

# Chapter 10 – Action Plan and Implementation Strategies

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## KEY POINTS

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- To implement this Freight Plan, people, businesses, organizations, and the State must work together to achieve economic success and improved quality of life. Success will require partnership with communities, economic developers, businesses, and other freight stakeholders willing to tackle real assignments and be responsible and accountable.
- By 2030 freight tonnage is forecast to increase by 37 percent.
- Current funding and financing sources and methods are not providing the resources we need to maintain, much less grow our freight transportation infrastructure to meet the needs of today and tomorrow.

The Missouri State Freight Network is the backbone of the State’s economy, supporting the movement of goods and commodities, facilitating the retention and creation of jobs and setting the conditions for private investment, and enhancing the quality of life for Missourians. By 2030, total projected freight tonnage along Missouri’s freight system is estimated to increase 37 percent. There is a need for capacity and maintenance improvements to relieve congestion and maintain the reliability of the network. Maintenance of the multimodal freight infrastructure is critical to the State’s economy and high priority improvements to the freight network will facilitate the movement of people and goods throughout the state to ensure businesses, which compete in an increasingly global marketplace, can promise just-in-time deliveries to customers around the world and can reliably deliver on that promise.

Future decisions regarding maintenance, safety, connectivity and mobility, and economic growth and competitiveness of the freight network present real challenges, the greatest of which is the availability of funding for freight infrastructure and facilities. A successful approach for implementing this Missouri



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State Freight Plan considers the challenges and opportunities to maintain and expand the system to meet current demands as well as the needs of tomorrow.

## Freight Strategic Action Plan

A freight action plan implements the strategies and recommendations identified in this Freight Plan and adopts a new decision-making process to create the freight transportation system prepared for the future.

## Prioritized Freight Projects

The freight project prioritization process involved stakeholders from across the State adding to the significant public outreach efforts from the Missouri *On the Move* initiative. Over 3,800 projects were initially reviewed and through a tiered evaluation process (outlined in Chapter 8), those projects were narrowed to a prioritized list of 122 projects (Appendix G). These projects represent all freight modes and each of the MoDOT Districts. This is a testament to the freight needs statewide and the recognition of the critical linkages between economic development and freight.

The next step in this process is to identify which projects will be moved forward first and then addressing planning and environmental studies that may be needed before the projects can be included in the Missouri State Transportation Improvement Program (STIP). The very high priority projects should be evaluated to identify steps required to move these projects through the planning phase to the programmed phase. As part of this process, the Freight Advisory Committee and stakeholders will provide input on which freight projects to move forward.

## Current and Future Funding

Funding is critical to implementation. The estimated cost of the freight projects ranked “very high” in the prioritization process exceeded \$5 billion. These projects include improvements to a rail terminal in Springfield, capacity improvements to I-70 in St. Louis, improvement to I-35 and I-670 in downtown Kansas City, and a rail to port connection for the New Bourbon Port. Every project is important to freight movement and economic development. Securing the funding to maintain the freight network, address safety concerns, improve connectivity and mobility of the freight system, and support economic growth and competitiveness for Missouri requires financial resources well beyond those currently available. Additional federal resources, increased State investment, and other financing strategies will be needed to close the gap between the freight infrastructure and facility needs and the supply of funds.

The shortage of funds is a critical problem. The Missouri Department of Transportation (MoDOT) should review the list of priority projects with its partner organizations, agencies, and freight stakeholders to identify funding for these projects. Initial funding for planning and preliminary engineering should be identified so that strategic projects can be positioned and ready for development if funding is identified. The lack of funding available today need not stop progress in its tracks, but it represents the most significant obstacle to the implementation of the Freight Plan.

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## Freight and Economic Development

Much of Missouri’s economy is dependent upon freight and goods movement. Over 52 percent of Missouri’s Gross Domestic Product (GDP) in 2013 was generated by industries that are directly dependent on transportation and 89 percent of Missouri’s exports were manufactured goods. Nevertheless, many of the State’s residents don’t recognize the role that freight plays in their daily lives—at their jobs, on the dinner table, and in the quality of life they enjoy each day. The implementation of the State Freight Plan is an opportunity to continue to engage freight stakeholders, economic development partners, and the business community. It also is useful to educate elected officials and policy leaders in the State so they have a better understanding of why freight matters to Missouri. This freight plan should be the framework for future freight planning initiatives and education and communication strategies. Specific actions designed to expand the understanding of freight’s role in the State’s economy, address issues of concern related to freight, and strengthen relationships with freight stakeholders and partners is included later in this chapter as well as in Chapter 7.

## Policy Issues, Trends, and Challenges in Missouri

Stakeholder outreach activities and research conducted as part of the development of this plan identified a number of policy issues. Future scenarios were used to guide additional policy recommendations that support the Freight Plan goals. Trends and issues including freight growth by mode were projected out until 2030, and emerging trends for the growth or decline of key industries and other significant conditions influencing Missouri goods movement were addressed. This information is presented in Chapters 5 and 9.

The future economic prosperity of Missouri will be built on existing strengths and on new policies, programs, and opportunities that MoDOT will pursue in a targeted and focused manner. Chapter 7 outlines these policies. To implement this Freight Plan, people, businesses, organizations, and the State must work together to achieve economic success and improved quality of life. Success will require partnership with communities, economic developers, businesses, and other freight stakeholders willing to tackle real assignments and be responsible and accountable. Additional guidance on interagency coordination and external partnerships can be found in this chapter.

## Engaging Partners and Stakeholders

MoDOT has a long history of building partnerships to drive the development of the State’s transportation system. Today, that grassroots engagement encourages Missourians to share their ideas about transportation and brings stakeholders together for meaningful discussions about challenges and opportunities. The State’s future success as a freight leader will continue to build on these partnerships by engaging modal partners, organizational partners, Metropolitan Planning Organizations (MPOs) and Regional Planning Commissions (RPCs), economic development organizations, other State agencies, professional organizations, and multi-jurisdictional partners in an ongoing discussion about freight needs, issues, and opportunities.

Interagency coordination and external partnerships must be united with a common vision and goals to effectively advance the actions and recommendations identified in the freight plan. MoDOT should also

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continue to expand its relationship with external stakeholders through the continuation of regional freight forums, presentations at economic development conferences, and participation in business roundtables in the State. MoDOT should continue to participate in multi-jurisdictional partnerships that support Missouri's multimodal freight network and associations. Multi-jurisdictional partners include the Mid-America Freight Coalition, Institute for Trade and Transportation Studies, the Mid-America Intermodal Authority Port, and related American Association of State Highway and Transportation Officials (AASHTO) committees.

## Ongoing Freight Planning

Ongoing freight planning is important. The freight system must continue to meet the transportation needs of a rapidly changing economic environment, integrating each of the freight modes with connections to a growing array of origins and destinations. Updates to this State Freight Plan should be undertaken regularly on a three- to five-year cycle to ensure the plan reflects the most current conditions and the evolving needs for freight services within the State.

The State Freight Plan has identified additional planning activities for the future:

- Build upon the analysis and the identified State Freight network in Chapter 3 by identify first and last mile gaps in the freight network near major manufacturing hubs and multimodal connectivity points
- Develop minimum design standards for freight facilities publically funded on the multimodal freight network; encourage compliance with these standards for all freight facilities regardless of funding source
- Undertake a public-private partnership plan to identify future multimodal, oversize and overweight corridors; evaluate their condition; determine necessary improvements; and designate the future network in advance
- Work with the private sector to evaluate north-south and east-west connections across the Mississippi River for highway and freight rail
- Develop a guide book incorporating freight-supportive design standards, freight-supportive land use, operational improvements such as delivery requirements, designation of truck routes, and other strategies that can help to improve the movement of freight; careful consideration should be given to the impacts of these standards on freight operators, and review by the Freight Advisory Committee could provide valuable input to ensure the standards can benefit both freight and communities
- Prepare a statewide study of available truck parking areas, the need for future truck parking locations, and guidance for the placement of future truck park facilities
- Conduct a study to determine the potential benefits and challenges of developing a rail bank or similar entity to preserve future rail corridors or retain rail corridors that may be abandoned by railroads in the future
- Analyze Missouri's inventory of industrial land with proximity to existing ports and freight rail lines and facilities as preservation of industrial land resources with multimodal transportation access is crucial to key industries

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- Develop a model “Freight and Industrial Facilities Planning Guide” incorporating good neighbor guidelines to assist planning organization, municipalities, developers, elected officials, and others in identifying tools and strategies that can be valuable to the development of quality freight and industrial facilities
- Promote the use of clean green smart technologies with freight operators throughout the State; create a Green Goods Movement award program to recognize freight operators who effectively implement these technologies

### Interagency Coordination and External Partnerships

Implementation of the freight plan should build on the interest and momentum created through the freight planning process. Ongoing communication will help develop projects and implement policies as well as efforts to secure needed funding. By formalizing a Freight Advisory Committee (FAC), freight needs and issues can be discussed regularly and a coordinated and consistent message about the importance of freight can be shared. The FAC will be comprised of private stakeholders representing industries, freight transportation modes, all geographical regions, and various government agencies (state, local and MPOs). The FAC represents economic, transportation, industry, agricultural and safety interests working together to find opportunities to improve freight movement in Missouri to enhance the state’s economy and quality of life.

Formalizing the FAC provides an important vehicle for continuing discussions with representatives from the public and private sector about freight policy, programs, and future resources. This committee can provide meaningful insights and ongoing evaluation of markets, infrastructure conditions, and economic development impacts. Bringing together executive-level representatives from freight industry leaders on a quarterly basis provides a valuable platform for the discussion of freight network conditions, available resources, new financing options, and evaluation of proposed policy changes.

Although comprised of a diverse group of stakeholders—Class I and short line rail carriers, port authorities, major shippers, trucking and logistics companies, intermodal terminal operators, and public sector freight representatives from MoDOT, Federal Railroad Administration (FRA), Federal Aviation Administration (FAA), Federal Highway Administration (FHWA), Federal Maritime Administration (MARAD), Missouri Department of Economic Development, Missouri Department of Agriculture (MDA), and major economic development organizations—the committee shares a goal to improve freight mobility and connectivity, safe operations, increased economic development, and funding availability.

Coordinating the freight plans and programs of the cities, counties, MPOs, RPCs and regional economic development organizations is important to the successful implementation of the Missouri State Freight Plan.

Regional Freight Councils can engage MPOs, RPCs, bi-state development agencies, and regional economic and planning organizations such as KC Smart Port, Mid-America Regional Council, the East-West Gateway Council of Governments, University Transportation Centers, and other organizations. These councils should be important partners for ongoing freight planning, development of outreach

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freight education programs, and monitoring the conditions of freight facilities and infrastructure.

### Funding Assessment and Financing Strategies

The State of Missouri is very familiar with the traditional federal resources available to support freight transportation services including US DOT, FHWA, MARAD, FAA, FRA, discretionary TIGER Grant funding, as well as federal financing tools such as Grant Anticipation Revenue Vehicle (GARVEE) Bonds. Beyond those traditional transportation programs, several other federal programs could provide funding for certain freight infrastructure projects through agencies including the Department of Commerce Economic Development Administration (EDA), Department of Homeland Security, Department of Agriculture Rural Community Facility Programs, and Department of Housing and Urban Development (HUD). The State should consider an evaluation of non-traditional funding and financing strategies that could be used to advance the priority projects identified in the freight plan.

The National Disaster Resilience Competition was recently announced providing almost \$1 billion in funding from HUD Community Development Block Grants and Resiliency Disaster Recovery (CDBG-RDC) funds. Funding may be used for infrastructure projects, and the State of Missouri is an eligible applicant. With continued funding for TIGER grants, consideration should be given to high priority freight projects that could effectively compete in this funding process.

### Innovative State Funding and Financing Programs

Many state DOT's are evaluating new financing strategies for transportation, including mileage-based user fees. Currently, Missouri does not have legislative authority to pursue Public-Private Partnership (P3) projects. While there are a number of financing programs, including GARVEE Bonds, that allow states to borrow against future government funding, these funds do not expand the available financial resources to support transportation infrastructure and facilities but can be an effective tool to fund critical near term improvements.

Many states have developed programs offering grants or low/no interest loans to facilitate needed improvements to freight infrastructure and facilities. Missouri has a program to assist airports. Dedicated funding for freight rail, ports, or intermodal facilities are provided by a number of states including Ohio, Florida, Virginia, Tennessee, Washington, and Texas.

### Public-Private Partnerships (P3s)

Public-private partnerships engage the private sector to fund and often operate and maintain infrastructure assets. The partnerships are contractual agreements between a public entity and the private sector that allows the private sector to participate in the delivery of transportation projects for an agreed upon return. Missouri has not enacted legislation for P3s, but it is an active topic.

Thirty-three states have enacted enabling legislation allowing the use of various P3s to fund transportation projects, and eight states have actually initiated P3 projects. Texas used a P3 approach to develop the Trans Texas Corridor, a statewide transportation network including roads, commuter and freight rail, and utility infrastructure. The State of Virginia has used a P3 for the Dulles Rail Corridor,

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high occupancy toll lanes, and the reconstruction of toll truck lanes.

There are a number of different P3 models:

- Build-transfer is similar to a design-build project in which the public sector contracts with a private partner to design and build a facility according to a set of requirements developed by the public entity. When the project is completed, the public agency becomes responsible for operating and maintaining the facility. The advantage of this approach is the speed of completion and efficiencies realized by private sector project management.
- Under the design-build-finance-operate model the private sector design, builds, finances, and operates and/or maintains the infrastructure under a long-term lease. At the end of the lease term, the facility is transferred to public ownership.

P3s will not replace traditional transportation infrastructure financing, but it is one tool that can help address critical infrastructure needs. The process requires careful analysis of the most appropriate structure, risk allocation, and other important objectives. Public-private partnership provides a new source of funding for infrastructure projects, and other benefits often are realized, as well, including better construction completion, shifted construction and maintenance risk to private partners, cost savings, accelerated infrastructure construction, and a process that allows the public sector to focus on outcomes rather than inputs and process.

Missouri should evaluate the various public-private partnership models including more innovative hybrid models that have been used recently. Public-private partnership can provide significant benefits, but it also generates challenges. Because the use of public-private partnership has expanded in recent years, there are valuable lessons to be learned from other state governments. Public-private partnerships can enable critical transportation projects to move forward even in this constrained financial environment.

### Rail Loan Assistance Programs

A number of states provide no-interest or very low interest loans - most are exclusive to short line railroads - to preserve railroad infrastructure through track maintenance and rail rehabilitation projects. These loans have a specific repayment period. Project eligibility is frequently tied to fixed asset improvements and structures such as bridges and culverts, rather than to mobile assets like trains. As an example, the Michigan Rail Loan Assistance Program provides a maximum of \$1 million per project and will cover 90 percent of eligible projects through the loan. Minnesota, Ohio, Oregon, and Virginia have similar programs. Ohio's Rail Line Acquisition Program provides loans to acquire and preserve rail right-of-way for future rail use.

Connect Oregon is a lottery funded initiative that Oregon DOT utilizes to provide grants and low-interest loans to public and private entities to invest in non-highway transportation projects to enhance multimodal transportation and promote economic development in the state. A selection process is approved by the Oregon Transportation Commission and this selection process is subsequently used to evaluate project applications. The program, started in 2005 has awarded \$140 million in state funds (2005 – 2014) resulting in direct investment of \$834 million in leveraged funding from other non-state

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public and private sources. These projects have helped to create new jobs, retain major employers, remove barriers to economic development in rural and urban areas, and support other strategic multimodal economic development investments in the State for rail, aviation, marine, and transit infrastructure.

### Conclusion

If we continue to do things the way we have always done, we'll get the same results. Unfortunately, the results and resources we are getting today are insufficient to support freight mobility in Missouri and throughout our nation. Change is necessary. Current funding and financing sources and methods are not providing the resources we need to maintain, much less grow our freight transportation infrastructure to meet the needs of today and tomorrow.

Missouri has been a victim of its success. It has maintained the freight transportation system very well with shrinking funds. As such we take it for granted that tomorrow will be the same. The legacy funding and financing programs have run their course and no longer yield the resources required for today's freight mobility needs. Different funding means, which fairly assess users and are directed to freight projects, are needed. Stakeholders and system users have a voice in the process. Inclusion of the private sector in the decision-making process will greatly assist the public sector in making the right investment decisions. This in turn will set the conditions for Missouri's economic development.