Testimony before the House Interim Committee on Manufacturing

November 14, 2012

Mr. Chairman and members, thank you for the opportunity to speak to you today about the significance of transportation in supporting our state’s manufacturing sector.

My name is Bill Stockton and I am Executive Associate Director of the Texas A&M Transportation Institute. As you know, Mr. Chairman, TTI has a long history of research and implementation in the areas of transportation safety, data analysis (like the Urban Mobility Report), innovative operations and intermodal connectivity. It is not coincidental that the National Association of Manufacturers rates all of these as high priorities.

Transportation infrastructure has become even more critical as industries continue moving toward the use of on-demand supply chains and just-in-time deliveries. Transportation system capacity and efficient logistics are imperative to Texas’ maintaining a competitive advantage in today’s global economy.

Texas is a hub of both the east-west and north-south national and international trade corridors. This central location provides us with many opportunities, but it also heightens the importance of quality, robust and resilient freight transportation facilities.
With one of the most extensive and best highway networks in the world, Texas is very well positioned to attract new business to the State. However, with projected increases in population and highway congestion, the challenge of moving both workers and freight remains a major concern for economic development.

Texas also has the most extensive railroad network in the US, with 3 Class 1 railroads (UP, BNSF, and KCS) and over 40 short-line railroads that offer the manufacturing sector options with respect to both transportation mode and location.

Texas is #1 nationally in total tonnage. Texas is home to 16 ports, generating 1 million jobs in Texas. Three Texas ports, the Port of Houston, The Port of Beaumont, and the Port of Corpus Christi rank within the top 6 US ports in terms of total tonnage with the Port of Houston being ranked second nationally. Texas City is ranked number 11 and Port Arthur is 24th nationally.

Facilitating intermodal connections between our railways, highways and ports will be an important part of the State’s success in the years ahead.

The State has wisely put emphasis on addressing Texas’ congestion challenges, but we must also recognize that moving freight has its own distinctive concerns. For example, solving urban commuter congestion problems does not necessarily also solve all freight mobility needs. There are many commonalities, but there are also important differences.
To better understand the first major difference, TTI has worked with industry representatives to identify the specific challenges faced by manufacturers and suppliers. They need reliability, as much as speed, to assure that inventories are maintained and crews on either end of the trip are used efficiently, rather than delayed by hours of congestion. They also want real-time traffic and routing information.

Some of the input we have received stems from our ongoing work for TxDOT on the expansion of IH35 from Salado to Hillsboro, where we and TxDOT have established a freight advisory group. One prominent company in that group serves Dallas from their distribution center in Temple, and presents an example of the freight mobility challenge. That company’s trucks can make two round trip distribution runs each day from Temple to Dallas -- provided that they do not encounter unexpected delays, especially in the metroplex. If a trade is delayed, federal work rules that govern driver hours behind the wheel prevent a second round trip, resulting in lost productivity and increased costs. That challenge can be mitigated with the right strategies.

So, the first major difference is freight movement needs reliability and ability to respond to, changing conditions in real time. A second major difference lies in a more thorough understanding of the value of freight moving through a corridor. If we could establish a reliable measure of “value of freight moved”, and combine it with our existing measures of “congestion,” then this would provide another important dimension to assist decision makers when prioritizing precious resources. With focused research on applying newly available commodity data to corridor
planning, we can not only address the state’s most congested corridors for personal travel, but we can also place emphasis on locations where we get significant benefits in the value of freight moved.

Making significant improvements in the movement of manufactured goods requires more in-depth analysis of business needs, along with the right kind of data. One possibly beneficial approach where TTI could help would be to work with an industry task force on a specific charge – such as: developing innovations to significantly reduce the transportation costs to the manufacturing sector. The results of such an effort should bring a sharper focus to specific infrastructure, technology or policy needs that will enhance the competitive edge for Texas manufacturing.

Thank you again for your support of TTI and for this opportunity to talk about the importance of transportation infrastructure to the state’s economic health. We stand ready to assist the Legislature as you explore this very important topic. I would be pleased to respond to any questions you might have.