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# **Appendix A**

## *Public Policy Profile*



# 1.0 Introduction

Public policies – whether Federal, state, or local – can significantly impact demand on the Kansas freight transportation system, as well as the way that the system is planned for, operated, and invested in. Whether it be the changing Federal role in freight planning and infrastructure finance, the renewed emphasis on multistate collaborations, or Kansas’ own truck oversize and overweight permitting policies and processes, public policy influences many of the planning decisions that are faced by Kansas Department of Transportation (KDOT). Developing a better understanding of the national, statewide, and metropolitan policies that may impact demand and operations on the Kansas freight system will be critical in helping KDOT make more informed public policy and investment decisions.

This technical memorandum identifies and describes the most critical national and state-wide public policy issues influencing the Kansas freight system, both now and in the future. The issues discussed here have been drawn from a variety of sources, including current and proposed Federal transportation legislation, KDOT’s most recent Long-Range Transportation Plan (LRTP), the ongoing Transportation – Leveraging Investments in Kansas (T-LINK) development process, and interviews conducted with key freight stakeholders from across the State.



## 2.0 National Freight Legislation and Policies

The role of the Federal government in the planning and financing of freight projects is currently undergoing much debate and transformation. Traditionally, the Federal government has been fairly removed from freight planning discussions, choosing instead to let state and local governments and the private-sector freight community plan for, manage, and implement freight improvements. However, there is growing sentiment that the multistate and cross-jurisdictional nature of freight movements requires a strong Federal presence – and potentially a dedicated funding source – in order to effectively manage freight movements in a way that is beneficial to multiple stakeholders and to the nation’s economy and global competitiveness.

### 2.1 Recent National Developments and Actions

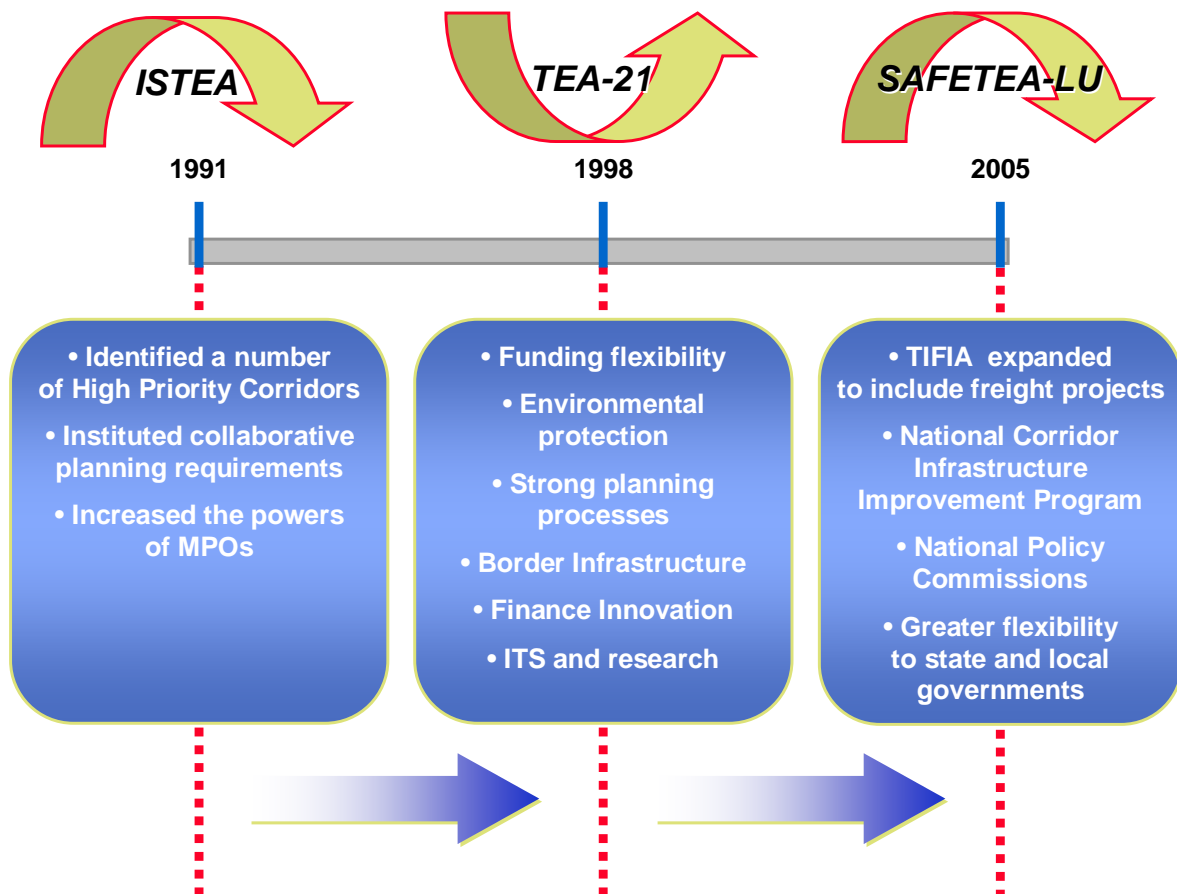
#### *Federal Reauthorization Cycles*

The Federal government’s role in transportation has been evolving over the last two decades with revisions and reauthorizations of Federal transportation legislation. As shown in Figure 2.1, there have been three major Federal surface transportation acts since 1991, authorizing programs across all modes of surface transportation and setting national transportation priorities.

1. The **Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA)** identified a number of High Priority Corridors on the National Highway System that were then eligible for additional funding for improvements, instituted collaborative planning requirements, and increased the powers of metropolitan planning organizations (MPOs).
2. The **Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21)** followed in 1998 and continued its focus on funding flexibility, environmental protection, and strong planning processes. TEA-21 also introduced new programs targeting special areas of national interest, such as Border Infrastructure, Transportation Infrastructure Finance and Innovation, and Access to Jobs. Investments in research and its application to improve transportation system performance and deployment of Intelligent Transportation Systems (ITS) technologies to improve operations and management of transportation systems.
3. The **Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)**, which followed TEA-21 in 2005, is the most recent Federal

transportation legislation and included guaranteed funding of \$244.1 billion, making it the largest surface transportation investment in the nation's history. The SAFETEA-LU made significant changes to the national transportation program, but maintained many of the key priorities of previous transportation bills, such as focusing on transportation issues of national significance and vesting state and local governments with greater flexibility to solve transportation issues in their communities.

Figure 2.1 Federal Surface Transportation Acts Since 1991  
*Impacts on Freight Planning*



Source: Cambridge Systematics, Inc.

### ***National Commissions***

In what perhaps signaled the beginning of a paradigm shift in Federal involvement in freight planning, the National Surface Transportation Policy and Revenue Study Commission was created by Section 1909 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This Commission was created because, as declared by the U.S. Congress, "it is in the national interest to preserve and enhance the surface transportation system to meet the needs of the United States for

the 21<sup>st</sup> century.”<sup>1</sup> Throughout 2006 and 2007, the Commission met with transportation experts and concerned citizens from across the country. The Commission’s final recommendations, published in December of 2007, recommended that Federal surface transportation investment be focused into 10 program areas, including one dedicated to freight transportation. In addition, the Commission supported the creation and funding of a national freight transportation program that could be used to implement highway, rail, and other improvements to alleviate freight bottlenecks. Other national organizations, including the American Association of State Highway and Transportation Officials (AASHTO) and the American Road and Transportation Builders Association (ARTBA), have released similarly strong policy statements regarding their desired direction for freight transportation planning and policy. The findings of the Commission, along with recommendations from stakeholder groups, will be taken into account in the 2009 surface transportation reauthorization bill that will follow SAFETEA-LU, which expires on September 30, 2009.

### ***Railroad Safety Legislation***

One other piece of Federal legislation of great importance to Kansas is HR2095 - Railroad Safety Enhancement Act of 2008. HR 2095 was passed by the U.S. House of Representatives in September 2008, by the U.S. Senate in October of 2008, and signed into law by the President in November 2008. This legislation contains certain clauses that are especially important to Kansas freight or passenger rail planning goals:

1. HR 2095 reauthorizes the Federal railroad safety program for a total of \$1.318 billion over the next five years, starting with \$225 million in 2009, and growing to \$293 million in 2013.
2. It also provides an authorization of \$13.06 billion over five years for Amtrak and other intercity rail. This includes over \$9 billion for Amtrak capital, operations, and debt reduction. (Although Amtrak’s yearly appropriations will be determined later in spending bills, the authorization allows Amtrak to make long-range capital-improvement plans.)
3. HR 2095 authorizes \$1.9 billion for state capital grants for intercity passenger rail, and \$1.5 billion for high-speed routes to be awarded by U.S. DOT on a competitive basis. The bill also requires railroads to equip trains with positive train control by 2015 to help avoid crashes.

## **2.2 Emerging Freight Policy Challenges**

The nation’s freight transportation system faces four major challenges if it is to keep pace with economic growth, keep overall user costs reasonable, increase productivity, and contribute positively to national energy and climate goals: 1) maintaining capacity and

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<sup>1</sup> [www.transportationfortomorrow.org](http://www.transportationfortomorrow.org).

connectivity, 2) improving metropolitan freight mobility, 3) ensuring funding diversity, and 4) addressing environmental uncertainty. While these are concerns at the national level, they are of great importance to Kansas because new Federal funding sources and programs are likely to be directed towards dealing with these issues. By beginning to address these challenges, Kansas can make important improvements in the State's transportation system and position itself to benefit from future Federal programs.

A number of national organizations have issued recommendations regarding freight transportation funding and priorities. The National Surface Transportation Policy and Revenue Study Commission, the American Association of State Highway and Transportation Officials (AASHTO), the Coalition for America's Gateway and Trade Corridors, the U.S. Government Accountability Office, the National Surface Transportation Infrastructure Financing Commission, and the American Road and Transportation Builders Association (ARTBA) have all recognized the importance of reliable and efficient freight transportation to the national economy. Key recommendations of these organizations focus on the maintenance and improvement of the existing freight transportation system by:

1. Directing more Federal funding towards freight projects and developing policy tools to encourage private investment in freight infrastructure, including public-private partnerships;
2. Reducing the environmental impact of transportation;
3. Increasing multistate cooperation so that funds can be directed towards the most critical bottlenecks; and
4. Implementing freight user fees to help pay for system improvements.

For a more thorough discussion of the recommendations made by these organizations, refer to Appendix A. The following sections provide an overview of some of the key challenges facing policy-makers:

1. Maintaining National Freight Transportation Capacity and Connectivity;
2. Improving Metropolitan Freight mobility;
3. Increasing the Availability of Funding for Freight Projects; and
4. Increasing Energy Security and Reducing the Environmental Impact of Transportation.

Any national freight policy discussion will most likely address these key issues and programs that deal with these challenges that are likely to be part of the next surface transportation act reauthorization.

### ***Maintaining National Freight Transportation Capacity and Connectivity***

Demand for freight transportation is straining the capacity and performance of the nation's freight transportation system. The resulting congestion is undermining the reliability and connectivity of freight movements, which are essential to the nation's economic wellbeing. The Interstate Highway System and the nation's transcontinental railroad lines link producers and consumers across the United States, providing the access to the resources, labor, and markets that are essential to economic activity and development. The national connectivity provided by the Interstate Highway System is just as important today as it was in the 1950s and 1960s when Congress debated and authorized the Interstate program. And given emerging concerns about energy security and climate change, the national connectivity provided by the transcontinental railroad system is arguably as important today as it was in the 1860s.

But the connectivity of the nation's highway and rail systems – the ability to move freight quickly, cost effectively, and reliably from region to region and across the country – has not kept pace with population and economic growth. Large areas of the country are underserved by the highway and rail freight transportation system, which is hampered by congestion, deteriorating infrastructure, and missing links. The next 50 years will see the U.S. population increase by another 150 million people. Much of this growth will concentrate in the nation's major cities, which are increasingly functioning as the centers of economic megaregions. Congested, deteriorating, and incomplete freight transportation networks will not meet this need, nor will they provide the access needed to rural communities, agricultural lands, and energy resources.

### ***Improving Metropolitan Freight Mobility***

The cost of picking up and delivering freight is being driven up by congestion and unreliable travel times in urban areas. In the top 70 urbanized areas alone, the cost of congestion to businesses and households is estimated by the U.S. Department of Transportation (DOT) to be \$168 billion a year. The expansion of metropolitan areas – with their edge cities and exurban sprawl where much of urban congestion occurs – poses a complex challenge for urban transportation. Community, environmental, and transportation needs require a balance of modes, transportation system management schemes, and land use planning to support economic growth while maintaining an attractive quality of life.

It is important to remember that, in the mix of urban transportation modes, goods movement by truck is as critical as commuter and personal travel by car and transit. Local distribution and pick-up-and-delivery operations are the link between long-distance global, national, and regional freight moves and local distribution to producers and consumers within metropolitan areas. The metropolitan highways and state and local roads that connect distribution centers, factories, businesses, and retail stores must be maintained and operated for urban goods movement, as well as for personal automobile trips. Equally important is ensuring long-distance freight movement through cities, which are nodes on the national highway and rail networks. Most metropolitan areas are hard pressed today

to serve both the movement of people and the movement of metropolitan and intercity freight.

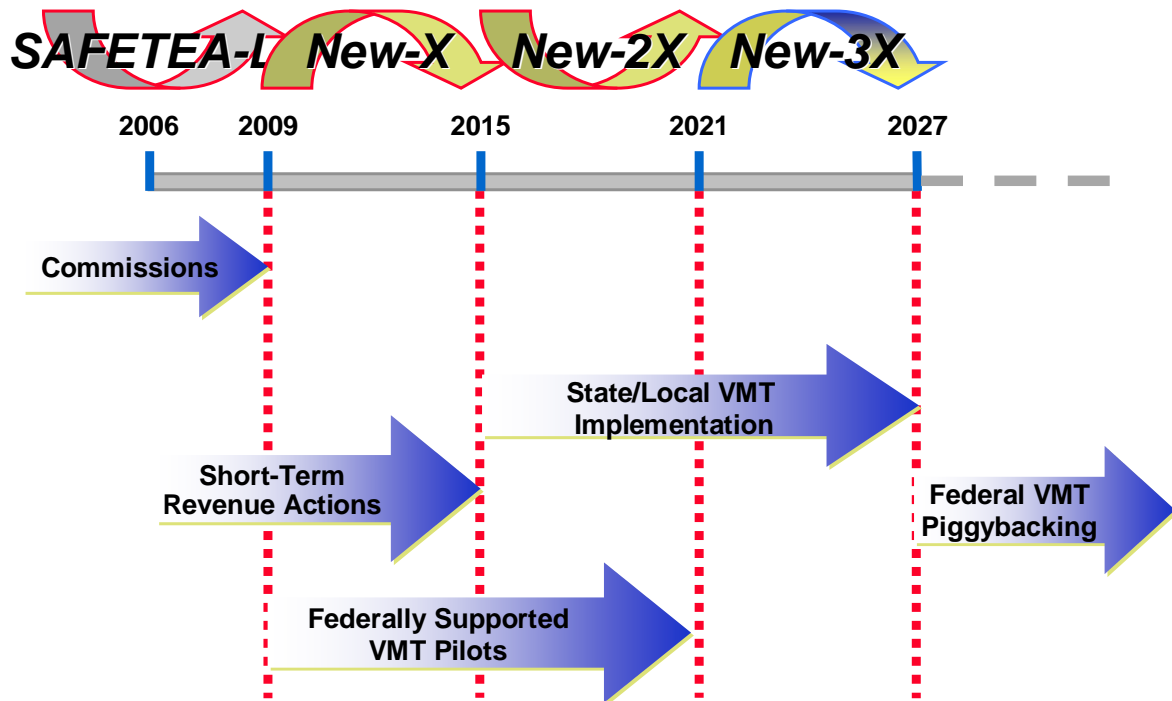
### *Increasing the Availability of Funding Sources for Freight Projects*

There is growing awareness of the lack of diversity of funding sources for freight projects, in particular those that are multimodal in nature. For example, highway agencies, much of the trucking industry, and portions of the construction industry are opposed to opening the Highway Trust Fund for investments in nonhighway projects; fearing that this will aggravate the short-fall in investments in highways. This continues to be an obstacle to a major national funding program for rail, intermodal centers, or any other multimodal freight planning efforts.

Though SAFETEA-LU did include some new provisions for freight, including expanding the Transportation Infrastructure Finance and Innovation Act (TIFIA) loans to allow funding of freight projects, and the creation of the National Corridor Infrastructure Improvement Program, most of these funds were fully earmarked. There are still very few Federal funding sources available for state or regional agencies to apply to fund freight projects.

In addition, the timeline for transition into new funding programs (whether freight-specific or not) could be lengthy. For example, one discussion that has been occurring since SAFETEA-LU is the possibility of replacing the gas tax (which is currently one of the main sources of transportation funding in this country) with different revenue sources, including a vehicle miles traveled (VMT)-based tax. As shown in Figure 2.2, putting in place a new policy or program (such as the VMT-based tax) to replace the gas tax and sustain the nation's transportation systems could take decades, as well as three separate transportation authorization cycles (shown as New-X, New 2-X, and New 3-X). This same timeline might well apply to the development of a freight-specific funding source that arises out of the next transportation reauthorization.

Figure 2.2 Timeline for Transition to New Funding Arrangements



Source: Cambridge Systematics, Inc., U.S. Chamber of Commerce/National Chamber Foundation, *Future Highway and Public Transportation Finance*.

### ***Increasing Energy Security and Reducing the Environmental Impact of Transportation***

There is growing awareness that global issues – including climate change and energy availability – may have a considerable impact on the freight transportation industry. Recent fluctuations in the price of fuel have heightened concerns about energy security and the nation’s dependence on foreign oil, while highlighting the connection between the cost of freight transportation, the viability of business, and the cost of living. Increasing uncertainty about climate change and environmental adaptation, as well as growing public awareness of environmental issues, is focusing attention on greenhouse gas (GHG) emissions from all sources, including the transportation sector.

Transportation accounts for over 95 percent of the nation’s consumption of petroleum and 28 percent of all U.S. GHG emissions.<sup>2</sup> Freight transportation accounts for about 27 percent of the total transportation-related GHG emissions. Both freight transportation energy use and GHG emissions are increasing, partially because of growing freight volumes and freight movements, and partially because energy efficiency improvements in the freight sector have not kept pace with growth in demand. However, it is possible that growing public concern about energy security and climate change will force changes in the

<sup>2</sup> U.S. Environmental Protection Agency, *Inventory of U.S. Greenhouse Gas Emissions and Sinks*.

freight transportation industry, including new regulations that focus on petroleum consumption, emissions criteria, or other energy use.

These factors affect the long-range planning process by introducing variables that are largely out of the scope of any state or regional agency to control. For national policy-makers, this will mean balancing freight transportation policies, programs, and regulations to address energy use; and climate change with actions to address freight transportation capacity, connectivity, and productivity.

### **2.3 Innovative Responses to New Transportation Challenges**

Although these challenges, if left unaddressed, will impact the efficiency, safety, and continued economic prosperity of the nation, they are not insurmountable. Currently, many national transportation agencies are focused on addressing these issues, yielding a variety of responses (summarized in Appendix A) that call for a coordinated and forceful Federal response to looming freight transportation problems. Several prominent transportation commissions, including the National Surface Transportation Policy and Revenue Study Commission, have likewise issued strong statements linking national economic vitality to efficient freight transportation; and have helped to build a strong case for Federal freight planning during the next transportation reauthorization process.

At the state level, there are a growing number of examples that show how innovative funding and political arrangements can be used to address these national-level freight issues. Some projects, such as Reno, Nevada's ReTRAC project (a case study of which is presented below), could offer guidance to KDOT to expand its involvement in Public Private Partnerships (PPP) beyond its current involvement in the Rail Service Improvement Fund. Another strategy that has proven successful in various regions is the formation of multistate coalitions to deal with regional transportation issues. KDOT could benefit by looking to successful multistate coalitions – such as the I-95 Corridor Coalition – for ways to gain the most positive outcome from its existing involvement in the Mississippi Valley Freight Coalition.

#### ***The Growing Role of PPPs in Financing Freight Projects***

PPPs are becoming an increasingly important part of the transportation financing landscape for two primary reasons. First, limited government budgets, coupled with escalating construction and planning costs, have limited the public sector's ability to single-handedly finance large-scale capacity improvements to the transportation system. Second, since transportation system improvements generally provide benefits to both the public and private sectors, securing financing from each in proportion to benefits received is often the most equitable and politically feasible solution. PPPs can take many forms, and can involve numerous parties or just two.

One example, the City of Reno’s ReTRAC project (profiled below) provides a good example of how a major transportation project can be financed by distributing costs between the numerous stakeholders who will benefit from the project. In this project, the City, State, and Federal governments all contributed a share of the financing, and the Union Pacific Railroad played a key role in financing and project implementation. In addition, room fees and special assessment district fees were used to ensure that those receiving the most benefits from the project would share the costs. This example holds some valuable lessons for Kansas: by getting users and beneficiaries of freight system investments to contribute to the cost of improvements, larger projects can be completed than would be otherwise feasible by the government or private sector working alone.

### Reno Transportation Rail Access Corridor

The Reno Transportation Rail Access Corridor (ReTRAC) project offers an example of an innovative funding package to finance a large capital investment. The ReTRAC project involved the building of a 2.3-mile subsurface rail corridor through downtown Reno, Nevada. The goals of the project included the following:

- Enhancing the mobility of the Nevada warehousing core in and near Reno;
- Minimizing impacts from pedestrian conflicts;
- Minimizing emergency vehicle delay;
- Minimizing train-related congestion;
- Reducing air emissions caused by delay and idling vehicles; and
- Improving the aesthetics and continuity of the Reno Downtown region.

The major project sponsors of the ReTRAC project include Federal and state transportation agencies, the City of Reno, the Union Pacific Railroad, and gaming-related businesses in downtown Reno. The funding program for the project is shown below.

Funding/Finance Source	Amount	Percent of Project Cost
Sales Tax	\$120 million	45%
Railroad ROW and Lease	\$87 million	33%
Special Assessment District Fees	\$21 million	8%
Federal and State Transportation Funds	\$21 million	8%
1% Room Tax	\$13 million	5%
Interest Income	\$2 million	1%
<b>Total</b>	<b>\$264 million</b>	<b>100%</b>

One of the keys to the successful implementation of the ReTRAC project was the identification of the key regional stakeholders and the ability of the City of Reno to describe potential benefits of the project to those stakeholders. The UP Railroad, downtown businesses and city residents all stood to benefit from the project in different ways—including air quality improvements, economic growth, and congestion reduction. Understanding the stakeholders and the benefits they were likely to receive from the project helped the City to engage stakeholders in a discussion of how they might share in the project costs. In addition, by conveying the benefits of the project to the general public, the City was able to foster public advocacy, making political support more forthcoming. Generating public support and quantifying project benefits made it easier to

convince decision-makers in the local and state governments to share in the costs.

### *Growing Emphasis on Multistate Coalitions*

States have been very effective at supporting and funding freight transportation improvements solely within their jurisdictions. However, individual states have been less effective at funding corridor- and network-scale highway and rail improvements that cross state boundaries. Though most businesses, industries, and freight carriers have long ago reorganized themselves to invest and operate at the regional and national scales, the states and the Federal government have not built comparable institutional mechanisms to plan, negotiate, and finance large multistate freight projects.

Multistate cooperation is of particular importance to the State of Kansas for two main reasons. First, the high volume of freight moving in the region means that congestion outside of the State impacts traffic flows in Kansas; and policies of neighboring states can influence the type and volume of freight movements within the state. Second, the Kansas City metropolitan area, one of the nation's largest freight hubs, is split by the Kansas-Missouri border, making bi-state cooperation vitally important in order to manage the City's needs in a coherent manner. In their recent Freight Authorization Policy recommendations, AASHTO emphasizes the importance of state-driven multistate organizations to plan and implement multimodal corridor investments and operations.<sup>3</sup> Two examples of multistate entities include the I-95 Corridor Coalition and the Mississippi Valley Freight Coalition (of which Kansas is a member), described below.

Multijurisdictional partnerships are almost certain to become increasingly important in the coming years. Already, these partnerships can be found in almost every region of the United States. In addition to the I-95 Corridor Coalition and the Mississippi Valley Freight Coalition, there is the West Coast Corridor Coalition (made up of the States bordering the Pacific West coast, including Alaska, Washington, Oregon, and California) and the I-10 Freight Corridor Coalition (made up of the states along the southern border of the U.S., including Florida, Georgia, Alabama, Louisiana, Texas, New Mexico, Arizona, and California).

In addition, high-profile agencies and commissions offer strong support to the idea of multistate cooperation. The National Surface Transportation Policy and Revenue Study Commission, in its final report to Congress in January 2008, found that multistate cooperation is necessary in order to reach national freight planning goals. AASHTO echoed this recommendation and, in the authorization policies it adopted in October 2008, called for the allocation of Federal funding to support multistate/multimodal corridor planning and investment analysis in the next surface transportation reauthorization. By remaining aware of the developments and actions of these other multistate partnerships, Kansas can gain ideas of how to maximize the benefit of its existing participation in the Mississippi Valley Freight Coalition.

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<sup>3</sup> [http://www.transportation.org/sites/policy\\_docs/docs/vi.pdf](http://www.transportation.org/sites/policy_docs/docs/vi.pdf).

### **I-95 Corridor Coalition**

The I-95 Corridor Coalition is an alliance of transportation agencies, toll authorities, law enforcement, and related organizations from Florida to Maine with affiliate members in Canada. It is a volunteer, consensus-driven organization that enables its member agencies to work together to improve transportation system performance by providing a forum for decision- and policy-makers to address transportation management and operations issues of common interest. While the initial focus of the Coalition, in the early 1990s, was on the applications of intelligent transportation systems (ITS) technologies on the highway system, it has since broadened its scope to include all modes of travel. Its main focus, currently, is the efficient transfer of freight and passengers between modes. Recent and ongoing work of the Coalition includes projects involving regional passenger and freight movement analysis, long-distance (multijurisdictional) trip planning for passengers and freight, and identifying critical port access and international border crossing needs. Through its rail operations analysis work, the Coalition, along with member states, and the Class I railroads, developed a consensus program of 71 capital, operating, and ITS improvements to be implemented over a 20-year timeframe. A regional benefits assessment and financing plan was also developed to support the selection of the 71 improvements. These and other efforts have allowed the Coalition to take a lead role in identifying and addressing cross-jurisdictional issues.

### **Mississippi Valley Freight Coalition**

The Mississippi Valley Freight Coalition (MVFC) is a regional organization founded in 2006 that cooperates in the planning, operation, preservation, and improvement of transportation infrastructure in the Mississippi Valley region. The Mississippi Valley region includes the 10 states of Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Ohio, and Wisconsin that share key interstate corridors, rail infrastructure, and inland and Great Lakes waterways.

MVFC projects over the next two years will include communicating the importance of freight and multimodal networks to regional economic competitiveness, developing recommendations for the Federal transportation reauthorization that outline the uniqueness of the Mississippi Valley region and its transportation needs, and assessing the impact of bottlenecks on the regional freight network. One activity of the MVFC that will be of particular interest to many of the states in the region is the investigation of the potential regional economic benefits of modifications in size and/or weight restrictions. Size and weight restrictions affect not only the dimensions of trucks on the highway, but may also result in diversion of truck traffic to other less-regulated routes.



## 3.0 Freight Planning at KDOT

There are also a number of statewide policies, organizational features, and programs that guide the KDOT involvement in and governing of the freight transportation system. *Organizational features* include the internal organizational structure of KDOT, its ability to work with other partner agencies and private entities, and the ability of this structure to support statewide freight planning goals. Statewide policies include *legislative language and other policies* – for example, KDOT must abide by the language in both the State Constitution and in the Kansas State Statutes when implementing or planning new transportation programs. Specific *processes and programs* (such as the truck oversize/overweight (OSOW) permitting program) provide the tools by which KDOT can manage, plan, and finance the State’s freight system; and implement its long-range freight planning goals.

Many of the issues in this section were discussed during the Freight Topical Working Group (TWG) discussions held during the LRTP process in 2007. Others arose during the stakeholder interview process for this statewide freight planning effort, and through a review of the transportation-specific elements of the Kansas State Constitution and Kansas State Statutes.

### 3.1 Kansas Organizational Structure

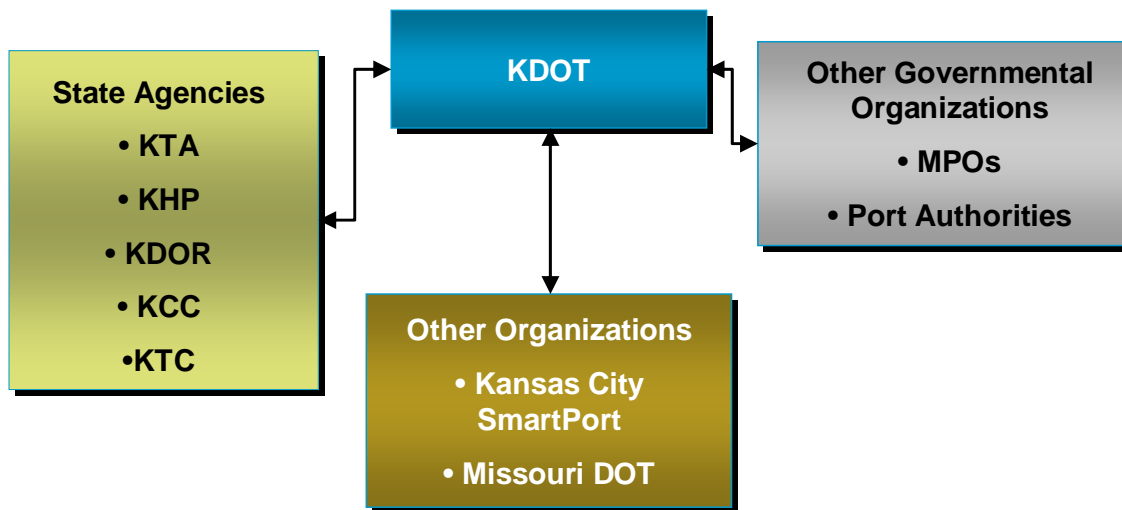
Currently, there is no formalized freight-specific planning or programming process in Kansas. Projects that support freight movement are selected vis-à-vis a competitive process that pits them against other types of projects, including congestion reduction, safety, and modernization projects. Since the economic benefits of freight projects are not as easy to quantify as some of these other types of projects, the freight projects do not always appear to be attractive, compelling options compared to the other types of projects.

However, there are a few, dedicated, freight-related programs – including the State Rail Service Improvement Fund (SRSIF) and the KDOT Rail Crossing Improvement Program. The SRSIF originates out of the Rail and Freight Transportation Unit, which is part of the KDOT Bureau of Transportation Planning; and the Rail Crossing Improvement Program is housed in the Coordinating Section of the Bureau of Design. In addition, KDOT coordinates with the Kansas Corporation Commission, Kansas Department of Revenue, the Kansas Trucking Connection, and the Kansas Highway Patrol to issue OSOW permits. KDOT’s role, specifically, is to issue regulations governing OSOW permits, approve applications for superload permits, and specify routes for the superload movements.

## 3.2 Partner Agencies

The freight planning process in Kansas involves a number of organizations in addition to KDOT – state agencies, metropolitan planning organizations (MPOs), port authorities, and others. Regulation of commercial motor vehicles in Kansas involves KDOT, as well as the Kansas Highway Patrol, Kansas Corporation Commission, the Kansas Trucking Connection<sup>4</sup>, and the Kansas Department of Revenue. These partner agencies are shown in Figure 3.1, as well as briefly discussed in the relevant section below.

Figure 3.1 KDOT Partner Agencies



### *State Agencies*

#### *Kansas Turnpike Authority (KTA)*

The Kansas Turnpike, which was opened to traffic on October 25, 1956, extends 236 miles from Kansas City to the Oklahoma border south of Wichita. The KTA is a government body with bonding authority that operates the Turnpike, with the vast majority of its revenue derived from tolls and the remainder from concessionaire rentals and investment earnings. The KTA has a five-member board of directors comprised of the Secretary of KDOT, the Chairman of the Kansas Senate Transportation Committee, a member of the State House of Representatives Transportation Committee, and two governor appointees.

#### *Kansas Highway Patrol (KHP)*

The Kansas Highway Patrol was created by the Kansas State Legislature in 1937 to enforce traffic, vehicle, and license laws on the State's highways. In the 1950s, the KHP began to

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<sup>4</sup> The Kansas Trucking Connection (KTC) is the online truck permitting portal operated by the Kansas Corporation Commission.

police the Kansas Turnpike for the KTA. Today, Highway Patrol Troopers and Motor Carrier Inspectors also enforce the regulations that govern motor carriers by performing roadside inspections and staffing inspection and weigh stations on major highways. It is also the agency responsible for receiving and distributing funds from the Federal Motor Carrier Safety Administration's (FMCSA) Motor Carrier Safety Assistance Program (MCSAP). In addition, special investigators from the Highway Patrol, along with Kansas Corporation Commission, perform in-house audits and safety compliance reviews of motor carriers to ensure the industry abides with state and Federal regulations.

### ***The Kansas Department of Revenue (KDOR)***

The Kansas Department of Revenue handles commercial motor vehicle registration and fuel tax collection. In addition to dealing with standard commercial motor vehicles, KDOR also issues permits for both superloads and regular OSOW loads according to KDOT regulations.

### ***The Kansas Corporation Commission (KCC)***

The Kansas Corporation Commission (KCC) handles registration for all interstate and international motor freight carriers operating in Kansas, including those transporting OSOW loads; it also educates the public and truck drivers about Kansas trucking regulations and safety. In addition, it is the KCC that adopts motor carrier safety regulations and administers the economic regulations governing commercial motor vehicle operations in the State.

### ***The Kansas Trucking Connection (KTC)***

While not a state agency itself, the Kansas Trucking Connection is a partnership between KDOT, KDOR, and the KCC, created in order to provide a single source for all rules and regulations applicable to motor carriers operating in the State. The KTC publishes the Truckin' Through Kansas Handbook, which consolidates the regulatory requirements affecting the trucking industry in Kansas, and provides a one-stop web portal through its associated website ([truckingks.org](http://truckingks.org)) for motor carriers to locate and quickly meet the requirements of multiple agencies.

### ***Other Governmental Organizations in Kansas***

#### ***Metropolitan Planning Organizations (MPOs)***

MPOs are transportation policy-making organizations that also serve as the conduit for receiving and disseminating Federal transportation dollars. They exist in any urbanized area with a population of more than 50,000. There are five MPOs in Kansas. In 2008, both the Mid-America Regional Council (MARC) and the Wichita Area Metropolitan Planning Organization (WAMPO) began regional freight planning efforts designed to formalize the freight planning process in their urbanized regions. These efforts have been in close

coordination with the KDOT Statewide Freight Study in order to assure that regional freight planning goals are included in the statewide freight planning discussion.

1. **Mid-America Regional Council (MARC).** MARC serves as the association of city and county governments and the MPO for the bi-state Kansas City Region. MARC represents nine counties and 120 cities in the region; and plays an active role in addressing many multijurisdictional issues affecting the region, including transportation planning.
2. **Lawrence-Douglas County MPO.** The Lawrence-Douglas County MPO was founded in 1985, and covers the entire geographic area of Douglas County in northeast Kansas. Recent projects have included the development of a regional ITS architecture and deployment plan.
3. **Wichita Area Metropolitan Planning Organization (WAMPO).** WAMPO represents 21 separate jurisdictions in the Wichita area and is responsible, in cooperation with the state government, for carrying out the region's transportation planning process.
4. **Metropolitan Topeka Planning Organization (MTPO).** MTPO conducts transportation planning for the Topeka Metropolitan Area.
5. **Saint Joseph Area Transportation Study Organization (City of St. Joseph MPO).** The City of St. Joseph MPO engages in multijurisdictional transportation planning for Wathena, Kansas, and Elwood, Kansas, both located in Doniphan County, along with St. Joseph, Missouri; Country Club, Missouri; Savannah, Missouri; and surrounding areas in Missouri.

### ***Port Authorities***

In Kansas, Port Authorities are special purpose government bodies that promote local economic development, transportation, trade, and riverfront development. Activities of port authorities range from the redevelopment of riverfront land to taking over ownership of rail lines that would not otherwise be viable so that they are eligible for more public funding. The Mid-States Port Authority and the City of Pittsburg Port Authority both currently own rail lines in Kansas.

1. **The Mid-States Port Authority (MSPA)** was created by 14 counties in order to maintain rail service in the area following the abandonment of the line by the bankrupt Chicago, Rock Island, and Pacific Railroad Company. The MSPA purchased a portion of railroad from the Chicago, Rock Island, and Pacific Railroad Company in 1984. KYLE Railroad, based in Phillipsburg, KS, was authorized in the same year to operate and acquire the railroad line. After operating the line for 25 years under a long term agreement with MSPA, KYLE purchased 351.5 miles of the line from MSPA in 2009.
2. **The City of Pittsburg Port Authority** was created by the Kansas Legislature during the 2001 legislative session in order to facilitate public ownership of the K&O branch line from Salina to Osborne, making it eligible for more public funding. This line, suffering from severe economic and track infrastructure limitations, was in need of maintenance, upgrades, and additional rolling stock.

3. **The Port Authority of Kansas City, Missouri** (although not located in Kansas) is charged with economic development throughout Kansas City, Missouri. Of particular importance to Kansas, is the Port Authority's oversight of the conversion of the 1,400-acre former Richards-Gebaur Air Force Base into an international trade-processing center and intermodal freight gateway. Opened in March 2008, the Centerpoint-KCS Intermodal Freight Gateway offers a direct connection to the Port of Lazaro Cardenas in Mexico via the Kansas City Southern Railway (KCS). This freight gateway potentially offers an alternative port to bypass the congested Pacific West Coast ports, as well as offer direct access to the logistics capabilities of the Kansas City Metropolitan region.

### *Other Organizations*

#### *Kansas City SmartPort*

Kansas City SmartPort, Inc. is a nonprofit, investor-based organization supported by both the public and private sectors, including KDOT, MARC, the Missouri DOT, major railroads, and economic development organizations. SmartPort has two main focuses: 1) facilitating the growth of the Kansas City area's transportation industry by attracting businesses with significant transportation and logistics elements; and 2) increasing the speed, efficiency, and security of goods movement into, out of, and through the Kansas City area. In order to facilitate these aims, SmartPort plays an active role in three key areas:

1. **Economic Development.** SmartPort works to attract transportation-related businesses to the Kansas City area;
2. **Trade Data Exchange (TDE).** Using both public and private funds, SmartPort is working to improve supply chain visibility and security in Kansas City and elsewhere through developing the TDE system; and
3. **Business Services.** SmartPort is working to bring services, such as foreign customs offices, to the Kansas City area to aid area businesses in moving their goods to customers domestically and around the world.

SmartPort has also provided valuable input throughout the development of the Kansas Statewide Freight Study.

### ***Missouri DOT***

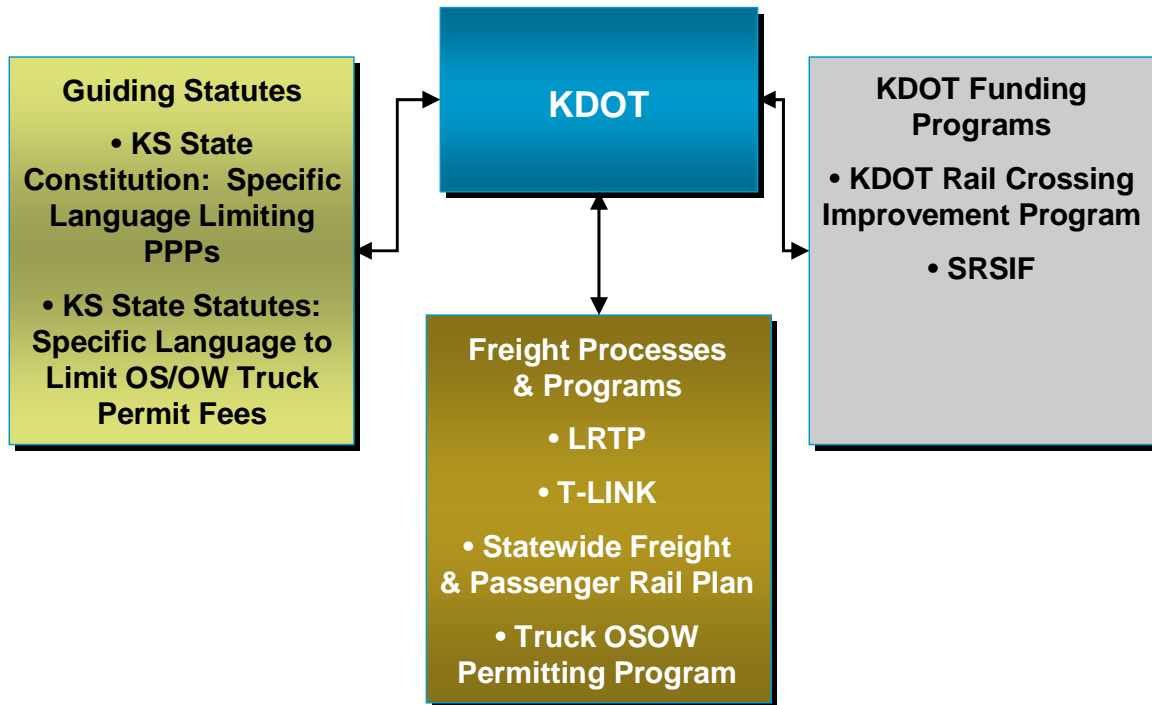
Due to the bi-state nature of the Kansas City Metropolitan Area and the close economic links to Missouri, Missouri DOT is one of KDOT's most important partners in dealing with current transportation issues and planning for the future. Currently, Missouri DOT is engaged with KDOT in operating the Kansas City Scout bi-state traffic management system, maintaining the bridges that connect the two states, and as a fellow member of the Mississippi Valley Freight Coalition. Missouri DOT also works closely with MARC to prioritize transportation projects in the Kansas City Region.

Missouri DOT has been increasingly involved in freight planning in recent years. In 2007, Missouri DOT created a freight team consisting of representatives from the Motor Carrier Division; Traffic Division; Highway Safety Division; Planning Division; Multimodal Division; the Federal Highway Administration (FHWA); State Department of Economic Development; and District 4 (KC MO), District 6 (St. Louis), and District 10 (southeast corner of the State). The Missouri DOT has also been studying the possibility of dedicated truck lanes on I-70.

### **3.3 Guiding Statutes**

While there are many statutes that guide freight policy and programs in Kansas, the legislative actions dealing with PPPs, OSOW vehicle permits, and the State Rail Service Improvement Program are some of the most pertinent to the issues raised throughout the course of the Kansas Statewide Freight Study. These statutes, passed by the state legislature, range in specificity from general guidelines and prohibitions to the detailed fee structure of the OSOW permitting process. The KDOT guiding statutes, processes, programs, and funding sources are shown in Figure 3.2, as well as briefly discussed in the relevant section below.

Figure 3.2 KDOT Guiding Statutes, Processes, Programs, and Funding Programs



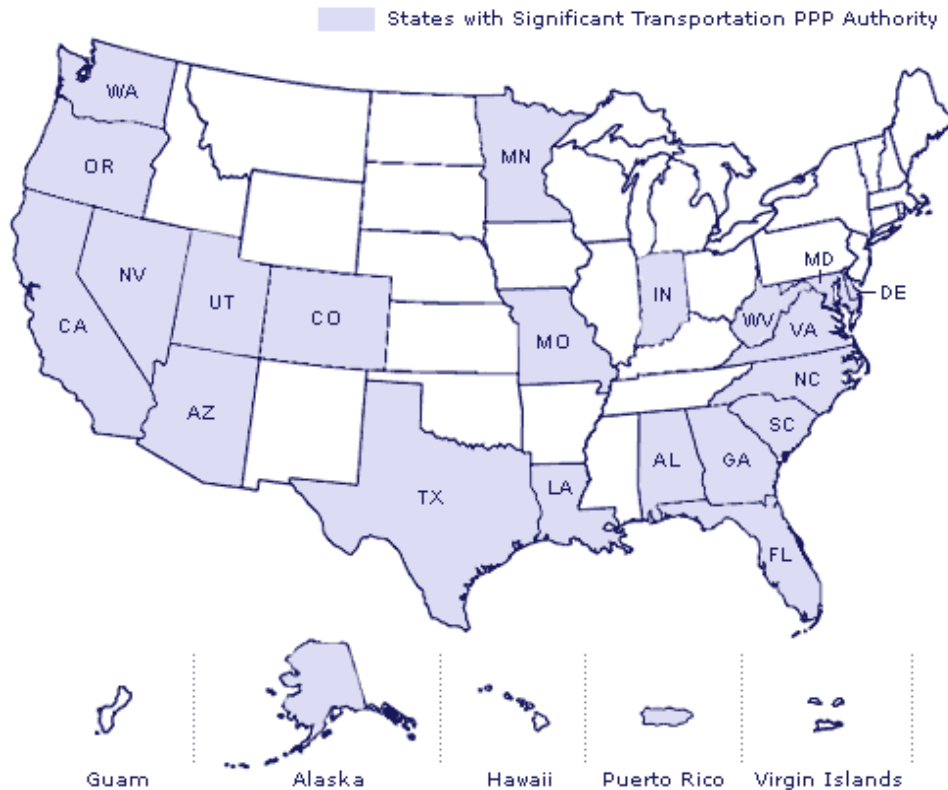
### *Public Private Partnerships (PPPs)*

PPPs for transportation projects can take many forms, but are most often used for projects yielding benefits to both the public and private sectors. Given tight government budgets, it is often impossible for the public sector to adequately maintain or expand all of the important transportation facilities demanding attention. PPPs are a way for the government to leverage its resources by getting private-sector companies to invest in upgrading facilities from which they stand to benefit. However, in order for government to engage in PPPs, enabling legislation at the state level is required.

As shown in Figure 3.3, 22 states and Puerto Rico currently give their DOTs significant leeway to engage in PPPs, but KDOT’s ability to engage in these agreements is significantly more limited. In fact, the Kansas State Constitution includes an internal improvements clause that can hinder the State’s ability to pursue PPPs and obtain innovative funding for critical freight projects. In order to protect public money, this clause states that Kansas “shall never be a party in carrying on any work of internal improvement, except that: 1) It may adopt, construct, reconstruct, and maintain the State’s system of highways...”<sup>5</sup>. In other words, it limits the ability of the State to spend any money on infrastructure improvements unless they are highway improvements. Exceptions are granted on a case-by-case basis, and must be approved by two-thirds of the State Legislature. This could limit the use of PPP approaches in Kansas, especially for rail and intermodal projects.

<sup>5</sup> Constitution of the State of Kansas, Article 11 – Finance and Taxation, retrieved from <http://www.ksrevenue.org/pdf/art11const.pdf>.

Figure 3.3 States with Significant Transportation PPP Authority  
2008



Source: U.S. Department of Transportation Federal Highway Administration, Public Private Partnerships, retrieved from <http://www.fhwa.dot.gov/PPP>.

### ***Oversize and Overweight (OSOW) Permit Fees***

Oversize and overweight trucks have become an increasingly common sight on Kansas highways in recent years. While KDOT and KDOR are the agencies in Kansas responsible for OSOW permitting, permit fees have been set by the State Legislature<sup>6</sup>. Currently, permit fees for OSOW vehicles are defined in statute (K.S.A. 8-1911). The fee schedule is as follows:

1. \$5.00 for each single-trip permit;
2. \$25 for each five-year permit for authorized vehicles transporting bales of hay on non-interstate highways;
3. \$125 for each annual permit; and
4. \$2,000 per year for each qualified carrier company for special vehicle combination permits, plus an additional \$50 per year for each power unit operating under each permit.

<sup>6</sup> New permit fees authorized by S.B. 145 will go into effect on July 1, 2009.

These fees are lower than OSOW permit fees in several other peer states – in Missouri, for example, single trip overweight permits are \$15 plus an additional \$20 for each 10,000 pounds in excess of legal gross weight. However, pending legislation during the 2009 Kansas legislative session may see a revision of the Kansas rates to be more on par with those of other peer states.

### **3.4 Kansas Freight Processes and Programs**

Kansas has not had a freight-specific planning process in the past. Freight transportation has historically been included in the general transportation planning process. The Statewide Freight Study is now setting the stage for the State's first Statewide Freight Plan.

#### ***Long Range Transportation Plan (LRTP)***

The Kansas LRTP, completed last year, complies with SAFETEA-LU guidelines and updates previous long-range plans developed by KDOT in 1995 and 2001. While the LRTP did not list specific projects, it lays the foundation for a new transportation program by highlighting existing and future needs in the context of demographic and economic trends.

The LRTP concludes with a number of specific recommendations relating to all transportation modes, as well as funding and decision-making issues. Two points that are central to many of the specific recommendations are:

1. Projected revenues fall short of future transportation needs; and
2. KDOT needs to develop a more flexible, responsive approach to decision-making that results in more strategic investments.

One of the recommendations in the LRTP was the development of a Statewide Freight Plan. The present Statewide Freight Study is the first phase in the development of the Freight Plan.

#### ***Transportation Leveraging Investments in Kansas (T-LINK)***

In August 2008, Governor Sebelius announced the formation of Transportation-Leveraging Investments in Kansas (T-LINK), a task force charged with developing a set of recommendations for a new strategic approach to transportation to help inform the State's next Comprehensive Transportation Plan (CTP); the current CTP, which covers a 10-year period, was enacted in 1999 and will expire in 2009. KDOT Secretary Deb Miller was directed by the Governor to assemble transportation experts and influential community leaders from across the State for participation in the task force.

The T-LINK task force held eight local consultation meetings during the fall of 2008 in locations across the State to get input from local residents and other stakeholders. Meetings included morning breakout sessions focused on various transportation modes to

help define regional priorities, as well as optional afternoon sessions where participants could voice questions or concerns not voiced during the morning sessions.

Following the local consultation meetings, the T-LINK task force identified key transportation concepts, several of which are particularly relevant to freight transportation in the State:

1. Economic opportunities offered by transportation projects should be analyzed in terms of job retention, job growth, growth in income, and the wide-ranging impact of providing better access to supplies, labor, and markets.
2. KDOT should take a multimodal approach toward transportation problems and solutions. Funding for modal operations should be separate, but economic impacts should be factored into decisions involving all transportation modes.
3. Current preservation performance targets for pavement and bridges are appropriate.
4. Kansas should continue to provide loans and grants to support short line railroads.

### ***Statewide Freight and Passenger Rail Plan***

KDOT supports ongoing rail planning efforts in the form of the Kansas Rail Plan, last updated in 2006. This Plan is intended to comply with Federal Railroad Administration (FRA) requirements governing Local Rail Freight Assistance to States. Although this Freight Plan represents a solid foundation for rail policy planning, it does not provide broad policy guidance regarding the State's role in Kansas rail transportation, the scale of investment needed to attain certain performance goals (both passenger and freight), and the appropriate role of the State in planning for and investing in the system.

### ***Truck OSOW Permitting Program***

Though not an official program, KDOT works with partner agencies, including the Kansas Corporation Commission and the Department of Revenue to issue OSOW truck permits. In recent years, the number of trucks operating in the State with OSOW permits has been increasing dramatically. This increase is being driven by several factors, including the increased transportation of windmill blades, towers, and turbines, to feed the growing wind energy industry in western Kansas.

The structure of the OSOW permitting process has several implications for Kansas. For example, the requirement that limits permit fees (\$5.00 for single trip permits, and \$125 for annual permits)<sup>7</sup> means that Kansas is not recovering the full cost of pavement damage associated with these movements – a situation that will be exacerbated with continued growth.

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<sup>7</sup> Kansas DOT Statutory Authority, Section 8-1911(f)(1) and (2).

In addition, the OSOW permitting process can be complex and time consuming for users, particularly as compared to states that have automated their permitting systems. Superloads (loads in excess of 150,000 lbs) and large structures (loads exceeding standard OSOW dimensions) undergo a rigorous permitting process that involves a bridge analysis to ensure that their weight and dimensions do not exceed the operational parameters of bridges along the proposed route. This process necessarily involves permitting staff (from the Kansas Department of Revenue) and engineering staff from KDOT. However, the “workflow process,” through which these analyses are completed and permits assigned is entirely manual, can be sluggish. In addition, large structure loads must be approved separately by each individual KDOT district through which they are moving, which can lead to delays. In some cases, it takes more than a week for one of these loads to obtain the necessary permits. While these permits perform a necessary function, many stakeholders felt there was room for process improvement to reduce delays.

The large and increasing number of heavy and oversized truckloads, along with the issues outlined above, necessitates an update to the existing permitting process. Currently, KDOT, the Kansas Corporation Commission, and the Department of Revenue are meeting to discuss the creation of a new permitting system that is more consistent, faster, and more flexible than the existing system. It is anticipated that real progress towards planning and implementation of such a system will be made throughout 2009.

### ***KDOT Funding Programs***

Currently, KDOT manages two different funding programs – the Rail Crossing Improvement Program and the State Rail Service Improvement Fund – that provide grants and loans targeted at specific components of its freight system. This section briefly reviews the structure of the KDOT programs, as well as offer best practices from other, peer states that manage similar programs.

### ***KDOT Rail Crossing Improvement Program***

There are over 5,000 highway-rail grade crossings in Kansas. Over the years, improving safety at these crossings has been a high priority in the State; and have included programs involving education, enforcement, the improvement of warning devices at grade crossings, grade separations, and the closure of unnecessary crossings. These programs have had measurable effect: vehicle-train incidents have dropped steadily over the last 30 years, from 273 incidents in 1975 to 44 vehicle-train collisions in 2008.<sup>8</sup> State agencies must now face the challenge of determining which grade crossings to upgrade, given limited funding resources.

There are currently five separate funding programs for rail crossing improvements operating in Kansas, including the following:

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<sup>8</sup> Federal Railroad Administration.

1. The **Highway-Railroad Crossing Federal-Aid Program** provides Federal funding for safety improvements at highway-railroad grade crossings on public roads.
2. The **Highway-Railroad Crossing Program** is a state-funded program that is similar to the Federal-Aid program.
3. The **Railroad Grade Separations Program** replaces state highway-railroad grade crossings with grade separation structures.
4. The **Local Partnership Grade Separations Program** addresses highway-railroad at-grade crossings ineligible for the Railroad Grade Separation Program.<sup>9</sup>
5. The **Railroad Crossing Surfacing Program** provides funding for durable concrete or rubber material surfaces on at-grade highway-railroad crossings. Eligible crossings include crossings and those in cities with populations of 2,500 or less.<sup>10</sup>

Kansas' grade crossing programs prioritize crossings for improvement based on a relatively small number of factors. Almost all of the programs use KDOT's Hazard Index, which is derived from a formula that takes into account highway traffic, train traffic, and warning devices at each crossing.

There are many other factors, both safety-related and otherwise, that have been used by other agencies to evaluate and prioritize highway-rail grade crossings. Generally speaking, they fall into two categories:

1. **Quality of life** issues encompass a number of factors associated with the impact of rail operations on local communities. At grade crossings, these include congestion, traffic delays, noise, emergency response issues, and emissions. The Wichita Area Municipal Planning Organization (WAMPO) Railroad Crossing Plan suggests the use of congestion and emergency response measures to evaluate crossings. It also stresses the importance of integrating railroad crossing issues into the broader planning process and supporting education and enforcement efforts. Riverside County, California uses current and future crossing delay, emissions from idling vehicles, and the effects of train whistle-blowing on adjacent residential areas in addition to traditional safety measures to evaluate crossings.<sup>11</sup>
2. **Grade crossing characteristics** are more traditional measures, such as highway and rail traffic levels, the number of train/vehicle collisions, and the type of warning device present at a crossing. KDOT already uses daily road and rail traffic and type of warning device to calculate the hazard index, but there are other measures that can be factored into the analysis. For example, the Florida DOT uses the number of school

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<sup>9</sup> All Local Partnership Funds through the life of the Comprehensive Transportation Program (Fiscal Year (FY) 2000 to 2009) have been obligated.

<sup>10</sup> Cities with a population greater than 2,500 must share the cost of upgrading crossing surfaces not replaced in conjunction with a crossing signal project or other capital improvement.

<sup>11</sup> Riverside County, *Rail Crossing Priority Analysis*, 2007.

buses and the predicted annual number of crashes at the crossing<sup>12</sup>, in addition to whether the crossing is equipped with passive or active warning devices. North Carolina's investigative index takes into account accident history and sight distances at crossings, in addition to train and vehicle traffic, train speed, and the type of warning device present.<sup>13</sup>

Kansas has several active grade crossing improvement programs, but for the most part they are rather narrowly focused on safety. Although this is justifiably the primary concern at grade crossings, the scan of other states' activities presented above suggests that there are other important metrics that KDOT could use to rank and prioritize projects. KDOT may wish to consider adding some of these criteria to achieve a more holistic approach to planning and programming grade crossing improvements.

### ***State Rail Service Improvement Fund (SRSIF)***

The Kansas SRSIF was signed into law in 1999 as a component of the State Comprehensive Transportation Program (House Bill 2071). The SRSIF provides \$3 million in low-interest loans annually to railroads and port authorities operating within the State in order to help them improve their service.<sup>14</sup> The intent of the program is to assist in the rehabilitation the railroad tracks, bridges, yards, rail shops, buildings, and sidings for any of the short line railroads operating in Kansas. In order to be considered for a SRSIF, the project sponsor needs to apply to KDOT with information about the proposed project, a breakdown of material and labor costs, and the average amount of trains/carloads impacted by the rehabilitation project.

This is one of the few statewide programs specifically geared towards freight mobility. Since the program's inception in 2000, SRSIF has funded between two and nine projects each fiscal year. These projects have contributed to the protection of shortline service in communities across the State. In fact, the amount of shortline track in Kansas has increased fivefold since 1990, to a total of nearly 2,000 miles; this increase has been due in part to SRSIF assistance.<sup>15</sup> The provisions governing the State Rail Service Improvement Program will expire on June 30, 2009. However, this program was addressed during both the T-LINK process and the Kansas Statewide Freight Plan process. Both efforts indicate continuing support for the State Rail Service Improvement Program.

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<sup>12</sup>Predicted annual crashes are calculated from an algorithm that involves average daily traffic, trains per day, posted speed limit, maximum train speed, and the type of warning device. If actual crashes are higher than the model predicts over a six-year period, the prediction is adjusted accordingly.

<sup>13</sup>North Carolina DOT, *Explanation of the Investigative Index Formula As Used in the Railroad-Highway Grade Crossing Signal Project Selection Process*, 2003.

<sup>14</sup>This program is set to expire in June 2009, unless reauthorized by the Kansas Legislature.

<sup>15</sup>Kansas Department of Transportation, *Annual Report*, 2008.



## 4.0 Issues and Challenges

The current planning process used by KDOT has proven successful in identifying, prioritizing, and implementing some types of freight movements, particularly shortline rail improvements. However, the potential economic and social benefits of freight improvements (for example, tax revenues, new jobs, emissions reductions, etc.) are not formally considered when selecting projects to advance through the planning and programming process. Instead, freight projects are evaluated using the same criteria (population, VMT, etc.) as other transportation capacity improvement projects, and ranked alongside those projects that would have a much less significant impact on freight mobility or efficiency. This creates many issues when trying to create a strong, economics-based case for supporting a freight project, in particular one of a non-highway based mode.

Other issues faced by the State include the lack of performance metrics to measure the effectiveness of freight projects; a lack of coordination between land use and transportation investments; and legislative obstacles to creative funding mechanisms such as PPPs. In addition, the role of the State in freight rail project planning should be explicitly defined, and a routine freight data collection program should be considered.

### *The Need to Link Transportation Improvements to Economic Benefits*

Currently, KDOT does not account for the economic benefits of a project, such the enhanced ability to attract or retain industries or potential tax revenue increases, when choosing or prioritizing highway investments. Project selection is instead guided by the infrastructure level of performance, by population or use, or by maintenance standards of safety and comfort.<sup>16</sup> These types of criteria do not allow KDOT to determine which projects may result in economic benefit, in terms of job creation or retention, revenue growth, or other benefits. This link could be created by answering several key questions, including the following:

1. What types of investments are appropriate and justifiable in the freight system?
2. Where will the State realize the greatest public benefits from investments?

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<sup>16</sup>Although freight benefits are considered as part of the State Rail Improvement and Service Fund, overall funding is limited. In addition, while there is an Economic Development set-aside program within the Comprehensive Transportation Program, it is not freight specific; in any case, Economic Development projects have not been selected for implementation for FY 2012 and subsequent years due to funding constraints.

3. How are public benefits quantified? Is it in terms of jobs and contribution of industries to Gross State Product (GSP)? Or are there other, more qualitative benefits that are actually economic benefits, including reduced congestion, reduced emissions due to congestion, and safety benefits?

Several states have developed methodologies and tools by which to answer these questions and quantify the potential public benefits of rail projects (including reduced truck traffic on roadways, reduced emissions from idling trucks, and safety and environmental features). This quantification not only helps solidify the link between freight transportation investments and economic benefits, it also has facilitated cost sharing discussions among different public- and private-sector beneficiaries.

### *Lack of Performance Metrics to Measure the Effectiveness of Freight Projects*

Development of freight performance measures can help KDOT evaluate how it is meeting the transportation goals and objectives already outlined in the LRTP, as well as help more effectively target investments to address identified freight performance issues by facilitating the monitoring of system performance to identify key problem areas. KDOT has not yet defined performance targets to measure the safety, efficiency, or maintenance needs of the freight system. However, previous discussions within the State have indicated that there is interest in developing performance measures that can be tied to specific goals and programs. For example:

1. **The SRSIF** is intended to maintain the short lines at the FRA Class 2 standard, and to focus on those short lines with a viable business plan. Performance measures to track the effectiveness of this program would be the number of miles of short line track at the FRA Class 2 standard that are sufficient to handle 286,000 lbs of weight, and the percentage of customers using the track that have a viable, sustainable business plan.
2. **The Grade Crossing Improvement** program is intended to maintain railroad capacity while reducing rail crossing incidents. Kansas, like many states, is under pressure to remove crossings in many locations statewide. Developing and tracking performance measures, such as reduced accident rates, increased train throughput or transit time, or the number of trains using the crossing, would help KDOT better understand and communicate the importance of this program.

Just as important as identifying key performance measures for freight is the ability to mainstream these performance measures into existing transportation planning and programming processes. Linking freight data collection and performance measurement to existing processes can help ensure that freight issues become mainstreamed within an MPO or DOT, and allow freight projects to compete more effectively in the regional prioritization and funding processes. States and MPOs have developed a range of techniques to effectively link freight performance measurement with existing processes. Some states and MPOs develop freight “report cards” that help measure progress toward key freight-related goals and objectives included in the long-range plan. Others specifically link freight performance measures with policy statements, goals, and strategies outlined in

LRTPs. Linking freight performance measures to existing planning activities and documents is one possible way to more fully integrate freight into statewide and metropolitan transportation planning and programming processes.

### **Lack of Coordination Between Land Use and Transportation Investments**

Kansas, like most states, has a limited voice in land use and development patterns, decisions that are normally (and most effectively) made by local jurisdictions. However, there are times when land use decisions and development patterns are at odds with freight mobility. This is particularly true for warehouse and distribution center developments, “big box” stores, or other businesses that rely on the freight transportation system. In many cases, these developments are attractive to local jurisdictions, as they bring increased tax revenues for local governments and jobs for constituents. However, in some cases, there is little coordination between land use decisions and freight transportation impacts.

The clustering of freight-intensive businesses in urban areas, often near other large traffic generators, is a particular concern for freight movements. For example, the interchange of U.S. 40 and Interstate 435 in the Kansas City metropolitan area is a hotbed of development that attracts freight carriers (Nebraska Furniture Mart), consumers (Cabela’s), and special events (Kansas Motor Speedway). Continued development in and around these areas will exacerbate existing congestion caused by through trucks and those already serving the Kansas City metropolitan area.

### **Legislative Obstacles to the Use of PPPS and Other Creative Funding Mechanisms**

There is an increasing recognition that the needs on the freight transportation system cannot be fully met by either the public or private sectors acting alone. Public-private collaboration and cooperation is needed to solve many of the freight-related needs and issues facing Kansas and the rest of the nation. With creative funding mechanisms such as PPPs, many other states have found a tool which allows multiple stakeholders to contribute to projects according to their respective benefits.

At the time of writing this report, 22 U.S. states and one U.S. territory (shown previously in Figure 2.1) have enacted statutes that specifically enable the use of various PPP approaches for the development of transportation infrastructure. Some of these statutes are very specific. For example, the Alaska State Statutes specifically authorize the Knik Arm Bridge and Toll Authority to utilize a PPP to finance, design, construct, operate, and maintain the Knik Arm Bridge<sup>17</sup>. Other states’ statutes are broader and grant the state the authority to enter into any PPP that it sees fit. KDOT’s ability to engage in PPP agreements is significantly more limited by the internal improvements clause in the Kansas State Constitution. This clause may be hindering the State’s ability to pursue PPPs and obtain innovative funding for critical freight projects.

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<sup>17</sup>[http://www.fhwa.dot.gov/PPP/tools\\_state\\_legis\\_table.htm](http://www.fhwa.dot.gov/PPP/tools_state_legis_table.htm).

## Undefined Role for the State in Freight Rail Project Planning

As part of the PPP discussion, the role of the State in the freight rail system could be clarified and, if necessary, written into State Statutes. Currently, Kansas has decided to play a small, very limited role in the freight rail system through its involvement in the Kansas Short Line Rail Assistance Program. This program provides loans for upgrade or maintenance of short line railroads, generally in rural areas. However, this program is fairly small, averaging \$3 million per year. The State currently has no role in the Class I railroad systems, which are completely privately owned and operated.

In 2006, the American Association of Railroads (AAR) (an organization that represents all of the major freight railroads in North America) produced a policy paper entitled, *The Importance of Adequate Rail Investments*. The report came to the following conclusions<sup>18</sup>:

1. Rail profitability is still insufficient to fund investment needs. The rail industry does not generate earnings sufficient to cover all of its costs and provide for reinvestment.
2. Investments in freight rail infrastructure would lead to major public benefits.
3. Tax incentives for freight railroad capacity enhancements would help bridge the funding gap.
4. Another way to help states and localities improve rail networks that generate public benefits is through a more pronounced use of PPPs.

As data provided in the Commodity Flow Profile<sup>19</sup> shows, the projected increase in freight traffic will be sufficient to warrant significant expansion (and upkeep on existing infrastructure) of the national rail system. It is understandable that the private rail sector, unable to keep up with ballooning capital and operating costs as a result of this increased freight traffic, may turn to the public sector for support.

However, before a state can decide whether to enter into an arrangement with a private rail company, there are several questions that must be answered, including the following:

1. Should the state invest public funds to support the privately owned freight railroads?
2. What types of investments are appropriate and justifiable in the freight system?
3. What types of investment are appropriate and justifiable in the passenger system?
4. Where will the state realize the greatest public benefits from investments?
5. What levels of service are required from the railroads to realize these public benefits?

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<sup>18</sup>*Railroads: The Vital Link to North America's Economic Future: The Importance of Adequate Rail Investment*, Association of American Railroads, September 2006, <http://www.aar.org>.

<sup>19</sup>This was a separate report completed as part of the Kansas Statewide Freight Plan.

Some states, including Washington and Florida, have in recent years recognized that small amounts of state investment into the Class I rail system may yield tremendous Public Benefit. These states have worked to develop a methodology by which the public benefit of rail projects (including reduced truck traffic on roadways, reduced emissions from idling trucks, and safety and environmental features) can be quantified. Once quantified, the amount of public benefit received from a project could, theoretically, be the starting point to determine the appropriate level of involvement by a state agency. A similar process could be accomplished by KDOT, if desired, through a State Rail Plan or the development of a tool to measure the economic benefits of freight projects.

KDOT could consider creating a strategic rail plan that would establish/elaborate upon the State's role in the freight rail system, and develop an implementable action plan to improve the condition and performance of the state rail system. This study could identify specific infrastructure (e.g., 286,000-lb upgrades), operational, and information-technology (e.g., positive train control) strategies that should be undertaken in the short, medium, and long terms. It should outline the public benefits – in terms of economic development, job creation, tax revenues, and other public goods – that may arise from investing public dollars in private rail infrastructure. It could also identify the potential private benefits of improvements and provide a framework under which the State and the railroads could share costs of projects that have both public and private benefits. This should be combined with efforts to clarify and/or improve the State's ability to engage in PPPs.

### *Data Enhancements*

Like most states, KDOT does not currently maintain data that can be used to fully support a statewide freight planning program or support the State's MPOs in identifying and addressing freight issues. However, good freight planning and programming often starts with good freight data, especially data that supports the specific needs of KDOT freight planning goals. The basic structure to develop a freight data program is summarized in Figure 4.1.

Figure 4.1 The Basic Steps To Develop A KDOT Data Collection Program



As shown in Figure 4.1, the freight data process should start by understanding the types of freight policy and planning questions that need to be answered as part of the KDOT planning and programming process. Once those questions are known, KDOT can match them up against available data at the Federal levels (e.g., Commodity Flow Survey, STB Carload Waybill Sample) and state level (e.g., truck counts, land-use data, agricultural shipment data); and identify data gaps. These gaps can be filled by additional, targeted, data collection activities.

Once data needs are understood, KDOT could develop an ongoing data collection program. Data collection activities can take many forms. KDOT may wish to collect and synthesize data from public sources and supplement it with data taken from surveys or interviews with private-sector freight stakeholders. Alternatively, it may wish to purchase commodity, vehicle flow, or econometric data from private sources on a routine basis. It can even chose to use origin/destination intercept surveys, mail out surveys, or truck trip diaries. Whichever approach KDOT may take, developing a routine freight data collection strategy may help to support the future planning, development, and implementation of a comprehensive and multi-modal freight program.

# **Appendix A – National Transportation Agencies and Associations: Freight Actions and Recommendations**

## **National Surface Transportation Policy and Revenue Study Commission**

The National Surface Transportation Policy and Revenue Study Commission was created by Section 1909 of the SAFETEA-LU in 2005. The Commission was created because the U.S. Congress declared, “that it is in the national interest to preserve and enhance the surface transportation system to meet the needs of the United States for the 21<sup>st</sup> century.” The commission was comprised of 12 executive-level transportation professionals representing: Federal, state, and local governments; MPOs; transportation-related industries; and public interest organizations. This group was asked to examine the condition and future needs of the nation’s surface transportation system, as well as short- and long-term alternatives to replace or supplement the fuel tax as the principal revenue source to support the Highway Trust Fund over the next 30 years.

Given this charge, the commission embarked on an extensive outreach process during 2006 and 2007 that included numerous field hearings and expert witness hearings. Through rigorous dialogue with transportation professionals and other citizens, the commission was able to draft a framework of national transportation priorities, including potential new funding sources and innovative financing mechanisms. The final outcomes of this effort were contained within a final report submitted to the U.S. Congress in December of 2007.

Freight issues were foremost in the findings and recommendations in the Commission’s report. Several of the recommendations focused heavily on the need to maintain and expand the freight transportation system, as well as the need to develop policy tools that encourage more private investment and direct public funds towards freight projects. The commission also recommended a national freight transportation program and National Freight Transportation plan. Table AA.1 below lists some of the Commission’s positions and recommendations published in the final report and delivered to the U.S. Congress in January 2008.

**Table A.1 National Surface Transportation Policy and Revenue Study Commission Freight Position and Recommendations**

Position/Recommendations	National Surface Transportation Policy and Revenue Study Language
Consequences of Inaction:	America’s economic leadership in the world will be jeopardized when we cannot reliably and efficiently move our goods.
National Interest:	Freight movement is explicitly valued. (Multiple options of private- and public-sector freight systems exist.)
Condense Federal Investment:	There should be 10 programs total (as opposed to 108). One of the 10 programs should be “Freight Transportation: A Program to Enhance U.S. Global Competitiveness.”
The Role of the Federal Government:	The Commission supports the creation and funding of a national freight transportation program.
The Role of the State:	Multistate cooperation will be necessary to meet national freight planning goals.

***AASHTO 2009 Emphasis Areas***

The AASHTO has played a strong role in advancing Federal freight planning knowledge and interaction. In 2002, the AASHTO commissioned and published the *Freight Rail Bottom Line Report*, a report that describes the nation’s freight rail system and addresses the concerns about the capacity of the nation’s freight transportation system to keep pace with the expected growth of the economy over the next 20 years. The report also shows that relatively small public investments can be leveraged into relatively large public benefits for the nation’s highway infrastructure, highway users, and freight shippers.

In addition, the AASHTO has sponsored several Federal freight research initiatives, such as the 2005 “NCRFRP 08-36, Return on Investment on Freight Rail Capacity Improvement.” There are four AASHTO freight transportation committees: 1) The Standing Committee on Rail Transportation (SCORT), 2) the Standing Committee on Water Transportation (SCOWT), 3) the Subcommittee on Highway Transport (SCOHT), and 4) the Special Committee on Intermodal Transportation and Economic Expansion. In order to coordinate the activities of these four committees, the AASHTO hosts the “AASHTO Freight Transportation Network,” a series of interrelated freight web sites.

The AASHTO Board of Directors recognized that the SAFETEA-LU did not do enough to advance Federal freight policy, and recommended three emphasis areas for 2009. One of these three areas is to launch development of a multimodal freight strategic business plan. The goal of the business plan is to create a world-class freight and goods movement system for the U.S. The main points of this plan are summarized in Table A.2 below.

**Table A.2 AASHTO 2009 Emphasis Areas Freight Position and Recommendations**

Position/Recommendations	AASHTO 2009 Emphasis Areas Language
National interest:	The strength of the nation’s economy is integrally linked to the strength or weaknesses of our freight and goods movement system.
Identify critical bottlenecks:	The Freight Business Plan can reach into all parts of the country, and can make the benefits of an efficient national freight transportation system available to all of the nation’s producers and consumers.
The role of the Federal Government:	There should be a Multimodal Freight Strategic Business Plan in place to: 1) identify the primary problems in the nation’s goods movement system, and 2) develop a strategic plan of investments and initiatives to produce a world-class freight and goods movement system.
The role of the State:	States and the Federal government are partners in this effort. All of the bottlenecks exist in a state, but the effects of the bottlenecks can be felt regionally, nationally, and internationally.

The AASHTO in its authorization policies adopted in October 2008 calls for a national freight policy framework, a Federally authorized State Freight Transportation Program funded through the Highway Trust Fund (HTF) and a discretionary National Freight Corridors Investment Program funded from user revenues outside the HTF (The latter program could build on the current SAFETEA-LU program for Projects of National and Regional Significance.). The AASHTO also calls for authorization of funding to support multistate/multimodal corridor planning and investment analysis.

***ARTBA’s Critical Transportation Corridors (3C) Program***

Approximately one month after the enactment of the SAFETEA-LU in 2005, the American Road & Transportation Builders Association (ARTBA) leaders created a task force to develop recommendations for the next Federal reauthorization cycle. ARTBA decided to act because of the major challenges facing the nation’s transportation system, and the belief that “America does not have the modern, intermodal transportation system necessary to facilitate future robust economic growth, or to safely meet the mobility needs of U.S. Citizens and businesses.”<sup>20</sup> Working on a timeline roughly parallel to that of the National Policy Commission, the ARTBA task force involved the work of nearly 75 ARTBA volunteer leaders from the transportation design and construction industries.

Freight is foremost in the ARTBA task force final report and in the recent authorization recommendations of ARBTA. In fact, one of the two major priority initiatives suggested for the 2009 reauthorization cycle is a “Critical Commerce Corridor (3C) program designed to increase the efficiency and safety of the freight transportation system as highlighted below. The 3C program would be outside the Highway Trust fund and would have its own set of freight funding sources as discussed below.

<sup>20</sup>[http://www.artba.org/pdf/SAFETEA-LU\\_Recommendations\\_1107.pdf](http://www.artba.org/pdf/SAFETEA-LU_Recommendations_1107.pdf).

The 3C program would provide new surface transportation system capacity and operational improvements exclusively focused on securing the safe and efficient movement of freight. The 3C network could include the following:

1. Most, if not all, of the Interstate Highway System and a portion of the non-Interstate National Highway System;
2. New multimodal trade corridors;
3. New capacity “truck-only” lanes allowing increased productivity and improved safety through commercial/personal vehicle separation;
4. “Last mile” military base, port, airport, inland waterway, and rail connections;
5. Tunneling and elevated road and railways on existing right-of-way;
6. International gateways;
7. Bottleneck relief;
8. Multimodal freight transfer centers; and
9. Integrated telecommunications corridors.

3C plan also calls for:

1. Utilization of existing right-of-way to the greatest extent possible to minimize environmental footprint;
2. Use of “best-of-class” environmental protection/mitigation design and construction techniques and environmental stewardship principles; and
3. Application of the world’s most advanced materials, communications, and safety technologies.

Potential 3C Freight-related Funding Sources are summarized in Table A.3 below.

**Table A.3 ARTBA’S Potential 3C Freight  
Related Funding Source Summary**

Potential Funding Source	Mechanism for Fee Generation	Amount Raised Per 1% Fee	Amount Raised Per Penny Fee	Amount Raised Per Dollar Fee
U.S. Truck Freight Bills	Total annual U.S. billing >\$622.9 billion	>\$6.2 billion	NA	NA
U.S. All Modes Freight Bills	Total annual U.S. billing >\$739 billion	>\$7.4 billion	NA	NA
Ton-Based Freight Movement by Trucks	>10.69 billion tons shipped	NA	>\$107 million (at each 1¢ per ton assessment)	>\$10.7 billion (at each \$1 per ton assessment)
Ton-Based Freight Movement by All Modes	>15.5 billion tons shipped	NA	>\$155 million (at each 1¢ per ton assessment)	>\$15.5 billion (at each \$1 per ton assessment)
Trucking Ton-Mile Freight Movement	>1.2 trillion ton-miles traveled	NA	>\$12 billion (at each 1¢ per ton-mile traveled assessment)	NA
All Modes to Ton-Mile Freight Movement	>4.1 trillion tons-miles traveled	NA	>\$41 billion (at each 1¢ ton-mile traveled assessment)	NA
National Vehicle Safety Inspection Tag	241 million registered vehicles	NA	NA	\$241 million

Source: *U.S. Freight Transportation Forecast to 2017*, American Trucking Association (by Global Insight), ARTBA revenue extrapolation, 2006 edition.

*Transportation in America*, Eno Transportation Foundation, ARTBA Revenue Extrapolation, 2007 edition.

*2005 Highway Statistics*, Federal Highway Administration, ARTBA Revenue Extrapolation.

### ***Coalition for America’s Gateway and Trade Corridors***

The Coalition for America’s Gateways and Trade Corridors is comprised of over 40 trade-related organizations, including motor carriers, railroads, ports, and freight corridors. The coalition was formed to highlight the perceived lack of Federal government participation in maintaining freight transportation and intermodal connector needs. The coalition points out that there are very few sources of Federal freight funding available to states or MPOs, and that the few programs that are in place are overwhelmed by applicants.

Aided by several prominent transportation professionals, including Mort Downey, former Deputy Secretary of U.S. DOT, the coalition submitted several recommendations to the U.S. Congress for consideration. Foremost among the recommendations was to establish a separate national freight fund with dedicated freight user fees. Other recommendations include the following:

1. At least \$2 billion in annual Federal funding to sustain economically critical freight movements (with separate funding available for public safety and security infrastructure);
2. A distribution of funds that is “freight specific,” and are justified based on freight volumes, values, and freight-related congestion; and
3. Allowing entities, such as public and quasi-public organizations to apply for Federal freight funding dollars

### ***American Trucking Association (ATA)***

ATA supports both a short-term program to address freight bottlenecks and congestion and a longer-term program of “truck ways” or freight corridors; and is supporting increased revenues, such as a diesel fuel tax increase for such purposes.

### ***U.S. Government Accountability Office (GAO)***

In their recent report “Surface Transportation Programs: Proposals Highlight Key Issues and Challenges in Restructuring the Programs,” the GAO reviewed common themes from seven major Federal restructuring proposals by national associations. Freight was the first of five major themes highlighted as follows:

1. Defining a Federal role in freight and goods movement given the regional benefits provided by freight corridors and the importance of interstate commerce;
2. Linking transportation policy and funding to the environment and energy sectors given transportation’s contribution to greenhouse gas emissions and concerns about energy security;
3. Promoting better management of existing assets through more efficient use of existing infrastructure or asset management strategies;
4. Incorporating performance and accountability into transportation programs to ensure projects that receive funding result in commensurate public benefits; and
5. Using multiple funding sources to ensure long-term sustainability of the programs.

### ***National Surface Transportation Infrastructure Financing Commission***

The National Surface Transportation Infrastructure Financing Committee was authorized by the SAFETEA-LU Section 11142(a), and was charged by the U.S. Congress with analyzing future highway and transit needs and the finances of the Highway Trust Fund. It was also asked to make recommendations regarding alternative approaches to financing transportation infrastructure. The Financing Commission is comprised of 15 members, with broad experience in finance, government, industry, law, and public policy.

Though the Finance Commission will issue their findings and recommendations at the end of 2008 in time for Congressional deliberations early next year, they released an interim report in February of 2008 that give an idea of their eventual findings. In this interim report,

the Finance Commission proclaimed that the nation’s surface transportation system is in a “physical and financial crisis”<sup>21</sup> and makes the following preliminary observations:

1. Transportation system demands are outpacing required investment;
2. Maintenance costs are competing with necessary expansion of the system;
3. The fuel tax, which has been the key Federal funding source for our system, is no longer sufficient at current rates;
4. More direct user charges should be explored; and
5. We need not only more investment in our system, but more intelligent investment complemented by better operation of the system.

The Commission’s final report is meant to recommend to the Federal government how it should fund its transportation programs in the coming decades. It is likely to recommend an increase in fuel and other truck user fees, as well as continuing innovation in financing, including tolling, TIFIA, private activity bonds, etc. They will most likely also recommend gradual movement away from fuel taxes to a VMT fee approach for both passenger and freight vehicles.

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<sup>21</sup><http://financecommission.dot.gov>.