

ADVISORY COMMITTEE ON SUPPLY CHAIN COMPETITIVENESS

Department of Commerce
Room 4830
Washington, DC

Thursday,
April 16, 2015

The meeting was convened, pursuant to notice,
at 9:13 a.m., MR. RICK BLASGEN, Chairman of the
Committee presiding.

APPEARANCES:

COMMITTEE MEMBERS:

MR. RICK D. BLASGEN

MS. LESLIE T. BLAKEY

MR. DENNIS E. BOWLES

DR. SANDOR BOYSON

MR. STAN BROWN

MR. JOSEPH G. B. BRYAN

MR. JAMES COOPER

MS. LAURA DENHAM

MR. PAUL FISHER

MR. BRANDON FRIED

MR. RICK GABRIELSON (Via Conference Call)

MR. LANCE R. GRENZEBACK

MR. WILLIAM HANSON

MR. JEVON T. JAMIESON

MR. RICKY KUNZ

MS. TIFFANY MELVIN

MS. ELIZABETH MERRITT

MR. MARK MICHNER

MR. CHRISTOPHER SMITH

MR. RONALD F. STOWE

MS. ANNE STRAUSS-WIEDER

MR. JUAN VILLA

MR. SHAWN WATTLES

MR. THOMAS WEILL

MR. DEAN H. WISE

U.S. DEPARTMENT OF COMMERCE:

MR. RUSSELL ADISE
International Trade Specialist

MR. EUGENE ALFORD
International Trade Specialist

MR. RICHARD BOLL
International Trade Specialist

MR. BRUCE HARSH
Division Director
Distribution and Supply Chain

MR. DAVID LONG
Director
Office of Service Industries

MR. JOHN MILLER
International Trade Specialist

MR. JEFF WEISS

ALSO PRESENT :

MS. NICOLE ADAMS

MR. PAUL BEA

MS. CYRIANE COSTE

MS. TIFFANY JULIEN

MR. ERIC KULISCH

MR. STEPHEN SHAFER

MR. ED STROCKO

MR. RICHARD TRACY

MR. MARCOS TRUJILLO

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P R O C E E D I N G S

COMMITTEE WELCOME

Rick Blasgen, Committee Chair

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5 CHAIRMAN BLASGEN: Good morning, everybody.
6 I thought we had a great day yesterday. I know a few
7 subcommittees met. So we're going to be hearing some
8 updates from all of you.

9 As we have mentioned, we've got a lot of great
10 activity going on and when we were talking beforehand
11 around if we can identify as a group what types of
12 recommendations we see in the not too distant future
13 and when those might come to the forefront. So
14 thinking about that so we can sort of understand our
15 timing and gateways for those recommendations as we go
16 through the day.

17 But thanks for all of your hard work. We've
18 got some great guests to hear from.

19 Right now, I will turn it over to David so he
20 can introduce Sue Helper.

21 MR. LONG: Thank you. What I would like to do
22 is mention Sue Helper. Dr. Sue Helper is the Chief
23 Economist at the Department of Commerce. She is on
24 loan from Case Western Reserve University; an expert in
25 supply chain issues, operations, and visiting scholar

1 at Oxford, Berkeley, Harvard and MIT. That pretty much
2 says it all.

3 It is a real honor to have her here. Let me
4 turn it over to you.

5

1 **SUPPLY CHAIN VISIBILITY AND SUPPLY CHAIN**
2 **DESIGN/MANAGEMENT TOOLS IN RELATION TO CONGESTION**
3 **ISSUES**

4 **Sue Helper, Chief Economist, U.S. DOC**

5 **Ryan Noonan, U.S. DOC**

6
7 MS. HELPER: Well, thanks a lot. I really
8 appreciate the chance to be here.

9 What I wanted to do is talk about a couple of
10 things. What I wanted to first do is kind of give an
11 overview of some of the work that we in the Department
12 of Commerce, joint with the White House, are doing
13 around supply chains and then moving to some
14 discussions of resilience and risk, which is a new area
15 for us and we are looking for some guidance from you.

16 In particular, we have a tool around trying to
17 measure the cost of lead time and my colleague, Ryan
18 Noonan is going to do a little demo of this tool and we
19 would love to see how you think about it.

20 But if we, I guess, think about the supply
21 chain activities in the department, one way to think
22 about is we have two kind of buckets; one is making it
23 and the other is moving it. And you guys may be the
24 moving it group, but there is also a making it a group,
25 how do we actually get stuff made and revitalize

1 component supply chains, et cetera.

2 We have a similar advisory body called the
3 Manufacturing Council and they have been taking a lot
4 of the work on that in the manufacturing area.

5 There is a joint White House-Commerce report
6 on supply chains and I have the URL in another version,
7 but I can easily get it for anybody that would like it.

8 The idea behind this report is to look at what are the
9 barriers to small manufacturers innovating.

10 So if we think about continuing manufacturing
11 supply chains, they are accounting now for about for 40
12 percent of employment within manufacturing, but the
13 small firms have some trouble innovating. They are
14 about 60 percent as productive as large firms. They
15 don't do as much R&D. They lag in adopting both
16 management and technological innovations and this holds
17 the whole supply chain back.

18 So we are doing a set of interviews and deep
19 dives into trying to understand what these barriers are
20 and how we could resolve them. So that is the kind of
21 making it part of the Department of Commerce activities
22 and that is the one, I guess, that my office is more
23 typically involved with.

24 But the moving it, the product is not useful
25 unless it is where it needs to be, is also a very

1 important part of the issue here and what you guys are
2 essentially focused on.

3 So then as part of doing that, we have a
4 couple of initiatives that overlap with that area of
5 interest and really would like your advice. And so one
6 is to think about resilience and we are doing this, in
7 particular, in a joint project with NOAA, the National
8 Oceanic and Atmospheric Administration, which is also
9 part of Commerce, and I just wanted to talk about that.

10 So what do we mean by resilience? The idea
11 here is it is the ability to prepare for and adapt to
12 changing conditions and withstand and recover rapidly
13 from disruptions. And this is a Federal policy
14 strategic objective. So we have a lot to learn from
15 you guys who have been dealing with this for a long
16 time. This is thinking a lot about communities, but
17 also about firms recovering.

18 So we have had lots and lots of natural
19 disasters recently; 178 of them where damage has
20 exceeded \$1 billion. If you add up all the 178, you
21 get over \$1 trillion, and then there have been a couple
22 of outliers even from that. Katrina was \$151 billion
23 in costs and almost 2,000 deaths, and then more
24 recently, Hurricane Sandy.

25 So how should people think about this, whether

1 the people are in a firm or in a community? And this
2 is, I guess, as I said, an area we are just beginning
3 to think about. But if you sort of think about the
4 expected return on an investment, it is a function of a
5 payoff in a good state -- in this case, it might be
6 there is no disaster -- plus the one-minus that
7 probability tends to pay off in the bad state.

8 So disasters can cause very bad payoffs, even
9 if the probability that they occur is very low. So it
10 is unlikely that your container of parts gets lost on
11 the way from China, but if it does happen, it is
12 really, really bad, particularly if you are a startup.

13 So there is, I think, a useful analogy from
14 Finance of beta. So Finance is also a group that
15 thinks a lot about correlation of returns and how
16 things are correlated with each other. So there is
17 this technique called beta. It is a measure of how
18 closely an investment moves with the market. And a key
19 insight from Finance is to diversity your portfolio and
20 not have all high beta investments. You want to be
21 prepared for when you might lose it in a shock or a
22 recession.

23 I think an insight is that investments and
24 resilience actually have a low beta. You can think of
25 this in two ways. One is if it is a really huge

1 disaster, kind of nation or worldwide disaster, that is
2 going to drive the market down and that is going to
3 mean all the investments that are highly correlated
4 with the good outcome are also going to become less
5 valuable, whereas these investments in resilience are
6 the things that pay off in the bad state.

7 So even if the bad state is rare and the
8 payoff maybe isn't that good, because they occur in the
9 bad state, you are actually protected. And so an
10 example of this would be two different stores in
11 Hurricane Sandy located right next to each other. So
12 here is the Fairway Market and here is the IKEA. The
13 Fairway Market was located in this old warehouse and it
14 was closed for 4 months because its entire inventory
15 was ruined by the flood.

16 IKEA, they spent a bunch of money upfront to
17 build up pilings and they invested in an emergency
18 generator, and so they ended up being even a FEMA
19 distribution center. And so this investment upfront,
20 if there had been no Sandy, it wouldn't have paid off
21 anything, but because they were able to be up and
22 running in a disaster, the disaster did come, the
23 investment paid off.

24 So the way we are thinking about this is, if
25 it makes sense to you at all, if you sort of think

1 about different ways of responding to a disaster --
2 these colors are not showing up ideally, but the idea
3 here is that the best state is you prevent the
4 disaster. So your performance just goes along like
5 this. Second best is you can reduce the impact of the
6 bad state. So the bad state occurs. So IKEA invested
7 in these pilings and that means that they are able to
8 recover quickly. And then the last possibility would
9 be there is no action.

10 So all these things, these kinds of
11 investments, both mean that your initial dip due to the
12 bad state is less and your recovery is sooner. So this
13 essentially goes through different ways of doing this.

14 So preventing the bad state is probably hard for any
15 individual company or community to have a impact on
16 climate change, but together we can. You could reduce
17 the impact of the bad state, as I said. And then the
18 one that I skipped over is enhancing the ability to
19 respond to a bad state.

20 So, for example, if you have a closer supply
21 chain and people are able to build to order and your
22 logistics time is less, you may shorten your recovery
23 time. So you would still see the initial dip, but your
24 recovery may be faster.

25 So what we wanted to do is just dive a little

1 bit into this particular thing of how do we know -- how
2 could we assess the costs and benefits of having a far-
3 flung supply chain, and clearly there are benefits to
4 doing that. You may get access to lower labor costs or
5 maybe some technology that is available far away, but
6 not close. But then there are also some hidden costs,
7 which is where you guys come in, and we have this tool
8 that at least lets us pretend to look at some of these
9 hidden costs.

10 We developed it in coordination with Suzanne
11 DeTreville of MIT and the University of Lausanne. So
12 there is, overall, a Website, acetool.commerce.gov,
13 that Ryan was instrumental in putting together, and it
14 has a variety of buckets, of different kinds of costs
15 and discusses how these might change when the suppliers
16 are near or far away. So labor cost is something that
17 is thought about a lot, but often people don't add in
18 if your supplier is far away, travel goes up, product
19 quality may be affected, regulatory compliance costs
20 may be different.

21 We did a deep dive into just one of them,
22 which is the inventory bucket down here, and the idea
23 behind this tool that Ryan is going to demo in a minute
24 is that when suppliers are far away, they have to
25 produce a forecast rather than a known order and the

1 range of possibilities that can happen. When time
2 expands, that range of possibilities is greater.

3 Then the second key piece is the product scrap
4 value is usually less than its full value. So firms
5 really want to make sure that they don't have a stock-
6 out, generally. So the cost of underage is usually way
7 greater than the cost of overage. And so firms are
8 then ordering typically much more than they want to
9 sell, often, in Suzanne's research, twice the median
10 demand, so twice the demand they expect. So it is huge
11 waste.

12 So even if, on a per unit basis, your far away
13 supplier is cheaper, when you add up the total costs,
14 it can be lower to have it done close by because you
15 don't need to do this over-ordering. And this adds up,
16 at least for the cases that Suzanne has examined, that
17 sometimes this one factor alone is a hidden cost that
18 can add about 20 percent to the cost of a faraway
19 supply chain compared to producing locally to order.

20 So, Ryan, if you want to take over.

21 MR. NOONAN: Yes. I can run through this.
22 Good morning. I'm going to do sort of a live demo. So
23 this is our Ace Website, our Ace tool site, and in the
24 inventory section, as Sue mentioned, we have this tool.

25 So it brings up this site.

1 MR. BROWN: A question for you.

2 MR. NOONAN: Yes.

3 MR. BROWN: Are you looking at inventory as a
4 standalone bucket?

5 MR. NOONAN: It is sort of a yes and no. So
6 this tool, in particular, looks at demand uncertainty
7 and sort of how you respond to that and typically the
8 way you respond to that is having more inventory. So
9 in that sense, it gets to inventory that way, but it
10 uses this risk and uncertainty framework with sort of
11 some finance concepts to get to that.

12 MR. BROWN: The reason I ask the question is
13 we don't look at inventory as a cost as a standalone.

14 MR. NOONAN: Right.

15 MR. BROWN: We look at total cost of
16 ownership.

17 MR. NOONAN: Yes.

18 MS. HELPER: Right.

19 MR. BROWN: So, in general, again, a very high
20 general, I'm okay having more inventory if all the
21 other components of my supply chain are close to or at
22 an optimization level that is acceptable. So that my
23 total cost of ownership from start to finish is at its
24 minimum or close to its minimum.

25 MR. NOONAN: Yes. And I think from our point

1 of view, that would mean that you are already doing it
2 right. Total cost of ownership is the way to think
3 about this and the broader Ace tool framework here is
4 about total cost of ownership. And so this being the
5 one piece has this particular insight, but throughout
6 the entire thing we talk about all these other aspects,
7 as well.

8 Some of these costs that we input into this
9 model may be affected by some of the considerations you
10 have already made and that's great.

11 So this tool asks for five pieces of input
12 from the user. I'm trying to look at the screen and
13 talk at the same time. So it asks for five pieces of
14 input from the user. There are these little
15 information bubbles here, the icons aren't showing up,
16 but they are there on the Website, that give you sort
17 of a little cheat sheet if you need it to do these and
18 some of them almost certainly do.

19 So the price is sort of the price that you get
20 from selling it, the price to the consumer or customer.

21 The second item here is the made-to-order cost. This
22 is the cost that you pay to your closest supplier. If
23 you could make it around the corner, how much does that
24 cost? That is the number that goes in here.

25 The residual value is just your salvage value,

1 scrap value, whatever that number means to you. It
2 might be an outlet price, it might be a scrap,
3 depending on your product.

4 Some of these concepts down here get a little
5 weirder. So the minimum service level, this is sort of
6 a concept about how much product you need to move out
7 of stock. A lot of people tend to think about this as
8 a fill rate instead, so that number is also here. The
9 model calculates that. And so one way to work at this
10 is to sort of do a guess-and-check. So if you need
11 your fill rate to be 95 percent, you need to meet 95
12 percent of your demand from stock, you can start
13 bumping this number up. It should auto calculate this
14 number. So you can see your fill rate will go up as
15 you change the number.

16 So you can do a guess-and-check, which is an
17 easy way to sort of back into that number.

18 The volatility parameter is a measure of sort
19 of your demand uncertainty and there is a little
20 calculator in here to help you calculate this number,
21 because that is probably not something you just know
22 off the top of your head, or it might be.

23 So this asks really sort of what is your peak
24 demand as a multiple of sort of your average demand.
25 There are a lot of numbers pre-populated into this

1 thing, so we are just going to use those for the
2 example.

3 So in this example, your peak demand moment is
4 three times your median demand and then the estimate is
5 that this happens one time out of every ten periods.
6 That could be one time out of every 4 weeks. It depends
7 on how you think about this stuff.

8 But then it will give you this coefficient
9 variation of 1.04 -- I'm sorry -- the volatility
10 parameter is what I want to think about, so it will
11 give you this .86 number, which you can then come up
12 here and plug in. We will just leave the .5 here
13 because that is in and I just want to show you how this
14 works.

15 When you hit the add curve, that populates
16 this curve. And so the idea here is that as your
17 supply chain gets longer, the percentages here on the
18 left are sort of what the model estimates you need to
19 save from your far-flung supplier. And so in this
20 case, with these parameters, your farthest out
21 supplier, you'll be looking to save about 27 percent.
22 If you can get a 27 percent discount, we're estimating
23 that's about a break-even for you.

24 On top of that, of course, if you haven't
25 already thought about it, then you have things like

1 shipping and packaging and whatever else you need to
2 do, which you add to those costs and erode that 27
3 percent. So if you just get a 27 percent savings on,
4 say, piece price, then you need to do total cost of
5 ownership kind of stuff to think about, well, these
6 prices are not the only thing I'm doing here.

7 Then as you change these parameters, you can
8 bump this volatility up. So volatility is .7, 7.5, the
9 thing will populate another curve. Obviously, that one
10 is a little higher if your demand is -- if you have
11 more demand volatility, then you're going to have to
12 buy more stuff in order to be prepared for that. So
13 your cost savings will have to be even higher.

14 MS. HELPER: So that's the tool and I guess we
15 would be really interested to know if this is something
16 that seems useful either to you or to maybe, more
17 typically, small companies, because obviously it's
18 glossing over some complexities. But it seems like the
19 key insight here is just that when you forecast over a
20 broader range of scenarios, you've got to have more
21 stock to cover yourself. Holding that stock is costly
22 and in a way that this tries to measure.

23 But we would be just intrigued to see if that
24 seems useful to you.

25 MR. WISE: I think if you could carry it

1 forward into the total cost of ownership, that is where
2 the great debate is, on your short values, and the base
3 driver is not this. It's the volatility, as we talked
4 about yesterday, of the transit variability, with
5 congestion issues. Then on top of that, the increasing
6 labor costs of China versus stable costs.

7 So what you've done is kind of one piece to
8 the puzzle, but if you really want to drive people's
9 sourcing decisions, and we'd love to see it being near-
10 shoring, re-shoring, I think you need to look at the
11 whole picture. AlixPartners has done a lot of work in
12 this and a bunch of other firms have done a lot of work
13 in this.

14 So putting the whole story together I think
15 would be good.

16 MS. STRAUSS-WIEDER: I'll get your card and
17 give you two TRB publications that have looked at
18 resiliency. Picking up on what Dean said, there are
19 actually a couple of different things that happen with
20 resilience here in a disruption situation.

21 In the short term, you're getting back on
22 track. You've got this as continuity. What Dean is
23 talking about, too, is you're getting into the longer
24 term implications of what a disruption has done to you
25 and some of those longer-term implications obviously

1 could have a greater impact, near-shoring and so forth.

2 There are a lot of different examples.

3 In terms of dealing with this, it's also a
4 question of do you keep inventory or do you tell your
5 suppliers have inventory on hand that address costs or
6 can you pull it from other purposes, or in the case of
7 a manufacturer, can I flex my capacity to make it up in
8 some other way.

9 So there are a whole variety of practices that
10 have gone on in terms of looking at business continuity
11 and the risk involved and then, again, that spectrum of
12 response, the immediate response, the short-term
13 response, and then the longer-term, I'm going to change
14 things a bit.

15 I'll send you two pieces of work that have
16 been done on this.

17 MR. BROWN: Not to plow on, but the other
18 point I would raise is that by looking at this in a
19 silo, you might be leading a path to making a wrong
20 decision as compared to reviewing it as a cost of total
21 ownership, which might lead you to make a different
22 decision.

23 So I would suggest or recommend that you don't
24 break it into the silos of inventory or transportation
25 or any one of the other attributes. You always look at

1 it from an end-to-end total cost of ownership
2 perspective and put your different variables into that
3 formula so that you can play more inventory/less
4 inventory, further distance/closer distance, all that
5 kind of stuff, but only give them the one option to
6 look at it from a total cost of ownership perspective
7 to make the right decision.

8 MS. HELPER: I think there are some really
9 interesting design questions here. So we do partner
10 with the Manufacturing Extension Program, which is part
11 of NIST, also part of Commerce, and they have been
12 working with Harry Moser, who is kind of off-shoring,
13 near-shoring, on-shoring guru.

14 So what they have done is put -- both Harry
15 and MEP have full-blown TCO calculators and they have
16 put this piece in there. We felt that this was kind of
17 our contribution, but I take the point and we can make
18 sure that we aren't having people look at stuff in
19 isolation.

20 A question on these different responses. If
21 you have your suppliers hold inventory, then the cost
22 is still there. That's not a cost reduction. A lot of
23 companies sort of act as if they cut costs. But if
24 they are not holding it, the cost just disappears.

25 MR. BROWN: It depends upon what your

1 negotiated agreement is. I have examples where I don't
2 own the inventory, I don't have the cost. It's to my
3 suppliers. It's a cost of them doing business with me.

4 MS. HELPER: But then presumably they are
5 adding that to their price for you and it is an
6 efficient way--

7 MR. BROWN: At some point, you have to make
8 that assumption, correct. But if, God forbid, they had
9 a disaster, it's zero cost to me for whatever
10 disruption they have to their supply chain.

11 MS. STRAUSS-WIEDER: Some of the longer-term
12 examples, and this goes for a customer that's quite
13 large, they may require that their supplier keeps X
14 amount of inventory on hand within a certain distance
15 range of the facility. It's more commonly seen around
16 the auto production facilities where they have it very
17 close by.

18 Another example, and this was --

19 MS. HELPER: But I guess just to push back,
20 that cost is still there.

21 MS. STRAUSS-WIEDER: The cost is still there.

22 MS. HELPER: And particularly if you have your
23 supplier holding inventory and that adds to their
24 working capital costs and they're borrowing at a higher
25 rate.

1 MS. STRAUSS-WIEDER: But they still maintain
2 that customer.

3 MS. HELPER: Right.

4 MS. STRAUSS-WIEDER: So it's part of doing
5 business.

6 MS. HELPER: Right.

7 MS. STRAUSS-WIEDER: But also from a company
8 standpoint, and a lot of this came as a response to the
9 flooding in Thailand and Fukushima, is that
10 diversification production location, too. So it's not
11 so much that you're going to close one location, but if
12 you're adding capacity, you're going to diversify and
13 maybe some of it goes on-shore, near-shore for this
14 marketplace.

15 Maybe you have something now in Eastern Europe
16 and maybe you have something in Japan. The example of
17 the metallic metal ingredient that was only a single
18 plant in Fukushima I think really just told people the
19 problem there.

20 I'm thinking of those kind of examples and
21 fitting it in, but that's an example of a longer-term
22 implication. But Dean has also raised the point that
23 it is that variability and looking at a business
24 continuity framework. It's how do you get that
25 variability out of it, because you have to ensure that

1 you get the items to your customers or it's a lost
2 sale. So that's always the end mark. So it's that
3 whole equation.

4 MR. WISE: And the shipping costs aren't
5 trivial and the variability is not trivial.

6 One of the other strategies to try to overcome
7 this is the Asia supply chain is still the dominant
8 supply chain for a lot of what you're talking about.
9 You bring it in on a forecast basis to the U.S., but
10 then you reallocate it to a west coast port and that's
11 the whole trans-load business. So snow shovels being a
12 classic example. Joe Bryan needed more snow shovels in
13 Boston this year than they needed in North Carolina.
14 So you have your forecast for the U.S. snow shovel
15 demand. When it gets to L.A., you then trans-load from
16 the container into trailers and you get the right snow
17 shovels to each point.

18 So you kind of mitigate the forecast issue
19 versus the order issue that I went to.

20 MS. HELPER: Assuming that that total demand
21 estimate was correct.

22 MR. WISE: You're basically converting from a
23 forecast or to a custom order based on now your 2 weeks
24 lead-time into the final market as opposed to 6 weeks
25 lead time from the origin market.

1 MS. HELPER: Right. But 6 weeks ago you had
2 to assume that 200 snow shovels were going to be bought
3 somewhere in the U.S.

4 MR. WISE: Yes, but you just didn't know
5 where.

6 MS. HELPER: Yes.

7 MR. WISE: Or snow blowers, really.

8 MR. WEILL: The only two points I would make
9 is on one of your earlier slides, that first assumption
10 about -- and I guess it depends on how you define that
11 near-in supply chain and that sourcing more locally is
12 more advantageous, because when that bad event happens
13 -- I worked for Campbell Soup. If we got all our
14 agriculture out of California today, with all the water
15 issues, I'd probably be at a much higher risk profile
16 than having it diversified across the United States.

17 I was going to use the example you used on the
18 paint, too, and having that broader supply chain. If
19 those companies had had alternate sourcing locations,
20 they probably would be better off. Even for the paint
21 that was used for cars in Japan, it was a problem, even
22 though you would define that as sort of a near-in
23 supply chain kind of thing.

24 The other question is about sort of your
25 forecast. I would almost say that it probably wasn't

1 600 snow shovels. It probably turned into being 800
2 because of what actually happened in Boston. It's just
3 the forecast was wrong. So producing to demand, which
4 is what you are proposing there, in an ideal world,
5 that would be great, but there is always a forecast
6 involved. So you're going to have to manage your --
7 you just can't produce the demand, especially if your
8 product portfolio is extraordinarily complex and you
9 have lots of different things.

10 So you tend to segment products into sort of
11 A, B and C categories. So As you produce every day, Bs
12 you produce once a week, and Cs you produce every month
13 or something like that. So you're going to need an
14 inventory and forecast.

15 MS. HELPER: I don't know. I think the point
16 here is just that as your forecast period expands, what
17 we were talking about before, that if your forecast is
18 6 weeks out, you're going to have a greater range of
19 possible states of nature than if you're forecasting 2
20 weeks or 1 week out.

21 MR. WEILL: And, of course, if you have a
22 really good S&OP program, like what Dell used to do,
23 they would drive the demand based on we have too many
24 of these monitors, let's deal them so that the customer
25 feels like they're getting an upgrade, but it's really

1 because we have too many of them.

2 MS. HELPER: Right.

3 CHAIRMAN BLASGEN: Other questions, comments?

4 One thought I had, have you called a specific company
5 and asked the company to model this against their
6 current process and how they see that work?

7 MS. HELPER: Yes. We particularly -- do you
8 want to take that?

9 MR. NOONAN: Yes. Speaking for Suzanne, who
10 isn't here, Dr. DeTreville, she has worked with a
11 number of companies -- she is based out of the
12 University of Lausanne, so she has a lot of experience
13 with European companies. I know she has worked with
14 L'Oreal and Nestle and things like that.

15 But in particular, here we worked with K'Nex
16 last fall, I think -- last fall, we worked with K'Nex,
17 the toy company based in Pennsylvania, and we actually
18 had them independently sort of -- we gave them a little
19 spreadsheet with our buckets. We gamed the system a
20 little bit by doing that. And we had them fill in the
21 numbers in the buckets and then send it back to us and
22 it was remarkable how well their sort of cost savings
23 of moving from China to Pennsylvania sort of lined up
24 with what this model was saying. And we wrote that up
25 as a case study on the Ace Website. So you should see

1 it there, as well.

2 MR. LONG: So in terms of the way the model
3 was put together, things like whatever level of
4 congestion or pace of things through west coast ports
5 or others are simply one of the assumptions that leads
6 to lead time.

7 MR. NOONAN: Yes. So I think that if you had
8 perfect knowledge, you would be able to assess exactly
9 what the cost of those things are and then you can put
10 that into these five parameters.

11 In reality, the model is very simplified.
12 Boiling all of your costs down to five things gives you
13 an estimate, not an answer. In particular, this does
14 sort of lean on the demand volatility issue.

15 MR. LONG: And whatever the real situation is.

16 MR. NOONAN: And not as much on the supply
17 volatility or the shipping costs or any of that.

18 So this is sort of really getting at this idea
19 that in a perfect world, your customer would call and
20 say this is what I need and you would push the button
21 on your Star Trek machine and spit it out. And then as
22 you get further and further from that, what do you have
23 to do when you're ordering to make up for that. And so
24 it's really a demand story, I think.

25 MS. HELPER: But it is really interesting. I

1 think Ryan's point is we're both about demand
2 volatility here, not supply volatility, but it's
3 probably a very similar analogy, that if you don't
4 really know when your stuff would get here, that's a
5 problem and that's also going to cause you to have to
6 produce more and it pushes your timing further out.

7 So I guess there's a kind of cascading effect,
8 which is, on average, it gets here in 6 weeks, but it
9 could be 14. Well, then you might find yourself
10 deciding, gee, I really need to make sure I cover any
11 range of demand that could occur over 14 weeks rather
12 than 6. And so then you get even higher.

13 MS. STRAUSS-WIEDER: And that's exactly what
14 has happened in a number of situations. That
15 transportation is around variability.

16 MS. HELPER: Right.

17 MS. STRAUSS-WIEDER: So when I brought up that
18 example of some major customers and a variety of fields
19 requiring their suppliers to be within one day's drive
20 or a certain distance range, that's to reduce that
21 variability in travel and it was also, to some degree,
22 a reaction to the truck driver situation.

23 But that is why even looking at something like
24 the west coast situation that just occurred, why a lot
25 of people started diverting their cargo ahead of time,

1 recognizing that there could be an inconsistent travel
2 time.

3 So your point is well taken. Just as you're
4 looking at volumes and probably a very big issue as we
5 talk about supply chain competitiveness is ensuring
6 that consistent travel time or having mobile
7 flexibility to withstand if a region or an area goes
8 down, that we can modally flex or production flex
9 around that situation, and willing to get into
10 unanticipated surges.

11 MR. WEILL: And I think it goes to the point
12 of everything we're talking -- fixing the things we're
13 talking about to make that so that it's always going to
14 be 6 weeks instead of having that, because we were
15 affected as much on our exports out of the United
16 States with the stuff happening on the west coast as we
17 were on -- in fact, probably less so on stuff we were
18 bringing in.

19 MS. BLAKEY: Leslie Blakey, Coalition for
20 America's Gateways and Trade Corridors.

21 I just wanted to ask you if you all are aware
22 of working or working with in any way the National
23 Infrastructure Advisory Committee under the Department
24 of Homeland Security. They are currently wrapping up a
25 study of resiliency for infrastructure, particularly

1 focused on critical infrastructure for commerce.

2 I served on a working group with them and I
3 know we just wrapped our report about a month ago. So
4 the full committee report should be coming out very
5 soon, as I understand it, maybe in May.

6 But you all might want to touch base with DHS
7 and that working group. It operates under DHS, but it
8 is a White House-appointed advisory committee. But if
9 you're not already familiar with it.

10 MS. HELPER: No, no. We need to check back in
11 with them. That's great. Thank you.

12 MR. LONG: We're timing out here. We're going
13 to set up the next call here from Rick Gabrielson and
14 we can continue the discussion. I hope you can stay
15 and listen and participate with us on this.

16 The new chairman of our Freight Movement
17 Committee will be presenting his material by cell phone
18 from China. So bear with us so we can make this work
19 technologically. Failing that, Joe is on hand to lead
20 us through that.

21 [Pause]

22 MR. MILLER: Rick, how are you doing?

23 MR. GABRIELSON: I'm well. How are you?

24 MR. MILLER: Doing well. This is John Miller.
25 We have you on speakerphone here with the advisory

1 committee. How well can you hear us?

2 MR. GABRIELSON: I can hear just fine.
3 Hopefully you can hear me.

4 MR. MILLER: Yes. You're coming in loud and
5 clear. So we'll go ahead and let Rick Blasgen go ahead
6 take over and lead into you.

7 CHAIRMAN BLASGEN: Hey, Rick. Thanks very
8 much for joining us. We really appreciate that. We
9 had some great discussions yesterday on this particular
10 topic. So we're all looking forward to you marshaling
11 up some energy on this. I know you have a lot of
12 passion for it.

13 So let me turn it over to you and you can lead
14 the discussion. We can hear you just fine, by the way,
15 so that's good news.
16

1 **FREIGHT MOVEMENT AND FREIGHT POLICY DEVELOPMENTS**

2 **Rick Gabrielson, Subcommittee Chair**

3 **Freight Policy and Movement**

4

5 MR. GABRIELSON: That's great. Thanks, Rick.

6 Sorry, folks, I couldn't be there this morning, I'm in
7 Shanghai, but wanted to participate and share this
8 document with you. As Rick said, I have a tremendous
9 amount of passion on these subjects, as I know probably
10 a number of folks in the room do.

11 The west coast negotiations had a dramatic
12 impact on trade within the U.S. for importers and
13 exporters and all of their businesses were disrupted.
14 And the total tally, as I call it, and I suspect that
15 the financial impact is going to be significant.

16 Most folks probably will not want to
17 necessarily discuss the specific impact on the
18 businesses, yet I know there are a number of
19 organizations that are actively trying to get their
20 arms around that number and determine what the impact
21 is and help illustrate the impact that had on
22 everyone's business.

23 But the issue was fairly broad. While a lot
24 of focus took place on the negotiations themselves,
25 shippers, whether you are an importer or an exporter,

1 recognized early on that there was a lot of congestion
2 in LA long before the negotiations took place.

3 A number of the terminals were specifically
4 impacted and had a lot of congestion issues, and today
5 we're still seeing congestion issues, not just in LA
6 and Long Beach, but many of the terminals and ports on
7 the east coast are experiencing significant congestion.

8 It's a complex issue. It's not easy. It was
9 caused, in part, by the larger vessels that were coming
10 in. It's the same footprint for terminals and ports.
11 Last mile connectors, which we call flows, the on-dock
12 sales facilities have not necessarily kept pace.

13 There is a challenge on the part of the
14 terminal operators to schedule the shipments that are
15 coming in and that was done at some facilities and some
16 facilities did not.

17 There is a real opportunity for forecasting,
18 sharing information, sharing data, and, of course,
19 specifically from LA, because there is no issue -- so
20 it's not any one issue. It's very complex. As a
21 result of that, the issues that took place on the west
22 coast had a significant impact and, as I said earlier,
23 I think this is a real opportunity to look for some
24 solutions to the problems that took place.

25 So some folks say no more of the crisis so far

1 and without trying to take action, and I think there is
2 an opportunity because there is a lot of momentum that
3 is really being built up with this.

4 I would like to say that this discussion
5 document that hopefully was handed out is intended as a
6 starting point to address port congestion factors,
7 along with what we looked at were short and long-term
8 questions that may lead to those solutions.

9 Short term, we put down timing was meant to be
10 1 to 5 years. Ideally, what we'd like to see are some
11 solutions or recommendations that could potentially be
12 accomplished during the current Administration; long
13 term, much more complex. As you read through some of
14 those questions that are out there, many of those will
15 take years in order to complete and require a lot of
16 involvement from a lot of different agencies.

17 As you go through that list, you are going to
18 see Federal, state and local issues that may be germane
19 to each of those areas. And so one question that might
20 pop up is if there are things that may be deemed as
21 state or local, is there a role for the Federal
22 Government. And in some of the discussions that we've
23 had in our subcommittee and with others, on the
24 surface, there may not necessarily be or you may not
25 recognize, I should say, what that opportunity might

1 be. But as you dig into it, there may be some things
2 that can be influenced.

3 So, therefore, we tried to make it inclusive,
4 capturing all of the different areas as a starting
5 point, and hopefully there's some influence that could
6 take place as a result of that.

7 The attempt of the worksheet for today is not
8 to get into a fair amount of wordsmithing or adding
9 other pieces, but our intent was to use it as a
10 starting point and then the recommendation that we
11 would have or that I would have is that there is a lot
12 of involvement as you read through this list from a
13 number of the other subcommittees.

14 We use this as a starting point and I would
15 recommend either to Dave or to Rick that you lead an
16 effort with the different chairs to walk through this
17 document and then begin to assign areas that the
18 different subcommittees can take an interest and then
19 pull back to the larger committee.

20 So with that, I will open it up for questions
21 that the group might have.

22 CHAIRMAN BLASGEN: Thanks, Rick. I like the
23 suggestion because I know from listening in yesterday
24 to some of the conversations we had and today, given
25 your document here, it does make sense, I think, to

1 incorporate some of the other subcommittees, because
2 many of these are codependent, if you will, and it's
3 only going to make our ultimate recommendation that
4 much better. So we will take your advice on that.

5 So questions, comments on this? I think
6 there's a lot of energy about this topic and we, as a
7 Committee on Supply Chain Competitiveness, can have
8 some influence and shape a new future hopefully on
9 this.

10 So let's have at it.

11 MR. WISE: I guess I'd like to maybe make a
12 comment. I'd be really curious, from the group here and
13 maybe other experts, as we look at this list, what do
14 we think -- how do we kind of put them into different
15 buckets in terms of maybe some of these are -- the
16 solution has already happened. Obviously, we think the
17 labor issue was resolved. So you might put a check
18 saying for 5 years at least, we've got some resolution.

19

20 Which ones are on their way to being resolved?

21 In other words, there's stuff in progress among the
22 industry led by the ocean carriers, whatever. Which
23 will resolve themselves, which I think Rick said
24 himself he's going to be -- or Port Houston said, "Hey,
25 we're getting word that the shippers are going to just

1 spread their freight around."

2 So in some ways, the freight walks to the
3 place where there's less congestion. And then what are
4 the issues that are left that are really chronic and we
5 just don't see anything on the horizon to solving? And
6 then we take those and say we really want the Federal
7 Government to get involved or not. So kind of
8 bucketize them and prioritize which are the ones we
9 would want to actually say, "Please, Secretary
10 Pritzker, President Obama, get involved," because I'm
11 sure we all want to be careful about that request.

12 MR. GABRIELSON: Yes. I would weigh in with a
13 couple of thoughts. One is in some of those questions,
14 we may think there is a solution already. I think
15 there is a wonderful opportunity to bring in some of
16 the stakeholders, whether they be on conference calls
17 or other measures, to gain their insight and their
18 impact before we say, yes, this one is addressed or no,
19 it is not, because we may find that there are some
20 other hidden opportunities or issues that haven't been
21 addressed yet.

22 You are right. Freight does move a lot.
23 However, while a lot of -- a number of shippers may
24 have begun to minimize their risk by spreading cargo
25 out, we're beginning to see some things take place,

1 whether it be New York, whether it be Norfolk, LA and
2 Long Beach are still continuing their efforts. Yes,
3 gateways like Houston and Charleston are seeing the
4 benefit of increased freight, but there are strains on
5 the system even in those other areas which tells me
6 that we have got some broader, deeper opportunities to
7 look at.

8 So while the focus has been LA and Long Beach,
9 there are a lot of opportunities and other gateways.

10 There's a series of reports that began a
11 number of years ago and there may be some folks within
12 the group there today that may remember some of the
13 stats that were published at one point in time, but
14 before the recession in 2008, there were a number of
15 economists that were predicting that we would be in
16 gridlock by 2015-2016 based on projections had been
17 supplied.

18 Well, lots of things changed in terms of the
19 factors that I mentioned earlier, footprints,
20 scheduling, sharing data. I think we may be at a point
21 in a number of different gateways where some of that
22 congestion may be here to stay unless we take some
23 action.

24 CHAIRMAN BLASGEN: We had a presentation from
25 Walter Kemmsies yesterday and he made the point that in

1 his estimation, things are going to worsen this year
2 and next year because of some global influences and
3 those types of things and the issue that is in front of
4 us now, given our economy growing and so on and so
5 forth, which is kind of a daunting, disappointing look
6 at it, but probably truthful.

7 So we're in a good position to take this up
8 now.

9 MR. GABRIELSON: I think you're right. There
10 is a slight amount of -- Walter shared this yesterday.

11 I saw one in a presentation that he had done a while
12 back that talked about the impact of the Panama Canal,
13 but the impact wasn't necessarily directed to the U.S.

14 But one of his slides showed the benefit that
15 countries like Brazil would potentially reap in the
16 agricultural sector with the widening of the canal,
17 which would allow for the larger vessels out of Brazil
18 into markets like China and elsewhere, and potentially
19 that made ag products more competitive for them.

20 And while some of the sectors are -- where the
21 U.S. leads that sector today, that may not necessarily
22 be the case. And on the surface, you may look at that
23 and say, well, okay, maybe we're not the leader
24 anymore, but it changes, but if you were a shipper who
25 is dependent on containers coming into the Midwest in

1 order for you to ship your cargo back out again or just
2 get your cargo into the Midwest, if that activity is no
3 longer flowing as a result of some of those trends
4 changing, that's got a huge impact and that's when it
5 becomes a little scary and daunting as to what is
6 taking place.

7 That is the one that caught my attention from
8 him.

9 CHAIRMAN BLASGEN: I believe he did have that
10 in the presentation yesterday.

11 MR. GABRIELSON: Did he?

12 CHAIRMAN BLASGEN: Yes.

13 MR. GABRIELSON: Okay.

14 MR. FRIED: I don't want to be overly
15 simplistic and I certainly don't want to ignore the
16 other factors, because I think they all did contribute
17 to the issue, but I think, number one, we have to
18 acknowledge the labor issue and we have to look at a
19 number of factors, not the least of which is what we're
20 paying these people, is it a competitive wage that is
21 dependent, not within the United States, but globally.

22 I mean, is that a question of more
23 communication with labor in terms of the issues that
24 the United States is facing as a global competitor?

25 I just think that, yes, all these other

1 factors are true, they did contribute to the
2 congestion, I don't want to minimize them, but I also
3 think that at the root of it, you've got to acknowledge
4 this labor issue, good or bad.

5 CHAIRMAN BLASGEN: Yes.

6 MR. BRYAN: I'd like to make an organizational
7 suggestion for a second. Number one, can we move the
8 slide up so we can see -- have before us the short-term
9 list? And then I suggest what we do with this as a
10 group is take account of what Dean and several others
11 were arguing, that we should look at which of these
12 areas can government intervention most help with. So
13 that would be question number one.

14 Question number two, given that we list these
15 as short-term issues, which issues also can be
16 productively tackled through that mechanism in the life
17 of this Administration or somewhat longer, but let's
18 say within the life of the Administration, which is the
19 next 18 to 24 months, 18 months?

20 Then, third, look, as members of different
21 subcommittees, as Rick was asking, which of these
22 issues also can be contributed to by other areas that
23 we have been looking at, such as permitting. And I'm
24 thinking, too, that as an example of that, the issues
25 that, Dean, I think you were saying that you folks have

1 had on being able to get new terminals in at LA in
2 order to be able to get the throughout, in order to be
3 able to get the goods railed out.

4 That also brings up one of the issues that
5 Lance brought up yesterday afternoon that connects with
6 that, which are community issues, which is not on this
7 list, and we, in the subcommittee yesterday, had
8 brought that out because that is also one of the
9 obstacles and that's a clear way, not an easy way, but
10 a clear way where government has a substantial role.

11 So I would suggest then looking at those
12 things and let's start to react to which of the several
13 ones would really stand out in your minds that way.

14 MR. LONG: One thing to add to that would be
15 the idea, the issues are appealing, which subcommittees
16 would be interested in looking at different parts and
17 where they would best fall.

18 CHAIRMAN BLASGEN: Anne?

19 MS. STRAUSS-WIEDER: One thing that I want to
20 bring up, and actually this ties with the presentation
21 we just had, we discussed this yesterday, that what
22 we're seeing here -- what happened with the west coast
23 port congestion is an example of a disruption
24 situation. And what we're looking at here in terms of
25 some of the issues and the solutions, some of those

1 solutions can be derived from what is done now to deal
2 with disruption situations in terms of flexing
3 capacity, flexing time, flexing modes, some of the
4 permits and waivers.

5 There are a number of tools available and
6 approaches and collaborations at a Federal level. As
7 an example, and we talked a little about this
8 yesterday, Super Storm Sandy, one of the ways that the
9 Port of New York and New Jersey got back online so
10 quickly was because it had a robust MTS, or marine
11 transportation system, recovery unit, which is a
12 public-private organizational group to deal with such
13 issues. That was essentially put into place nationally
14 as a result of Katrina. It's a Coast Guard situation,
15 an MTSRU.

16 Out of that, out of the very successful
17 collaboration with Sandy came a series of task forces
18 that Juan noted in some of the work for the committee
19 with the Port of New York and New Jersey. It started
20 dealing with a number of other issues besides Sandy.

21 There is now the Council on Port Performance,
22 which is run jointly by the Ports of New York and New
23 Jersey, New York Shipping, involves the truckers,
24 everyone involved with the port. And I was looking at
25 the list of issues and if you go through the Council on

1 Port Performance Website on the Port Authority Website,
2 they are dealing with a lot of that.

3 They are implementing great chassis pools,
4 they're looking at truck appointment systems. They are
5 working collaboratively.

6 Again, I just want to throw out resiliency,
7 how can we take the lessons and practices and levers in
8 the Federal Government and then on a more localized
9 level, this kind of collaborative effort that's going
10 on between labor and terminal operators and railroads
11 and truckers and so forth and apply it in other
12 situations, because as Rick and everyone has mentioned,
13 this is just an example of what is happening as we get
14 to capacity limitations of our current system.

15 MR. GABRIELSON: There is no doubt that you
16 have to use the current assets that you have to their
17 fullest while we're going through and determining what
18 are those longer term solutions that we need in order
19 to develop the capacity that we need, whether that's
20 the technology, whether that's just through physical
21 expansion, for the future. So it's really twofold.

22 I also believe that while a number of those
23 programs get developed, there's a real opportunity to
24 engage the shippers, whether they be an importer or an
25 exporter, to validate and determine if those solutions

1 are working, in their eyes, because those are the folks
2 that really matter in this process.

3 MR. FRIED: How about a faster political
4 response? I mean, what took the White House so long to
5 get involved in this issue out there? I don't want to
6 get political about it, but the reality is that maybe
7 had the President sent people out earlier, we wouldn't
8 have seen the damage that was done and maybe we would
9 not have had what we have in the long-lasting residual
10 effect.

11 MS. MELVIN: This is Tiffany Melvin. I'm with
12 North American Strategies for Competitiveness, but I
13 guess I want to speak on behalf of a project that the
14 DOT is currently funding, some pilots called Freight
15 Advance Traveler Information Systems.

16 The DOT has been very, I think, forward-
17 thinking and in very much of an outreach mode through a
18 couple of different programs, the Freight ITS and then
19 the Intermodal Freight Technology Working Group. And
20 so I'm on the IT and Data Subcommittee. So to get in
21 line with what you're saying as to who picks what, to
22 go through this and divide this up, there are a lot of
23 issues and a lot of programs that are ongoing now and
24 particularly as the USDOT moves forward with their
25 connected vehicle pilot programs, which they are

1 currently receiving applications for, and analyzing
2 applications.

3 But I think there are ways that this committee
4 should coordinate more with USDOT. These technology-
5 based solutions for improving freight movement, they
6 are doing some pilots that are just finishing up really
7 in LA-Long Beach and in southern Florida, with Fort
8 Lauderdale and Miami, that were directly -- the purpose
9 of them was to increase communication platforms between
10 train companies and trucking companies and the ports
11 and marine terminal operators to improve the
12 communication and the coordination of those about who
13 is coming up to pick up what containers. They could be
14 unburied and waiting for them to improve the turn
15 times. There has been a lot of outreach and I think,
16 Rick, you are probably familiar with the Freight ITS
17 program. I think I even called you about it one time -
18 - outreach to the beneficial cargo owners to be getting
19 their opinions on the value of these types of programs.

20 So there is definitely an opportunity, I
21 think, for the IT and Data Subcommittee to get engaged
22 in this in a serious way, if the Council feels like
23 that's something that we should do, by helping to -- I
24 don't know what our role would be.

25 I mean, these are ongoing programs. I think

1 the one in LA-Long Beach, I'm not certain, but I think
2 it has been expanded to include some beneficial cargo
3 owners in the communication platforms and to involve
4 more trucks. They have been very small pilots, like 50
5 trucks in each place, and as they are coming to
6 conclusion, NASCO was a stakeholder coordinator in the
7 DFW area, which is not as applicable to the major
8 ports, but we've been champions for the project.

9 So I've worked closely with a lot of the
10 stakeholder coordinators for them and there is a real
11 difficulty in getting industry to start using these new
12 optimization algorithms and to turn over their normal
13 day-to-day operations and actually rely upon these new
14 systems, but they are interested. They've agreed that
15 it has value. They agree that it's worthwhile, but
16 it's just we need to get more -- a larger test, I
17 think, of these types of things and to work through the
18 change that will have to occur to start relying on
19 improved technology and communication platforms based
20 on how they operate today, which is very different.

21 There is some resistance there with
22 dispatchers.

23 Yes, go ahead.

24 MR. GABRIELSON: Go ahead and finish. I'm
25 sorry.

1 MS. MELVIN: Well, that was kind of it. So I
2 think there is a big role for the IT and Data
3 Subcommittee to play here. I think we need to hammer
4 out exactly what the role is and what types of
5 coordination we might need with DOT committees or just
6 the USDOT in general. But we certainly have a lot of
7 good momentum with the Freight ITS and the Intermodal
8 Freight Technology Working Group that are also -- we're
9 trying to figure out a good format for those as we move
10 forward, but they're designed to bring together local
11 stakeholders, industry and government to talk about the
12 challenges they face in their local areas.

13 So there have been ITWG meetings in LA-Long
14 Beach and in Seattle and Tacoma and in southern
15 Florida, and so I think there will be future ones where
16 we could have import communities that could lead to
17 good feedback and outreach with additional potential
18 stakeholders.

19 MR. GABRIELSON: My thought there is that
20 you're right. If we get together as a group or Rick or
21 Dave pulls the chairs together and we begin to look at
22 those different subjects, and there may be some of
23 those that we add, but the one you just mentioned, the
24 Freight ITS, yes, I am familiar with it. Yes, one of
25 the groups that I lead is looking at doing some testing

1 with it.

2 But beyond just your group, I think there is
3 also a group from the education and communications
4 standpoint, because while I may be involved or our CRT
5 group may be involved in some testing, there are a
6 number of shippers who aren't even aware that that
7 program exists.

8 And it may be fantastic, it may be great. So
9 one of the things that all of us have to keep in mind
10 is when we come up with what we believe is a great
11 recommendation or solution, how do you go through and
12 communicate that to the masses, industry, to, one,
13 educate and share and then hopefully folks begin to
14 embrace whatever that idea may be. But the Freight ITS
15 is a great example of a situation where a lot of people
16 are just unaware of what it is.

17 CHAIRMAN BLASGEN: So I was just thinking
18 there are some already existing initiatives that we
19 don't want to just ignore. We should highlight them
20 and what you said, Tiffany, was consolidate them with
21 whatever effort this committee wants to launch against
22 the short-term.

23 So I like the approach. We can't boil the
24 ocean here. If we want to be effective, we should try
25 and take some of the short-term issues that we've

1 identified from this committee's standpoint and
2 acknowledge the factor of other committees and ask
3 them, look, do you want us to be another vocal point
4 for you, a follow-up and a push to put these things
5 through and see if we can't consolidate a little bit of
6 effort here.

7 MR. LONG: Just one thing to add on talking
8 about timelines and the rest. The committee is not
9 bounded by the Administration. This will be renewed at
10 the end of its charter and continue. So the change of
11 Administrations doesn't really have a direct impact.

12 CHAIRMAN BLASGEN: So do we want to take the
13 suggestion and --

14 MR. BRYAN: Yes. Tiffany, so your example,
15 number one, that brings in one committee specifically.

16 It's clear that the fifth one down is clearly
17 relevant, but it also sounds like given the nature of
18 some of the technologies that you're talking about,
19 that they should be helpful on the first bullet.

20 MS. MELVIN: I was doing the factors up top,
21 the three, the communication gaps and inefficient
22 coordination among shippers, and then factor three is
23 put on here repeatedly throughout some of these
24 different ones.

25 MR. BRYAN: Communication gaps, right. They

1 occur all over.

2 MS. MELVIN: And the coordination. So I think
3 that's a clear one for IT and Data to take on.

4 MR. BRYAN: Okay. And the committee dealing
5 with issues on permitting, that clearly relates to one
6 aspect of this, as well.

7 What else, from any of the other chairs?

8 MR. MICHENER: Not a comment from a chair, but
9 I have another comment that I'd like to make. I think
10 it is important to not overlook and I think we'll
11 address some of the labor question that was asked or
12 that was mentioned.

13 One of the things that would prevent this from
14 happening in the future or the impact of it is if
15 shippers had other alternatives that were as viable or
16 maybe more viable.

17 So as mentioned yesterday, freight is going to
18 flow through the easiest path with the least
19 resistance. So we're not going to be able to change
20 that, but if in 5 years shippers had other alternatives
21 that were more viable or equally as viable, then that
22 might be a call to make the Ports of LA and Long Beach
23 recognize that we have to change, we have to do
24 something differently, we can't continue to operate the
25 way we have as shippers continue to move cargo through

1 our port.

2 So as we look at this issue, I don't think we
3 should focus -- we should take learnings from what
4 happened there, but it might be bigger, broader in
5 looking at how we make other ports, other U.S. ports
6 more competitive so that they're more viable solutions
7 for shippers.

8 MR. BRYAN: Rick, was I understanding your
9 comment earlier that you felt that one of the problems
10 on trying to diversify this risk was that the problems
11 were pervasive?

12 MR. GABRIELSON: I'm sorry. Could you repeat
13 that?

14 MR. BRYAN: Yes. Was I right in interpreting
15 one of your comments earlier that one of the problems
16 in trying to diversify the risk that took place in LA-
17 Long Beach by basically expanding the portfolio of
18 ports that people are already using, that the
19 difficulty with that was that the problems were
20 pervasive?

21 So while they came to the fore in LA-Long
22 Beach, in fact, most of the ports are afflicted with
23 them?

24 And this is where, Mark, I think part of what
25 you might be saying is which ones might be able to move

1 ahead on this one.

2 MS. BLAKEY: I just want to make the point
3 that it isn't just LA -- I mean, LA and Long Beach are
4 the two largest, but the whole west coast -- every port
5 on the west coast was affected.

6 In fact, to a certain extent, Portland has
7 lost all of its container service because of this. And
8 so I think that the issue for this committee, we're not
9 here to analyze LA and Long Beach. We're here to
10 analyze the overall network, goods movement network and
11 understand better where the problems lie and what is in
12 the public interest and the Federal interest to do
13 something about.

14 MR. LONG: The question we're getting is, all
15 right, we saw these things happen on the west coast,
16 what do they mean, but what is the larger impact. And
17 we saw in the presentation yesterday that it was
18 essentially even a global problem.

19 So the larger question of what does it look
20 like basically for all ports, to some extent, is really
21 what we're looking at.

22 MR. BLAKEY: Let's be clear, it's not just
23 ports. The issue of congestion, of inadequate
24 infrastructure, dysfunctional processes, and, to some
25 extent, labor and other issues are -- these are

1 concerns throughout the industry in various ways. It's
2 not just a port problem.

3 MR. BLAGEN: Well, no. Even if the ports
4 doubled their productivity overnight and we had
5 problems, the bottleneck would simply move and we've
6 got an issue somewhere else. So we've got to address
7 the whole thing.

8 MR. GABRIELSON: Dave, in answer to your
9 question, I think there's really a couple of factors.
10 One is clearly LA-Long Beach gets all the attention, if
11 you will, but the person that was just speaking is
12 right, the same thing could have happened on the east
13 coast.

14 So you've got an infrastructure issue that's
15 growing in volume. You've got a changing landscape
16 with how the business is conducted. Then adding to
17 that problem, coupled with the collective bargaining
18 process and what took place there, and shippers in
19 general oftentimes wondering am I still at risk.

20 So whomever made the comment earlier that
21 they'll go to the path of least resistance, in a risk
22 situation, thinking that something may happen from a
23 negotiation standpoint, they begin to move their cargo
24 to other gateways that they may already be using and as
25 that takes place, that would cause many of the issues

1 both from a transit time issue, a cost issue.

2 And so you've got that process, coupled with
3 all the infrastructure pieces that we've been talking
4 about, and I think that becomes the broader issue.

5 MR. BRYAN: I want to add one other point just
6 so that we -- I want to be sure we get the
7 subcommittees involved. Brandon, you were bringing out
8 or you were emphasizing let's not let go of the labor
9 issue.

10 So I'm wondering, Anne, what about your
11 Workforce Committee, can that look into that?

12 MS. STRAUSS-WIEDER: Yes, definitely. I was
13 looking at some of these here in terms of ensuring
14 capacity from a labor standpoint. Now, in terms of
15 ports, there are many initiatives already to ensure
16 sufficient workforce and, in fact, I was making notes
17 myself from yesterday's meeting to see how some of the
18 work, for example, that IOA, with New York Shipping
19 Association, and pursuing what's happening and what
20 other ports are doing, how that relates to some of the
21 grant programs that DOL has been doing.

22 It's startling what's happening with truck
23 drivers. Dean can talk quite a bit about what is
24 happening with trucking and trucking for distribution.

25 So I kind of figured that what you have on workforce,

1 I kind of put our subcommittee next to that.

2 MR. BRYAN: And there's a clear issue with the
3 embrace of technology. Right?

4 MS. STRAUSS-WIEDER: I'm not going to go into
5 those kind of labor-technology interactions, but I
6 think it's an assumption that technology -- look, we're
7 in the supply chain. The one constant about the supply
8 chain is that it's always changing. So those
9 technologies are definitely there. You take a look in
10 a distribution center and the kind of technologies that
11 are going into place and there's a hell of a lot more
12 technology.

13 Then I look at the workforce requirements and,
14 yes, you still have all the unskilled jobs, but now we
15 also have those jobs that are six-figure salaries in
16 the front of the building to make sure your warehouse
17 management system, your voice depict, and everything
18 else is working.

19 So I think what you're saying, I like to say
20 it's going to be an embracing of these technologies and
21 thinking through the workforce we have along the supply
22 chain to make sure they have those skills that make
23 full use of the technology. I'm making it more complex
24 for you, I know.

25 MR. BRYAN: No, no, that's fine. It's just

1 the issue has been going on since John Henry and his
2 hammer, if not before. You really have to be able to
3 step forward into the new world and find out how you
4 make use of those things to create the jobs that are
5 going to be there in the future.

6 MS. STRAUSS-WIEDER: I was looking at some of
7 the stats we got yesterday from the Department of
8 Labor, which I will report out. This will be a teaser
9 for our update to come before lunch.

10 CHAIRMAN BLASGEN: So with regard to the other
11 subcommittees that should be involved, is the goal for
12 -- you were suggesting wherever port congestion factor
13 is, Rick has listed here as number three, you guys
14 would participate in that. Is that how you would like
15 to involve the committee on that or do you want to take
16 the short-term issues first and each one of those
17 address --

18 MS. STRAUSS-WIEDER: Well, I think there is a
19 lot of overlap in the short-term issues. I mean, we
20 can do it either way. But like I took number three and
21 then I was circling where number three would apply to
22 the short-term issues. He's got it listed here factors
23 wherever there is a three. I mean, there is a three on
24 almost every single one of them. So I'm not sure we
25 need to -- it's up to you. I could see that going

1 either way. I don't care how we do it, honestly.

2 CHAIRMAN BLASGEN: I'm just trying to think of
3 a matrix here for the subcommittees that are going to
4 be involved with this. How do we slice and dice it so
5 when we walk away, people kind of have an understanding
6 of what the expectation is?

7 MR. GABRIELSON: Rick, is there an
8 opportunity, as I talked about, from the onset, to pull
9 the chairs together and walk through each bullet point
10 in a separate session to determine which group could
11 handle it? In some cases, there may be pieces of that
12 multiple groups should handle or we go through and
13 eliminate some of the numbers that we've got here.

14 CHAIRMAN BLASGEN: Yes, I think so. I also
15 think -- and you guys can weigh in on this -- is their
16 power also when addressing the ongoing initiatives that
17 already exist that may be redundant and instead of
18 creating redundancy, reach out to them and say, "Look,
19 I want to participate in this." Is that a better way?

20 MS. BLAKEY: I think we need to narrow the
21 universe here a little bit, is my opinion, because your
22 remark about boiling the ocean really applied to this
23 collection of different stuff, all of which are
24 factors, but not all of which are appropriate for the
25 committee as a whole or even subcommittees necessarily

1 to take up.

2 I want to point out how can we improve
3 coordination and communication between and among the
4 ports and shippers find ways to reduce congestion,
5 well, that's a competitive issue for ports.

6 Rick, I don't want to get in you all's
7 knickers exactly, but the odds here that the Federal
8 Government is going to come in and tell ports to start
9 communicating among themselves to reduce congestion,
10 that's not going to work.

11 MR. GABRIELSON: I'm sorry. I've got to jump
12 in on that. I absolutely totally disagree with that
13 and I want to be objective here. I think the comment
14 is that you need to go through and lay a platform.
15 Where ports want to go through and talk with one
16 another, they've got to the ability to do so.

17 MS. BLAKEY: Well, that's why they have an
18 association.

19 MR. GABRIELSON: They have the association,
20 but the FMC needs to weigh in on it.

21 MR. KUNZ: Because of the political
22 affiliations of each port, because of the appointees or
23 elected officials to each port that sit on the various
24 commissions, I can assure you that the chance of ports
25 joining forces are going to be minimal, at best,

1 probably nonexistent. That's all I have to say about
2 that.

3 MR. GABRIELSON: That's great and I have a
4 different viewpoint. If the group wants to take it in
5 a different direction, that's great. I just think that
6 if the ports choose not to do it, wonderful. But if a
7 set of ports want to talk, lay the platform out there
8 for them to get together. Seattle and Tacoma are
9 trying to do it. LA and Long Beach would like to do
10 it. There are some ports that may look at it as a
11 competitive disadvantage if they are speaking with one
12 another.

13 But some of the port operators will tell you
14 there is enough freight to go around for everyone. Why
15 not go through and lay a landscape out that allows them
16 to speak if they so choose it?

17 MR. KUNZ: We were doing that with the Ports
18 of Mobile and Tampa. It was called the Gulf Coast
19 Advantage. A lot of people didn't even know about it,
20 but that is what -- we were visiting all of the
21 carriers in Asia and giving them the story you can
22 bring the vessel to the Gulf full and you can go home
23 full, but it was purely from a marketing standpoint.
24 It was not used in any other form or fashion. It was
25 only to convince them to come to the Gulf of Mexico as

1 opposed to the east coast.

2 It worked very well, but when we discovered
3 that, frankly, we were not in line with FMC
4 requirements, we elected to not move forward and put
5 together a document and move forward with it. We have
6 disbanded that now.

7 MR. LONG: I think one thing that needs to
8 happen fairly soon in this is to look at each one of
9 these and just understand what is feasible and what is
10 even permissible. I'm starting to hear a lot of things
11 that sound like competition issues here.

12 MS. BLAKEY: I just have one more remark to
13 follow on Ricky's, because I don't think we actually
14 have many ports represented here besides you guys, and
15 we have a lot of ports in our group.

16 The point, though, to Rick on the phone here,
17 that I would make is that where there is a good purpose
18 to coordination among the ports, you mentioned Seattle,
19 Tacoma, LA, Long Beach, and I know that Seattle and
20 Tacoma spent a lot of time with the FMC determining
21 what was feasible, what could be done and so forth, but
22 these things are happening among ports.

23 They don't need the interference or the
24 promotion by this committee in areas that are -- I
25 would just suggest that this really does get into some

1 very serious problems in terms of trying to promote to
2 ports to do this.

3 Where the committee might be useful is where
4 we were talking earlier -- I think, Anne, it was you
5 that raised the example of the collaboration at the
6 Port of New York and New Jersey with the various
7 stakeholders involved at and around the port. That's a
8 best practice perhaps that we might want to point to
9 and maybe defending that we don't really know what the
10 results are going to be at Seattle-Tacoma and certainly
11 LA-Long Beach is a long way off.

12 But as we uncover best practices, that might
13 be a useful thing to point to. But I just think we
14 need to be very careful about how we approach some of
15 these questions.

16 MS. STRAUSS-WIEDER: Just to clarify, on the
17 Council on Port Performance, it does include BCOs, the
18 beneficial cargo owners. That was part of that task
19 force. So that they've really gone through that. The
20 Council I guess is about a year old at this point. But
21 to Leslie's point, it may be an emerging best practice.

22 MS. BLAKEY: But it's entirely voluntary.

23 MS. STRAUSS-WIEDER: It is voluntary. But I
24 will go back, again, in terms of the non-voluntary and
25 hammer that let's look at what we have to deal with

1 disruptions. A lot of this has to do with natural
2 disruptions, but there is an incredible plethora of
3 Federal agencies that come together when there is a
4 disruption situation about to occur or occurring and a
5 lot of those levers are available now.

6 The question is can we look at those levers,
7 and they're pretty easy to identify, and it's foreign
8 nation and it's all sorts of permitting and so forth.
9 Can we take those existing levers and apply them to a
10 situation like this?

11 MR. BRYAN: Let me come to a conclusion here.
12 Rick Gabrielson, I'm going to turn it to you here in a
13 moment to say a final word, but I suggest that there
14 are a couple of things we can certainly do.

15 The subcommittee can certainly go through the
16 classification of these items around which ones need to
17 be resolved, which ones are already underway, which
18 ones are amenable to relatively shorter-term solutions,
19 how those things fit into the longer term, and, in
20 particular, which ones can the government -- well, not
21 so much intervention -- government aid be abused.

22 So we can do the classification. It sounds
23 like, also, that it would be valuable and feasible for
24 some form of follow-on conference call among
25 subcommittee chairs to review the issues and say who

1 can assist in what. We have already identified several
2 of them anyway, but we can go through all of that.

3 So there are some things that can be
4 accomplished that will get the problems organized and
5 we can do that in the next month, month and a half.

6 Rick Gabrielson, anything further you would
7 like to say? And then, Rick Blasgen, you can wrap it
8 up.

9 MR. GABRIELSON: Well, thanks. The only
10 comment I would make is this has been a topic of
11 discussion for a number of years. The solutions aren't
12 necessarily easy, but I think we've got an opportunity
13 as a group to take what has recently taken place on the
14 west coast and use it as a catalyst to try to begin to
15 move forward with those needed changes, laying
16 infrastructure and policy out for the next generation
17 in order to keep commerce flowing in the U.S.

18 That would be my final comment.

19 CHAIRMAN BLASGEN: Thanks, Rick. We, by the
20 way, have our friends at the Department of
21 Transportation coming in next. So we can raise some of
22 these issues and question them on that, which I think
23 is a good opportunity.

24 I do think maybe the recommendation -- maybe
25 we have a set of short-term recommendations and long-

1 term recommendations that come after that as opposed to
2 -- because to the group's point here, we want to see if
3 we can get something done in the current
4 Administration.

5 I do think, as we talked yesterday, it is up
6 to us to create a bold statement, if we so see that as
7 fitting, for the country. We are the Advisory
8 Committee on Supply Chain Competitiveness and although
9 some of the recommendations may seem daunting, I'm
10 reminded of a phrase, the mighty oak was once a small
11 seed that stood its ground. So maybe we set a seed and
12 down the road there is something we can't see in our
13 near future that actually happens because of a
14 recommendation we made and it will make us all rich 20
15 years from now.

16 Anyway, with that, I want to thank the
17 committee for this. You guys put a lot of passion and
18 hard work into this.

19 Rick, thank you for joining us from far and
20 away. We have a break scheduled right now, Rick. So
21 take a break and we'll do the same and we'll reconvene
22 at 10:45 with our Department of Transportation update.

23 Thanks, everyone.

24 [Whereupon, at 10:34 a.m., the committee
25 recessed and reconvened back on the record at 10:52

1 a.m.]

2

1 AFTER RECESS

2
3 CHAIRMAN BLASGEN: Well, good discussion
4 before. So I think we have a plan of action. So we'll
5 try to make sure we get that going and we'll start with
6 a conversation with the heads of the subcommittees to
7 generate an action plan. So thanks for that.

8 Let me turn it over to David to introduce our
9 colleagues from the Department of Transportation.

10 MR. LONG: This will be very brief. I think
11 everyone knows everyone at this point. We've got Ed
12 Strocko from DOT and Tiffany Julien from Federal
13 Highways. The project we'll be hearing about, she is
14 the program leader for this. We'll have the chance to
15 talk about what is going on in North America, some of
16 the interconnector issues that go right to the heart of
17 congestion.

18 Is there any order that you prefer?
19

1 DOT UPDATE TO ACSCC

2 Ed Strocko, Department of Transportation

3 Tiffany Julien, Federal Highways

4 Steven

5 Travis Black

6 Eric Gabler

7 Nicole Baker

8
9 MR. STROCKO: I think what we'll do is chunk
10 this up, do a couple of different things, have some
11 good dialogue here.

12 So Tiffany is going to talk about the
13 intermodal connector study. We talked about this last
14 time, and it's good to be back, first of all. That is
15 a partnership between Federal Highways and the Maritime
16 Administration. Dean Shafer from the Maritime
17 Administration is here.

18 We'll talk a little bit about what they're
19 doing. Since we're talking port congestion, we're
20 going to start with port congestion-related stuff. So
21 this intermodal connector thing, I think we heard Rick
22 and you guys talk about that, that infrastructure, last
23 mile. So we're hitting that. And it's not just
24 ourselves and MARAD. We're funding it, but we have
25 FRA, FAA, and the Army Corps of Engineers on board with

1 us, the partnership. We'll be looking at that and
2 talking about that.

3 Steven is going to talk a little bit about
4 some of the activities going on at MARAD, look at port
5 congestion, what we're doing and what we're thinking.

6 I'll probably jump back and talk a little bit
7 about some of the other technology things, get you guys
8 thinking about -- we heard some of it in that last
9 discussion.

10 Nicole Baker from the Secretary's office is
11 here and Travis Black from Federal Highways is here.
12 They're going to talk about the North American scenario
13 work we talked about before, and then Eric Gabler from
14 the Secretary's office might be by to give you an
15 update on those deliverables we have for MAP-21.

16 So without any further ado, Tiffany, take it
17 away.

18 MS. JULIEN: Good morning, everyone. Thank
19 you very much for allowing me this time on your agenda.

20 As Ed said, I would like to share with you some of the
21 information on the Freight Intermodal Connectors
22 Project that the Office of Freight Management and
23 Operations has underway to essentially evaluate the
24 condition and performance of our NHS connectors and
25 identify needed improvements.

1 Ed told me that this group is fantastic at
2 offering recommendations. So as I go through this
3 presentation, please, form some recommendations in your
4 mind about how we can move forward some different
5 policy strategies and initiatives to make sure that our
6 freight intermodal connectors are getting the resources
7 that they need in order to perform better.

8 So with that, I am going to try to move
9 through quickly these slides. I only have 13. And
10 these are the items that I plan to share with you this
11 morning. I want to give you an overview of the study;
12 some key findings from our literature review;
13 discussion of the case study results; the approach that
14 our consultant team, who is Cambridge Systematics, is
15 taking to analyze the connectors conditions and
16 performance; and, some next steps.

17 So with all things, I think it's always good
18 to offer some background information and I think that
19 most of you at the table are familiar with what freight
20 intermodal connectors are. But they are essentially
21 the last mile connections between the major intermodal
22 facilities and the national highway system.

23 Although the officially designated network of
24 NHS intermodal connectors account for less than 1
25 percent of the total NHS mileage, these roads are

1 critical for the timely and reliable movement of
2 freight.

3 FHWA first inventoried freight intermodal
4 connectors in 1998 and reported on them in the 2000 NHS
5 intermodal freight connectors report to Congress.
6 While the inventory of freight connectors has
7 periodically been updated over the years, there has not
8 been a comprehensive assessment in about 15 years.

9 So we thought that now would be an appropriate
10 time to undertake this study. The objective of the
11 study is to provide a comprehensive understanding of
12 the condition and performance of a representative
13 sample of the NHS freight intermodal connectors.

14 MR. STROCKO: Can you go back a second? I'm
15 going to jump in and be rude and interrupt you here.

16 MS. JULIEN: That's okay.

17 MR. STROCKO: I want everybody to focus on
18 this thing right here. We can never leave without
19 asking you to do something and we're going to ask you
20 to really focus on that today and we want to come back
21 and talk some more and get some more feedback, not just
22 today, but in the future. And Tiffany is going to talk
23 about some other things coming up that we are going to
24 want you to participate in.

25 So really the strategies, those initiatives to

1 improve the connectors really is what we need your help
2 on.

3 MS. JULIEN: So let's go on and talk about
4 some of the key findings from our literature review.
5 As you can see on this slide, the number of truck-truck
6 terminals has grown significantly and there has been
7 major growth in the U.S. warehousing employment as a
8 result of these type of terminals.

9 You can look at the table on the slide here.
10 In 1998, there were approximately 119,000-120,000 U.S.
11 warehousing employment opportunities and if you look
12 down to August of 2014, that number has jumped up to
13 approximately 745,000. So there is a significant
14 increase here in that type of employment and we believe
15 it's a result of the increase in the truck-truck type
16 terminals.

17 These are what we would consider the freight
18 villages type of situations or major distribution
19 centers and they typically include an intermodal rail
20 yard.

21 The literature review also shows an increase
22 in the volume at marine ports in rail intermodal
23 facilities since the initial designation of intermodal
24 connectors, which I mentioned before occurred in 1998.

25 MR. WISE: Just a data question there. I

1 cannot believe the 1998 to 2004 change. What is going
2 on there?

3 MS. JULIEN: So would you like to offer some
4 thoughts on that for us, Lance?

5 MR. GRENZEBACK: I couldn't hear your comment,
6 Dean.

7 MR. WISE: 1998 to 2004, that just does not
8 sound right.

9 MR. GRENZEBACK: So it's a long period and
10 this is just looking at total employment in warehousing
11 as sort of a proxy for the volume of warehousing.

12 MR. WISE: Five years?

13 MR. GRENZEBACK: That's what the numbers
14 showed.

15 MR. WISE: Okay. Well, I think the numbers
16 are wrong.

17 MS. STRAUSS-WIEDER: The specific data for
18 U.S. warehouse employment can be very misleading.
19 Generally, the numbers may reflect public warehouses,
20 those businesses that are strictly in warehousing as
21 third party entities. Private warehouses may be under
22 -- to make it more complex, you have at last four
23 different layers of employment in a warehouse.

24 You may have the company workers, that could
25 be just a few of them. If they're a third party

1 operator, there may be a few of them. Then the
2 warehouse distribution center may contract with an
3 employment agency to provide the rest of the workforce.

4 We found this in New Jersey, because we have over
5 400,000 in the warehouses in New Jersey.

6 So you see that employment may be under
7 employment agencies and then add on top of that your
8 seasonal workforce, where things really jump up. So
9 there is up to four different layers.

10 So at best this is a proxy and it doesn't
11 account for it. One of the best ways of doing it is to
12 look at the square footage of warehousing space and the
13 number of employees per 1,000 square feet can vary
14 from, on average, maybe from as little as .1 to .3
15 workers per 1,000 square feet until you get up to a
16 fulfillment center and then you jump to over one
17 employee per 1,000 square feet.

18 We were talking yesterday about the Amazon
19 distribution center in Mercer County, New Jersey, which
20 has over 1,000 employees. It has actually jumped up to
21 3,000 employees now because they are a 24/7 operation.

22 So I just highlight it because you just hit on
23 the one data issue, you can't get a good number out of
24 it.

25 MR. WISE: I would just say start at 2004 and

1 you can see the trend is growth.

2 MR. GRENZEBACK: They had accumulated numbers
3 on square footage and perhaps going back and using that
4 would be more effective. But the point was you're
5 seeing a fairly sizeable expansion over the time in
6 truck-to-truck warehousing.

7 The traditional intermodal centers are rail
8 and port and the question was are we seeing anything
9 different, and the sort of difference, one of the
10 expanding areas is truck-to-truck. You bring in large
11 trucks, break it down into small trucks for urban
12 delivery, fairly sizeable expansion of those types of
13 centers out there and they are generating a lot of
14 traffic. And the question was are there any intermodal
15 connectors serving those facilities and are they
16 designated as such.

17 So that was the key purpose of looking at this
18 type of data.

19 CHAIRMAN BLASGEN: But it is safe to say that
20 these numbers do not include private warehousing,
21 company-owned facilities and you had a difficult time
22 getting a hold of that.

23 MS. STRAUSS-WIEDER: Rick, it's magnitudes
24 higher of employment there. So I agree with Rick. You
25 can use the square footage. But the bottom line is

1 what Lance said, the truck-to-truck operations, even
2 from a basic distribution center, it's generally trucks
3 in and trucks out.

4 MS. JULIEN: So let's continue on with some of
5 the findings from our literature review. So the number
6 of freight intermodal connectors has increased almost
7 since 2000. Rail, marine and truck-to-truck
8 facilities, as we were just talking about, have been
9 most heavily impact by change in logistics practices.
10 That's what our findings from the lit review shows.

11 Some of the recent trends, such as
12 globalization and consumer population growth, global
13 manufacturing shifts and fulfillment centers are the
14 top trends for increase in volume and they continue to
15 grow.

16 The most comprehensive source of information
17 on intermodal connectors -- and this is what I mean by
18 comprehensive sources of data. FHWA has the highway
19 performance monitoring system, which is a state-driven
20 database that covers condition, performance, use and
21 operating characteristics of the Nation's highways, as
22 well as FHWA national performance management research
23 data, which is also known as the NPMRDS, and this is
24 the vehicle probe data with truck and auto speeds on
25 the designated national highway system.

1 So let's move on to our case studies. What is
2 the purpose of the case studies? I think the bullets
3 really tell you all here really what the primary
4 purpose for the case studies are. They are to document
5 data availability for the selected freight intermodal
6 connectors. They are to estimate the use conditions
7 and performance of the selected connectors and identify
8 planning efforts that incorporate the selected
9 connectors, as well as describe some of the improvement
10 projects and funding mechanisms targeted toward
11 connector conditions and performance.

12 So the team has taken a look at 18 freight
13 intermodal terminals, which accounts for 60 freight
14 intermodal connectors, and here is a list of some of
15 some of the case study locations and types we are
16 looking at as part of the study.

17 So it was good for me to hear the previous
18 conversation about the port congestion issues being
19 looked at as part of this group. We have partnered
20 with MARAD on this study to conduct a detailed analysis
21 of the port facilities. We know that goods movement on
22 the NHS freight intermodal connectors provide shippers
23 with access to U.S. port facilities, which, in turn,
24 connects shippers with domestic and international
25 markets by serving as transfer points for cargo

1 shifting between modes.

2 We believe that this analysis will include an
3 examination of how the selected port facilities impact
4 and are impacted by the conditions and performance of
5 nearby intermodal connectors.

6 So what is the process with respect to our
7 case studies? The team has reviewed FHWA databases for
8 all connectors. They have reviewed State NPO and local
9 resources, things such as the statewide long-range
10 plans, statewide transportation improvement programs,
11 and freight plans, if they are available.

12 They have looked at corridor studies, sub-area
13 studies, and freight facility studies. And they have
14 also taken it upon themselves to interview local public
15 and private sector stakeholders to get an understanding
16 of what is going on.

17 So here are some preliminary findings from our
18 case studies. Some local roads used as connectors are
19 not officially designated and we had a side
20 conversation just recently with Leslie Blakey about
21 this particular issue in California in the Long Beach-
22 LA area. On average, the average of annual average
23 daily traffic, the AADT volume for all vehicles, for
24 all case study connectors was approximately 12,500.

25 The average of truck AADT for all case study

1 connectors was approximately 1,600. And I would like
2 to also highlight some of the other truck to other
3 facilities as part of this case study. So the average
4 truck AADT for the port case studies connectors was
5 approximately 1,300 and for the truck-to-truck case
6 study connectors, the average of truck AADT was
7 approximately 2,600.

8 So we found that connectors have significantly
9 worse pavement conditions relative to other roadways in
10 a similar functional classification, and that may not
11 be a surprise to this group.

12 Moving on. Case study findings with respect
13 to the planning and stakeholder coordination efforts.
14 So planning and programming documents identified
15 relatively few improvement projects along the case
16 study connectors and that may be problematic and that's
17 one of those things that we would like for this body to
18 think about how we can make some policy changes or
19 identify some initiatives and strategies to change
20 that.

21 Planning studies that analyze the case study
22 connectors have emphasized congestion, truck-auto
23 friction, and land use neighborhood conflicts.
24 Pavement issues were sometimes mentioned, but not
25 formally analyzed in planning studies for the case

1 study connectors. And we found that the impetus for
2 planning related to freight intermodal connectors came
3 from two different sources -- state level concerns
4 about economic development and community local concerns
5 about the impact of how high volumes of truck and/or
6 rail traffic on abutting neighborhoods.

7 So moving along. As I mentioned, the team
8 will continue their work to analyze the use, condition
9 and performance of a sample of the connectors. And I
10 want you to take a look at some of the attributes to
11 test their analyses.

12 They will analyze data from a large sample of
13 designated freight intermodal connectors. They will
14 determine the use, condition and performance of the
15 sample connectors relative to the attributes of the
16 connectors, as I indicated on the slide, on the table
17 here.

18 They will use the analysis to draw conclusions
19 about the full set of freight intermodal connectors and
20 combine with the case study results to determine data
21 that can be used to measure use, condition and
22 performance in the future.

23 So our next steps are to complete the case
24 study documentation, analyze connectors' condition and
25 performance, prepare recommendations and draft reports,

1 and review draft reports with national and local
2 stakeholder groups and other national freight
3 organizations.

4 I can tell you that we plan to schedule a
5 follow-up webinar with this group and I would like for
6 this group to think about policy recommendations and
7 changes. As Ed alluded to when we first got started,
8 what is key here is for the group to really think on
9 some initiatives and strategies that we could put forth
10 to better either analyze our conditions and performance
11 of our intermodal connectors or offer up strategies to
12 improve the condition and performance of our freight
13 intermodal connectors.

14 That is all I have. I'd like to open it up.

15 MR. STROCKO: Yes, let's open it up. I think
16 I want to hit that last point. What we have talked to
17 Dave and Rick about is doing a webinar for you guys, go
18 much more into detail and then you'll have the
19 information you need to really have a robust discussion
20 and come back with some recommendations for us on
21 conditions, performance, policies, whatever, funding,
22 those type of changes that are needed. That's what we
23 would really like to see in the coming weeks.

24 So with that, if you have questions and then
25 jump to other things.

1 MR. WISE: Ed and Tiffany, based on what you
2 have found so far, what will be the nature of your
3 recommendations? What would you guess?

4 MS. JULIEN: I think what we are seeing based
5 on some of the preliminary results is there is no
6 dedicated funding mechanism in place in order to make
7 improvements to our freight intermodal connectors.

8 Also, I think that there is no specific
9 guidance on how states and/or NPOs should plan for or
10 program for improvements to the freight intermodal
11 connectors. So I think that those are two areas that
12 we want to really consider moving forward as possible
13 recommendations.

14 We heard from our InFact Group a
15 recommendation related to the first and last mile
16 situation, which are essentially are freight intermodal
17 connectors, and they, too, felt that there was a
18 funding need there. So their recommendation was based
19 around the need for a funding mechanism for states to
20 use in order to make said improvements to these
21 connectors.

22 MR. STROCKO: I think that one slide there
23 talked about some of the planning opportunities there
24 and the lack of knowledge and education, and then the
25 funding is definitely an issue.

1 We, in the past, have talked about dedicated
2 funding. That definitely has some pros and a lot of
3 cons, too. You don't want to get locked into not
4 having flexibility with the money. So maybe on the
5 broader sense of dedicated funding for freight.

6 In our Grow American proposal, we have the
7 freight funding program that would be able to focus on
8 this, but give that flexibility to the states how they
9 would want to use that.

10 But definitely the funding, the conditions
11 issue, and then just the whole planning on awareness
12 are some things, but for you guys to look at the whole
13 spectrum.

14 MS. BLAKEY: Maybe I just have this on the
15 brain because of our conversation a few minutes ago,
16 but I think something that might be interesting for
17 this group to think about, especially drawing on the
18 experiences of the companies, the BCOs, the ports, the
19 system users, the distribution centers and so forth,
20 that are represented in this group, air cargo
21 facilities and so forth, is to -- the intermodal
22 connectors, as defined essentially by now -- when was
23 the first intermodal connector concept discussed? It
24 was back in ICET probably or something like that,
25 right? And it's a very kind of narrow definition.

1 In the world that now know exists almost 20
2 years later, it would be probably really helpful for
3 this group to give some thought to how should we be
4 defining the different parts of the freight network as
5 it relates to these facilities and access to
6 facilities.

7 So instead of being a roadway that meets this
8 particular definition and does not fall within the
9 interstate system or the national highway system in
10 some other descriptive way, trying to look at how
11 should we be looking at these categories of access to
12 our various freight facilities and give you guys
13 feedback on that notion of an expanded -- and, of
14 course, it also can give feedback to people writing the
15 next bill in Congress how we should be thinking about
16 these things instead of having them sort of prescribed
17 in there, what you really are supposed to be analyzing.

18 MR. STROCKO: I think that's a good point, and
19 I would take it from a macro and a micro look. Kind of
20 the micro look, we touched a little bit on the changing
21 nature just within the highway system and how we see
22 more truck-truck connectors, but there are also a lot
23 of pieces that having nothing to do with highways. We
24 have rail-pipeline, rail-water, water-water that are
25 very important, too. Do we need to capture those

1 better and be more holistic kind of at that macro level
2 there?

3 MR. GRENZEBACK: Just to offer an example, use
4 one of Dean's facilities in Memphis where the rail
5 intermodal terminal has been completely rebuilt and the
6 gate has been moved. The NHS intermodal connector
7 designation goes from the old gate about a quarter of a
8 mile to the nearest NHS roadway.

9 That gate is no longer used and it hasn't been
10 updated. Not that it's critical to the operation, but
11 if you begin to say that designation is only to the
12 nearest NHS roadway, but not necessarily to the nearest
13 interstate.

14 So if you think about making a connection,
15 you'd go all the way to the nearest interstate, and I
16 think that's one of the issues that we've been looking
17 at. Should be redefining it as the gate all the way to
18 the nearest major interstate? Pavement conditions on
19 those are not necessarily bad and there are problems
20 with turning radii and things like that we see.

21 What crops up very often in talking with the
22 people is that I can get from the gate, which may be
23 congested and maybe its own problem, out to the
24 interstate, but once I get to the interstate, I jam up
25 because the interstate is, in fact, in worse condition

1 in terms of traffic congestion than the actual
2 connector roadways.

3 So they say it's a relatively short distance
4 of a mile or two miles or three miles, but once I get
5 to the interstate, that's the end of it, I sit in
6 traffic for a couple of hours.

7 We have traditionally said it must be pavement
8 problems on the connectors. Probably not. It's more
9 the metropolitan congestion on the networks.

10 The other thing that cropped up in the
11 discussions, if you ask the NPOs and state DOTs,
12 relatively few of them -- this is not all -- relatively
13 few of them in their modeling cull out warehouse
14 centers or rail terminals or the like as specific
15 generators when they analyze the origins and
16 destinations of trips, and, therefore, they can't
17 really project the volume and when they go ask the
18 railroads or the ports or the terminals, "So what are
19 your volumes in 5 or 10 years," they don't know or they
20 say, "Well, that's private information."

21 So the terminal goes in kind of as just a
22 generic blank. It's not seen in the modeling as
23 generating traffic. We don't really see the volumes of
24 trucks on there.

25 The other thing that shows up very much in the

1 data is you say how much of the truck traffic that
2 Tiffany cited is actually related to the terminal as
3 opposed to other truck traffic on the road, and right
4 now there is no way of easily separating those out.

5 The HPMS data we looked at looks at total
6 truck traffic and total traffic as a whole, not
7 specifically right at the port. So you could get 1,600
8 trucks, of which only 800 are related to the port or
9 they can all be related to the port. So you can't say
10 how much are specifically in there.

11 So I think to reinforce what Ed is saying,
12 there is a definitional problem, there is a problem of
13 planning for it, and there is certainly no tracking and
14 funding. Most NPO states cannot tell you how much they
15 have actually spent on intermodal connector roads
16 because it's not required and it's sort of a small
17 piece of their option. It might fall in two or three
18 jurisdictions. So each jurisdiction has some funding
19 in it or none.

20 When you go back and say, "How much did you
21 spend on improving interconnectors for freight
22 operations in your state," the answer is, "Well, give
23 me a couple, 3 three weeks and I'll go back through the
24 paperwork and dig it out for you, but I can't tell
25 you." There is no database to tell you how much has

1 been invested and what the conditions are. Lots of
2 opportunities for improvement.

3 MR. FISHER: I would just add, I'm familiar
4 with the terminology, but I think you've got to look at
5 a drayage zone from a connector as the relevant area,
6 not just the intermodal connector to the interstate,
7 because the bottlenecks often are on state and local
8 roads. You see this in Chicago.

9 Finding an interstate highway that connects
10 with an intermodal doesn't solve the problem. You have
11 to look at concentrations of trans-loads, warehouses,
12 and how those are located on secondary streets. And
13 what is happening is the shortage of drivers is forcing
14 companies to locate even closer and use secondary
15 streets that aren't properly supported.

16 So I think the Federal Government has to take
17 a more holistic view of what an intermodal connector is
18 by looking at -- and I think you are saying this --
19 what does it connect with, because you are seeing
20 greater and greater -- our company will only invest in
21 the first grayage zone because the transportation costs
22 are so great, but those roads are often just horrible.

23 But companies will put up with that because they're
24 saving money.

25 But if you improved those networks and thought

1 about what are the primary state and local roads that
2 the Federal Government should incentivize the states to
3 support, I think you would pick up a lot of efficiency
4 and a lot better throughput.

5 MR. GRENZEBACK: I think in looking at
6 intermodal connectors, we're looking at a very small
7 piece of the supply chain. And I think when Joe and I
8 looked at sort of how you measure supply chains
9 overall, the black hole is the intermodal connector, a
10 local network.

11 So I think we're discovering that that was
12 true and you're not looking at the entire supply chain
13 nor are you looking very effectively on the location of
14 warehousing and other transfer points.

15 MR. WISE: We have actually used the term
16 collector for what you're talking about, Paul. So the
17 connector is just getting you into the highway network.
18 The collector is where the drayage is still a
19 significant part of the highway traffic and that's
20 where you get into the data issues.

21 But for some distance, particularly at a port,
22 the dominant traffic in a collector, which might be
23 five miles away, is port traffic. So there is a way to
24 get at that from the data to say that is port dominant
25 traffic and that will be helpful to the intermodal

1 system if you focus investment on that, and it may be
2 three miles away, five miles away.

3 After a while, it dissipates and all the other
4 traffic goes in.

5 MR. FISHER: I would add one other thing.
6 Most industrial buildings 30 years ago were rail
7 served. The railroads got out of that. That was part
8 of the consolidation.

9 Now, because of, again, the shortage of truck
10 drivers, you're seeing bulk freight move into a market
11 and then get trans-loaded through a high throughput
12 facility.

13 So to think -- I don't know what the
14 jurisdiction of this is, but to look at urban rail
15 freight traffic and how that is integrated with the
16 road system, because if you have got a rail spur into a
17 building, you can really take a lot of trucks off the
18 road and then trans-load that, put it into containers
19 and go down to the port.

20 You see that in Houston, the resin facilities,
21 we bought a bunch of them and got the number of trucks
22 that are coming off the road, but still there are
23 issues with grade separations, road crossings.

24 So to think about the local network of state,
25 but then also think about what is the industrial rail

1 network for Paul and we talked a lot about exports in
2 Paul and Walter's presentation.

3 So if we look at how that bulk moves relative
4 to the containers and backwards, I think that's
5 something that should be part of the consideration of
6 what a connector is.

7 CHAIRMAN BLASGEN: I was a meeting a couple of
8 weeks ago and the Port of New York and New Jersey was
9 there and some carriers, truckers, and they were
10 talking about how they improved the dwell time from the
11 gate to the port and as you can hear, his head blew up
12 because they reminded him what about the 8 hours trying
13 to get to the gate. That's real time and that's the
14 real cost and operational activity that goes on all the
15 time.

16 MR. WISE: I missed the beginning, but where
17 did truck-to-truck terminals enter into this? Those
18 aren't considered an intermodal connection, are they?

19 MS. JULIEN: Right. So as part of the study,
20 we asked our consultant team to also consider those
21 non-traditional types of connections, because we
22 understood that over time, since the last analysis of
23 our freight intermodal connectors in 2000, things have
24 changed. And so we thought it might be good to look at
25 those non-traditional types of connectors and that is

1 where the truck-to-truck --

2 MR. WISE: If that is being considered as an
3 intermodal facility, I would kind of raise a red flag,
4 and not just self-serving, but if you way a truck-to-
5 truck warehouse is an intermodal connector, where do
6 you draw the line? Every plant, every site, every
7 building is an intermodal facility because they all
8 have trucks in and trucks out.

9 So I think we've got to keep this to one mode
10 in and one mode out.

11 MS. JULIEN: So what about the situations -- I
12 know we were talking about inland ports. Right?

13 MR. WATTLES: I'm sorry. Can I ask -- there
14 are some side conversations that are getting picked up
15 by the speaker. So could we limit to the one speaker?

16 MS. JULIEN: One of the things we also wanted
17 to look at was this notion of the inland ports
18 situation. And so I think that we also, as part of
19 looking at the truck-to-truck type of connection, we
20 wanted to consider that changing environment as well as
21 part of the overall study.

22 MR. STROCKO: I think that's a good point,
23 Dean, and I think it kind of goes to Paul's point about
24 -- and the whole free village concept, where you're
25 having these clusters and you probably do have some

1 intermodal stuff in there, but you just have so many
2 trucks going in at that last mile, it's different than
3 a standalone DC. Is this some other animal? It's
4 something we want to explore and I think it's along the
5 lines of what Leslie said. Are we too narrow?

6 This is something we are exploring,
7 researching, and I think you have a good point there.
8 A single mode to a single mode is not necessarily an
9 intermodal connector there. So we definitely need to
10 point that out and whether you categorize that
11 differently.

12 MR. WISE: I mean, if the point is to leverage
13 the relative value of different modes, water, rail,
14 pipe, with truck, I think we ought to keep it to that,
15 different modes in and out.

16 I think most of these facilities you're
17 talking about, what you're calling truck-to-truck
18 probably have rail. Most of the major public warehouse
19 and truck in and truck out, but also have rail.

20 MR. STROCKO: The other thing I would say,
21 another way that we have started to look at the
22 intermodal is the deconstruction and reconsolidation
23 and whether that's rail-to-rail or water-to-water,
24 whether you have a blue water, a brown water going from
25 an oceangoing vessel to a barge or from a long unit

1 train to some short thing or from a 53-foot trailer to
2 a small package van that you might use in an urban
3 delivery.

4 Is that some type of intramodal rather than
5 intermodal connector?

6 MR. GRENZEBACK: If you want to go by the
7 classic definition of -- I can't call it intermodal
8 unless it goes from rail to truck or something like
9 that. But if you're going to back up, as I think we've
10 been doing, and say what's really important is the
11 supply chain and the supply chain is changing and in a
12 lot of cities, New York is a good example, you've got
13 rail containers and 53-foot trucks bringing large loads
14 of stuff into warehousing districts over in Jersey or
15 somewhere over in Long Island and then being broken
16 down into basically straight trucks and small trucks,
17 because that's what you need to deliver in into the
18 crowded cities or into shopping malls.

19 MR. WISE: I don't know where you draw the
20 line.

21 MR. GRENZEBACK: I know, but the question is
22 do you ignore it. I mean, do you ignore access to
23 those, city of industry or Jersey warehousing DC
24 centers, you can. We're not, at this point,
25 recommending a change, but the task was to say are we

1 looking too narrowly, by yesterday's definition, of
2 what are transfer points within the supply chain, and I
3 think the answer is the classic definition is we've
4 probably outgrown that in some areas, in some places.

5 Now, whether you put money into it and change
6 the definition is something that Federal Highway and
7 the committee can consider later, but it was an
8 exploratory question of what are we missing when the
9 economy is changing and the structure of supply chains
10 is changing.

11 MR. STROCKO: I think I'd like to say we're
12 going to do a webinar. So we can definitely continue
13 this discussion, but I know we are constrained in time.

14 I wanted to make sure that Steven had a couple
15 of minutes to talk to you, because they are doing some
16 important stuff that relates to what you're thinking
17 about and we want you to be informed, and then Nicole
18 and Travis to give you that update there.

19 Steven, do you want to just talk a little bit
20 about all the things you're doing on port judgment and
21 new look?

22 MR. SHAFER: Yes. I brought these brochures.
23 I don't know if I should hand them out. I don't have
24 time to really go into the background of everything
25 we're doing, but these have some background information

1 and feel free to e-mail us or call me and I can give
2 you a lot more detail.

3 In 2007, Congress told the Maritime
4 Administration to provide assistance to ports really to
5 materially improve port infrastructures throughout the
6 country. AAPA is about to release a number of port
7 projects for the next 10 years that are planned for
8 that type of material improvement, and we're talking
9 over \$25 billion. It's a huge number. And they will be
10 releasing that in the next couple of weeks.

11 There is a lot of need. Our ports need help
12 getting funding coalitions to do some of these projects
13 because they are extremely expensive. They are
14 replacing infrastructure, not modernizing or improving,
15 but completely building new terminals or replacing
16 terminals, and that's not something that a port can do
17 on its own.

18 You need private sector involvement, maybe you
19 need government involvement, and we're looking at best
20 practices to try to help that take place.

21 We have done a couple of projects outside the
22 continental United States, in Alaska, Hawaii and Guam,
23 and through that we have learned some things that the
24 Maritime Administration really hadn't known before.

25 One is that when you look at a project, you

1 need to follow certain steps or you're going to get in
2 trouble. You need to make sure that the planning and
3 engagement is done on any project before you move to
4 the financing dates, although there is a little bit of
5 back-and-forth. And only once both of those are
6 completed do you start building a project.

7 So our program is really organized around
8 those principles. With planning and engagement, we're
9 really looking at inside and outside the gate port
10 planning, everything from the sea channel and sea buoy
11 to the intermodal connectors, really getting to the
12 highway, how a port can plan to make sure that they are
13 able to facilitate the intermodal transfer of freight
14 and how they are able to do that in a way that they
15 don't create -- just push the bottleneck down a couple
16 miles.

17 If the intermodal connector isn't operating
18 efficiently, you might unload a huge Post Panamax
19 vessel quickly, but have long lines of trucks waiting
20 at the port.

21 So we need to make sure that every leg along
22 that journey to a highway, to the class one railroad is
23 optimized and we are working with AAPA and individual
24 ports to look at best practices to help that take
25 place.

1 We've brought in community planners, which is
2 a big deal for the Maritime Administration. Federal
3 Highways has done it for years, but for us, really look
4 at how to engage the state, local and even national
5 planning processes is a new thing and we're looking at
6 how we can encourage courts to utilize best practices
7 that other sectors have really known for years.

8 Ports like the Port of Houston have big
9 planning staffs that know how to do that, but our small
10 and medium sized ports really need assistance with
11 engaging in that planning process.

12 We also have a port planning and investment
13 toolkit, which is a way that we're working with ports
14 to identify investment grade planning opportunity and
15 how to make plans and pre-plans that can attract
16 private sector and public investment.

17 Right now we have a program within the
18 department to bring in public investment and the
19 Maritime Administration is working with a number of
20 ports, really looking at P3s and how you can do new
21 things with P3s that haven't been done before.

22 As many of you know, terminals are private
23 companies often or operated by private companies at the
24 P3, but how can you bring in public investment when
25 Federal investment just isn't there to renovate a

1 terminal, to improve a terminal.

2 And that really moves into our financing area
3 and we're partnering with the TIFIA program, the loan
4 guarantee program in the Department of Transportation,
5 and looking at ways that TIFIA can do new -- or take
6 new funding opportunities within the port terminals.

7 I think within the next 6 to 9 months, we'll
8 be announcing an opportunity that we're working with
9 one of our larger ports, where they're bringing in
10 TIFIA as kind of letting the public sector bring some
11 skin into the game in a \$500 million project.

12 It's a way the public sector, the private
13 sector and the port are all working together and we see
14 that as a very positive opportunity for ports to take
15 on new capabilities and really address congestion
16 within the terminal and to meet the demand for new
17 capabilities, new capacity where none exists.

18 The last area we really work in we call
19 project support. We do not do projects for individual
20 ports. We do not want to impact the market in that
21 way. I've heard you all talking about competition
22 between individual ports. We really don't want to do
23 anything that will impact the competition between
24 individual ports.

25 But there are times where we have unique

1 capabilities. We have some funding options, grant
2 capabilities that we can make available to all ports to
3 help them overcome unique challenges without giving
4 them a huge advantage over their competitor down the
5 road.

6 All three of these things relate to port
7 congestion and I see our view being that congestion
8 related to ports is going to be different in every
9 port. It can start at the sea buoy, not being able to
10 accommodate ships that are of the size that should be
11 going into your port. It can be having insufficient
12 equipment, whether that's the cranes you have, the
13 chassis, not having a large enough container pool. It
14 can be the intermodal connector road, and that's one of
15 the reasons we wanted to partner with FHWA on this
16 study, because it doesn't matter how efficient you are
17 inside the gate if you can't get those containers or
18 that bulk product out of the port to where it needs to
19 go or bring it in.

20 I have a couple of questions I'd like to ask
21 and I know there's not a lot of time to discuss, but
22 please contact us or if you do want to discuss it now.

23 We're looking at ways to assist in innovation
24 and I saw the question on short-term improvement that
25 you all had and those are really the questions we have.

1 The only one I would add is is there something
2 similar to chassis that's coming down the line that
3 we're not seeing now? I started out in the FMC about 8
4 years ago. At that time, it was containers. Exporters
5 couldn't get containers. And I know that's still a
6 problem, but they're working at that, kind of on the
7 margins trying to improve that. Then it was chassis.
8 What's next? Are there other equipment or operational
9 problems that are going to crop up? And maybe this
10 time we can address it now rather than when our
11 exporters can't get their goods to market.

12 So really just where can MARAD be of
13 assistance or where can the Department of
14 Transportation be of assistance there leading this
15 innovation, helping bring problems -- kind of getting
16 out ahead of these problems?

17 MR. STROCKO: Definitely another good ask
18 there for you guys as you go back to your
19 subcommittees.

20 CHAIRMAN BLASGEN: Well, maybe coming out of
21 our work at the subcommittee level, there might be some
22 things that we can send your way. Money would be good.
23 But, no, that's a great ask. So we'll take that at
24 the committee level.

25 MR. STROCKO: If I can have 30 seconds on

1 Travis and Nicole, and then Eric is here to give you
2 the MAP-21 update.

3 MR. BLACK: I guess with 30 seconds, I'm just
4 going to introduce myself and let you know that I am
5 passing around a one-page summary of the project that I
6 wanted to discuss, which is the scenario planning of
7 future passenger traffic flows across the Mexico and
8 U.S. borders.

9 It sounds like you have talked about this
10 project a little bit in the past. We started the
11 project back in October. It is funded jointly by the
12 U.S. Department of Transportation and the Federal
13 Highway Administration.

14 Largely, it's to develop projections of
15 passenger and freight flows in the border region,
16 specifically at the micro level, but also looking at it
17 from a North American perspective.

18 We reviewed the statement of work with
19 Transport Canada and with the Secretariat of
20 Transportation and Communications in Mexico.

21 So we're doing things with their input and
22 we're trying to develop projections of flows in North
23 America, but specifically, at the micro level, at the
24 borders.

25 We had a first series of workshops where --

1 the projections are actually five different
2 projections. One of them is a trend analysis that is
3 largely based on existing USDOT models, the FAF and
4 there is a long distance passenger forecast that's
5 being developed and being released soon from the
6 Federal Highway Administration.

7 But then there are also four different future
8 scenarios that are basically shifting the way of
9 planning, instead of doing a trend analysis, but
10 looking at some future worlds and what would be needed
11 to prepare for those worlds. And so we're doing some
12 forecasts that would be related to that.

13 Trying to keep things -- I've already gone way
14 over my time of 30 seconds, but we plan on having the
15 project finished in March of next year. We want to
16 have it consistent with the updates to the FAF that are
17 going to be happening later this fall.

18 We'll provide additional information another
19 time. If there are any questions, we can get back and
20 create whatever is needed.

21 MR. STROCKO: Thanks. Eric, we always get the
22 question of where we are with the national freight plan
23 and company reports. So you can wrap us up by
24 answering that question for everybody here.

25 MR. GABLER: We are actually in the last

1 stages of getting it out to the public right now. It's
2 over at the Volpe National Center for reorganization
3 and formatting. It tends to get very long and was
4 looking like an NCF report. So they want to zip it up
5 a little bit and make it a little more approachable,
6 trying to keep the length down to less than 100 pages,
7 not counting the endnotes.

8 I think many of the discussions like here
9 today to interpret, for instance, the intermodal
10 connector last mile issues, I would note that there are
11 no two organizations that I could counter that have the
12 same definition of last mile. Some people treat it as
13 last mile from the warehouse to the stores, from the
14 warehouses to the highways.

15 We're trying to deal with that whole spectrum
16 of issues and at the same time keep it as concise as
17 possible. It will be going out as a draft for comment
18 from the public. It will not be a final, a fait
19 accompli, if people have concerns that we have
20 overstressed, say, state, NPO, local planning, which I
21 think I put some of that, we will, of course, be
22 receptive to adjustments, discussions about better data
23 sources, discussions about better modeling, use of the
24 NPMRDS data, eventually getting to door-to-door
25 delivery times, getting better integration of private

1 and public data into the system, that it is all
2 discussed in the plan.

3 I know it was supposed to be out in early
4 April. I think you will appreciate the difficulty of
5 getting -- it's the first time ever we've done such a
6 plan through not just the whole government, but just
7 through the DOT. Operating administration can be more
8 complicated than it sounds, but it's quite far along
9 and I'm looking forward to getting your comments
10 shortly.

11 MR. BRYAN: Eric, did you have a current time
12 point as to which point it would go out for public
13 comment?

14 MR. GABLER: We had hoped to have it out right
15 now. It will be out -- assuming it comes back from
16 Volpe and the various operating administrations are
17 happy with the format, it would then have to do a very
18 quick OMB circulation, we'd try to get it down to a few
19 weeks, and then probably in May sometime it would be
20 out there, notified in the public register, looking for
21 feedback.

22 As I say, one thing people might be
23 disappointed by, it is not a comprehensive list of
24 projects across the Nation that should be done
25 sequentially in a particular order.

1 The plan acknowledges that it is very
2 difficult to do a freight forecast and I would provide
3 evidence if you ever want to see how difficult it is to
4 do a forecast. Look at any freight forecast that has
5 ever been done and see how accurate it has been.

6 So we are stressing things like scenario
7 planning, much more adaptive local and NPO and state
8 planning, better informed planning, dedicated freight
9 funding that enables large projects extra regional
10 benefits to be funded as opposed to rejected. And the
11 whole structure of it is meant to fit into the planning
12 structure of the United States transportation system.

13 There is actually a whole appendix on how
14 complicated that is, but in a way that doesn't upend
15 people's current responsibilities and authorities.

16 So that is what it is coming out as. Again, I
17 am reminded every day that we need to have it out and
18 we're working very hard to complete one more MAP and
19 then get it out.

20 MR. STROCKO: Thanks, Eric. And Nicole has
21 one last quick thing.

22 MS. BAKER: I just wanted to quickly introduce
23 myself. I'm the team lead for North America and our
24 office works on all of the larger initiatives very
25 closely with our counterparts from Mexico and Canada

1 and also with the interagency here, everything from the
2 U.S.-Canada Regulatory Council to the 21st Century
3 Border to the High Level Economic Dialogue and Beyond
4 the Border with Canada.

5 So please let us know and please feel free to
6 reach out at any time.

7 CHAIRMAN BLASGEN: Guys, thanks very much.
8 Really appreciate it. It's good to have you at the
9 meeting.

10 MR. STROCKO: It's always a pleasure to be
11 here.

12 CHAIRMAN BLASGEN: Thank you. Let's start and
13 we'll see how far we get before lunch and our stomachs
14 start gurgling and we can always pick up some time
15 afterwards.

16

1 **WORKFORCE DEVELOPMENT SUBCOMMITTEE REPORT**

2 **Anne Strauss-Wieder, Subcommittee Chair**

3
4 MS. STRAUSS-WIEDER: I accept the challenge of
5 being the presentation between the committee and lunch
6 and will keep it relatively short.

7 Just to reiterate the four areas that the
8 Workforce Subcommittee is initially focusing on -- and
9 I don't have any graphics today -- first is looking at
10 training programs.

11 Second is looking at accessibility, connecting
12 people where they live to where they work. That is
13 equally important in ensuring that we have an adequate
14 workforce.

15 Third is the image of the industry, which, as
16 Rick pointed out before, we need to have a good image
17 of the industry to encourage people to go into it.

18 Fourth and really where we go to action items
19 is identifying those levers, particularly at the
20 Federal level, that can assist in ensuring that we have
21 that workforce.

22 Now, to that end, we had two fantastic
23 presentations yesterday. The first was by Benjamin
24 Siegel of the Department of Labor, which the
25 subcommittee would like to recommend have for the

1 entire committee.

2 To give you some idea of just the level of
3 funding -- and this is just the Department of Labor --
4 they gave out over \$2 billion in training grants under
5 the TAACCCT program, that's T-A-A-C-C-C-T. I was
6 looking this up online when Joe hit me with a question
7 before. So you can look it up under T-A-A-C-C-C-T.

8 So they gave out \$2 billion over 4 years. Of
9 that \$2 billion, \$300 million in 35 grants were given
10 out for transportation, logistics and distribution
11 training programs, and he is providing us with a list
12 of those 35.

13 So the Department of Labor has been investing
14 significantly in these. He also noted a Website called
15 skillscommons.org, where they're listing a lot of the
16 new curriculums that are being developed for supply
17 chain programs.

18 So they're looking at stackable credentials,
19 they're looking at the involvement of community
20 colleges. So there is a plethora of funds at a very
21 high level being put to bear in our industry. And
22 these training programs can be all types, including
23 truck driver training by community colleges. So a
24 tremendous amount going on.

25 Our second presentation was by Cheryl

1 Kastrenakes. She is the Executive Director of the
2 Greater Mercer Transportation Management Association,
3 or TMA.

4 Now, TMA is a nonprofit organization,
5 generally public-private, that focuses on local
6 movements and that really builds on what was discussed
7 before, that last mile. And in this case, Mercer
8 County, New Jersey is the location of one of the very
9 largest Amazon distribution centers, which initially
10 had 1,000 workers, they're now up to 3,000 workers.

11 As we all know, these large distribution
12 centers -- and this one is about a million-two -- are
13 not exactly next to housing. So how do you connect
14 workers on three different shifts with where they live,
15 which can be urbanized areas or other locations, and
16 we're talking unskilled workers who may need that
17 transit access to get to their jobs and it has to be
18 reliable.

19 So it was a great example there. First of
20 all, I want to note that they get some funding, as
21 well, from the Federal Government. It is through Job
22 Access Reverse Commute grants, JARC, so Job Access
23 Reverse Commute grants, which is under the FTA Program
24 5316. They got money from them but Amazon really
25 picked up the tab here.

1 What they did is create a bus service that
2 connects between a major point in the county where they
3 have a number of transit buses already going.

4 So from the New Jersey Transit point of view,
5 they don't have to add a new service. They're going to
6 an existing mode, though they did have to adjust their
7 schedules so that they had buses there at certain times
8 when the night shift is over or just coming online and
9 so forth, and Amazon is paying about 50 percent of the
10 bill. Then the workers go between that major hub of
11 transit and the Amazon location. So they have worked
12 out this pickup/dropoff. There is no charge to the
13 workers for this. Amazon really sees the value of it.

14 So here is another example of Federal money
15 being used to address making sure you have an adequate
16 workforce and it has worked quite well obviously.

17 She also informed us about some of her other
18 conversations with distribution centers, because there
19 are a lot of other large ones in that same area, and
20 they approached all of them because their workers can
21 make use of this free service. And all of the heads of
22 HR, they loved it. They loved the idea.

23 Then they went to sell it internally and the
24 finance guys and executive couldn't see the value in
25 it. They figured either it was up to the employment

1 agency or it just wasn't in their wheelhouse to spend
2 even a small amount of money on this piece.

3 So when we talk about image, we also need to
4 give the tools to people trying to sell the importance
5 of these workers and providing options to those workers
6 so it builds on our image piece.

7 So, again, we'd like to get Benjamin Siegel
8 from Department of Labor to talk about just the
9 magnitude of these programs, plus the new grants that
10 are coming out.

11 We also would like coming up to do a
12 conference call with Department of Transportation. The
13 one thing we don't want to do is reinvent the wheel and
14 Department of Transportation has been doing a
15 tremendous amount of work on workforce issues, and we
16 recognize we could spend a lifetime trying to inventory
17 what is there and that is not what we want to focus on.

18 What we want to focus on is what actions can be taken.

19 So we hope to have a conference call with DOT
20 and then perhaps a discussion with the whole committee.

21 We do recognize as kind of where we go from
22 here and it seems to be a theme, as was noted
23 yesterday, the need for collaboration among agencies.

24 Just a show of hands. Did anyone know about
25 these grants before we heard about them? You heard of

1 these. But they are not well known.

2 We also don't know how this registered
3 apprenticeship program out of DOL relates to labor
4 apprenticeships or apprenticeship programs that have
5 been developed by private industry or maybe with the
6 ports, how does that relate to that.

7 So we're looking at collaboration. What is
8 needed to really push this forward, get it out there?
9 They certainly made a great start by putting
10 curriculums out there and creating a program that can
11 go from place to place to place, but we want to know a
12 lot more on how that can be collaborated.

13 So I think that's our next step and also
14 extending the idea of images to be able to sell
15 internally the importance of making sure you keep your
16 workforce.

17 Let me open it up to other committee members
18 to chime in with other items.

19 MR. KUNZ: I just have a question. I just
20 want to make sure I have the numbers right. You said
21 \$2 billion in grants.

22 MS. STRAUSS-WIEDER: Two billion. That's why
23 I was double checking online.

24 MR. KUNZ: And \$300 million for logistics.

25 MS. STRAUSS-WIEDER: Yes. Of that \$2 billion,

1 there were 35 grants totaling \$300 million.

2 MR. KUNZ: Because we have a program that
3 starts at high school level, goes to junior college,
4 goes to 4-year. It's for brown water, it's for blue
5 water, it's for logisticians, it's for transportation,
6 and we invest a lot of money, as the Port Authority, on
7 that and it would be lovely to get some of this money.

8 MS. STRAUSS-WIEDER: They did tell us the
9 deadline for the new grants is April 30.

10 MS. DENHAM: Well, the new grants is more on
11 the apprenticeship and the TAACCCT grants were all
12 given to community colleges and to do partnership with
13 like AC&T and others and what happens is the community
14 colleges get the grants and they work through industry
15 associations. So they are the ones that actually get
16 the funding.

17 They have to provide it and the curriculum is
18 free. You pay for the exams.

19 MR. KUNZ: Well, I have a note to self, for
20 our director who oversees this, just to see if even
21 know about it. I'm sure they do, but this is the first
22 I have heard of it.

23 MS. STRAUSS-WIEDER: That is what we have to
24 do and, again, have him in to speak to the whole
25 committee perhaps in June or sooner rather than later,

1 because that's the kind of collaboration we would like
2 to see.

3 You're doing programs already, others are
4 doing programs. Let's tie them all together. At the
5 very least, no one has to reinvent curriculums.
6 They're all there. They're developed. They're free.
7 They're available online. If those funding grants are
8 available, it's great.

9 TMAs, New Jersey has one in each county, but
10 they could be established in any area. It could be a
11 private-private situation, too. But, again, there are
12 funds available from the public sector through FTA to
13 help pay for that last mile connection.

14 Then that could also be relevant at ports and
15 airports for lower skilled workers. The idea is just
16 to ensure that you don't just have to use a car or hope
17 about a carpool or a vanpool that an agency has set up
18 for you, that you do have those options available.

19 She did note they did do a survey and a good
20 number of those people, even though it was a small
21 number that were surveyed at the time, indicated that
22 without that additional service, they could not have
23 had that job. They couldn't make it work for them.

24 So, Rick and David, we're going to try to not
25 even be just in time, but ahead of schedule for you.

1 CHAIRMAN BLASGEN: Well, how about this idea
2 -- and it came up again in the meeting when I was down
3 in Atlanta. UPS was in there and we were commenting on
4 the white board and I did some good work in terms of
5 advancing the idea that it was just a destination
6 career.

7 There is a huge opportunity. Wherever I go, I
8 hear more and more about how not only are we having
9 issues at the workforce level, but we are not
10 graduating enough supply chain talent out of our
11 university systems to support the demand that's out
12 there.

13 So you've got everybody under the sun creating
14 curriculum at the community college level and
15 everywhere else to get in on this, even though -- well,
16 let's just say it could be less than adequate education
17 that people are getting, but it is a hot market, and
18 yet students still stumble across it later in their
19 career or when they took a course at a university.

20 I mean, how do we bake it into lower levels of
21 the educational system and get people in high schools
22 to understand that it's a destination career and is
23 going to only improve over the foreseeable decades?

24 So we really ought to address that. How do we
25 make it a destination career, lower levels of

1 education, and have people understand what it is?

2 MS. STRAUSS-WIEDER: And some of these grants
3 are also not just for training, but to help augment
4 salaries that the private sector has to -- the
5 apprenticeship program has to pay a wage while they are
6 also going to school. So apparently some of this grant
7 money can help with companies to bring people up.

8 They are also looking at incumbents, because
9 we have so many people who have to be entry to try to
10 get into the supply chain, but I agree with Rick that
11 that has got to be our next step is to look at image
12 because it is absolutely coming out over and over again
13 and maybe see if we can CCNP to.

14 CHAIRMAN BLASGEN: We are definitely going to
15 try, but, again, supply chain people are notorious for
16 being poor marketers. We need some really solid
17 marketing people to help us.

18 MR. COOPER: I will go you there. I mean,
19 that's the big difference between the craft labor issue
20 and the logistics issue is a lot of folks have never
21 even heard of this career path before.

22 I've got nieces and nephews who are math
23 nerds, real good at it, trying to apply that ability to
24 something and I was always pointing them in the
25 direction of engineering, not knowing that this career

1 path was even there, because it all takes place behind
2 the scenes. The consumer does not see this.

3 MR. JAMIESON: Well, I think a lot of it looks
4 at -- and specific to a university, the University of
5 Arkansas has a huge supply chain program, engineering
6 programs, and with the type of employment around that
7 area, whether it's J.B. Hunt, a number of those, we
8 suck up a lot of the industrial engineers out of there.
9 They, too, think, well, you're an engineer, but you're
10 working transportation.

11 It's optimization, it's flow planning, it's
12 flow, it's everything else. So I think maybe somehow
13 reaching out some of these universities that have these
14 supply chain programs out there and see what can be
15 done.

16 I have made connections with U.S. Customs in
17 the U of A supply chain group on C-TPAT issues from a
18 security within the transportation supply chain. They
19 are now linked up to try and maybe develop a course
20 within the program on supply chain security.

21 So I think the universities are probably open
22 to it. I know U of A is. It's just a matter of doing
23 that outreach, like you say, and saying, "Hey, we're
24 here, what we can we do."

25 CHAIRMAN BLASGEN: You have to get them before

1 they get there.

2 MR. WEILL: And frankly, the university
3 doesn't create the programs. If there is a demand,
4 you've got to get the kids coming in and saying I want
5 a program like that.

6 MS. DENHAM: We were able to start a program
7 in Florida where the kids in high school get this
8 curriculum and it articulates to 12 hours of college
9 credit at any state college in Florida. So it's
10 getting them in earlier, but the image thing is still
11 there. And getting the school counselors, that's
12 another area, the high school counselors to recognize
13 it.

14 MR. KUNZ: That's why we start in the high
15 schools. We are partners with at least six. I would
16 invite any of you to please -- I'll give you the lady's
17 name -- to contact her to see what she's done or what
18 she's doing with her group. It is very, very
19 successful. Each spring we graduate or they graduate
20 probably 40-50 people from high school with a focus on
21 transportation of some type.

22 This doesn't necessarily mean that they're
23 going to go to warehousing or logistician. They also
24 have the opportunity -- we have licensed captains who
25 are training them for tug work, for barge operations up

1 and down the inland waterways, for possibly going on to
2 something like Texas A&M at Galveston and getting a
3 license and sailing blue water.

4 So it is huge and it is working very well.

5 MS. DENHAM: And you all now partner in a
6 summer institute where they bring in high school
7 teachers and do the port tours and all the different --

8 MR. KUNZ: Correct, yes.

9 MS. MELVIN: The North Central Texas Workforce
10 Solutions Board got one of these grants several years
11 ago and as part of the grant, they did a video that
12 they then took to high schools and even some seventh
13 and eighth elementary schools about what is logistics
14 and it was a great video that talked about all the
15 different types of jobs you can have, and it really did
16 do a lot for the schools that they went to to encourage
17 these kids, who then go on -- and they offer the
18 curriculum in high school, as well.

19 So when you graduate from high school, you can
20 go straight to work if you're not going to go on to a
21 community college or a college. So that was
22 interesting that they used the grant money to develop
23 that video and then actually went out.

24 So that's an idea, I think, too, is to
25 encourage the receivers of the grants to use that to

1 help with the image in the local areas.

2 CHAIRMAN BLASGEN: We had one called "What in
3 the World is Supply Chain Management," and it is pretty
4 good. It is a little dated, but today it is still
5 relevant. It talks about Intel and all the different
6 types of jobs.

7 One of the frustrations that Sandy left here
8 that I have with the academic community, and I have
9 this conversation all the time, is years and years ago,
10 not too many years ago, but they used to come into
11 companies -- when I worked at Nabisco, we would have
12 the latest logistics academics come in to verify or
13 validate something we were cooking up, thinking about.
14 They were connected with business.

15 Today, most of the supply chain logistics
16 professors, many of them are our members, they don't
17 see that. Their deans do not want them, believe it or
18 not, to participate with companies and the reason is
19 it's all about getting published, publish or perish, go
20 do research, that's we get our funding from.

21 They'll say, "Rick, why should I do that?" I
22 say, "Well, aren't you producing the product we're
23 supposed to buy?" Yes, but they're all getting jobs
24 anyway. So they say, "Well, we don't need any help
25 because all our kids are getting placed. So we go off

1 and do something else and go do some research nobody
2 reads." They said it's unbelievable.

3 So I think that's an issue that we have
4 because of the success of our discipline in some ways.

5 They're not all like that, but many of them will say
6 they are just not rewarded in the university system to
7 go do it. I find it fascinating.

8 It's not an indictment, but I was commenting
9 on many of the academics that I speak to. I say,
10 "Well, why don't you do any work with companies
11 anymore?" They say, "We're placing all of our students
12 and our deans don't want us to do that. They want us
13 to research or publish. That's where our future is in
14 our world."

15 MR. BOYSON: That's kind of ironic because I
16 just went out to talk to Tiffany, who gave the
17 presentation. I have a group of 40 students divided
18 into teams looking at really major companies trying to
19 design a logistics network for them, and if it's truck-
20 to-truck, terminal, and we do this every semester. We
21 do a project with an external company that's interested
22 in our students and wants to kind of use their
23 imagination, et cetera.

24 So I'm sure that is true, but don't think it's
25 universal.

1 CHAIRMAN BLASGEN: It is not. There are some
2 programs like yours and I know a few others that
3 connect with companies, and they also have executive ed
4 programs where companies are sponsoring things and
5 things like that. But it's fascinating when they say
6 that.

7 Shawn?

8 MR. WATTLES: We've had various experiences,
9 too, and one of the things we run into trouble with are
10 the universities that will be -- as part of their
11 working with us on plans, they refuse to sign a
12 nondisclosure or any kind of proprietary agreements on
13 what they will publish and we have had a surprising
14 number of major universities send us students from
15 China to work with us on our defense product logistics
16 model.

17 I've actually terminated Boeing's agreement
18 with a couple of universities for ongoing relationships
19 because of that. So it's been mindboggling.

20 CHAIRMAN BLASGEN: On that happy note.
21 Anyway, great discussion, great half-day. David has
22 some prime rib and lobster tails for us somewhere.

23 [Laughter]

24 Chairman BLASGEN: So the plan is for us to
25 grab some lunch and meet back here for Tiffany, once

1 again around 12:45.

2 So thanks, everybody, for a great morning.

3 [Whereupon, at 12:02 p.m., a luncheon recess
4 was taken.]

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1 AFTER RECESS

2 [12:47 p.m.]

3 CHAIRMAN BLASGEN: Welcome back. Provide your
4 feedback on the prime rib and lobster tail so we can
5 prepare for our next meeting luncheon menu.

6 [Laughter]

7 CHAIRMAN BLASGEN: What we would like to do is
8 re-gather here and continue on with some of the
9 subcommittee commentary here. So just the way the rest
10 of the afternoon will go, we will hear from Tiffany and
11 the ITDS group, and then Shawn on Trade and
12 Competitiveness. Regulatory, I think Norm is here.
13 Then we will also hear from the Finance and
14 Infrastructure Committee. Then we'll close out and
15 talk about next steps and next dates, which have
16 already been set for the remainder of the year.

17 With that, let me turn it over to Tiffany.

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1 **INFORMATION TECHNOLOGY AND DATA DEVELOPMENTS**
2 **SUBCOMMITTEE REPORT AND DELIBERATIONS**
3 **ON DRAFT RECOMMENDATIONS**
4 **Tiffany Melvin, Subcommittee Chair**

5
6 MS. MELVIN: Thank you. So IT and Data, at
7 our last meeting, we went through some of the draft
8 recommendations, got several of you to give us feedback
9 on them. We have incorporated all of the feedback that
10 we received.

11 So I think this is the meeting where we get
12 this finally approved, which would be fantastic.

13 I think these were sent out to you about 2
14 weeks ago and I'm sure that every single one of you
15 read every word of the recommendations in the letter.
16 But on the off chance that some of you missed it, let's
17 go to the recommendations page.

18 We separated this out to be a separate
19 document from the letter that we will be sending
20 Secretary Pritzker, and then there is also -- I don't
21 know that you guys have copies of the backup report.
22 We don't even really need to talk about that. It's
23 finished and complete and it will be going along with
24 our letter and our list of recommendations for any
25 backup information that could be helpful.

1 So on the recommendations page, we started off
2 with kind of a big applause for all the hard work that
3 has been put into this group. You guys got the update
4 yesterday from Maria-Luisa and Christa and Keith, and
5 they really have been working hard and we wanted to
6 acknowledge that before we submitted our
7 recommendations of things they could be doing in
8 addition to what they are already doing.

9 Then if you go to the first one, this is
10 really the only change from yesterday's briefing from
11 them that is in the recommendations and it is just
12 worded slightly different. But if you guys will
13 remember, there was a little bit of a discussion how
14 they are open to considering an outside industry expert
15 to come in and help them manage all the different
16 agencies that are involved in this.

17 So the change that we put into this in number
18 one was to immediately recruit and designate a full-
19 time dedicated industry subject matter expert with
20 extensive prior experience in system design,
21 development and deployment of single windows. And with
22 that expertise and successful deployment experience
23 would also come successful management experience of the
24 multiple jurisdictions and agencies that are involved
25 and communicating with one another and working together

1 on successfully implementing our U.S. single window.

2 Then under A, that is the only other change,
3 as well, that the industry subject matter expert should
4 work with all the agencies to have a unified, clear,
5 and agreed upon understanding of the definition of
6 scope, work plan activities, and deliverables.

7 We have heard the updates from the group
8 periodically throughout our meetings. Also, our
9 subcommittee has had offline conversations with them
10 and updates from them and gotten additional feedback
11 from them. So we feel like it is very important to put
12 in here that there needs to be a clear definition,
13 agreed upon, unified definition by all the agencies of
14 what that deadline of December 2016 is, because I don't
15 think that is really hammered out very well with the
16 different agencies right now.

17 That is going to be important for setting
18 reasonable expectations for the industry stakeholders
19 that have heard about this and for all the government
20 stakeholders, as well.

21 So then the number two is just to have them do
22 a little bit of a better job of communicating the
23 progress being made to all of the key stakeholders, and
24 there are tons nationwide and internationally really.

25 Christa has started a blog that she has done,

1 but it has been fairly basic, snippets of kind of the
2 background, what is the single window, here is how we
3 are organizing ourselves, that kind of a thing. I know
4 that she intends to do more blogging, but I am not sure
5 that anyone out there really knows those blogs exist.

6 She asked certain organizations to help
7 promote them and publicize them and send them to their
8 members, which I know probably several of you around
9 the table are doing and that is helpful. But we feel
10 like there needs to be by June 2015 a status report
11 that is submitted and very public and then quarterly
12 reports from here on out detailing their progress,
13 challenges they are having. They need to be honest and
14 set reasonable expectations. So if things are not
15 going as planned, they need to be letting the industry
16 know. So that way, people can engage and try to help
17 and provide more feedback.

18 So we put those into an immediate
19 recommendation. This needs to happen immediately. I
20 mean, right now this stuff needs to be done.

21 CHAIRMAN BLASGEN: Tiffany, a quick question
22 on this before we get to the trade quota
23 recommendations. So you said that they were open to
24 the idea of accepting an industry expert.

25 Does that mean they are open, but not anywhere

1 near going to do it or is that something that you think
2 actually has some opportunity? Because we have culled
3 it out in the letter here and said this really is the
4 only way this is going to happen.

5 MS. MELVIN: Well, I have only been the chair
6 since the last meeting, but I have had talks with
7 Christa and she said yesterday in the meeting that they
8 have actually considered this.

9 So I feel like do I think they're going to
10 hire -- I mean, the industry subject matter expert with
11 extensive experience in single windows, I mean, we have
12 a lot of brilliant technology minds on the
13 subcommittee. I am not one of them. But they were
14 mentioning yesterday that when you hear some of the
15 things that are being tossed out as what they are
16 working on and how they are doing it, that it is kind
17 of alarming for someone that really is an expert in
18 technology, because we feel like there are going to be
19 some hiccups along the way that they may not be
20 anticipating and that really you need to have someone
21 that has experienced the hiccups and almost like an
22 emergency plan of when this happens, how do it quickly
23 and effectively.

24 The fact that she said they have talked about,
25 they are open to it, I think there is a chance. Do I

1 think they will do it? I have no idea. It's probably
2 50/50 or even like 40/60 that they will do it.

3 CHAIRMAN BLASGEN: If they don't and they
4 fail, we'll say I told you so.

5 MS. MELVIN: Exactly. So we thought let's
6 stick to this. We kind of tossed this around, the
7 realisticness of this actually happening, but we
8 decided who cares; if they do it, we will have said
9 they need to do it, and they really do need to do it.
10 So let's not back down just because we think they may
11 or may not. Let's say what needs to be done and hope.

12 CHAIRMAN BLASGEN: Sandy, do you have any --
13 you were involved in this.

14 MR. SMITH: I think the subcommittee from the
15 very beginning has been very consistent about this
16 point. There have been many successful simple window
17 implementations around the world and there are a lot of
18 executives, tech executives with experience in these
19 exact kind of implementations.

20 We felt that to reduce risk in such a large
21 risky undertaking, it would be good to have someone who
22 actually had been through the system lifecycle before.

23 And we have been very clear from the very beginning on
24 this and we still feel that way.

25 MS. MELVIN: So then moving on to their

1 efforts related to North American supply chain and
2 working with the Mexicans and Canadians on their single
3 window initiatives and coordinating, we have been told
4 by the group in these meetings and then offline, as
5 well, that there has been some outreach done, that
6 rabbit ear is working with Mexico and Canada. But we
7 don't really get much more specific as to what does
8 that mean, working.

9 In fact, in some cases, in some conversations,
10 we have been told that really that is not a priority at
11 all. They have had some meetings. They are discussing
12 like, "Hi, we're doing a single window, so are we."
13 That is probably the extent of it. But they really are
14 not making that a priority.

15 As we heard yesterday, their top priority and
16 probably 90 percent or more of their efforts now are on
17 these pilots that Christa even called rabbit ear
18 pilots, getting the industry to engage and test these
19 technologies.

20 They want to make sure that their technologies
21 work by December of 2016. Again, that is not exactly
22 defined very clearly, work by 2016, but they can't have
23 a failure like the Obamacare situation. So all of
24 their efforts now are being put on making sure that the
25 U.S. single window technologies work for U.S. companies

1 and they are getting their feedback in the agile method
2 they described.

3 The issue that we have is that the single
4 window must be interoperable with other countries'
5 single windows and eventually globally. And so what we
6 feel is critical is that don't build a U.S. single
7 window in isolation, particularly of our number one and
8 three trading partners, but our neighbors to the north
9 and south and our continental partners, and then have
10 to undo things to then make it interoperable.

11 So they should be working with the Mexicans
12 and the Canadians first, because they are our North
13 American partners and because of the leadership summits
14 that have been had and the agreement to work with a
15 more continental focus.

16 So we are suggesting -- we are not suggesting
17 -- we are recommending that they need to immediately
18 really lock down on who their partners are. I'm
19 skipping a little bit ahead.

20 Let's go to the North American trade portal.
21 There should be openly a single access point for
22 Canadians, Mexican and U.S. companies because our
23 supply chains are already so integrated. So we feel
24 like they should be working on a North American portal.

25 Instead of having three on this continent,

1 there ought to be one place we can all go and they
2 should be interoperable.

3 So then moving to the interoperability points
4 on the second page, the way to do that is to get some
5 technology experts from industry, technology experts,
6 through their BIEC and External Engagement Committee to
7 study and advise them on how to make these things
8 interoperable and have a working group formed and then
9 that working group should actually help create a
10 government working group.

11 Since the government is developing this
12 technology on their own, there needs to be a government
13 working group with Mexico, U.S. and Canadian government
14 people that are developing those three single windows
15 that are working on making this interoperable and not
16 waiting until January of 2017 or beyond to start this
17 process. I needs to be done at the same time.

18 Because that is simultaneously and in tandem,
19 we feel like it could really save a lot of time and
20 taxpayer money in the run, because if we develop this
21 thing in isolation and then find out, oh, we've done it
22 wrong, in order to be interoperable, we've got to undo
23 some stuff and retune it and then go forward again.
24 That is wasting time, it's wasting money. So really
25 they should be doing more outreach -- I don't even want

1 to call it outreach. They should be having really good
2 solid working groups and meetings on discussing the
3 technology requirements for being interoperable, and we
4 feel like Mexico and Canada should go first before
5 other global trading partners.

6 So that is the extent of the recommendations
7 on the second page.

8 MR. LONG: I have some information I can add
9 on the international points on this and push back a
10 little bit on some of this.

11 One of the things going on internationally is
12 the whole timing of this. There is question of when
13 you want to engage and at what level in terms of
14 international interoperability.

15 So some of it is driven by the state of the
16 technology and the development of the system. The
17 question is best practices. In some areas, there
18 aren't best practices right now.

19 So part of it has to do with picking the right
20 moment to engage with the critically important
21 governments and begin to define the areas where people
22 can work together.

23 Canada and Mexico are at the top of the
24 priority list for developing that and we are working on
25 the strategy to flesh out that so we know which other

1 governments would be key.

2 But one of the questions is what does
3 engagement really mean. If you're talking about
4 something about the very extreme level, say,
5 negotiating individual messages that are part of the
6 system, a fairly complicated negotiation with multiple
7 countries doesn't make a lot of sense early in the
8 program because it drains resources from it.

9 On the other hand, your point about getting to
10 the end of the road without having touched this is
11 equally valid.

12 What we are trying to do within the program
13 right now is to make sure that everyone is moving in
14 the same direction and not making irrevocable mistakes
15 technologically or in process terms as we move forward
16 with that.

17 In the case of Mexico, for example, they have
18 installed a single window and they were directed to
19 build it by a certain date and they did, but there are
20 a lot of things that need to be corrected to that to
21 make it work right.

22 The Canadians are substantially behind both of
23 us on that. So there are questions there about the
24 timing. So I think some caution is in order on
25 advising them to do something immediately to engage on

1 this. That may not be terribly helpful.

2 MR. BROWN: I have a slightly different
3 perspective on that. When you talk about
4 interoperability, in my mind, what I would look for at
5 this point in time from a U.S. perspective is
6 understanding what the Canadian requirements are or the
7 Mexican requirements are, not even discussing with them
8 joint development or joint implementation,
9 understanding the details.

10 A simple example is if you have a waybill
11 number, in the U.S. it is ten characters, in Canada it
12 is 14 characters. You need to know that now so that
13 when you build it you can build it to be 15 characters
14 so that you don't have to even talk about Canadian yet.

15 But when you go and do the connection between the U.S.
16 and Canada, it's 15 characters, you've got their
17 requirements already built into your system.

18 So that's the type of interoperability, at
19 least from my perspective, what I'm thinking about when
20 I talk about understanding what is going on with Canada
21 and Mexico.

22 MR. JAMIESON: Stan, you are right on there.
23 And there used to be a group within Customs, a
24 harmonized group, the harmonized manifest group that
25 was sitting members of the U.S., Canada and Mexico,

1 that has kind of disappeared.

2 There is talk of bringing that back, the
3 harmony subcommittee, in order to kind of make those
4 linkages again. But I will tell you, just being in a
5 meeting 2 weeks ago here across the street with the
6 Commissioner and meeting with Mexico customs folks,
7 Mexico is at the point and has told U.S. Customs on a
8 number of occasions, "Look, we want to build the
9 manifest to your requirements." It's that whole
10 nationalization effort.

11 So that, U.S. Customs, when you finalize your
12 export requirements, you tell us exactly what you want.

13 So if you want us to build co-build number, master
14 build number, 15 characters, whatever it needs to be,
15 we will build that.

16 That way there is no need for a truck company,
17 an importer, a broker, a forwarder to bill a U.S. and a
18 Canadian or a U.S. and Mexican systems. You build one,
19 you just flip the switch on for the other direction.

20 So that outreach is very strong at this point.

21 The Canadians, like you said, Dave, are way behind
22 right now from a parliamentary standpoint, from a funds
23 standpoint, everything else. It is like the U.S. with
24 ACI. It kind of got up and then all of a sudden it has
25 kind of really slowed down. There is no projection of

1 when ACI is going to be released or mandated.

2 It is really frustrating from our standpoint,
3 but I will tell you, Tiffany, the Mexican government is
4 already ahead of us. They're just waiting for the U.S.
5 side to come into play.

6 MR. LONG: They are definitely engaged.

7 MS. MELVIN: But this is part of the problem,
8 I think, is that I didn't know that. I deal with the
9 Mexican government on other related issues and I have
10 asked them about this and their Ventanilla Unica up and
11 running, except for it has several glitches. The
12 industry is complaining about how it works, that kind
13 of thing, I know that.

14 I don't know what you just said, but why
15 hasn't someone from CBP or DOC or any of the people
16 that are briefing us told us that specific piece of
17 information, because that affects our recommendations?

18 So there has got to be some way to understand
19 what is going on so that we can make the best use of
20 our recommendations that we're making. You know what I
21 mean?

22 You're not on the IT and Data Subcommittee, so
23 we didn't know that, but you know that, but I don't
24 know, but no one else on our subcommittee knows it, and
25 we're supposed to make -- so there has got to be -- I

1 mean, I think that's the communication about what is
2 being done.

3 And I don't want to name names, because I know
4 everything we say is on the record, but then other
5 people that are part of the briefing committee that we
6 hear from quite frequently, when I have private
7 conversations with them, will say that, "No, we're not
8 doing anything in that manner." But then other ones
9 that I talk to will get defensive when I bring
10 something up that maybe they could do.

11 So why would someone -- whatever agency told
12 me nothing is really being done on this and we're
13 spending all of our time on technology and the pilots
14 and there has been no outreach or regional
15 competitiveness considerations, I don't think she's
16 lying. She must not know what is being done, but she
17 is one of the people leading the charge. So it's like
18 what do you do.

19 MR. JAMIESON: Single national North American
20 portal, I can't say that there is anything going on,
21 but I'm saying that there is communication.

22 MS. MELVIN: Right.

23 MR. JAMIESON: And how do we talk to one
24 another.

25 MR. LONG: But I think the point that you

1 raised, Stan, sort of captures what we are both talking
2 about. It is not really disagreeing. I think there is
3 a drafting question here, because like the kind of
4 thing you have described there is something that is
5 easily manageable up front.

6 The irrevocable error that we are trying to
7 avoid would be to lock it in at some wrong number of
8 characters early and just leave it that way and find
9 out at the end of the day that it wasn't right.

10 So I think there is a balance to be struck
11 here somehow in what the contact with the other
12 governments looks like and to try to find things that
13 keep everyone moving forward from that.

14 I think that is what you are saying about
15 engaging them and setting the priorities and going
16 forward it makes a lot of sense. I'm just saying it's
17 something that is in the works, but it's on a slightly
18 different schedule partly because it's a political
19 thing.

20 MS. MELVIN: We separated this out. The U.S.,
21 the industry expert, that is immediate, as you see in
22 the bold letters on the front page, proposed immediate
23 recommendations. The North American ones, we took the
24 word "immediate" out because we understand that they
25 may not be quite as a priority as getting the U.S.

1 going. But we just don't want them to wait until the
2 end of December 2016 to work on this. So that was why
3 we took that word out.

4 But they do need to -- and I am thrilled to
5 hear that they are having these meetings and talking
6 about this stuff. So that's great. So I think maybe
7 our recommendations are -- they'll say, checkmark,
8 we've already kind of done that.

9 MR. LONG: The other thing to consider in
10 this, too, the question about the pilot testing was
11 mentioned, too. This is one example where I don't know
12 if it was clear from the presentations we heard
13 yesterday, but the recommendations that come out of
14 this group have had really large effects.

15 The huge focus on pilot testing was a response
16 to what this group had done over the last year, talking
17 about the need to get commercially significant pilot
18 testing on a large scale in key sectors with the right
19 border crossing points to test it out. And the testing
20 they're talking about doing between now and July out to
21 the end of November of this year basically has the
22 potential to encompass a very large share of U.S.
23 imports.

24 Basically, everything that this group has
25 recommended has been done. The only missing one I

1 think is probably the private sector czar.

2 MR. BOYSON: But, David, I'm sorry, I don't
3 mean to interrupt you, but I think you think that, in a
4 sense, you've proven a point. This should have been
5 embedded in the process itself for developing a single
6 window. This should have been embedded as milestones
7 in formalizing a work plan and a scope of work. And
8 the fact that they are responding to our committee I
9 think is an indication of the deficiencies in the
10 planning process that they have had.

11 In the same way, they are responding with
12 pilots that should have been planned from a long time
13 ago, they are also starting to soften their position,
14 it sounded like, about looking at regional integration,
15 which they have been adamant about not wanting to look
16 at right now because of the emergency of getting online
17 with a single window.

18 So I think it is in the committee's, as a
19 whole, interest to keep the pressure on because they --
20 first of all, I think they want to hear what we have to
21 say, number one. They have a history of responding
22 positively to what we have put forward, which I think
23 is very good. But there are still whole areas that have
24 not really been hit.

25 There are also some fundamental issues in the

1 project itself that from a risk management perspective
2 are, I think, difficult issues, whether it's
3 scalability and knowing how scalable the system is or
4 whether it's building things like redundancy, which we
5 have been asking about considerably, or whether it is
6 who is generating the software for this and is it well
7 proven software, is it home-built software. We still
8 don't have a real handle on that.

9 So there are a lot of issues and I think that
10 the least they should do is they should try to look at
11 using the middleware layer which they have built
12 apparently already and that could be the vehicle for
13 testing the harmonization of different forms between
14 different countries.

15 That's the role of middleware is to do that,
16 is to combine and define common form sets that could be
17 automatically generated between two different forms.
18 That is what it does.

19 So I think that these recommendations are very
20 solid and I think that the recommendations were based
21 on a lot of thought. And if you look at the associated
22 study that accompanies it, particularly about capturing
23 the status of regional discussions between different
24 authorities in Mexico and Canada and CBP, I think we, I
25 think, did a pretty good job of trying to at least

1 develop a chronology of where it seemed to be right
2 now.

3 So if there are differences in that, that's
4 great. I think that's great if they are starting to do
5 that. But I think, in part, we have to keep the
6 pressure up.

7 MR. BROWN: I agree with everything that Sandy
8 said. The one point I would make, yes, I heard
9 something that kind of set off a red flag in my mind,
10 as well, and I think we all laughed when we heard it,
11 but they made the comment they weren't stress testing
12 the application because of the amount of volume going
13 through there they assumed to be same because of all
14 the transactions going through there today.

15 I think that is a fundamental mistake,
16 fundamental, that the system could blow up because of
17 unintended consequences of what they are doing and that
18 should be tested.

19 MR. LONG: The only point I was making on the
20 pilot testing was simply that they did do what you said
21 in the last recommendations and they're going for high
22 volumes. So if there are other things you think they
23 should be doing, you should say so.

24 MR. BROWN: The problem is we don't know what
25 we don't know because they haven't shared it with us.

1 MR. LONG: You should tell them you don't
2 know.

3 MS. MELVIN: We're hoping this industry person
4 that comes in can meet with all the agencies and get
5 updates and then put something together. This is what
6 we're talking about with the -- because so many -- I
7 mean, we just around this table have so many different
8 angles that we are coming from on this and pieces of it
9 are interesting to us or critical to us and other
10 pieces of it are not at all important to people sitting
11 around this table, but they might be very important to
12 me.

13 That is true exponentially when you get to the
14 industry stakeholders nationwide. They are going to
15 have different things. So like that piece of
16 information that you just shared about the meeting with
17 Mexico and you were in the meeting and they were
18 talking -- that is critically important to me, but I
19 had no idea, but I have actually been talking to people
20 that are supposed to be in these meetings with Mexico
21 who never mentioned it.

22 But that is going to be the case with every
23 person in every meeting, that someone is going to be
24 interested or others not. So we just want them to try
25 to do the best they can to give really good, accurate

1 status reports going out about what has actually been
2 done, because it's going to be under a lot of scrutiny
3 if they move forward and it gets closer and closer to
4 the timeline.

5 But these are our recommendations. So I guess
6 we need to go to a vote or something.

7 MR. LONG: The only rules on this are
8 basically whatever gets done for recommendations has to
9 be done in the public meeting with the document and all
10 of it has to be agreed in that quorum.

11 CHAIRMAN BLASGEN: Including the letter.

12 MR. LONG: Including the letter.

13 MS. MELVIN: And the letter is a -- it has
14 sprinkled throughout the letter some of our
15 recommendations and then more we think you guys are
16 fabulous, good job, great work, please keep it up, that
17 kind of thing.

18 MR. LONG: But keep it up faster.

19 CHAIRMAN BLASGEN: We would also attach the
20 addendum, right?

21 MS. MELVIN: And then you attach the -- yes.
22 The letter would go with the recommendations and then
23 there is this background paper that you guys have all
24 seen. It hasn't changed since the last meeting or I
25 think it hasn't even -- it was maybe presented at the

1 last meeting. I'm not sure. And it's just for
2 background information.

3 CHAIRMAN BLASGEN: So anymore discussion?
4 What we will vote on is not only the letter, but the
5 recommendations and, also, as Tiffany said, we will
6 attach the paper that we have already shown to you. So
7 is there a particular protocol?

8 MR. LONG: No. I guess the question before
9 the group is does everyone agree with this. Are there
10 any dissenting voices on this? Is it unanimous?

11 CHAIRMAN BLASGEN: So the motion on the table
12 is to accept the recommendation as presented and the
13 letter by the committee.

14 All in favor, say aye?

15 [Chorus of Ayes.]

16 CHAIRMAN BLASGEN: Anyone opposed?

17 [No Response.]

18 CHAIRMAN BLASGEN: So it shall be written, so
19 it shall be done.

20 MR. LONG: I do guarantee you this will get a
21 lot of attention. That's a good thing.

22 MS. MELVIN: There was a lot of good
23 groundwork by the committee, team efforts. But then
24 moving on, I don't want to take up too much more time.

25 CHAIRMAN BLASGEN: You've got 15 minutes.

1 MS. MELVIN: I don't want to take the whole --
2 I don't think it's going to take 15 minutes.

3 Now, we were talking a little bit last night
4 when we met about what to do next for this committee,
5 hoping that you guys would approve our recommendations.

6 And so a couple of ideas came up and then, of course,
7 the one today, though, I think might be the most
8 pressing as far as with the ports issue that Rick
9 Gabrielson spoke about and having the subcommittees
10 kind of divide up the different tasks.

11 There is a huge component of technology and
12 communications and coordination platforms and
13 stakeholder engagements, like data issues, things like
14 that that has already been done by the DOT that we
15 could build on. So I think that is something that our
16 committee could take a look at.

17 The other idea we had before hearing from Rick
18 today was related to the permitting presentation that
19 was give yesterday. That's obviously of critical
20 importance, as well, and we were talking about sort of
21 the concept behind the permitting that really it's
22 almost like -- and I don't know if this is a good or
23 bad thing -- but almost like a single window for
24 permitting, because you have so many different entities
25 that are involved in approval, so many different

1 jurisdictions that are involved in approval. It needs
2 to be transparent, to be streamlined.

3 People were talking about the agile process,
4 that people are going to need to look at these permits
5 at the same time and be able to communicate with one
6 another or communicate with the industry about, well,
7 we don't have this information or we need it.

8 So it's kind of the same concept as how would
9 the permitting process, in order to be streamlined and
10 made more effective for industry -- I'm sure there is a
11 technology and data component to that.

12 So our subcommittee was talking last evening
13 about possibly tackling that. And what I think we
14 should do, what our view kind of the subcommittee is,
15 from our perspective of IT and Data, is to support what
16 are the priorities of the Council.

17 So I don't know whether you guys want to -- I
18 don't think we should get spread too thin. I mean, the
19 permitting technology component is a huge issue and
20 then kind of the technology and communication platforms
21 for improving the way ports are operating and
22 operational efficiencies at ports is a huge issue. So
23 I'm not sure that our subcommittee could take on both
24 at the same time.

25 So I wanted to get your thoughts on what you

1 think are the priorities and any opinions you guys
2 might have about where we should focus our time as we
3 move forward.

4 Leslie?

5 MS. BLAKEY: I have suggestion for the sort of
6 short term. On both of the two things that you
7 mentioned as possibilities, these are really kind of
8 large, complex subjects that need a certain amount of
9 background work probably to go on before you can really
10 sort of say what are the IT, what are the data needs
11 that accompany them.

12 So as near term work, which I don't think
13 probably is too hard to tackle for your group, I never
14 go to a single meeting anywhere anyhow about freight
15 and goods movement that the issue of what's missing
16 from the data sets and data components and so forth is
17 not brought up.

18 I don't know if anybody else feels like maybe
19 this has been done someplace else and even if it has,
20 maybe you all taking a look at it and saying, yes, we
21 agree with this or we don't agree or there is something
22 else missing that they didn't consider, but it seems to
23 me as though providing some kind of inventory of here
24 are the data challenges and try to talk about policy
25 and related government regulations and functions and

1 advising industry and advising NPOs and DOTs and
2 whoever we're trying to advise, here is what's missing
3 from the data sets that we don't have right now.

4 You don't even have to come up with how we
5 fill that hole because some of it is proprietary, but
6 if you have any ideas about that, it seems like that
7 that would be a very useful thing.

8 MR. BRYAN: If you get into that, some of it,
9 data is broad, so there's going to be a lot of meaning
10 read into what you just said. But one of the primary
11 ones that comes up among public agencies frequently and
12 at all levels is the sort of stuff that Walter
13 yesterday was characterizing as flow path data and it
14 is basically linked flows on transportation
15 information.

16 We don't have it. You have to cobble it
17 together. That's not very strong. There have been
18 recommendations made in the past that the U.S. freight
19 data program ought to take that approach, but it has
20 not been done.

21 So that is a potential recommendation that
22 this committee, through your subcommittee, might look
23 at and come up with. It would certainly be valuable.

24 MS. MELVIN: Along those lines, I was actually
25 mentioning to the subcommittee last night that I

1 recently had a conversation with the Iowa Department of
2 Transportation and Iowa Department of Economic
3 Development and they were talking about this.

4 I agree with you, Leslie, everywhere we go,
5 it's that there's not enough data and how can you plan
6 that and make infrastructure investments and fund
7 projects and things like that if you don't have the
8 data that you need to know where the priorities are.

9 So I was speaking with Iowa Secretary of
10 Transportation Paul Trombino and the Director of
11 Economic Development, Debi Durham, and they have a very
12 unique joint project that they have developed together
13 that I think might be interesting for this Council to
14 hear about and it's kind of a freight mapping.

15 It's ED and DOT working together. They have
16 purchased data from the typical sources, like NRCS,
17 about what is moving around their state, but then
18 they've hired an independent company to enter into
19 nondisclosure agreements with private industry about
20 where their goods are moving and they scrub it so it's
21 not like the detailed information that they are afraid
22 to give, but it's basically about origin, destination,
23 what is moving through Iowa, what is landing in Iowa,
24 where is it going, what routes are they using, all the
25 information that a lot of the planners are so thirsty

1 for.

2 They have put it together in a database and it
3 is designed to show that freight is economic
4 development and to help corporations when they are
5 considering locating to Iowa know where the best place
6 to go in Iowa for their types of goods that they are
7 moving in and out of Iowa.

8 It is when you are trying to decide do we need
9 a trans-load facility or create a new intermodal
10 facility, where do we put it based on the flows and
11 what we're talking about doing, and it has been really,
12 really beneficial. It is fairly new.

13 They are seeing the return and they are able
14 to put dollar signs on. If you locate here, this is
15 what money you will make, if it's here.

16 They are able to do all this different cool
17 stuff and I have never heard of anything else out there
18 like it, and it's kind of an answer to what you're
19 saying, it's the missing data.

20 I told them about this committee and they were
21 very interested in maybe coming and presenting to this
22 committee about how they have done it and they want to
23 go on the road talking about it because they feel like
24 it's such a strong solution that other states might
25 want to try to do similar models.

1 But that's kind of along the lines of --

2 MS. BLAKEY: Tiffany, you guys can take a look
3 at that between now and the June meeting and come back
4 with something before taking on one of these kind of
5 big, really difficult things.

6 MS. MELVIN: Okay.

7 MR. JAMIESON: Tiffany, there is a forwarder,
8 and you know who they are, it slips my mind, at the
9 southern border that is doing a lot along the same
10 lines. They are actually grabbing information from the
11 pedimentos that are filed from Mexico to the U.S. and
12 vice versa and you can see those flows. You pay X
13 amount for the initial license, then a dollar value per
14 additional access license fee, et cetera.

15 Is it 2 weeks behind or a month behind? It's
16 historical, but it's the exact same principle. So you
17 can see locations and freight volumes and what time
18 they crossed and all that kind of jazz. But there are
19 other entities out there doing that.

20 MS. MELVIN: That's great.

21 MR. WISE: I like all this discussion and I
22 like the idea of having the team stay focused on data.
23 Aside from adding new data or integrating other data,
24 what about just saying now we have this all coming
25 together, is there value for what we have already and

1 could we accelerate the timing of the visibility to
2 actually show a trending that might be helpful to the
3 supply chain.

4 So are there other ways to use the fact that
5 we now have a single window, now it's all together? We
6 have multiple department information. What does that
7 mean? What is the value of just having single data for
8 other purposes of just a transaction? Maybe it flows
9 back into some operational value for the supply chain
10 stakeholders to say, "Hey, look at this. Last week we
11 had a 27 percent increase in electronics coming over to
12 the west coast."

13 MR. SMITH: I want to echo Leslie's comments.
14 Absolutely we agree with that. I think it's a
15 valuable task for something to do.

16 On Iowa's Secretary's comment, if there is any
17 way we can help facilitate that. I have seen his
18 presentation. I agree with you. I don't know if Page
19 Siplon is still involved with this committee. Page's
20 former life with the Georgia Center for Innovation
21 Logistics, they and the Georgia DOT collaborated
22 together on Georgia's freight planning effort. So
23 there you have a really good example here in this group
24 in understanding how some of these things do.

25 I didn't get a chance to ask the folks from

1 the USDOT, but I'm really curious, when the national
2 freight planning comes out this summer, the thing we
3 have been hearing is that lack of data has been a
4 problem for them in doing that.

5 It is abundant on the highway side, but it's
6 tough to get into that area. So I have been curious to
7 see what this report is going to look like,
8 understanding that our states have told us that when
9 they look at the broader system, freight system, they
10 tend to address the marine commerce first because it's
11 relatively more easy to get a hold of that than it is
12 on the rail side. To fill in those gaps would be
13 really important.

14 CHAIRMAN BLASGEN: Great. Any other feedback
15 for Tiffany and that subcommittee?

16 [No Response.]

17 CHAIRMAN BLASGEN: All right. Great. Thanks
18 very much.

19 MS. MELVIN: Thank you guys.

20 CHAIRMAN BLASGEN: Shawn, let's move into
21 Trade and Competitiveness.
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1 **TRADE AND COMPETITIVENESS DEVELOPMENTS SUBCOMMITTEE**
2 **REPORT AND DELIBERATIONS ON DRAFT RECOMMENDATIONS**
3 **Shawn Wattles, Subcommittee Chair**

4
5 MR. WATTLES: So this is our, I think, third
6 attempt -- can you hear me?

7 CHAIRMAN BLASGEN: Why don't you come on up to
8 the table?

9 MR. WATTLES: So we are back I think for our
10 third walkthrough of our proposed set of
11 recommendations that we would like to have this full
12 committee look at and hopefully get buyoff on.

13 I believe John has got the file for us to take
14 a look at. Since I am sure that there might be one of
15 you who doesn't really remember what we were proposing
16 last time, we essentially are making a series of
17 recommendations or multiple recommendations around
18 generally four categories for trade that we would like
19 to send forward, recommendations around the WTO trade
20 facilitation agreement, TTIP, TPP, trade and services
21 agreement, around the CBP trade transformation
22 initiatives, and, finally, around some changes in what
23 is happening with the advanced export information.

24 So that's how this is organized to go through
25 those four blocks. Last time we presented just before

1 we started walking you all through here, there were
2 four or five areas where we were asked to look at
3 either including something or making some changes to
4 the wording. So we have made those changes and that is
5 what we'd like to walk through here today.

6 So I don't want to read this word-for-word if
7 I don't have to. So please let me know if you want to
8 force me into it, but I can tell you that one of the
9 changes we made simply in the second paragraph there
10 per discussion in the room was that we have added the
11 section or the line in the middle of the second
12 paragraph that says "We also urge the Administration
13 vigorously assure adherence by our trading partners to
14 trade agreements that have already been negotiated and
15 to the opening of markets to American products in the
16 same way America opens its markets to foreign
17 competitors of American producers."

18 The add is that next segment, "while ensuring
19 that the United States abides by our commitments with
20 trading partners, as well." So that is an add from our
21 last time.

22 Then under the World Trade Organization TFA,
23 the last time there was a little bit of discussion
24 around that one. We didn't make any significant change
25 here. This is really focused on the emphasis that we

1 believe the Administration should really be working
2 here on regulatory simplification and harmonization.

3 So we had several recommendations. If you
4 scroll down to specific recommendations on the top of
5 the next page around really urging the USTR to ensure
6 coordinated messages to the other organizations that
7 are engaged in efforts for building global capacity for
8 movement of goods and services; working closely with
9 the EU both as the EU implements TFA requirements and
10 also its own union code.

11 The third recommendation basically is asking
12 that the U.S. industry be allowed to participate in the
13 TFA regulatory implementation process. And then the
14 final bullet there is sharing with the committee, to
15 the extent possible, proposed foreign regulatory
16 changes that are being made to comply with the
17 agreement so that U.S. companies have a chance to
18 address those challenges from those changes being made
19 in advance.

20 There are no significant changes to this
21 section other than a wording or a comma here. This
22 wasn't one of the hot areas last time.

23 If we scroll down to TTIP, TPP and the trade
24 and services agreement recommendations, again, around
25 regulatory harmonization and simplification, we had a

1 few areas that we're going to emphasize.

2 The first bullet just we want to make sure --
3 and no changes, again, to the first of these bullets --
4 assuring that the duty reductions are not frustrated by
5 complex evidentiary requirements and where the
6 difficulty to obtain and maintain the benefits would
7 outweigh the benefits themselves.

8 The second bullet is around, again,
9 harmonizing and integrating rules and requirements of
10 the various oversight agencies.

11 The third bullet is really around aligning
12 with OECD on transfer pricing policies -- excuse me --
13 scratch that one. The third bullet here, we did remove
14 one on harmonizing. As I said, we scratched the one
15 around import and taxation because, frankly, I had
16 tasked a couple of teams to go dig up and find an
17 effective example and we couldn't do it. So if we
18 can't find real evidence to put our hands around, we're
19 not going to make a recommendation. So we struck that
20 one.

21 The third bullet here then is around aligning
22 security programs in such a manner to facilitate and
23 not frustrate or impede legitimate trade. So again,
24 it's around a modern and efficient supply chain so that
25 we can be more effective.

1 Under the U.S. Customs and Border -- so the
2 major change in that section was striking the one that
3 we could not provide any viable example for.

4 Under the next section for U.S. Customs and
5 Border Protection, the trade transformation
6 initiatives, we made a significant change in the first
7 paragraph per one of the suggestions from the full
8 committee.

9 It's really everything after the first
10 sentence that is new. The opening sentence there
11 around recommending CBP work closely with the committee
12 and various agencies on trade transformation
13 initiatives, the rest of this is new. We note also
14 that there may be opportunities to leverage the new
15 data that will be made available via CBP's automated
16 export manifest initiative which will provide
17 electronic manifest information for shipments departing
18 on all modes of transport.

19 The nearer term future availability of such
20 manifest information should be taken into account when
21 determinations are made regarding the most efficient
22 and least burdensome requirements that can be placed on
23 exporters.

24 So that was one of Liz's recommendations last
25 time when we reviewed this with the full committee. So

1 we've built that in.

2 The next bullet on there, strongly supporting
3 the export criteria requirements for C-TPAT. However,
4 no real change here, but our emphasis is on that second
5 sentence where the committee authors that it may not be
6 necessary for U.S. exporters to comply with additional
7 export security criteria in order to mirror the non-
8 U.S. side given the maturity and sophistication of
9 existing U.S. export processes and industries'
10 familiarization and experience in that area.

11 Then the next bullet is -- so that has not
12 changed since the last review other than we reworded
13 the opening sentence a little bit based on conversation
14 last time.

15 The next bullet is around as CBP develops a
16 trust in trader concepts, applying that, as well, in
17 the export world. So we believe that program could be
18 beneficial for trade activities, as well.

19 Then under the AEI, the fourth and final broad
20 area of recommendations, this is where we had -- most
21 of the discussion last time was centered and where we
22 have made the most significant changes.

23 The opening paragraph really hasn't changed.
24 It simply talks about the Census Bureau's recently
25 establishing a process that would effectively eliminate

1 a host of departure filing capability of shipments for
2 some exporters, known as Option 4.

3 So we have added and reworded quite a bit of
4 the next two paragraphs. So since this is what
5 generated most of the discussion last time, I will read
6 through those.

7 Option 4 filing has been of great benefit to
8 approved exports who are eligible on the basis of their
9 full commitment and longstanding record of full
10 compliance with U.S. export and import laws and
11 regulations.

12 The Option 4 program has been a successful
13 example of account-based export management in which
14 trusted parties are relieved of a burdensome one-size-
15 fits-all transaction approach applicable to every
16 export shipment. If specific problems have been
17 identified, we strongly encourage that they be
18 addressed and ameliorated in order to make option 4
19 itself more robust, allowing the preservation of an
20 efficient and effective filing option.

21 Not only would the elimination of Option 4 be
22 costly to exporters in terms of negative operational --
23 the new version here. So for U.S. exporters -- for
24 U.S. companies that provide, for example, urgently
25 needed commercial spare parts to a global customer

1 base, losing option 4 capabilities would seriously
2 jeopardize the U.S. company's ability to meet delivery
3 performance criteria for response times without
4 substantial additional staffing and additional storage
5 of spare parts at new distribution point around the
6 world.

7 Not only would the elimination of Option 4 be
8 costly to exporters in terms of negative operational
9 impact and significant required IT investment, it would
10 be a regression from the account-based management
11 initiatives that are the new standard of import-export
12 management, such as C-TPAT, Centers of Excellence of
13 Expertise, and developing trusted trader programs.

14 In addition, eligible filers should not lose
15 what has been identified as a benefit crucial to global
16 competitiveness. Simultaneously, the above-noted
17 automated export manifest initiative for all modes of
18 transport is well underway and we encourage the
19 leveraging of such manifest information to further
20 support the maintenance of Option 4 filing.

21 So those two paragraphs were the most heavily
22 edited with input received from this full committee at
23 the last review.

24 So we believe that we have captured the input
25 and recommendations from the full committee. The

1 Option 4 discussion is alive and well and I know there
2 was an option for a working group meeting yesterday
3 with some of folks. I think there is a meeting
4 tomorrow, Jeff, with you, with one of the small
5 industry groups.

6 So this is our -- we have added our two cents'
7 worth here in this document. So we believe we have
8 made all the changes and modifications requested or
9 suggested at the last review. So we would ask for
10 discussion, questions, and ultimately approval of this
11 set of recommendations.

12 MS. BLAKEY: Shawn, were we provided full
13 copies of this? Basically, what you're saying here
14 sounds sort of good to me, but I'm basically taking
15 your word for it because I can't read that at all.

16 MR. WATTLES: I apologize. We actually made a
17 late change last night and this morning. So I don't
18 have printed copies with me.

19 MR. LONG: We can arrange to print this.

20 MR. WATTLES: So we can do that.

21 MS. BLAKEY: I don't feel comfortable voting
22 on something that I haven't read and I also have to
23 question do we have a quorum here to even vote, of the
24 full committee, because a lot of people have left and
25 the full committee wasn't here.

1 CHAIRMAN BLASGEN: Well, no, no. What we will
2 have to do is get this out in written form.

3 MS. BLAKEY: Okay. So we're not actually
4 going to vote today.

5 CHAIRMAN BLASGEN: No. I don't think we can.
6 I, too, would like to read it and I think that's the
7 consensus of the group, although I applaud the team for
8 making a lot of those changes that we talked about.

9 MS. BLAKEY: No criticism of the work, but
10 just the process.

11 CHAIRMAN BLASGEN: Yes. I was talking to
12 David. I think we have to supply you with a version of
13 this and then we can take a vote in 2 or 3 weeks after
14 people have digested it and deliberated on it. We
15 could do a conference call and set that up and make
16 sure we have a quorum at the conference call.

17 MS. BLAKEY: Yes. That's all I was asking.

18 CHAIRMAN BLASGEN: Is that all right, Shawn?

19 MR. WATTLES: Yes. It's fine by me and once
20 we get these out, if you've got questions or comments,
21 of course e-mail them to me so we can address them head
22 on at the conference call.

23 MR. LONG: We'll have to go through the
24 process of setting up a Federal Register notice to
25 announce the meeting by phone for that purpose.

1 UNIDENTIFIED MALE SPEAKER: It would be
2 extremely helpful if we got this by the end of the
3 month.

4 CHAIRMAN BLASGEN: By the end of the month.
5 Okay.

6 MR. WATTLES: How much lead time do you need?

7 MR. LONG: We need 2 weeks for the Federal
8 Register.

9 MR. WATTLES: That's the end of the month.

10 CHAIRMAN BLASGEN: That would be optimal.

11 MR. LONG: Okay. We'll see what we can do
12 there.

13 CHAIRMAN BLASGEN: And then you would have to
14 take that and draft it in the form of a letter.

15 MR. LONG: Take the letter, make sure everyone
16 has it, we have clear final text to vote on. We'll go
17 through the process of getting the Federal Register
18 notice published. It takes a couple of days to get it
19 through that system. Then we need 2 weeks' notice for
20 the actual process to happen. So it will be close.

21 CHAIRMAN BLASGEN: But before we do that, is
22 there any discussion that the group would like to have
23 here now on anything that Shawn has presented?

24 MR. WATTLES: I apologize for not having the
25 updated copies. I think the previous two versions, we

1 had the paper copies out. So hopefully when you get
2 them, you'll be, I think, most interested in making
3 sure that the changes that we have made are what you
4 were expecting to see.

5 MR. JAMIESON: And I think the export piece of
6 the C-TPAT program would be very beneficial, especially
7 for a lot of the U.S. companies that do export, but
8 their relationships with their foreign partners has
9 been such that, well, you have to be C-TPAT. Well, I'm
10 not an importer, I have nothing to bring in. There is
11 nothing for me to be able to leverage the C-TPAT
12 program, but now that the export program is really kind
13 of defined for that critical element, I think it's good
14 for the program as a whole.

15 CHAIRMAN BLASGEN: Any other questions,
16 comments?

17 [No Response.]

18 CHAIRMAN BLASGEN: Shawn, is there anything
19 else from the Trade and Competitiveness Development
20 Group that you'd like to comment on?

21 MR. WATTLES: No. At this point, just kind of
22 as an FYI, Eugene kindly offered to help set up some
23 speakers for our subcommittee. Between now and the
24 next full committee meeting, we're going to get some
25 folks to come in and give us status on some of the

1 different trade initiatives that are culled out in this
2 memo so we can see where the current status is.

3 So when that happens, I can advise the full
4 team and if anybody wants to join us on our
5 subcommittee call when that happens, I don't think that
6 would be an issue. But that way we can get kind of up
7 to speed on if there is anything happening that we're
8 not aware of on these areas where we're making
9 recommendations and we can get caught up.

10 Thank you.

11 CHAIRMAN BLASGEN: Okay. Thank you. That
12 gets us a little bit ahead of schedule, but we might as
13 well continue to plow forward with the Regulatory
14 Development Group.

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1 **REGULATORY DEVELOPMENTS SUBCOMMITTEE REPORT AND**
2 **DELIBERATIONS ON DRAFT RECOMMENDATIONS**
3 **Jevon Jamieson and Thomas Weill**

4
5 MR. JAMIESON: Thank you, everybody. Norm is
6 not here. For anybody who doesn't know, he had an
7 illness within the family he had to take care of. So
8 Tom and I will do justice to the group, I hope.

9 We'll start out kind of with some lighter note
10 things that were discussed and things we'll work
11 through as a group as a whole.

12 There was an issue of broker confidentiality
13 and information sharing that we've pretty well kind of
14 tabled for now. That was driven mainly by the Brokers
15 Association and there has been really not a lot of
16 contact with them.

17 There is a lot of concern over data sharing
18 and the confidentiality of that between brokers,
19 importers, other parties. So that has been kind of
20 tabled.

21 Mark had brought up from the Amazon group of
22 some potential countervailing antidumping issues with
23 containers that were being manufactured and some
24 potential duty issues. We have determined that that
25 was really outside of the scope of our subcommittee.

1 So we have gotten rid of that, we released that.

2 The ATC system updates, we probably think that
3 that's outside of the scope of our particular
4 subcommittee, as well, and probably think that it is
5 best served under Finance and Infrastructure. So if
6 they want to pick that up, that is up to them.

7 Mr. Cooper had been so kind as to get us a lot
8 of information on Jones Act issues. He had brought in
9 a document the other day to our subcommittee meeting
10 and we are going to start looking at that in much more
11 detail, what can we do in order to help facilitate
12 potential changes possibly.

13 Jim, do you want to touch on that real quick?

14 MR. COOPER: Yes, I can do that real quickly.

15 Basically, this comes from what I have been talking
16 about for the last couple of years, the importance of
17 interstate movement of raw materials that are used in
18 the manufacturing supply chain.

19 We talk a lot about exports. We talk a lot
20 about what is going on on the coast. But there is a
21 lot of interstate going on, as well. Basically, if
22 we're going to export value-added products, we can
23 actually increase the overall value of our exports to
24 the national economy.

25 For bulk commodities, there are very few

1 options for interstate shipment. There are laws that
2 can limit those options and that is what we're trying
3 to address here is taking a look at some of the laws
4 and seeing if there can be actual recommendations to
5 the Administration, to the Executive Branch, not
6 necessarily requiring a legislative fix. We don't have
7 any intent of rewriting the Jones Act or anything like
8 that. We think that MARAD does have authority to do
9 some tweaking in the area of waivers.

10 So we're looking at a couple of options very
11 generally right now and we'll probably be able to have
12 a lot more specificity and actually a draft for the
13 June meeting that will be released in advance so you
14 all can take a look.

15 But one is if we know products are intended
16 for export and we know that there is a bottleneck
17 somewhere, there should be some kind of expedited
18 waiver process for just surface, to be able to get
19 those things where they are needed to be able to get
20 them exported.

21 The other thing we're looking at is bulk raw
22 materials that are used directly as manufacturing
23 inputs and making sure that if there are bottlenecks in
24 those areas, that some kind of expedited waiver process
25 can be created, especially if things are related to

1 things like energy security or national security,
2 things that are very important in our manufacturing
3 processes.

4 A lot of people don't realize that our
5 military depends on such simple commodities as plastics
6 and they don't realize the extent to which we rely on
7 that. So it's basically are the raw material inputs to
8 those supply chains, are they moving in an efficient
9 manner or are they getting to where they need to be?

10 So those are the kinds of things we're looking
11 at when we talk about Jones Act. And rest assured,
12 again, I want to reiterate continually, we are not
13 looking to advise Congress to rewrite the Jones Act.
14 We are looking at fixes that the Administration could
15 actually do, and that's pretty much it.

16 But we will have more detail, more background
17 in advance of the June meeting.

18 MR. JAMIESON: Perfect. Thanks, Jim. And
19 last, but not least, on our agenda was a proposal.
20 Like Shawn, unfortunately, I have made a number of
21 changes up to just a few minutes ago that we do not
22 have hard copies. So we need to delay this and with
23 people missing from the room for a vote, that may just
24 have to piggyback on a conference call later down the
25 road to get a vote finalized.

1 But it is looking at the issue of size and
2 weights for truck traffic on the highways. It's not
3 new. There are a ton of groups, coalitions, various
4 entities that have been looking at this for an awful
5 long time.

6 I need to make it clear that within this
7 document, there is not a specific entity or group that
8 is coining for one or the other, but there also needs
9 to be some clarity that there are actually two distinct
10 proposals or recommendations that we're bringing forth.

11 If the full committee thinks we probably need
12 to split this out into two separate documents, we can
13 do that. If it's okay to have it on one document, with
14 the understanding that there are two distinct issues
15 here, that's great, as well.

16 But the issues that are being brought forward
17 are weight limits on trucks, moving that from 80,000 to
18 97,000 pounds, with some very specific criteria
19 involved, as well as a second piece is length of
20 trailers from 28 to 33 feet.

21 Again, there are a number of groups, a number
22 of entities, whether you are truckload, LTL, importers,
23 exporters, manufacturers, that have one business need
24 over the other.

25 When you look at what the background on this,

1 and I say it in here, this has been going on for over
2 25 years. Size and weights issues have been a very
3 complex need from infrastructure, safety, motoring
4 public in general, and we think that right now, with
5 today's reauthorization bill, that there is some
6 benefit for us to be able to provide additional input
7 to help Congress make what we would all determine is
8 the right decision.

9 Again, probably folks want to read this
10 instead of me reading going down through this.

11 Tom, would you like to say anything on what we
12 have proposed without actually reading through details?

13 MR. WEILL: I think we discussed it a few
14 times.

15 MR. JAMIESON: What we tried to do here in the
16 document is, again, while we were sitting here in the
17 last few minutes, is try and break down under each
18 segment, whether it's the impact on safety, where does
19 the length proposal fall in versus a weight proposal.

20 Again, they are not one against the other. It
21 is a matter of saying, okay, here is where one piece
22 fits in and here is where the other side fits in.

23 There is some great information that was put
24 out over a number of studies going back to 2009-plus of
25 saying, look, even though the weights increased, we did

1 not have any sort of influx or increase in truck-
2 related deaths, fatalities, accidents, et cetera.

3 So we would welcome any sort of content or any
4 inputs that the group might have.

5 CHAIRMAN BLASGEN: So what would FMCSA say to
6 this? Would they agree with you that this is going to
7 create a more safe environment or would they take issue
8 with it, do you think?

9 MR. JAMIESON: I don't know. I'm not part of
10 that conversation. I would presume that since they
11 have been out of the talks for this for a number of
12 years, that they would have to be behind it some
13 capacity.

14 MR. KUNZ: I just want to go on record that if
15 we vote on this, I have to recuse myself from voting on
16 the 97,000 pounds as the Port Authority. I will also
17 tell you that in the state legislature right now in
18 Texas, which is in session for about 6 months, there is
19 no less than a half-dozen bills that have been put
20 forth for 97,000 pounds on state roads alone.
21 Obviously, we can't do anything with Federal roads. So
22 I just wanted to toss that out.

23 MR. SMITH: I agree with Ricky on that. I
24 would have to recuse myself from both of the proposals.

25

1 There's a couple of lines of thinking here
2 from the states in general on this. It's a difficult
3 issue and one of the proposals would essentially give
4 the states the right to set those interstate limits.

5 As antithetical as this sounds to AASHTO, the
6 general thinking among the states is that's actually an
7 interstate commerce barrier, that you would create a
8 patchwork of states in which states were allowed to
9 individually make that decision. Then you would have
10 some states go to 97-6 and some may stay at status quo.

11 AASHTO's truck size and weights, states are
12 trying to move towards a harmonization, trying to move
13 towards where they can have more uniformity, but there
14 is no consensus on that. So that is something to think
15 about.

16 On the 33, it's less of an engineering concern
17 there, but there are some questions that our chief
18 engineers have about turning radii off of interstates,
19 cloverleaf exits versus long, linear ones, what would
20 that do to the stability. Not to say that it wouldn't
21 be able to be done or it's not already being done, in
22 fact, it is in a lot of places, but it gets into some
23 major engineering design issues and Federal law
24 requires states to give reasonable access to trucks off
25 the interstate.

1 So you have sort of a domino effect. If the
2 interstate laws change, the state also has to
3 accommodate to a certain level the same sort of
4 engineering design standards and things like that on
5 those ancillary roads.

6 UNIDENTIFIED MALE VOICE: FHWA just did a
7 study on these configurations.

8 MS. BLAKEY: Actually, it isn't out yet. That
9 was going to be my point. I don't know if it would
10 really make sense, we've waited this long to get that
11 information from them and the study I think is
12 literally still waiting, but we really ought to have
13 that out before voting on this, I think.

14 UNIDENTIFIED MALE VOICE: Have you seen it?

15 MR. JAMIESON: I have not seen it. No; I have
16 not.

17 MR. WISE: I would agree with that. The
18 railroad's position at least has been that we don't
19 oppose larger trucks, size, weight, as long as they pay
20 their fair share. The debate is what does that mean
21 and the study was going to be a way to provide some
22 insight on that.

23 So I would also say I wouldn't support this
24 until we see the results of that study.

25 MS. BLAKEY: I have a suggestion. I know that

1 for a while there, we did have some folks from FHWA
2 here today, but for a while we had a liaison person
3 from DOT who was tasked with attending these meetings
4 and I think that is a really important function.

5 I'm just wondering if there is a possibility
6 that--

7 MR. LONG: That's Ed, basically.

8 MS. BLAKEY: Because it used to be Paul
9 Balmer.

10 MR. LONG: Yes. He's not doing that position
11 anymore. So it's Ed and Nicole Baker.

12 MS. BLAKEY: Well, it would make sense for it
13 to be someone from the Office of the Secretary rather
14 than just -- and no offense to Ed, Ed is a great guy
15 who knows what's going on in FHWA, but the issue is
16 that this is across a number of departments over there
17 and, in particular, somebody just asked about FMCSA's
18 position.

19 Someone from the Office of the Secretary at
20 DOT really should be a liaison, in my opinion.

21 I would just recommend that that be passed on
22 to DOT.

23 MR. LONG: We can have someone come talk about
24 this, too, if that helps, as well.

25 MS. MELVIN: But if there's a liaison--

1 MS. BLAKEY: Well, I don't think people want
2 to tell them we want the report released.

3 MS. MELVIN: Also, shouldn't they be present
4 for the whole meeting?

5 MS. BLAKEY: Exactly. We don't need somebody
6 to come and talk to us. We need somebody who is going
7 to be the vehicle for communication back and forth.

8 But the truck size and weight study, last I
9 heard, which was about a week and a half ago was the
10 last time I asked about it, is due out probably -- they
11 hope it will come back before the end of May.

12 MR. SMITH: If I could also -- as far as the
13 Jones Act goes, as a Jones Act company, I'd like to
14 engage in that conversation with details of that, as
15 well. Certainly, there are two sides to that
16 discussion and a lot of support for the Jones Act. And
17 so we'll have to be very careful how it gets discussed.

18 MR. KUNZ: Dean mentioned something and I
19 think it was along the lines of as long as they pay
20 their fair share.

21 MR. WISE: Yes.

22 MR. KUNZ: Well, just from a state government
23 standpoint, TXDOT, they're watering at the mouth
24 because they see these fees that they can charge on a
25 per truck basis per year to run the heavyweight loads

1 over the road, which funds some highway construction.

2 So we looked at it, from a finance standpoint
3 then as another subcommittee, the Finance Subcommittee,
4 as ways to fund various programs. If you start doing
5 it on a Federal level, there's a revenue stream.

6 I'm just tossing that out.

7 CHAIRMAN BLASGEN: I'm just curious. For
8 those of you who are recusing yourself, I understand
9 it, but you are not saying -- it doesn't sound like you
10 are saying you are against the proposal.

11 MR. KUNZ: I'm saying I understand either way.
12 I would love to, but I'm not allowed to do that.

13 CHAIRMAN BLASGEN: Okay. We appreciate that.

14 MR. SMITH: If AASHTO's name were to support
15 or oppose this in any way, the various parties would
16 say, "Oh, look, AASHTO endorses this." That is
17 problematic for us.

18 CHAIRMAN BLASGEN: So it sounds like we still
19 have some work to do and we will wait for the report,
20 obviously. And what is the timing on that report?

21 MS. BLAKEY: Before the end of May, but it is
22 very unclear at this point. They have finished it, as
23 I understand it, and it is being reviewed by OMB.

24 CHAIRMAN BLASGEN: So is it possible, if that
25 were to happen, that we would be able to vote on this

1 in June, at our June meeting, which is June 21?

2 MS. BLAKEY: It certainly would be possible if
3 it's the date it comes out. Well, first of all,
4 assuming the report comes out, assuming that we have a
5 document and recommendation to discuss and assuming we
6 can get a discussion. So there are a few steps here.

7 MR. SMITH: About 5 years ago, we contracted
8 with TTI and did a literature review of all truck size
9 and weight literature out there on both aspects of it
10 and from the engineering design standards. It really
11 is just that, a literature review, but we're happy to
12 share it with the committee and happy to use it as a
13 resource point.

14 MR. LONG: We'll get it out to everyone. It
15 looks like a big part of this is waiting to see the
16 study. Would it help to have someone from DOT come and
17 present the results before or after?

18 MR. KUNZ: Absolutely. In my opinion, yes.

19 MR. LONG: That's a good one.

20 CHAIRMAN BLASGEN: Do you want to continue on?

21 MR. JAMIESON: No. I think we've kicked that
22 horse.

23 CHAIRMAN BLASGEN: Was there anything else on
24 that?

25 MR. JAMIESON: No. I was just going to invite

1 anybody, if you had any other suggestions,
2 recommendations, topics that you wanted to throw at us,
3 we are more than happy to take a look at it and start
4 chewing on it.

5 MR. LONG: Next up on the program is the
6 Finance and Infrastructure Development thing. I would
7 like to save that for the end because that is going to
8 be shorter than the other one.

9 But yesterday there was a lot of discussion
10 during the presentation on the permitting issue and I
11 wanted to leave time to go back to that and talk
12 further about that. There is a lot of interest in it.

13 Are there other questions and points, things
14 that we want to talk about on that? One of the things
15 we were talking about there was trying to deal with the
16 proposals and ideas in the presentation on a more
17 accelerated basis, something that might be ready, say,
18 at the next meeting or soon after that.

19 Is that appealing to you? Is that something
20 we would like to try to do as a group, to have
21 something specific and agreed for recommendation at the
22 next meeting or beyond that? How do you see that
23 developing? Dean, thoughts on that?

24 MR. WISE: I think our subgroup would put
25 something together for distribution for the next

1 meeting, that we could vote on the next meeting. Would
2 that be the appropriate process?

3 MR. LONG: Take whatever comes from that.

4 MR. WISE: I think we would like to hear from
5 some of the DOC representatives.

6 MR. LONG: Yes. I will follow-up with the
7 parts we need to on how these different forums are
8 working and who is covering in DOC right now.

9 MR. STOWE: David, so long as we were talking
10 yesterday about the possibility of putting forward the
11 recommendations to the Secretary that could be
12 implemented in the next 18 months, getting them to
13 think not just about indefinite priorities, but rather
14 looking at their own time schedule.

15 If we're going to look at the June meeting for
16 putting forward some recommendations, I would suggest
17 that we really take a look at a separate category,
18 which is what could be done in the next 18 months by
19 the current Administration before they leave.

20 It will be a long time before the new
21 Administration, even if we're working diligently, the
22 new Administration will have to get all organized,
23 whoever they are. And I think that there are a number
24 of categories and a number of recommendations that have
25 been considered that really could fit that category and

1 the current Administration would like to say they got
2 something done.

3 They're looking at the clock, they're looking
4 at their track record, and so let's take advantage of
5 that. So think between now and June about what we
6 could say if we get this done in the next 18 months,
7 it's a good start.

8 MS. BLAKEY: Are you suggesting, Ron, that we
9 go back over the recommendations that we've already
10 submitted and say here are some low-hanging fruit and
11 we urge you to press forward with these, even though
12 they're in different categories perhaps?

13 MR. STOWE: Absolutely. Things that we've
14 considered so far since the beginning of the committee
15 that they could say -- that they could look at and get
16 done under the time.

17 CHAIRMAN BLASGEN: Dave, does that make sense
18 from the department's perspective?

19 MR. LONG: Anything that is concrete that
20 recommends doing something will be received.

21 CHAIRMAN BLASGEN: So we should cull out
22 things that we as a committee feel can get done during
23 the next 18 months, something like that.

24 MR. LONG: I think that would be attractive.
25 I think that's a terrific idea. There would probably

1 be a lot of support for it because it would be
2 something that would say, all right, here is something
3 you can do now and here is how to go about doing it.

4 MR. STOWE: And they could all put it on their
5 bios.

6 MR. WISE: David, let me come back to this
7 permitting question, I guess. Is there any desire or
8 do you think we could have something before the next
9 meeting, if we drafted it the right way and we could do
10 it by mail and conference call? I don't know what the
11 appetite is for something there on permitting.

12 MS. BLAKEY: Dean, along the same lines that
13 Ron just said, for example, what we might think about
14 doing in our group is looking at kind of the
15 suggestions that we're already considering and saying
16 which ones are the relatively easy ones that we might
17 want to put out and put them out in segments rather
18 than trying to come up with one block document, but we
19 might divide it up.

20 MR. WISE: So I think it's up to our team to
21 see how quickly we can come up with something.

22 MS. BLAKEY: We need to, yes.

23 MR. LONG: The way the calendar falls for
24 this, the next meeting shows up, I think, the third
25 week in June, like the 23rd-24th. So it's a little bit

1 short of the cycle, so about 10 weeks out.

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1 **FINANCE AND INFRASTRUCTURE DEVELOPMENS**
2 **INTRODUCTION OF FINANCE IN ADDRESSING CONGESTION ISSUES**
3 **AND NORTH AMERICAN SUPPLY CHAIN INTEGRATION (RELATING**
4 **TO WORK FROM NORTH AMERICAN LEADERS SUMMIT AND HIGH-**
5 **LEVEL ECONOMIC DIALOGUE)**

6
7 MR. LONG: Let me start the discussion on this
8 last one. We need to talk a little bit about where
9 we're headed with the finance and infrastructure
10 development work. We recently completed a very solid
11 set of recommendations on finance and infrastructure
12 issues and we seem to be at a point right now where we
13 are on the threshold of a lot of new work in this.

14 So everything we heard about congestion, the
15 things we've been talking about in North America. What
16 I wanted to tee up here was the idea that we needed to
17 be looking at, I think, as innovatively as we can, some
18 bolder solutions having to do with -- the hidden
19 element in everything we've talked about is money and
20 how to do that.

21 Mike Steenhoek has done a fine job with the
22 committee, but he'll be stepping down from that
23 shortly, working out the timing on that. But there are
24 a couple of things on the organizational front we need
25 to talk about.

1 The committee had shrunk to a relatively small
2 size in the last few months, so be looking for
3 volunteers who would like to be part of a group looking
4 at this. And if there are those among you who would
5 like to consider being the subcommittee chairman for
6 that, that would be most welcome.

7 So there is the organizational side. We need
8 to reactivate that for the new work ahead.

9 Then the other part, I'm not sure how far we
10 can get into this today, but I know a great many of you
11 have real expertise in infrastructure financing issues
12 and I was hoping we might be able to start talking a
13 little bit about what some of the key elements of that
14 might look like.

15 The question about private sector involvement
16 in funding has come up. There is always the discussion
17 about public-private partnerships. But there are also
18 larger questions about how innovatively can we think
19 about this and what the right direction for this group
20 would be and what its timing would be.

21 Some of it depends on basically what some of
22 the other groups are looking to do, what kind of
23 recommendations they come up with vis-à-vis, say, port
24 infrastructure-related questions and the rest.

25 I was curious if there were thoughts on where

1 people thought this particular committee should be
2 headed with this next round of work.

3 Leslie, you have a comment?

4 MS. BLAKEY: As a committee member, I agree
5 with everything you just said. I want to call the
6 group's attention to a couple of things that are
7 developments in this area.

8 First is that -- and, again, this kind of
9 falls into that 18 months of this Administration left.

10 The President issued an executive order called
11 the Build America Initiative back in July of last year,
12 which called upon the Department of Treasury and the
13 Department of Transportation to work together on an
14 investment center approach to bringing more private
15 capital to bear on development of infrastructure,
16 particularly for transportation, but just other similar
17 kinds of issues like transition lines and stuff like
18 that that might be appropriate. And this also falls
19 into the category of an infrastructure bank.

20 So there is a person at DOT who is assigned to
21 this, which is Shoshanna Lew. Her father actually
22 happens to be the Treasury Secretary, Jack Lew. So a
23 good coordination obviously there.

24 But I think that the opportunity to feed into
25 that process for this subcommittee is very timely for

1 that purpose.

2 The other thing I want to mention is that over
3 the last several months, the Eno Center for
4 Transportation Study, a transportation think tank, if
5 you will, has put together a working group on freight
6 funding specifically and related issues and they are
7 looking for additional members for that group.

8 I know that Eno was there with us last night
9 and talked with you, Rick, and talked with Dean and
10 some of the other folks that are here. But if anybody
11 is interested in that, my belief is that their timeline
12 is probably about 6 months from now to get out an
13 initial report. That could feed very helpfully into
14 further examination of a different way to pay for
15 infrastructure.

16 CHAIRMAN BLASGEN: Does it make sense, Leslie,
17 from what you know about that effort, for that work to
18 be an input into our recommendations?

19 MS. BLAKEY: Absolutely, yes. Absolutely.
20 I'm on that group. I'm not sure who else here is
21 involved in that. There you go, Stan and Tiffany, I
22 knew there were some.

23 But I think that they are bringing resources
24 to bear on doing a much deeper dive into these
25 possibilities than anyone has done up to now because

1 it's largely -- to a large extent, most of the efforts,
2 including what we previously did in the Finance
3 Subcommittee, was to assemble known information and
4 just sort of say here is what we know about this set of
5 issues and kind of make recommendations based on that.

6 But they are doing some original research on it.

7 So I think that that could be very useful.

8 MR. HANSON: If I could to that, and, Leslie,
9 maybe a question. Since we are talking about the end
10 of this Administration and the fact that really all of
11 this investment starts with the President's budget and
12 the President continues to decrease infrastructure
13 investment as opposed to increasing, are there things
14 that we could highlight in what we have already done in
15 terms of the urgency, a category, and maybe give the
16 Administration something short term?

17 MS. BLAKEY: I think we can. Here is the
18 dilemma for the Administration with regard to
19 transportation. A lot of actually what we put into our
20 recommendations is actually fleshed out by that and
21 hoped for in the Grow America Act previously mentioned
22 by the DOT staff, and Grow America does have funding
23 sources, calling for essentially a combination of
24 repatriation and corporate tax reform as an initial
25 boost for funding transportation infrastructure and

1 then a long term funding stream.

2 So it is actually a pretty interesting
3 proposal. That would be something that our group could
4 take on, would be to look at the Grow America
5 proposition, which was actually very similar to what
6 Representative Camp of Ways and Means, now retired, put
7 forward before he left office about a year or so ago, 2
8 years ago, whenever that was. But anyway, that has
9 Republican support, as well.

10 I think that one thing that our subcommittee
11 could do would be to try to bring in a couple of
12 experts on the corporate tax reform as a way to pay for
13 infrastructure. It has been talked about a great deal
14 up on the Hill.

15 We could bring in a couple of people to talk
16 about this and help inform the subcommittee and the
17 full committee on whether or not we want to take a
18 position on that. I don't know if we do or not.

19 MR. HANSON: I'm not a big fan of perpetual
20 committees, but if there is a point to it and value
21 added, then we could continue it. But I think we've
22 done a lot of good work already.

23 CHAIRMAN BLASGEN: Would it make sense for one
24 of the people who are leading the Eno effort to be a
25 member of this committee?

1 MS. BLAKEY: It might. There is a certain
2 time commitment involved there that they have to really
3 justify and I think that because we do have several
4 people that are participating in that, it probably
5 isn't really necessary.

6 I mean, they were here yesterday for a little
7 while anyway listening to what we were doing.

8 CHAIRMAN BLASGEN: You say you have a request
9 for this committee to be reestablished when the term is
10 up in terms of leadership and membership.

11 MR. LONG: So it's both. I think this
12 subcommittee is going to be very important to what we
13 do. It sounds like everything we're talking about
14 touches the money question many, many different ways.

15 So please let me know if you would like to be
16 engaged on that committee or if you would like to take
17 on the leadership of it and we will take that into
18 consideration and reactivate it.

19 One big part of this I think is the framing
20 questions are going to look much like the rest of the
21 committee's work and what is really going on in this
22 world, the congestion, what are we looking at for North
23 America as an economic and competitiveness export
24 platform.

25 Other questions, comments on that set of

1 points?

2 [No Response.]

3 MR. LONG: We are a little ahead then.

4 CHAIRMAN BLASGEN: So as far as dates for the
5 next meeting, it is June 23 in the afternoon and June
6 24 here, and I understand we will be in a different
7 room then. This room will be under construction.

8 MR. LONG: This will be a construction site by
9 then. We will be meeting at the Law Library, which is
10 down on the first floor, all the way to the corner of
11 the building.

12 CHAIRMAN BLASGEN: The Law Library on the
13 first floor. Does it have air conditioning?

14 MR. LONG: Yes, it does. That was actually
15 our first decision criterion for that one.

16 CHAIRMAN BLASGEN: Apparently it's a nice
17 space, too.

18 MR. LONG: Yes, it's nice. Good acoustics,
19 good sound system, and better media stuff.

20 CHAIRMAN BLASGEN: And the fall dates?

21 MR. LONG: I think we had the meeting set for
22 October. The next thing we'll want to do is start
23 mapping out the calendar for the year ahead. We'll go
24 through the paper processes to renew the committee,
25 probably complete those, I think, in mid-September and

1 put everything else for work this fall.

2 CHAIRMAN BLASGEN: And one other thing I'd
3 like to say, too, is if you do run into people who you
4 think could be a great addition to this committee, on
5 one of the subcommittees or somebody you really think
6 could add a lot of value, send me a note.

7 I think it's important for us, as we have seen
8 people roll off after providing a lot of insight and
9 work, that we have some succession planning on the
10 committees, as well, and get the right mix of folks.

11 MR. FRIED: I'm going to suggest we all try to
12 find at least one, so we can yell at them.

13 MS. BLAKEY: What about Gene Pentimonti? He
14 is retired from Maersk, so he has time.

15 CHAIRMAN BLASGEN: Send some recommendations
16 in, who is not represented in the committee. I know I
17 promoted some in our organization and when I go out and
18 talk, I always have a slide about what this committee
19 is doing and there seems to be a lot of interest.

20 MR. LONG: The obligation we have is to make
21 sure that the committee is broadly representative of
22 the sector, includes all of the different stakeholder
23 interests, geographically diverse, all the different
24 components and the rest of it so we get a true picture
25 of what the sector looks like.

1 MR. KUNZ: From a carrier standpoint, do you
2 want -- U.S. flags are extremely limited. Hapag-Lloyd
3 has a U.S. flag division. Maersk has some U.S. flag
4 vessels, but I'm talking about Germany and Denmark,
5 respectively.

6 MR. LONG: It's a U.S.-based committee. It
7 has to be a majority control. That one could be
8 difficult.

9 Send us your ideas. We'll take a look as we
10 set up for the opportunity to fill vacancies this year.

11 At the end of the day on this, it's always
12 good to compare notes on what worked and what didn't
13 work in the meeting. Are we still good with the idea
14 that we meet like a half-day plus subcommittees on one
15 day and then a fully day of meeting the next? Is
16 everybody okay with that?

17 [Chorus of ayes.]

18 CHAIRMAN BLASGEN: Any last minute suggestions
19 or comments from folks about any of the fine work
20 that's being done or any fatal flaws anybody sees?

21 MR. JAMIESON: Hotel accommodations.

22 MR. COOPER: Actually, to the hotel stuff, I'm
23 local. I mean, I can help identify -- there are much
24 more reasonable places that are one or two metro stops
25 away than trying to fit into downtown DC in June,

1 because you're going to be paying at least \$350-plus or
2 more.

3 MR. LONG: If you can find a room.

4 MR. COOPER: And that's just regular tourism.

5 MR. JAMIESON: I thought you were inviting us
6 to your house.

7 MR. LONG: My apologies, but this fell right
8 in the middle of the Cherry Blossom Festival this year.
9 We dodged all the holidays, but we missed that when we
10 planned it last year.

11 MS. MELVIN: And thanks again to Leslie and
12 Paul for the reception last night.

13 [Applause]

14 MR. LONG: For my part, I want to thank
15 everyone for another great job on this. We've got a
16 good set of recommendations, almost ready to go with
17 the second one, making progress on the others. So
18 thank you for your time, commitment and effort. It's
19 been excellent. I can assure you it is well
20 appreciated.

21 CHAIRMAN BLASGEN: Thank you all very much.
22 You hung in there and I think there was a lot of great
23 discussion and everybody seemed to be pretty well
24 engaged. So I appreciate that. So have a great 45
25 minutes.

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[Whereupon, at 2:18 p.m., the meeting was
concluded.]

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C E R T I F I C A T E

This is to certify that the foregoing proceedings of a meeting of the Advisory Committee on Supply Chain Competitiveness, held on Thursday, April 16, 2015, were transcribed as herein appears, and this is the original transcript thereof.

LISA DENNIS,
Court Reporter