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16. Abstract The development, construction, and operation of a freight pipeline system in Texas will necessitate evaluation of several issues relating to policy development. This product lists several of the key policy issues that have been organized into seven major areas:			
<ul style="list-style-type: none"> ▪ Project Funding, ▪ Right of Way Acquisition/Ownership, ▪ Labor Issues, ▪ System Operations, ▪ Border Issues, ▪ Supporting Infrastructure, and ▪ System Management. 			
Report 1519-2, <i>The Technical and Economic Feasibility of a Freight Pipeline System in Texas – Year 2 Report</i> , further discusses these issues.			
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FREIGHT PIPELINE POLICY ISSUES

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FREIGHT PIPELINE POLICY ISSUES

Project Funding

- **Public Funding** – This policy issue deals with direct funding by the public sector and subsequent arrangements with private users, including leasing terminal space to private firms.
- **Public/Private Funding** – One of the alternative funding arrangements to be explored is the partnering of public sector entities, federal or state, and private concerns that participate based on expected return on investment. This approach would impact service pricing.
- **Private** – Strictly private financing would be a funding option only under specific conditions.

Right of Way Acquisition/Ownership

- **Easement vs. Right of Way Acquisition** – The subterranean nature of the freight pipeline concept may make acquisition of a right of way easier by virtue of the land use features of easements.
- **Joint-Use Corridors** – The recent adoption by the Texas Department of Transportation (TxDOT) of the concept of joint-use corridors may facilitate the inclusion of a freight pipeline in a corridor designed with several transportation or communications-related facilities.
- **Greenfield Right of Way or Easement** – A Greenfield facility refers to new infrastructure located in rural or as yet undeveloped locations. The policy issues associated with this approach include eminent domain and condemnation.
- **Railroad Rights of Way and Gaining Easements to Cross** – The ownership by the railroads of their right of way make crossings subject to negotiation and compensation.

Labor Issues

- **Labor** – The use of organized labor at the terminals or for maintenance or operations will be a matter of policy.

System Operations

- **Ownership of Terminals** – Closely related to the funding issues are the policy issues concerning ownership of the terminals and company-designated space.
- **Ownership of Main Transport Mechanisms (MTMs)** – The determination of who owns and cares for the maintenance of MTMs will be a matter of policy affecting operations.
- **Insurance** – The freight pipeline's role as a carrier may require assumption of loss and liability for lost or damaged merchandise. The policy issues associated with this role include insurance and claim adjustments.

- ***Common Carrier Status*** – A determination of the common carrier status of the freight pipeline will have ramifications for the business model, terminal design, labor, and pricing structure.
- ***Designation of Free Trade Zone Status*** – The concentration of North American Free Trade Agreement (NAFTA) related trade intended for the freight pipeline may suggest that Free Trade Zone status may have advantages for the system in terms of business generation.

Boarder Issues

- ***Drug Enforcement Administration (DEA)*** – The policy of the freight pipeline’s cooperative position relative to the DEA must be evaluated to facilitate both the role of drug interdiction efforts and system throughput.
- ***Customs*** – The policy of the freight pipeline’s cooperative position relative to customs must be evaluated to facilitate the mission of both entities.
- ***Brokers*** – The broker community plays a large role in NAFTA trade. The freight pipeline’s operations regarding this sector of the trade community will require communication and coordination.
- ***US Department of Agriculture (USDA)*** – The policy of the freight pipeline’s cooperative position relative to the USDA must be evaluated to facilitate the mission of both entities.
- ***Facility Location*** – The location of a freight pipeline terminal adjacent to the border will require careful consideration of the needs of the local community.
- ***Mexican Participation*** – The extension of the freight pipeline into Mexico should be considered based on the nature of international trade and market-to-market transactions.

Supporting Infrastructure

- ***Connecting Roadways*** – The State’s policy relative to constructing and maintaining connecting roadways requires examination prior to facility location.
- ***Physical Location in North Texas*** – The needs of communities in North Texas relative to the traffic generating potential of a freight pipeline require close evaluation.

System Management

- ***Designation of a Pipeline Authority*** – The form of the managing body overseeing freight pipeline operations will be a matter of policy based on the business model adopted, the economics, and the funding approach.
- ***Integration with TxDOT*** – The transportation role of the freight pipeline suggests a central role for TxDOT in the location, role, and operation of the system. The specific nature of the Department’s role must be carefully considered.
- ***Service Pricing*** – The pricing of the freight pipeline’s transportation services depends on the funding source, the system’s mission, and the level of use. The pricing policy will determine in large measure its success in inducing voluntary use.