

## **Proposal to Establish the LATTS International Trade and Transportation Institute**

### **Mission:**

It is proposed that the International Trade and Transportation Institute be established to serve as a resource to sponsors on issues regarding the implications of international trade and increasing freight transportation demands. Many officials in state departments of transportation recognize the importance of freight and transportation to the economy but they are unclear on their role. The overall mission of the Institute would be to provide policy insight, analysis, professional capacity building and guidance on the transportation aspects of international trade and freight movement. The need for such an entity stems from the potential opportunities and impacts identified in two recent cooperative efforts among states with a direct interest in Latin American trade and freight movements and a third cooperative effort among several states, the Federal Highway Administration (FHWA) and the American Association of State Highway and Transportation Officials (AASHTO). These efforts include:

- The first phase of the Latin American Trade and Transportation Study (LATTS) that identified and evaluated the likely effects of increased trade with Latin America on the transportation system of the study region. The second phase of the study is currently underway;
- The National I-10 Freight Corridor study which identified the implications of increasing transportation demands on this key freight artery and clearly demonstrated the need for renewed emphasis on the interstate system in future highway programs; and
- The FHWA/AASHTO International Scan of Latin American Freight Logistics (LAF Scan) which identified the need for a sustained technical and policy exchange to address all aspects of the trade and transport development process.

### **Management and Staffing:**

The Institute would be established as a public, non-profit entity with a board of directors comprised of the CEOs of the member state DOTs. The Institute would be headed by an Executive Director who would be responsible for administration, operations and staffing. The location, both physical and institutional, has yet to be determined, but a location in the Gulf Coast region is ideal because of the knowledge gained over the past five years with the LATTS trade gateways. Potential institutional frameworks will be discussed in a later section. While the Institute will need a physical location, modern technology alleviates the necessity for all staff to be housed in a single location.

### **Funding:**

It is proposed that the Institute be funded as an on-going SPR pooled-fund effort with contributions from member states in the \$25,000 per year. This is similar to the manner

in which NCHRP is handled although the level of funding proposed for the Institute is significantly lower than that of NCHRP. Furthermore, use of other funding sources may also be pursued.

### **Services:**

Illustrative products and services that the Institute could provide include, but are not limited to, the following:

- Assisting member states in developing public policy with regard to trade and freight transportation. This service could include organizing and conducting “visioning” sessions for one or more member states to formulate policies. Additional products could be position papers and letters for member states to use in educating their respective Congressional delegations and state legislatures;
- Preparing presentation materials including supporting data, analysis and speaker notes to be used by transportation officials from member states to convey trade and freight transportation in an informed manner;
- Providing expert testimony in support of trade/freight initiatives of member states with their respective Governors, state legislators and/or congressmen. Having an outside, quasi-independent source often lends additional credibility to the statements of transportation officials;
- Monitoring trade flows, trends and forecasts by reputable organizations and keeping member states abreast of these trends and their potential impacts on member states. One possible medium includes an annual report consisting of a succinct overview;
- Monitoring federal legislation and free trade agreements and providing member states with an analysis of the implications on the transportation systems of member states;
- Providing coordination of planning efforts of member states to ensure critical corridors are developed from a logistics perspective. A specific product would be a synopsis of the statewide plans of border states with implications for member states. For example, which facilities will be upgraded or how will traffic flows be change at the border due to planned actions or inaction by the border states;
- Assisting member states in conducting specialized studies or in implementing specific plans by providing expertise and information through Institute resources or contracted resources;
- Serving as a liaison with FHWA, AASHTO, the ENO Transportation Foundation, the Hudson Institute, etc on freight and trade transportation issues of importance to member states;
- Providing training opportunities either directly by developing and delivering courses or indirectly by supporting the attendance of member states’ staff at alternative training opportunities such as NHI sponsored training; and

- Convening annual trade and freight transportation forums for member states and other interested parties, perhaps in conjunction with regional or national meetings such as SASHTO or TRB.

### **Restrictions:**

The Institute would be restricted from engaging in activities wherein the interests of one or more member state(s) are jeopardized in favor of another member state or states. This would not preclude the Institute from offering advice or services to any member state regarding how best to accommodate/facilitate international trade and commodity flows; however, the Institute would be prohibited from advising one member state on how to gain an advantage over another member state. In other words, it is not the purpose of the Institute to promote policies that simply redistribute the opportunities among member states but rather its purpose is to promote policies that result in a win-win situation for all member states.

### **Potential Models:**

The Institute could take on many forms and could be hosted by an existing entity or created as a new one. For example, it could be hosted by a State DOT, a University, a private organization or a not-for-profit organization. It could be set up as its own private or not-for-profit entity. The first logical step in developing an institutional framework for the Institute is to examine potential models. Four models are examined below – (1) Pan American Institute of Highways, (2) University Centers of Transportation Excellence, (3) Eno Transportation Foundation and (4) National Cooperative on Highway Research Programs.

***Pan-American Institute of Highways (PIH)*** - The PIH was established as a non-profit organization in the country where its headquarters is located. The PIH maintains its objectives and functions independent from those of the organization where the PIH headquarters is located. The PIH was established to share both innovative and traditional technology within the American Continent by promoting the establishment of a network of technology transfer centers, strengthening communication among its members, developing appropriate and effective training methods, and compiling and distributing information on transportation research and technologies.

The purposes of the PIH include:

- Coordinating and keeping up-to date information on the teaching and research on the subject of highways being conducted in the various postgraduate schools and institutes, including work under way, exchange of professors, and fellowships awarded.
- Regularly circulating to all the member states a publication containing all the information received.

- Cooperating with the various highway schools and entities of the hemisphere, as they may request, in selecting international experts to give courses and provide advisory service in their countries.
- Promoting the exchange of professors and fellowship students within the Americas.
- Organizing a program of fellowships, competitions, courses, seminars and lecture, to be paid for out of its own funds, to raise the technological capabilities of highway professionals and at the same time move toward a more solid integration of the countries of the hemisphere.

**Staffing of the PIH is as follows:**

- A Director General, designated by the PEC/PAHC, whose charge is to assure that the objectives of the PIH are met and who will be the official representative of the Institute.
- An Executive Director, subordinate to the Director General, designated by the PEC/PAHC, whose task is to promote the activities of the PIH, to carry out actions intended for the acquisition of funds and other resources necessary for its operation and to publish and distribute a periodic newsletter and execute the tasks assigned by the PEC/PAHC and the Director General.
- An Advisory Committee which assists the administration of the Institute Headquarters in a consultative and collaborative capacity, composed of members who are representative of the geographic regions and the sectors associated with highway activities such as: the public road sector (will always have at least one member), universities, technical associations, contractors, etc. These members will hold office for four (4) years and they will number no more than eleven (11).

***University Transportation Centers of Excellence (UTCs)***- The Transportation Equity Act for the 21st Century (TEA-21), enacted on June 9, 1998, authorized up to \$194.8 million for grants to establish and operate up to 33 University Transportation Centers (UTC) throughout the U.S. in FY 1998 - 2003. Ten of these centers, which are designated as Regional Centers, were selected by competition in 1999. The other 23 UTCs are located at universities named in TEA-21. After a limited competition among the named universities in FY 2002, the program will comprise 26 centers. All UTCs are required to match federal funds dollar for dollar.

TEA-21 established 13 new UTCs, and reauthorized 14 existing UTCs and six centers formerly known as University Research Institutes (URI) previously funded under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). TEA-21 established education as one of the primary objectives of a university transportation center, institutionalized the use of strategic planning in university grant management, and reinforced the program's focus on multi-modal transportation.

Staffing of the UTCs consist of an executive director supported by both full-time and part-time staff comprised of members of the University faculty, graduate students and dedicated research/support staff. Because the UTCs are part of the broader university environment, they fall under the jurisdiction of the institution. This often means several layers of bureaucracy including a Dean, University Research Officer, University Administration and Board of Trustees. The advantages are vast resources including academic expertise, library/research resources, graduate students and technology.

***Eno Transportation Foundation*** - The Eno Transportation Foundation was created and endowed in 1921 by William Phelps Eno (1858-1945). Eno pioneered the field of traffic control and devoted his life to innovative steps that improved the quality of mobility.

The Foundation was formed to cultivate creative and visionary leadership for the transportation sector by identifying emerging transportation issues and accelerating the consideration of steps to address them.

Great care is taken to make the Foundation's programs objective and credible. Its Board of Directors, assisted by its Board of Advisors, program participants, and others, brings a wide range of expertise and perspectives to bear from varied modes, sectors, and disciplines. Together, they anticipate future challenges and design programs that will develop leadership to address them.

The Foundation engages in three primary activities:

- It conducts *policy forums* to alert transportation leaders to emerging issues and to assist them in building the understanding needed to address them effectively.
- It tailors *enrichment programs* to prepare public- and private-sector professionals with the skills needed to understand and manage our most pressing transportation issues.
- It publishes *educational materials* on the importance of transportation and the challenges that it faces.

Foundation programs cover all modes of transportation, public and private sectors, and carriers as well as passengers and shippers. To enhance its effectiveness, the Foundation often conducts its activities in partnership with others in government, industry, or academia.

***National Cooperative on Highway Research Program (NCHRP)*** - Administered by the Transportation Research Board (TRB) and sponsored by the member departments (i.e., individual state departments of transportation) of the American Association of State Highway and Transportation Officials (AASHTO), in cooperation with the Federal Highway Administration (FHWA), the National Cooperative Highway Research Program (NCHRP) was created in 1962 as a means to conduct research in acute problem areas that affect highway planning, design, construction, operation, and maintenance nationwide.

The state departments of transportation are the sole sponsors of the NCHRP. Support is voluntary and funds are drawn from the states' Federal-Aid Highway apportionment of State Planning and Research (SPR) funds. Furthermore, the funds can be spent only for the administration of problems approved on ballot by at least two-thirds of the states. Each state's allocation amounts to 5 and 1/2 percent of its SPR apportionment and is set forth in supplementary tables issued with each year's Federal-Aid Highway apportionments.

Research problems are obtained through a two stage process. In the first stage, the AASHTO Standing Committee on Research (SCOR) solicits problems from four authorized sources: (1) the chief administrative officers of the member highway and transportation departments, (2) the chairs of AASHTO's committees and subcommittees, (3) AASHTO's Board of Directors, and (4) the Federal Highway Administrator.

After acceptance by the National Academies (authority delegated to TRB's Executive Committee Subcommittee for the NCHRP) for administration by the Transportation Research Board, the problems are assigned to panels of experts who provide guidance on the technical aspects of the research and translate the AASHTO problems into NCHRP research project statements with well-defined objectives. On the basis of these statements, TRB solicits research proposals from private and public research organizations that can demonstrate capability and experience in the problem area to be researched. These organizations include universities, nonprofit institutions, consulting and commercial firms, and individual consultants.

### **Next Steps:**

SASHTO Board of Directors review of this concept and direction for next steps which could include;

- Define a funding strategy – Federal, state, other.
- Initiate discussions with the FHWA and the PIH on potential synergies.
- Initiate discussions with the Resource Center.
- Develop a Business Plan to guide the institutional framework of the Institute. Potential characteristics include:
  - Cost
  - Political implications
  - Legal considerations
  - Capabilities (i.e., access to quality research materials and staff)
  - Governance
  - Fiduciary responsibilities
  - Credibility/reputation
  - Physical location