to think who else -- Lance, who is here today, in
16 particular, that -- Paul has been on the committee as
17 well.

18 I think that we -- if we are going to continue
19 it, and I would like to recommend that we do, and maybe
20 we want to call it something slightly different at this
21 point because Finance was never a particularly good
22 title. We really in our initial effort, from that
23 committee, which we executed and got something pretty
24 productive out of.

25 I think Congress listened to us in putting

1 together the FAST Act, for example. We really focused
2 on funding, not finance, actually, and we have done
3 that. I do think that there is a real opportunity
4 ahead of us to focus on finance, meaning that one of
5 the things that continues to be a real conundrum for
6 infrastructure investment in the United States is the
7 ability to mobilize and take advantage of private
8 capital and other sources of capital investment for
9 infrastructure.

10 It is a very vexing problem. It is one that
11 has been acknowledged in many quarters, and I do think
12 that this committee has an opportunity to weigh in on
13 some of that, and point out ways that the policy
14 approaches could help smooth the path for more private
15 investment in infrastructure as has been done in many
16 other countries, much more successfully than ours.

17 So I think that is an opportunity. As a
18 matter of fact, the work that we have been doing in our
19 little subcommittee with Dean Wise is really kind of a
20 subset of that, essentially. As I mentioned earlier,
21 there is a very, very close connection, alignment,
22 between the ability to get the private sector to take
23 the risk of public infrastructure investment and the
24 permitting difficulties that we face in this country.
25 So that is one barrier that we are already exploring in

1 that subcommittee that could yield fruit for a finance
2 subcommittee approach.

3 I want to point out a couple of other
4 opportunities as well. Looking at other barriers to
5 innovative finance is a huge opportunity, particularly
6 coming from a goods movement and supply chain point of
7 view.

8 There are multiple objectives that we are
9 trying to achieve in putting infrastructure in place,
10 frequently, from a supply chain point of view. A
11 better perspective on how that advantages our
12 particular city payors, for example, who are involved
13 in infrastructure development, sometimes in very far
14 distant places. More coordination regionally is
15 another area.

16 There are a real patchwork quilt of laws that
17 both prohibit, encourage, or otherwise impact on
18 innovative finance from state to state and those
19 barriers are -- that legal structure that is a barrier
20 is a really huge difficult area that needs to be
21 explored or at least called attention to, which I agree
22 we could do because there is no cross-state effort
23 going on, practically. I mean, there is one down in
24 Virginia that is kind of interesting that sprang up in
25 the fall, where the state of Virginia put out model

1 legislation that they are hoping other states will
2 implement.

3 Obviously, if you have got an infrastructure
4 project that spans several states and you have got
5 completely different legal structures in those states,
6 you have got a very challenging situation. So I think
7 the finance -- to sum it up, I think the Finance
8 Committee could work on this question of at least
9 identifying and helping to call out the barriers and
10 possible solutions to it.

11 One possible solution that, again, needs
12 support and interest was actually put into the FAST
13 Act, a very small little tiny section of the FAST Act
14 authorized federal expenditure for regional
15 accelerators for innovative finance. It was
16 authorized, but not funded. So it is up to the
17 Appropriations Committee to act on funding this over
18 the next five years and help. Again, that would be to
19 focus on regional coordination to achieve a smoother
20 regulatory landscape that would help aid innovative
21 finance across regions.

22 This is something that is very worthwhile, and
23 looked at from the supply chain point of view, I think
24 we can help weigh in on that. Anyway, those are my
25 thoughts about things that this committee could do and

1 the worthwhileness of keeping a committee that would
2 work in that direction.

3 MR. FISHER: As a committee member, I think
4 all of those are very worthy ideas. So I would second
5 your direction.

6 CHAIRMAN BLASGEN: Great. Good. Any other
7 feedback on that?

8 MR. SCHENK: I am not on the Finance
9 Committee. It sounds like a good suggestion. I was
10 going to throw one other potential idea out there for
11 consideration and it's really with respect to border
12 facilitation into the U.S.

13 DHS has a user fee advisory group looking at
14 user fees right now. I don't know that there is an
15 explicit order, but there certainly seems to be
16 implicit guidelines that any services or changes have
17 to be supported by user fees.

18 Some of the groups that are here, I'm sure,
19 have opinions, strong one way or the other. It is not
20 my intent here other than to throw that out there.

21 Also related to that is the merchandise
22 processing fee, which my personal opinion is that it
23 seems to be considered a birthright right now that it
24 should just be continued on and adding, changing,
25 whatever -- actually, TPP requires that some changes to

1 the MPF -- I won't get into that one, but the question
2 I would have for the group is whether this would be
3 something worthwhile to look at related to facilitation
4 because really the origin of merchandise processing fee
5 goes back to really the ACE system and systems funding
6 which should be done this year. Again, it's got a high
7 cost related to this supply chain on many fronts.

8 I am not a part of the committee. I just
9 wanted to throw it as an idea. I don't know if it's
10 going to get legs in here or not, but it is an issue
11 that does affect the supply chain.

12 Thank you.

13 CHAIRMAN BLASGEN: Good point.

14 MR. GRENZEBACK: Leslie had a good list. I
15 would think that in order -- so that we don't simply
16 recreate the process we went through last time, that
17 the committee ought to think about targeting several
18 specific supply chain investment funding problems. You
19 know, whether it is port facilities, or across border,
20 or something else. I think what we did last time was
21 we made a good inventory of all of the particular --
22 all of the funding, and all of the distribution
23 mechanisms out there. We sort of whittled that down to
24 the ones that seemed to be the most rational and the
25 most equitable and had legs under them. Then you wind

1 up with a half of dozen particularly interesting
2 projects and you sort of go back -- you suddenly begin
3 to sound like a Congressional debate where everybody is
4 going around in circles because I have a strategic
5 theory, but no where to land and nobody to agree with
6 it.

7 I don't think you want to replicate that the
8 second time around. I think picking out some very
9 specific problems and saying it is a high priority for
10 supply chain productivity. It's a bottleneck,
11 particularly, there is no funding or no financing and
12 picking two or three of those and seeing if you can't
13 come up with something more creative would be the next
14 generation, next step on that. Otherwise, we are going
15 to wind up sort of saying, you know, fuel taxes or
16 harbor maintenance taxes, or blah, blah, blah, blah,
17 blah, or you know. They are all viable, but those
18 arguments are going on without any resolution because
19 nobody is pinning down a specific variation to fix a
20 specific problem.

21 MR. LONG: I think that is very strong because
22 the fairly generic recommendations have been made many
23 times and however sound they are, they are nothing that
24 is going to get real attention. In a resource scarce
25 world where we are looking for attention from the top,

1 I think something with impact and some innovation to it
2 would be time well spent.

3 CHAIRMAN BLASGEN: Other feedback or input on
4 Leslie's thoughts -- and the others on the Finance
5 Committee?

6 [No response.]

7 CHAIRMAN BLASGEN: Leslie, you mentioned maybe
8 it should be renamed? It is more about funding I
9 suppose.

10 MS. BLAKEY: Yeah, I think that there are two
11 different issues. There is public funding and there is
12 finance that incorporates policy areas of federal
13 possibly funding, but also other policy objectives.

14 CHAIRMAN BLASGEN: Right.

15 MS. BLAKEY: So we can call it innovative
16 funding and finance. We could call it funding and
17 finance with innovation.

18 [Laughter.]

19 MS. BLAKEY: There is different ways to
20 probably impose a little bit different perspective, but
21 I think that just calling it financing -- we would
22 probably keep calling it financing in shorthand, but
23 maybe as an official name.

24 CHAIRMAN BLASGEN: But the consensus is there
25 is enough there to keep some focus on that particular

1 area.

2 MS. BLAKEY: I think so.

3 CHAIRMAN BLASGEN: Okay. We will do that.

4 MR. LONG: Do we have concurring ideas yet for
5 some of the -- Lance, what you are saying about
6 specific barriers or problems, do you have a couple in
7 mind for that?

8 MR. GRENZEBACK: I can barely hear you down at
9 this end of the world.

10 MR. LONG: I'm sorry. After all of this time
11 saying get in the microphone. I fail here, so good
12 work.

13 [Laughter.]

14 MR. LONG: No, you mentioned the idea of
15 focusing it around particular concrete barriers or
16 obstacles we have seen. Do you have a couple in mind
17 at this point?

18 MR. GRENZEBACK: No, I haven't done my
19 homework, but if you listen to the discussions, we have
20 focused on Single Window. Are there particular
21 barriers to expanding that program? I mean, it may not
22 be a big macro funding issue, but if it is as
23 critically important to trade as we think it is here,
24 how is it funded? How do you expand it? Are there
25 ways of doing that?

1 Rick and Joe on the port side listed out a
2 whole series of areas to expand. If you will begin to
3 point on to one or two of those and spend a little bit
4 of time in saying, is it purely an institutional or
5 regulatory issue, or is it in fact there is no money
6 either to pilot work, or improve the gates, or install
7 equipment?

8 We have got some targets out there. Trace
9 them down and find out why they are not being
10 implemented or if the wheels could be greased by
11 funding or better financing strategies. I think there
12 is where the creative ability to say, well, we know the
13 target. Now how can we apply the tools would be
14 helpful.

15 Now having said that, I haven't done the
16 homework to look through that list, but that's the
17 approach I would take. I mean, we have been looking at
18 the other end of the telescope. We have been saying,
19 here is a whole nice toolbox of potential funding and
20 financing mechanisms. Aren't they wonderful, but we
21 don't know where to apply them.

22 Now we have got a set of areas that we have
23 identified where we say there are problems, so let's
24 turn it around and take a look at a couple of them. I
25 would probably ask the committee -- probably get a wish

1 list of things down there and sort of see which ones
2 are perceived as the highest, most painful ones and see
3 if they have solutions. If not, you move on to the
4 next one very quickly.

5 MS. BLAKEY: One -- you mentioned when you
6 first spoke, border infrastructure. Even if it came
7 down to something as straightforward as recommending
8 that we invest more in innovative pilot projects to
9 test out border facilitation, that might be in and of
10 itself worthwhile.

11 I think that the point here is to look at a
12 spectrum of finance approaches, not just taking money
13 out of the federal general fund and sticking it on a
14 problem -- looking at where there are sweet spots for
15 innovation and private as well as other kinds of
16 capital investment.

17 CHAIRMAN BLASGEN: And more strategic. Okay.
18 Alright. Very good.

19 MR. LONG: Let me interrupt that discussion
20 for a moment. It is a pleasure to introduce -- I think
21 you have met him before, my boss, Ted Dean, the Deputy
22 Assistant Secretary for Services.

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1 **RECOGNITION OF THE SERVICE OF DAVID LONG**
2 **Ted Dean, Deputy Assistant Secretary for Services**
3 **U.S. Department of Commerce**
4

5 MR. DEAN: Thanks, David, and thanks all of
6 you for spending time here in Washington. I hope your
7 travel plans have you leaving today and not tomorrow,
8 and that you are safely out by the time D.C. tries to
9 deal with snow. If some of you are from northern parts
10 of the United States, you would be shocked how poorly
11 we manage it.

12 My commute on three-quarters of an inch of
13 snow last night was 3.5 hours for 8.7 miles. So
14 welcome to Washington. I hope you are all leaving.

15 I don't want to disrupt the flow of your
16 meeting, but I know as David shared with you this
17 morning, this will be his last meeting as he moves on
18 from government service. So I just wanted to take a
19 moment to recognize his service at Commerce. I thought
20 it was really appropriate to do so before this group
21 because he was such a great advocate for its creation
22 and steward over it for the last three years, as it is
23 in its second charter here since its creation.

24 Your work has had a really meaningful impact
25 here at the Department and the government more broadly.

1 You heard that from our Deputy Secretary yesterday.
2 All through our building, as we think about supply
3 chain issues, as we think about Single Window, the
4 Secretary is gearing up for a port visit in the not to
5 distant future. As we think about issues around ports,
6 we have been thinking about input from all of you.

7 Your work has had an impact because it has
8 been really good work, but it has also had an impact
9 because at every turn David has been advocating on your
10 behalf for the good work that is being done here and
11 making sure that it is being recognized by
12 decisionmakers in this building who are thinking
13 through policy questions on which you all have an
14 interest and it is why you are spending time here.
15 Whether that be on ports as I talked about, or working
16 together on the west coast port saga that I happily was
17 in government for, whether it is looking at supply
18 chain issues generally, whether it is looking at
19 aviation services issues, whether it is looking the
20 whole host of supply chain issues that you are looking
21 at, whether it is looking at Single Window and its
22 implementation, David has had a really important impact
23 in this building. He has the respect of a great many
24 people in this building, and his team here too and
25 also, like I said, been the channel and the advocate

1 for all of the great work that you all are doing.

2 So I just wanted to take a moment out of what
3 I know is another packed agenda to, again, recognize
4 his service here. I am a newbie in government and have
5 only been here for a couple of years and it has been a
6 great pleasure working together and great to work with
7 somebody who is as familiar with this building and is
8 familiar with -- and this committee is a great example
9 -- of how do you standup within government something
10 which doesn't always happen effectively, which is an
11 interface with the private sector.

12 So we at Commerce who are theoretically
13 charged with representing your interests in the federal
14 government, don't always do a great job of listening,
15 don't always do a great job of convening to make sure
16 we are actually getting actionable input, and I think
17 it is a tribute to David's work here that this
18 committee exists, that your work is having as much of
19 an impact as it has.

20 If there is only one reason -- some little
21 element of happy that he maybe moving on to something
22 new, it is that as we have a year left on Single
23 Window, if there is any deadline we miss, if there is
24 anything that doesn't quite come together by the end of
25 the year, you know, it is always good to have a

1 scapegoat that just left.

2 [Laughter.]

3 MR. DEAN: I am very grateful -- no. We will
4 make sure that is one more thing that keeps our
5 attention on that too and in many turns of that process
6 which is, obviously, a huge cross-government
7 undertaking. As many of you know and have worked with
8 him with CBP across government, other folks here, David
9 has significantly reduced the risk that we will have to
10 make you a scapegoat later.

11 [Laughter.]

12 MR. DEAN: Please just join me in thanking
13 David and recognizing his service here.

14 [Applause.]

15 MR. LONG: Well, thank you. The only thing I
16 would want to add is even before they knew I was
17 leaving, CBP had also mentioned the scapegoat
18 possibility.

19 [Laughter.]

20 MR. LONG: Thank you all.

21 MR. DEAN: Thank you again, David. Another
22 great thing that David has done is built up a really
23 great team. So I just want to also assure you our
24 continued focus in the issues that are important to you
25 and also to this committee.

1 MR. LONG: Thank you so much.

2 CHAIRMAN BLASGEN: Well, terrific. One last
3 topic I wanted to get to is our April meeting. It is
4 April 20 and 21 at the Ricky Kunz Kingdom.

5 [Laughter.]

6 CHAIRMAN BLASGEN: Ricky, do you want to give
7 folks a little overview.

8 MR. KUNZ: Here is what we are thinking about.

9 CHAIRMAN BLASGEN: Get the microphone there if
10 you could.

11 MR. KUNZ: This is what we are thinking about,
12 but it is subject to the lawyers -- to be announced.

13 Everyone would arrive at our facilities if you
14 are able at about 3:00 on -- I guess it is a Wednesday,
15 April the 20th. We would travel by bus out to an area
16 east of town, which is know as San Jacinto -- ot is an
17 old battleground -- where we would board the tour boat
18 that the port owns. It is the M/V Sam Houston -- for
19 about a 2.5, 3 hour ride. Hopefully we will be able to
20 serve you dinner onboard.

21 You can troll if you want, but I would not
22 suggest eating the fish from the ship channel.

23 [Laughter.]

24 MR. KUNZ: Even though we are very green and
25 clean. You never know.

1 Anyway, the purpose of that would be to see
2 specifically one of our container facilities which is
3 Barbours Cut. That was opened in the late 70s, was
4 finished in the early 1990s, and now is being
5 rehabilitated in order to handle those larger vessels
6 that we are getting.

7 Basically what I would like to just show you
8 is the difference in what was being built in the 70s
9 and what is being built today in order to accommodate
10 these large ships, which we are all talking about,
11 which is creating a lot of the problems that we are
12 discussing. So it really tells an interesting story.

13 So that would be day 1. Day 2, based upon
14 what time we want to start -- I would assume somewhere
15 around 8:30, but we would all gather at the -- it is
16 the executive offices which are on the ship channel
17 about 6 or 7 miles as the crow flies from downtown
18 Houston and begin our meeting there. We would be
19 meeting in the boardroom at the executive offices all
20 day, which is on the ship channel. So not only are we
21 having a meeting, but you are able to look out the
22 windows there to watch the activity on the break bulk
23 side of our business.

24 So we hope that this all works out. We are
25 looking forward to having all of you. I think -- I am

1 going to ask the Department of Commerce if they have
2 some sort of agreement with hotels, if we want to do a
3 block room. I mean, you have the option of flying
4 Southwest or other smaller airlines into Hobby Airport
5 which is very close to our offices, or you have the
6 option of United, or American, or whomever into Bush
7 Intercontinental which is about 1 hour, 1 hour 15
8 minutes away from our facilities.

9 My suggestion to you all, if you choose, is to
10 stay downtown. It is a wonderful area. It has been
11 built up on numerous sporting events, lots of hotels,
12 bars, restaurants, et cetera, et cetera, and it is only
13 about a 15 minute ride from our offices.

14 That is it. We look forward to having you.

15 CHAIRMAN BLASGEN: Are there any questions for
16 Ricky that anyone needs clarity on?

17 [No response.]

18 CHAIRMAN BLASGEN: We will publish the agenda,
19 but agree to start at --

20 MR. KUNZ: I did think of a couple of other
21 things. I can guarantee you there will be no snow --

22 [Laughter.]

23 MR. KUNZ: -- on April the 20th. If there is,
24 something is going on. I can't guarantee you no rain
25 or that type of thing, but if you are a golfer, it is a

1 wonderful time. It is cool that time of year. It is
2 not so humid yet. The big mosquitos that want to take
3 you back to the next to eat you have not arrived yet.

4 [Laughter.]

5 MR. KUNZ: So it is a good time of the year to
6 be there.

7 CHAIRMAN BLASGEN: Terrific. Any other
8 questions for that trip?

9 [No response.]

10 CHAIRMAN BLASGEN: We will get an agenda out,
11 some suggested hotels and so on related to that.

12 Are there any other topics that we need to
13 talk about?

14 [No response.]

15 CHAIRMAN BLASGEN: Regarding committees, I
16 know John -- there you are. We were just kicking one
17 of his ideas back here a little bit ago, how about a
18 subcommittee on what 2030 might look like from a supply
19 chain perspective. You know, think of autonomous
20 vehicles, 3D printing. Who knows what kinds of
21 companies are going to be shipping things.

22 MR. LONG: General tech.

23 CHAIRMAN BLASGEN: What was that?

24 MR. LONG: General tech.

25 CHAIRMAN BLASGEN: Yeah, general technology.

1 What types of things will we be thinking about 10, 15
2 years down the road from a supply chain perspective.
3 So thanks for that suggestion, and we will think --

4 MR. FISHER: Can we go farther than that? I
5 mean, we also talked about when we started our career
6 2020 was a long way away; right? It is only 4 years
7 away now.

8 MR. WATTLES: We will all be working for the
9 same single large company called Ama-Google.

10 [Laughter.]

11 CHAIRMAN BLASGEN: At least you gave Mark
12 first billing.

13 MR. LONG: We will hold a single share of
14 stock.

15 CHAIRMAN BLASGEN: Yeah, one share of stock
16 worth \$3 million. That would be fine. Anyway.

17 Anything else?

18 [No response.]

19 CHAIRMAN BLASGEN: Well, David, on behalf of a
20 thankful industry and a group here, let us just echo
21 Ted's comments about your ability to help drive this
22 group not only behind the scenes, but in front of the
23 scenes as well. So I am sure it won't be the last we
24 see of you. Hopefully, we might have you back as guest
25 speaker at some point. Although, our fees are pretty

1 low for that sort of thing.

2 MR. LONG: I've noticed.

3 CHAIRMAN BLASGEN: I am sure everyone will
4 have a chance to thank you in their own way, but on
5 behalf of the group, thank you for everything that you
6 have done. Your leadership, as Ted said, your
7 stewardship of this committee -- sometimes it is a
8 little difficult to get this many people, and not
9 everybody here is shy, which is good because it makes a
10 better product and we do a better job -- but you have
11 been able to corral us when needed and focus in the
12 right direction and bring down from the top some of the
13 things we ought to be focusing on. I think the group
14 has done a pretty good job at it, and a lot of it is
15 due to your leadership in that of your team. So thank
16 you very much.

17 MR. LONG: Thank you very much.

18 CHAIRMAN BLASGEN: Good luck to you.

19 MR. LONG: Working with this has been one of
20 the best things I've done in government. It's
21 fantastic. So thank you all. I have learned a ton of
22 stuff from this. I am really into global supply chain
23 dominance.

24 [Laughter.]

25 MR. WATTLES: As Rick said, if you do

1 come back as a guest speaker, we don't pay much, but we
2 can offer a really exciting lunch.

3 [Laughter.]

4 MR. LONG: I've heard about that.

5 MS. BLAKEY: And breakfast.

6 [Laughter.]

7 MR. LONG: I noticed that the coffee is
8 unusually good. You don't see this every day.

9 MALE VOICE: What are the meeting dates for
10 the rest of the year?

11 MR. LONG: Let me send that around. We have
12 got the calendar out --

13 CHAIRMAN BLASGEN: Well, I know it's April 20
14 and 21. June 22 and 23 in this room, I believe, and
15 then October 19 and 20. So April 20/21, June 22/23,
16 and October 19/20.

17 MR. LONG: Is this half day/full day thing
18 still working for everybody?

19 [A chorus of yes.]

20 MR. LONG: Super.

21 MR. JAMIESON: It depends on if we were going
22 to inject a pre-meeting in there somewhere.

23 Let's jump back on the horse real quick. I
24 think in all the discussions that we had with the
25 document this morning and the back and forth and the

1 wordsmithing, I think those -- in my experience -- are
2 perfect pre-meeting opportunities, and that in the past
3 with my experience on COAC, that is where you hash that
4 stuff out.

5 CHAIRMAN BLASGEN: Right.

6 MR. JAMIESON: You bring it up forth here, it
7 has been discussed, it has been looked at, here it is,
8 it's challenged, it's debated, here is the document.

9 CHAIRMAN BLASGEN: Right.

10 MR. JAMIESON: That is just my opinion.

11 MR. LONG: We will talk about that offline.
12 That is a good point. That is part of what we were
13 doing today.

14 CHAIRMAN BLASGEN: Right, and I think
15 [inaudible] a little bit of feedback on how to
16 structure some of that.

17 MR. LONG: Super.

18 CHAIRMAN BLASGEN: Great. Alright, well --

19 MR. LONG: The meeting is over.

20 CHAIRMAN BLASGEN: Without further ado, thank
21 you all very much.

22 [Whereupon, at 2:23 p.m., the meeting was
23 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 (ACSCC), held on Thursday, January 21, 2016, were transcribed as herein appears, and this is the original transcript thereof.

LISA L. DENNIS,
Court Reporter