

INTERMODAL TRANSPORTATION

PROBLEM STATEMENT

Intermodal transportation is an increasingly important aspect of Florida's transportation system, one with the potential to boost the State's economic development and sustain its environment. As such, intermodalism—the concept behind intermodal transportation—is increasingly drawing attention and consideration from agencies and policymakers at all levels of government. Intermodalism and intermodal transportation can be ambiguous terms. Clarifying their meaning, their historical application and development, and, indeed, the government's role in transportation planning aids the planning of an integrated, intermodal transportation system.

OBJECTIVES

This project addresses the following questions:

1. What is intermodal transportation, and what is its relevance to Florida from economic, environmental, and social perspectives?
2. How has Florida's intermodal transportation network responded to changes in state and federal regulatory regimes?
3. What is the current legislative environment for intermodalism?
4. What is an economist's view of the role of government in transportation planning and investment?

This project also seeks to provide a brief proposal for a course of action for analyzing the appropriateness of state-funded projects.

FINDINGS AND CONCLUSIONS

Of the numerous definitions for intermodal transportation, the following is most appropriate: "Transportation movement involving more than one mode... It has been identified as a process of addressing the linkages, interactions and movements between modes of transportation." The opportunities for the transport and shipping industries afforded by intermodalism defined in such a way are potentially quite large. For example, improved tracking of parcels and increased timeliness of deliveries could make firms' supply chains smoother and more predictable, thereby reducing a major source of uncertainty and the costs of doing business.

In the past, intermodalism was handicapped by state and federal regulatory requirements for the trucking and rail industries. Federal and state regulatory reform legislation enacted in the 1980's has reduced the legal barriers to entry into trucking, and allowed rail and truck firms to cease servicing unprofitable routes. This has proved beneficial to intermodalism, as firms have combined the cost-savings of long-haul rail transport with the door-to-door convenience offered by motor carriers.

Further boosting intermodalism, recent legislation at both the federal and state levels has made the development and enhancement of intermodal transportation policy a priority for policymakers and planning organizations. Whereas federal transportation funding traditionally had been directed towards highways, the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 granted the states more flexibility in obtaining federal transportation funds; it decentralized the transportation planning process to include local governments as well as state planners; and it required a greater emphasis on ecological concerns. Congress reauthorized ISTEA in 1998 with the Transportation Equity Act for the 21st Century (TEA-21), which is itself currently under review for reauthorization. For its own part, Florida has long been at the forefront of intermodal planning: the Florida legislature created the Intermodal Development Program in 1990, and later permitted the State's Infrastructure Bank to lend capital to projects meeting the Intermodal Development Program's criteria.

The report provides an economist's perspective on the government's role in markets. It provides two examples of the economic effect known as an *externality* applied to transportation: highway beautification and pollution from motor vehicle emission. Each case illustrates why government intervention might be justified. The report also provides general principles that may guide the government's decision on whether to intervene in a market or other aspect of economic activity—in this case, transportation. Finally, the report offers a brief sketch of a course of action policymakers and planning organizations might consider in determining the appropriate role of government involvement in proposed transportation projects.

BENEFITS

This project provides a review of the growth and status of intermodal transportation in Florida, its importance to the State, and the potential benefits to be gained by further and deeper application of intermodalism to public and private planning. In particular, this project has shown the effects of a favorable legislative and regulatory environment on the growth of the intermodal transportation system. Furthermore, it provides a framework for examining the usefulness and potential results of projects seeking government funding.

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