Railway Company (BNSF) and operate a line of railroad extending between milepost 330.100 and milepost 327.155 in Plainview, Tex., a portion of the Dimmit Spur subdivision (the Line).

The verified notice states that LWR and BNSF have entered into a lease agreement and that LWR will operate and provide all rail common carrier service to shippers on the Line.3 LWR certifies that its projected annual revenues from this transaction will not result in LWR’s becoming a Class I or Class II rail carrier. Pursuant to 49 CFR 1150.42(e), which applies “[i]f the projected annual revenue of the rail lines to be acquired or operated, together with the acquiring carrier’s projected annual revenue, exceeds $5 million.” LWR posted the 60-day notice of the transaction required by 1150.42(e) at the workplaces of current BNSF employees on the Line, served the notice on the national offices of the labor unions for those employees, and certified to the Board on April 7, 2021, that it had done so.

As required under 49 CFR 1150.43(h)(1), LWR has disclosed in its verified notice that its lease agreement with BNSF contains an interchange commitment and has provided additional information regarding the interchange commitment as required by 49 CFR 1150.43(h).

The earliest this transaction may be consummated is June 6, 2021 (60 days after the certification under 49 CFR 1150.42(e) was filed).

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed no later than May 28, 2021. All pleadings, referring to Docket No. FD 36502, should be filed with the Surface Transportation Board via e-filing on the Board’s website. In addition, one copy of each pleading must be served on LWR’s representative: Bradon J. Smith, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 800, Chicago, IL 60606.

According to LWR, this action is categorically excluded from environmental review under 49 CFR 1105.6(c) and from historic preservation reporting requirements under 49 CFR 1105.8(b).

3 According to the verified notice, the Line adjoins an existing LWR-operated rail line at milepost 330.100. See Lubbock & W. Ry.—Acquis. & Operation Exemption—W. Tex. & Lubbock Ry., FD 35932 (STB served June 5, 2015).

Electronic Access


Background

The Federal-aid highway program, administered by FHWA, supports State and local governments in the design, construction, and maintenance of the Nation’s highway system and Federal-aid eligible public roadways. The program has helped to create and sustain long-term, good-paying jobs in the transportation construction industry. People of color, women, and other underserved groups, however, have historically experienced significant barriers to entry into the transportation construction industry. Further, FHWA-funded projects have prohibited local employment-preferences or workforce development opportunities for individuals residing in economically depressed communities in which projects are often located. While this prohibition was based upon maintaining competition in contract bidding, the consequence was that the workforce on federally-funded projects was often not necessarily representative of all communities where projects were located.

On January 20, 2021, President Biden issued Executive Order (E.O.) 13985, “Advancing Racial Equity and Support for Underserved Communities Through the Federal Government.” This E.O. provides that the Federal Government should pursue a comprehensive approach to advancing equity for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality. Accordingly, FHWA is now committed to work to redress inequities that resulted from barriers to equal opportunity by announcing an initiative that could result in increased employment and workforce development opportunities for those who have historically been excluded from participation on federally-funded transportation projects.

In the past, FHWA has received requests from States and local agencies to allow the inclusion of local hiring contract requirements in their projects with the goal of improving workforce development and employment opportunities for their residents. As discussed in more detail below, FHWA historically disallowed such requirements out of concern for their
potential impact on competition. Generally, Federal law requires Federal-aid highway and roadway projects (apart from a few exceptions) to be awarded on the basis of competitive bidding. However, from 2015 to 2017, DOT conducted a contracting initiative with FHWA and the Federal Transit Administration (FTA) to evaluate the potential impacts to competition from local hiring contracting requirements, as discussed further below.

Today, FHWA announces this initiative to permit and evaluate geographic, economic, or other hiring preferences or innovative contracting approaches not otherwise authorized by law that have the potential to enhance workforce development opportunities in the transportation construction industry, including for low-income communities. This initiative can support programs that provide funding for existing training and registered apprenticeship programs, such as FHWA’s On-the-Job Training (OJT) programs, authorized under 23 U.S.C. 140(b) and–230, subpart A, or other similar programs. This initiative is needed to support local and other workers in overcoming barriers to obtaining successful, long term careers in the transportation construction industry.

Job Opportunity and Workforce Development

Despite training efforts by the States and industry, a survey conducted by the Associated General Contractors of America (AGC) of its members in 2015 found that more than 60 percent of construction firms across the country were struggling to fill open positions. See FHWA, Office of Innovative Program Delivery, Center for Accelerating Innovation, Every Day Counts, EDC–6 Innovations. (2021). Strategic Workforce Development. https://www.fhwa.dot.gov/innovation/everydaycounts/edc_6/strategic_workforce_development.cfm. A follow-up survey in 2018 by AGC provided similar results, with 80 percent of contractors reporting difficulty finding qualified craft workers to hire. Id.

FHWA has historically supported States’ construction workforce development efforts through OJT programs authorized by 23 U.S.C. 140(b), and other training and education programs. FHWA requires full utilization of all available training and skill-improvement opportunities to assure the increased participation of minority groups and disadvantaged persons and women in all phases of the transportation construction industry. 23 CFR 230.107(b). FHWA also encourages States to provide supportive services to increase the effectiveness of OJT programs. Id. at 230.113.

In addition to OJT efforts, FHWA supports innovative and cost-effective means of leveraging relationships between project sponsors and State or local workforce development boards, where applicable, to improve training and skill-improvement opportunities and outcomes for all groups, including low-income communities and other under-represented individuals or populations. For example, FHWA’s Every Day Counts (EDC) initiative encourages States to collaborate with the construction industry, workforce boards, educational entities, and others to identify, train, and place a skilled transportation construction workforce. See https://www.fhwa.dot.gov/innovation/everydaycounts/edc_6/strategic_workforce_development.cfm. States can leverage FHWA OJT Supportive Services funds with existing local programs to incorporate training that focuses on construction skills in which there are current or anticipated future workforce gaps.

FHWA has also supported innovative contracting approaches to workforce development, such as authorizing the Michigan Department of Transportation (MDOT), through Special Experimental Project No. 14 (SEP–14), to implement an OJT Voluntary Incentive Program. Participating contractors in southeastern Michigan that exceed their OJT goals earn bid incentives to be used when competing for future work on designated projects. See MDOT’s SEP–14 work plan, available at www.fhwa.dot.gov/programadmin/contracts/sep14mi171106.pdf. MDOT staff emphasized to FHWA the importance of coordinating their program with members of Michigan’s construction industry and attributed that coordination to program successes. MDOT reports the pilot program resulted in increases in apprenticeships, increases in program graduates, increased Equal Employment Opportunity compliance, and increases in contractor participation. MDOT is currently evaluating potential impacts to competitive bidding.

Based on the AGC surveys mentioned above, however, FHWA believes more can be done to further increase workforce development opportunities, by building from existing programs, such as OJT, or exploring new approaches, to improve fulfillment of successful, long-term careers in the transportation construction industry.

Legal Authority

The initiative set forth in this notice is authorized under Section 199B of the Consolidated Appropriations Act, 2021, Public Law 116–260, Dec. 27, 2020, 134 Stat. 1182. Section 199B expressly authorizes DOT-assisted contracts under titles 49 and 23 of the U.S.C. to use geographic, economic, or any other hiring preference not otherwise authorized by law, provided that the grant recipient certifies the following:

(1) That except with respect to apprentices or trainees, a pool of readily available but unemployed individuals possessing the knowledge, skill, and ability to perform the work that the contract requires resides in the jurisdiction;

(2) that the grant recipient will include appropriate provisions in its bid document ensuring that the contractor does not displace any of its existing employees in order to satisfy such hiring preference; and

(3) that any increase in the cost of labor, training, or delays resulting from the use of such hiring preference does not delay or displace any transportation project in the applicable Statewide Transportation Improvement Program or Transportation Improvement Program.

Accordingly, recipients and subrecipients using the application process for a pilot program described in this notice below must also include in their applications these required certifications from Section 199B of the FY 2021 Consolidated Appropriations Act.

The initiative described in this notice is also based on FHWA’s authority for special experimental projects. In 1988, a Transportation Research Board (TRB) task force, comprising representatives from all segments of the highway industry, was formed to evaluate innovative contracting practices. This TRB task force requested that FHWA establish a project to evaluate and validate certain findings of the task force regarding innovative contracting practices, which are documented in Transportation Research Circular Number 386, titled, “Innovative Contracting Practices,” dated December 1991. In response, FHWA initiated SEP–14 pursuant to the authority granted to the Secretary, which now is codified at 23 U.S.C. 502(b)(2). Under SEP–14, FHWA has the flexibility to experiment with innovative approaches to contracting. FHWA continues to use this program to test and evaluate experimental contracting practices.

Interpretation of Competition Mandate

DOT has historically prohibited recipients and subrecipients from using...
certain contracting provisions that do not directly relate to the bidder's performance of work in a competent and responsible manner. In August 2013, at DOT's request, the U.S. Department of Justice, Office of Legal Counsel (OLC) issued a memorandum opinion interpreting 23 U.S.C. § 112. See Competitive Bidding Requirements Under the Federal-Aid Highway Program, 37 Op. OLC 33 (2013) ("2013 OLC opinion"). The 2013 OLC opinion is available at http://www.justice.gov/olc/opinions. The 2013 OLC opinion clarified that section 112 does not compel DOT's historic position with respect to contracting requirements that do not directly relate to the bidder’s performance of work. Rather OLC concluded that section 112 provides the Secretary with discretion to permit other types of State or local requirements if they do not "unduly limit competition." OLC explained that FHWA may reasonably determine that a State or local contracting provision does not unduly limit competition under Section 112 even if it may have the incidental effect of reducing the number of eligible bidders if it imposes reasonable requirements related to performance of the necessary work. OLC opinion, at 35.

Thus, DOT has discretion under 23 U.S.C. § 112 to evaluate whether a State or local law or policy is compatible with the competitive bidding requirement under the statute. The process used to evaluate whether State and local requirements satisfy section 112’s requirements is a matter of Agency discretion. OLC opinion, at 54.

Prior Contracting Initiative Pilot Program

On March 6, 2015, DOT published a notice in the Federal Register (March 6, 2015 Notice) announcing a pilot program allowing FHWA and FTA to permit recipients and subrecipients to utilize various contracting requirements that generally have been disallowed due to concerns about adverse impacts on competition. 80 FR 12257. The initiative was to be carried out as a pilot program for a period of 1 year using the experimental authorities of the respective agencies. The DOT stated it was interested in contracts that utilize a local or other geographic labor hiring preferences, economic-based labor hiring preferences (i.e., low-income workers), and labor hiring preferences for veterans. Id., at 12258. The purpose of this pilot program was to determine whether the use of such requirements "unduly limit competition," as provided in the 2013 OLC opinion.

The DOT extended the pilot program on March 17, 2016 (81 FR 14524) and January 18, 2017 (82 FR 5645). With the extension notices, DOT also amended the pilot program by adding certifications from participants as required in the 2016 and 2017 DOT Appropriations Acts. See Public Law 114–113, Dec. 18, 2015, 129 Stat 2242, at Sec. 192; and Public Law 115–31, May 5, 2017, 131 Stat 135, at Sec. 191.


During the two and a half years the Local Labor Hire Pilot Program (LLHPP) was in effect, FHWA approved SEP–14 workplans from 11 State and local agencies, encompassing 18 construction projects. Participants in the LLHPP committed to evaluating and reporting on the effects of the relevant contracting requirements on competitive bidding, effectiveness and efficiency of Federal funds, and integrity of the competitive bidding process. However, only half the participants provided reports to FHWA prior to program termination. From those reports, FHWA was unable to draw conclusions about the impacts of the local contracting requirements on these criteria.

In the LLHPP workplans submitted to FHWA, agencies proposed a range of local contracting requirements. In 11 projects, the agencies mandated the use of local labor, or making good faith efforts to do so, and in 3 of these cases agencies offered an hourly payment to the contractor for local labor hours. In the other seven projects, agencies offered financial incentives to the contractor rather than mandating local hiring. Half of the projects applied local contracting goals on the total number of contract labor hours, while the other half applied the requirements or goals only to newly hired employees. Goals or thresholds set by the agencies varied by whether the target was based on total contract labor hours (ranging from 10% to 20%) or based on new hiring (ranging from 20% to 75%). Agencies proposed hourly payments to contractors ranging from $3.50 to $20.00 per local labor hour, with total incentive not to exceed amounts ranging between $15,000 and $500,000, depending on project size.

At the time the LLHPP was rescinded, FHWA had received information from 5 of the 18 pilot projects about the impacts of the local-hiring contracting requirements on workforce outcomes. On four of the projects, agencies reported the number of local hires made by contractors were zero, two, six, and nine, respectively. In addition, one agency reported the impact as a percentage, reporting 17.4 percent of total contract labor hours were by local residents at the time of the report. In each of these cases, the outcomes reported to FHWA appeared to fall short of the numeric project goals. However, other benefits were realized from these collaborative efforts. For example, on Colorado’s Central 70 project, a total of 156 employees were placed or received services through the employment platform created by the project partners.

In another case, based on a recently submitted report from Minnesota DOT (MnDOT), contractors reported the geographic and economic-based incentives on their projects improved job opportunities for local residents. However, one of the contractor participants cautioned that the MnDOT program could incentivize hiring for a single job and promote short-term work opportunities rather than a career. MnDOT concluded that planning, communication, marketing, education, and training are all critical for program success.

The reports FHWA received emphasized the importance of planning and coordination between project sponsor and stakeholders, such as workforce development agencies, pre-apprenticeship and registered apprenticeship programs, construction contractors, contractor associations, trade unions, community outreach groups, and others to achieve buy-in, participation, and success at meeting project goals.

In addition, sponsors identified best practices and challenges in project selection. Some sponsors found that goals on smaller contracts and subcontracts offered limited hiring opportunities due to the short duration of work. Two sponsors mentioned challenges union contractors faced meeting local hiring goals due to their inability to select workers based on the workers’ residency. One sponsor found they needed to revise the geographic scope of their targeted area to ensure that a sufficient pool of workers would be available to meet their goal.

Based on this experience, FHWA is interested in additional data and information to assess the impact of such requirements on job and workforce development opportunities that build
sustainable, long-term career success for target populations, and to assess potential impacts on competition and project delivery. In addition, while some States may be reluctant to incorporate geographic-based local preferences, many States may be interested in proposing other innovative methods to promote workforce development opportunities.

Current Pilot Program

FHWA is interested in permitting State and local recipients of FHWA financial assistance to utilize geographic, economic, or other hiring preferences or innovative contracting approaches not otherwise authorized by law that have the potential to enhance workforce development opportunities in the transportation construction industry.

FHWA’s objective is to assess how such hiring preferences or innovative contracting approaches are used to support jobs and workforce development for those who may otherwise have significant barriers to entry while also assessing how the preferences or contracting approaches may affect competition and project delivery. Assessing impacts on competition may include assessing whether the hiring preferences or contracting approaches promote efficiency in connection with the letting of a particular contract, further the efficient and effective use of Federal funds in the long run, or protect the integrity of the competitive bidding process. FHWA is interested in obtaining this data and information for potential long-term use of contracting requirements under this initiative.

Examples of hiring preferences that may be utilized under this pilot program include local or other geographic labor hiring preferences, economic-based labor hiring preferences (e.g., for low-income workers or economically disadvantaged communities), and other labor hiring preferences. Hiring preferences or contracting approaches may work in coordination with existing authorities designed to enhance workforce development, such as 23 U.S.C. 114(d) (requiring recipients, to the extent practicable, to encourage contractors to make a best faith effort to hire veterans on Federal-aid highway projects), 23 U.S.C. 140(d) (authorizing States to implement a preference for employment of Indians on projects near Indian reservations), and FHWA OJT programs that focus on the recruitment of minorities, women, and other disadvantaged groups. See 23 CFR 230.107, 230.111, and 230.113.

Appropriations Act certifications, as discussed above, preclude FHWA from approving projects with requirements that would cause a contractor to displace its existing employees to satisfy the local contracting requirements. FHWA will not approve projects for which recipients wish to alter the requirements of the State’s approved Disadvantaged Business Enterprise (DBE) Program or in any way require DBE firms to have any specific geographic location. In addition, we note that even though hiring preferences may be utilized under this pilot program, State and local contracting agencies are responsible for ensuring that the establishment and implementation of its hiring preference is otherwise consistent with applicable Federal, State, and local laws.

This pilot program will be carried out for a period of 4 years from the date of publication of this notice. As such, FHWA is only interested in contracts that will be advertised during this time frame. Requests to participate in this pilot program should be made no more than 12 months prior to advertisement for bids.

Based upon receiving timely reports from participants, FHWA will monitor and evaluate whether hiring preferences or innovative contracting approaches positively impact workforce development and employment opportunities. FHWA will also assess what impact the requirements may have on competition and project delivery. While FHWA’s current plan is to conduct this pilot program for 4 years, FHWA may extend or terminate this period at its discretion.

Pilot Program Requests

For contracts to be funded by FHWA, State and local recipients and subrecipients must request prior approval from FHWA to use a specific contracting requirement under SEP–14. To receive SEP–14 approval, States and local recipients and subrecipients would follow the normal process that includes submitting work plans to the appropriate FHWA Division Office. For more information on the SEP–14 process, please see: http://www.fhwa.dot.gov/programadmin/contracts/sep_a.cfm.

In developing requests to FHWA to use contracting requirements under SEP–14, recipients and subrecipients should address certain project specific factors that will help FHWA evaluate the use of the particular hiring preference for the proposed project. These factors include, but are not limited to, the following:

1. Describe the project(s), including the amount of FHWA funding involved as well as the estimated total cost of the project(s).
2. Describe the hiring preference or innovative contracting approach not otherwise authorized by law. For example, is the requirement an incentive or mandatory? Does it apply to all labor on the project, or only to new hires, and how will the preference comply with the certifications required by Section 199B of the FY 2021 Consolidated Appropriations Act? Does it apply to subcontractors? What is the estimated cost of applying the requirement?
3. Describe how the project will or will not work as part of the recipient’s or subrecipient’s current FHWA-approved OJT Program, if applicable.
4. Describe how the hiring preferences or innovative contracting approaches will impact workforce development and employment opportunities, and how this will be monitored and evaluated. Include one or more numeric goals of success, and describe what data will be collected to measure performance in achieving the goal(s).
5. Describe how they will evaluate the effects of relevant contracting requirements on competition and project delivery. In doing so, the recipient or subrecipient should, at a minimum, explain how it will provide comparisons of bids and unit prices received for the projects utilizing the relevant contract requirements to other projects of similar size and scope and in the same geographic area not utilizing such requirements. Also explain the potential offsetting benefits resulting from the use of the requirement, which may be relevant if a reduction in the pool of bidders or an increase in unit prices becomes evident.
6. Describe and quantify how the experimental contracting technique would promote the efficient and effective use of Federal funds in connection with the particular contract, when considered over the long-term for that agency’s program, or by serving to protect the integrity of the competitive bidding process.
7. Describe how recipients and subrecipients will evaluate the effects of relevant contracting requirements on participation by DBE contractors and subcontractors (for example, evaluating whether DBE project goals were attained and whether the requirements acted as a barrier to DBE firms based on the composition of DBE firms’ workforce).
8. Describe whether the proposed contracting requirement has been the subject of litigation whether litigation surrounding the use of the requirement has been threatened.
Interested parties are invited to participate in those proceedings by submitting written views, data, or comments. FRA does not anticipate scheduling a public hearing in connection with those proceedings since the facts do not appear to warrant a hearing. If any interested party desires an opportunity for oral comment and a public hearing, they should notify FRA, in writing, before the end of the comment period and specify the basis for their request.

All communications concerning these proceedings should identify the appropriate docket number and may be submitted by any of the following methods:

- **Website**: [http://www.regulations.gov](http://www.regulations.gov). Follow the online instructions for submitting comments.
- **Fax**: 202–493–2251.
- **Mail**: Docket Operations Facility, U.S. Department of Transportation (DOT), 1200 New Jersey Ave. SE, W12–140, Washington, DC 20590.

Communications received by July 6, 2021 will be considered by FRA before final action is taken. Comments received after that date will be considered if practicable. Anyone can search the electronic form of any written communications and comments received into any of our dockets by the name of the individual submitting the comment (or signing the document, if submitted on behalf of an association, business, labor union, etc.). Under 5 U.S.C. 553(c), DOT solicits comments from the public to better inform its processes. DOT posts these comments, without edit, including any personal information the commenter provides, to the system of records notice (DOT, ALL–14 FDMS), which can be reviewed at [https://www.transportation.gov/privacy](https://www.transportation.gov/privacy). See also [https://www.regulations.gov/privacy-notice](https://www.regulations.gov/privacy-notice) for the privacy notice of regulations.gov.

Issued in Washington, DC.

John Karl Alexy,
Associate Administrator for Railroad Safety Chief Safety Officer.

[FR Doc. 2021–10726 Filed 5–20–21; 8:45 am]
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DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

[Docket Number FRA–2021–0054]

**Petition for Waiver of Compliance**


Specifically, DGVR requests relief from 49 CFR 215.203, Restricted cars, and 215.303, Stenciling of maintenance-of-way equipment, for 37 overage cars: Seven box cars, six flat cars, five skeleton log cars, seven hopper cars, six tank cars, three refrigerator cars, and three gondola cars. The relief is requested as the cars will be operated on the Cass Subdivision and the soon-to-be-reopened Greenbrier Subdivision and used to re-create historical scenes. DGVR states they will not be used in commercial freight or interchange service.

A copy of the petition, as well as any written communications concerning the petition, is available for review online at [www.regulations.gov](http://www.regulations.gov).

Interested parties are invited to participate in those proceedings by submitting written views, data, or comments. FRA does not anticipate scheduling a public hearing in connection with those proceedings since the facts do not appear to warrant a hearing. If any interested party desires an opportunity for oral comment and a public hearing, they should notify FRA, in writing, before the end of the comment period and specify the basis for their request.

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