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State of Texas Border Partnership Working Group Newsletter

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U.S. Secretary of DOT Announces a New Pilot Cross Border Truck Safety Inspection Program

On February 22, 2007 the U.S. DOT Secretary Mary Peters announced a new one-year long pilot program that will allow 100 Mexican trucking firms an opportunity to operate beyond the current 20-25 commercial trade zone along the Southwestern border.

In addition, U.S. trucking firms will also be allowed for the first time to make deliveries into Mexico. The new pilot program is designed to simplify the process for trans-border Mexican trucks to deliver cargo. U.S. Department of Homeland Security Michael Chertoff said that "We are committed to retaining a high level of security and safety U.S. standards under this program."

The U.S. DOT Secretary indicated that the DOT has already put in place a rigorous border safety inspection program to ensure the safe operation of Mexican trucks crossing the

border. The U.S. regulations will require safety audits, and will also require all Mexican truck drivers to hold a valid commercial drivers license, carry proof they are medically fit, and comply with all U.S. hours of service rules, as well as proof of insurance. Approximately 100 U.S. trucking operators will be licensed by Mexico for cross-border operations.

U.S. DOT Secretary Mary Peters told a Congressional panel on Thursday March 8th that DOT expects the pilot program involving allowing trucks from Mexico to U.S. roads will involve fewer than 1,000 trucks.



"Transportation is important for economic development, to grow our economy we need to have a strong working relationship with the State DOT."

**Governor Haley Barbour,
Guest Luncheon Speaker**



The U.S. Army Corps of Engineers (Vicksburg District) provided conference attendees a riverboat tour of various Mississippi River revetment projects near Natchez, MS.

AASHTO/FHWA Freight Partnership II Conference (Natchez, MS)

The AASHTO/FHWA Freight Partnership II conference was held in Natchez, MS on February 14-16, 2007. The Mississippi DOT hosted the event and they did a great job of facilitating approximately 250 representatives and other major stakeholders from across the Nation, including State DOTs, MPO, private freight sectors.

The Freight Partnership II conference included a Mississippi river boat tour of various revetment bank mitigation locations completed by the U.S. Army Corps of Engineers (Vicksburg) near the City of Natchez area. Some of the key notes from the conference include the following:

The FHWA HQ's Office of Freight Management and Operations released a new CD-ROM entitled "Financing Freight Improvements" The CD-ROM includes a freight funding guidebook that provides innovative financial opportunities for freight-related projects as part of the SAFETEA-LU legislation. Senator Trent Lott and Governor Haley Barbour both gave presentations at the conference. Senator Lott

addressed the need to work together cooperatively at all levels, city, state, Federal government in order to improve the freight system which is critical to the future of our country. The State of Mississippi realized that they needed to focus on "jobs, transportation, and education" in order to make progress.

An area of focus this year for Senator Lott is for improved rail capacity need more capacity for both short line and long line rail roads. The Senator is working on proposed legislation to do this as part of the Freight Rail Infrastructure Capacity bill, which provides tax credits and incentives for anyone making qualified investments into new or expanded freight rail capacity.

Although the proposed bill has not yet been introduced yet-the Senator has been working to meet with representatives of the private freight rail industry and other Senators on the Finance Committee in order to garner support for this bill. The Senator indicated that this bill could be "one of the most important things done this year for transportation."

FHWA HQ's and participants refined the *National Freight Policy Framework* and explored freight development training needs for the future during this conference.

Next Talking Freight Webinar (April 18, 2007) From 12:00 N to 1:30 PM (CST)

Next month, as part of the monthly FHWA Talking Freight webinar series, there will be a 1-1/2 hour webinar program on the outcome of the FHWA-AASHTO Freight Partnership Conference Natchez conference on April 18, 2007.

This upcoming April 18th FHWA Talking Freight webinar will be sponsored by the FHWA HQ's Office of Freight Management and Operations (HOFM) and will be made open to anyone having access to an internet-connection and telephone line. More details are expected to follow from the FHWA HQ's Office of Freight

Management and Operations. For additional information on the AASHTO FHWA Freight Partnership II conference, please see the following AASHTO web address the website includes the conference agenda and several PowerPoint presentations given at this conference:

http://freight.transportation.org/freight_forums.html#presentations

Release of U.S. DOT 2006 Conditions and Performance Report

The U.S. DOT 2006 Conditions and Performance report will soon become available in mid-March 2007. However the 39-page executive summary is already currently available on-line. According to this U.S. DOT report, highways serve as a key conduit for freight movement in the United States.

Trucks carried 60 percent of total freight shipments by weight and 70 percent by value (not including shipments moved by truck in combination with another mode). For additional information on the U.S. DOT 2006 Conditions and Performance website please see:
<http://www.fhwa.dot.gov/policy/2006cpr/>

The 2006 C&P Report indicates:

"Trucks are playing an increasingly important role as businesses turn to just-in-time delivery systems to minimize logistics costs. Freight tonnage is forecast to increase by 70 percent between 1998 and 2020, and trucking is expected to account for the majority of the projected increase.

Highway congestion affects motorists, freight carriers, and freight shippers. Shippers are affected through an increase in logistics costs made up of transportation costs, inventory costs, and order costs (involving the size and frequency of an order of goods). Slower and more unreliable transportation increases transportation costs directly, but also increases order costs and inventory costs."

Innovative Financing Tools

“The 2006 C&P Report defines “Innovative Finance” broadly, reflecting a wide array of techniques designed to supplement traditional financing mechanisms, including credit assistance, innovative financing, and public private partnerships.”

While the traditional financing mechanisms discussed in Chapter 6 of the 2006 C&P provide most of the funding that supports surface transportation, innovative financing mechanisms are playing an increasingly important role. The 2006 C&P report defines “Innovative Finance” broadly, reflecting a wide array of techniques designed to supplement traditional financing mechanisms, including credit assistance, innovative debt financing and public-private partnerships.

The **Transportation Infrastructure and Finance Innovation Act (TIFIA)** program is administered by the DOT and offers eligible applicants the opportunity to compete for secured (direct) loans, loan guarantees, and standby lines of credit for up to one-third of the cost of construction for nationally and regionally significant projects, provided that the borrower has an associated revenue stream, such as tolls or local sales taxes, that can be used to repay the debt issued for the project. Since the program's inception in 1999 through July of 2006, TIFIA has provided almost \$3.2 billion in credit assistance to projects representing more than \$13.2 billion in infrastructure investment.

The **State Infrastructure Bank (SIB) Pilot Program** provides increased financial flexibility for infrastructure projects by offering direct loans and loan guarantees. SIBs are capitalized with Federal and State funds. Each SIB operates as a revolving fund and can finance a wide variety of surface transportation projects. As loans are repaid, additional funds become available to new loan applicants.

As of June 2005, \$5.1 billion in SIB loan agreements had been made by 33 States, of which \$3.7 billion had been disbursed for 457 loan agreements. SIB loans are being used to fund both highway and transit projects; 21 States have signed SIB cooperative agreements with the FTA and eight have executed at least one public transit loan.

States are increasingly looking to the private sector as another potential source of highway and transit funding, either in addition to or in concert with new credit and financing tools. The private sector often has expertise that may not be readily available in the public sector that can bring innovation and efficiency to many projects.

A variety of institutional models are being used including (1) concessions for the long-term operation and maintenance of individual facilities or entire highway systems; (2) purely private sector highway design, construction, financing, and operation; and (3) Public-Private Partnerships (PPPs) in designing, constructing, and operating major new highway systems.

Options for PPPs stretch across a spectrum of increased private sector responsibilities and range from transferring tasks normally done in-house to the private sector, to combining typically separate services into a single procurement or having private sector partners assume owner-like roles.

New Public-Private-Partnership Website

The FHWA HQ's has a number of initiatives underway to help remove barriers to greater private sector involvement in highway construction, operation, and maintenance.

These FHWA initiatives include workshops to provide States with resources to overcome barriers to PPP implementation; development of model legislation for

States to use in drafting new or more flexible State laws and regulations; the development and launch of the PPP Web site, <http://www.fhwa.dot.gov/ppp>, which contains links to many PPP resources, both domestic and international; and case studies of how

individual State DOTs and local units of governmental organizations have worked in order to overcome institutional barriers to PPP implementation.



Larry L. "Butch" Brown Sr, MDOT executive director giving a historical perspective to the Mississippi River transportation and trade route as it developed from the 1800's to present day. This photo was taken during U.S. Army COE Mississippi River tour in Natchez, MS during the Freight Partnership II conference.

Hidalgo MPO Border to Border Conference

The Hidalgo County MPO is hosting the 2007 Border-to-Border Transportation Conference from **April 17 to 19, 2007**. This 3-day border conference will address transportation issues affecting the United States regions bordering Mexico and Canada.

The general public, transportation planners, MPO professionals, and local stakeholders are invited to attend. The conference will be a 3 day event with speakers from around the country. There

will be attendees from Canada, the United States, and Mexico. The conference will take place in [McAllen, TX](http://www.lrgvdc.org/mpo-conference/), located along the Texas-Mexico border in one of the fastest growing metropolitan areas in the country. See the following MPO website for additional information:
<http://www.lrgvdc.org/mpo-conference/>

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www.fhwa.dot.gov

New Release- Freight Facts and Figures (2006)

The newly released FHWA HQ's "**Freight Facts and Figures 2006**" document is a snapshot of the volume and value of freight flows in the United States, the physical network over which freight moves, the economic conditions that generate freight

movements, the industry that carries freight, and the safety, energy, and environmental consequences of freight transportation. This snapshot helps planners, decision-makers, and the public understand the magnitude and importance of freight

transportation in the global economy. For additional information, please see the FHWA HQ's Office of Freight Management and Operations website at:

http://www.ops.fhwa.dot.gov/freight/freight_analysis/nat_freight_stats/docs/06factsfigures

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