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FREIGHT MOVEMENT: ASSESSING WHERE WE ARE NOW AND WHERE WE NEED TO GO

HEARING

BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

OF THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

DECEMBER 20, 2017

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COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ONE HUNDRED FIFTEENTH CONGRESS
FIRST SESSION

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FREIGHT MOVEMENT: ASSESSING WHERE WE ARE NOW AND WHERE WE NEED TO GO

WEDNESDAY, DECEMBER 20, 2017

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
SUBCOMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The Committee met, pursuant to notice, at 10:35 a.m. in room 406, Dirksen Senate Office Building, Hon. James M. Inhofe (Chairman of the Subcommittee) presiding.

Present: Senators Inhofe, Cardin, Capito, Boozman, Fischer, Moran, Ernst, Sullivan, Shelby, Whitehouse, Gillibrand, Duckworth, Harris, Barrasso, and Carper.

OPENING STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator INHOFE. The meeting will come to order.

We are honored to have some great witnesses today, and I will save the introductions. I know there are a couple of introductions that will be made from up here.

This morning we will go ahead with our opening statements—myself and Senator Cardin—and then we are honored to have both the Chairman and the Ranking Member of the whole Committee here, so we will have Senator Barrasso, Senator Carper.

Then I understand, Senator Cardin, you have an introduction to make also.

Senator CARDIN. Yes.

Senator INHOFE. All right, we will do that.

Let's recognize first Senator Carper, because he is going to be coming back and doing his a little bit later.

Senator CARPER. Just very briefly. I welcome this important hearing, and I want to thank our Chair and Ranking Member for pulling this all together and giving us a chance to say something. I have a statement I would like to ask unanimous consent that it appear in the record. If I have a chance to come back and give it live later this morning, I will do that.

But again, it is good to see you all. Thank you for joining us. This is important stuff.

Senator INHOFE. Thank you, Senator Carper.

I want to thank all of you for being here today. I would like to thank my friend, Ranking Member Cardin and his staff for their help in getting this hearing together.

You know, I have taken count. I think the last one, other than you and me, that came in the 100th Congress is retiring this year. That leaves you and me.

Senator CARDIN. I hope that is not a message.

[Laughter.]

Senator INHOFE. All right. But anyway, we did come in. We spent a lot of time together, working together in a bipartisan way accomplishing things, and we enjoy continue that. Looking forward to working with my colleagues on this Committee as we work together in legislation that will benefit the users of our transportation networks and the economy.

Since President Trump has been in office, we have seen a 3 percent growth in the economy. We have added over 2 million jobs, and the consumer confidence has skyrocketed. However, the economy will only continue to grow if our infrastructure is maintained and expanded to meet our future needs.

In 2015 over 18 billion tons of freight, worth $19 trillion, moved over our highways, railways, waterways, and through the air. These numbers are only expected to grow, with an estimated 25 billion tons of freight movement by 2045, worth an estimated $37 trillion.

Yet when freight is delayed on congested highways, diverted around structurally deficient bridges, or awaiting movement at our ports and on our waterways, an estimated $27 billion annually in increased costs are borne by businesses, raising prices on consumer goods. The more delays we see, the further behind we will become.

According to the World Economic Forum, the U.S. ranks 12th in overall infrastructure quality, and the American Society of Engineers, which we have heard several times from, scored our infrastructure as a D+ earlier this year, estimating that we need to spend close to $2 trillion in the next 10 years to improve all of our infrastructure and our overall economy.

In order to address this need, in the last Congress we passed the FAST Act, which authorized $305 billion over 5 years. The FAST Act also established a $6.3 billion freight formula program for States to invest in freight projects on the National Highway Freight Network, and that is the first time that that had been done. It has created a $4.5 billion over 5 years grant program to improve the safety and movement of freight. Though the FAST Act was the largest transportation authorization in a decade, we have more work to be done before we close the gap between our funding and our needs.

I am looking forward to hearing from our witnesses today. I enjoyed meeting them individually and reminding Mr. Parker that we in the State of Oklahoma, our best kept secret is we also are navigable.

Senator Cardin.

OPENING STATEMENT OF HON. BENJAMIN L. CARDIN, U.S. SENATOR FROM THE STATE OF MARYLAND

Senator CARDIN. Well, Senator Inhofe, thank you for reminding me how long we have been here. I appreciate that very much.

But Senator Inhofe and I have been friends since we both came to the U.S. Congress in 1987, and I do thank him for his dedication, his willingness to try to find ways to move things forward, particularly on infrastructure. Senator Inhofe has been one of our great leaders, so it is a pleasure to work with you on this Subcommittee that deals with infrastructure with Senator Barrasso and Senator Carper and the members of this Committee.

Today's topic is critically important, Freight Movement: Assessing Where We Are Now and Where We Need To Go. This nation was built by the fact that we were able to build up an economy, and our infrastructure was critically important for us being able to develop that economic strength that we all are so proud of and gives an opportunity to so many people.

The U.S. freight system depends upon the multimodal system of infrastructure. Roads are critically important for our trucks. Rail is important for our freight moving by rail. Yesterday I had a meeting of the Maryland delegation with Mr. Foote, the new Acting CEO of CSX, as we talked about freight issues, including the challenge we have in Baltimore with the Howard Street Tunnel, where you can't double stack. So, it is incredibly important that we maintain and strengthen our rail.

We talked about the waterways, and I am glad that Mr. Thomas is here in regards to the Port of Baltimore and the importance that is to the movement of freight and our barges, our pipelines, and certainly our airports. Our airports are becoming more congested, and it is an important part of our freight.

So, Mr. Chairman, over the next 30 years our transportation system, which has powered the rise of our nation and enabled generations of economic growth, could—could—become a drag if we do not pay attention to investing in America's infrastructure.

We already know how many hours a week are wasted in transportation through trucks stuck in traffic. Try to get through the Washington area on any day. Even on weekends it is becoming difficult. Even in the middle of the night. Mr. Chairman, I went home yesterday morning, from here to Baltimore, and there was some construction, and it took me longer than it should have to get home last night to Baltimore.

So, there is congestion, and we need to do a better job in dealing with that. Trucks lose $28 billion in wasted time in fuel per year. Twenty-eight billion dollars. So, we have major tensions that we have to pay. Our major hub airports face severe congestion. Aging locks and dams are raising the cost of moving freight and fuel along the inland waterways. Ports need dredging and modernization if they are going to continue to compete and sustain jobs in our regional economy.

Transit systems, the estimate is $100 billion of maintenance backlog in our transit systems in this country. And I can attest to the one here in WMATA and the need for maintenance there. The companies that depend upon our nation's transportation system, and the millions of workers who power these companies will feel these effects.

A robust multimodal freight transportation system is essential. Despite advances—and I really do applaud the leadership of this Committee in the FAST Act and MAP–21 that provides funding sources for these types of program—we need to build upon the prior success of this Committee to provide the wherewithal to modernize our infrastructure.

I am just going to highlight, because, as Ranking Member of the Subcommittee, I should at least promote one aspect of my State, and since Mr. Thomas is here, let me take that opportunity to brag a little bit about the Port of Baltimore and the importance it is to our economy.

We are one of only, I think, four ports on the East Coast that has the depth and width necessary to take on the new ships that are coming through the Panama Canal. That is an important part of our economy. Baltimore has a 50 foot shipping channel and a 50 foot container berth. What we are able to do, and I can give you a lot of statistics, and I will put it in the record, Mr. Chairman, so I don't have to read the entire numbers in regards to the Port of Baltimore, but let me just point this out.

Business at the port generates 13,650 direct jobs—direct jobs—the Port of Baltimore. More than 127,000 jobs in Maryland are linked to port activities. The port is responsible for nearly $3 billion in individual wages and salaries, and contributes more than $310 million in State and local tax revenues.

So, none of this can be done without a strong Federal partnership. We can't do it on our own; we need a strong Federal partnership.

Yesterday we had a long discussion about jobs on the floor of the U.S. Senate. We all know that investing in infrastructure will not only build the tools necessary so that we can grow our economy; it will create the jobs of the future that we need to support the people of this nation.

I look forward to hearing from our distinguished panel, and I thank them all for being here.

Senator INHOFE. Thank you, Senator Cardin.

Senator Barrasso.

Senator BARRASSO. Thank you, Mr. Chairman.

Senator Carper, I would be happy to defer to you so that you don't have to then come back later.

OPENING STATEMENT OF HON. THOMAS R. CARPER, U.S. SENATOR FROM THE STATE OF DELAWARE

Senator CARPER. I appreciate your doing that.

Listening to what Ben just said about the Port of Baltimore, just before I leave, I just want to say the top banana port in America is Wilmington, Delaware.

[Laughter.]

Senator CARPER. And my staff was good enough to drop off some bananas here so I could have a prop. I also told them just jokingly yesterday, I told them we are not only the top port for importing bananas, we are also the top port for importing prunes. That is not true, but they dropped off this package of prunes. I would be happy to share them with my colleagues. After the experience of these last few days, we could probably all use that. I am not going to say more.

No, on a serious note, I do want to say this. Last night, when I gave my floor statement, I talked about all the ingredients that are part of a nurturing environment for job creation and job preservation, from access to capital, access to foreign markets, world class work force and infrastructure done well. Infrastructure, not just roads, highways, bridges, not just ports, not just rail, all the above and more, broadband and deployment and so forth.

We have this reluctance to pay for this stuff. We have this reluctance to pay for this stuff. And a big part of our challenge is to figure out cost effective ways to make these investments in ways that leverage non-Federal moneys, State and local moneys, private sector moneys.

And that is our challenge. That is our challenge. And it is important, having gone through a tough period of time on tax reform, my hope is that when we tackle infrastructure in the months to come, that we do it the right way and we do it together. It is a great opportunity. If we do that, we will do a much better job.

What did Mark Twain used to say? If we do that, we will confound our critics and amaze our friends. So that is what we need to do. All right?

Thanks so much.

[The prepared statement of Senator Carper follows:]

STATEMENT OF HON. THOMAS R. CARPER,
U.S. SENATOR FROM THE STATE OF DELAWARE

Subcommittee Chairman Inhofe and Ranking Member Cardin, before we begin I just want to take a moment and personally thank you for holding this oversight hearing on the movement of freight on our nation's water and transportation infrastructure.

Our nation's freight transportation network—which includes an interconnected network of trucks, trains, aircrafts, ships, and barges—moves 55 million tons of goods worth more than $49 billion each day. In addition, freight supports 44 million jobs.

Seaports and highways are economic engines and vital freight gateways to the global marketplace for American farmers, manufacturers, and consumers and serve as critical infrastructure for the U.S. military. It is, therefore, appropriate that this Subcommittee is examining the operation of our freight system because the safe and efficient movement of goods—both into and out of the United States—is the backbone of our economy.

In my home State of Delaware, the Port of Wilmington has the largest dock-side refrigerated complex in North America and is the top North American port for imports of fresh fruit—specifically bananas—and juice concentrate.

So think of Delaware the next time you are having breakfast! Our port also handles automobiles, steel, forest products, livestock, petroleum, and other cargo.

This hearing is coming at a critical time. The amount of freight in the U.S. is projected to grow 40 percent by 2045, including by 44 percent for truck tonnage and 38 percent for water. America's trade volume is also expected to quadruple after 2030, with the U.S. projected to export more than 52 million shipping containers through U.S. seaports each year. We must prepare the nation's infrastructure to meet this growing demand for the safe and efficient movement of freight.

As you know, the President has raised the issue of America needing to modernize and rebuild aging infrastructure. Democratic Senators released a blueprint for addressing infrastructure challenges earlier this year. I believe that members on both sides of the aisle are supportive of addressing our freight infrastructure needs, but before we can really understand the scope of the problem and what needs to be part of a bill, we need to have discussions such as we are having today.

We must work in a bipartisan fashion to really address these concerns and build consensus on a path forward for our economy.

Again, Mr. Chairman, thank you for holding this important hearing, and I look forward to hearing from our witnesses.

Senator INHOFE. Senator Barrasso.

OPENING STATEMENT OF HON. JOHN BARRASSO, U.S. SENATOR FROM THE STATE OF WYOMING

Senator BARRASSO. Well, thank you, Mr. Chairman.

Before I introduce Mr. Spear to the Committee, I would like to just say a few words about today's hearing.

This morning the Subcommittee is examining Freight Movement: Assessing Where We Are Now and Where We Need To Go. Freight is a vital part of America's economy, and I thank Chairman Inhofe, Ranking Member Cardin for holding this important hearing.

Everyone benefits from goods being shipped on our roads, across our bridges, and through our ports. The freight industry allows for American made products to go from the heartland to the coasts, and even across the world.

This hearing will also underscore the need to upgrade and maintain our highways and shipping lanes. Addressing America's aging infrastructure is a shared bipartisan goal of this Committee.

This year alone, the Environment and Public Works Committee has held seven hearings on the importance of modernizing America's infrastructure. We have heard testimony on the infrastructure needs of both rural and urban communities, the new innovative building techniques being used, the value of streamlining so that we can cut Government red tape and get building projects started and finished faster, as well as the success of loan leveraging programs so taxpayers get the most bang for their buck.

President Trump has made fixing our nation's roads, bridges, and rails a top priority. In January the Administration will outline its broad vision for infrastructure. We have a unique opportunity ahead of us. If we can pass major infrastructure legislation, we will grow our economy and help ensure the health and safety of every American.

So, I look forward to partnering with President Trump and members of our Committee as we work to improve America's roads, bridges, water systems, dams, and ports.

I would also now like to introduce Chris Spear, who has served as President and CEO of the American Trucking Associations since July 2016. Chris is a long time friend with extensive Wyoming connections, and I am very pleased that he has been invited to offer his expertise at this morning's Subcommittee hearing.

He attended college at the University of Wyoming, where he earned his Bachelor's and his Master's degrees; currently sits on the Board of Directors for the University of Wyoming's Center for Global Studies. He began his career with the Senate in 1993, working as a professional staff member for then Wyoming Senator Al Simpson. He continued his work under Senator Enzi. In 1998 he was nominated by President George W. Bush and unanimously confirmed by the Senate as Assistant Secretary of Labor for Policy in the United States Department of Labor.

Chris also served as Deputy Representative for the Coalition Provisional Authority in Iraq and was awarded the U.S. Department of Defense Joint Civilian Service Medal.

In 2004 he entered the private sector at Honeywell International and then Hyundai Motor Company. In his current role as President and CEO of American Trucking Associations, Chris leads the ATA's efforts to advocate and educate on behalf of the trucking industry.

He knows how vital freight transportation is to the economy and how States like Wyoming depend on an industry that employs upwards of 7 million people and is responsible for moving more than 10 billion tons of freight annually.

There is no better expert to discuss how we better move America's economy forward.

Mr. Spear, thank you. We look forward to hearing your testimony.

Thank you, Mr. Chairman.

Senator INHOFE. Thank you, Senator Barrasso.

Senator Cardin, I believe you want to introduce one of the witnesses.

Senator CARDIN. I am very happy to have David Thomas here today. He was named the Deputy Executive Director of Logistics and Port Operations for the Maryland Department of Transportation, Maryland Port Administration in December 2016. But David has been with the port now, I believe, 16 years and has a distinguished record and understands all the operations of the port.

His current responsibility includes facility maintenance, crane maintenance, terminal operations, cruise operations, and intermodal logistics.

So, we are pleased that he is here. We are pleased by his expertise for Maryland, but also, I think he can help us better understand the challenges that we have in moving our commerce and freight through our ports.

He received his Bachelor of Science degree from Towson University, one of the great schools in Maryland, in 1982 in Business Administration. Two children, married, and resides in Forest Hill, Maryland.

Nice to have you here.

Senator INHOFE. Thank you, Senator Cardin.

Our other two witnesses that have not been introduced are Tim Parker, Jr., Chairman of the Parker Towing Company, Waterways Council, Tuscaloosa, and Mark Policinski, Chief Executive Officer of the Ohio-Kentucky-Indiana Regional Council of Governments.

So, we are going to start with our opening statements. We would ask you to try to confine your remarks to 5 minutes, but your entire statement will be made a part of the record.

So, Mr. Spear, we will start with you and work across.

STATEMENT OF CHRIS SPEAR, PRESIDENT AND CEO, AMERICAN TRUCKING ASSOCIATIONS

Mr. SPEAR. Thank you, Chairman Inhofe, Ranking Member Cardin, Chairman Barrasso for the introduction, and members of the Subcommittee. We appreciate the opportunity to testify on this critical subject.

We are grateful to each of you for recognizing freight in the previous two authorization bills as an important Federal responsibility. This has proven necessary, as the freight sector will need to move 5 billion additional tons over the next decade. That is a 40 percent increase.

This year alone trucks will move 71 percent of the nation's freight tonnage, worth more than $10 trillion. Yet our national highway network is rapidly deteriorating, costing the average motorist nearly $1,500 a year in higher maintenance and congestion expenses.

Highway congestion also adds more than $63 billion to the cost of freight transportation each year. In 2015, truck drivers sat in traffic nearly 1 billion hours, equivalent to more than 362,000 drivers sitting idle for an entire year. Most concerning, in 53 percent of highway fatalities, the condition of the roadway is a contributing factor.

The Highway Trust Fund is projected to run short of the revenue necessary to maintain current spending levels by fiscal year 2021, creating a huge funding gap that could force States to cancel or delay critical projects. The U.S. spends less than half of what is necessary to address these needs. As the investment gap continues to grow, so too will the number of deficient bridges, roads, bottlenecks, and most critically, fatalities attributable to inadequate roadways.

ATA's proposed solution is the Build America Fund. The Fund would be supported with a new indexed 20 cent per gallon fee built into the price of transportation fuels collected at the terminal rack, which would generate nearly $340 billion in new revenue over the first 10 years.

This proposal would stabilize the Trust Fund and resource project backlog. However, we recognize that over time the fuel tax is a diminishing revenue source. To that end, we encourage the Subcommittee to implement a 10 year plan that identifies and provides long term stability for the Federal aid program with new, more sustainable user fees.

ATA recognizes that trucks are but one part of the supply chain. We rely on our air, water, and rail partners to keep the supply chain moving smoothly and efficiently, and we are grateful for the resources provided specifically for freight projects in recent legislation. We urge you to retain those programs and increase funding for freight, while maintaining the share currently dedicated to highway projects, particularly, freight intermodal connector roads deserve dedicated funding, creating greater connectivity between the modes and a more efficient and safer movement of our nation's freight.

Finally, Mr. Chairman, I want to state ATA's unequivocal support for continuing a strong Federal role in funding and overseeing highway improvements. States aren't waiting on Congress to act; several have already adopted funding schemes that toll Class A trucks only to fund their roads and bridges.

Now, representing an industry that pays nearly half of the tab into the Highway Trust Fund, and is willing and ready to pay more, we consider such State schemes as nothing more than a fleecing of our industry. Other States have chosen regulatory regimes redundant of existing Federal standards, such as California's duplicative meal and rest breaks, commonly referred to here in Washington as F4A. These burdensome barriers are elevating safety risks to the motoring public, while lining the pockets of highly inefficient toll booth operators and trial lawyers. That is trucking revenue that would have been spent on driver pay, training, and purchasing safer, more environmentally friendly equipment.

Federal inaction has allowed States to create a maze of added compliance costs that impede our industry's ability to grow and support our nation's economy, making State preemption a top priority of trucking companies. This is not about States' rights. Rhetorical statements in support of devolving responsibility to the States fail to acknowledge the Federal Government's constitutional obligation to support interstate commerce and projects whose benefits extend beyond jurisdictional boundaries.

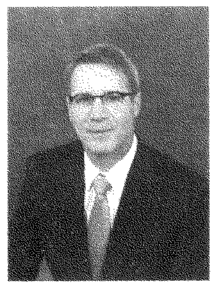
My written testimony includes GPS heat maps tracking the live movement of freight. These illustrations underscore how freight isn't a local, State, or even a regional problem, as much as today's political rhetoric tries to suggest; it is a Federal issue, and one with serious and measurable national economic and security implications.

I applaud this Committee for its razor focus each of you bring to these problems. ATA is a committed partner to helping each of you and your Senate colleagues produce an infrastructure bill in 2018 that Republicans, Democrats, and most importantly, the American people can be proud of.

Thank you for the opportunity to testify.

[The prepared statement of Mr. Spear follows:]

Chris Spear
President & Chief Executive Officer
American Trucking Associations



Chris Spear is President and CEO of the American Trucking Associations, the nation's leading organization representing the interests of the trucking industry.

As President and CEO, Chris leads ATA's efforts to advocate and educate on behalf of the trucking industry. Employing more than 7 million people and moving more than 10 billion tons of freight annually, trucking is the industry most responsible for moving America's economy.

Prior to his time at ATA, Chris worked in the transportation, energy, labor and technology sectors in over five different continents. Most recently, Chris worked for Hyundai Motor Co., where he served as vice president of government affairs. In that role, he served on the Executive Committee for Global Automakers. Previously, Chris was ATA senior vice president of legislative affairs and vice president of global government relations for Honeywell International.

Chris is on the board of directors for the American Transportation Research Institute, the University of Wyoming's Center for Global Studies and the Congressional Award Foundation. He has been awarded the U.S. Department of Defense Joint Civilian Service Medal and Honeywell's Premier Achievement Award.

Chris holds a master's and bachelor's degree from the University of Wyoming. He is married to Michelle Ankeny and they have four children.

Statement of

Chris Spear
President & Chief Executive Officer
American Trucking Associations

Before the

Subcommittee on Transportation & Infrastructure
Committee on Environment & Public Works

United States Senate

Hearing on

Freight Movement: Assessing Where We Are Now and Where We Need To Go

December 20, 2017

Chairman Inhofe, Ranking Member Cardin, and members of the subcommittee, thank you for giving the American Trucking Associations (ATA)[1] an opportunity to testify on the current status and future of freight transportation mobility.

Trucking is the fulcrum point in the United States' supply chain. This year, our industry will move 71 percent of the Nation's freight tonnage.[2] In 2012 the goods moved by trucks were worth more than $10 trillion.[3] Without trucks, our cities, towns and communities would lack access to food or drinking water; there would be no clothes to buy, and no parts to build automobiles or fuel to power them. The rail, air and water intermodal sectors would not exist in their current form without the trucking industry to support them. Trucks are central to our Nation's economy and our way of life, and every time the government makes a decision that affects the trucking industry, those impacts are also felt by every American and by the millions of businesses that could not exist without trucks.

There have been times in our Nation's history when governments have been tasked with making transformational decisions that affected the movement of freight to such an extent that it changed the course of our economy and our very way of life. Construction of the Erie Canal, initiated by New York State, enabled western migration, opened vast markets to Midwestern farmers and lowered food costs in Eastern cities. The transcontinental railroad, facilitated by Acts of Congress, allowed people and freight to move quickly and at low cost from coast to coast. Construction of the Interstate Highway System, conceptualized by President Dwight D. Eisenhower and enabled by the Federal-Aid Highway Act of 1956, significantly lowered the cost of moving freight and transformed our cities. Finally, federal deregulation of the trucking, air and railroad industries unleashed Americans' entrepreneurial spirit, significantly reducing the cost of moving and warehousing freight, allowing U.S. manufacturers to better compete with their global competitors and lowering the cost of finished products.

Mr. Chairman, we are once more on the cusp of a transformation in the movement of freight, one that you and your colleagues will greatly influence. Radical technological change will, in the near future, allow trucks to move more safely and efficiently, and with less impact on the environment, than we ever dared to imagine. Yet we are facing headwinds, due almost entirely to government action or, in some cases, inaction, that will slow or cancel out entirely the benefits of innovation. Shortsighted attempts to prevent the trucking industry from utilizing new technology will make driving jobs less safe, not preserve them. Failure to maintain and improve the highway system that your predecessors helped to create will destroy the efficiencies that have enabled U.S. manufacturers and farmers to continue to compete with countries that enjoy far lower labor and regulatory costs. Eradicating trade policies that have created a North American trading bloc that has benefited all three countries will severely hamper our industry's customers' ability to compete globally. And federal inaction to ensure that truly cost-beneficial regulations enable the efficient movement of interstate freight will unnecessarily add costs to every delivery.

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[1] *American Trucking Associations is the largest national trade association for the trucking industry. Through a federation of 50 affiliated state trucking associations and industry-related conferences and councils, ATA is the voice of the industry America depends on most to move our nation's freight. Follow ATA on Twitter or on Facebook. Trucking Moves America Forward.*

[2] *Freight Transportation Forecast 2017 to 2028*. American Trucking Associations, 2017.

[3] *2012 Commodity Flow Survey*. U.S. Census Bureau, Feb. 2015.

Mr. Chairman, we are at a critical point in our country's history, and the decisions made by this subcommittee over the next few months will impact the safety and efficiency of freight transportation for generations. ATA looks forward to working with you to develop and implement sound policy that benefits, not just our industry, but also millions of Americans and businesses that rely on an efficient supply chain.

INFRASTRUCTURE IMPROVEMENT

A well-maintained, reliable and efficient network of highways is crucial to the delivery of the Nation's freight and vital to our country's economic and social well-being. However, the road system on which we travel is rapidly deteriorating, and costs the average motorist nearly $1,500 a year in higher maintenance and congestion expenses.[4] Highway congestion also adds more than $63 billion to the cost of freight transportation each year.[5] In 2015, truck drivers sat in traffic for nearly one billion hours, equivalent to more than 362,000 drivers sitting idle for a year.[6] Most troubling is the impact of underinvestment on highway safety. In nearly 53 percent of highway fatalities, the condition of the roadway is a contributing factor.[7] In 2011, nearly 17,000 people died in roadway departure crashes, over 50 percent of the total.[8]

The Highway Trust Fund (HTF), the primary source of federal revenue for highway projects, safety programs and transit investments, is projected to run short of the funds necessary to maintain current spending levels by FY2021.[9] While an average of approximately $40 billion per year is expected to be collected from highway users over the next decade, at least $60 billion will be required annually to prevent significant reductions in federal aid for critical projects and programs.[10] It should be noted that a $60 billion annual average federal investment *still* falls well short of the resources necessary to provide the federal share of the investment needed to address the Nation's surface transportation safety, maintenance and capacity needs.[11] According to the American Society of Civil Engineers, the U.S. spends less than half of what is necessary to address these needs. As the investment gap continues to grow, so too will the number of deficient bridges, miles of roads in poor condition, number of highway bottlenecks and, most critically, the number of crashes and fatalities attributable to inadequate roadways.

Build America Fund

ATA's proposed solution is the Build America Fund. The BAF would be supported with a new 20 cent per gallon fee built into the price of transportation fuels collected at the terminal rack, to be phased in over four years. The fee will be indexed to both inflation and improvements in fuel efficiency, with a five percent annual cap. We estimate that the fee will generate nearly $340

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[4] *Bumpy Roads Ahead: America's Roughest Rides and Strategies to make our Roads Smoother,* The Road Information Program, Nov. 2016; see also *2015 Urban Mobility Scorecard.* Texas Transportation Institute, Aug. 2015.

[5] *Cost of Congestion to the Trucking Industry: 2017 Update.* American Transportation Research Institute, May 2017.

[6] *Ibid.*

[7] *Roadway Safety Guide.* Roadway Safety Foundation, 2014.

[8] *Ibid.*

[9] *Projections of Highway Trust Fund Accounts – CBO's June 2017 Baseline,* Congressional Budget Office.

[10] *Ibid.*

[11] *2015 Status of the Nation's Highways, Bridges, and Transit: Conditions & Performance.* USDOT, Dec. 2016; see also *2017 Infrastructure Report Card.* American Society of Civil Engineers, 2017.

billion over the first 10 years. It will cost the average passenger vehicle driver just over $100 per year.

Under the proposal the first tranche of revenue generated by the new fee would be transferred to the HTF. Using a FY 2020 baseline, existing HTF programs would be funded at authorized levels sufficient to prevent a reduction in distributed funds, plus an annual increase to account for inflation.

Second, a new National Priorities Program (NPP) would be funded with an annual allocation of $5 billion, plus an annual increase equivalent to the percentage increase in BAF revenue. Each year, the U.S. Department of Transportation would determine the location of the costliest highway bottlenecks in the nation and publish the list. Criteria could include the number of vehicles; amount of freight; congestion levels; reliability; safety; or, air quality impacts. States with identified bottlenecks could apply to USDOT for project funding grants on a competitive basis. Locations could appear on the list over multiple years until they are addressed.

The funds remaining following the transfer to the HTF and the NPP would be placed into the Local Priorities Program (LPP). Funds would be apportioned to the states according to the same formula established by the Surface Transportation Block Grant Program, including sub-allocation to local agencies. Project eligibility would be the same as the eligibility for the National Highway Freight Program or National Highway Performance Program, for highway projects only.

ATA believes that this approach would give state and local transportation agencies the long-term certainty and revenue stability they need to maintain and begin to improve their surface transportation systems. They should not be forced to resort to costly, inefficient practices – such as deferred maintenance – necessitated by the unpredictable federal revenue streams that have become all too common since 2008. Furthermore, while transportation investment has long-term benefits that extend beyond the initial construction phase, it is estimated that our proposal would add nearly half a million annual jobs related to construction nationwide, including more than 7,500 jobs in Oklahoma and over 7,000 jobs in Maryland (see Appendix A for a full list of state-specific employment figures).[12]

Alternative Revenue Sources
We believe that the fuel tax is the most fair and efficient method for funding highways. Just 0.2 percent of fuel tax revenue goes to collection costs.[13] We are willing to consider other funding options, provided they meet the following criteria:

- Be easy and inexpensive to pay and collect;
- Have a low evasion rate;
- Be tied to highway use; and
- Avoid creating impediments to interstate commerce.

[12] *A Framework for Infrastructure Funding.* American Transportation Research Institute, Nov. 2017.
[13] *Ibid.*

While ATA is open to supporting a wide range of funding and financing options, we will oppose expansion of Interstate highway tolling authority and highway "asset recycling." Interstate tolls are a highly inefficient method of funding highways. Tolling also forces traffic onto secondary roads, which are weaker and less safe. Asset recycling involves selling or leasing public assets to the private sector. Where asset recycling has been utilized on toll roads in the U.S., toll payers have seen their toll rates increased, only to subsidize projects with little or no benefit to them. Our position on asset recycling pertains only to the highway sector.

ATA is aware of proposals to create a new freight fee that taxes the cost of freight transportation services. While we believe that such a proposal is attractive in concept, we have identified several issues that have yet to be resolved to our satisfaction, and therefore we cannot support it at this time. Our primary (though by no means only) concerns are: high administrative costs; significant potential for evasion; and difficulty imposing the fee on private carriers.

We do support a new federal *registration* fee on all vehicles. Since states already collect registration fees, the infrastructure is already in place to collect such a fee at a very low cost. The fee could be charged initially on electric and other alternative fuel vehicles that do not currently pay a fuel tax. The cost to motorists would be relatively small; a $110 annual fee per passenger vehicle, for example, would be roughly equivalent to the average amount of federal fuel tax currently paid by these vehicles each year. Yet, this $110 registration fee would raise nearly $29 billion annually if charged to all motorists, which exceeds the amount of revenue collected from the federal gasoline tax.

Future Revenue Sources
While ATA considers the BAF the most immediate means for improving our nation's roads and bridges, ATA also recognizes that due to improvements in fuel efficiency and the development of new technologies that avoid the need to purchase fossil fuel altogether, the fuel tax is likely to be a diminishing source of revenue for surface transportation improvements. We encourage Congress, in consultation with the Executive Branch, state and local partners and the private sector, to continue to work toward identifying future revenue sources. As you know, the FAST Act created a new grant program designed to accomplish this objective, and we hope that this research will continue. ATA encourages Congress to include in a future infrastructure package or surface transportation reauthorization bill a plan to bolster and, if necessary, ultimately replace current highway funding mechanisms with new, more sustainable revenue sources. We recommend a ten-year strategy that could include creation of a blue-ribbon commission to explore the results of pilot programs already completed or underway, with recommendations for either further research or a proposal for Congress to adopt a new funding approach.

The Administration's Infrastructure Proposal
While the Trump Administration has not yet released its infrastructure funding proposal, we can anticipate its major elements based on public statements and release of official documents, most notably the FY2018 Budget Proposal. ATA is encouraged by the President's focus on infrastructure, and we are thankful that it is a stated priority. When it comes to specific plans, however, we are troubled by what we seen in the Budget Proposal.

Most disturbing is a policy outlined in the Budget Proposal to *reduce* the federal-aid highway program by tens of billions of dollars each year, forcing state and local agencies to cancel, delay or scale back critical projects and eliminating hundreds of thousands of jobs. These proposed cuts, along with other features of the anticipated plan, align with statements we have heard from Administration staff (but not the President) that indicate a philosophy in support of devolution. As you have recognized on several occasions, Mr. Chairman, the U.S. Constitution charges the federal government with responsibility for ensuring the free movement of interstate commerce, and such movement is not possible without an efficient roadway network.

Some argue that with completion of the Interstate system, the federal government no longer has a valid reason to maintain a significant role in providing financial support for highway improvements. However, this belies the fact that the federal government has an interest in ensuring that the system is not only properly maintained, but also expanded, to accommodate economic and population growth, for the same reasons that it led the construction of the network in the first place. Mr. Chairman, there is a commonly used mantra that is applicable here: "hope is not a strategy." The federal government cannot on the one hand establish a policy goal of promoting safer, more efficient surface transportation systems and then hope that others will fill the funding gap when it fails to provide the resources necessary to achieve these objectives.

It is ironic that an administration which supports the idea of devolving more responsibility for meeting infrastructure needs to state and local governments has proposed a strategy that would have the opposite effect. The Budget Proposal has essentially suggested replacing a portion of the Federal-Aid Highway Program (FAHP) with a new discretionary program administered by the federal government. Currently, virtually all of the money flowing from the FAHP is apportioned directly to state and local governments, and they have very wide discretion on how the funds are spent. In contrast, under the White House proposal as we understand it, the disposition of the discretionary money will be determined by the policies and subjective preferences of whichever administration happens to be in power at the time.

As I suggested earlier, we are also very concerned with the Budget Proposal's statement in support of eliminating federal restrictions on Interstate tolls. Toll collection costs are significantly greater than the cost of collecting other user fees.[14] Furthermore, tolls cause motorists to use alternative routes that are generally less safe and not as well constructed. ATA strongly opposes expansion of Interstate tolling authority and we support rolling back existing exceptions to the current restrictions on tolling existing Interstates (other than HOV lanes). We cannot support any transportation proposal that so radically alters the treatment of Interstate tolls. Congress has for decades recognized the need for restrictions on tolling authority in order to maintain the efficient flow of interstate traffic and we strongly encourage the subcommittee to roll back, not expand, Interstate highway tolling authority.

The administration has also promoted asset recycling, which involves a long-term lease of publicly owned infrastructure assets to investors in exchange for an upfront payment, the proceeds of which can be used for new infrastructure projects. In the U.S., similar schemes were used for long-term leases of the Indiana Toll Road and Chicago Skyway a decade ago. In both cases, toll rates skyrocketed, with little or no benefit for the users of those facilities. ATA will

[14] *Ibid.*

oppose any proposal that incentivizes asset recycling of highway infrastructure, although we have not taken a position on use of this strategy for non-highway assets.

FREIGHT TRANSPORTATION IMPROVEMENT

While trucks move the vast majority of freight, it is important to recognize the critical nature of the multimodal supply chain. The seamless interchange of freight between trucks, trains, aircraft, ships and waterways operators allows shippers to minimize costs and maximize efficiencies. While carriers do what they can to make this process as smooth as possible, some things are largely out of our hands and require government action.

Importance of the Federal Role
The federal government has a critical role to play in the supply chain. Freight knows no borders, and the constraints of trying to improve the movement of freight without federal funding and coordination will create a drag on all freight providers' ability to serve national and international needs. As the former mayor of Tulsa, Mr. Chairman, I'm sure you can appreciate the advantages of that great city's geographic location and good access to the Interstate highway system. As the map in Appendix B shows, trucks originating in Tulsa move products produced in Oklahoma to all corners of the country, and no doubt to international markets as well. Appendices C and D show truck movements from Oklahoma City and Baltimore, respectively.

These maps demonstrate that parochial debates over how much funding each state receives is ultimately destructive to shippers no matter where they are located. The cost of congestion for a truck that moves freight from Tulsa to Chicago is no different whether that congestion occurs in Tulsa or in Chicago. There is little advantage to a truck moving a load of cars from the Port of Baltimore to a dealership in Northern Virginia if roadway improvements are made around the port, only to experience severe congestion on the Beltway in Virginia. The critical role that only the federal government can play is to look at investment decisions in the context of national impacts and determine which investments can produce the greatest economic benefits regardless of jurisdictional considerations. Only the federal government can break down the artificial constraints of geographic boundaries that hamper sound investment in our Nation's freight networks. Only the federal government can provide the resources necessary to fund projects whose benefits extend beyond state lines, but are too expensive for state or local governments to justify investment in at the expense of local priorities.

Freight Intermodal Connectors
Freight intermodal connectors – those roads that connect ports, rail yards, airports and other intermodal facilities to the National Highway System – are publicly owned. And while they are an essential part of the freight distribution system, many are neglected and are not given the attention they deserve given their importance to the Nation's economy. Just nine percent of connectors are in good or very good condition, 19 percent are in mediocre condition and 37 percent are in poor condition.[15] Not only do poor roads damage both vehicles and the freight they carry, but the Federal Highway Administration found a correlation between poor roads and vehicle speed. Average speed on a connector in poor condition was 22 percent lower than on

[15] *Freight Intermodal Connectors Study*. Federal Highway Administration, April 2017.

connectors in fair or better condition.[16] FHWA further found that congestion on freight intermodal connectors causes 1,059,238 hours of truck delay annually and 12,181,234 hours of automobile delay.[17] Congestion on freight intermodal connectors adds nearly $68 million to freight transportation costs each year.[18]

One possible reason connectors are neglected is that the vast majority of these roads – 70 percent – are under the jurisdiction of a local or county government.[19] Yet, these roads are serving critical regional or national needs well beyond the geographic boundaries of the jurisdictions that have responsibility for them, and these broader benefits may not be factored into the local jurisdictions' spending decisions. While connectors are eligible for FAHP funding, it is clear that this is simply not good enough. We urge Congress to set aside adequate funding for freight intermodal connectors to ensure that these critical arteries are given the attention and resources they deserve.

Port Congestion

Unfortunately, long wait times have become epidemic for trucks serving our Nation's ports. For example, harbor drayage companies at the Ports of Los Angeles-Long Beach often wait 100 minutes to make their turn at the Ports. When they ask the terminal operators about this, they are often told this is the new normal at the Ports. This wait time needs to be reduced to allow for the drayage/intermodal truckers to make more turns on a daily basis.

As of now, many of the drayage/intermodal truckers do not make more than one or two turns at the Ports on a daily basis. Along with their wait times at the Ports, many of the truckers have up to a 250-mile drive before returning to the Port for another turn. Within the industry, it is assumed that close-to-optimum-turn-times should be 75 to 80 minutes.

The maps in Appendices E and F illustrate the daily struggle facing trucks. The Port of Newark, part of one of the largest port complexes in the country based on volume, is plagued by congestion, both in the facility and throughout the region that trucks servicing the port operate in. As Appendix G shows, these congestion impacts are felt throughout the nation, as far away as the West Coast.

MAP-21 and FAST Act Freight Provisions

We are grateful to the subcommittee for supporting the inclusion of significant freight provisions in the most recent authorization bills. These new programs recognize the centrality of freight transportation to the federal-aid program. We encourage Congress to build on this progress in future legislation.

Most notably, the FAST Act established the Nationally Significant Freight and Highway Projects (NSFHP) program, which provided $4.5 billion in dedicated discretionary funds specifically for projects that improve freight transportation safety and mobility. We encourage Congress to

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[16] *Ibid.*

[17] *Ibid.*

[18] *An Analysis of the Operational Costs of Trucking: 2016 Update.* American Transportation Research Institute, May 2017. Estimates average truck operational cost of $63.70 per hour.

[19] *Ibid.*

continue the program with at least as much funding as was provided by the FAST Act. We also suggest narrowing the eligibility criteria to ensure that the most critical projects receive funding and that selected projects are truly those that serve significant freight transportation purposes. We oppose lowering existing cost thresholds or increasing the amount of funding available for non-highway projects.

We are troubled by certain aspects of the USDOT's July 5, 2017 Notice of Funding Opportunity (Docket No. DOT–OST–2017–0090) for the NSFHP (renamed INFRA by the notice). The agency is attempting to use the program to promote its support for public-private partnerships by suggesting that applicants who use this financing strategy would receive favorable treatment. This policy is not supported by the FAST Act and it will not in any way advance the goals of the program. In fact, the policy will limit the number of good proposals submitted for consideration, especially those in rural and other low-density areas. We encourage the subcommittee to express opposition to USDOT's approach and, if necessary, add statutory language to prevent USDOT from usurping Congressional intent.

We are also pleased with creation of the National Highway Freight Program, which dedicated more than $6 billion to freight-related projects. Similar to the NSFHP program, we encourage the subcommittee to revise the program to ensure that investments are better targeted to critical freight projects, especially the major highway bottlenecks that disproportionately impact the cost and efficient movement of goods. We also encourage Congress to avoid increasing the share of apportioned revenue that states may use for non-highway projects.

On October 18, 2015, USDOT released, for comment, a draft National Freight Strategic Plan (NFSP) in response to a requirement in MAP-21. However, the plan was not finalized, nor has it been revised to incorporate new provisions in the FAST Act. The Plan was due to be finalized on December 4, 2017. We encourage USDOT to reissue a new draft for comment as soon as possible. Some of ATA's concerns with the draft are as follows:

1. The document identifies highway bottlenecks as a significant barrier to the efficient movement of freight. However, while it suggests low-cost approaches to mitigate the impacts of bottlenecks, the NFSP does not acknowledge the need for significantly greater investment to address those projects that require substantial capacity expansion or interchange realignment.

2. The NFSP suggests the establishment of a new multimodal freight funding program. While ATA could support the general concept under the right circumstances, we are concerned about how such a program would be funded and how the revenue would be distributed. Today, the vast majority of freight user-fee revenue comes from the trucking industry, with a significantly smaller amount of revenue coming from airfreight and waterborne freight transportation sources. Freight railroads do not pay any user fees at all and have consistently opposed the imposition of fees. Any multimodal freight fund that derives its revenue wholly or partially from user fees is therefore likely to create an imbalance in the amount of revenue contributed by the trucking industry and the benefit the trucking industry gets from its investment. It would be both inappropriate and unfair to force the trucking industry to subsidize other freight modes, particularly if those modes

compete with trucking companies. We are also concerned about the potential distribution of a freight funding program whose revenue comes from General Fund or other non-user fee revenue. Based on past experience with TIGER and similar programs, it is apparent that the money is more likely to be invested according to an administration's policy goals than based on an unbiased assessment of national needs.

3. While the Plan calls for a new multimodal freight program, it fails to acknowledge that the most important part of the freight infrastructure system – the National Highway System – already has a dedicated federal funding source (the HTF) that is woefully underfunded. The NFSP offers no solutions for addressing this shortfall, a critical oversight.

4. ATA is very concerned with the proposal to require that vehicles servicing federal-aid freight infrastructure projects must meet certain EPA requirements and NHTSA's fuel economy and GHG emissions standards. While the vast majority of vehicles will likely meet model year 2010 standards, the NHTSA requirements will take effect many years in the future, and it will likely take decades for the heavy duty vehicle fleet to fully incorporate the new regulatory requirements. Furthermore, it is possible that additional requirements for heavy duty vehicle criteria emissions standards will be adopted in the future, with vehicles servicing federal-aid projects presumably being forced to meet the new standards. This proposal is likely to increase highway project costs at a time when additional spending is desperately needed to meet even basic needs.

Finally, MAP-21 also began the process of moving toward a performance-based planning and programming environment, including for freight-related investments and other key factors such as highway safety and bridge and pavement condition. This approach will help to focus limited resources on the most beneficial projects. We are concerned, however, about the potential lack of uniformity involved in allowing state and local agencies to establish their own measures. We are also concerned that without additional incentives, this new approach will fall short of its goals. Nonetheless, ATA is encouraged by the actions taken by Congress and the USDOT thus far, and we urge implementation of performance measures without delay.

Truck Driver Parking Shortage

Research and feedback from carriers and drivers suggest there is a significant shortage of available parking for truck drivers in certain parts of the country. Given the projected growth in demand for trucking services, this problem will likely worsen. There are significant safety benefits from investing in truck parking to ensure that trucks are not parking in unsafe areas due to lack of space.

Funding for truck parking is available to states under the current federal-aid highway program, but truck parking has not been a priority given a shortage of funds for essential highway projects. Therefore, we support the creation of a new discretionary grant program with dedicated funding from the federal-aid highway program for truck parking capital projects.

ADDITIONAL PRODUCTIVITY IMPEDIMENTS

While the subcommittee does not have jurisdiction over trucking regulations, it is helpful to understand the full range of productivity constraints we are facing in the context of addressing infrastructure-related impediments. There are a host of actions that Congress can take to improve freight mobility without compromising important societal goals such as safety and air quality.

While ATA supports state flexibility on certain matters, it should be recognized that Congress has a Constitutionally mandated responsibility to ensure the flow of interstate commerce. Where appropriate, federal preemption may be necessary. Unfortunately, federal avoidance of preemption in the name of states' rights or to avoid controversy sometimes leads to a patchwork quilt of state regulations that creates significant inefficiencies. Where appropriate, the federal government must act to protect the public interest from the parochial demands of narrow constituencies.

Automated Technology in Trucking
Automated vehicle technologies have the potential to dramatically impact nearly all aspects of the trucking industry. These technologies can bring benefits in the areas of safety, environment, productivity, efficiency, and driver health and wellness. The safety gains achievable by removing human error, a factor in 94 percent of all vehicle crashes,[20] could be transformative in reducing fatalities and injuries on our roadways, as well as in preventing even minor crashes, which would reduce traffic congestion and pollution, providing additional economic and societal benefits. This technology can also help to alleviate the truck driver shortage and prevent driver fatigue.

ATA believes that the driver will retain an important role in trucking, even with fully automated trucks. In addition to monitoring the automated driving systems and manually driving in the cityscape and at loading docks, drivers will retain their current responsibilities for securing the cargo, particularly hazardous cargo, as well as for customer interaction with the shipper and receiver.

In addition, ATA sees great potential for vehicle connectivity using the 5.9 GHz Safety Spectrum to improve the performance of automated vehicles. Vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) communication using the Safety Spectrum can save lives and reduce traffic congestion and vehicle emissions. The benefits of V2V/V2I technology will grow when coupled with automated vehicle technology, and vice versa. As the Federal Communications Commission (FCC) considers action that would allow other uses of the 5.9 GHz spectrum that was allocated for V2V and V2I communication, we believe it is important that any decisions over sharing the Safety Spectrum should be driven first and foremost by public safety, preserving all seven channels of spectrum for safety. The FCC should take no action that could jeopardize the vehicle safety initiatives that the DOT is pursuing with this spectrum.

Mr. Chairman, the federal government must serve as a catalyst for technology development and deployment. Actions that delay or otherwise impede this progress are shortsighted.

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[20] Singh, S. (2015, February). *Critical reasons for crashes investigated in the National Motor Vehicle Crash Causation Survey.* (Traffic Safety Facts Crash Stats. Report No. DOT HS 812 115). Washington, DC: National Highway Traffic Safety Administration

Trade Reform
ATA supports free trade, including the North American Free Trade Agreement (NAFTA) and the Department of Transportation's cross-border trucking program. Trade and trucking are synonymous, and the increased movement of freight yields more good-paying jobs and growth in American companies.

Since 1995, the U.S. has been in a trade bloc agreement with Mexico and Canada through NAFTA. Data shows that the U.S. trucking industry is a large beneficiary of NAFTA. Since 1995, the value of goods traveling via truck across both the northern and southern borders jumped 164% and totaled nearly $700 billion in 2016. This increase in trade has created or supported tens of thousands of jobs in the United States with motor carriers, suppliers, and shippers, underscoring the benefits of free trade. The value of goods traded with Canada transported by truck equaled $327.2 billion in 2016, 76 percent more than in 1995 when NAFTA was enacted. It required nearly 5.9 million truck movements across the U.S.-Canadian border to haul the $327.2 billion worth of merchandise. In 2016, trucks moved $372.8 billion in merchandise across the Mexican border, which equates to 372 percent more than in 1995. Today, trucks haul 82% of the value of goods moving across the southern border via surface transportation. In 2016, this required 5.8 million truck movements across the U.S.-Mexican border. Annually, trade with Mexico moved by truck supports nearly 26,000 direct jobs in the U.S. trucking industry, including more than 17,000 U.S. truck driver positions, and generates $3.7 billion in annual revenue to U.S. trucking companies. While ATA has not completed the same analysis for U.S.-Canada trade, it is likely to be similar in magnitude.

Any change restricting trade between the U.S., Mexico and Canada could be detrimental to the cross-border industry. ATA will support trade policies that help create well-paid American jobs, including in the trucking sector.

Transportation Worker Identification Card
Since the Maritime Transportation Security Act (MTSA) of 2002 (Sec 102 of PL 107-295) authorized the Transportation Worker Identification Card (TWIC), ATA has advocated a "one credential or screening, many uses" policy to balance the flow of commerce without compromising the security of our Nation's supply chain. ATA strongly believes that the TWIC can serve as a universal credentialing/background check as well as a physical access control security mechanism at regulated port facilities. If the goal for TWIC is to prevent acts of terror from occurring and to stop possible terrorists from obtaining access to secure areas of MTSA-regulated facilities, the timeline for achieving this goal is unsatisfactory at best. It has been 15 years since MTSA was enacted, 9 years since the TWIC final rule became effective, and still America has to wait two more years before TWIC readers are to be fully implemented. ATA believes that we can and must do better.

Regulations like this should continually seek to effectively balance national security interests without hindering the efficient movement of goods throughout our economy by placing undue burdens or costs on industry and subsequently, consumers. Our increasingly connected world and trucking industry require a recognition that cyber threats to our nation's infrastructure can be just as consequential to public safety and our economy as physical attacks. ATA stands ready to support Congress and the Department of Homeland Security to ensure that enhanced national security and the unencumbered flow of commerce remain compatible priorities.

CONCLUSIONS

Mr. Chairman, over the next decade, freight tonnage is projected to grow by more than 40 percent.[21] The trucking industry is expected to carry more than two-thirds of the nation's freight in 2028. It will be tasked with hauling 3.2 billion *more* tons of freight in 2028 than it moved this year.[22] Without federal support and cooperation, the industry will find it extremely difficult to meet these demands at the price and service levels that its customers, American businesses, need to compete globally. It is imperative to our nation's economy and security that Congress, working with the administration, invest in critical highway freight infrastructure and make the reforms necessary to create an improved regulatory environment that fosters greater safety and efficiency in our supply chain.

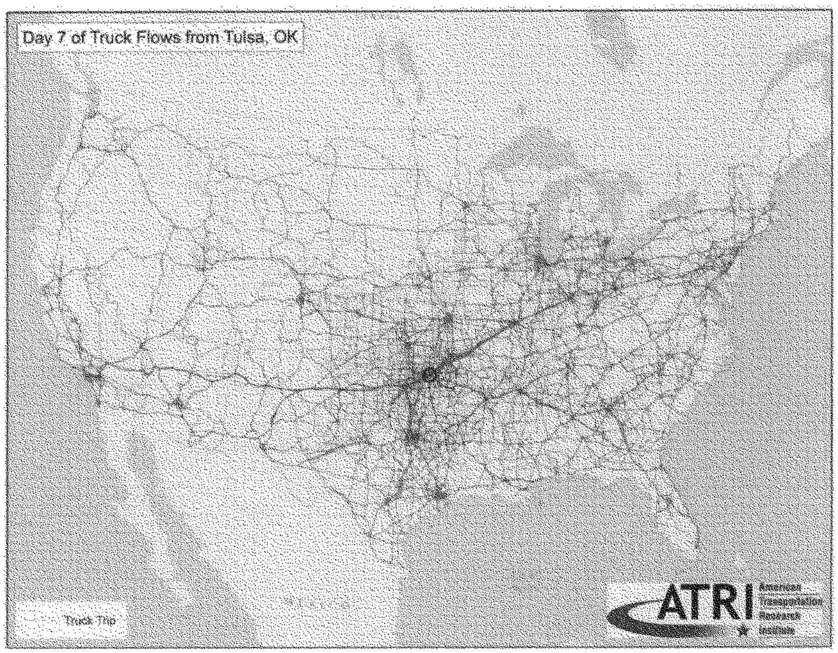
Thank you once again for the opportunity to testify on this important subject. We look forward to working with the subcommittee to advance legislation that enables the trucking industry to continue to provide safe and efficient services to its customers.

[21] *Freight Transportation Forecast 2017-2028*. IHS Global Insight, 2017.
[22] *Ibid.*

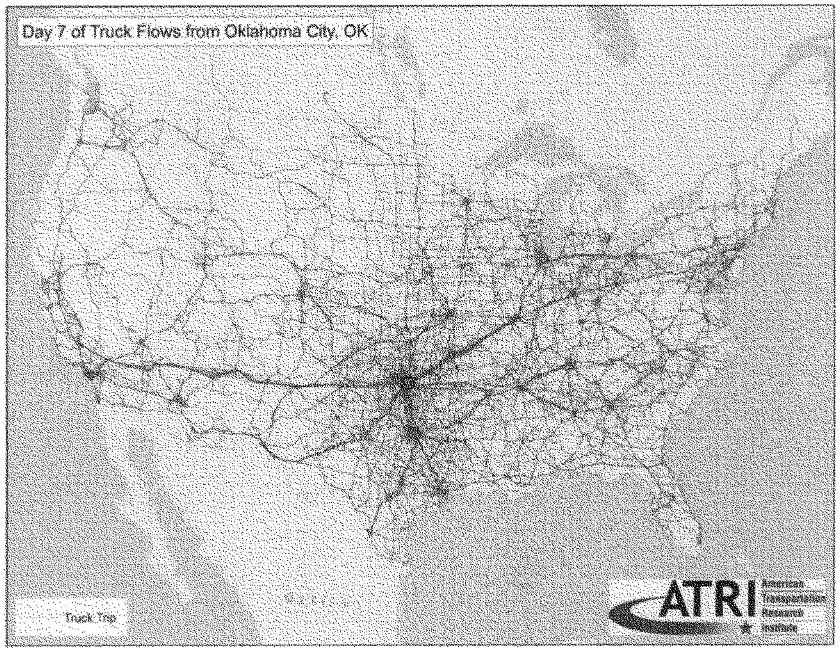
APPENDIX A: FUNDING IMPACT MATRIX - ANNUAL STATE-LEVEL JOB AND REVENUE INCREASES RESULTING FROM FEDERAL FUEL TAX INCREASES

	Current Annual Allocation		Ten Cent Increase - Federal Motor Fuels Tax Annual Benefits				Twenty Cent - Increase Federal Motor Fuels Tax Annual Benefits			
STATE	FAST ACT Apportioned Funds (in milions)	Percent of Total	Additional $15 Billion Federal Funding (in millions)	State Match (20%) (in millions)	Total New Funds (in millions)	# of Jobs	Additional $30 Billion Federal Funding (in millions)	State Match (20%) (in millions)	Total New Funds (in millions)	# of Jobs
ALABAMA	$ 770	1.9%	$ 291	$ 58	$ 349	4,533	$ 581	$ 116	$ 697	9,067
ALASKA	$ 509	1.3%	$ 192	$ 38	$ 230	2,996	$ 384	$ 77	$ 461	5,992
ARIZONA	$ 742	1.9%	$ 280	$ 56	$ 336	4,372	$ 560	$ 112	$ 673	8,744
ARKANSAS	$ 525	1.3%	$ 198	$ 40	$ 238	3,094	$ 397	$ 79	$ 476	6,187
CALIFORNIA	$ 3,723	9.4%	$ 1,406	$ 281	$ 1,687	21,931	$ 2,812	$ 562	$ 3,374	43,862
COLORADO	$ 542	1.4%	$ 205	$ 41	$ 246	3,195	$ 410	$ 82	$ 492	6,390
CONNECTICUT	$ 509	1.3%	$ 192	$ 38	$ 231	3,001	$ 385	$ 77	$ 462	6,002
DELAWARE	$ 172	0.4%	$ 65	$ 13	$ 78	1,011	$ 130	$ 26	$ 156	2,022
DIST. OF COL.	$ 162	0.4%	$ 61	$ 12	$ 73	953	$ 122	$ 24	$ 147	1,907
FLORIDA	$ 1,922	4.8%	$ 726	$ 145	$ 871	11,321	$ 1,451	$ 290	$ 1,742	22,642
GEORGIA	$ 1,310	3.3%	$ 495	$ 99	$ 593	7,715	$ 989	$ 198	$ 1,187	15,430
HAWAII	$ 172	0.4%	$ 65	$ 13	$ 78	1,011	$ 130	$ 26	$ 155	2,021
IDAHO	$ 290	0.7%	$ 110	$ 22	$ 131	1,709	$ 219	$ 44	$ 263	3,418
ILLINOIS	$ 1,442	3.6%	$ 545	$ 109	$ 653	8,495	$ 1,089	$ 218	$ 1,307	16,990
INDIANA	$ 967	2.4%	$ 365	$ 73	$ 438	5,693	$ 730	$ 146	$ 876	11,387
IOWA	$ 499	1.3%	$ 188	$ 38	$ 226	2,937	$ 376	$ 75	$ 452	5,873
KANSAS	$ 383	1.0%	$ 145	$ 29	$ 174	2,258	$ 289	$ 58	$ 347	4,516
KENTUCKY	$ 674	1.7%	$ 254	$ 51	$ 305	3,970	$ 509	$ 102	$ 611	7,940
LOUISIANA	$ 712	1.8%	$ 269	$ 54	$ 323	4,194	$ 538	$ 108	$ 645	8,387
MAINE	$ 187	0.5%	$ 71	$ 14	$ 85	1,103	$ 141	$ 28	$ 170	2,206
MARYLAND	$ 610	1.5%	$ 230	$ 46	$ 276	3,591	$ 460	$ 92	$ 552	7,181
MASSACHUSETTS	$ 616	1.6%	$ 233	$ 47	$ 279	3,629	$ 465	$ 93	$ 558	7,258
MICHIGAN	$ 1,068	2.7%	$ 403	$ 81	$ 484	6,291	$ 807	$ 161	$ 968	12,582
MINNESOTA	$ 661	1.7%	$ 250	$ 50	$ 300	3,896	$ 500	$ 100	$ 599	7,793
MISSISSIPPI	$ 491	1.2%	$ 185	$ 37	$ 222	2,890	$ 370	$ 74	$ 445	5,780
MISSOURI	$ 960	2.4%	$ 363	$ 73	$ 435	5,657	$ 725	$ 145	$ 870	11,313
MONTANA	$ 416	1.0%	$ 157	$ 31	$ 189	2,452	$ 314	$ 63	$ 377	4,903
NEBRASKA	$ 293	0.7%	$ 111	$ 22	$ 133	1,727	$ 221	$ 44	$ 266	3,454
NEVADA	$ 368	0.9%	$ 139	$ 28	$ 167	2,170	$ 278	$ 56	$ 334	4,339
NEW HAMPSHIRE	$ 168	0.4%	$ 63	$ 13	$ 76	987	$ 127	$ 25	$ 152	1,974
NEW JERSEY	$ 1,013	2.5%	$ 382	$ 76	$ 459	5,966	$ 765	$ 153	$ 918	11,932
NEW MEXICO	$ 372	0.9%	$ 141	$ 28	$ 169	2,194	$ 281	$ 56	$ 338	4,389
NEW YORK	$ 1,703	4.3%	$ 643	$ 129	$ 772	10,030	$ 1,286	$ 257	$ 1,543	20,059
NORTH CAROLINA	$ 1,058	2.7%	$ 399	$ 80	$ 479	6,232	$ 799	$ 160	$ 959	12,464
NORTH DAKOTA	$ 252	0.6%	$ 95	$ 19	$ 114	1,483	$ 190	$ 38	$ 228	2,967
OHIO	$ 1,360	3.4%	$ 513	$ 103	$ 616	8,009	$ 1,027	$ 205	$ 1,232	16,019
OKLAHOMA	$ 643	1.6%	$ 243	$ 49	$ 292	3,790	$ 486	$ 97	$ 583	7,579
OREGON	$ 507	1.3%	$ 191	$ 38	$ 230	2,987	$ 383	$ 77	$ 459	5,973
PENNSYLVANIA	$ 1,664	4.2%	$ 628	$ 126	$ 754	9,804	$ 1,257	$ 251	$ 1,508	19,608
RHODE ISLAND	$ 222	0.6%	$ 84	$ 17	$ 101	1,307	$ 168	$ 34	$ 201	2,614
SOUTH CAROLINA	$ 679	1.7%	$ 256	$ 51	$ 308	4,001	$ 513	$ 103	$ 616	8,002
SOUTH DAKOTA	$ 286	0.7%	$ 108	$ 22	$ 130	1,685	$ 216	$ 43	$ 259	3,370
TENNESSEE	$ 857	2.2%	$ 324	$ 65	$ 388	5,049	$ 647	$ 129	$ 777	10,098
TEXAS	$ 3,501	8.8%	$ 1,322	$ 264	$ 1,587	20,625	$ 2,644	$ 529	$ 3,173	41,250
UTAH	$ 352	0.9%	$ 133	$ 27	$ 160	2,075	$ 266	$ 53	$ 319	4,150
VERMONT	$ 206	0.5%	$ 78	$ 16	$ 93	1,213	$ 155	$ 31	$ 187	2,425
VIRGINIA	$ 1,032	2.6%	$ 390	$ 78	$ 468	6,080	$ 780	$ 156	$ 935	12,161
WASHINGTON	$ 688	1.7%	$ 260	$ 52	$ 312	4,051	$ 519	$ 104	$ 623	8,101
WEST VIRGINIA	$ 443	1.1%	$ 167	$ 33	$ 201	2,611	$ 335	$ 67	$ 402	5,223
WISCONSIN	$ 763	1.9%	$ 288	$ 58	$ 346	4,496	$ 576	$ 115	$ 692	8,992
WYOMING	$ 260	0.7%	$ 98	$ 20	$ 118	1,531	$ 196	$ 39	$ 235	3,061
TOTAL	**$ 39,724**	**100.0%**	**$ 15,000**	**$ 3,000**	**$ 18,000**	**234,000**	**$ 30,000**	**$ 6,000**	**$ 36,000**	**468,000**

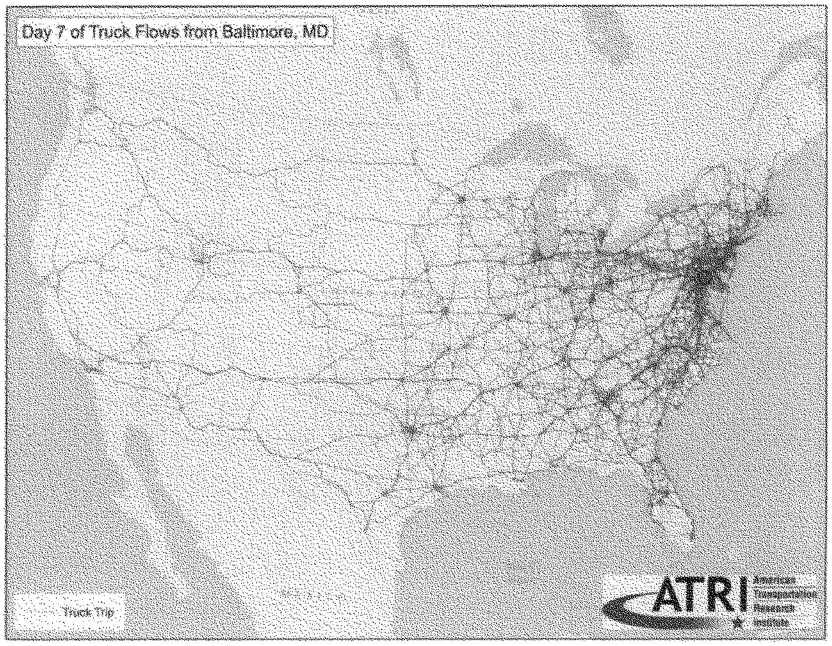
APPENDIX B: TRUCK FLOWS ORIGINATING IN TULSA, OK



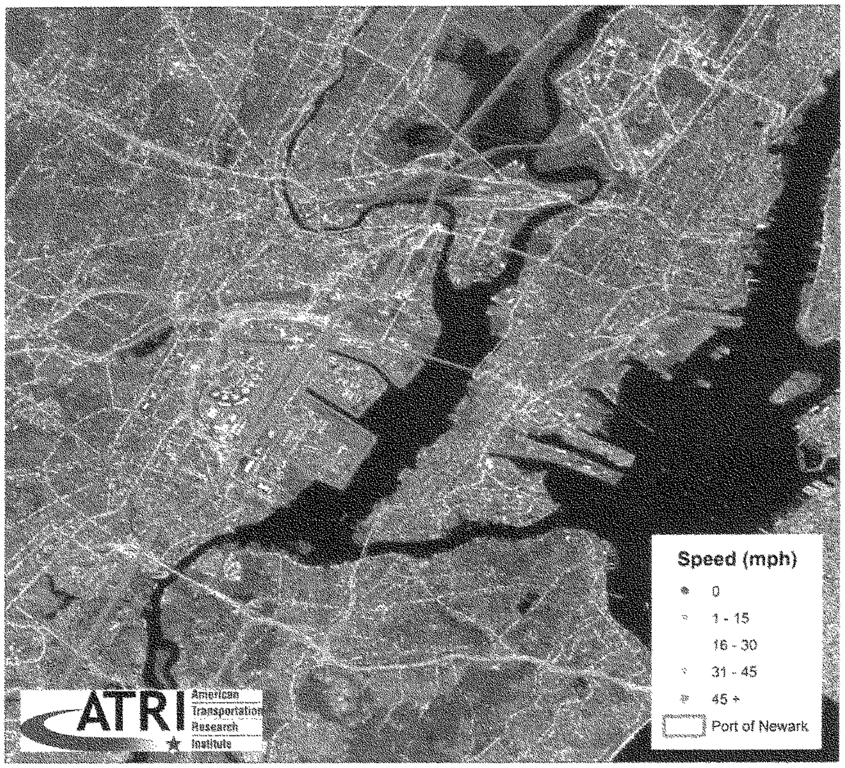
APPENDIX C: TRUCK FLOWS ORIGINATING IN OKLAHOMA CITY, OK



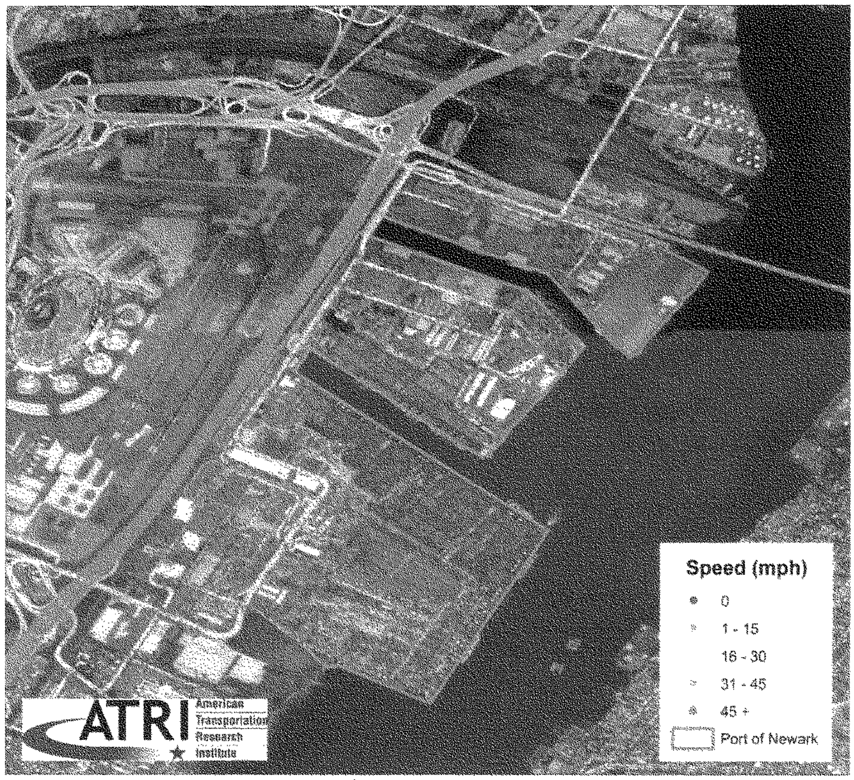
APPENDIX D: TRUCK FLOWS ORIGINATING IN BALTIMORE, MD



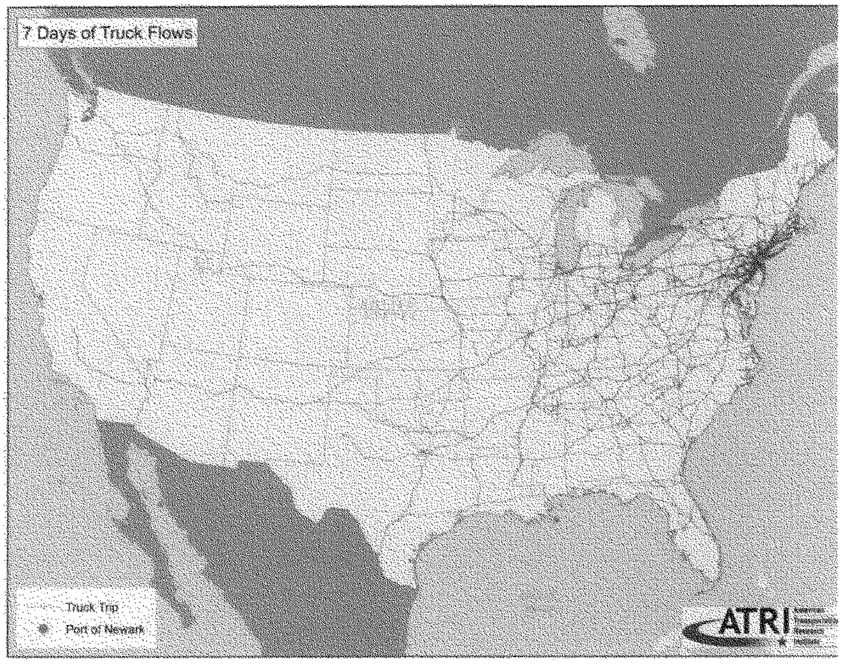
APPENDIX E: TRUCK CONGESTION PORT OF NEWARK REGION



APPENDIX F: TRUCK CONGESTION PORT OF NEWARK



APPENDIX G: TRUCK FLOWS FROM PORT OF NEWARK



Senate Committee on Environment and Public Works
Subcommittee on Transportation and Infrastructure Hearing
"Freight Movement: Assessing Where We Are Now And Where We Need to Go"
December 20, 2017

Responses to Questions for the Record
Chris Spear
President and CEO
American Trucking Associations

Ranking Member Carper:

1. When it comes to the Administration's plans to fund America's infrastructure, you state in your written testimony, in part, that:

   We are troubled by what we [have] seen in the Budget Proposal. Most disturbing is a policy outlined in the Budget Proposal to *reduce* the federal-aid highway program by tens of billions of dollars each year, forcing state and local agencies to cancel, delay or scale back critical projects and eliminating hundreds of thousands of jobs.

   You continue your written testimony with what I fear is a harbinger of White House legislative principles, now scheduled to be released later this month, when you state that:

   Mr. Chairman, there is a commonly used mantra that is applicable here: "hope is not a strategy." The federal government cannot on the one hand establish a policy goal of promoting safer, more efficient surface transportation systems and then hope that others will fill the funding gap when it fails to provide the resources necessary to achieve these objectives.

   In your view, is there any substitute for additional direct Federal investment to fund our nation's infrastructure?

   Response: As publicly owned facilities, the nation's highways, bridges and transit systems rely on public funding to meet their capital and operational expenses. Historically, this funding has come from a mix of state, local, federal and private sources. Direct Federal investment in surface transportation has been a consistent feature for more than a century. It is the reason travelers can move freely throughout the continental United States on highways that seamlessly link up with each other and meet minimum safety and design standards. Without the federal role there is no guarantee that these standards will be maintained.

   Furthermore, the federal capital investment in highways represents nearly half of current expenditures. If this revenue disappears or is significantly reduced, it is unlikely that it can be fully replaced with other sources, especially in states with low populations and a large roadway network. This is especially true today, when many of our major highways and bridges are nearing the end of their useful lives and will have to be replaced or significantly revamped. It is estimated by the American Society of Civil Engineers that the U.S. faces a more than $5 trillion infrastructure funding gap through 2040. It is difficult to imagine a scenario that allows our Nation to address these needs without direct Federal funding.

2. In your written testimony, you also note that you are "troubled by certain aspects of the USDOT's July 5, 2017 Notice of Funding Opportunity (Docket No. DOT–OST–2017–0090)" for INFRA grants. Specifically, you state that:

   The agency is attempting to use the program to promote its support for public-private partnerships by suggesting that applicants who use this financing strategy would receive favorable treatment. This policy is not supported by the FAST Act and it will not in any way advance the goals of the program. In fact, the policy will limit the number of good proposals submitted for consideration, especially those in rural and other low-density areas.

   ATA also explicitly opposes asset recycling in its written testimony. As it relates to the highway sector, please further explain your concerns with so-called "P3s", and asset recycling specifically, with examples that may be illustrative of such concerns.

   Response: Although there is great interest in P3s in the absence of sufficient funding from traditional sources, and many states have adopted enabling legislation, relatively few projects have actually come to fruition, and their success rate is mixed. From 2007-2013 P3s accounted for only two percent of overall capital investment in U.S. highways. This is primarily because there are very few locations where sufficient numbers of motorists are willing to pay for the use of a highway when free alternatives are available. One overarching principle of P3s is that they require a revenue stream for debt repayment. Highway projects almost always rely on tolls, although any dedicated source of payment may be utilized. P3s are often attractive to public agencies because the private partner shares the risk in case anticipated revenues are not realized or project costs escalate.

   P3s, and the public benefits they afford, are only as good as the contracts they negotiate, which can often lock both parties in for 50 years or more. Some contracts have prevented construction of competing infrastructure through non-compete clauses. Others have allowed the private partner to increase toll rates to levels beyond what is deemed fair or acceptable by users. This is especially problematic when no good alternative is available, such as a bridge or tunnel. There is a risk that the private partner in a P3 will default on the debt it has leveraged or that it will go bankrupt. This scenario can be damaging to the public sector in cases where some or all of the financing comes from public funds. In addition, private firms generally have higher long-term borrowing costs than public entities, and these higher costs are passed on to motorists in the form of higher tolls.

   Asset recycling generally involves a long-term lease of public owned existing infrastructure assets to investors in exchange for an upfront payment, the proceeds of which can be used for new infrastructure projects. Two examples of asset recycling in the U.S. involved long-term leases of the Indiana Toll Road and Chicago Skyway a decade ago. In both cases toll rates skyrocketed, with little or no benefit for the users of those facilities. In Indiana, revenue was used for road projects throughout the state. The $3.8 billion concession fee has been spent, yet motorists on the ITR will continue to pay for these projects for the next 63 years. The Chicago Skyway concession revenue was used primarily to pay off debt and to shore up the city's reserve fund. Motorists on the Skyway – most of whom do not even live in the city – will be paying off the $1.8 billion concession payment into the 22nd century.

3. The FAST Act directed USDOT to designate a National Multimodal Freight Network within one year of enactment, but that deadline has lapsed. This designation process is intended to assist States in strategically prioritizing resources with a goal of improving network and intermodal connectivity.

   Similarly, the FAST Act deadline has lapsed for establishing the National Freight Strategic Plan. The National Freight Strategic Plan is to include barriers to improved freight movement and strategies to improve intermodal connectivity.

   Shouldn't these plans be top priorities for implementation by USDOT to best determine how to direct scarce federal resources?

   Response: Given the lack of resources and critical backlog in project funding needs across freight modes, federal, state and local funds should be invested strategically to ensure the greatest possible return on investment. This is difficult without understanding the complex nature of the supply chain and the interaction between modes, including an understanding of how inefficiencies in one mode affect the efficiencies of the other modes with which they have a relationship. Designation of a NMFN will allow planners and officials charged with making project expenditure decisions to better understand how the freight transportation system works, where chokepoints exist and how best to address them. A Strategic Plan will help these decision-makers to determine where resources should be expended in order to maximize efficiencies in the supply chain.

   Ultimately, under the FAST Act, the Under Secretary of Transportation for Policy is responsible for establishing both the NMFN and the NFSP. On November 13, 2017, the Senate confirmed Derek Kan to serve in that position nearly six months after receiving his nomination on May 16, 2017. Delays like this in filling agency head positions directly impact the leadership, decision making, and outcomes that DOT agencies overseeing infrastructure are expected to achieve. Accordingly, ATA urges the Senate to swiftly fill the remaining leadership vacancies at DOT as soon as practicable.

4. Ports will need to continue to respond to increased demand for efficient intermodal freight movement. What are some of the current and rising challenges in our ports to improve freight flow, and what are your recommendations for addressing intermodal movement inside ports?

   Response: The importance of investment in port infrastructure is ever-present not only because of its impact on local economic development, but more broadly speaking, because of its impact on the nation's economic growth. Going forward the demands on port infrastructure will continue to rise because the growth of imports and exports will continue to be such an integral part of the economy.

One of the major issues surrounding ports is obtaining the funding needed for infrastructure improvements. Ports that do not have the capacity to manage the volume coming into their facilities face congestion, as cargo ships idle waiting to drop off their goods. This congestion will make it more difficult for trucks to get into and out of the port facility.

Moving goods off of container ships onto land-side connections is another issue, requiring clear and easy access to and from truck facilities and roads. Idling goods at port facilities result in huge delays, increased congestion and higher transportation costs. And this will only be intensified as the volume of international trade through ports continues to grow. Port facilities will need to have the infrastructure in place to manage these goods on both the sea and land-side connections. The trucking industry stands at the ready as more goods are off loaded at the ports.

In addition, ports also face safety, security, and funding issues, not only for maintenance and operations but also for increasing capacity to deal with future growth. ATA supports an increased level of funding to deal with the growth now and well into the future at ports across the country.

5. How has the growth of e-commerce and e-commerce fulfillment centers, in particular, changed the trucking industry? Is the growth of e-commerce something Congress should evaluate further in preparation for the next surface transportation bill?

   Response: The jump in e-commerce has impacted the trucking industry by reducing the average length-of-haul in the industry. If consumers expect to get goods delivered within 2 days, the goods have to be fairly close to the final destination. Therefore, retailers have changed strategy on their warehouses and distribution centers.

   Prior to the boom in on-line sales, big box retailers had a handful of distribution centers around the country. Today, they have dozens. Therefore, the average length-of-haul into and out of those distribution centers has fallen significantly.

   For example, in 2000, the dry van truckload sector, which is heavy into moving retail goods, had an average length of haul of nearly 800 miles. Today, that sector's average length-of-haul is roughly 525 miles, or 33% lower than in 2000. E-commerce has cause a boom in regional freight instead of long-haul. Additionally, there are more trucks used locally for final delivery of goods as a result.

   One thing Congress could do to help assess these changes going forward is to fund the Vehicle Inventory and Use Survey, which has not been completed by Census and BTS since 2000. This survey of trucks could help Congress and planners better understand how different types of trucks are being used.

6. As you know, the transportation and logistics workforce does not meet current or future demand. Should the Federal government have a role to encourage, train, and attract the next generation of workers?

Response: Absolutely. The shortage of transportation and logistics workers is particularly acute in trucking, where the issue was identified as the top industry concern by ATA members in a recent survey. In 2015, for example, the trucking industry was short 48,000 drivers. If current trends hold, the trucking industry will need to hire 890,000 new drivers over the next decade to keep up with demand. In addition, in an ATA study, 90% of for-hire truckload carriers reported difficulty in recruiting drivers capable of meeting the U.S. Department of Transportation (DOT) driver qualification requirements.

This shortage has a significant impact on motor carriers, particularly in the truckload segment. Without a steady pool of new drivers, motor carriers' growth is restricted. The cost of employing a driver can increase as well, which impacts freight pricing. In the long run, an enduring driver shortage may impede industry-wide freight volumes and result in modal switch as shippers look for reliable ways to bring their goods to market.

As such, recruiting more drivers into the industry is absolutely critical. Younger drivers in particular are needed in order to replenish the industry's aging workforce: the median age of an over-the-road truck driver is 49—7 years older than the average U.S. worker—whereas the median age of private fleet drivers is even higher, at 52. In addition, 55 percent of the trucking workforce is over the age of 45; only 4 percent is between the ages of 20 and 24.

However, the fact that a commercial motor vehicle (CMV) driver must be at least 21 years old to drive a truck *across* state lines—even though the minimum age to operate a CMV *within* state lines is 18—makes it exceedingly difficult to recruit younger drivers, because candidates under 21 often obtain employment in other industries to start their careers at a younger age. On top of this regulatory barrier to entry, insurance companies commonly require that a driver have at least two years of experience in order to be insured.

In October 2017, ATA established a Workforce Development Policy Committee to more holistically address these challenges. Along with those efforts, ATA urges the federal government to help encourage, train, and attract the next generation of the trucking workforce, through the following initiatives:

18-to-21 Year Old Driver Pilot Program. The FAST Act of 2015 required that FMCSA establish a pilot program to study the safety of allowing drivers younger than 21 to operate in interstate commerce. Yet, this provision restricted participation in the pilot to active duty or recently retired military personnel whose military occupation classification was driving a truck, severely reducing the available pool of drivers. Accordingly, ATA believes that this pilot program should be expanded to allow civilian drivers under the age of 21 to participate.

In September, Rep. Claudia Tenney (R-NY), introduced H.R. 3889, the Waiving Hindrances to Economic Enterprise and Labor Act (WHEEL Act), which would expand the FAST Act pilot program to include civilian drivers younger than 21, who have a Commercial Driver's License (CDL), a clean driving record, and a certification of completion from a qualified training program. Expanding the pilot program in this manner would enable more qualified individuals to participate and generate more robust and accurate data for FMCSA to review—all the while upholding rigorous safety and training standards.

Apprenticeships for 18-to-21 Year Old Drivers. Apprenticeships are a proven method of recruiting, developing, and retaining skilled workers, by combining classroom instruction with supervised on-the-job training and allowing participants to "earn-while-they-learn". In general, 87 percent of apprentices are employed after completing their programs, with an average starting wage above $50,000; over their lifetime, apprentices enjoy significant increases in earnings and benefits of up to $300,000. For employers, every dollar spent on apprenticeships produces a return on investment of $1.47 in increased productivity.

As such, apprenticeships would be an ideal mechanism by which qualified 18-to-21 year old CDL holders could gain valuable *inter*state driving experience under the tutelage of an experienced driver, while ensuring safety and training standards, earning an income, and establishing an early foothold in a valuable career pathway.

Despite these benefits, however, apprenticeships largely remain in the province of the construction and manufacturing industries, and are underutilized in other industries where job-openings are prevalent, like trucking. 90.8 percent of trucking companies are small businesses that operate 6 or fewer trucks. It is difficult for employers like these to bear the costs of setting up Registered Apprenticeships (RAs) including time from skilled employees to train apprentices, equipment for training, additional workers' compensation insurance, apprentices' wages, and, in many cases, tuition for related classroom-based training.

In addition, employers seeking to participate in RAs must navigate outdated regulations and the patchwork of different registration processes, requirements, and approval times across the 28 states, territories, and the District of Columbia where a State Apprenticeship Agency is responsible for administering their state-specific RA programs, as opposed to 27 other states and territories, where the Federal Office of Apprenticeship at the Department of Labor (DOL) is the registering agency.

Under the leadership of President Obama, the 114th Congress provided the first-ever programmatic funding for RAs in the Fiscal Year 2016 spending bill in the amount of $95 million. President Trump has proposed to double that investment and issued an executive order in June 2017 that directs DOL to issue regulations aimed at expanding apprenticeships, particularly in underutilized industries, through the creation of industry-recognized and industry-certified apprenticeships.

Given the historic bipartisan support for apprenticeships and the significant potential that they hold as a workforce development tool, ATA urges Congress and the Administration to continue working together to promote the expansion of apprenticeships in the trucking industry in general, and particularly as it relates to apprenticeships that would allow qualified 18-to-21 year old drivers to operate CMVs in interstate commerce.

Skills-Testing Delays. In 2015, the Government Accountability Office found that 15 states have CDL skills-testing delays that make students wait for more than 14 days to take their CDL exam. Recruiting younger drivers is challenging enough, but in some states, individuals who have gone through the trouble of registering for the CDL exam have to wait two to three months before they can take their tests. If these test-takers fail the test the first time around, they have to wait another unreasonable period of time before being able to retest.

CDL applicants suffer significant consequences, particularly by being delayed from earning income since they cannot begin work without a CDL. Many CDL applicants are not in a financial position to wait extended periods of time to take a licensing exam upon which their careers depend. ATA believes that states should allow independent third parties to conduct testing in a timely manner, or failing that, reduce the skills-testing wait-time to a maximum of 7 days.

The FAST Act requires FMCSA to submit a report that (1) describes the status of skills-testing for CDL applicants in every state and (2) outlines steps that FMCSA is taking to address skills-testing delays in states that average skills-test or retest wait-times of more than 7 days from the date an applicant requests to test or retest, to the date the applicant has the opportunity to complete such a test or retest. The first report was due in June 2017, but because of delays, FMCSA did not distribute its survey to states until September 2017.

In December 2017, Rep. John Duncan (R-TN) introduced H.R. 4719, which would require states to submit quarterly reports to DOT that describe the status of skills-testing for individuals applying for a CDL at a CDL skills-test location in the state. The bill would also require other reports submitted to Congress and to states, require DOT to set up an information system that would allow for easy tracking of testing delays, and allow DOT to provide financial incentives for affected states to improve their skills-testing delays. This bill would ensure that states are not unnecessarily delaying applicants from taking their CDL exams.

Outreach to Veterans. On December 21, 2017, following ATA advocacy in both the House and Senate, Congress successfully passed S. 1393, the Jobs for Our Heroes Act, which streamlines the process whereby active-duty military, reservists, and veterans apply for their CDL. The bill also makes it easier for veterans to receive the DOT-required health examination required to hold a CDL. We appreciate and applaud your work and that of your colleagues in helping passing such critical legislation.

Outreach to Opportunity Youth. The term "Opportunity Youth" refers to the 4.9 million Americans between the ages of 16-24 who are neither working, nor in school. Trucking offers a path to the middle-class and is in dire need of younger workers to replenish its aging workforce. Yet, the $1.7 billion federal employment training program whose mission is to train opportunity youth—Job Corps—offers truck-driver training at only 4 out of its 125 centers nationwide. On top of this, state and federal rules generally prevent CMV drivers from being trained and credentialed in states other than their state of domicile, which impedes truck carriers who desire to recruit younger drivers nationwide. ATA asks for your support in addressing these challenges.

Automated Trucks. The American Transportation Research Institute, the not-for-profit research arm of the trucking industry, recently released a report on how autonomous technologies will impact the trucking industry. That assessment found that highly automated trucks will likely draw new, younger drivers into the trucking industry by better meeting the job expectations of millennial workers. Additionally, these new technologies are expected to make drivers safer and more productive, making truck driving a more attractive career choice, and attracting new people to our industry.

Affected stakeholders from industry, labor, and government should embrace this coming innovation and work together to prepare the workforce to operate with the new technology. This issue is not unique to the trucking industry, but applies to drivers of other commercial and non-commercial vehicles as well as other industries where new technologies are being introduced that will change the roles and duties of the workforce.

By giving the trucking industry access to the same preemptions that the autos receive in S. 1885, the AV START Act, we can address these concerns now and develop the kind of training and retraining programs that ensure that safe vehicle operators remain behind the steering wheel of all commercial vehicles.

Senator Harris:

7. Mr. Spear, how can we protect residents who live near major transportation hubs like ports from harmful emissions that can cause major health risks?

   Response: Major transportation hubs, such as ports, are a vital part of the U.S. economy. Seaports alone account for more than 23 million jobs and seaport cargo activity accounts for 26% of the nation's economy[1]. A federal focus on infrastructure improvements, economic incentives and operational improvements is essential for lessening potential impacts on air pollution, greenhouse gases (GHGs), and the people living, working, and recreating near ports.

   Infrastructure Improvements. Freight intermodal connectors – those roads that connect ports, rail yards, airports and other intermodal facilities to the National Highway System – are publicly owned. While they are an essential part of the freight distribution system, many are neglected and are not given the attention they deserve given their importance to the nation's economy. Just nine percent of connectors are in good or very good condition, 19% are in mediocre condition and 37% are in poor condition.[2] Not only do poor roads damage both vehicles and the freight they carry, but the Federal Highway Administration (FHWA) found a correlation between poor roads and vehicle speed. Average speed on a connector in poor condition was 22% lower than on connectors in fair or better condition.[3] The FHWA further found that congestion on freight intermodal connectors causes 1,059,238 hours of truck delay annually and 12,181,234 hours of automobile delay.[4] Congestion on freight intermodal connectors adds nearly $68 million to freight transportation costs each year.[5]

[1] American Association of Port Authorities, www.aapa-ports.org/advocating/content.aspx?ItemNumber=21150.
[2] Freight Intermodal Connectors Study. Federal Highway Administration, April 2017.
[3] *Ibid.*
[4] *Ibid.*
[5] An Analysis of the Operational Costs of Trucking: 2016 Update. American Transportation Research Institute, May 2017. Estimates average truck operational cost of $63.70 per hour.

One possible reason connectors are neglected is that the vast majority of these roads – 70% – are under the jurisdiction of a local or county government.[6] Yet, these roads are serving critical regional or national needs well beyond the geographic boundaries of the jurisdictions that have responsibility for them, and these broader benefits may not be factored into the local jurisdictions' spending decisions. While connectors are eligible for Federal-Aid Highway Program (FAHP) funding, it is clear that this is simply not good enough. ATA urges Congress to set aside adequate funding for freight intermodal connectors to ensure that these critical arteries are given the attention and resources they deserve.

Economic Incentives. Federal standards and fuel sulfur limits have significantly reduced diesel emissions from diesel trucks. However, older trucks are longstanding fixtures of many port operations and it will take many years before these fleets turn over to using newer, cleaner technologies. As identified in EPA's Port Assessment Strategy, a first step in replacing older drayage trucks with cleaner diesel trucks would provide significant benefits, with reducing NOx emission in 2020 by 19–48% and PM2.5 emissions by 43–62% compared to the business-as-usual case.[7]

The initial capital cost of a new truck can be a major impediment to getting cleaner trucks into these types of operations. Fortunately, through the Diesel Emissions Reduction Act (DERA), a total of 124 clean diesel grants have been awarded to port specific projects since 2008, totaling $123 million.[8] These grants have helped offset some of the additional cost of purchasing newer, cleaner trucks and are providing significant benefit by reducing emissions in and around ports. Congress' continued support and funding of the DERA program will help maintain the progress being made to replace drayage trucks with cleaner technologies.

Operational Improvements. Unfortunately, long wait times have become epidemic for trucks serving our nation's ports. For example, harbor drayage companies at the Ports of Los Angeles-Long Beach often wait 100 minutes to make their turn at the ports. When they question terminal operators, they are often told this is the new normal at the ports. This wait time needs to be reduced to allow for the drayage/intermodal truckers to make more turns on a daily basis.

Many of the drayage/intermodal truckers do not make more than one or two turns at the ports on a daily basis. Along with their wait times at the ports, many of the truckers have up to a 250-mile drive before returning to the port for another turn. Within the industry, it is assumed that close-to-optimum-turn-times should be 75 to 80 minutes.

As EPA notes, operational strategies which reduce gate queues and improve on-dock truck movements can reduce truck delay and/or reduce truck travel at and around ports.[9] These

[6] *Ibid.*
[7] National Port Strategy Assessment: Reducing Air Pollution and Greenhouse Gases at U.S. Ports, U.S. EPA, Office of Transportation Air Quality, EPA-420-R-16-011, September 2016.
[8] U.S. EPA, Overview of Ports-Only Projects that were Awarded Clean Diesel Grants: 2008-2016, www.epa.gov/ports-initiative/overview-clean-diesel-grants-awarded-ports-projects
[9] National Port Strategy Assessment, *Ibid.*

types of improvements will not only improve air quality but help truck drivers be more efficient moving the nation's freight. Congress can help by supporting the development of technology solutions that will improve the operational efficiency at the nation's ports.

Regulate High-Emitting Glider Vehicles. A significant source of truck emissions in the transportation sector, and at ports specifically, is being created by the unchecked growth of glider vehicles. A glider vehicles is a rebuilt truck that has major drive line components installed either from a donor vehicle or remanufactured, a pre-emission engine, and a new chassis. Gliders were historically used to repair trucks that were in accidents but still had value to repair during their initial useful life. However, gliders have taken on a life beyond repairing damaged trucks resulting in a cottage industry that produces more than 10,000+ high-polluting vehicles per year. Glider vehicles engines can be rebuilt at least two times and reused in a new chassis. Using a useful truck life of 15 years, that means an old, high polluting engine, will remain on the road for nearly half a century.

At the projected growth rate of glider vehicles, they will comprise 5% of heavy-duty tractors on the road in 2025. However, their emissions would represent about one-third of all NOx and PM emissions from heavy-duty tractors. As normal fleets continue to turn their fleets over and purchase new, clean trucks, the glider sector will contribute larger fractions of overall PM and NOx emissions becoming ~50% of such emissions in the 2030-2035 timeframe if left unchecked. By restricting the number of glider vehicles with high-polluting engines on the road, these excess PM and NOx emissions will decrease dramatically, leading to substantial public health-related benefits across the country and specifically at ports. EPA must retain the phase-out of glider vehicles under the Phase 2 final rule and Congress should ensure this outcome is realized.

<u>Senator Markey:</u>

8. Heavy duty trucks use more than 125 million gallons of fuel every day, and are one of the fastest growing sources of pollution contributing to climate change. Fuel consumption and emissions standards for these heavy duty trucks and other vehicles, set by the National Highway Traffic Safety Administration and Environmental Protection Agency, were put in place to reduce our dependence on foreign oil and improve air quality.

    a. Do you think these air pollution control standards are important for the trucking industry, our citizens, and the environment?

<u>Response</u>: ATA strongly supports efforts to reduce greenhouse gas (GHG) emissions and fuel consumption to make our country more energy independent, decrease harmful emissions, ensure our industry is as sustainable and fuel-efficient as possible, and to reduce other criteria pollutants. Fuel efficiency of line-haul trucks had historically not improved appreciably over the last quarter century averaging between 6.0 and 6.5 miles per gallon.

Given that fuel is routinely one of the top two operating expenses for most fleets (the other expense being labor), improving how far a truck can travel on a gallon of fuel is extremely important for any trucking company. In recognition of this fact, and in order to help reduce the trucking industry's carbon footprint and other associated emissions, the U.S. Environmental Protection Agency (EPA) and the National Highway Safety Administration (NHTSA) finalized the *U.S. Environmental Protection Agency and National Highway Traffic Safety Administration Greenhouse Gas Emissions Standards and Fuel Efficiency Standards for Medium- and Heavy-Duty Engines and Vehicles* in 2011 (Phase 1).

For nearly three years ATA worked closely with EPA, NHTSA, fleets, suppliers, and other industry stakeholders to discuss issues and concerns, share data, and reach consensus on timing and milestones under Phase 1. As a result of this unique cooperative effort, and the prospect of improving fuel efficiency up to 23% over 2010 baseline vehicles/engines for long-haul trucks, the Phase 1 final rule was publically endorsed by ATA in 2011. ATA likewise supported the Phase 2 final rule in 2016, which, when fully implemented, will build on the trucking industry's emission reduction and fuel savings successes under Phase 1.

Assuming the Phase 2 rule is not altered from what was finalized in October 2016, the regulation will further reduce emissions and fuel consumption of new heavy trucks, engines, and trailers by up to 39% in 2027. However, EPA recently committed to "revisit" specific aspects under the Phase 2 rule – namely the agency's regulation of trailers and glider kits. EPA has not yet addressed trailer provision changes under Phase 2 but the agency has proposed a rule to allow the continued use of high-polluting glider vehicles. (See ATA's glider vehicle discussions in Questions 7, 9 and 10). Any agency deviation from the trailer or glider vehicle provisions under the final Phase 2 rule will be detrimental to our industry's emission reduction and fuel savings goals, public safety, and public health.

9. Even though emissions standards were put in place to reduce air pollution and lower dependence on foreign oil, gliders or "zombie trucks" -- new chassis with re-manufactured engines – exploited a loophole to use engines manufactured under weaker pollution standards. If a manufacturer built a brand new chassis and merely inserted an old, outdated engine into it, the truck was not required to meet these common sense emissions standards.

   Before 2007, there were only 500 of these "zombies" on the road. But there are now roughly 10,000 of these high-emitting trucks on our roads. These trucks emit upwards of 10 to 20 times the amount of soot and smog that a brand new truck engine does. By 2025, the EPA has estimated that these zombie trucks would emit 300,000 tons of NOx and 8,000 tons of soot each year.

   Over the years, the trucking industry has worked productively with the EPA set new standards that closed this zombie loophole. In 2016, that new so-called "Phase 2" rule was issued to end this zombie truck practice starting in January 2018.

   a. Was the American Trucking Association involved in the Phase 2 rulemaking process and do you think it's important to keep this rule on the books?

   Response: ATA and its member companies invested an inordinate amount of time and effort in the development of the second round of truck GHG and fuel efficiency standards by EPA and NHTSA (Phase 2). The final Phase 2 rule also included provisions addressing gliders beginning January 1, 2018. Specific to the overall Phase 2 rule development, a brief overview of ATA's involvement and process is in order.

In 2013, ATA convened a group of major fleet members to provide input and guidance on the rule. This group, known as ATA's Fuel Efficiency Advisory Committee (FEAC), was comprised of some of the most proactive and sustainable trucking fleets in the nation including FedEx, UPS, Wal-Mart, PepsiCo, Knight Transportation, Old Dominion Freight Line, CR England, ABF, YRC Worldwide, Penske Truck Leasing, and James Burg Trucking. The FEAC worked extremely close with EPA, NHTSA, suppliers, manufacturers, academia, trade groups, environmental organizations, fuel providers, the California Air Resources Board, and member companies to develop the industry's basic framework regarding areas of concern under Phase 2. This industry document came to be known as the "FEAC Guiding Principles" which were adopted as official trucking industry policy.

After having worked closely with EPA and NHTSA for nearly four years in the development of the Phase 2 rule, ATA endorsed the framework and approach of the agencies to address GHG and fuel efficiency regulation in the trucking sector, as well as the regulation of glider vehicles. (See Question 10 below for more specific information regarding ATA's glider vehicle concerns).

By 2027, Phase 2 aims to reduce GHG and fuel consumption of new long-haul trucks pulling new 53-foot box trailers by up to 39% beyond Phase 1 requirements. ATA was particularly pleased that the final rule addressed ATA's specific concerns regarding adequate lead-time for technology development; technology payback periods of less than 24 months; national harmonization of standards; flexibility for manufacturers and vehicle purchasers; annual assessments regarding implementation under the rule; and the phase-out of glider vehicles. The Phase 2 rule (along with the Phase 1 rule) are fine examples as to how regulators and industry can, and should, work together in a productive manner in developing and advancing sound public policies.

10. On November 9th, the Environmental Protection Agency proposed to repeal this rule. During the process of this proposed repeal, Administrator Pruitt also preempted the work of his agency's own technical experts. When he proposed to repeal this rule on November 9th, EPA staff were still in the middle of their own study of the pollutants emitted by zombie trucks. That study eventually found that the emissions from these trucks were worse than imagined. [See attached documentation Exhibit A, from November 20, 2017, titled "Chassis Dynamometer Testing of Two Recent Model Year Heavy-Duty On-Highway Diesel Glider Vehicles"]

Additionally, the EPA has projected that every year of glider production at today's levels would result in 1,600 premature deaths. That would be even higher if this rule is repealed and more zombies are produced.

a. Should the Environmental Protection Agency be seeking to repeal the Phase 2 emission requirements for these zombie glider vehicles or do you think that that rule should remain on the books?

Response:

EPA should not repeal the Phase 2 emission requirements for glider vehicles included under the final Phase 2 rule published in 2016. ATA testified before EPA at its public hearing in DC on December 4 and submitted formal written comments on January 5 strongly supporting the phase-out of gliders in the trucking industry. ATA's Fuel Efficiency Advisory Committee (more specifically discussed in Question 9 above) voted unanimously to oppose any attempts to change the glider vehicle provisions included in the final Phase 2 rule. The rationale for ATA opposing gliders include:

- EPA's proposal to reinterpret section 202 (a)(1) of the Clean Air Act stating that a new motor vehicle can only be a vehicle comprised entirely of new parts will have implications far beyond gliders. Creating such a loophole could potentially upend the agency's ability to regulate emissions from the trucking sector.
- EPA has clear authority to regulate rebuilt engines under Section (a)(3)(D) of the Clean Air Act.
- The continued and unchecked growth of gliders creates a competitive disadvantage for fleets purchasing new equipment and circumvents today's stringent emissions standards for PM, NOx, and greenhouse gases.
- It is not equitable for the cleanest fleet operations in the nation to keep paying the bill for cleaner air. The continued and excessive growth of emissions from the glider industry will negate potential NOx and PM emission reductions from future on-road diesel engine emission rules.
- The exponential growth of the glider market has been created in part by EPA's reliance on "technology-forcing" standards to achieve emission reduction goals. Technology-forcing standards are engineered technology pathways predicted to satisfy engine emission limits. Such technologies are immature and have not been thoroughly tested. Fleets increasingly purchase glider vehicles to avoid the additional maintenance, downtime, non-reliability, cost, and driver dissatisfaction involving new vehicles utilizing unreliable technologies.
- Failure to regulate the oldest and highest polluting vehicles on the nation's highways runs counter to EPA's financial commitment and historical record in reducing emissions from such vehicles under the Diesel Emissions Reduction Act (DERA)

Senate Committee on Environment and Public Works
Subcommittee on Transportation and Infrastructure Hearing
"Freight Movement: Assessing Where We Are Now And Where We Need to Go"
December 20, 2017

Responses to Questions for the Record
Chris Spear
President and CEO
American Trucking Associations

Senator Fischer:

1. Mr. Spear, you mentioned in your testimony the need to address the truck driver parking shortage. Congress recognized this need in MAP-21 by including Jason's law, which provided some funding to truck parking projects. What is the extent of the parking shortage? What is the experience drivers must go through to find parking when they need to rest or they have hit their hours-of-service limit? Are truck parking issues exacerbated by a lack of uniformity in rest break standards among states?

   Response: A 2015 survey conducted for the Federal Highway Administration revealed some truly disturbing realities about the situation facing truck drivers. More than 75% of truck drivers reported that they regularly have difficulty finding a place to park, with over 90% regularly unable to find a safe space at night. Nearly half of the truck stops surveyed reported that demand for parking regularly exceeds available capacity between midnight and 5:00 a.m. Nearly half of the states surveyed reported that trucks regularly park on highway ramps and shoulders, presumably after the driver was unable to locate a safe and legal parking space due to the parking space shortage.

   Because of the parking shortage, drivers often have to start their search for a parking space well before their hours-of-service (HOS) expire. This reduces drivers' wages, increases freight transportation costs, and exacerbates the driver shortage. If drivers are unable to locate a safe and legal parking space in a timely manner, they are forced to choose between violating federal law and parking in a space that may be unsafe, illegal, or both.

   The consequences of the parking shortage were brought to a stark reality when in 2009, truck driver Jason Rivenburg, for whom the MAP-21 provision was named, was fatally shot by a man who robbed Jason to steal money in order to buy illegal drugs. Jason had parked at an abandoned gas station for the night. Often truck drivers circle a truck stop or rest area looking for a place to rest, only to find no spaces available. Faced with running out of hours, they are forced to risk parking illegally on highway shoulders, private parking lots or, as in Jason's case, an open space with no facilities or security. Parking on shoulders is not only illegal, it is also dangerous. Several fatalities have resulted from motorists crashing into the back of trucks parked on shoulders. Furthermore, law enforcement officers are often faced with a decision to either make drivers leave the shoulder, knowing that the driver is fatigued and in violation of HOS regulations, or look the other way, and risk a rear-end crash.

Truck parking shortages are exacerbated when, contrary to federal law prohibiting states from regulating interstate trucking, state meal- and rest-break rules are layered on top of the nationally uniform hours-of-service rules promulgated by the Federal Motor Carrier Safety Administration. These additional break requirements mean more unnecessary stops, and therefore a needlessly increased demand for safe locations to park. Congress can and should mitigate this problem by clarifying that federal law preempts this sort of state-by-state regulation of the trucking industry.

2. Mr. Spear, I agree that we must address bottlenecks, and I was pleased to support the freight provisions of the FAST Act. We must recognize that different parts of the country, from Omaha and Chicago in the Midwest to Los Angeles and New York on the coasts, will have different infrastructure needs. What types of infrastructure do you believe would best address the bottlenecks at critical connectors across the country? In other words, are there parts of the country that need additional highway lanes, or are there innovative ideas and technologies that would improve the flow of people and freight?

   Response: Each situation is different and individual bottlenecks will require their own solutions. In many cases, this means redesigning and modernizing interchanges that were built more than half a century ago for a fraction of the traffic volumes they must now handle. Some bottlenecks do simply require additional lanes. However, transportation agencies should consider lower-cost solutions where feasible. These could include operational strategies such as reversible lanes, traffic signal coordination and quick clearance of crashes. More advanced vehicle to infrastructure (V2I) technologies that are currently available or under development hold even greater potential to ease congestion and more importantly, reduce the number of crashes (which has the side benefit of reducing congestion). For example, traffic signal control applications can lower travel times by up to 27%, and cooperative adaptive cruise control and speed harmonization applications that are optimized for the environment can potentially reduce travel time on freeways by up to 42%, according to USDOT.

   While all bottleneck improvement projects will differ, they do share one thing in common—they require greater investment than is currently available. It is possible to eliminate or lower the impacts of bottlenecks on motorists, but without sufficient funding, congestion will continue to worsen, at considerable cost to all Americans.

3. Mr. Spear, you have talked about the need to consolidate the multiple security and HAZMAT credentialing systems truck drivers must go through, including the Transportation Worker Identification Credential (TWIC) program, the Hazardous Materials Endorsement, and Free and Secure Trade credential. Earlier this year, Senators Thune, Nelson, Booker, and I introduced the Surface and Maritime Transportation Security Act, which includes a provision to expand the applicability of the TWIC card to meet other security credential requirements. What is the current process like for a truck driver trying to apply for these different permits? Do you think both the security and efficiency of the credentialing system could be improved by expanding the TWIC card applicability?

Response: Today, the process for a truck driver to obtain a TWIC and a Hazardous Materials Endorsement (HME), requires two separate but very similar paths.

TWIC: To obtain a TWIC, a driver must first submit an application, either online or in person at a TSA/TWIC enrollment center. If the application is submitted online, the driver must also schedule an appointment to come into to the enrollment center to be fingerprinted and have his or her photo taken. The driver is then required to pay $125.25 for a new TWIC card. If driver has a HME, however, the price for a new TWIC card is $105.50. If the HME-holding driver is replacing a current valid TWIC, the fee for the replacement TWIC card is $60. The driver may then opt for the card to be delivered by mail to their home or return to the enrollment center for pickup. TSA notes that TSA would need between 30 and 45 days to perform the security threat assessment (STA) even though many TWIC cards are issued in as little as two weeks.

HME: The HME process, in 41 states, begins exactly the same as the TWIC process: with either an online or in-person visit to a TSA/TWIC enrollment center, where the driver is fingerprinted and has his or her photo taken. The HME STA fee is also assessed at this time. For those 41 states, the HMA STA fee is $86.50. The fee is $67 for drivers who already received a TWIC STA. TSA will notify the driver and the state of issuance within 45 days of the driver's status. The driver will then take a written exam (knowledge-based test), undergo a medical screening, and pay any other applicable fees to receive the HME on their CDL.

In contrast to the aforementioned 41 states, Florida, Kentucky, Maryland, Mississippi, New York, Pennsylvania, Texas, Virginia, and Wisconsin have a different process for obtaining an HME: it begins with submitting an application at the driver's local DMV. The driver will then pay the STA fee, which can be much higher than the $86.50 required in the 41 other states. The driver is then instructed to submit fingerprints and have his or her photo taken at a TSA/TWIC enrollment center. TSA will then notify the driver and the state of the status of the driver. In this way, drivers going through the HME process in these 9 states, are subject to higher costs as well as additional steps when seeking to obtain a HME.

The Surface and Maritime Transportation Security Act: Currently, the Security Threat Assessment associated with the TWIC and HME requires a FBI criminal history records check, a check against the Terrorist Screening Database, proof of citizenship or immigration status, and proof of identity. As far as the industry is concerned, these checks are sufficient in determining whether an individual poses a threat to national security. Subjecting drivers to identical (and duplicative) threat assessments and virtually identical (and duplicative) processes does not enhance security –rather, this unnecessary bureaucratic layer only adds to the inefficiencies with in the supply chain.

For this reason, the trucking industry strongly supports and applauds your efforts and the efforts of Senators Thune, Nelson and Booker in introducing The Surface Transportation and Maritime Security Act. The bill expands the use of the TWIC, by allowing states to accept the TWIC as proof that the driver applying for his or her HME is not a risk to national security. This bill will give states the ability to streamline the background check process for the HME and is a significant step in the right direction towards eliminating the duplicative credentialing process.

Senator INHOFE. Thank you, Mr. Spear.
Mr. Policinski.

STATEMENT OF MARK POLICINSKI, CHIEF EXECUTIVE OFFICER, OHIO-KENTUCKY-INDIANA REGIONAL COUNSEL OF GOVERNMENTS, AND MEMBER, COALITION FOR AMERICA'S GATEWAYS AND TRADE CORRIDORS

Mr. POLICINSKI. Chairman Inhofe and Ranking Member Cardin and distinguished members of the Subcommittee, thank you for allowing me to share my views.

I am representing both the Ohio-Kentucky-Indiana Regional Council of Governments, as well as the Coalition for America's Gateways and Trade Corridors. These are diverse groups of public and private organizations seeking to increase Federal investment in multimodal freight infrastructure.

OKI, as the metropolitan planning organization for the Greater Cincinnati region, has final authority over all Federal spending on surface transportation. The region is home to the nationally significant Brent Spence Bridge. The bridge is a linchpin on the I–75 trade corridor. It is a bridge that connects Michigan to Miami, and it carries over $1 billion of goods every day. But it is suffering due to structural deficiencies and overcrowding. This results in costing around $750 million annually in wasted time and fuel. It is a prime example of U.S. freight needs.

The Constitution's commerce clause calls on the Federal Government to make investments supporting interstate commerce. Seventy-seven percent of all freight crosses State lines, but States and localities cannot shoulder investment to improve them. I applaud this Committee for prioritizing freight in the FAST Act; it is a down payment on our needs. But as we know, more is needed to keep pace with a growing global economy. We must remember that, as a percentage of GDP, China spends 4 times what the United States does on infrastructure.

The FAST Act created a formula program designed to target freight investments and improvements. However, the ability of formula dollars to fund complex freight projects is limited. Recognizing this, the FAST Act created a much needed competitive grant program, or INFRA, designed to target large freight and highway projects which often span modes and jurisdictions.

Competitive programs encourage applicants to bring forward their best ideas, and they frequently incentivize non-Federal dollars to get involved. INFRA awarded roughly $800 million in fiscal year 2016, and it leveraged $3.6 billion in total investment.

But just because a project is more affordable to the Federal Government does not mean it is the most valuable investment for a country's economy. Projects should first be evaluated on their ability to meet congressionally defined program goals. To foster strategic investment, we respectfully make five recommendations.

No. 1, a national vision in investment strategy should shape and guide the nation's freight infrastructure system with active coordination among States and regions. A focus on multimodal freight should be established within USDOT's Office of the Secretary to guide policy and programming with a focus on nationally significant projects.

No. 2, provide a dedicated, sustainable, and flexible funding source. Investment in the freight network has a much larger return on investment than other transportation spending. Existing programs available for freight infrastructure, like INFRA and TIGER, are vastly oversubscribed. In the first round, INFRA sought $13 in requests for every $1 available. A minimum annual direct Federal investment of $2 billion above current levels is necessary. Congress should also eliminate caps on non-highway spending under the freight formula and INFRA programs. Freight does not only move on highways. Where public benefit is derived, public investment should be made.

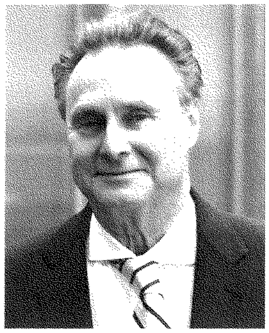
No. 3, successful grant applications must meet merit based criteria that prioritize projects with a demonstrable contribution to the national freight efficiency.

No. 4, Congress should oversee the FAST Act implementation to ensure investment aligns with congressional intent and there is sufficient decisionmaking transparency. Despite Congress's development of strong, merit based criteria for INFRA, GAO was unable to determine USDOT's rationale for selecting the first round's 18 successful projects.

And last, a partnership with the private sector. Funding should leverage private participation and provide the largest possible toolbox of funding options. An advisory council of freight industry members and system users could assist USDOT to foster partnerships with the private sector.

I thank the Committee for their time and attention to this critically important topic.

[The prepared statement of Mr. Policinski follows:]



Mark R. Policinski

Mark Policinski is celebrating his 25th year as a CEO, the past thirteen years with the Ohio-Kentucky-Indiana Regional Council of Governments (OKI). Prior to OKI, Mr. Policinski held senior level positions in the private sector, including CEO of the Brown Publishing Company and vice president of The CoStar Group.

Mr. Policinski worked in Washington, D.C., as a senior economist for The Joint Economic Committee on Capitol Hill and as the associate deputy secretary of the U.S. Department of Commerce under President Ronald Reagan.

He has served on many public and private sector boards. He was appointed chair of the Ohio Rail Development Commission by Governor John Kasich. He is the 2014 recipient of the Walter Scheiber Leadership Award, given to the CEO of a regional organization for outstanding leadership and advocacy by the National Association of Regional Councils. He has also judged for the Annual McCloskey Business Competition for the University of Notre Dame. For the past 13 years, Mr. Policinski has been named as one of the 100 Most Powerful Leaders in the region.

He has a Bachelor of Science in Education from Indiana University with concentrations in political science and economics, and a Master of Economics from Western Kentucky University.

Mr. Policinski's first novel was published in September, 2013.

Coalition for America's Gateways and Trade Corridors

AECOM
Alameda Corridor-East Construction Authority
Broward County's Port Everglades
California Department of Transportation
Cambridge Systematics, Inc.
Canaveral Port Authority
Cascadia Center
Chicago Metropolitan Agency for Planning
City of Chicago
COMPASS – Community Planning Association of Southwest Idaho
Dewberry
Economic Development Coalition of Southwest Indiana
Florida Department of Transportation
Florida East Coast Railway
Florida Ports Council
Freight Mobility Strategic Investment Board (Washington State)
Gateway Cities Council of Governments
HERZOG
HNTB Corporation
Illinois Soybean Association
Intermodal Association of North America
Kootenai Metropolitan Planning Organization
Los Angeles County Metropolitan Transportation Authority
Majestic Realty Co.
Maricopa Association of Governments
Memphis Chamber of Commerce
Metropolitan Transportation Commission
Moffatt & Nichol

TESTIMONY OF

Mark Policinski
Chief Executive Officer
Ohio-Kentucky-Indiana Regional Council of Governments

Member
Coalition for America's Gateways and Trade Corridors

REGARDING

Freight Movement: Assessing Where We Are Now And Where We Need To Go

BEFORE

Senate Committee on Environment and Public Works' Subcommittee on Transportation and Infrastructure

DECEMBER 20, 2017

National Railroad Construction and Maintenance Association
NASCO – North American Strategy for Competitiveness
The Northwest Seaport Alliance
Nossaman LLP
Ohio Kentucky Indiana Regional Council of Governments
Orange County Transportation Authority
Oregon Department of Transportation
Parsons
Port Authority of New York & New Jersey
Port Newark Container Terminal
Port of Hueneme
Port of Long Beach
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Port Miami
Port of Oakland
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SANDAG - San Diego Association of Governments
Southern California Association of Governments
Tampa Hillsborough Expressway Authority
Tennessee Department of Transportation
Washington State Department of Transportation
Will County Center for Economic Development
WSP

1625 K Street, NW Suite 1100 Washington, DC 20006
202-828-9100 phone www.tradecorridors.org

Thank you for the opportunity to testify before the Senate Committee on Environment and Public Works' Subcommittee on Transportation and Infrastructure. The ability to move freight safely, reliably, and expeditiously provides a competitive advantage for businesses and supports a higher standard of living for U.S. citizens. I appreciate the Committee's ongoing dedication to freight system improvement.

Today I am representing both the Ohio-Kentucky-Indiana Regional Council of Governments (OKI) as well as the Coalition for America's Gateways and Trade Corridors ("the Coalition"), a diverse coalition of more than 60 public and private organizations dedicated to increasing federal investment in America's multimodal freight infrastructure. I thank Chairman Inhofe, Ranking Member Cardin and Members of this Subcommittee for the opportunity to share my views with you.

OKI is a council of local governments, business organizations and community groups committed to developing collaborative strategies to improve the quality of life and the economic vitality of the region. OKI has final authority over all federal dollars spent on surface transportation in the region. Each year, OKI approves roughly $500 million for projects in the region and it invests approximately $40 million in projects for our region.

The OKI region is home to the Brent Spence Bridge, one of, if not the, premier freight infrastructure projects in the country. It is a dangerous and structurally obsolete bridge that is a lynchpin to the entire I-75 trade corridor, connecting Michigan to Miami. Every day, the bridge carries over a billion dollars of goods across its span. It was built to carry 80,000 vehicles a day, but now, carries twice that number. Maybe more germane to these hearings, the bridge was built to carry 3-4,000 trucks a day, but now, carries 32,000 trucks every day. The cost of congestion is staggering, as it is estimated at almost $750 million dollars per year. We believe it is a national priority fix the Brent Spence Bridge.

OKI has been involved in numerous projects from planning to implementation and has enjoyed substantial success because of an active Board of Directors and a first rate staff. We've worked closely with our three state DOT's, our federal highway partners, transit agencies and private companies across our Tri-state region to advance effective projects for our citizens. All of the projects we fund are evaluated first from an economic impact perspective. Every project fills the need of enhancing commerce. This is true for small projects to building a new multi-billion dollar Brent Spence Bridge.

Because of our overarching interest in economic development, freight has been a strategic emphasis at OKI for over a decade. Years ago, we adopted the motto, "Freight is the Future". We did this in recognition of the fact that for the first time in human history, the world had an interconnected economy. A connection that could be accessed by a tap of your finger on your smart phone, with a reach to every corner of the earth, filled with information supported by trillions of bits of data. This world economy demands that nations elevate their infrastructure to compete on the global stage. Economies that fail their infrastructure test, will fail when it comes to growth, jobs, innovation and income. They will fail their future.

I applaud Members of this Committee for prioritizing freight infrastructure investment under the Fixing America's Surface Transportation (FAST) Act. This landmark legislation is a down payment on our Nation's infrastructure needs, but as you know, much more is needed to keep pace with the demands of a growing global economy and population.

The economic importance of freight infrastructure cannot be overstated. The United States' multimodal freight network directly supports 44 million jobs and impacts every American's quality of life.[1] Our nation's five major economic sectors, which represent 85 percent of our national economy, rely on the efficient and cost-effective movement of freight. These sectors – manufacturing, retail, agriculture, natural resources, and transportation providers – touch every state and Congressional district. The system moves 55 million tons of goods daily, worth more than $49 billion.[2] That's roughly 63 tons per person annually; meanwhile, the U.S. population is expected to increase by 70 million by 2045.[3] Such population growth presents both challenges and opportunities. To capitalize on a growing 21st Century consumer base and workforce, our infrastructure network must be up for the task.

Unfortunately, years of underinvestment in our national transportation system have driven up the cost of doing business. U.S. companies alone spend around $27 billion annually in extra freight transportation expenses due to congestion,[4] and the total cost of congestion is estimated at $1 trillion annually –

[1] U.S. Department of Transportation, *National Freight Strategic Plan*, October 2015. <https://www.transportation.gov/sites/dot.gov/files/docs/DRAFT_NFSP_for_Public_Comment_508_10%2015%2015%20v1.pdf>
[2] Ibid.
[3] Ibid.
[4] Ibid.

roughly seven percent of U.S. economic output.[5] Our trading partners are investing at a more aggressive pace: on average, European countries spend the equivalent of 5 percent of GDP on building and maintaining their infrastructure, while the United States spends just 2.4 percent.[6] China is investing at almost four times our rate.[7] Businesses are taking note. According to a 2014 study by the National Association of Manufacturers, 65 percent of members surveyed do not believe that infrastructure, especially in their region, will be able to respond to the competitive demands of a growing economy over the next 10 to 15 years.[8]

Illustrative of the need for a Federal role in freight planning and infrastructure investment, 77 percent of U.S. freight moves between states. States and localities cannot shoulder the burden of nationally-significant freight movement.[9] At present, the Federal government provides just 25 percent of public infrastructure funding – down from an all-time high of 38 percent – placing a strain on communities and local governments.[10] The Constitution's Commerce Clause assigns the Federal government the responsibility of making investments to support interstate commerce. Some of freight infrastructure's largest, most complex, and most desperately needed improvements occur where multiple modes come together. These instances often require a partnership at the Federal level to untangle chokepoints that burden our communities and slow commerce.

While it is safe to say all transportation spending has some impact on our economy, investment in the nation's multimodal freight network always has a significant impact on economic activity. It has a much larger ROI than other transportation spending. Freight investments, by their nature, always have improved commerce as their chief result. A ship connected to a train connected to a truck by the most efficient infrastructure will yield benefits not only to the companies who own the modes, but also, to

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[5] Ibid.
[6] Council on Foreign Relations, *The State of U.S. Infrastructure*, October 2017. < https://www.cfr.org/backgrounder/state-us-infrastructure>
[7] McKinsey Global Institute, *Bridging Global Infrastructure Gaps*, June 2016 < https://www.un.org/pga/71/wp-content/uploads/sites/40/2017/06/Bridging-Global-Infrastructure-Gaps-Full-report-June-2016.pdf>
[8] Horst, Ronald and Jeffrey Werling, National Association of Manufacturers, *Catching Up: Greater Focus Needed to Achieve a More Competitive Infrastructure*, September 2014. <http://www.nam.org/Issues/Infrastructure/Surface-Infrastructure/Infrastructure-Full-Report-2014.pdf>
[9] Tomer, Adie and Joseph Kane, Brookings and JP Morgan Chase Global Cities Initiative, *Mapping Freight: The Highly Concentrated Nature of Goods Trade in the United States*, November 2014. < https://www.brookings.edu/wp-content/uploads/2016/06/Srvy_GCIFreightNetworks_Oct24.pdf>
[10] Council on Foreign Relations, *The State of U.S. Infrastructure*, October 2017. < https://www.cfr.org/backgrounder/state-us-infrastructure>

their communities, suppliers and customers. Freight infrastructure is always built to yield economic rewards.

The FAST Act created the first-ever formula program designed to target freight system improvements, like first and last mile connectors. We encourage Congress to provide oversight of this program to ensure the funds are invested in crucial freight infrastructure. The FAST Act also created a much-needed competitive grant program designed to target investments in large freight and highway projects. The Nationally Significant Freight and Highway Projects Program, or INFRA program, contains criteria written into law that focus on goods movement infrastructure, and its goals include: increasing global economic competitiveness, improving connectivity between freight modes, reducing congestion and bottlenecks, and improving the safety, efficiency and reliability of the movement of freight and people.

While traditional formula funds complement a grant funding approach and provide state departments of transportation a funding stream to carry out construction, maintenance and preservation of the Nation's highways, their ability to fund non-highway freight projects is severely limited. Freight mobility – on all modes – requires added capacity and improved efficiency to keep pace with growing demands. Connectivity among the modes is key to the efficient movement of goods. Competitive grant programs, such as INFRA, assist in funding large-scale infrastructure projects, which often span modes and jurisdictional borders and are difficult, if not impossible, to fund through traditional distribution methods such as formula programs.

While formula programs invest through a standard 80 percent federal to 20 percent non-federal match, competitive grant programs encourage states and localities to bring their best possible deal to the table, driving innovative and creative funding and financing arrangements. Programs like INFRA and TIGER have repeatedly shown their ability to attract non-federal dollars. For example, the FY16 round of INFRA (FASTLANE) awarded roughly $800 million and will be combined with other funding from federal, state, local, and private sources to support $3.6 billion in infrastructure investment.

Despite the INFRA program's proven ability to attract non-Federal dollars, that should not be the *only* consideration in deciding whether or not to fund a project. The leverage created by federal dollars is very important, but, it is not of sole importance. What also must be considered is the ROI of the project. Just because a project is more "affordable" to the federal government, does not mean it is the most valuable investment for the country's economy. Investment in our multimodal freight system results in public benefits and therefore cannot be considered a business proposition alone. Projects should first be evaluated on their ability to meet the program's goals, based on measureable and objective criteria defined by Congress.

Recommendations

Without a campaign of strategic investment to expand capacity and increase efficiency, U.S. productivity and global competitiveness will suffer while costs increase. To address these needs, we respectfully recommend that Congress:

Develop a national strategy that guides long-term planning: A national "vision" and investment strategy that shapes and guides the nation's freight infrastructure system with active coordination among states, regions, and localities is needed. A focus on multimodal freight should be established within the U.S. Department of Transportation's Office of the Secretary to guide freight mobility policy and programming with a particular focus on projects of national significance that aid in the movement of commerce.

A unique mix of public and private infrastructure and specialized knowledge at the Federal level is required to understand the operational and economic differences between the various types of goods movement infrastructure. For example, port infrastructure development challenges will be different from challenges presented by highways and roads. This investment strategy should include innovative and flexible approaches to structuring federal financial assistance in a manner that encourages private sector investment.

Provide dedicated, sustainable, and flexible funding: An investment program dedicated to multimodal freight infrastructure is necessary to ensure that public agencies can invest in their most critical goods movement needs – regardless of mode. Federal funding should incentivize and reward state and local investment and leverage the widest array of public and private financing.

Existing programs available to freight infrastructure, like the INFRA and TIGER competitive grant programs, are oversubscribed. In its first round, the INFRA grant program saw $13 in requests for every $1 available. A minimum annual direct federal investment of $2 billion above current levels dedicated to multimodal freight infrastructure and distributed through a competitive grant program is necessary to meet growing needs.

We encourage Congress to eliminate the caps on non-highway spending under the freight formula and INFRA programs. Freight does not move on highways alone – where public benefit is derived, public investment must be made. Intermodal freight is one of the fastest-growing sectors of the freight market.[11] And, it is often in the places where various modes come together that public assistance is needed to close the funding and infrastructure gaps, which result in capacity inefficiencies and bottlenecks. Examples include highway-rail grade crossings, rail spurs to access cargo, logistics or transfer facilities, tunnels and bridges for port access, border crossing capacity enhancements, and air-freight connectors.

Implement a set of merit-based criteria for funding allocation: Projects should be selected through the use of merit-based criteria that identify and prioritize projects with a demonstrable contribution to national freight efficiency. Long-term funding must be made available to ensure that, once a project is approved, funds will flow through to project completion. Funds should be available to support multi-jurisdictional and multi-state projects, regardless of mode, selected on the basis of objective measures designed to maximize and enhance system performance, while advancing related policy objectives.

Oversight of existing freight programs: We ask Congress to oversee execution of the INFRA program to ensure projects are evaluated against criteria codified in law. We commend Congress' foresight in mandating that the Government Accountability Office (GAO) publish a report on the decision making process for the INFRA grant program. Despite the Congress' development of strong, merit-based criteria for the program, under the first round of grant awards, the GAO was unable to determine the rationale for selecting the 18 awarded projects.[12] We encourage Congress to continue such oversight to aid decision-making transparency and adherence to Congressional intent.

A partnership with the private sector: Private participation in the nation's freight infrastructure is vital to system expansion. Federal funding should leverage private participation and provide transportation planners with the largest toolbox of financing options possible to move freight projects forward quickly and efficiently. The establishment of an advisory council made up of freight industry members and system users could assist and partner with USDOT in order to foster such partnering with the private sector.

I would like to thank the committee for their time and attention to this critically important topic.

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[11] U.S. Department of Transportation, *Beyond Traffic,* February 2015. <http://www.dot.gov/sites/dot.gov/files/docs/Draft_Beyond_Traffic_Framework.pdf >

[12] Government Accountability Office, "DOT Should Take Actions to Improve the Selection of Freight and Highway Projects," November 2017. < https://www.gao.gov/assets/690/688111.pdf>

Senate Committee on Environment and Public Works
Subcommittee on Transportation and Infrastructure
Hearing entitled, "Freight Movement: Assessing Where We Are Now And Where We Need to Go"
December 20, 2017
Questions for the Record for Mark Policinski

Ranking Member Carper:

1. How has the growth of e-commerce changed multimodal freight movement? Is the growth of e-commerce something Congress should evaluate further in preparation for the next surface transportation bill?

Traditionally, the smallest shipments moved by logistics providers were pallets or large boxes, but the rise of e-commerce has increased consumer demands for precise and immediate deliveries. Large box stores no longer represent the end of the supply chain, consumers do. In turn, this trend has caused manufacturing and distribution to move closer to population centers, demanding sufficient infrastructure to support delivery of raw and unfinished materials – and increasing the need for multimodal options to alleviate congestion on shared highways and roads. Moreover, these shifts have also led to a decrease in the average length of a truckload haul for finished products, causing an increase in less-than-truckload carriers. The rise of e-commerce has put pressure on fast-growing regions, forced to deal with increased congestion.

We encourage Congress to call on the U.S. Department of Transportation to complete development of the National Freight Strategic Plan, which was called for under the FAST Act and due in December of 2017. It is our hope that the U.S. Department of Transportation includes in its report comments on how e-commerce has affected goods movement as well as predictions for future movement trends. Nevertheless, it is well-documented that the U.S. population continues to grow and each person uses roughly 63 tons of freight annually. This could be a significant opportunity for domestic manufacturing and e-commerce, increasing their consumer base. A minimum annual direct federal investment of $2 billion above current levels dedicated to multimodal freight infrastructure and distributed through a competitive grant program and regional transportation authorities is necessary to meet growing needs.

2. As you know, the transportation and logistics workforce does not meet current or future demand. Should the Federal government have a role to encourage, train, and attract the next generation of workers?

Congested transportation networks create a level of job dissatisfaction for transportation and logistics workers currently in the field and serve as a deterrent to attracting the next generation of workers. Removing the barrier of poor infrastructure should be a Federal priority.

3. At border crossings, operational issues such as inadequate customs staffing can be more of a cause for delays than any particular infrastructure constraint. On roadways, the proper synchronization of traffic signals and the response time to accidents are examples of operational issues that can be prominent factors in improving traffic flow.

   What is CAGTC's view on investment in operations versus infrastructure in addressing pinch points in the freight transport network? What is the federal role in evaluating these two options for improving freight fluidity?

Our nation has many pressing physical infrastructure needs, and the health of the U.S. economy demands infrastructure that is safe, efficient, reliable and resilient. In many instances, though, ITS technologies can optimize the movement of freight; in the instance of border crossings, personnel are necessary to facilitate optimal use of built infrastructure. With the goal of optimization in mind, these various pieces build on each other to create a holistic freight network. Where public benefit is derived, there should be commensurate public investment.

It is worth noting that in many instances, ITS and other innovative offerings can increase the utility of built infrastructure and identify deficiencies early-on so as to reduce inefficiencies and cost of repair. When public benefits are derived, these solutions should be considered as a method of maximizing return on the public investment.

Many ITS solutions are best implemented at the local level. Cities and regions know their intelligent system's abilities and needs better than any other entity. The Committee is wise to understand the value of operational improvements and their impact on freight movements. I hope the committee will make sure that investments in operational assets will have a greater ROI by using regions as the conduit for these improvements.

4. For highway infrastructure, state departments of transportation make most of the decisions about which projects to fund. Do you think this approach is adequate for highway projects directed toward freight movement, particularly when over 77 percent of freight crosses State lines, or is there a need for greater federal involvement in project planning and funding?

There is a clear Federal role in funding and identifying nationally and regionally significant goods movement infrastructure. This is not to undermine the value of state departments of transportation – indeed, state departments of transportation are tasked with evaluating the needs existing within their state, but the movement of freight does not recognize jurisdictional borders. A national vision and investment strategy that shapes and guides the nation's freight infrastructure system with active coordination among states, regions, localities – and indeed, our neighbors to the North and South – is needed.

Federal funding should incentivize and reward state and local investment and leverage the widest array of public and private financing. Large-scale freight projects not only cross jurisdictional boundaries but also cross modes, making them difficult to fund through traditional distribution methods such as formula programs. CAGTC supports the use of a federal freight competitive grant program that selects projects through congressionally-defined, merit-based criteria that identify and prioritize investments with a demonstrable contribution to national freight efficiency. The grant program should be available to support multi-jurisdictional and multi-state projects, regardless of mode, which advance related policy objectives.

In regard to planning, the NEPA process is adequate for ensuring projects meet federal standards and outcomes. In short, the federal government has the difficult task to find many new dollars for freight infrastructure. The regions and states should have the difficult task to put those dollars to their most efficient use.

5. In your written testimony, you state that "investment in the nation's multimodal freight network...has a much larger ROI than other transportation spending." Investment in the nation's multimodal freight network clearly has a significant impact on our economy. Is CAGTC able to quantify the ROI for the multimodal freight network versus a highway only network?

The ROI on multimodal freight projects is higher because these projects have economic development as their reason to be built. Moving commerce is, by far, the major (maybe sole) reason for freight projects to be initiated. Hence, the economic impact is greater per dollar invested. While highway projects may have this focus, it is not always so.

The ROI of multimodal investments depends on the particular investment. I would be leery of rules of thumb estimates. It all gets down to the particulars of a project and no projects are the same.

While it is difficult to separate and quantify on a system-wide scale the national benefits accrued due to freight infrastructure investment, the U.S. Department of Transportation has <u>acknowledged</u> that previous highway-only networks failed to present the full picture of freight movement in the United States. Instead, the U.S. Department of Transportation developed the draft Multimodal Freight Network, which encompasses "not only highways, but also the local roads, railways, navigable waterways, and pipelines, key seaports, airports, and intermodal facilities necessary for the efficient and safe movement of freight in our country."

Looking solely at the <u>economic</u> benefits of freight infrastructure investment, the returns on investment are diffused and distributed across the national economy, supporting our nation's key industries: agriculture, manufacturing, retail, natural resources and transportation providers. Moreover, most freight infrastructure is shared by the public and therefore not only do freight shippers enjoy the improvements, but so does the commuting public. Differentiating freight investment projects from other types of mobility improvements, jobs are not only created immediately in the construction phase, but an efficient goods movement system attracts and retains U.S. businesses, supports exports, and benefits the economy for years to come.

Senator INHOFE. Thank you, Mr. Policinski. Also thank you for being specific, because you specified five things. This Committee is going to have to make some decisions, and I think those are excellent suggestions.

Mr. Parker.

STATEMENT OF TIM PARKER, JR., CHAIRMAN, PARKER TOWING COMPANY, AND CHAIRMAN, BOARD OF DIRECTORS, WATERWAYS COUNCIL, INC.

Mr. PARKER. Thank you, Chairman Inhofe, Ranking Member Cardin, and members of the Subcommittee. Thank you for the opportunity to testify before you today on the topic of "Freight Movement: Assessing Where We Are and Where We Are Going." I know other witnesses this morning will concentrate in their testimony on MAP–21 and the FAST Act, so I will not do that. Instead, I will focus on the importance of the inland waterways transportation system and potential reforms that could modernize this critically important system.

I currently serve as Chairman of Parker Towing Company. We are headquartered in Tuscaloosa, Alabama, and operate 26 towboats and 340 barges. I am also Chairman of the Board of Directors of the Waterways Council, Inc., WCI, which is the national public policy organization that advocates for a modern and well maintained system of inland waterways and ports.

The inland waterways transportation system is made up of nearly 12,000 miles of commercially active inland waterways, including intracoastal waterways. Of this total, nearly 11,000 miles comprise the fuel tax portion of the system on which commercial operators pay a diesel fuel tax that is deposited into the Inland Waterways Trust Fund. Users like Parker Towing Company successfully advocated in support of raising our taxes by 45 percent in 2015 to its current level of 29 cents per gallon. This tax currently pays for up to half the cost of new construction and major rehabilitation of inland waterways infrastructure, principally locks and dams, but also including channel deepening.

At the outset, I would note that after having only one order enacted between 2001 and 2013, it is very encouraging to see this Committee putting WRRDA bills back on a 2 year cycle with the enactment of WRRDA 2014 and WRRDA 2016. I would especially like to thank this Committee for passing the important policy changes contained in WRRDA 2014, particularly the change in cost share policy for Olmsted Locks and Dams. This cost share change from 50 percent Inland Waterways Trust Fund and 50 percent General Fund, to 15 percent Inland Waterways Trust Fund and 85 percent General Fund. This change in policy at Olmsted has led to significant improvements in the construction timeline and cost of the project.

At the November 3rd Inland Waterways User Board meeting just a few weeks ago, the Corps reported that the Olmsted project will be operational next year, perhaps as early as June, with full completion now expected in 2022, in both instances 4 years ahead of the previously estimated project operation and completion dates. In terms of cost, Olmsted is now scheduled to be completed approximately $330 million below the new estimated cost.

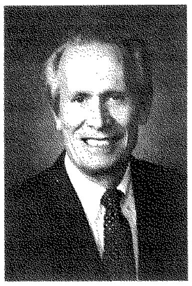
Also noteworthy, not only did the cost share change help Olmsted, it has allowed construction to resume on the Lower Monongahela Locks 2, 3, and 4, Kentucky Lock, and Chickamauga Lock.

Finishing Olmsted as quickly as possible comes at a critical time for the inland system. Starting in early September 2017, locks and dams 52 and 53, which are the locks and dams that Olmsted will be replacing, have been experiencing repeated failures, causing multiple complete closures of the Ohio River. At one point, there were 74 towboats and 842 barges waiting to lock through. These recent emergencies vividly show that locks and dams built in the 1920s, like locks and dams 52 and 53, are in critical need of modernization to maintain American competitiveness.

Currently, we have a portfolio of 25 high priority inland projects either in construction or waiting to begin construction, with a total cost estimated at $8.8 billion. At the current rate, many of these projects will not even begin their construction in the next 20 years. We would hope the Committee will consider the same kind of change for the inland waterways that was include in last year's WRRDA for deep draft coastal ports. In WRRDA 2016 Congress changed the cost share policy for funding the construction of deep draft ports with depths of 45 to 50 feet from 50 percent non-Federal project sponsor and 50 percent Government to 25 percent non-Federal project sponsor and 75 percent Federal Government. By doing the same thing for the Inland Waterways Trust Fund, this Committee would allow for the inland navigation capital program to remain operating at or above the $400 million level that has been achieved since the cost share at Olmsted.

Thank you for the opportunity to be here today, and I look forward to participating in this roundtable discussion.

[The prepared statement of Mr. Parker follows:]



Tim Parker – Parker Towing Company

Tim Parker joined Parker Towing Company in 1974 and now serves as Chairman of the Board. Prior experience includes 2 years in the United States Army and 5 years with the Lykes Brothers Steamship Company. He has been involved with numerous professional organizations having served as president of the Alabama Chapter of the American Society of Transportation and Logistics, the West Alabama Traffic and Transportation Club, and the Tennessee-Tombigbee Waterway Development Council. Tim is currently serving on the Board of Directors for Mercedes-Benz U.S. International, Inc. He is a past member of the United States Army Corps of Engineers Inland Waterways User Board; a past Chairman of the Board of the Alabama State Port Authority; and a past member of the Board of Directors for AmSouth Bank of Tuscaloosa. He has also been involved with numerous civic organizations. Tim and his wife, Cathy, are current members of the United Way of West Alabama's Alexis De Tocqueville Society and were chosen as the 2014 Family of the Year. He has served as past board president and campaign chairman at United Way and on boards in the community including the YMCA of Tuscaloosa, Tuscaloosa County Industrial Development Authority and many more. Tim is a graduate of the University of Alabama and the Harvard Business School Owner-President Management Program. He served three terms, (12) years as a member of the Alabama State Legislature.

Statement of Tim Parker
on behalf of
Waterways Council, Inc.
before the
Subcommittee on Transportation and Infrastructure
Environment and Public Works Committee
U.S. Senate
December 20, 2017

Chairman Inhofe, Ranking Member Cardin, and Members of the Subcommittee, thank you for the opportunity to testify before you today on the topic of "Freight Movement: Assessing Where We Are Now And Where We Need To Go." My testimony will focus on the importance of the inland waterways transportation system, and potential reforms that could modernize this critically important system.

I currently serve as Chairman of Parker Towing Company. Parker Towing Company is headquartered in Tuscaloosa, Alabama, and operates 26 towboats and over 335 open and covered hopper barges and tank barges. I am also the Chairman of the Board of Directors of Waterways Council, Inc. (WCI). WCI is the national public policy organization that advocates for a modern and well-maintained system of inland waterways and ports. Our diverse members include waterways carriers, shippers, agricultural interests, port authorities, trade unions, conservation organizations, and waterways advocacy groups from all regions of the country.

Anchored in the Constitution

From this country's earliest days, even before our United States Constitution was adopted, the inland waterways system was recognized as a priceless asset and a matter of fundamental federal responsibility and stewardship. The authors of our Constitution anchored the federal government's preeminent role in regulating navigation, both inland and coastal, in Article 1

Section 3's commerce clause; in Article 1 Section 9's prohibition of preference among ports clause, and elsewhere in that seminal document. One of the first actions by Congress was to enact legislation to provide for federal maintenance of the new Nation's navigational aids.

Congress has exercised its role in regulating and setting policy for the Nation's waterways through various legislation over the years. In the previous century, periodic "Rivers and Harbors Acts" or "Flood Control Acts," which predominated in the first half of the century, were replaced more recently by "Water Resources Development Acts." By whatever title, Congress has consistently provided direction to the Executive Branch on how to properly use and protect our waterways for the benefit of the entire country.

One System that Supports Many

Because of our natural geographic bounty, as well as the foresight and enlightened investment decisions made by generations who preceded us, our Nation is blessed today with the world's preeminent inland waterway transportation system. That system is composed of approximately 12,000 miles of commercially active, navigable inland and intracoastal waterways. Of this total, nearly 11,000 miles comprise the "fuel-taxed portion" of the system, on which commercial operators pay a diesel fuel tax that is deposited into the dedicated Inland Waterway Trust Fund. Users like Parker Towing Company successfully advocated in support of raising that tax by 45% in 2015 to its current level of 29 cents per gallon. This tax pays for half the cost of new construction and major rehabilitation of the fuel-taxed waterways' infrastructure, principally, locks and dams, but also including channel deepening.

Nationwide, according to the U.S. Army Corps of Engineers, the fuel-taxed waterways include 207 lock chambers at 171 sites on 27 statutorily-designated inland rivers and intracoastal waterways system segments. The locks and accompanying dams allow users of all types -- commercial and recreational -- to stair-step their way across the system while being assured that the depths those users require will be available as needed.

Beyond enabling commercial and recreational transportation, the inland waterways system aids in flood control, enables a stable water supply for nearby communities and industries, provides hydroelectric power, offers recreation such as fishing and water sports, provides regional economic development opportunities, and enhances national security capabilities. Unlike commercial users, none of these beneficiaries of the inland waterways system pay a fee to support modernization of the system.

While America's inland waterways system is the best in the world, it is not without challenges. Our country's international competitors have major efforts underway to enhance their own systems. More than half of the portion of the system that is operated by the Corps of Engineers is now more than 50 years old. Some system segments, particularly older portions located on the Upper Mississippi, Illinois and Tennessee Rivers, are sustained by outdated 600-foot-long locks that are unable to accommodate today's standard 15-barge tows without engaging in the inefficient and potentially dangerous procedure of "breaking" the tow into two sections in order to pass through the lock. These locks and dams require constant attention and financial support, both in terms of operations and maintenance funding to keep them reliably available to users throughout the year, as well as modernization funding to improve the system's efficiency in order to facilitate the Nation's economic well-being and standard of living.

Infrastructure Investment is Needed to Keep America Competitive

I would like to thank this Committee for passing the important policy changes contained in the Water Resources Reform and Development Act of 2014, particularly, the cost-share policy for Olmsted Locks and Dam. The policy change from 50% Inland Waterways Trust Fund and 50% General Fund, to 15% from the Inland Waterways Trust Fund and 85% General Fund has led to significant improvements. In fact, at the last Inland Waterways Users Board meeting, the Corps reported that Olmsted's completion date is now 2022, which is four years ahead of the total project completion date originally scheduled for 2026, and is expected to be completed more than $330 million under budget. Not only did the cost-share change help Olmsted, but it has allowed construction to resume and workers to go back to their jobs on the Lower Monongahela 2,3,4, Kentucky Lock, and Chickamauga Lock projects.

Finishing Olmsted as quickly as possible comes at a critical time for the inland system. Starting in early September 2017, locks and dams 52 and 53, which are the locks and dams that Olmsted replace, have experienced repeated failures, causing multiple complete closures of the Ohio River. At one point, there were 74 towboats and 842 barges waiting to lock through. These recent emergencies vividly demonstrate that locks and dams built in the 1920s, like locks and dam 52 and 53, are in critical need of modernization to maintain American competitiveness.

Currently, the inland waterways have a portfolio of 25 high priority inland projects either under or awaiting construction. At the current rate, many of these projects will not even begin construction in the next 20 years. In the Water Resources Development Act of 2016, Congress changed the cost-share model for funding construction of deep draft ports with depths of 45 to 50 feet from 50% non-federal sponsor and 50% federal government, to 25% non-federal sponsor and 75% federal government in order to improve efficiency of this important work. By doing the same thing with the Inland Waterways Trust Fund, the Committee would allow for the inland navigation capital program to remain operating at or above a $400 million level that has been achieved since the cost-share change at Olmsted, and accelerate project delivery on the portfolio of critical inland waterways projects.

As you move forward with an infrastructure package or potential Water Resources Development Act of 2018, I encourage you to consider the request to change the cost-share for construction of inland waterways projects. This important change would not only maintain, but advance the Nation's competiveness and keep America leading at the top. That concludes my testimony, Mr. Chairman. Thank you for giving me the opportunity to be here today.

Senate Committee on Environment and Public Works
Subcommittee on Transportation and Infrastructure
Hearing entitled, "Freight Movement: Assessing Where We Are Now And Where We Need To Go"
December 20, 2017
Questions for the Record for Tim Parker Jr.

Senator Duckworth:

1. Mr. Parker, as you know, investment in our inlands waterway system is inadequate and the condition of our locks and dams continues to deteriorate. Typically, construction costs for inland waterways projects are shared 50/50 between the General Fund and the Inland Waterways Trust Fund (IWTF). However, to complete the long-awaited Locks and Dam 52 and 53 Replacement Project, commonly known as the Olmsted Locks and Dam Project, Congress temporarily changed that construction cost share to 85/15 (General Fund/IWTF) with annual appropriations of approximately $400 million. The Olmstead Lock and Dam Project is scheduled to be operational in 2018. When the Olmstead Project is completed, the 85/15 cost share reverts to the traditional 50/50 ratio, appropriations for construction will be reduced from $400 million annually to approximately $220 million annually.

   At the same time, Corps of Engineers hydropower facilities produce roughly 3% of total U.S. electricity capacity through 75 hydropower projects with an estimated $5 billion in annual gross revenues. Of these revenues, an estimated $1.5 billion is deposited annually in the U.S. Treasury.

   The Corps has identified a portfolio of 25 modernization projects with an estimated cost of $8.8 billion. Given this backlog, a number of proposals have been floated to increase investment on the nation's inland waterways system, including adjusting the percentage of revenues deposited annually in the U.S. Treasury from Corps hydropower projects and directing those revenues to the Inland Waterways Trust Fund. What are your thoughts on such proposals?

   Answer: Senator, thank you for the question. Let me first address your opening point about the cost-share change at Olmsted Lock and Dam. In fact, at the last Inland Waterways Users Board meeting, the Corps reported that Olmsted is now expected to be operational this year, which is four years ahead of schedule. Further, the project is expected to be delivered $330 million under the current budget. Not only did the cost-share change help Olmsted, but it also has allowed construction to proceed and workers to go back to their jobs on the Lower Monongahela 2,3,4, Kentucky Lock, and Chickamauga Lock projects. I believe that changing the cost-share for all Inland Waterways Trust Fund (IWTF) projects will significantly advance the modernization of our critical inland waterways system.

   On the thought of directing hydropower revenue into the trust fund, this would be a very welcome policy change. While many entities gain from these projects, barge operators are the only direct contributors to the IWTF, which pays up to 50% of lock and dam construction and major rehabilitation costs. The Trust Fund is funded by a 29-cent-per-gallon diesel fuel tax. Depositing a small amount of net hydropower revenues into the IWTF would position the inland waterways transportation system to continue to modernize at approximately the $400 million dollar level that has been achieved in recent years instead of reverting to a $220 million level when Olmsted is completed. Avoiding a reduction in the level of inland waterway infrastructure modernization is vital for all commodities, but especially for agriculture to maintain and expand the competitive advantage for family farmers and their grain products.

Senator Fischer:

1. Mr. Parker, a functioning inland navigation system and viable ports are critical for ag producers to do what they do best: feed the world. Nebraska is the only triple land-locked state in the nation, but we have more miles of river than any other state. Because the economic health of my home state is directly dependent on the farm economy, being able to move product efficiently and effectively through our waterways is critically important. How should the federal government identify and prioritize the inland waterway infrastructure projects most in need?

Answer: Senator, thank you for the question. I also agree with you that the inland waterways transportation system and agriculture producers go hand-in- hand. As far as addressing the prioritization of the system, the Federal government and the users of the inland waterways acting through the Inland Waterways Users Board (IWUB) developed a plan called the Capital Development Plan (CDP) much of which Congress adopted in the Water Resources Reform and Development Act of 2014 (WRRDA). This plan includes a list of 25 projects that are priority ranked based on their structural and operational risk and reliability, as well as economic return on investment to the Nation. The CDP not only prioritized projects, but with industry urging, recommended a 9-cent-per-gallon diesel fuel tax hike, which was also adopted by Congress

Since the enactment of WRRDA, significant progress has been made on the inland waterways system due to the cost-share change in the way the Olmsted project is funded, changing from the usual 50% general revenue/ 50% Inland Waterways Trust Fund (IWTF) to 85% general revenue/15% IWTF. In fact, at the last IWUB meeting, it was reported that Olmsted Lock and Dam is expected to be completed at more than $300 million under budget, and become operational in 2018, 4 years ahead of what was envisioned in the project's post-authorization change report (PACR). Having made significant improvements on the inland waterways, the question of how to sustain these improvements is something I addressed in my testimony. I believe by changing the cost-share for inland waterways construction and major rehabilitation projects from 50% general revenue/50% IWTF to 75% general revenue/ 25% IWTF would sustain a $400 million annual construction program and allow for the 25 priority navigation projects portfolio to be constructed in 20 years rather than the current 35 years or more.

Senator INHOFE. Thank you, Mr. Parker.
Mr. Thomas.

STATEMENT OF DAVID M. THOMAS, DEPUTY EXECUTIVE DIRECTOR OF LOGISTICS AND PORT OPERATIONS, MARYLAND DEPARTMENT OF TRANSPORTATION, MARYLAND PORT ADMINISTRATION

Mr. THOMAS. Chairman Inhofe, Ranking Member Cardin, and members of the Committee, thank you for inviting me to participate in today's hearing focused on national freight movement.

The Helen Delich Bentley Port of Baltimore is one of the busiest and most diverse seaports in the United States. We have six public marine terminals and 30 privately owned marine terminals located in our harbors.

Of approximately 190 major U.S. ports, the Port of Baltimore ranks first and handles more cars and light trucks, farm and construction equipment, and imported sugar than all other major U.S. ports. In total, it ranks 9th among major U.S. ports for total dollar value of international cargo handled and 14th for the total amount of international cargo tonnage.

For the last several years, the Port of Baltimore has been ranked among the most productive container ports in the nation. The Journal of Commerce named us the fourth fastest growing port in North America in 2016.

Overall last year, our port saw 31.8 million tons of international cargo cross its piers, valued at approximately $49.9 billion, and we expect to surpass both of those numbers this year.

Today, the Port of Baltimore can accommodate some of the largest container ships in the world. We have the necessary infrastructure to welcome ships that can safely transit the newly expanded Panama Canal.

The Port of Baltimore is the leading economic engine for the State of Maryland. We feel strongly that if freight is moving efficiently through our port, then our economy is moving efficiently as well. Business at our port generates over 13,600 direct jobs, while about 127,000 jobs in Maryland are linked to port activities.

Yes, we are having success now, but we also have hurdles that we need to clear.

A pressing need is for double stack rail clearance in and out of our port. For those of you who aren't familiar, double stack rails is stacking of two international or domestic containers on top of one another on a rail car for transportation into or out of our major port. The ability to do this doubles capacity and creates operating efficiencies in the overall supply chain.

The Class I railroads do not currently have that ability to handle double stacked trains in Baltimore. The CSX owned Howard Street Tunnel, located in the city of Baltimore, is a 122 year old freight tunnel that does not have the required clearances under its current configuration. Recently, new engineering technologies were developed that would bring the total project cost for increasing the clearances of the tunnel to less than a $500 million project.

The Maryland Department of Transportation and CSX agreed to share $290 million of the total $445 million project cost. We then submitted, as a public-private team, for Federal funding for the balance of the project cost under the 2016 FASTLANE grant program. Despite very positive feedback from USDOT officials, we were unsuccessful. Still, we felt we have a strong application, and we are optimistic that we will be successful if we applied again in round two.

The deadline to apply for funding under the now INFRA grant program was November 2nd, 2017. Only a few short days before that deadline, we were informed by CSX that they were pulling their support for the project. Without CSX, the owner of the asset, we could not move forward with the grant application. The ability to handle double stacked trains is not only critical to the Port of Baltimore's long term future, but it would create an improved intermodal connection both regionally and nationally.

Currently, the Howard Street Tunnel is viewed by industry as a freight logistics bottleneck. In CSX's own words, the tunnel, with increased clearances, would remove trucks from highways and generate $640 million in benefits to 25 eastern States. An improved tunnel would mean a more efficient logistics network, creating more intermodal movements and supporting additional jobs.

We must also be sure our waterways can handle these larger ships. Efficient freight movement through ports like Baltimore depend on adequate authority and funding for U.S. Army Corps of Engineers to complete channel maintenance and dredging. Channel dredging is the maritime equivalent of highway construction maintenance.

We also must dispose of the dredged sediment responsibly. Congress has provided many allowances for this purpose, including beneficial uses of dredged sediment for ecosystem restoration. The Port of Baltimore, for example, has a congressionally authorized project known as Mid-Chesapeake Bay Island Project that uses dredged sediment from our 50 foot deep channels to restore natural habitat in the Chesapeake Bay. The project is currently awaiting preconstruction engineering and design funding.

The Port of Baltimore urges you to support projects like this that tie directly to efficient freight movement. Like all WRRDA 2014 projects, it faces deauthorization in calendar year 2021 if it does not receive Federal funds for construction.

The Mid-Bay Island Project is critical to the Port of Baltimore's channels because it will provide approximately 40 years of sediment placement capacity. I ask this Subcommittee to support report language in the next Water Resources Development Act to ensure continued authorization of the Mid-Bay Island Project.

In closing, the Federal Government plays a vital role in providing efficient freight flow performance. For ports to perform efficiently, Customs and Border Protection must be adequately funded and staffed. In 2015, the last time CBP was funded to hire additional staff, only 10 of 2,000 staffers were assigned to our seaports. This is a supply chain problem. Ports need this additional support of CBP to keep cargo moving. Without it, the flow of cargo through our nation's ports cannot perform at peak levels.

Again, thank you for allowing me the opportunity to speak before the Committee.

[The prepared statement of Mr. Thomas follows:]

DAVID M. THOMAS

DEPUTY EXECUTIVE DIRECTOR OF LOGISTICS AND PORT OPERATIONS, MARYLAND DEPARTMENT OF TRANSPORTATION MARYLAND PORT ADMINISTRATION

David M. Thomas was named deputy executive director of logistics and port operations for the Maryland Department of Transportation Maryland Port Administration (MDOT MPA) in December 2016. In this position, Mr. Thomas' responsibilities include oversight of all operations, cruise, engineering, logistics, intermodal trade development and security.

Prior to his current position, Mr. Thomas served as MDOT MPA director of operations since December 2001. He oversaw the day to day operations of the public marine terminals. The 100-person operations division managed by Mr. Thomas included facility maintenance, crane maintenance, terminal operations, cruise operations and intermodal logistics.

Some of Mr. Thomas' significant contributions as operations director for the MDOT MPA have included the negotiations and development of the Wallenius Wilhelmsen Mid-Atlantic load center at Dundalk Marine Terminal, the facility development and operation of the South Locust Point Cruise Terminal which now supports year-round cruising in Baltimore, and the negotiation of the Seagirt Marine Terminal P3 Lease and Concession agreement with Ports America Chesapeake.

Mr. Thomas began his maritime career in 1984 with Evergreen International Corporation. In 1990, he was promoted to marine manager/port captain in Evergreen's Baltimore office. In 1996 he was assigned as port operations manager in Evergreen's Norfolk office prior to transferring to a logistics position with Evergreen in their corporate offices in Jersey City, NJ. In November of 1999, Mr. Thomas accepted a position as general manager of terminal operations for the MDOT MPA.

Mr. Thomas received his Bachelors of Science degree from Towson University in 1982 in Business Administration. He is married with two children and resides in Forest Hill, Maryland.

STATEMENT OF

David Thomas

Deputy Executive Director

MARYLAND DEPARTMENT OF TRANSPORTATION PORT ADMINISTRATION

SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

SUBCOMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

U.S. SENATE

Chairman Inhofe, Ranking Member Cardin, and Members of the Committee, thank you for inviting me to participate in today's hearing focused on national freight movement. My name is David Thomas, Deputy Executive Director of the Maryland Department of Transportation's Port Administration.

The Helen Delich Bentley Port of Baltimore is one of the busiest and most diverse seaports in the United States. We have six public marine terminals and 30 privately-owned marine terminals located in our harbors.

For the last several years, the Port of Baltimore has been ranked among the most productive container ports in the nation. The Journal of Commerce named us the fourth-fastest growing port in North America in 2016.

Of approximately 190 major U.S. ports, the Port of Baltimore ranks first and handles more cars and light trucks, farm and construction equipment, and imported sugar than all other major U.S. ports. In total, it ranks ninth among major U.S. ports for the total dollar value of international cargo handled and 14th for the total amount of international cargo tonnage.

Overall last year, our port saw 31.8 million tons of international cargo cross its piers, valued at approximately $49.9 billion. We expect to surpass both of those numbers this year.

Today, the Port of Baltimore can accommodate some of the largest container ships in the world. We have the necessary infrastructure to welcome ships that can safely transit the newly-expanded Panama Canal.

The Port of Baltimore is a leading economic engine for the State of Maryland. We feel strongly that "if freight is moving efficiently through our port then our economy is moving efficiently as well." Business at our port generates over 13,600 direct jobs, while about 127,000 jobs in Maryland are linked to Port activities.

Yes, we are having success right now, but we also have hurdles that we need to clear.

A pressing need is for double-stack rail clearance in and out of our Port. For those of you unfamiliar, double-stack rail is the stacking of two international or domestic containers on top of one another on a rail car for transportation into or out of a major port.

The ability to do this doubles capacity and creates operating efficiencies in the overall supply chain.

The Class I railroads do not currently have the ability to handle double stacked trains in Baltimore. The CSX-owned Howard Street Tunnel, located in the city of Baltimore, is a 122-year old freight tunnel that does not have the required clearances under its current configuration. Recently, new engineering technologies were developed that would bring the total project cost for increasing the clearances of the tunnel to less than $500 million.

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We then submitted, as a public/private team, for federal funding for the balance of the project cost under the 2016 FASTLANE grant program. Despite very positive feedback from U.S. DOT officials, we were unsuccessful. Still, we felt we had a strong application and were optimistic that we would be successful if we applied again in the second round.

The deadline to apply for funding under the now INFRA grant program was November 2, 2017. Only a few days before that deadline, we were informed by CSX that they were pulling its support for the project. Without CSX, the owner of the asset, we could not move forward with the grant application.

The ability to handle double stacked trains is critical to the Port of Baltimore's long-term future and it would create an improved intermodal connection both regionally and nationally. Currently, the Howard Street Tunnel is viewed by industry as a freight logistics bottleneck. In CSX's own words, the tunnel, with increased clearances, would remove trucks from highways and generate $640 million in benefits to 25 eastern states. An improved tunnel would mean a more efficient logistics network creating more intermodal and supporting additional jobs.

We must also be sure our waterways can handle these larger ships. Efficient freight movement through ports like Baltimore depends on adequate authority and funding for U.S. Army Corps of Engineers to complete channel maintenance and dredging. Channel dredging is the maritime equivalent of highway construction and maintenance.

We also must dispose of the dredged sediment responsibly. Congress has provided many allowances for this purpose, including beneficial uses of dredged sediment for ecosystem restoration.

The Port of Baltimore, for example, has a Congressionally authorized project, known as the Mid-Chesapeake Bay Island Project, that uses dredged sediment from our 50-foot deep channels to restore natural habitat in the Chesapeake Bay.

This project is currently awaiting pre-construction engineering and design funding.

Projects like this are important to efficient freight movement at the Port of Baltimore. Like all WRRDA 2014 projects, it faces deauthorization in calendar year 2021 if it does not receive Federal funds for construction.

The Mid-Bay Island Project is critical to the Port of Baltimore's channels because it will provide approximately 40 years of sediment placement capacity.

In closing, the federal government has a vital role to play in providing for efficient freight flow performance. Customs and Border Protection is key to ports performing efficiently.

In 2015, the last time CBP was funded to hire additional staff only 10 of 2,000 staffers were assigned to our seaports. This is a supply chain problem. Ports need this additional support of CBP to keep cargo moving. Without it, the flow of cargo through our nation's ports cannot perform at peak levels.

Thank you for allowing me the opportunity to speak before this committee today.

Senate Committee on Environment and Public Works
Subcommittee on Transportation and Infrastructure
Hearing entitled, "Freight Movement: Assessing Where We Are Now and Where We Need to Go"
December 20, 2017
Questions for the Record for David Thomas

<u>Senator Whitehouse</u>:

1. **According to Maryland Sea Grant, the Chesapeake Bay area is preparing for nearly four feet of sea level rise by 2100. A 2017 report from NOAA looking at the latest models and ice sheet melting rates predicts upwards of nine feet of sea level rise along the Maryland shore may be possible. Severe storms will bring additional feet of storm surge waters onto shore, further flooding low-lying coastal areas. In addition, the Baltimore area is already seeing rain bursts that drop inches of rain in a short amount of time.**

   a. **What do you see as the greatest risks facing the Port of Baltimore and other East Coast ports?**
   Port of Baltimore (POB) is located in the upper Chesapeake Bay. Its inland location presents unique risks that may differ from other east coast ports; therefore, we will address the climate change risks most prevalent at the POB. The risks, identified in a vulnerability assessment, are the following:
      - Because of global sea level rise, storm surges and nuisance high tides will continue to become increasing higher through this century. Storm surge inundation will result in significant flooding on terminals during hurricane type storms when combined with sea level rise.
      - There will be an increase in frequency and intensity of storms and this may result in the following:
         - Recurrent flooding at port from excessive rainfall that overwhelms stormdrain systems, as well as storm surges mentioned above;
         - Exacerbation of pollution and sedimentation problems, resulting from run-off from impervious surfaces. This has a very negative impact on our dredging program;
         - Increased wind speeds and icing events could result in damage to structures and have a detrimental impact ship handling;
      - Due to warmer waters, the increase in regional temperatures could lengthen hurricane season and cause hurricanes to be more frequent and severe.

   b. **How is the Port of Baltimore preparing for these and other consequences of climate change?**
   The Port is a water-dependent business which cannot be relocated away from the waterfront; therefore, we take preparations for climate change seriously. The Port's approach is to increase resiliency as part of its planning, engineering and construction designs for the port, including:
      - Migrate any function out of the 100-year flood plain that does not absolutely need to be on the waterfront;
      - If a facility cannot be removed from the 100-year flood plain, design and construct new buildings at elevations at least two feet above the predicted 100-year flood elevations;

- If a facility cannot be migrated out or elevated above the 100-year flood plain, ensure non-corrosive weather resistant materials are used in construction and repair of future berth structures, and ensure when they are rehabilitated or constructed they are strong enough to accommodate increased storm wave energy;
- Raise the elevation of bulkheads, berths, and facilities to accommodate future sea level rise, wherever feasible and when proposed changes in elevation will not adversely impact the safe and efficient movement of marine cargo at the terminals;
- Design adequate stormwater management systems that take into consideration increased precipitation, future sea level and storm surge prediction models;
- Protect underground utilities from inundation;
- Design structures to withstand the impact of increased wind speeds;
- Install additional tie-downs where necessary to assist in the weatherization of cranes;
- Install stormwater management systems that collect and treat stormwater runoff before entry into the waterways;
- Develop robust GIS and engineering tools to help estimate risks, vulnerabilities and costs;
- Review and revise emergency preparedness response plans, including Hurricane Preparedness Plans, to ensure that weather and storm related sections of the plan are up to date and consistent with the latest technology; and
- Have an inter-departmental team to continue planning and implementing climate change and resilience strategies.

Senator INHOFE. Thank you, Mr. Thomas.

As was made obvious to us in our opening statements, Senator Cardin and I have been on this Committee since we have been in the Senate, and we were on the comparable committee in the House prior to that, so we have been through all of the reauthorization bills since 1987. So, I kind of needed to remember that one of our big problems used to be we had too much money in the Highway Trust Fund. That is not a problem anymore.

So, we are looking at, and it was called to your attention by you, Mr. Spear, in my opening statement that we didn't have a freight provision in all these reauthorization bills until MAP–21 and then again in the FAST Act.

Let's start with you. Is there anything you didn't say in your opening statement concerning the progress, the positive things you can attribute to the freight provisions in both MAP–21 and the FAST Act?

Mr. SPEAR. Well, I think both bills, Mr. Chairman, represent a significant step forward, largely because you are prioritizing, you are trying to look at a problem as it is growing. Alongside with the economy, we are seeing congestion, as I stated in my written and oral statement, $63 billion our industry loses each year to congestion. We know where the bottlenecks are. We track them every year; we report on them every year. That research is done in concert with our industry and the Department of Transportation.

So, taking the authorization bills and prioritizing it, and putting a real good focus on freight, not just the program itself, but the grants, as well as the strategic plan, which, as I understand, in MAP–21 we are a little bit delinquent on in terms of reporting back to you on what that is supposed to look like. So, the Administration, I believe, needs to do more in terms of prioritization and building a strategic plan that allocates that money accordingly, and has the most impact in those bottleneck areas.

But I think the last two authorizations were quite significant because they put the focus on where the problem is. Now we need to continue funding it, and begin really working with the agencies, Federal, State, and local, to get the maximum out of the requirements.

Senator INHOFE. Mr. Policinski, you stated—and I didn't write it down, repeat it for me—the amount of applications that were made as opposed to the awards on the grant program.

Mr. POLICINSKI. Thirteen dollars in requests for every dollar.

Senator INHOFE. Thirteen to one.

Mr. POLICINSKI. Thirteen dollars in requests for every one dollar available.

Senator INHOFE. I see. I see. So, would you agree with the comments made by Mr. Spear on the things that were good in the program; it is just a matter that it is not adequate enough?

Mr. POLICINSKI. Well, it is monumental what you did. For the first time you recognized freight as being a primary driver of transportation spending. We believe that freight is the future. We are all part of a global economy for the first time. Our competitors are from all over the world, as are our business partners, bankers, or lawyers. The simple fact is that by concentrating on freight, you elevate projects from large projects in our region, like the Brent

Spence Bridge, a $2.6 billion project solely involved that is going to move freight dramatically for the nation, all the way down to smaller projects like double stacking, which we invest in as well.

By bringing freight to the forefront, you make it easier for us to carry the case to the public that this type of spending must be done. So, what has been done is invaluable.

Senator INHOFE. Well, I was Chairman of this Committee during MAP–21 and then the FAST Act, and I have to give credit where credit is due. The one who actually focused on this was Alex Herrgott on our Committee. Now he is in the White House, so he is transferring that initial concern that he has for freight that you will see, I think, in the legislation that comes forward.

Mr. Parker, I have said that one of our best kept secrets in Oklahoma is our navigation way. Everybody knows about Baltimore and all of this, but we are there, too. And here is the problem that we have. We are considered to be a newer State, and we were; our State was in 1907, so we came along later in this.

However, now we are passed our lifespan on all the locks and dams that we have. We are having really serious problems right now, particularly in two of our locks and dams, the deterioration that is taking place. One of the best things that happened is we put the provision in allowing users to participate financially. That doesn't happen in government very often, that they actually want to, and have to give permission to give the government money. That is essentially what we went through.

So, we have come a long way on that, but we also have, on some of the far inland, like we are in Oklahoma, the lifespan has now already passed us. So, I am interested, you said in your testimony that a change in the cost share in Inland Waterways Trust Fund might be helpful. How would you suggest that would impact project delivery?

Mr. PARKER. Thank you, Senator. Using the example at Olmsted, when you made the policy change there that enabled the Corps to go in, and with adequate funding and proper planning, able to bring the Olmsted Lock and Dam $330 million in early, under budget, and under time, we can take the same policies. And if we are able to make this policy change that we are requesting, I think it will enable us to go ahead and reinvest in these aging locks and dams we have throughout the system, not only the Arkansas River, but throughout the country, and I think that is an important aspect to that to keep this infrastructure up to speed and up to date.

Senator INHOFE. That is very good. I appreciate that.

Senator Cardin.

Senator CARDIN. Well, again, thank you, Mr. Chairman. I thank all four of our witnesses.

I think this Committee will continue to strengthen our authorization bills, including the movement of freight. But we are going to need to come together on the revenues necessary to support the type of infrastructure this country needs, which will help our economy and will create jobs.

Mr. Parker, I appreciated your statement of your industry supporting increased diesel fees in order to get the necessary resources to deal with our inland waterways. I think we need to look at that type of an example to figure out how we can make sure we have adequate resources devoted toward infrastructure improvements. And it is intermodal; if you don't pay attention to all of the means, you are going to short change the efficiency factors of moving freight through America.

Mr. Thomas, I want to talk about two issues that you did raise. First, let me talk about Mid-Bay for one moment. Mr. Parker also mentioned the fact that this Committee has been successful, at least recently, in passing biannual WRRDA bills. I hope we will have a chance to pass another WRRDA bill next year. We do that because we can then adjust some of the policy issues to keep projects on track.

Mid-Bay I find to be very interesting. My predecessor, Senator Sarbanes, authored the Poplar Island authorization, which was unique for its time because it allowed for the availability of dredge material to be placed, which is not always without controversy. This was one that was supported because it was part of environmental restoration.

So we not only were able to keep our shipping lanes dredged to the necessary level, but we were able to put the dredge material to use by reclaiming islands that used to exist in the Chesapeake Bay, and actually had habitation to be returned for the natural importance within the Chesapeake Bay of having these land masses to protect erosion, et cetera, and gives us the habitat for different species that are in the region. So, it was a win-win situation, very popular. Everybody likes it, and it was very efficient.

Lo and behold, we recognized that Poplar Island will be at capacity, and we recognized that many years ago. We recognized it, I guess, with the Army Corps in 2009, when it produced the chief's report recommending the construction of Mid-Bay. Now, here is the interesting thing. They recognized that probably about 20 years before it would be ready to actually be functioning, because that is how long it takes; it is not something that can be done overnight.

And that is, I guess, one of the points I wanted to raise, Mr. Chairman. You need lead time for a lot of these projects. And now we are running into a situation that, because it is inactive, it may not be further authorized. We are working to make sure, in fact, it continues. Congress not only authorized it, it is prepared to move forward on it.

But how important is it that we stay on track for Mid-Bay?

Mr. THOMAS. Well, for Mid-Bay, every port job, every Baltimore job adds benefit to the national economy, and there would be substantial job losses and economic impact without this project if the dredging of the 50 foot authorized channel depth is delayed due to the acceptable dredge material placement site being put online. Without Mid-Bay, MPA expects that within 2 to 3 years of the most recent dredging event, the 5 foot channel would shoal to a 45 foot depth, resulting in the following losses that we calculate: approximately 12,780 direct jobs, $800 million in personal wage and salary income, and $656 million in business revenues, and $85 million in State and county municipal taxes that would be put at risk if we were not able to maintain our 50 foot channel.

Senator CARDIN. I thank you for that.

Mr. Chairman, I want you to know that Mid-Bay, for the Maryland delegation, bipartisan delegation, this is our top priority, to make sure that we stay on track with Mid-Bay for the dredging of the Baltimore Harbor.

You talked a little bit, also, about the double stacking at Howard Street. That is somewhat unique, that we have one of the few bottlenecks for double stacked trains through Baltimore. You gave numbers. You were ready for an INFRA grant request, and you had to pull it because CSX changed their views. That was the former CEO, who recently passed away. I take it you strongly support us moving forward if we can get CSX to move forward?

Mr. THOMAS. Yes, Senator. Thanks for that question. I think the Port of Baltimore, we are very well positioned today, due to our public-private partnership that we entered into back in 2010. It gave us the ability to expand our Seagirt container terminal.

And we are big ship ready. We have a very strong consumer market. We have the 50 foot deep channel. We have new container berths, new cranes. We have productive labor. The one box that we do not check off is the double stacked rail and having that ability to grow our cargo volumes through the Port of Baltimore. We estimate with the Howard Street Tunnel coming online, if we were successful, that would increase our volumes roughly 100,000 containers annually. They said 6,000 construction jobs during that project and another 7,200 jobs linked to the Howard Street activity if it is completed.

Senator CARDIN. Thank you.

Mr. Chairman, I would ask unanimous consent that Senator Harris, who was here a little bit earlier, that the letter from the Port of Los Angeles, including two charts, be made part of our record.

Senator INHOFE. Without objection.

[The referenced information follows:]

THE PORT OF LOS ANGELES 425 S. Palos Verdes Street Post Office Box 151 San Pedro, CA 90733-0151 TEL/TDD 310 SEA-PORT www.portoflosangeles.org

Eric Garcetti Mayor, City of Los Angeles
Board of Harbor Commissioners Ambassador Vilma S. Martinez President David Arian Vice President Lucia Moreno-Linares Anthony Pirozzi, Jr. Edward R. Renwick
Eugene D. Seroka Executive Director

December 19, 2017

The Honorable Kamala Harris
United States Senate
112 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Harris:

The Port of Los Angeles appreciates the opportunity to provide comments on this important hearing, *"Freight Movement: Assessing Where We Are Now and Where We Need to Go."* As the nation's busiest container port – handling a record 8.8 million twenty-foot equivalent units (TEUs, a measure of container traffic) in 2016 and 924,225 TEUs last month alone – we have a strong interest in developing freight movement policy that best serves our economy, our customers, and our communities.

Cargo handled at the Port of Los Angeles reaches every corner of the nation. Together with our neighboring port in Long Beach, our combined port complex handles 43% of all imported containerized cargo entering the U.S. and one-third of the nation's exports. Annually, this cargo has a worth in excess of $312 billion, generates $31 billion in state and local taxes nationally, and supports 3 million jobs across the nation.

Ports represent a critical part of a national freight movement system – facilitating movement of cargo between highway, rail, and water modes of transportation. Increasingly, ports must operate on the cutting edge of change in the maritime shipping industry. With the advent of larger container ships (some already too large for the expanded Panama Canal), cargo shipping alliances, and the consequent operational challenges in our major cargo gateways, ports need to upgrade their infrastructure and facilitate greater supply chain efficiency to stay competitive.

In terms of infrastructure, the port industry has identified $66 billion in landslide, waterside and terminal needs. The Port of Los Angeles alone has invested nearly $3 billion over the past 10 years, and plans to spend $1.4 billion over the next 10-15 years, to handle larger ships and improve the movement of goods to manufacturing, agricultural, and consumption centers across the nation. Freight movement by rail is especially important. Today, two-thirds of the cargo coming in through the San Pedro Bay is moved by rail to freight hubs across the country. So enhancing freight rail access to our ports in order to alleviate highway congestion and support efficient movement of cargo to and from our nation's interior is a priority for our ports and surrounding communities. The America's Global Freight Gateway project, which consists of four on- and near-dock rail improvements, represents a strategic investment in our national freight system for this reason.

Additionally, supply chain efficiency is critical focus area for ports. American businesses want to see reduced congestion, improved reliability, and better visibility of cargo as it transits our ports. In 2015, under the auspices of the Federal Maritime Commission, we entered into an expanded collaborative arrangement with the Port of Long Beach focused on supply chain optimization. Working with shippers, marine terminal operators, longshore labor, trucking industry, and rail representatives, the ports developed strategies to enhance the speed and efficiency of cargo movement. One important strategy that grew out of this work is the Port Optimizer – a public-private partnership between the Port of LA and GE Transportation – which facilitates information flow and allows the port to move more cargo, with greater speed, fewer delays, greater visibility, and lower emissions. The Port Optimizer was piloted at the Port of Los Angeles over a two-month period earlier this year where is achieved 8-12% productivity increase at our largest container terminal.

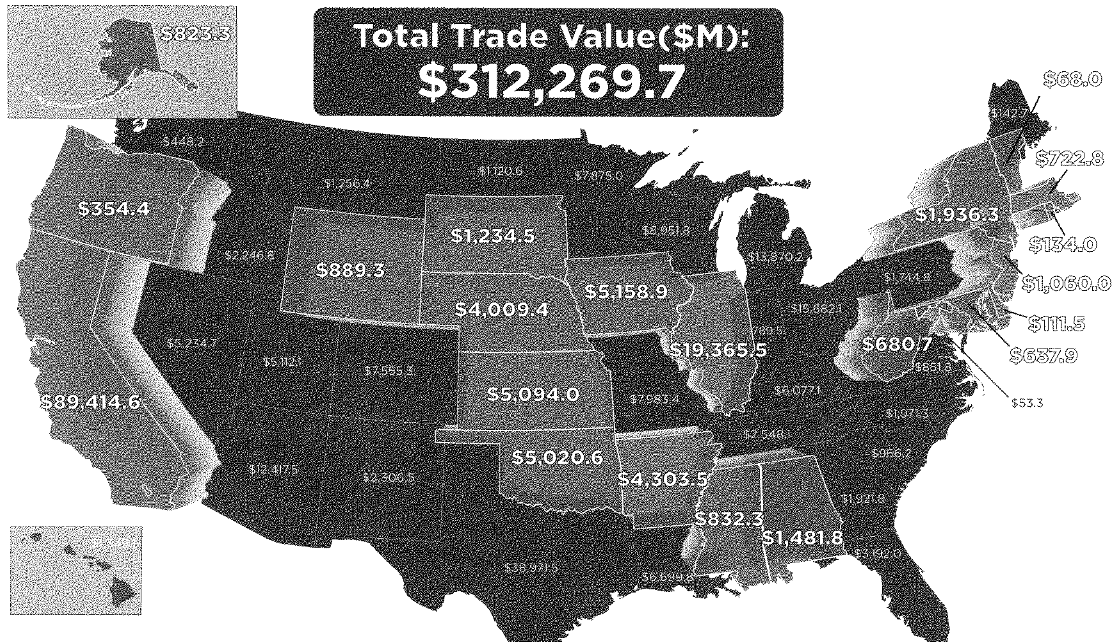
Moving forward, we believe there are two areas where the federal government can assist ports in modernizing and serving the needs of the freight industry. First, multimodal funding sources are especially important for ports, which must fund complex projects that can accommodate trucks, rail and other modes that move freight in and out of ports. As such, we recommend a sustainable source of funding for multimodal infrastructure and lifting of the cap on use of discretionary and formula funds for multimodal freight projects. Second, digital infrastructure can make more efficient use of existing freight transportation infrastructure, representing a cost-effective way of expanding capacity in our trade gateways and corridors. We recommend that digital industrial infrastructure be prioritized and explicitly included as eligible for freight infrastructure funds.

We thank you for your continued leadership on and attention to issues affecting our nation's ports.

Respectfully,

EUGENE D. SEROKA
Executive Director

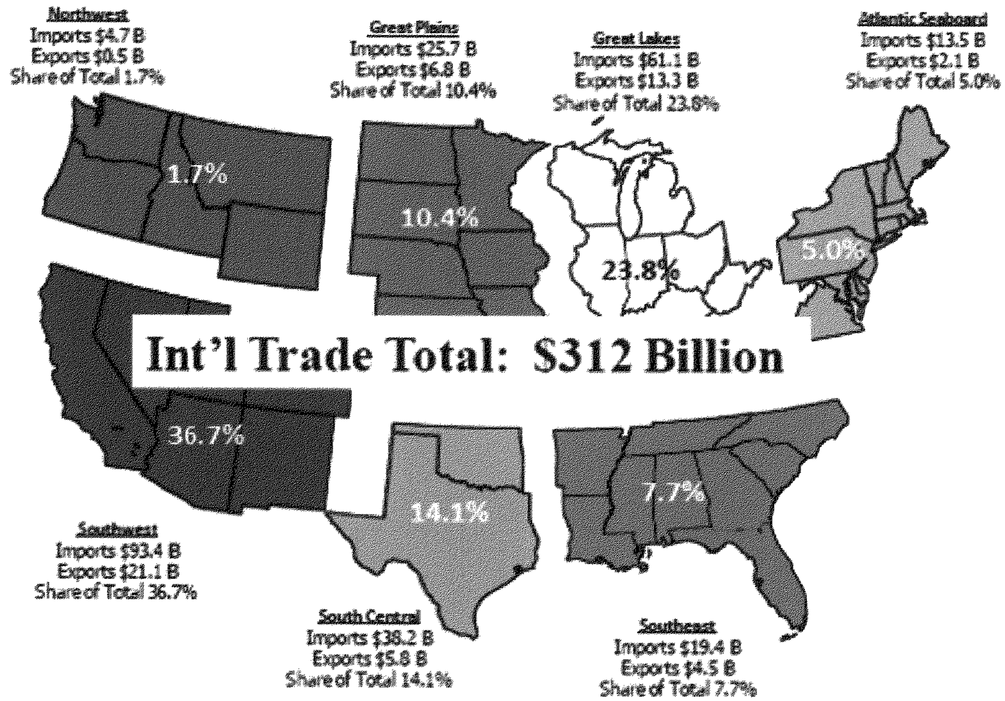
EDS/DL/lg



TRADE VALUE VIA THE PORTS OF LOS ANGELES AND LONG BEACH BY STATE IN 2016 ($ MILLIONS)

Alabama	**$1,481.8**	**Illinois**	**$19,365.5**	Montana	$1,256.4	**Rhode Island**	**$134.0**
Alaska	**$823.3**	Indiana	$9,789.5	**Nebraska**	**$4,009.4**	South Carolina	$966.2
Arizona	$12,417.5	**Iowa**	**$5,158.9**	Nevada	$5,234.7	**South Dakota**	**$1,234.5**
Arkansas	**$4,303.5**	**Kansas**	**$5,094.0**	New Hampshire	$148.0	Tennessee	$2,548.1
California	**$89,414.6**	Kentucky	$6,077.1	**New Jersey**	**$1,060.0**	Texas	$38,971.5
Colorado	$7,555.3	Louisiana	$6,699.8	New Mexico	$2,306.5	Utah	$5,112.1
Connecticut	$448.5	Maine	$142.7	**New York**	**$1,936.3**	**Vermont**	**$68.0**
Delaware	**$111.5**	**Maryland**	**$637.9**	North Carolina	$1,971.3	Virginia	$851.8
Dist. of Columbia	$53.3	**Massachusetts**	**$722.8**	North Dakota	$1,120.6	Washington	$448.2
Florida	$3,192.0	Michigan	$13,870.2	Ohio	$15,682.1	**West Virginia**	**$680.7**
Georgia	$1,921.8	Minnesota	$7,875.0	**Oklahoma**	**$5,020.6**	Wisconsin	$8,951.8
Hawaii	$1,349.1	**Mississippi**	**$832.3**	**Oregon**	**$354.4**	**Wyoming**	**$889.3**
Idaho	$2,246.8	Missouri	$7,983.4	Pennsylvania	$1,744.8		

Figure 2 – Total Value of Containerized Trade Moving through the Ports of Los Angeles and Long Beach, 2016



Source: BST Associates

Note: Alaska and Hawaii not shown

Senator INHOFE. Senator Moran.

Senator MORAN. Mr. Chairman, thank you. Thank you to you and the Ranking Member for convening this hearing.

Let me ask kind of a specific question, then a broader one.

I will start with Mr. Spear.

Good morning. You indicate in your testimony some doubts about the INFRA program and its impact on or the consequences in rural aspects. That program has a 25 percent set aside, and I wondered if you would expand on what we might be concerned or should be concerned about when it comes to rural projects.

Mr. SPEAR. Well, I think prioritization is really pivotal, and the last two authorizations reflect that. I think making certain that we preserve the 1956 Federal Aid Highway Program that is largely centered on distributing funds down to State and localities, those States and localities are an integral partnership with the freight program priorities, but they are also receiving their funding, as well.

I think what we are seeing, because funding is so strained, that everybody is competing for the same type of funds. The prioritization of the last two authorizations is helpful, but increasing the funding on top of what has already been done is really where we need to see more results I think will occur on the local level.

So I think it is a funding issue. You have the framework in place, but putting more money into the programs is what is really going to see a lot of results at that level.

Senator MORAN. I appreciate your highlighting that. What we have discovered time and time again is that off system roads and bridges, which are so important, particularly in a State like Kansas or Oklahoma in getting grain to market, there just is no source of any revenue to rebuild, restructure infrastructure that lends itself, then, to trucking across the country. Getting it from farm to market has to begin someplace. It is a pretty rural place in the case of our State. So, thank you for that reminder.

My broader question is, I use this as an opportunity to tout something that I think is important to the economic well being of our country and would have an impact upon all transportation modes, and that is NAFTA. The value of our ability to export commodities and manufactured goods across borders, particularly those to the north and the south of us, in my view, is a significant component certainly of how we earn a living in Kansas.

I would highlight that I believe there is a sense out there that agriculture, in particular, will always be just fine because Mexico, Canada, and others will always want our agricultural commodities. I wish that was true. I hope that is true. I think when it comes to quality, no one can compete with us. But it is interesting to me to see the cost of freight and the differential between our ability to get grain to Mexico, as compared to Argentina or even Russia, when we use waterways and the Gulf to get grain to Mexico. We have a competitive, I don't know that I would say disadvantage, but the competition is great for us to be able to compete economically with grain coming from someplace else being shipped even as close to us as our neighbor to the south.

So, I wanted to give you, first, the opportunity to tell me how, if NAFTA went away, what it might mean to the consequences to freight and the use of trucks or the use of our waterways, and second, the opportunity to highlight what you have been telling us in this hearing, the importance of investment in infrastructure so that we can compete in a global economy.

And that could be you, Mr. Parker; you, Mr. Spear; or anyone. But if you could highlight for me the value of trade with Mexico and then, second, how important it is to be able to be competitive globally as a result of being able to compete with efficient infrastructure.

Mr. SPEAR. I will quickly answer it. From our perspective in trucking, it is absolutely essential. I mean, to tweak or even walk away from our obligations under NAFTA since 1994. It is not a perfect agreement. Perfect agreements, I don't believe in that; I think there are always imperfections. It is trying to improve it in a manner that is reflective of the economy that we are finding ourselves in. But since 1994 trucks now move 76 percent of the NAFTA surface freight. Eighty-one percent of the border crossings with Mexico are moved by truck; 71 percent with Canada.

To tweak or walk away from it, we talk about the recession of 2008, it is not only a recession we would be looking at; it would be catastrophic to our economy. I also think our partnerships to the north and south, Canada being our largest trade partner in the world, would really jeopardize national security. Our ability to work with other countries on different levels, trade is an integral part of that, beyond the economic benefits. National security benefits, trucks are very much a part of that. We connect all the modes; we really make a lot of the freight move through connected means. And to walk away from those obligations or to really tweak them would have a dramatic effect on every State, including Kansas.

Senator MORAN. Thank you.

Mr. Parker.

Mr. PARKER. Senator, with or without NAFTA, American agriculture is in intense competition around the world. We know what the Brazilians are doing and everything else. And of course, as you so correctly stated, our key is our interior infrastructure; our rivers, our rails, our highways, and our ports.

I think the two things that we could do to make sure that we keep American agriculture competitive as it relates to the rivers is the policy change I suggested relative to the Inland Waterways Trust Fund, General Fund Obligations, and the use fund fee. That would be a huge step toward modernizing these aging locks and dams and making sure that we can keep American agriculture competitive in these world markets.

The other thing is the Navigation Ecosystem Sustainability Program, NESP as it is frequently referred to, which is on the Upper Mississippi River, Illinois River. That is a key component going forward and we would hope that the Congress will direct some steps to start that funding to look at changing those locks to 1,200 foot locks to help agriculture in that area moving forward.

Senator MORAN. Mr. Parker, thank you very much. We don't have navigable waters in Kansas, at least that I can find, and we certainly didn't find them under WOTUS, but I would say that, as a Kansan, we care greatly about those waterways, those locks and dams; among several other methods, they are our connection to the rest of the world.

Thank you.

Mr. PARKER. Thank you.

Senator INHOFE. Senator Whitehouse.

Senator WHITEHOUSE. Thank you very much, Chairman. I welcome the panel and I appreciate, when we have these infrastructure hearings, where the bipartisanship of this panel is so apparent and of this Committee is so apparent.

Mr. Spear, the ATA has taken a position that it would support adding a price to gas and diesel to pay for additional highway road and related infrastructure; is that correct?

Mr. SPEAR. That is correct, Senator.

Senator WHITEHOUSE. Mr. Policinski, does your organization take the same position?

Mr. POLICINSKI. We do in fact support increasing the gas tax.

Senator WHITEHOUSE. And one of the reasons for this I take from an article titled ATA President Pushes Federal Gas Tax Hike to Pay for Infrastructure Plan in which Mr. Spear is quoted as saying, "Taxpayers are already paying dearly for the Government's inaction on fixing our nation's highways." Could you explain what you mean by that?

Mr. SPEAR. Yes, I do, and your State is a good example, Senator, Rhode Island.

Senator WHITEHOUSE. We are actually one of the highest cost States in terms of car damage from bad road repair that there is out there.

Mr. SPEAR. That is correct.

Senator WHITEHOUSE. We are coastal and old and so forth.

Mr. SPEAR. It doesn't matter how big your State is, everybody is feeling it, and at least to the previous questions about States.

Senator WHITEHOUSE. So, you are referring to the hundreds of dollars that consumers have to spend in repairing their vehicles from bad roads that have been pretty well documented to this point.

Mr. SPEAR. That is correct. I testified, oral and written, that $1,500, on average, per motorist is what they are spending on maintenance and congestion fees. States like Rhode Island probably wouldn't be having to tax Class A trucks to pay for their existing roads and bridges that we have already paid for through taxation.

So now we are being double dipped to help pay for those roads and bridges because the Federal Government is not adequately funding the programs that it has created. So that is a problem. In contrast, that $340 billion through the 20 cent increase that I testified about, that is, on average, $100 per motorist for a year, per year for all roads and bridges in the country.

Senator WHITEHOUSE. So, by adding a little bit to the cost of fuel, you could make an investment in the quality of roads that would save far more than the motorist would experience from paying that added price in savings to them in wear and tear and damage and delay in their vehicles.

Mr. SPEAR. Absolutely. That $100 extra from the 20 cent tax gives you all $340 billion in new revenue in the first 10 years for roads and bridges. You go out here to I–66, one way, 1 day on one road, they are now hitting you at $44 just to go a few miles. You have almost paid half of what you pay for a year through the taxation on the 20 cents we are talking about for all roads and bridges.

Senator WHITEHOUSE. While we are talking about roads and bridges and highways, let me ask you guys. We have seen that a lot of freight goes through Rhode Island, in and out of Rhode Island by rail, and it goes in and out by highway; I–95 goes right along the coast through Rhode Island. In Sandy, we saw I–95 closed because it was flooded, and we have seen flooding of the Amtrak rail system. Particularly in Connecticut it is very, very high risk from sea level rise and from storm surge.

Let me ask you guys, how alert do we need to be to the sea level rise and storm surge effects on coastal infrastructure?

Chris or Mark, Mr. Spear or Mr. Policinski.

Go ahead, Mr. Spear, let me ask you first.

Mr. SPEAR. Well, I think it is certainly a concern. As infrastructure ages, you have to maintain it, but you also have to add to it. I mean, the economy demands it because of the demands that are on our industry.

Senator WHITEHOUSE. And if it faces new risks, we should prepare for the new risks, correct?

Mr. SPEAR. Absolutely. As freight increases, you have to add infrastructure, shore it up.

Senator WHITEHOUSE. Mr. Policinski.

Mr. POLICINSKI. There is no way you can look at the fact that you just stated and say we shouldn't be prepared. We have to be prepared.

Senator WHITEHOUSE. So, let me turn to Mr. Thomas and our ports representative. First of all, let me thank you for the Port of Baltimore's participation in the North Atlantic Ports Association and your support for the marine planning efforts that help keep our ports efficient.

And I would like to have their letter made an exhibit in this proceeding, if I may.

Senator INHOFE. Without objection.

[The referenced information follows:]

NORTH ATLANTIC PORTS ASSOCIATION INC

President Donald J. Trump
1600 Pennsylvania Avenue
Washington, DC 20599

January 31, 2017

Dear Mr. President:

As one of the oldest and most active trade associations of commercial seaports in the United States, the North Atlantic Ports Association writes to encourage the Administration and Congress to continue to support the ocean planning efforts taking shape in states and regions around the country.

As an association, our goal is to promote ocean commerce in a responsible manner in order to strengthen the national economy and help our coastal communities to prosper. We see the Northeast and Mid-Atlantic Ocean Plans as tools to help us achieve those goals. The information and data collected and housed in the Northeast and Mid-Atlantic ocean data portals, and verified in partnership with our membership, identifies not only our industry uses and needs, but also lays out future industry trends that help agencies make more informed decisions.

Our members are connected to seaports and ocean commerce in various ways: terminal operators, stevedores, port authorities, governmental agencies, non-profits, consultants, academics, maritime lawyers, and ships' agents. They are all located between the Commonwealth of Virginia and the Canadian Maritimes. Our member ports, in the United States, are Albany, Baltimore, Boston, Bridgeport, Davisville, Eastport, New Bedford, New Haven, New York/New Jersey, Port of Virginia, Port of Portsmouth, NH, Philadelphia, Portland, Providence, Richmond, Searsport, South Jersey, and Wilmington. We are interested in expanding trade among nations and in helping our local communities to prosper through growth in ocean commerce. As the economy becomes ever more global, our role in the world-wide supply chain has increased in importance. Ocean activity across the nation is growing. We have witnessed the competition for space amongst the numerous ocean-based business sectors either currently operating or planning to operate in our ocean and ports. Coordinated planning is critical to ensure the current and future needs of our businesses are considered and accommodated as the ocean and ports become more crowded.

Regional planning bodies [RBPs] like the Northeast RPB and the Mid-Atlantic RPB provide a unique forum for the states and federal agencies to work across jurisdictional boundaries on ocean and coastal challenges. This entity offers our members a clear way to have a seat at the decision-making table, rather than on an ad hoc basis trying to track and respond to the huge array of new ocean activities that affect our businesses. We appreciate this type of proactive planning approach to ensure that we are able to inform future decisions by providing input on the needs of our industry.

We believe that it is important to us that this work continues.

Sincerely,

John Henshaw, President
North Atlantic Ports Association, Inc

Senator WHITEHOUSE. Mr. Thomas, what we have heard from Norfolk Naval Station is that sea level rise is imperiling the very existence of that base, and that even if you raise the piers as the sea levels rise, it is really hard to go back and raise all the infrastructure behind the piers; the schools, the houses, the roads, the markets. It is an ecosystem, an economic ecosystem, and the military is now predicting that Norfolk Naval Station may be out of business in just a few decades.

What is the lesson from this for our ports, our commercial ports like yours?

Mr. THOMAS. Thank you for that question and the recognition with NAPA. I was just able to attend the annual NAPA, meeting and it is on all ports' radar screens with how they are going to deal with sea level rise. And I can tell you the Maryland Port Administration, we have begun development of a port resiliency program for climate change that incorporates a 2010 vulnerability assessment for all of our port infrastructures.

So, currently, all port infrastructures that we build, new builds now, we have raised. We are at a plus 10, so we have raised it 2 feet above current elevations. Our newest automobile port at Fairfield Marine Terminal was built at plus 10, taking into consideration what the studies are showing us with sea level rise. It is a real thing.

Our newest project that we are working on now is at Dundalk Marine Terminal. We have rehabilitation of three berths there as well that we are going to raise to 10 feet. And to your point, you can raise the berth to 10 feet, but what happens behind it? So those are the things that we are struggling with now. We have a couple strategies. We are constructing stormwater vaults——

Senator WHITEHOUSE. I think out of courtesy to my colleagues, I should cut you off there. If you want to fill out your answer a little bit further, I more than welcome you to do it in writing. But we are now a minute over and there are other colleagues waiting, so, if you will forgive me, I will defer to my other colleagues. But I appreciate it, Mr. Thomas. Thank you.

Senator INHOFE. Thank you.

Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman.

Mr. Chairman, first, I would like to submit the bio of Tim Parker, who is testifying here, and ask that it be made part of the record.

Senator INHOFE. Without objection.

Senator SHELBY. I have a few observations here. I believe that the infrastructure, the ports, the intermodal centers, the river systems, the locks, everything that goes with it, our highways are at a critical time that we have to do something here in the Congress about. If we don't, we are going to cripple our economy, I believe, down the road. You have to move things. Everybody here knows this. You have to move freight. That is the key to it, whether it is through the oceans, in our ports, through the river systems, through the trucks, through the railroads. It works together.

Mr. Chairman, I believe, and I have talked with you about this before, and a lot of them, this is ripe for a bipartisan infrastructure bill. It is going to cost money, and we have to figure it out, and we can't think small; we have to think big, as Chairman Inhofe has for years.

Senator INHOFE. Let me interrupt you at this point and share what I have shared with you with this Committee. We have already been doing this.

Senator SHELBY. I know.

Senator INHOFE. We have been over to the Democrat side; we have had private meetings on the floor. And we have been successful in the past.

Senator SHELBY. Absolutely.

Senator INHOFE. In these areas, as well as the WRRDA bills. This will continue.

Senator SHELBY. It is ripe for a bipartisan push right now, I believe, Mr. Chairman, and so forth.

Now, I would like to focus. I was very interested in the Port of Baltimore, which is very important to Senator Cardin and Mr. Thomas talking about. You are 50 feet deep, I understand, is that right?

Mr. THOMAS. Yes, sir.

Senator SHELBY. That is optimal. In Mobile, in Alabama, we are 45 feet, and we are trying to go to 50. If we go to 50, we will be one of the deepest ports on the Gulf. Everybody knows, and you spoke for it, what that means for the port, what it means for Baltimore on the East Coast and what it could mean for Mobile, Alabama, which is a busy port moving toward, more and more, like a freight of the world container. We used to be mainly a commodity, shipping commodities in and out, and we still do that. Most ports do.

Mr. Parker, what is your observation? You have been chairman of the Port Authority; you and your family have been in the barge business a long time, transportation on water. You speak for the Water Council. How important is the modernization, all of it, highways, but speaking of the Port of Mobile, to the southeast and to the State of Alabama?

Mr. PARKER. Senator, it is critical, as you can imagine, not only for our balance of trade deficit, helping our export products move, but keeping our industrial plants competitive, modern as they bring raw materials in.

You have championed the Port of Mobile and the deepening project there, and we know the benefits, as all ports do. Deeper drafts means lower ocean freight rates, more competitive products moving in and out. So, I applaud you for what you have done, and hopefully we will keep pushing in that direction and get that deeper channel.

Senator SHELBY. On behalf of the Truckers Association, I think a lot of your remarks have been spot on, but we all, whether it is Rhode Island, whether it is Alabama, whether it is New York, whether it is California, we are facing the same challenges, are we not, sir?

Mr. SPEAR. Absolutely, Senator. Mobile, Baltimore. I was just up at the New Jersey-New York Port Authority giving a talk, and we were talking about how they have deepened and modernized technology and so on. They have really made that port very efficient.

But if you can't move the boxes on the trucks, it doesn't matter how much money you invest in the port.

Senator SHELBY. That is right.

Mr. SPEAR. Doesn't matter. So that intermodal connectivity is absolutely pivotal. That is what the heat maps I put in the testimony is to illustrate that it doesn't stop right there. Those trucks, those rails, those things go well beyond that port into many States, and the economy reflects that. The price of goods that we pay will reflect that. So, to the earlier point that Mr. Parker made, it is absolutely paramount to invest.

Senator SHELBY. The health of the economy is based on efficiency in the marketplace, isn't it?

Mr. SPEAR. Absolutely.

Senator SHELBY. And transportation is so essential to moving goods and services.

I thank all of you. I think we have gotten something out of this. I am a junior member of this Committee. I am on a lot of others, so I came on this Committee because I believe that we are going to do an infrastructure bill, that we need it desperately, and I want to work with the Chairman and Ranking on all of this. We have to do it and we have to do it soon, have we not, Mr. Chairman?

Senator INHOFE. We do.

Senator SHELBY. Thank you.

Senator INHOFE. Thank you, Senator Shelby.

Senator Duckworth.

Senator DUCKWORTH. I want to thank the Chair and Ranking Member for convening today's hearing, and I want to thank our witnesses for participating in this very important conversation.

Mr. Chairman, transporting freight efficiently and effectively is the linchpin of a prosperous economy. Few States play a greater role in our national freight system than my home State of Illinois. It is the epicenter of our rail network and our inland waterways system. To compete in a 21st century global marketplace, we must consider our transportation system as a competitive advantage. Unfortunately, this advantage is rapidly eroding.

Mr. Policinski, broadly speaking, do you agree with the American Society of Civil Engineers that the United States has somewhere in the ballpark of about $2 trillion in infrastructure investment gap over the next 10 years?

Mr. POLICINSKI. Not only do I agree with it, but I hope that people would shout it from the rooftops over and over again. It is a driving force. The need is so great. We can't look the other way. In comments that Senator Shelby made about a bipartisan approach, it is very important to the country that we do this, not just economically solving this problem, but the idea that Congress can come together and address such an important issue that has such a direct impact on jobs is something that we cannot just turn from.

The steps that this Committee has made and Congress has made to put freight forward have been dramatic and very important, but our job isn't done. People often say, well, we have to do more on freight because there will be 70 more million Americans by the year 2045. Well, there will be 2 billion more people on this earth in 2045, and those people will be residing in countries and economies that will be competing for our businesses, for our jobs, for our income.

So, the idea that we have a shortfall in how we fund our freight program, how we fund our highways and our ports is a dramatic statistic, and we cannot look away from it because literally freight is the future.

Senator DUCKWORTH. Thank you. Thank you. I couldn't agree with you more.

Mr. Parker, with that $2 trillion gap, would you agree that our inland waterways system requires somewhere $110 billion over 10 years to rebuild our locks, levees, and dams?

Mr. PARKER. Well, these are fuel taxes that we pay. We generate about $110 million, $115 million per year, which is matched right now. So, we need to continue that. But if we do the policy change we talk about, we can get back to a $400 million per year program. That will go a long way to getting our locks and dams, particularly our older locks and dams modernized, up to date, and make sure that we keep the industry in Illinois competitive in world markets.

Senator DUCKWORTH. I couldn't agree with you more. In fact, speaking to what my colleague, Senator Moran, mentioned, we had bumper crops the last several years in Illinois, but the southeastern United States bought corn and soybean from Brazil because they could get their crops into the United States faster than we could move crops down to Mississippi from Iowa and Illinois, and we still have silos that are filled with grain.

My concern is that the President has secured, now, a $1.5 trillion tax cut that is geared toward large corporations and the ultrawealthy. I hope that we can finally see the details of his plan to rebuild our aging infrastructure. Unfortunately, the President and his allies prioritize the trickle down shell game over building up the middle class through the proven economic engine of infrastructure investment, and this is, to me, a really disturbing trend.

Mr. Spear, your testimony suggests that the President's budget, a roadmap of his policy priorities that cuts $150 billion from transportation spending, is misguided as it relates to infrastructure investment.

Mr. SPEAR. I wouldn't go so far as to say it is misguided. It is certainly inconsistent with what we have been advocating. We go big, we go bold, and we are willing to pay more. We are already paying half the tab into the trust fund as the trucking industry, and we are only 4 percent of the vehicles on the road. But when you are moving 70 percent of the domestic freight in this country, that is our backyard. You invest in your backyard. That is our plant, so to speak. So, having good roads and bridges reduces the amount of maintenance, it reduces congestion costs. These are all measurable returns for raising the fuel tax. It hasn't been done since 1993. Had it been indexed, we wouldn't be having this discussion right now.

And the lack of funding coming down to the States and localities to connect all the modes and to address the economic demand, States are picking up the slack, and they are doing a lot of things that are destructive to our industry. They impede our ability to grow and embrace interstate commerce and really serve consumers the way we would expect.

Senator DUCKWORTH. Thank you.

In my last 12 seconds, I just want to say that during the campaign, President Trump repeatedly suggested that repatriating overseas corporate revenue could pay for robust infrastructure investments, and unfortunately, those revenues were exclusively used to buy down the corporate tax rate in this new tax bill and zero repatriate dollars would actually be set aside for infrastructure, and there is about $1 trillion there.

The Republican tax bill also preserved a loophole that allows hedge fund and private equity managers to pay capital gains rates on their carried interest, which President Trump repeatedly pledged to eliminate. Responsible reforms that close this loophole would generate enough revenue to rehab every lock on the inland water system twice.

Adding insult to injury, President Trump reportedly will rely on budget cuts to pay for his infrastructure proposal, cuts that will hurt Illinois families and businesses.

So, to summarize, despite all the rhetoric, the President and his allies did nothing to plan for infrastructure investment in their budgets; in fact, they cut infrastructure spending by almost $200 billion. Their trickle down tax bill does nothing to build up infrastructure. And now the President plans to pay for his proposal on the backs of hardworking Illinois families while preserving handouts for Wall Street.

I hope we can dispense with shell games next year. Forty-four million jobs rely on our freight transportation network. We need to roll up our sleeves and get serious about how we are going to invest in our infrastructure and grow our economy, because countries we are competing against, like South Korea and Japan and China, they are making these investments and we are not, and we are going to get left behind when we should be dominating the world.

So, with that, I yield back, Mr. Chairman.

Senator INHOFE. Thank you.

We will now hear from my partner in the McClellan-Kerr Navigation Way, Senator Boozman.

Senator BOOZMAN. Thank you very much.

Speaking of that, Senator Inhofe mentioned the importance of that system and the wear and tear on the locks and dams, and he has been a tremendous champion, and we really do appreciate. The State of Arkansas really does appreciate your leadership in that area.

Sometimes I don't think we are very smart in the way that we do things. Arkansas now has a 9 foot channel. We would very much like to go to 12 feet. We can do that with a relatively inexpensive expenditure. Certainly, that would make less openings, less wear and tear on the locks and dams in the sense you can carry about 40 percent more product on the same barge.

Can you talk a little bit about that, just the importance of really thinking through these things, the importance of trying to get a situation where we can take the dollars that we have and spend those most efficiently?

Mr. PARKER. Well, you are absolutely right, Senator; a more efficient system, whether it is loading barges deeper or bigger locks or more efficient locks that lessen maintenance, that will help the whole system lower freight costs, make American agriculture, our industrial plants, steel mills, coal mines more competitive in the markets they have to serve. So, I think there are a lot of things we can do, and we appreciate the leadership that this Congress has and this Committee has with the last WRRDA bill. And if we can enact policy changes like we have talked about this morning, I am confident that the Corps of Engineers, given the resources, can manage these projects and effectively move this country forward.

Senator BOOZMAN. I was going to talk about the importance of the intermodal system, and the good news is you have heard from every member in the panel regarding that. Democrats, Republicans are united in getting our systems such that they work together, and that is so, so very important to our economy.

Mr. Spear, let's talk about some specific things. I understand now that there is a significant shortage in truck parking spaces. Can you talk a little bit about that and if there is anything that we can help you with in that regard? What is the solution?

Mr. SPEAR. It is a shortage. Within the last 5 to 7 years we have really begun to do a lot of research to capture the problem, and it is reflected on the lack of investment in our infrastructure. While we are maintaining a lot of the infrastructure, we are not adding more infrastructure.

We are also adding a lot of regulatory requirements on our industry. One of them is the 30 minute rest break that came into effect in 2013. So now you have drivers, for good reasons, so that they are not fatigued, pulling over on shoulders, on on- and off-ramps, in undesignated places, putting themselves, their equipment, and the motoring public in jeopardy. That is elevating risk.

The infrastructure simply does not accommodate the truck parking situation, yet we are requiring these drivers to be rested. So, it is a reflection. It is a regulation, it is an indirect, but it has an impact on our industry and the movement of freight. Because we are not investing to expand infrastructure, this is what you get.

Senator BOOZMAN. Very good. You mentioned increasing the fuel tax as a pay-for. Have you got any other ideas besides that that we could delve into?

Mr. SPEAR. We definitely do. In the written testimony, I go into greater detail, but registration fees. States already collect them, so there is a very low administrative burden, that is $29 billion in extra money in addition to the $340 billion in new moneys over the first 10 years you would receive in the 20 cent at the rack.

We look for other ways to work with Congress and other modes to raise revenue, particularly for connectivity. We put some criteria in the testimony to be certain that it is consistent, whatever policy, to make certain that it is inexpensive to pay and collect, that it has a low evasion rate, that it be tied to highway use, not diverted to other causes, especially if we are paying into it. That is a sensitive point with our industry and in avoiding creating impediments to interstate commerce. So those criteria we would apply to any proposal. We would entertain anything that Congress puts on the table. Meeting those criterias, we would shape our support around that.

We recognize that the fuel tax is antiquated, and probably beyond 10 years it is not going to capture the environment we are in. So, we would challenge Congress to really look beyond a 10 year bill and start talking about, now, what we are going to do to collect fees to fund future infrastructure. You are going to have a lot more hybrids, a lot more alternative fuel vehicles on the road in the next 10, 20, 30 years, and the way that we raise revenue is currently not capturing that audience, and it is just going to make the problem worse.

So, we would work with you to identify new means to raise revenue, but our Build America Fund is our centerpiece, and we think it is the wisest, most efficient, cost effective, lower than 2 percent administrative cost to put money into roads and bridges immediately, so that is what we would advocate.

Senator BOOZMAN. Thank you.

Very quickly, Mr. Parker, we went without the big water resources bill, the WRDA bill, from 2007 to 2014. Can you talk about the importance of getting the WRRDA bills done on a 2 year cycle so that we don't get ourselves in that situation again?

Mr. PARKER. Thank you, Senator. Yes, I think it is critically important that we are not constantly playing catch up; we stay ahead of the curve, we do the proper planning, do the studies, the chief reports done. So, I think that 2 year cycle is just critical in this whole process so we can look ahead and adapt to the changes and just not playing behind the curve, so to speak.

Senator BOOZMAN. Right.

Thank you, Mr. Chairman.

Senator INHOFE. Thank you, Senator Boozman.

Senator Gillibrand.

Senator GILLIBRAND. Thank you, Mr. Chairman.

Mr. Spear, I would like to ask you some questions relating to an important safety issue that I have been working on, preventing underride crashes. An underride crash is when a car slides under the body of a large truck, such as a semi-trailer, during an accident. When these accidents happen, a car's safety features are not able to protect passengers because most of the car slides under the trailer and the truck crashes straight through the windows and into passengers. The passengers in their car often suffer severe head and neck injuries, including decapitation, on impact with the truck. These accidents are fatal even at low speeds.

This past summer, four individuals were killed when their car slid underneath a disabled milk tanker that had swerved to avoid a deer in New York State. Two cars crashed into the truck and continued to slide completely under the truck. All four people were pronounced dead at the scene.

I recently introduced a bill to require trailers to be fitted with underride guards so that the car could no longer slide underneath the truck during an accident. Are you aware that the National Transportation Safety Board has recommended that trucks be equipped with side guards and improved rear guards since 2014?

Mr. SPEAR. Yes, ma'am.

Senator GILLIBRAND. And are you aware that the Insurance Institute for Highway Safety petitioned the U.S. Department of Transportation to require stronger rear guards on trucks after studying how guards that comply with the current Federal regulations often fail and result in serious injury or death?

Mr. SPEAR. I am, Senator.

Senator GILLIBRAND. And are you aware that the Insurance Institute for Highway Safety performed a successful side underride guard at 40 miles per hour?

Mr. SPEAR. I am, Senator.

Senator GILLIBRAND. And would providing a weight exemption for the weight of adding an underride guard make it easier for industry to add this safety measure?

Mr. SPEAR. Most definitely, Senator.

Senator GILLIBRAND. And do you think this is a safety measure we should push forward with?

Mr. SPEAR. I wouldn't dismiss it. And I applaud you. One fatality is too many. Forty thousand a year is just inexcusable. We need to be doing more. One area that I would ask that you press NTSA on at DOT is to speed up their analysis of this and report back on the weight, the added weight of the underride guard to be sure that it does not compromise the integrity of the trailer itself.

We are talking about 80,000 pounds in these trailers. You are adding more weight underneath it. You don't want to be trying to solve a safety problem by creating another one. So, I would very much like to have that report, that data back that validates that the added weight of the underguards would not compromise the integrity of the trailer itself.

Senator GILLIBRAND. I think the weight is not that much. I think it is about 800 pounds a panel. So relative to the overall weight, it is not a lot. And from what I understand, the only opposition was because it just means they carry less freight. So, they are putting money in front of safety.

Mr. SPEAR. Well, your exemption is appreciated.

Well, I think it would also add to the cost of the requirement. If you are saying that we have to reduce freight to pay for the added weight of the underguards, that is going to be a massive figure. We are talking millions of trailers, so that is a big number. So, I think the exemption is well taken.

Senator GILLIBRAND. If cost is the only issue, those are the kinds of things Congress can address.

Mr. SPEAR. Well, I am saying that the added weight, making certain it does not compromise the integrity of the trailer, if it is not a problem, then why not report on it?

Senator GILLIBRAND. OK.

Mr. SPEAR. Thank you.

Senator GILLIBRAND. Separate topic. With regard to highway infrastructure, leasing highway infrastructure to private entities, in your opinion, who would benefit from selling or leasing our highway infrastructure to private entities?

Mr. SPEAR. That is really hard to say. Certainly not my industry, and certainly not the American people. We are 7.4 million strong. We are 1 in 16 jobs in the U.S., and we are the top job in 29 States. We are paying half the tab into the trust fund, and we are moving 70 percent of the freight. If we did the 20 cents on the gallon at the rack, that is $340 billion in extra money that you all can spend on these priorities, on the great framework that you put together.

We are paying half the tab, and we are willing to pay more. I think that is the best means of doing it. We believe that tolling, particularly on existing roads and bridges, these schemes are extortion. They are double dipping. When we are happy to pay more, and we are offering it up here, I would recommend you take that; that is a good deal.

Senator GILLIBRAND. Thank you.

Thank you, Mr. Chairman.

Senator INHOFE. Thank you, Senator.

Senator Cardin, do you have any further comments to make?

Senator CARDIN. I just want to thank the panel. I think this has been an extremely important hearing, and I just would underscore the point that Senator Shelby made and I think our witnesses, that we have to find a bipartisan way to get the revenues we need in a package that will allow us to move forward with infrastructure in this country, and we have to do that in the tradition of this Committee.

Senator INHOFE. Well, I thank you, and let me just give the panel our assurance that is going to happen. I can remember during the last year, year before last, when we would have our meetings, when I would report on what this Committee is doing, I would always say, now from the Committee that really does things. And we are going to continue to be the Committee that really does things.

It has been very helpful to have all of your input in this Committee. We thank you very much for coming.

[Whereupon, at 12:02 p.m. the Committee was adjourned.]

[Additional material submitted for the record follows:]

AAPA American Association of Port Authorities
Alliance of the Ports of Canada, the Caribbean, Latin America and the United States

Seaports Deliver Prosperity

January 2, 2018

The Honorable John Barrasso
Chairman
Senate Committee on Environment and Public Works
SD-410 Dirksen Senate Office Building
Washington, DC 20510
c/o Richard Russell

The Honorable Thomas Carper
Ranking Member
Senate Committee on Environment and Public Works
SD-456 Dirksen Senate Office Building
Washington, DC 20510
c/o Gabrielle Batkin

The Honorable James Inhofe
Chairman
Senate Committee on Environment and Public Works
Subcommittee on Transportation and Infrastructure
SR-205 Russell Senate Office Building
Washington, DC 20510
c/o Jennie Wright

The Honorable Benjamin Cardin
Ranking Member
Senate Committee on Environment and Public Works
Subcommittee on Transportation and Infrastructure
SH-509 Hart Senate Office Building
Washington, DC 20510
c/o Mae Stevens

Dear Chairmen Barrasso and Inhofe and Ranking Members Carper and Cardin:

Thank you for your leadership on national freight policy and funding issues and for the opportunity to submit a statement for the record on the December 20, 2017, hearing titled *Freight Movement: Assessing Where We Are Now And Where We Need To Go*. This was a timely hearing, an opportunity to assess the impact of the freight provisions from the FAST Act, while looking ahead, anticipating the Administration's infrastructure proposal and potential Congressional action on a broad infrastructure plan as well as action on WRDA 2018.

AAPA is the unified and collective voice of the seaport industry in the Americas. AAPA empowers port authorities, maritime industry partners and service providers to serve their global customers and create economic and social value for their communities. Our activities, resources and partnerships connect, inform and unify seaport leaders and maritime professionals in all segments of the industry around the western hemisphere.

U.S. seaports represent a vital economic engine of our national economy: responsible for over 23 million U.S. jobs and $321 billion in federal, state and local tax revenue. U.S. deepwater ports also generate $4.6 trillion in total economic activity, or 26 percent of the nation's economy. This statement is on behalf of our U.S. members.

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FAST Act Freight Provisions

With the FAST Act, our nation took a major step forward when Congress authorized and dedicated freight funding for the first time. When the House and Senate conferenced their respective bills in 2015, AAPA weighed in that the healthiest building blocks for the evolving freight network was the inclusion of both the discretionary and formula funding components because the two funded freight programs would enhance the productivity of each program. Formula funding allows states to work with ports and other stakeholders to begin building out their state freight plans (which were due to the U.S. Department of Transportation (USDOT) on December 4, 2017), while the discretionary program has provided funding resources and partnering opportunities for ports, states, localities and private sector stakeholders to address immediate and long-term supply chain bottlenecks.

For the most part, the structure of the USDOT freight program has been a great success. However, two issues still plague the full realization of a 21st century freight network; these issues are multimodal eligibility to meet the growing needs of a complex and dynamic freight network, and the other issue is increasing the overall funding levels for the freight programs. Of the $11 billion of freight funding provided in the Fast Act, only $1.13 billion is multimodal eligible, and of that amount, with several INFRA grants already awarded, only $275 million of multimodal eligibility in the discretionary program remain.

To be clear, AAPA members appreciate the freight programs and have fully engaged and utilized these new resources. We also greatly appreciate Congress's ability to squeeze $1.13 billion multimodal eligibility out of the Highway Trust Fund (HTF). However, with a growing national population precipitating rising freight volumes, AAPA has identified $66 billion in both landside and waterside federal investment needs over the next ten years for port infrastructure to keep our economy moving. On the landside, we project a $32.03 billion need for landside infrastructure investments. Furthermore, preliminary findings in a soon to be released *AAPA Port Rail Access and Multimodal Needs—The State of Freight III Report* identified upwards of $20 billion in multimodal needs/projects alone, which would fund rail access and enabling infrastructure investments that support better connectivity, but are not readily eligible under the current HTF criteria.

AAPA strongly recommends that Congress identify a sustainable multimodal funding source that would directly fund the formula and discretionary freight programs while firewalling these new funding sources. AAPA has supported a waybill concept that would address both the funding level and multimodal eligibility issues at the same time. In addition, AAPA also supports eliminating the multimodal caps within the freight programs.

Waterside Infrastructure

Equally important and equally timely is how Congress and the Administration address our nation's waterside issues and funding shortfalls. A big infrastructure package warrants big solutions. AAPA has identified $34 billion in waterside needs on a combination of maintaining existing federal navigation channels and fully funding the federal share of Congressionally authorized navigation channel deepening projects. AAPA recommends Congress provide the full annual Harbor Maintenance Tax (HMT) revenues directly to the U.S. Army Corps of Engineers. This aligns the use of the funds for the tax's intended purpose. Ten years of HMT revenues are estimated to be $18.6 billion. Additionally, AAPA urges the $9 billion of accumulated HMT funds be used to properly maintain federal navigation channels. AAPA is working on an industry solution that would tie permanent full use to an equity funding formula providing additional equity to donors.

Congress authorized 15 navigation channel improvement projects in WRRDA 2014 and WRDA 2016. The federal portion of these cost shared investments is $3.1 billion. Additional Congressionally authorized channel improvements feasibility studies are underway and anticipated to be completed in the near future. While they have not progressed to the point of having final cost estimates, AAPA currently estimates a $3.1 billion federal share for these projects.

Summary

This port and multimodal infrastructure work exemplifies the Administration's goal of a multiplier effect—$66 billion in federal investment will enable the $155 billion of public port and private terminal capital investments planned in the next five years to be realized for safe and efficient freight movement that will grow the U.S. economy through additional jobs and revenues.

Sincerely,

Kurt J Nagle

Kurt Nagle
President & CEO