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REPORT BY THE COMMITTEE ON TRANSPORTATION

FACTORING TRANSPORT EFFICIENCY INTO GOVERNMENTAL PROCUREMENT OF GOODS IN NEW YORK STATE

The United States, the State of New York, and New York City are committed to reducing greenhouse emissions and dependence on foreign oil. They are also committed to reducing the costs, health risks, pollution, and roadway congestion due to the transport of goods by truck. Many entities, including Wal-Mart, have demonstrated that sustainable logistics - reducing the economic and environmental impacts associated with goods transport and distribution through techniques such as the increased use of rail and marine service - can not only save fuel and cut emissions, but save money. The trend is being driven down the entire supply chain all the way to level of raw materials sourcing. Utilizing the greater efficiencies of rail freight transportation will facilitate suppliers efforts to meet the standards that their customers, and the consumer are demanding. Transporting more goods by rail or water will produce a win-win-win situation for suppliers, carriers, receivers, and the public at large.

A major obstacle to reducing the use of trucks for urban goods distribution has been a lack of demand by shippers and receivers for rail and marine services. Rail and marine systems require significant facility investments and impose fixed operating costs. A basic level of demand density is therefore needed in order for such services to become established and to remain in operation. This chicken-and-egg supply-demand entry-barrier dilemma is reminiscent of the discussions of recycling implementation and recycling markets of two decades ago. At that time, the federal, state, and local governments took steps to leverage their demand for goods and services to jump-start markets for recycled goods. These steps at first involved executive orders at all three governmental levels to provide price preferences for products with a specified minimum percentage of post-consumer content. These initiatives (in conjunction with a host of complementary efforts by other public and private actors) were so successful in the eco-systemic expansion of recycling and recycling markets that such price differentials soon became unnecessary.

The significant volume of goods procured by New York City and New York State offers a parallel opportunity to promote expanded demand for rail and marine services. As in the case of procurement guidelines that mandate the consideration of the proportion of minority-and-women-

owned businesses who are involved with a prospective bid, or the case of NYS Executive Order 4, which requires agencies to report the proportion of recycled content in materials they have purchased, the New York City Bar Association urges the City and State of New York to require that the use of rail and marine transport modes be a factor in procurement decisions. Procuring agencies should be required to request that bidders specify the distances that the materials they propose to supply will be transported by rail, by ship or barge, and by truck, so that the procuring agency can determine which bid will produce the least number of truck miles traveled to effectuate final delivery. These procurement guidelines should include mechanisms (e.g., potential price preferences based on ton-miles traveled) to provide a competitive advantage to bids that produce the least number of truck miles traveled.

Among the goods to which these procurement guidelines would apply would be foodstuffs, paper, construction materials (including concrete), pipe, transit equipment (vehicles, rails, tires, replacement parts, etc.), municipal vehicles (garbage trucks, fire trucks, etc.), and janitorial supplies. Also included would be the export of waste and recyclables.

Reductions in truck miles traveled would also be encouraged by making the ton-miles traveled by truck an explicit factor in State Environmental Quality Review Act and City Environmental Quality Review processes. Entities seeking approvals to build or modify facilities should be required to specify their use of rail and marine services and the number of ton-miles goods would be transported by truck, both during the construction and operation phases of their projects. Reviewing agencies would be required to make a determination as to whether the proposed mix of rail, marine, and truck modes—and the total ton-miles traveled—represented the option that minimized adverse impacts and maximized social, environmental, and economic benefits to the greatest extent practicable.

In addition to (or instead) of executive orders, the objectives outlined above might be achieved through state and/or local legislation. They might also be achieved by incorporating such policies in sustainability plans that are now being developed. Former-Governor David Paterson issued Executive Order 24, directing the creation of the New York State Climate Action Council. That group issued an interim report in late 2010 that has passed through the public comment period. Section TLU-8 of that report focuses on freight transportation and stresses the need for collaboration amongst various groups of stakeholders: state agencies, municipalities, service providers, industries, trade associations, community groups to limit the total environmental impacts of the transportation cycle. New York City's PlaNYC, the city's attempt at a comprehensive sustainability roadmap, originally issued in 2007, is required by Local Law 17 to be updated in 2011.

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