



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

April 30, 2009

The Honorable Joseph R. Biden, Jr.
President of the Senate
Washington, DC 20510

Dear Mr. President:

The enclosed report to Congress on the Freight Intermodal Distribution Pilot Grant Program is submitted in accordance with the requirements of Section 1306 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). Section 1306(f) requires the Secretary of Transportation to submit a report to Congress on the results of the pilot program, not later than 3 years after the date of enactment of SAFETEA-LU.

Section 1306 established this pilot program to provide funding for freight intermodal projects that will relieve congestion, improve transportation safety, facilitate international trade and encourage public-private partnerships. These projects may include the development and construction of intermodal freight distribution and transfer facilities at inland ports. The SAFETEA-LU provided that priority should be given to projects that reduce congestion into and out of international ports located in the United States, demonstrate ways to increase the likelihood that freight container movements involve freight containers carrying goods, and establish or expand intermodal facilities that encourage the development of inland freight distribution centers. However, Congress through earmarks then designated 100 percent of the funds for six specific projects.

For each of the Fiscal Years 2005 through 2009, Section 1306(d)(3) directs the Secretary to allocate 20 percent of the funds made available to carry out the six projects located in Oregon, Georgia, California, Alaska, and North Carolina. Each project is authorized for a total of \$5 million over the 5-year period. The enclosed report details the progress made in funding the designated projects and recommendation for the future of the program.

The U.S. Department of Transportation also wishes to convey to Congress several concerns about the Freight Intermodal Distribution Pilot Grant Program. Of the six earmarked projects, five projects have not obligated any funds as of July 2008, and three projects have still not requested the release of funds. This is incongruous for priority projects.

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There are a number of reasons for this situation, which have been reported to us by transportation professionals in the States and localities where these projects are located. In most cases, the language in Section 1306(d)(3) of SAFETEA-LU directing funds to certain projects is so vague that the project listings have caused confusion and disagreement among State agencies and local sponsors when attempting to program the funds for a specific project. In other cases, the project funding authorized under the Freight Intermodal Distribution Pilot Grant Program is far less than the estimated full cost of project completion, and States and localities have not been able to identify funding sources to fill these gaps. The projects cannot move forward until these additional funding sources are identified. In some cases, the projects are considered to be inconsistent with the investment priorities of the States or local governments in the areas where they are located, so that State and local funds would have to be shifted from what are viewed as higher priority projects. Finally, in some cases the project is so early in the planning process that the full cost of the project has not even been estimated. Even if funding sources can be found to complete the funding for these projects, it is likely to be years before the Federal funds designated for these projects can be obligated. Meanwhile, high-priority freight intermodal projects that are ready to move forward languish due to lack of funding.

Looking ahead, the Department believes a series of changes should be considered to ensure that funding under this important program is applied to well-planned and defensible projects that address significant needs. In particular, the Department believes a competitive project selection process should be used in lieu of politicized earmarking or directed funding. A competitive process will ensure projects funded under this program are ready to move forward. Also, project reviews will be conducted to determine readiness to start construction and funding availability to complete the project. A competitive process also allows for selection of projects identified as a high priority to the local jurisdiction and the Nation. Additional technical recommendations are outlined in the enclosed report.

An identical letter has been sent to the Speaker of the House.

Sincerely yours,

Ray LaHood



Enclosure



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

April 30, 2009

The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, DC 20515

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Ray LaHood

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**Freight Intermodal Distribution Pilot Grant Program
Report to Congress
Project Information and Program Recommendations**

**United States Department of Transportation
Federal Highway Administration
April 2009**

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Project Status

The Federal Highway Administration (FHWA) has received project descriptions and funding allocation requests for three of the six projects designated under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Section 1306(d)(3). Two of these projects have received funding allocations, while one is currently awaiting a complete and final project description from the grantee. The following tables summarize the status and funding of the six projects.

Freight Intermodal Distribution Pilot Grant Program Projects Status			
State	Project	5-Year Authorized Amount	Status
AK	Fairbanks	\$5 million	FY05-FY08 Funding Allocated
CA	The Ports of Los Angeles and Long Beach	\$5 million	FY05-FY08 Funding Allocated
GA	The Georgia Port Authority	\$5 million	No Project Description Received
NC	Charlotte Douglas International Airport Freight Intermodal Facility	\$5 million	No Project Description Received
NC	South Piedmont Freight Intermodal Center	\$5 million	No Project Description Received
OR	Short-Haul Intermodal Projects	\$5 million	Partial Draft Project Description Received

The FHWA developed implementing guidance for Freight Intermodal Distribution Pilot Grant Program (FIDP) grantees and posted it on the Internet in early 2006. All grant recipients for projects designated under the FIDP are asked to submit project descriptions to FHWA in order to initiate the release of designated funds. The project description, which includes information on project purpose, scope, cost, planning, and finance is submitted to the FHWA Division Office through the U.S. Department of Transportation (DOT) in the State where the project is located. (Only one project description is required to be submitted for the 5 years of funding authorized by SAFETEA-LU).

The FHWA Division Office reviews and comments on the project description and forwards the description to the FHWA Headquarters for review of the proposal by the relevant modal agencies and the Office of the Secretary. This review is to ensure the proposed work is aligned with the congressionally designated project and to determine where and how the Department can assist in project implementation.

Funding Status - Freight Intermodal Distribution Pilot Grant Program (Sec 1306)

State	Project List	Total Funding Authorized**	Estimated Total Project Cost	FY 05 Distribution Amount	FY 05 Distribution Date	FY 06 Distribution Amount	FY 06 Distribution Date	FY 07 Distribution Amount	FY 07 Distribution Date	FY 08 Distribution Amount	FY 08 Distribution Date
AK	Fairbanks		Fairbanks Freight Intermodal Yard - \$2,000,315.35 Van Horn Road - \$8,393,773	\$855,000	6/25/2007	\$861,300	6/25/2007	\$920,715.83	6/25/2007	\$924,000.00	3/17/2008
CA	The Ports of Los Angeles and Long Beach	\$5,000,000	\$557,000,000	\$855,000	6/25/07 and 3/17/08*	\$861,300	6/25/07 and 3/17/08*	\$920,715.83	6/25/07 and 3/17/08*	\$924,000.00	3/17/2008
GA	Georgia Port Authority	\$5,000,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NC	Charlotte Douglas International Airport Freight Intermodal Facility	\$5,000,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NC	South Piedmont Freight Intermodal Center	\$5,000,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
OR	Short-Haul Intermodal Projects	\$5,000,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*FY05-07 funds were allocated and subsequently deallocated due to inability to obligate prior to August Redistribution
 ** The total authorized funding levels in this table equal the totals authorized in SAFETEA-LU sections 1306, however, the funding is subject to obligation limitation and other "take-downs" designated in the Appropriations Acts.

Project Descriptions

The following summarizes project information for the FIDP. These descriptions are a combination of information submitted to DOT as part of project descriptions for those projects that have received funding allocations and information gathered from FHWA's Division Offices for those projects that have not requested or received funding allocations. Two of the six projects have received funding allocations.

Additionally, the SAFETEA-LU language that provides FIDP project descriptions is extremely vague, in some cases simply listing the name of a city. This has caused confusion and disagreement among State agencies and local sponsors when attempting to program the funds for a project.

Projects with Funding Allocations

Fairbanks, Alaska

Summary: The Fairbanks Freight Intermodal Access project will promote continuing efforts by the Alaska Department of Transportation and Public Facilities and the Alaska Railroad Corporation (ARRC) to promote safety, traffic flow, and industrial productivity in two parts of Fairbanks: Fairbanks Freight Intermodal Yard (north of downtown Fairbanks) and the South Fairbanks Industrial area served by Van Horn Road.

This project will include road and access improvements, improved intermodal freight transfer areas, and safety improvements. The project will specifically benefit current and projected growth in general freight movements, increased military cargo, and continued growth in freight attributed to major oil and gas field development and operations and major gas and oil pipeline construction and operations.

Specifics of the two sub projects are as follows:

Alaska Railroad Corporation's Fairbanks Freight Intermodal Yard

This project will make improvements at the ARRC Fairbanks Freight Intermodal Yard to relieve congestion and improve the efficiency of freight transfers from flatcars at this location. Traffic circulation will be greatly improved and time for pickup and dropoff reduced. The project will involve the following:

- Moving the at-grade crossing within the freight transfer area to allow more Truck on Flatcar operations to be spotted on the track without being broken apart and without blocking truck egress.
- Constructing a centralized, paved trailer parking location near the entrance and adjacent to Danby Street to improve efficiency, safety and security. The proposed trailer parking will provide parking for 80 trailers to enable faster pickups and dropoffs by truck operators and eliminate the safety issue of trucks and forklifts

moving throughout the same area. This will also eliminate the need for trailers to be parked throughout the rail yard in several different locations, which causes confusion as operators search for their loads.

- Paving access to the Danby/Johansen Intersection.
- Paving and striping of the intermodal unloading area.
- Improving drainage to facilitate runoff and reduce ponding.

Freight Access in the South Fairbanks/Van Horn Road Industrial Area

A major intermodal freight distribution area in Fairbanks is the South Fairbanks/Van Horn Road Industrial Area. This area also receives freight distribution by rail. The South Fairbanks Airport Spur line gives rail freight access to a number of businesses that transport freight and chemicals to the mining and petroleum industries. This rail spur is located just south of Van Horn Road (Van Horn Road is the main access corridor for the South Fairbanks Industrial Area). This corridor is often congested and unsafe, with many cross streets and driveway access points and little illumination. Because large trucks and passenger cars intermingle, it can be dangerous during dark winter months. This project will improve the efficiency of freight distribution and transfer in this industrial corridor. This project will involve the following:

- Resurfacing and reconstructing the existing pavement.
- Constructing a center left-hand turn lane.
- Widening the existing roadway to three lanes including shoulders for pedestrian use.
- Illuminating the roadway.
- Consolidating driveway access points.
- Shifting the Peger/Van Horn Road intersection to increase the clear zone.

Ports of Los Angeles and Long Beach, California

Summary: The Alameda Corridor Transportation Authority, working in cooperation with the California Department of Transportation, has identified the SR-47 Ports Access Expressway project as one of the leading regional transportation projects that will enhance Southern California's and the Nation's intermodal goods movement network.

The new 2.2-mile elevated expressway replaces the seismically deficient six-lane Commodore Heim Lift Bridge with a fixed-span bridge connecting Terminal Island – the heart of the Los Angeles and Long Beach port complex – to major highways and transportation corridors. The lift bridge replacement is one of the few remaining projects on a list of over 2,000 California seismic bridge retrofits/replacements.

The project route is a truck-link to existing and proposed local inland near-dock intermodal rail facilities. A new four-lane elevated connector from the bridge to Alameda Street will provide more environmentally friendly alternative access to these inland intermodal facilities, as well as a more efficient route to and from local distribution centers and warehouses.

The project will reduce congestion, delay, and idling emissions at three signalized intersections and five at-grade rail crossings. By providing an improved, reliable alternative route to and from Terminal Island, it will reduce truck congestion by over 5 percent on the I-710 Freeway, which alone now carries nearly 20 percent of the Nation's imported cargo. It will also reduce congestion on the I-110 Freeway, the two main Terminal Island connecting bridges – the Vincent Thomas Suspension Bridge and the Gerald Desmond Bridge – as well as local commercial and residential arterials.

Reductions in freeway traffic and the alternative route provided by this project will improve safety. This improved alternative route also has national defense and disaster recovery advantages in the event of terrorist incidents involving the ports or the two main connector bridges. In addition, the project will, in the future, provide congestion relief during construction staging for proposed major capacity improvements on the I-710 Freeway.

The FIDP grant funding will be used for final design of the project. Final design will include engineering and preparing the construction bid documents, establishing construction staging and traffic management plans, identifying utility relocations and property acquisition requirements, and completing soils investigations.

Projects Not Requesting Funding Allocations/Without Funding Allocations

Georgia Ports Authority, Georgia

Summary: The Georgia Ports Authority (GPA) has had several potential projects for the use of the FIDP funds, but pressing issues in the Port of Savannah's operation and infrastructure needs of the roadways in and around the port have delayed their claim to these funds. Initially, these funds were requested to assist a proposed \$160 million intermodal connector.

Presently, GPA does have a project that would satisfy the intent of the legislation, as well as produce measurable improvements. The current project under consideration by GPA is the "Port Junction - Savannah Wye" Railroad Project. The project's purpose is to construct a westbound wye leg at Port Junction (Savannah) to allow progressive movement between GPA's Mason Intermodal Container Transfer Facility located on the Norfolk Southern Railroad (NS) Foundation Lead and the NS main line.

Discussions centered on this project are presently underway. A Memorandum of Understanding (MOU) is being developed for the entities involved. Environmental specialists with both FHWA and the Georgia Department of Transportation are working with NS and GPA to review environmental work to date, as well as identifying other issues and compliances that will need to be followed. The overall process to advance and construct could take approximately 12 to 15 months with construction completion targeted for summer 2010. The FHWA anticipates an application to access this grant will coincide with the entities agreeing to an MOU for the project.

Charlotte Douglas International Airport Freight Intermodal Facility, North Carolina

Summary: The Norfolk Southern Railroad plans to construct a new freight intermodal distribution facility on 300 acres of property that will be leased from Charlotte Douglas International Airport property. The project will include the construction of new rail lines, two bridges across two airport taxiways, three small buildings, and a railcar storage area. The NS has undertaken the development of environmental documentation for the project. Once NS has completed the necessary environmental documents, they will complete the final cost estimates and be prepared to make formal application for FIDP funds in 2008.

South Piedmont Freight Intermodal Center, North Carolina

Summary: The South Piedmont Freight Intermodal Center is the CSX rail facility in Charlotte, North Carolina. The CSX is discussing their project options with the North Carolina Department of Transportation. Currently, the CSX is considering use of these FIDP funds for an expansion of the paved parking area for staging trailers/containers for pickup by customers. The current operation requires all containers on inbound trains to be drayed 1 mile away to an offsite storage yard on Rozzelles Ferry Road. This lack of on-site parking serves as a bottleneck to the operation and ultimately limits the number of containers that can be processed at the terminal.

Short-haul Intermodal Projects, Oregon

Summary: The project tentatively proposed for this funding is the Port of Morrow (Oregon) Multi-Modal Rail Logistics Facility. This consists of an 8,100-foot mainline siding and 6,500-foot rail track for an intermodal facility. A conceptual plan was developed; however, the project proposer is also attempting to secure funds through the State of Oregon's competitive freight funding program (Connect Oregon II). An FIDP funding allocation is pending the results of the project in the State solicitation.

Recommendation

The DOT recommends the following be considered when the authorization or funding appropriation for this program expires:

Link Program to Projects and Corridors of National Significance - One of the current purposes of this program is to facilitate and support intermodal freight transportation initiatives at the State and local level to relieve congestion and improve safety. If this purpose is to continue, DOT recommends that projects funded under FIDP have a strong relationship to projects or corridors of national significance. The FIDP should be used to strategically target freight infrastructure investment at the State and local level that will increase the connections and relationship of local freight nodes to these national corridors. The FIDP should be viewed as a complementary piece to the corridor programs, providing funding for the freight nodes and connections of national interest.