

THE COST OF DOING NOTHING: WHY FULL
UTILIZATION OF THE HARBOR MAINTENANCE
TRUST FUND AND INVESTMENT IN OUR NA-
TION'S WATERWAYS MATTER

(116-12)

HEARING
BEFORE THE
SUBCOMMITTEE ON
WATER RESOURCES AND ENVIRONMENT
OF THE
COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES
ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

APRIL 10, 2019

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Washington, DC 20515

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APRIL 8, 2019

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Water Resources and Environment
FROM: Staff, Subcommittee on Water Resources and Environment
RE: Subcommittee Hearing on “The Cost of Doing Nothing: Why Full Utilization of the Harbor Maintenance Trust Fund and Investment in our Nation’s Waterways Matter”

PURPOSE

The Subcommittee on Water Resources and Environment will meet on Wednesday, April 10, 2019, at 9:30 a.m. in HVC 210, Capitol Visitor Center, to receive testimony related to “The Cost of Doing Nothing: Why Full Utilization of the Harbor Maintenance Trust Fund and Investment in our Nation’s Waterways Matter.”

The purpose of this hearing is to examine the key role that ports, harbors, and inland waterways play in our communities and their economies. The hearing will also discuss the importance of full utilization of the Harbor Maintenance Trust Fund (HMTF) for its authorized purposes—namely, the maintenance dredging of authorized commercial coastal and inland harbors. The Subcommittee will hear from representatives from large and small ports, inland shippers and tow operators, as well as businesses that rely on our coastal ports and inland harbors.

BACKGROUND

THE ROLE OF HARBORS AND HARBOR MAINTENANCE NEEDS

According to the Congressional Research Service¹, oceangoing vessels carry more merchandise trade (measured in tons) to and from the United States than all other modes combined (air, trucks, rail, and pipeline). This accounts for 80 percent of the total merchandise trade volume for the country. The dependence of trade on ports and shipping channels makes the operation and maintenance of these facilities crucial to the U.S. economy.

Congress provided authority to the U.S. Army Corps of Engineers (Corps) for the maintenance of the Nation’s roughly 1,067 harbors and shipping channels. These ports are categorized as high use, moderate, and emerging, and defined by statute² based on how much tonnage each port handles.

According to the Corps, navigation channels at our Nation’s 59 “high use” ports are at their authorized depths less than 35 percent of the time. A “high use” port is a port that handles more than 10 million tons of freight per year. The conditions of midsize or “moderate” harbors (ports that handle between one million and 10 million tons of cargo) and “emerging” harbors (ports that handle one million tons or less of cargo annually) are far worse. The dredging needs of our ports will only continue to grow unless more resources are devoted to maintenance dredging needs. The opening of the expanded Panama Canal in June 2016 has already increased demand for larger container ships to call on east and gulf coast ports.

In 2016, the Corps estimated the total cost to dredge and maintain authorized widths and depths of all Federal navigation projects is \$20.5 billion over the next decade. This estimate includes:

- \$11.5 billion—to achieve authorized dimensions in the next 5 years (\$2.3 billion annually); and

¹ <https://www.crs.gov/Reports/R43222?source=search&guid=dc51bbd2aa55499184e5ad610aa4e590&index=0>.

² 33 U.S.C. 2238.

- \$9.0 billion—to maintain authorized dimensions for an additional 5 years (\$1.8 billion annually).

Moreover, total navigation needs are likely higher. The Corps' \$20.5 billion estimate includes additional expenses related to navigation (e.g., construction of dredged material placement facilities). However, this estimate does not likely include all necessary jetty and breakwater work or other needs identified by ports to maintain and expand harbor use nationwide.

THE HARBOR MAINTENANCE TAX AND TRUST FUND

In 1986, Congress enacted the Harbor Maintenance Tax (HMT) to recover the operation and maintenance dredging costs for commercial ports from maritime shippers. The HMT is directly levied on importers and domestic shippers using coastal or inland ports as a 0.125 percent ad valorem tax on the value of imported cargo (e.g., \$1.25 per \$1,000 value)³ and is typically passed along to U.S. taxpayers on the purchase of imported goods or services. These revenues are deposited into HMTF within the U.S. Treasury from which Congress currently appropriates funds to the Corps for harbor maintenance dredging.

As noted in Table 1, the HMTF has collected far more revenues from shippers than Congress has appropriated to the Corps to maintain our Nation's harbors. Approximately \$10 billion in already collected revenues sits unused for its intended purpose in the U.S. Treasury. As a result, while shippers continue to pay into the HMTF for promised maintenance activities, the Federal Government has not carried out many of them.

Table 1: Collections to and Appropriations from Harbor Maintenance Trust Fund (in billions)—FY 2015-2020⁴

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
HMT Collections ⁵	\$1.51	\$1.38	\$1.47	\$1.65	\$1.78	\$1.91
HMT Appropriations ⁶	\$1.05	\$1.16	\$1.23	\$1.34	\$1.49	—
Est. Balance in the HMTF	\$8.68	\$8.78	\$9.10	\$9.33	\$9.50	—

The funds sitting unused in the HMTF would be sufficient to meet the maintenance dredging needs of all federally authorized ports. The Water Resources Reform and Development Act of 2014 (WRRDA14) (P.L. 113-121) created discretionary appropriations targets for expenditures from the Trust Fund, increasing each year, so that by fiscal year 2025 and beyond, 100 percent of the funds collected for harbor maintenance purposes go towards required operation and maintenance activities. In recent fiscal years, appropriations from the Trust Fund have exceeded the discretionary targets outlined in WRRDA14; however, Congress has not yet achieved the goal of full-utilization of Trust Fund collections.

The Committee, on a bipartisan basis, has twice approved legislation⁷ to fully utilize HMT collections for the intended purpose of maintenance dredging; yet this provision has yet to be enacted into law. Enactment of such a provision honors our Nation's long-term commitment to U.S. shippers and taxpayers for harbor maintenance dredging, maintains and improves the competitiveness of U.S. businesses and industry, and creates and sustains thousands of additional construction jobs and jobs dependent on a vibrant and efficient marine transportation system.

³The HMT initially applied to both imported and exported goods; however, in 1998, the U.S. Supreme Court unanimously held that imposition of the tax on exported goods was a violation of the U.S. Constitution.

⁴Levels obtained from Budget Message of the President, Appendixes (fiscal years 2015-2020).

⁵HMT Collections reflects the 0.125% HMT and the HMTF's earnings on investments.

⁶HMT Appropriations reflects the amounts appropriated for the operations and maintenance costs of U.S. commercial navigation harbors and the amounts appropriated for the operations and maintenance costs of the Saint Lawrence Seaway that are operated and maintained by the Saint Lawrence Seaway Corporation. The number does not include any HMT appropriations for activities on Mississippi Rivers and Tributaries projects or construction related activities currently eligible from the HMT (e.g. construction of dredged material disposal facilities that are necessary for the operation and maintenance of any harbor or inland harbor).

⁷Section 108 of H.R. 5303 [<https://www.congress.gov/114/bills/hr5303/BILLS-114hr5303rds.pdf>], the Water Resources Development Act of 2016 (RH), and Section 102 of H.R. 8 [<https://www.congress.gov/115/bills/hr8/BILLS-115hr8rh.pdf>], the Water Resources Development Act of 2018 (RH).

THE PRESIDENT'S FISCAL YEAR 2020 BUDGET REQUEST FOR HARBOR MAINTENANCE

The President's Budget request for Fiscal Year 2020 proposed to transfer \$965 million from the Trust Fund to the Corps for commercial navigation operation and maintenance activities. This level is significantly less than the target appropriations for fiscal year 2020 outlined in WRRDA 2014, as amended. For fiscal year 2020, the target HMTF appropriation would be \$1.5 billion—the *greater* of 80 percent of the total level of harbor maintenance taxes collected in fiscal year 2019 (est. \$1.782 billion) or 103 percent of the fiscal year 2019 appropriations from the Trust Fund (\$1.4 billion), as provided in the Energy and Water Development and Related Agencies Appropriations bill, 2019 (Pub. L. 115-244).

The President's Budget request proposes to spend a total of \$889.95 million of the total proposed to be transferred from the HMTF on project specific navigation operation and maintenance activities at commercial ports and harbors. According to the Corps, 70.2 percent of these funds would be used for high-use commercial harbors, 18.2 percent for moderate-use commercial harbors, and 11.1 percent for low-use (emerging) commercial harbors.

THE INLAND WATERWAY SYSTEM

Inland waterways are a significant component of the Nation's marine transportation system. These waterways carry approximately one-sixth of the national volume of intercity cargo on 25,000 miles of navigable waters throughout the United States. Of these waters, approximately 12,000 miles make up the commercially active inland and intracoastal waterways which are federally managed by the Corps.



Figure 1: U.S. Inland Waterways (Source: U.S. Army Corps of Engineers)

The federally managed Inland Waterway System (IWS) is comprised of 237 lock chambers at 191 sites, and is responsible for ports and waterways in 41 States. The IWS handles approximately half of all inland waterway freight (and one-twelfth of all national freight). The Corps plans, develops, operates, and maintains the infrastructure of these commercial waterways (e.g. navigation channels, harbors, and locks and dams), and also maintains and regulates the channel depths through dredging and water management.

The primary mechanism for moving commodities on the IWS is with barges. Barges are well suited for the movement of large quantities of bulk commodities and raw materials at relatively low cost. The IWS handles about 630 million tons of cargo annually, or about 17 percent of all intercity freight by volume. The principle commodities transported include coal (28%), petroleum (20%), grain exports (11%) and stone, sand, gravel (13%).⁸

Beyond enabling commercial transportation, the inland waterways system may aid in flood control, provide a stable water supply for nearby communities and industries, at some locations generate hydropower, offer water recreation, provide for regional economic development opportunities, and enhance national security capabilities.

⁸ <https://www.mvp.usace.army.mil/Portals/57/docs/Navigation/InlandWaterways-Value.pdf>.

INLAND WATERWAYS TRUST FUND—FINANCING

The IWS is facing significant challenges due to aging infrastructure. Over half of the IWS structures are more than 50 years old, and nearly 40 percent are more than 70 years old. Many of these projects are approaching the end of their design lives and are in need of modernization or major rehabilitation. To help solve this problem Congress created the Inland Waterways Trust Fund (IWTF).

The IWTF was authorized by two separate acts of Congress. The original authorization was contained in the Inland Waterways Revenue Act of 1978 (P.L. 95-502) (the 1978 Revenue Act). Under the 1978 Revenue Act, the U.S. Congress created the IWTF within the U.S. Treasury for the purpose of supporting the construction and rehabilitation of structures for navigation on the inland and coastal waterways of the United States. Congress funded the IWTF with a tax on fuel used in commercial transportation on inland waterways and statutorily defined 26 specific segments of the inland and intracoastal waterways as being subject to the tax and to be eligible for construction and rehabilitation expenditures from the IWTF.

The second piece of enabling legislation was the Water Resources Development Act of 1986 (P.L. 99-662) (WRRDA 1986). This legislation reset the IWTF by a graduated increase in the inland waterways commercial fuel tax rates, that was statutorily capped at the current \$0.20 per gallon tax;⁹ added the Tennessee-Tombigbee Waterway to the list of fuel-taxed inland and intracoastal waterways (now totaling 27 segments); implemented the current funding and cost-share allocations; and authorized the construction of eight new inland waterways system modernization projects. Previously authorized projects and uncompleted projects were allowed to continue at 100 percent Federal funding without drawing from the IWTF.

The same legislation in the 1970s and 1980s created user cost-sharing requirements for a subset of the inland waterway costs. Current cost sharing requirements include:

- Operation and Maintenance—100 percent to be paid from the General Revenue fund; and
- New Construction—50 percent to be paid from the IWTF and 50 percent from the General Revenue fund.

States on the gulf coast and throughout the Midwest and Ohio Valley are especially dependent upon the IWS and account for the majority of the collected fuel tax revenues. Only one Inland Waterways System segment, the Lower Mississippi, actually covers the cost of their annual Operation and Maintenance expenditures with collected fuel tax revenues. The Lower Mississippi has the largest amount of tonnage moved on the waterway. The remainder of the IWS segments all have operation and maintenance costs that far exceed the amount of revenue that they generate through fuel taxes. The fuel-taxed IWS includes 207 lock chambers, located at 171 sites, on 27 inland rivers and intracoastal waterways system segments.¹⁰

As noted in Table 2, appropriations from the IWTF have nearly matched estimated annual revenues into the IWTF since the increase in diesel tax in 2015. Additionally, as annual revenues deposited into the IWTF continue to increase, the Corps has begun to complete longstanding IWTF-supported projects, including Olmsted Locks and Dam on the Ohio River, and LaGrange Lock and Dam on the Illinois River.

⁹The initial \$0.20 per gallon diesel tax was increased to \$0.29 per gallon by Pub. L. 113-295, Division B, Title II, Section 205(a). However, unlike the ad valorem tax on imports that funds the Harbor Maintenance Trust Fund, the fuel tax that funds the Inland Waterways Trust Fund is not adjusted to reflect increases in inflation.

¹⁰IMTS Capital Investment Strategy Team. 2010. Inland Marine Transportation Systems (IMTS) Capital Projects Business Model. Final Report.

Table 2: Collections to and Appropriations from Inland Waterways Trust Fund (in millions)—
FY 2015-2020 ¹¹

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
IWTF Collections	\$97.9	\$111.1	\$114.4	\$116.8	\$116.0	\$106.0
IWTF Appropriations	\$68.5	\$108.0	\$108.4	\$112.0	\$110.7	—
Est. Balance in the IWTF	\$54.2	\$57.4	\$63.4	\$40.4	\$33.3	—

PRESIDENT'S FY2020 IWTF REQUEST

The President's Budget request documents that \$106 million will be collected into the IWTF from the existing \$0.29 per gallon diesel fuel tax in the coming fiscal year, but the budget request utilizes only \$55.5 million for inland projects in FY 2020. The budget request could have an adverse impact on the scheduling and completion of projects on the inland waterways, which are typically funded 50 percent from the Trust Fund and 50 percent from general revenues.

If the President's Budget request was fully implemented, at the end of FY 2020, the IWTF would carry a balance of \$354 million; yet only \$55.5 million would be expended from the Trust Fund for construction activities on the inland waterways system.

WITNESSES

- Mr. Rick Goche, Commissioner, Port of Bandon, Bandon, Oregon
- Mr. Eugene Seroka, Executive Director, Port of Los Angeles, San Pedro, California
- Ms. Bonnie Brady, Executive Director, Long Island Commercial Fishing Association, Montauk, New York
- Mr. Kevin Ross, First Vice President, The National Corn Growers Association, Minden, Iowa
- Ms. Phyllis Harden, Legislative and Special Projects, Pine Bluff Sand and Gravel Co., Pine Bluff, Arkansas
- Mr. Peter H. Stephaich, Chairman, Campbell Transportation Company, Houston, Pennsylvania, on behalf of the Waterways Council Inc.
- Ms. Kirsten Wallace, Executive Director, Upper Mississippi River Basin Association, St. Paul, Minnesota

¹¹ Levels obtained from Inland Waterways Users Board Annual Reports and Budget Message of the President, Appendixes (fiscal years 2015-2020).

THE COST OF DOING NOTHING: WHY FULL UTILIZATION OF THE HARBOR MAINTENANCE TRUST FUND AND INVESTMENT IN OUR NATION'S WATERWAYS MATTER

WEDNESDAY, APRIL 10, 2019

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WATER RESOURCES AND
ENVIRONMENT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 9:30 a.m., in room HVC-210, Capitol Visitor Center, Hon. Grace F. Napolitano (Chair of the subcommittee) presiding.

Mrs. NAPOLITANO. Good morning, everybody. I am calling this hearing to order this morning. Today's hearing focuses on the significant role of our Nation's harbors, our ports, our inland waterways play for the Nation and the importance of maintaining an investment in the infrastructure.

There is no question about the value of the ports and harbors to our country and our economy. Oceangoing vessels carry more merchandise to trade by tonnage than any other modes of transportation combined. The case for Federal investment is simple: We must use what we collect to maintain our ports to ensure and maintain America's global competitiveness.

My region is home to the largest ports in the Nation, the Port of Los Angeles and the Port of Long Beach. These two ports handle over 40 percent of the exports and imports into the United States. Los Angeles and Long Beach have invested billions of their own money to upgrade their infrastructure for the benefit of the entire Nation so that goods can get to market across the country on time.

But like other ports in the U.S., the success of the Ports of Los Angeles and Long Beach are only as strong as their partnership with the Federal Government in maintaining our infrastructure. The shippers at the Ports of Los Angeles and Long Beach pay over \$260 million annually in harbor maintenance taxes but receive only \$10 million back in harbor maintenance.

As of a few years ago, my ports were receiving nearly nothing back until, working together with then-Ranking Member DeFazio, we were successful in enacting language in WRRDA 2014 that required the Army Corps of Engineers to allocate at least 10 percent of harbor maintenance funds to all donor ports for expanded uses, or funds to continue to use their ports. This language also recog-

nizes the importance of emerging and Great Lakes harbors and provided a designated set-aside for them as well.

There already has been a lot of interest this Congress by the House and the Senate in resolving full utilization of the Harbor Maintenance Trust Fund. Full utilization should be supported across the board, as it benefits everyone. This Congress must also address inequities in the Harbor Maintenance Trust Fund. It is not fair for harbors like mine to be paying so much in tax and receive so little.

I look forward to working with all of my colleagues, my ranking member, as we find common ground to address continuing needs of all our ports and harbors. If past success is prologue, I look forward to working with the now-Chair DeFazio in finding a solution for all.

Today's hearing will also focus on the importance of the inland waterways system to our Nation's heartland. They face challenges and an aging infrastructure system. I look forward to hearing from witnesses today on the value of the inland waterways to our economy. Thank you for all the witnesses for being here today. We will be having votes soon, so we tried to be on time and get everybody heard. Thank you especially to Executive Director Gene Seroka from the Port of Los Angeles for joining us, and I look forward to his testimony.

At this time, I am pleased to yield to my colleague Mr. Ranking Member Westerman for any thoughts he may have.

[Mrs. Napolitano's prepared statement follows:]

Prepared Statement of Hon. Grace F. Napolitano, a Representative in Congress from the State of California, and Chair, Subcommittee on Water Resources and Environment

There is no question about the value of ports and harbors to our country and our economy. Oceangoing vessels carry more merchandise to trade by tonnage than all other modes combined. The case for Federal investment is simple: we must use what we collect to maintain our ports to ensure and maintain America's global competitiveness.

My region is home to the largest ports in the nation, the Port of Los Angeles and the Port of Long Beach. These ports handle over 40 percent of the exports and imports into the United States. Los Angeles and Long Beach have invested billions of dollars of their own money to upgrade their infrastructure for the benefit of the entire nation so that goods can get to market across the country on time. But like other ports across the U.S., the success of the Ports of Los Angeles and Long Beach are only as strong as their partnership with the Federal government in maintaining our infrastructure.

The shippers at the Ports of Los Angeles and Long Beach pay over \$260 million annually in Harbor Maintenance Taxes but they receive only \$10 million back in harbor maintenance. As of a few years ago, my ports were receiving nearly nothing back, until working together with then Ranking Member DeFazio, we were successful in enacting language in WRRDA 2014 that required the Army Corps of Engineers to allocate at least 10 percent of Harbor Maintenance Funds to all donor ports for expanded uses, or funds to continue to use their ports. This language also recognized the important role of emerging and Great Lakes harbors, and provided a designated set-aside for them as well.

There has already been a lot of interest this Congress by the House and the Senate in resolving full utilization of the Harbor Maintenance Trust Fund. Full utilization should be supported across the board—as it benefits everyone. This Congress must also address inequities in the harbor maintenance trust fund. It is not fair for harbors like mine to be paying so much in the tax and receiving so little. I look forward to working with all of my colleagues as we find common ground to address the continuing needs of all our ports and harbors. If past success is prologue, I look forward to working with Now-Chair DeFazio in finding a solution for all.

Today's hearing will also focus on the importance of the Inland Waterways System to our nation's heartland. They face challenges with an aging infrastructure system. I look forward to hearing from our witnesses today on the value of the inland waterway to our country.

Thank you witnesses for being here today. Thank you especially to Executive Director Gene Seroka, with the Port of Los Angeles, for joining us.

I look forward to everyone's testimony.

Mr. WESTERMAN. Thank you, Chairwoman Napolitano. It is an exciting time to be working on this issue together. I had the great honor of visiting your State and visiting the Port of Long Beach in Representative Lowenthal's district and to see that amazing facility out there with the Port of Los Angeles.

And it is good to have such a diverse panel here so that we can gain perspectives on different issues that are facing ports, harbors, and inland waterways as well as stakeholder and other users' issues.

I especially want to thank Phyllis Harden for her participation here today. She is a constituent of mine who was recently inducted into the Arkansas River Hall of Fame.

The needs of our ports, harbors, and inland waterways are substantial, and they continue to grow. Oceangoing vessels carry more merchandise trade to and from the United States than all other modes of transportation combined. My home State of Arkansas is third in the Nation in the number of inland waterway miles, one of only 24 States in the United States to have the unique resource of inland waterways.

Major products that move along the Arkansas waterways include grain, steel, fertilizers, petroleum and petroleum products, aggregates, paper and wood products, among others. This means there is a very good chance that everything from the bread your sandwich is made with to the components of your car were carried at some point on a waterway. Yet, more often than not, our ports and inland waterways are not maintained to their fully authorized widths and depths, severely jeopardizing our way of life, competitiveness, American jobs, and the communities that depend on them.

In order to address the maintenance of our ports, Congress enacted the harbor maintenance tax for the purpose of covering dredging costs. The tax is directly levied on importers and domestic shippers using coastal or inland ports and deposited into a trust fund within the Treasury.

However, for too long, more tax revenue has been collected annually than Congress has appropriated. And because of this fact, a balance has been accruing that currently stands at approximately \$10 billion. That is enough to address our currently authorized maintenance needs if spent down.

That Congress has allowed this to persist as our needs only continue to grow represents a problem in dire need of a solution. This committee has twice in recent years passed measures that would dedicate the taxes to their intended purposes, and I look forward to continue working to solve this problem.

It is not just our ports that are in need but also the structures that support the inland waterway system, which require maintenance, repairs, and upgrades. Over half of the inland waterway structures are more than 50 years old, and nearly 40 percent are

more than 70 years old. Many of these projects have reached or are approaching the end of their design lives.

The Upper Mississippi alone, from St. Louis to the headwaters in Minnesota's Lake Itasca, generates almost \$600 billion in annual economic activity and is used to transport 60 percent of all grain products in America. And we are the world's number-one grain producer. As the amount of goods traveling on the inland system is expected to increase by more than 20 percent by 2050, we must continue to invest in this vital system. The risk of failure is too great. It is critical that, as we work to address our infrastructure challenges in this Congress, that our ports, harbors, and inland waterways are not left behind.

I again look forward to hearing the witnesses' perspectives and solutions to address our Nation's infrastructure needs, and I yield back the balance of my time.

[Mr. Westerman's prepared statement follows:]

Prepared Statement of Hon. Bruce Westerman, a Representative in Congress from the State of Arkansas, and Ranking Member, Subcommittee on Water Resources and Environment

I'm happy we have such a diverse panel so that we can gain their perspectives on the issues facing ports, harbors, and inland waterways, as well as their stakeholders and users. I especially want to thank Ms. Phyllis Harden for her participation here today. She is a constituent of mine who was recently inducted into the Arkansas River Hall of Fame.

The needs of our ports, harbors, and inland waterways are substantial, and they continue to grow.

Oceangoing vessels carry more merchandise trade to and from the United States than all other modes of transportation combined. My home state of Arkansas is third in the Nation in the number of inland waterway miles—one of only 24 states in the United States to have the unique resource of inland waterways. Major products that move on Arkansas waterways include grains, steel, fertilizers, petroleum and petroleum products, aggregates, paper, and wood products, among others. This means there is a very good chance that everything from the bread for your sandwiches to the components of your car were carried at some point on a waterway.

Yet more often than not, our ports and inland waterways are not maintained to their fully authorized widths and depths, severely jeopardizing our way of life, competitiveness, American jobs, and the communities that depend on them.

In order to address the maintenance of our ports, Congress enacted the Harbor Maintenance Tax (HMT) for the purpose of covering dredging costs. The tax is directly levied on importers and domestic shippers using coastal or inland ports, and deposited into a trust fund within the Treasury.

However, for too long more tax revenue has been collected annually than Congress has appropriated. And because of this fact, a balance has been accruing that currently stands at approximately 10 billion dollars—enough to address our currently authorized maintenance needs if spent down. That Congress has allowed this to persist, as our needs only continue to grow, represents a problem in dire need of a solution.

This Committee has twice, in recent years, passed measures that would dedicate the taxes to their intended purposes—and I look forward to continue working to solve this problem.

But it is not just our ports that are in need, but also the structures that support the inland waterways system which require maintenance, repair, and upgrade. Over half of the inland waterways structures are more than 50 years old, and nearly 40 percent are more than 70 years old. Many of these projects are approaching the end of their design lives.

The upper Mississippi alone, from St. Louis to the headwaters in Minnesota's Lake Itasca, generates almost \$600 billion in annual economic activity and is used to transport 60 percent of all grain products in America, the world's number-one grain producer.

As the amount of goods traveling on the inland system is expected to increase by more than 20 percent by 2050, we must continue to invest in this vital system—the risk of failure is too great.

It is critical that as we work to address our infrastructure challenges this Congress, our ports, harbors, and inland waterways are not left behind. I look forward to hearing the witnesses' perspectives and solutions to address our water resources infrastructure needs.

Mrs. NAPOLITANO. Thank you. I now recognize the chair of the full committee, Mr. DeFazio.

Mr. DEFazio. Thank you, Madam Chair. The good news is that we do have a revenue source to maintain our harbors, a law enacted during the Reagan administration with a Democratic Congress. The bad news is that Congress, on a bipartisan basis, has frequently underspent the collected taxes, meaning we are taxing the American people for a specific purpose where we have great needs, and yet that money is being essentially stolen by the Congress and stuck into a theoretical trust fund for theoretical deficit offset. It is absurd.

And, you know, 4 years ago, when I first offered an amendment in this committee to a WRDA bill, Water Resources Development Act bill, the chairman, Bill Shuster, was shocked when it was adopted unanimously by the committee. He didn't realize that, you know, this would be such a bipartisan issue. Twice I have gotten that provision into WRDA bills, and twice Paul Ryan personally removed it in the Rules Committee or had it removed in the Rules Committee. Paul is now retired. I hope he is enjoying it, and I hope for better treatment by the Rules Committee this year when we move similar legislation.

As was mentioned previously, our 59 busiest ports have about 35 percent of their available authorized depths on a daily basis. And for smaller harbors, which we will hear from today, it is absolutely the lifeblood. If we didn't have the small and emerging ports money, many of these communities would be absolutely devastated. So I will soon reintroduce that bill, and it will be part of the infrastructure initiatives that this committee will undertake this year.

We are still having trouble with the White House, not quite as bad as last year. Last year, they came up with a solution on underspending the tax. They said, well, let's just cut the tax. Maybe some of my conversations penetrated at least a little bit with people downtown. So, this year, they are not proposing to reduce the tax, but they are proposing to underspend the revenues by almost \$1 billion. And I am determined, and I am certain this committee will be determined to see that that doesn't happen.

With that, Madam Chair, I would yield back the balance of my time.

[Mr. DeFazio's prepared statement follows:]

Prepared Statement of Hon. Peter A. DeFazio, a Representative in Congress from the State of Oregon, and Chair, Committee on Transportation and Infrastructure

Thank you, Madam Chairwoman, for holding this important hearing on the need to invest in our Nation's ports and inland waterways.

The Corps has a long history of success in addressing the Nation's water resources needs—from ensuring safe and reliable navigation along our coasts and inland systems, to providing critical flood protection for our communities, to restoring some

of our Nation's environmental treasures. However, today's hearing is an opportunity to highlight one of the more frustrating and inefficient aspects of the Federal government—how we fund the maintenance of our commercial harbors.

As we all know, Congress worked with the Reagan Administration to create a mechanism to recover the operation and maintenance dredging costs for commercial ports from maritime shippers—called the Harbor Maintenance Tax. This fee, directly levied on importers and domestic shippers using coastal and inland ports, was meant to provide the Corps of Engineers with sufficient annual revenues to keep our ports in a good state of repair, and sustain our local, regional, and national economies that rely on the movement of goods and services through our commercial ports.

The good news is that we are currently collecting sufficient revenues to adequately maintain our commercial harbors—of all sizes—as well as critical infrastructure, such as breakwaters and jetties, associated with these commercial ports.

The bad news is that we refuse to spend this money—or more accurately, we collect this money, but then use these funds to offset other expenditures in the Federal government while the needs of our commercial ports continue to grow.

Look at the state of our Nation's ports and harbors. The U.S. Army Corps of Engineers estimates that the full channels of the Nation's 59 busiest ports are available less than 35 percent of the time. For smaller commercial harbors, such as Coos Bay or Port Orford, typically their dredging situations can be far worse.

The American Society of Civil Engineers estimates that our Nation's ports and harbors will need an additional investment of \$15.8 billion between now and 2020 to meet the demands of larger and heavier ships that will use the Panama Canal. This increased investment would protect \$270 billion in U.S. exports, \$697 billion in GDP and 738,000 jobs annually.

Today, because the Harbor Maintenance Trust Fund collects more revenues from shippers than Congress appropriates to maintain our harbors, approximately \$9.5 billion in already collected tax revenues sits idle in the Harbor Maintenance Trust Fund.

If the rate of tax collections and expenditures continue on their current trend, CBO estimates that the balance of the Harbor Maintenance Trust Fund will reach more than \$14 billion within a decade.

To be clear, concern about the misuse of Harbor Maintenance taxes is not a partisan issue. Widely supported actions taken by this Committee in 2014 to enact Trust Fund appropriations targets have been integral to increasing the level of appropriations maintenance dredging over the last 5 years.

However, discretionary appropriations targets are not enough to get us to full-utilization of the Trust Fund. That is why, on a bipartisan basis, this Committee has, twice, adopted language to provide the Secretary with full access to the revenues in the Trust Fund for maintenance dredging purposes—in essence, ensuring that all the existing revenues in the Trust Fund are utilized for their intended purposes—the maintenance of our commercial harbors.

Unfortunately, this language has not been enacted into law.

Instead, the President continues to go in the opposite direction and proposes, in his fiscal year 2020 budget request, to underfund investment in our Nation's infrastructure—virtually guaranteeing that the Federal government will do little to ensure the commercial viability of our harbors and ports, and adversely impact the economic benefits that these critical linkages to trade and local jobs provide.

It is time we use our legislative authority to correct how Congress funds the operation and maintenance of our commercial harbors—and ensure these funds are used for their intended purposes.

I will again introduce legislation to fully utilize Trust Fund proceeds for their intended purposes—and ensure that the approximately \$34 billion in harbor maintenance taxes available over the next decade are spent to maintain our harbors and ports. My bill honors our long-term commitment to U.S. shippers and taxpayers, maintains and improves the competitiveness of U.S. businesses and industry, and sustains thousands of construction jobs and jobs dependent on a vibrant and efficient marine transportation system.

I urge your continued support for this legislation which would virtually ensure Congress uses already-collected funding to maintain our Nation's ports and harbors.

Mrs. NAPOLITANO. Thank you, Mr. DeFazio.

Let me start by asking unanimous consent that the chair be authorized to declare a recess during today's hearing.

Without objection, so ordered.

Now we will proceed to hear from our witnesses who will testify today, and thank you very much, all of you, for being here. We have Mr. Rick Goche, commissioner, Port of Bandon, Oregon; Mr. Gene Seroka, executive director, Port of Los Angeles; Ms. Bonnie Brady, executive director, Long Island Commercial Fishing Association, New York, welcome; Mr. Kevin Ross, first vice president of the National Corn Growers Association from Minden, Iowa; Ms. Phyllis Harden, executive assistant, Pine Bluff Sand and Gravel Company, Arkansas; Mr. Peter H. Stephaich, chairman, Campbell Transportation Company, Pennsylvania, on behalf of the Waterways Council, Incorporated; and Ms. Kirsten Wallace, executive director, Upper Mississippi River Basin Association from St. Paul, Minnesota.

Without objection, your prepared statements will be entered into the record, and all witnesses are limited to 5 minutes.

Commissioner Goche, you may proceed.

TESTIMONY OF RICK GOCHE, COMMISSIONER, PORT OF BANDON, BANDON, OREGON; EUGENE D. SEROKA, EXECUTIVE DIRECTOR, PORT OF LOS ANGELES, SAN PEDRO, CALIFORNIA; BONNIE BRADY, EXECUTIVE DIRECTOR, LONG ISLAND COMMERCIAL FISHING ASSOCIATION, MONTAUK, NEW YORK; KEVIN ROSS, FIRST VICE PRESIDENT, NATIONAL CORN GROWERS ASSOCIATION, MINDEN, IOWA; PHYLLIS HARDEN, EXECUTIVE ASSISTANT, PINE BLUFF SAND AND GRAVEL CO., PINE BLUFF, ARKANSAS; PETER H. STEPHAICH, CHAIRMAN AND CEO, CAMPBELL TRANSPORTATION COMPANY, INC., HOUSTON, PENNSYLVANIA, ON BEHALF OF WATERWAYS COUNCIL, INC.; AND KIRSTEN WALLACE, EXECUTIVE DIRECTOR, UPPER MISSISSIPPI RIVER BASIN ASSOCIATION, ST. PAUL, MINNESOTA

Mr. GOCHE. Thank you and good morning, Chairwoman Napolitano.

Mrs. NAPOLITANO. Can you turn your mic on?

Mr. GOCHE. Is that good now?

Mrs. NAPOLITANO. That is better.

Mr. GOCHE. Good morning, Chairwoman Napolitano, Ranking Member Westerman, and members of the subcommittee. Thank you for the opportunity to talk about the importance of fully utilizing harbor maintenance tax revenue to ensure the Army Corps of Engineers is able to maintain navigation channels and jetties at small ports in the Pacific Northwest and around the country.

I am here from Bandon, Oregon, which has a population of 3,112. I am commissioner at the Port of Bandon, and I am a small business owner. I have been a commercial fisherman for most of my life. Now I primarily fish for tuna. Our region's tuna fleet includes about 600 boats that fish off of Oregon and Washington.

My brother and I pack our boat with supplies for 2 weeks at a time and spend most of that time between 100 and 200 miles offshore. Because our boats are only capable of about 7 knots in heavy weather and because we are so far offshore, if unsafe weather is forecast, we go into whatever port is closest. If the weather is really bad, our only safe course is downwind to whatever port is on that trajectory.

This is where the term “safe harbor” comes from. When weather is bad, any harbor, large or small, is safer than being at sea. From a fisherman’s perspective, every port, large and small, is important. Whether we can use a particular port for safe harbor has everything to do with the condition of the bar in the Pacific Northwest.

The phrase “crossing a bar” may not be familiar to everyone here, but for the people in the Pacific Northwest that take boats out into the ocean, understanding this term is a matter of life and death. The bar is the term used where a hump is formed where sediment builds up as the downstream river water comes up against the ocean swells.

During ebb tides, river and tidal flows combine to create a stronger current than comes up against the incoming ocean swell. If the swell is large and the bar is shallow, the energy of the swell is tipped over, resulting in a breaker. Breakers are dramatically higher and steeper than the swell, and the life-threatening danger comes when a boat is attempting to cross the bar and encounters a sneaker wave that is larger than expected. The wave builds and steepens, and the boat goes out of control as it essentially turns into a surfboard, goes broadside and rolls over. This dangerous condition is referred to as a breaking bar.

And it wasn’t until I came to DC the first time advocating for dredging of the bars of our small ports that I realized breaking bars is a phenomenon mostly unique to the Pacific Northwest. Until that realization, I couldn’t understand how budget after budget could zero out small port dredging when so many lives were at stake.

Now, there are a couple of ways to minimize the threat of a breaking bar. One way is for the Army Corps of Engineers to build jetties that steer the current a few degrees off of the dominant swell direction. This was done on every bar in the Pacific Northwest many decades ago, but today most of those jetties are in dire need of repair and are getting less and less effective. Another way to minimize the deadliness of a breaking bar is to regularly dredge out the sediment hump that builds up every year from the torrential rains that characterize the Pacific Northwest coast.

Now, there is one thing that both of these remedies have in common, and that is funding. The Portland district of the Army Corps of Engineers does a good job of maintaining our jetties and dredging our navigation channels, given the resources Congress provides. But when sufficient funding for these activities are not available, as is often the case for small ports, the bar shallows and breaks and lives are lost.

As a commercial fisherman, safety is paramount, but for thousands of others on land, their economic livelihood also is tied to the maintenance of navigation channels and jetties. In Oregon, there are 15 communities with small ports. Nearly all of these are located in rural areas. In every one of those communities, the port is the equivalent of their anchor business.

The Port of Bandon recently commissioned a study of the impact of our port on the local economy. It found that \$52 million of economic benefit is generated annually as a result of the dredging that gives us access to the sea, and nearly \$5 million in Federal tax

payments are returned to the Treasury. So let me highlight this. It costs about \$500 a year to dredge the bar——

Mr. DEFAZIO. Not \$500. You mean \$500,000—you said \$500.

Mr. GOCHE. I am sorry. Excuse me. Wow. OK. Yes, thank you, Congressman. \$500,000 to dredge the channel. And in return, the Treasury receives \$5 million. So a 10-to-1 return on investment, which I imagine everybody would like to see in theirs.

Operation and maintenance of our Nation's navigation infrastructure is a Federal responsibility, yet small ports around the country have to fight like heck for funding that will allow the Army Corps of Engineers to do its job. It is a real shame, but it wouldn't have to be this way if the HMT funds were fully utilized.

Due to the leadership of this committee, we have seen a substantial increase in the amount of harbor maintenance tax revenue that is dedicated to dredging and jetty maintenance, but a lot of this money is still being used to fund other Government programs or to balance the Federal budget. This is why I appreciate your continuing efforts to get to full utilization of the Harbor Maintenance Trust Fund. I also appreciate the opportunity to talk about what funding means to me, my community, and for rural communities around the country.

Mrs. NAPOLITANO. All right, sir.

Mr. GOCHE. So what I am really here to ask——

Mrs. NAPOLITANO. You are over your time limit.

Mr. GOCHE. I am sorry.

[Mr. Goche's prepared statement follows:]

**Prepared Statement of Rick Goche, Commissioner, Port of Bandon,
Bandon, Oregon**

Good morning, Chairwoman Napolitano, Ranking Member Westerman and members of the Subcommittee. Thank you for the opportunity to talk about the importance of fully utilizing Harbor Maintenance Tax revenue to ensure the Army Corps of Engineers is able to maintain navigation channels and jetties at small ports in the Pacific Northwest, and around the country.

I'm here from Bandon, Oregon, which has a population of 3,112. I have been a commercial fisherman for most of my life. I'm a small business owner. And I'm a port commissioner for the Port of Bandon. I should be home preparing my boat for its annual maintenance but I have something I need to talk with you about.

I've been involved in the seafood business from research to retail for most of the past 50 years. As a commercial fisherman I've crossed every bar from San Francisco to Canada at one time or another. Now I fish primarily for tuna off of Oregon and Washington. Our region's tuna fleet includes about 600 boats.

My brother and I pack our boat with supplies for two weeks at a time and spend most of that time between 100 and 200 miles off shore. Because our boats are only capable of about 7 knots in heavy weather, and because we are so far offshore, if unsafe weather is forecasted, we must go into whatever harbor is closest. If the forecast is wrong, we can be in a situation where our only course is downwind to whatever port is on that trajectory. This is where the term "safe harbor" comes from. When weather is bad, any harbor, big or small, is safer than being at sea.

So from a fisherman's perspective EVERY port, large and small, is important. Whether we can use a particular port for safe harbor has everything to do with the condition of the bar.

The term "bar" may not be familiar to everyone here, but for people in the Pacific Northwest that take boats out into the ocean, understanding of this term is a matter of life or death. Bar is the term used for the point where the harbor entrance, in my region normally near the mouth of a river, forms a "hump" where sediment builds up as the downstream river water comes up against the ocean waves. During ebb tides, river and tidal flows combine to create a stronger current that comes up against the incoming ocean swell. If the swell is large and the bar is shallow, the

energy of the swell is tipped-over resulting in a “breaker”. Breakers are dramatically steeper than the swell and the life threatening danger is when a boat is attempting to come into the entrance, and the boat encounters a “sneaker” wave that is larger than expected—the wave steepens, and the boat goes out of control as it essentially turns into a surfboard, goes broadside and rolls over. This dangerous condition is referred to as a “breaking bar”.

It wasn't until I came to D.C. the first time advocating for dredging of the bars of our small ports that I realized breaking bars are a phenomenon mostly unique to the Pacific Northwest. Until that realization dawned, I couldn't understand how budget-after-budget could zero out small port dredging when so many lives are at stake.

There are a couple of ways to minimize the threat of a breaking bar. One way is for the Army Corp of Engineers to build jetties that steer the current a few degrees off the dominant swell direction. This was done on every bar in the Pacific Northwest many, many decades ago, but today, most of those jetties are in dire need of repair and are getting less and less effective. Another way to minimize the deadliness of a breaking bar is to regularly dredge out the sediment that builds up every year from the torrential rains that characterize the Pacific Northwest coast.

There is one thing that both of these have in common, and that is funding. The Portland District of the Army Corp of Engineers does a fantastic job maintaining our jetties and dredging our navigation channels given the resources made available to them by Congress. But when sufficient funding for these activities is not available, as is often the case for small ports, the bar shallows, and breaks, and inevitably, lives are lost.

For me, safety is paramount. But for thousands of others on the Oregon coast and around the country, their economic livelihood is tied to the maintenance of navigation channels and jetties.

Oregon's ports and harbors rank amongst our state's most valuable assets and are critical to maintaining and creating jobs across our great state. In Oregon there are 15 communities with small ports with ocean access. Nearly all of these ports are located in rural communities. In every one of those communities the port is the equivalent of their anchor business. These small ports provide an important employment base and are often primary drivers of local prosperity. They are hubs for international trade, recreation, and commercial fishing.

The Port of Bandon is a case study for this. Our port attracts approximately 300 vessels per year, and has gained a strong tourism presence through sport-fishing and recreational crabbing. Tourists enjoy a full range of recreational activities including full marina facilities, crab docking, a scenic river walk and nature pathway, amphitheater and a new boardwalk. The Bandon Marina includes a public boat ramp and 90 moorage slips that are typically occupied, especially in the summer months. In addition to the Bandon Marina, crab dock and boat launch, the Port of Bandon owns several real estate holdings that provide lease space for businesses. A Coast Guard motor lifeboat is based in the Port marina during summer months.

The Port of Bandon, along with approximately 54 port-related businesses, employs an estimated 484 workers. This includes a charter service, a bait shop, two fish markets, two marine insurance businesses, as well as numerous restaurants and hotels. We contracted a study in 2014 of the impact of our port on the local economy. It found that \$62 million (\$35.1 million direct and \$27 million indirect/induced) of economic benefit is generated annually by our port as the result of the funding that allows the Army Corps of Engineers to maintain our navigation channels and jetties. This output results in nearly \$5 million in federal tax payments returned to the treasury due to our access to the sea.

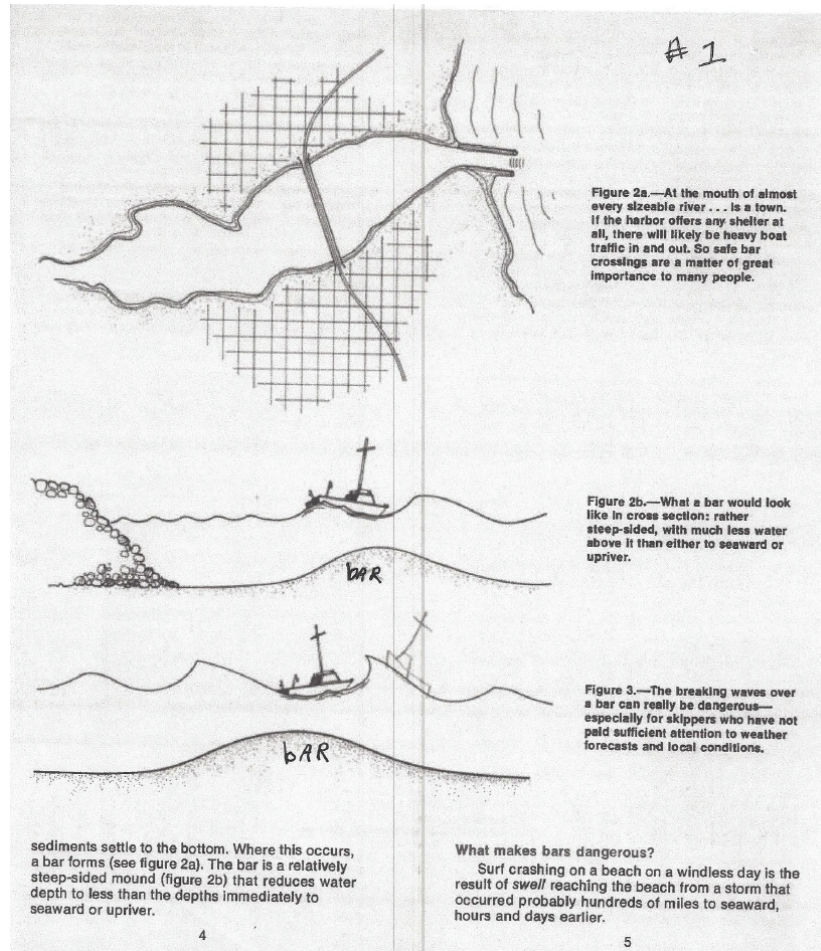
Operation and Maintenance of our nation's navigation infrastructure is a Federal responsibility. Yet small ports around the country have to fight like heck for funding that will allow the Army Corps of Engineers to do its job. The real shame is that it doesn't have to be this way.

Due to the leadership of this committee, we have seen a substantial increase in the amount of harbor maintenance tax revenue that is dedicated to dredging and jetty maintenance. But a lot of this money is still being used to fund other government programs or to balance the federal budget. This is why I appreciate your continuing efforts to get to full utilization of the harbor maintenance trust fund.

Thank you, again, for the opportunity to talk about what funding means to me, my community, and to rural communities around the country. I have included additional documentation to support my testimony, including an illustration of the breaking bar that I described, and a chart that provides additional detail about the dangers of breaking bars in the Pacific Northwest.

I know it may not make sense to you but if everything you have is wrapped up in your boat, and your boat feeds your family, you go fishing. Even when everything

is optimal some of us don't make it home. I'm here asking you to give us the best chance you can, so we can make it in, and home, to our families.





Coastal bars can be dangerous!

Tips for crossing safely

Recently a skipper was returning to Newport, Oregon, in his newly acquired 60-foot (18-meter) trawler. With considerable sea experience in smaller boats, he had only limited experience in a craft of this size. The sea was rough, the wind strong from the southwest. In a smaller boat, he would never have attempted to come in. Instead, perhaps lulled by the security of a larger boat, he approached the bar with only a moment's hesitation.

As he neared the bar, waves and swell deepened abruptly, then started to break. A swell lifted the stern, pitching the boat broadside to the sea—and, in one awesome motion, the trawler rolled over far enough to put its masts underwater. The hull labored with masts submerged for long moments (who looks at a watch in a situation such as this?) as green water washed in from every direction.

When the 60-footer finally righted, the bow faced seaward. Strangely enough, the engine was still running; the skipper, regaining his feet, eased the boat back out to sea.

Damage: all windows and ports gone; most gear topside, including masts, washed away; all electronics drowned in saltwater; skipper bruised and in shock.

Experienced skippers say that around Northwest ports, the most likely place for an accident is on the bar. In the Pacific Northwest, the coastal bar ranks as a prime cause of vessel damage and of injury—sparing neither the novice nor the experienced.

The damage to life and property continues to run high. . . . Why are bars so dangerous? What causes them to be so unpredictable? What can you do to cross safely?

What is a coastal bar?

Quite simply, it is an underwater sand or gravel bank at a river mouth that obstructs navigation. Simple as that may sound, it poses special hazards to mariners.

How do coastal bars form?

Rivers carry great loads of suspended material from tributaries into lakes and oceans. Our forebears knew this; throughout history, people have not only traveled down rivers but also used them as

Oregon State University
Extension Marine Advisory Program
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50233 June 1990
SQ 57

Figure 1.—This simplified drawing shows a river's flow speeding up around two outer curves, above at Bend A, below at Bend B. Its flow is slower and shallower at the inner curve in each case; here sediments drop and shoals tend to build.

Mrs. NAPOLITANO. Thank you very much. I am sorry, sir.

Mr. Seroka, you are on. You are next.

Mr. SEROKA. Good morning, Chairman DeFazio, Chairwoman Napolitano, Ranking Member Westerman, our California delegation and members of the committee.

My name is Gene Seroka. I am the executive director at the Port of Los Angeles and dually I hold the position of vice president of the California Association of Port Authorities.

The Port of Los Angeles is the largest container port in the United States, moving more than 9½ million container units per year and accounting for more than \$300 billion in goods movement through our port complex.

We support about 150,000 jobs in Los Angeles and more than 1.6 million in the country. Our gateway is the traditional move for cargo imported and exported to this Nation through Asia and the Pacific Rim. About half of the cargo that comes through our port complex goes direct to consumers. The other half, in component form, goes to the manufacturing stream here in the United States. All combined, we reach each and every congressional district in the United States. This truly is a conversation of national significance when it comes to the Port of Los Angeles.

The goods moved in industry underpins what we are doing as an economy. Seventy percent of consumer spend goes directly to our top line of GDP, and the ports industry supports 31 million jobs nationwide and approximately 26 percent of our country's GDP. We are looking for a consistent and sustainable stream of funding for our ports and harbors across the country, and the harbor maintenance trust is a great place to start as we have a broader conversation about infrastructure in our Nation.

We are grateful to this committee and Congress for the work that has been done in water resources in 2014 and 2016, which greatly moved us forward in the conversation and realization of full spend.

Today I ask for three areas of consideration: first, full utilization of the harbor maintenance tax; second, a fair and equitable allocation of those funds; and, thirdly, limited but expanded use of these capabilities through the funds. I will take you through each one very quickly.

On full utilization, this can get us to a place of continued investment not only by our country but by others who will see trade increase and continued opportunity for investment in our ports and harbors. On fair and equitable allocation, for the first time in memory—and I have been in this industry more than 30 years—we have industry unanimity on this subject of the harbor maintenance trust and how to allocate between so-called donor ports like Los Angeles that bring in the majority of this revenue, dredge ports that require this money to continue to combat silting, and other areas to make sure their channels are deep, and the energy transport ports, which are so important to our Nation's economy.

Overall, the donor ports today, the top six, bring in about 60 percent or nearly half of all the revenue on the HMT side, yet, in return, we receive about 2 percent of those proceeds to work at our individual and local locations.

With respect to limited expansion, because we are not a port that is continuing to work on the sedimentation effects on our main channel or making sure that we have a certain depth on a regular basis, we have other needs. Larger ships and the advent of that change in our industry requires us to do additional work in water alongside wharves, to fortify those areas and make sure they are strong to handle those larger ships. Looking at those limited possi-

bilities for expansion would greatly drive our competitiveness and that of our Nation. We have approximately \$260 million in projects along those lines that are coming up quite swiftly in order to manage the changes in the industry.

We also have a responsibility to maintain and improve our seismic requirements in southern California. That also has an application in this discussion.

I encourage the committee to look at the framework that has been put forward by the American Association of Port Authorities. And, as mentioned, our industry is on the cusp of not only agreeing on how to move forward, but also recommending how we could put a framework together in concert with this committee and Congress at large.

This hearing is timely. And the work that you are doing to support our industry is greatly appreciated. We are also happy to answer any questions you may have at the conclusion of the testimony. Thank you for your time today.

[Mr. Seroka's prepared statement follows:]

Prepared Statement of Eugene D. Seroka, Executive Director, Port of Los Angeles, San Pedro, California

Good Morning Chairman DeFazio, Chairwoman Napolitano, Ranking Member Westerman, and Members of the Committee.

Thank you for this opportunity to testify before you this morning. My name is Eugene D. Seroka and I serve as the Executive Director of the Port of Los Angeles. The Port of Los Angeles is our nation's largest and busiest container port. In 2018, we handled 9.5 million twenty-foot equivalent units—or TEUs, the standard measure of container cargo. This cargo generated over \$200 billion in economic impact for our country, supports about 148,000 jobs in Los Angeles, and nearly 1.6 million jobs nationwide.

Combined with our neighboring port, the Port of Long Beach, we comprise the San Pedro Bay Port Complex, which handles over 40 percent of the nation's containerized imports and 30 percent of all containerized exports. One in nine jobs in Southern California is connected to the Port Complex, and 2.8 million jobs nationwide. We anticipate doubling the quantity of containers traveling through our gates in the next 15 years.

We are the gateway for imports from and exports to Asia and the Pacific Rim. Half of the cargo arriving at our berths are consumer products, and the other half are goods that are incorporated in domestic manufacturing. There is not a single Congressional district that is not touched by an import or export handled through the San Pedro Bay. This morning, I'm confident everyone in this room used a good that crossed the wharves of the Port of Los Angeles before arriving here today.

The goods movement industry underpins our economy and supports our standard of living. We know that this Committee is keenly aware of the need to invest in and sustain the freight infrastructure that makes our work possible. A reliable, sustainable source of funding to support the competitiveness of our ports and harbors is essential and we are grateful to the Committee for recognizing the fundamental importance and gravity of this issue.

The Harbor Maintenance Tax (HMT) is one such source funding. It is a unique and important revenue source that can keep our nation's ports and harbors operating at their maximum potential. Shippers pay the tax with the expectation that it will be used to keep our ports in optimal condition. But, over its history, HMT has been underutilized, leading to a backlog of operations and maintenance projects and the accumulation of a large balance in the Harbor Maintenance Trust Fund (HMTF). In addition to the many ports and harbors that need these funds for traditional dredging, there are "donor ports" where a large proportion of HMT revenues are collected, yet a small amount of HMT funding is returned. The Port of Los Angeles is an HMT donor port.

We are thankful for the Committee's leadership role in the Water Resources Reform and Development Act (WRRDA) of 2014 and the Water Infrastructure Improvements for the Nation Act (WIIN) of 2016. Both pieces of legislation made sig-

nificant progress towards fully utilization of HMT revenues and recognizing the needs of HMT donor ports. We ask that you build upon this progress and consider full utilization of HMT as part of a comprehensive package of closely interrelated reforms.

We believe the building blocks of comprehensive HMT reform should include:

1. Guaranteed full utilization of HMT revenues;
2. A fair allocation of funding for all the nation's ports and harbors, including HMT donor ports; and
3. Expanded project eligibility for donors.

First, comprehensive HMT reform must be built upon full utilization of HMT revenues. Full utilization means increased funding and accessibility for all types of ports and across all geographical regions. Since the enactment of WRRDA 2014, HMT expenditures have adhered closely to the target expenditures outlined in that bill. For that, we are grateful. In FY19, Congress appropriated 91% of HMTF receipts, totaling \$1.54 billion. Full spend would result in an additional \$80 million this year for the nation's ports and harbors. More importantly, guaranteed full use of HMT revenues is needed to create a virtuous circle wherein investment in port infrastructure supports additional growth in trade volumes which, in turn, supports more investment in our ports and harbors.

Second, a fair and equitable allocation framework ensures every port region of the country—including traditional dredge ports, emerging harbors, and donor ports alike—receive a fair share of HMT funding each year. As a donor port, we believe this is both a fundamental issue of fairness and critical to the long term health of the HMTF. To the issue of fairness, historically, cargo into the Port of Los Angeles generates over \$200 million in HMT revenue, but we received only \$3 million in HMT spending.

- In 2017, which is the last year this information was available, HMT revenue generated at the Port of Los Angeles was \$225 million. This represents 17.3% of the nation's HMT revenues.
- In contrast, the Port of Los Angeles received \$5.46 million from the \$50 million appropriated for the Donor and Energy Transfer Port Program funding (under WRRDA Section 2106).

With respect to the health of the HMTF, the six donor ports as defined in WRRDA 2014 account for 50% of all HMT revenue, but receive less than two percent in return. It's important that HMT funding be used to support these high net contributors to the HMTF, especially as these ports face increasing competition from international ports. Cargo diversion from donor ports to international ports could undermine the long-term growth in the HMTF.

Third, donor ports need a limited expansion in the types of projects eligible for HMT. At the Port of Los Angeles, part of what makes us donors to the HMTF is that our federal channel does not experience the sedimentation that other ports do. We have in-water infrastructure needs that are not currently HMT-eligible expenditures.

To provide context, the infrastructure at the Port of Los Angeles is at a scale that reflects our role as the nation's premier trade gateway:

- 7,500 acres (4,300 acres of land and 3,200 acres of water)
- 43 miles of waterfront
- Minus 53' main channel water depth
- 27 terminals and 270 berths
- 15 marinas with 3,736 recreational vessel slips and dry docks
- 91 ship-to-shore container gantry cranes

However, we face an ever changing maritime shipping industry and evolving infrastructure demands. We were honored in December 2015 to receive the first 18,000 TEU ship to visit an American port; earlier this year, we received the first 20,000 TEU ship. In addition to capital berth dredging necessitated by the advent of these larger container ships, we have nearly \$260 million in container terminal wharf maintenance for in-water structures, such as decks, beams, mooring bits and piles. Additionally, we need support to fortify and maintain seismic compliance of in-water structures. These expanded uses of funds will assist donor ports in applying funds towards projects that provide our customers world-class infrastructure and keep us competitive against international competition.

Full use, fair and equitable allocation, and expanded uses for donor ports. We view these as the critical and interconnected parts of comprehensive HMT reform. To this end, I recommend the Committee start with the HMT spending framework developed by the American Association of Port Authorities (AAPA). Moving forward, I understand this Committee and Congress as a whole will develop its own HMT spending plan. As a starting point for those discussions, I would encourage you to look at the AAPA framework to help inform those deliberations as you move for-

ward. That framework represents a balanced consensus forged between a wide variety of ports—both by type and geography—and is built upon the key reform elements I have described.

The last thing I would like to underscore is the need to create a strong link between any full use solution and an allocation plan that addresses the port community's needs and concerns. Throughout our ongoing HMT discussions within the industry, two things have become clear: 1) broad-based port community support for full utilization of the HMT exists, especially if it's tied to an equitable spending framework; and, 2) an agreement on a spending framework is eminently reachable.

Chairman DeFazio, Chairwoman Napolitano, Ranking Member Westerman and Members, thank you for holding this very timely hearing. We are truly poised at a moment in time when comprehensive HMT reform is within reach and I appreciate this opportunity to address you. I thank you for your leadership in addressing this crucial freight infrastructure issue and stand ready to support and work with you.

Thank you for your time today. I am happy to answer any questions you have.

Mrs. NAPOLITANO. Thank you, Mr. Seroka.

And, Ms. Brady, you are now recognized.

Ms. BRADY. Thank you. Chairman DeFazio, Chairwoman Napolitano, Ranking Member Westerman, and members of the subcommittee, my name is Bonnie Brady. I am here again today representing the Long Island Commercial Fishing Association as its executive director. Our membership represents commercial fishermen from 11 different gear groups at 14 ports throughout Long Island. It is an honor to be called back again to speak to your committee about what I hope will finally be the full utilization of the Harbor Maintenance Trust Fund.

For those of you on the subcommittee that may remember my face, I first spoke to you back in 2011 as a guest of my then-Congressman Timothy Bishop, who represented the First District of the State of New York, when H.R. 104, the Realize America's Maritime Promise Act, otherwise known as the RAMP Act, was on the congressional front burner. I would like to thank all of you and your staff for the opportunity to present my comments to you today.

Commercial fishing on Long Island is responsible for 99 percent of New York's land and seafood catch. In 2017, that translated to over 24 million pounds of seafood, worth just under \$48 million at the dock. That year-round commercial fishing income powers the economic engines of hundreds of Long Island businesses, approximately over \$200 million, when adding the industry standard economic multiplier.

Montauk, our State's largest port and within the First District, was the 55th largest commercial fishing port in the Nation in 2017, based on poundage. We landed 10.1 million pounds of seafood worth \$14 million at the dock, to the boats themselves, what is termed ex-vessel value. As a way to describe that in relation to Montauk itself, a town of 3,100 people, that is equal to 322 pounds of fish caught for every man, woman, and child.

Montauk brings in millions of year-round dollars, which then make their way to our local mom-and-pop shops, whether it is via the captain and/or crew of a fishing boat, the ice supplier, welder or gear shop, seafood market, grocery store or restaurant. These people and their small businesses are the very fabric which makes up all of our coastal fishing port communities of Long Island.

Our coastal waterways and ports are our version of your Metro and beltway here in DC. And without properly maintained dredging, hundreds of local businesses and families could be negatively impacted yearly on Long Island. We have had a series of maintenance dredges. Montauk in 2008, 2012 and 2018; Shinnecock in 2004, 2010, and 2017; and Moriches in 2013. Plus, emergency dredges took place in Moriches this past year and in Montauk in 2011 and Shinnecock in 2014. But that doesn't really paint the true picture of the needs of our fishing ports, the need for consistent methodical maintenance dredging that the Harbor Maintenance Trust Fund was, I believe, set up to do.

Time and time again, the maintenance dredging that we have received, though greatly appreciated, did not do the job necessary because it was not on a consistent 3-year cycle. While I don't have a crystal ball into the future to see what nor'easters Mother Nature is ready to serve us, I do know the consequences of not being able to get in or out of port as a commercial fisherman on Long Island due to a shoaled-in port.

As a commercial fisherman, you lose income when your inlet isn't dredged deep enough. Say you have a boat that draws, for example, 12 feet, meaning its depth under the waterline, but the inlet, because of shoaling, is only 10 feet deep. What that means is your boat must wait to leave on higher tide or you risk running aground, which equals more lost income via a trip to the shipyard.

As a commercial fisherman, you lose income, because having to leave on a high tide because of shoaling of your port means sometimes you lose a day getting to your fishing grounds. Because if you can't get out of the inlet on time, on fishing time, to steam where you know the fishing has been red hot of late, by the time you do leave, you get to the grounds late and the fish are on the move again.

As a commercial fisherman, you lose income when you can't land your catch because you cannot get into your inlet until the tide is high again to package your fish to send into New York City. If you miss the truck and the market doesn't take place the following day or until after the weekend, you could risk spoil of part or possibly your whole catch. And while I am very grateful that, as far as Long Island goes, we have not lost any fishermen due to a boat going aground in shoaling waters in our ports that I can recall in recent memory, we have in the past come far too close. All of these issues are unacceptable sequelae due to inadequate maintenance dredging, which the Harbor Maintenance Trust Fund was set up to protect against.

Having to wait 6 or 7 years for maintenance dredging or scramble for emergency dredging funding is just not the way to support the people and ports that harvest and feed this Nation and beyond. And it does nothing to guarantee our safety and the safety of the thousands of commercial fishermen that do this job day in and day out through the U.S.

Thank you all sincerely for holding this hearing today focusing on fully utilizing the fund as it was intended. Doing nothing, in my opinion, at best, creates a panacea of economic losses for commercial fishermen and their port towns. In its very worst, it could cost commercial fishermen their lives. Thank you for allowing me to ex-

press these views today, and I look forward to any questions from you or any members of the subcommittee.

[Ms. Brady's prepared statement follows:]

Prepared Statement of Bonnie Brady, Executive Director, Long Island Commercial Fishing Association, Montauk, New York

Mr. Chairman and members of the subcommittee, my name is Bonnie Brady. I am here again today representing the Long Island Commercial Fishing Association as its executive director. Our membership represents commercial fishermen from 11 different gear groups at 14 ports throughout Long Island. It is an honor to be called back again to speak to your subcommittee about what I hope will finally be the full utilization of the Harbor Maintenance Trust Fund.

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We have had a series of maintenance dredges, Montauk in 2008, 2012, and 2018, Shinnecock in 2004, 2010, and 2017, and Moriches in 2013. Plus emergency dredges took place in Moriches this past year, and in Montauk in 2011 and Shinnecock in 2014. But that doesn't really paint the true picture of the needs of our fishing ports; the need for consistent, methodical maintenance dredging that the Harbor Maintenance Trust Fund was, I believe, set up to do.

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And while I am very grateful that as far as Long Island goes, we have not lost any fishermen due to a boat going aground in shoaling waters in our ports that I can recall in recent memory, we have in the past come far too close. All of these issues are unacceptable sequelae due to inadequate maintenance dredging, which the Harbor Maintenance Trust Fund was set up to protect against.

Having to wait six or seven years for maintenance dredging, or scramble for emergency dredging funding is just not the way to support the people and ports that harvest and feed this nation and beyond. And it does nothing to guarantee our safety and the safety of the thousands of commercial fishermen that do this job day in and day out throughout the US.

Thank you all sincerely for holding this hearing today focusing on fully utilizing the Fund as it was intended. Doing nothing, in my opinion, at best creates a panacea of economic losses for commercial fishermen and their port towns, and at its very worst, it could cost commercial fishermen their lives.

Thank you for allowing me to express these views today, and I look forward to any questions from you or any other members of the subcommittee.

Mrs. NAPOLITANO. Thank you, Ms. Brady.

And I now recognize Mr. Ross.

Mr. ROSS. Thank you, Chairwoman Napolitano and Ranking Member Westerman, and Chairman DeFazio. I appreciate the opportunity to testify today on behalf of the National Corn Growers Association. NCGA represents nearly 40,000 dues-paying corn farmers and the interests of more than 300,000 farmers who contribute through the corn checkoff programs in their States.

My name is Kevin Ross. I am a sixth-generation farmer from Iowa, where my wife, Sara, and I grow corn, soybeans, and alfalfa as well raise cattle. I am also first vice president of NCGA. My farm sits about 20 miles east of the Missouri River near Council Bluffs, the heart of the recent floods.

America's corn farmers need reliable means of moving our crops to customers, whether it is to livestock feedyards, grain elevators, ethanol plants, or to river ports for export. Farmers use many modes of transportation, with the inland waterway system being a vital artery for our products and especially for farmers in the Midwest.

With 12,000 miles of commercially navigable channels and more than 240 lock sites, inland waterways allow our Nation's corn growers to move their product to and from 38 States, including Arkansas, Illinois, Iowa, Minnesota, Missouri, Ohio, Tennessee and Wisconsin as well as internationally through the Mississippi, Missouri, Illinois and Ohio Rivers. There are six States represented on the committee that do not have any accessible coastline of the ocean or gulf. The Mississippi River System is the coastline of the Midwest and helps gain access to those outer coastal markets.

Given that more than half of corn exports are transported via the inland waterway system, continuing to invest in this system is critically important to our competitiveness and livelihoods. Much of the physical infrastructure is aging and in need of improvements. For example, commercial navigation locks typically have a design life of 50 years, and yet, by the end of 2020, 78 percent of the U.S. locks will have outlived that designated lifespan. While volumes of grain, ethanol, and byproduct exports increase, the efficiency of the locks decrease. Barge tows must be split in two because lock chambers aren't large enough to accommodate them. Efficiency lags cost money, which flows down to the farmer in the form of lower prices for our corn.

By one estimate, America's transportation deficiencies will cost U.S. agriculture \$1.3 billion in exports because our current infrastructure system increases the cost of the production process and makes access to markets more expensive.

Continued low commodity prices and consecutive years of declining farm income coupled with recent trade disruptions and the aging infrastructure system of locks and dams are taking a toll on farmers. The United States is the world's largest exporter of corn, shipping more than 2 billion bushels overseas last year, but we face tough competition from other countries, such as Brazil and Argentina. The majority of corn exports are shipped through the inland waterway system, with 54 percent of them being transported by barge, according to a recent USDA Ag Marketing Service report. Transportation efficiencies and costs are a major variable that keeps our farmers competitive in overseas markets.

Investing in lock and dam upgrades and their operation and maintenance, to ensure an efficient inland waterway system, is a major NCGA infrastructure priority. NCGA has identified 25 locks and dams that are in need of upgrade and repairs. And we urge special attention to the Navigation and Ecosystem Sustainability Program, otherwise known as NESP. The 2007 WRDA bill first authorized NESP as a long-term program of navigation improvements and ecological restoration for the Mississippi River System. The NESP program allows the U.S. Army Corps of Engineers to increase capacity at seven key locations, while investing in ecosystem improvements along the river systems. The Upper Mississippi is generally where most grain export originates.

Modernizing these seven locks will increase the efficiency of the inland waterways transportation system, which means that the cost of transportation will decrease and keep farmers like myself competitive in foreign markets. We realize the infrastructure upgrades we seek have a cost. Established public-private partnerships in our waterways have previously been a success story.

A strong partnership between the Army Corps of Engineers and commercial operators through the Inland Waterways Trust Fund allow commercial users of the inland waterway system to contribute substantial revenues for rehabilitation and modernization of the system. The revenues are generated through tax collected as a levy on fuel used in commercial transportation on the inland waterways at 29 cents per gallon. These revenues are placed in the Inland Waterways Trust Fund and matched with public funds for capital improvements on infrastructure. This partnership is what helps make the inland waterway system such an efficient and viable way to transport our product to market.

While there is success in other toll-based partnerships in transportation programs, there is significant difference in the waterway system. Unlike the highway program, where users have a choice to use a tolled or untolled facility, waterway users will be faced with no choice.

Production agriculture will be negatively impacted, as family farmers upstream will be double-tolled once the fertilizer they are using comes upstream and then crops they are exporting move downstream. Studies show that cost could be up to 31.5 cents per bushel of corn. That is an extra cost that farmers cannot bear.

On behalf of the National Corn Growers Association, I am grateful for the subcommittee's support for farmers and the other users of the inland waterway system. We appreciate the opportunity to provide input in today's discussion and stand ready to work with you and serve as a resource for further discussions regarding water transport. Again, thank you for the opportunity, and I look forward to your questions.

[Mr. Ross's prepared statement follows:]

Prepared Statement of Kevin Ross, First Vice President, National Corn Growers Association, Minden, Iowa

Thank you, Chairwoman Napolitano and Ranking Member Westerman. I appreciate the opportunity to testify today on behalf of the National Corn Growers Association (NCGA). NCGA represents nearly 40,000 dues-paying corn farmers and the interests of more than 300,000 farmers who contribute through corn checkoff programs in their states.

My name is Kevin Ross. I am a sixth-generation Iowa farmer, where my wife Sara and I grow corn, soybeans and alfalfa, as well as raise cattle. I am also the First Vice President of NCGA. My farm sits about 20 miles east of the Missouri River.

America's corn farmers need reliable means of moving our crops to customers, whether it's to livestock feed yards, grain elevators, the ethanol plant, or ports for export. Farmers use many modes of transportation, with the inland waterway system being a vital artery of transportation for our products, especially for farmers in the Midwest.

With 12,000 miles of commercially navigable channels and more than 240 lock sites, inland waterways allow our nation's corn growers to move their product to and from 38 states including Alabama, Illinois, Iowa, Minnesota, Missouri, Ohio, Tennessee, and Wisconsin as well as internationally through the Mississippi, Missouri, Illinois, and Ohio Rivers. Moving our product through the inland waterways system allows us to transport our product in a way that is beneficial to both the economy and the environment.

Given that more than half of corn exports are transported via the inland waterways system, continuing to invest in this system is critically important to our competitiveness and livelihoods. Much of the physical infrastructure is aging and in need of improvements. For example, commercial navigation locks typically have a design life of 50 years, yet by the end of 2020, 78 percent of U.S. locks will have outlived that designated lifespan. While volumes of grain, ethanol, and by-product exports increase, the efficiency of the locks decrease. Barge tows must split into two because the lock chambers aren't large enough to accommodate them. Efficiency lags cost money, which flows down to the farmer in the form of lower prices for our corn.

By one estimate, America's transportation deficiencies will cost U.S. agriculture \$1.3 billion in exports because our current infrastructure system increases the cost of the production process and makes access to markets more expensive.

Continued low commodity prices and consecutive years of declining farm income, coupled with recent trade disruptions and the aging infrastructure system of locks and dams are taking a toll on farmers. The United States is the world's largest exporter of corn, shipping more than 2 billion bushels overseas last year, but we face tough competition from Brazil and Argentina. The majority of corn exports are shipped through the inland waterway system with 54 percent of corn exports being transported by barge, according to a recent USDA Agricultural Marketing Service report. Transportation efficiencies and costs are a major variable keeping our farmers competitive in overseas markets. Every market counts and we need to be able to compete.

Investing in lock and dam upgrades their operation and maintenance to ensuring an efficient inland waterway system is a major NCGA infrastructure priority. NCGA has identified 25 locks and dams that are in need of upgrades and repairs. We urge special attention to the Navigation and Ecosystem Sustainability Program (NESP). The 2007 WRDA bill first authorized NESP as a long-term program of navigation improvements and ecological restoration for the Mississippi River System. NESP allows the U.S. Army Corps of Engineers to increase capacity at seven key locations, while also investing in ecosystem improvements along the river systems. The Upper Mississippi River is generally where most grain export originates. Modernizing these seven locks will increase the efficiency of the inland waterways transportation system, which means that the cost of transportation will decrease, and keep farmers

like myself competitive in foreign markets. This program promotes collaboration between agriculture, trade, organized labor and conservation groups to work together to build new locks and dams on the Illinois and Mississippi Rivers, supporting the more than half-million jobs that depend on the inland waterways.

We realize the infrastructure upgrades we seek have a cost. Established public private partnerships in our waterways have been a success story.

A strong partnership between the Army Corps of Engineers and commercial operators through the Inland Waterway Trust Fund, allow commercial users of the inland waterway system to contribute substantial revenues for rehabilitation and modernization of the system. The revenues are generated through a tax collected as a levy on fuel used in commercial transportation on the inland waterways at \$.29 cents-per-gallon. These revenues are placed in the Inland Waterways Trust Fund and matched with public funds for capital improvements on infrastructure. This partnership is what helps make the inland waterway system such an efficient and viable way to transport our product to market. While there is success in other toll-based partnerships in transportation programs, there is a significant difference in the waterways system. Unlike the highway program, where users have the choice to use a tolled or un-tolled facility, waterway users would be faced with no choice. The result would be moving product by other modes. Production agriculture would be negatively impacted as family farmers living upstream would be tolled doubled, once for the fertilizer that they use comes upstream, and then transporting export crops to market on the waterways. Studies have shown that farmers could potentially have to pay approximately \$31.5 cents per-bushel in toll fees, which would force the transportation of grain onto other modes leaving less transportation options for the family farmer, compounding our current road and railway system. We must maintain and invest in the future of our waterway system, amplifying our advantage instead of continuing to watch its slow erosion.

On behalf of the National Corn Growers Association, I am grateful for this subcommittee's support for farmers and the other users of the inland waterway system. We appreciate the opportunity to provide input into today's discussion and stand ready to work with you and serve as a resource for further discussions regarding water transport. Again, thank you for this opportunity, I look forward to your questions.

Mrs. NAPOLITANO. Thank you, Mr. Ross.

And now I turn it over to Mr. Westerman.

Mr. WESTERMAN [presiding]. Thank you, Madam Chair, who gracefully offered to let me introduce a friend and a constituent and a tireless advocate for inland waterways, Phyllis Harden from Pine Bluff Sand and Gravel, who is their director of legislative and special projects and also is the vice chair of the Pine Bluff-Jefferson County Port Authority, and she serves on the board of directors for the Dredging Contractors of America as well as the National Waterways Conference.

Ms. Harden, you are recognized for 5 minutes.

Ms. HARDEN. Thank you, Ranking Member Westerman. And thank you, Chairwoman Napolitano and Chairman DeFazio and other members of the subcommittee. It is an honor and a privilege to testify before you today.

My testimony will focus on the importance of the inland waterways transportation system, the McClellan-Kerr Arkansas River Navigation System, and reform that could benefit inland waterways infrastructure.

The Pine Bluff Sand and Gravel Company is a fourth-generation family-owned business that has been in operation for over 100 years. We are headquartered in Pine Bluff, Arkansas, and have operations in Louisiana, Kentucky, Tennessee, and Alabama. We specialize in crushed stone and riprap delivered by barge on the Mississippi River and its tributaries, marine construction and transportation, commercial sand dredging, ready-mix concrete, and hot mix asphalt. The McClellan-Kerr Arkansas River Navigation Sys-

tem, or MKARNS, is a 445-mile, 9-foot navigation system channel consisting of 18 locks and dams that begins at the confluence of the White and Mississippi Rivers and ends at Tulsa, Oklahoma. Construction of this system began in 1957 and completed in 1971, which, sadly, by today's standards, make these locks some of the newer locks on the Nation's inland waterways.

Pine Bluff Sand and Gravel supports three separate priorities on the MKARNS: First, in the America's Water Infrastructure Act of 2018, this committee was instrumental in authorizing the construction of a navigation improvement project at Three Rivers, which is at the confluence of the Arkansas, White, and Mississippi Rivers in southeast Arkansas. Basically, the White and Arkansas Rivers come closer and closer together after each high water event. If an uncontrolled channel develops, navigation on the MKARNS would be lost for an extended amount of time.

Our second priority is funding to address a critical backlog maintenance on the MKARNS. While the MKARNS is one of the newer systems, its rapidly aging system is worsened by long-deferred maintenance, which is becoming more acute with each passing year. Critical work is defined as there being a greater chance, greater than 50 percent chance of failure within 5 years. Years of neglect have led to a situation where the MKARNS is facing a critical backlog of approximately \$240 million. The highest priorities are Tainter gate replacements, 110-foot stop logs, and center post receivers.

Our third priority and what has been long sought modification to the MKARNS is the proposed deepening of the current 9-foot navigation channel to 12 feet. Congress authorized the construction of this project in 2003, provided funds for it in 2004, and the Corps of Engineers constructed several project features, but since that time, no additional funds have been provided for the Corps to continue the project. This project would allow 40 percent more tonnage in each barge and result in shipper savings of \$43.1 million annually.

My description of the MKARNS as an important navigation asset with aging infrastructure, underfunded projects, and deferred critical maintenance would also apply to other waterways. Fortunately, this committee promoted and carried out changes in the Water Resources Reform and Development Act of 2014 that have accelerated project delivery on the inland waterway system. Most significantly, a cost share of 85 percent general revenues and 15 percent Inland Waterways Trust Funds at Olmsted Lock and Dam has accelerated the project delivery and operability of the new lock. And that is just one example of how efficient project funding can lead to accelerated and significant economic benefits for the Nation.

Now that Olmsted is almost complete, the trust fund is likely to go back to operating at a 50/50 cost share split for construction projects. If this happens, the current portfolio of 15 projects awaiting construction could take almost 40 years to complete. Two of our priorities are on that list.

WRDA 2016, the cost formula for deepening coastal ports was changed from the 50/50 to a 75/25 split. And changing the cost share in the same manner for the inland waterways construction projects has a potential of completing these projects in 20 years in-

stead of the current 40 years. I would like to ask the committee in their upcoming legislation that they would modify that cost share to be a permanent 75/25 split so that we can get these projects accelerated quickly instead of the length of time it has been.

And then I realize I am almost out of time, and I want to quickly tell you our story. Pine Bluff Sand and Gravel in 1998 joined the effort to realize a 12-foot channel on the MKARNS. After 13 years, we reluctantly had to move our primary source of rock from River Mountain Quarry on the Arkansas River to a more competitive location. In 2010, we purchased the Cumberland River Quarry on the Cumberland River above Paducah near Salem, Kentucky.

Therefore, our quarry on the Arkansas River is now operating at a much smaller scale and numerous employees were laid off. Sadly, this could have been one of the largest quarries in the region. However, the additional cost of the shallow channel was simply too much for us to continue subsidizing. Our cost and bidding are extremely sensitive to competition, and we have lost jobs by a penny or a nickel per ton. We could not afford the cost of doing nothing.

Thank you for the opportunity to provide our perspective to this committee today, and I look forward to any questions or comments. [Ms. Harden's prepared statement follows:]

Prepared Statement of Phyllis Harden, Executive Assistant, Pine Bluff Sand and Gravel Co., Pine Bluff, Arkansas

Chairwoman Napolitano, Ranking Member Westerman, and Members of the Subcommittee, thank you for the opportunity to testify today on the topic of "The Cost of Doing Nothing: Why Full Utilization of the Harbor Maintenance Trust Fund and Investment in our Nation's Waterways Matter." My testimony will focus on the importance of the inland waterways transportation system, the McClellan-Kerr Arkansas River Navigation System, and potential reforms that could benefit inland waterways infrastructure.

The Pine Bluff Sand and Gravel Company is a fourth-generation family-owned business that has been in operation for over 100 years. We are headquartered in Pine Bluff, Arkansas, and have operations in Louisiana, Kentucky, Tennessee, and Alabama. We specialize in crushed stone and riprap delivered by barge on the Mississippi River and its tributaries, marine construction and transportation, commercial sand dredging, and ready-mix concrete and hot mix asphalt. We directly employ around 500 people and generate business that supports many more. I also currently serve as the Vice-Chair of The Pine Bluff-Jefferson County Port Authority and serve on the Board of Directors for Dredging Contractors of America and the National Waterways Conference.

Pine Bluff Sand and Gravel has been in business for over a century in part because of opportunities the nation's inland waterway transportation system provides. When transporting bulk commodities, such as aggregates, the inland waterways presents the most economical and environmentally friendly form of transportation. In fact, for every single barge of aggregates we ship, this equals 70 trucks that are not on the road. In 2017, there were more than 550 million tons transported on the inland waterways system valued at \$220 billion. Of that tonnage, almost 80 million tons were aggregates, which is 14% of the total tonnage moved on the system.

Many people do not realize the importance of the inland waterways system because they are not stuck in traffic with barges, or regularly held up by barges at railroad crossings. But what most people don't realize is that if you are near a navigable waterway, there is good chance that the aggregates used to build key parts of your community were most likely transported via water at some point. In fact, this last year, Nashville, Tennessee's boom in building required four million tons of concrete shipped via the waterway, which equates to 160,000 18-wheeler trucks.

MCCLELLAN-KERR ARKANSAS RIVER NAVIGATION SYSTEM (MKARNS)

The McClellan-Kerr Arkansas River Navigation System, or MKARNS, is a 445-mile, 9-foot navigation channel that consists of 18 locks and dams that begins at

the confluence of the White and Mississippi rivers and ends near Tulsa, Oklahoma. Construction of this system began in 1957 and was completed in 1971, which, by today's standards, sadly, make these locks some of the newer ones on the nation's inland waterways. Prior to the construction of these locks and dams, this system was not navigable year around, and in fact it was not uncommon to see a nearly dry river bed that one could wade across. There are five major public port facilities, and 62 private ports and terminals that support the movement of the major commodities that are shipped on the MKARNS. These commodities include coal, petroleum products, fertilizers, grain, sand and gravel, and iron and steel-products. The MKARNS was upgraded to a high-use waterway system in 2018 based on a five-year average of 3.33 billion ton-miles transported.

Pine Bluff Sand and Gravel supports three separate and co-equal priorities on the MKARNS.

First, this Committee was instrumental in authorizing the Chief's Report in America's Water Infrastructure Act of 2018 for navigation improvement at Three Rivers Project, where the White and Arkansas River meet the Mississippi River. The structures currently in place are rapidly deteriorating, and should any of these components fail, the MKARNS would not be a functioning commercial waterway for an extended amount of time. Additionally, like most of the nation's inland waterways system, the authorized project at Three Rivers will provide significant environmental benefits, allowing previously disconnected waterbodies to return to a more natural open water ecosystem.

Our second co-equal priority is funding for the critical maintenance backlog on the MKARNS. While I mentioned earlier in my testimony that MKARNS is one of the newer systems, it is a rapidly aging system exacerbated by long-deferred maintenance. As this system was completed nearly 50 years ago, the maintenance needs of the MKARNS are becoming more acute with each passing year. Defined as a component which has a 50% probability of failure within the next five years, critical maintenance on the MKARNS has long been deferred, and years of neglect has led to a situation where the MKARNS is facing a critical maintenance backlog of approximately \$240 million.

Our third co-equal priority, and one that has been a long-sought modification to the MKARNS, is the proposed deepening of the current 9-foot channel to 12-feet of depth. Congress authorized the construction of this project in 2003, and provided funds for the project in 2004. At that time, the Corps of Engineers constructed several project features, and yet since that time, no additional funds have been provided to the Corps to continue the project. We would encourage Federal authorities to resume the project since greater depths will allow an additional 40% per barge to be transported compared to the current channel. This deepening project would also result in a shipper savings of \$43.1 million annually.

MODERNIZING THE INLAND WATERWAYS TRANSPORTATION SYSTEM

My description of the MKARNS as an important navigation asset with aging infrastructure, under-funded projects, and deferred critical maintenance, also applies to other waterways in our country. Fortunately, some steps have been taken to begin to improve important infrastructure features of America's transportation network, but more attention is needed.

In 2015, the inland waterways industry, including Pine Bluff Sand and Gravel, successfully advocated for a 45% increase to the diesel fuel tax deposited into the Inland Waterways Trust Fund (IWTF), which is currently the highest federal fuel tax being paid by any mode of surface transportation. There are numerous beneficiaries of the nation's inland waterways system such as: recreational users, municipal water supply, hydropower, industrial processes and cooling water, flood damage reduction, national security, and other national and regional economic development opportunities. *Only* the commercial towboat operators pay the tax that is dedicated to support the inland waterways.

This Committee promoted and carried out changes in the Water Resources Reform and Development Act of 2014 that has significantly accelerated project delivery on the inland waterways system. Besides the 45% increase to the diesel fuel tax, a cost-share change at Olmsted Locks and Dam allowed for the Trust Fund to operate over the last six years at about a 25% IWTF/75% general fund split. This cost-share change has also accelerated the operability of Olmsted, allowing for \$600 million in annual national economic benefits to be accrued four years ahead of schedule. Olmsted is just one example of how efficient project funding can lead to accelerated and significant economic benefits for the nation. Now that Olmsted is complete, the IWTF is most likely going to return to operating at a 50% IWTF/50% general fund formula for construction projects. If this happens, the current portfolio of at least

15 projects awaiting construction could take almost 40 years to complete. The MKARNS' critical Three Rivers project is one of these projects. Therefore, I am asking the Committee to consider modifying the cost-share for inland waterways construction projects to 25% IWTF/75% general revenue in any potential infrastructure legislation that is moving this Congress.

Freight moved by the inland waterways is the least expensive, most fuel efficient, environmentally friendly mode of transportation. When it is allowed to work efficiently, the economic and environmental benefits to the nation are significant. Improving the funding formula for new and on-going projects and addressing deferred maintenance backlog will pay multiple benefits to the nation in the form of lower transportation costs, more jobs, and less congestion.

Thank you for the opportunity to provide Pine Bluff Sand and Gravel's perspective to the Committee today. I look forward to any questions or comments you may have.

Mr. WESTERMAN. Thank you for your testimony.

The Chair now recognizes Mr. Peter Stephaich. He is chairman of Campbell Transportation Company, on behalf of the Waterways Council, Inc. from Houston, Pennsylvania. You are recognized for 5 minutes.

Mr. STEPHAICH. Thank you very much. Chairman DeFazio, Chairwoman Napolitano, Ranking Member Westerman, and members of the subcommittee, thank you for the opportunity to testify before you today. My testimony will focus on the importance of the inland waterways transportation system and the Inland Waterways Trust Fund.

I currently serve as chairman and CEO of Campbell Transportation Company, headquartered near Pittsburgh, Pennsylvania. I am also the chairman of Waterways Council. Waterways, WCI, is the national public policy organization that advocates for a modern and well-maintained system of waterways and ports.

Our inland waterway transportation system consists of 12,000 miles of commercially active inland waterways, on which nearly 600 million tons of products move annually, representing a value of over \$220 billion. About 400 commercial operators currently pay a 29-cent-per-gallon diesel fuel tax that is deposited into the Inland Waterway Trust Fund.

Users of the system successfully advocated in support of raising our tax by 45 percent in 2015, from 20 cents to 29 cents per gallon. This tax currently generates about \$115 million a year and pays for up to half the cost of new lock and dam construction, major rehabilitation, and channel deepening.

Since the enactment of the Water Resources Development Act of 1986 through 2014, the Inland Waterways Trust Fund supported construction completion of over 29 modernization projects. Currently, the trust fund is supporting construction of five lock and dam modernization projects.

I would like to thank this committee for passing important policy changes contained in the Water Resources Reform and Development Act of 2014, particularly the cost share policy revision for Olmsted Locks and Dam, along with the 45-percent increase in the inland waterway diesel fuel tax, allowed for the trust fund to be leveraged from less than \$200 million per year to a \$400-million-a-year annual program.

That cost share change from 50 percent trust fund and 50 percent general fund, to 15 percent from the trust fund and 85 percent from the general fund has accelerated the completion of the Olmsted project while saving the taxpayers money. Let me explain.

The accelerated and steady funding for Olmsted Locks and Dam allowed the Corps to dedicate the project last August in 2018, 4 years ahead of schedule and at a completion cost \$330 million below what the Corps had projected. Not only did the cost share change help Olmsted, but it also allowed construction to proceed on three other priority navigation projects: Lower Monongahela, Kentucky lock, and Chickamauga lock. This cost share change also allowed for the initiation of the major rehab project on LaGrange lock on the Illinois waterway.

Unfortunately, our inland waterway system continues to deteriorate. Currently, there are more than 15 other authorized high-priority inland projects awaiting construction. With Olmsted's completion and no additional policy changes and improvements, only about \$230 million a year will be available for inland waterway project modernization. That is the \$115 million in trust fund revenues times two at 50 percent. At this funding level, many of these projects won't start construction during the next 20 years, greatly increasing the probability of catastrophic failure somewhere in the system and causing the system to further deteriorate.

In the Water Resources Development Act of 2016, Congress changed the cost share model for funding construction of deep draft ports from 45 to 50 feet from 50 percent non-Federal sponsor and 50 percent Federal Government to a 25-percent non-Federal sponsor and a 75-percent general funds in order to accomplish this important work. By doing the same thing with the Inland Waterways Trust Fund, adjusting the cost share to 25 percent trust fund and 75 percent general funds, the inland navigation capital program can remain operating around the \$400-million-per-year level that has been achieved since the cost share change at Olmsted. This recommended 25/75 cost share will allow the Corps to accelerate the construction program and provide funding visibility going forward, which will greatly improve the efficiency of the Corps program.

As you move forward with infrastructure legislation, I encourage you to consider this proposal to adjust the cost share for construction of inland waterways projects.

That concludes my oral statement, and I will be happy to answer any questions. Thank you.

[Mr. Stephaich's prepared statement follows:]

Prepared Statement of Peter H. Stephaich, Chairman and CEO, Campbell Transportation Company, Inc., Houston, Pennsylvania, on behalf of Waterways Council, Inc.

Chairwoman Napolitano, Ranking Member Westerman, and Members of the Subcommittee, thank you for the opportunity to testify before you today on the topic of "The Cost of Doing Nothing: Why Full Utilization of the Harbor Maintenance Trust Fund and Investment in our Nation's Waterways Matter." My testimony will focus on the importance of the inland waterways transportation system, and suggest a recommended policy improvement to advance modernization of the Nation's critically important inland navigation infrastructure.

I currently serve as Chairman and CEO of Campbell Transportation Company, Inc. Campbell Transportation Company is headquartered in Houston, Pennsylvania, and operates approximately 50 towboats, over 1100 barges, four shipyards/repair facilities, and fabrication shops at two locations on the Ohio River and two on the Monongahela River. 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. WCI's diverse members include waterways carriers, shippers, agricultural interests, port authorities, energy providers, construction contractors, organized labor 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 natural 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 early actions by Congress was to enact legislation to provide for federal maintenance of new Nation's navigational aids. Since then, 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 (IWTF). This tax pays for up to half of the cost of new construction and major rehabilitation of the fuel-taxed waterways' infrastructure, principally, locks and dams, but also including the initial deepening of its channels. Users like Campbell Transportation Company successfully advocated in support of raising that tax by 45% in 2015 to its current level of 29-cents-per-gallon, which is the highest federal fuel tax currently being paid by a transportation mode.

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, recreational, and governmental to stair-step their way across the system while being assured that the depths those users require will be available as needed.

Beyond enabling waterborne 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, increases property value, and enhances national security capabilities. Unlike commercial users, none of these other 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 international competitors have major efforts underway to enhance their own systems. More than half of the portion of our waterways system that is operated by the Army 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 utilizing outdated 600-foot-locks that are unable to accommodate today's standard 1,200-foot long, 15-barge tows, without engaging in the inefficient and potentially dangerous procedure of uncoupling the tow into two sections in order to pass through the lock in two trips instead of one. These locks and dams require constant attention and financial support, both in terms of modernization funding to improve the system's efficiency in order to facilitate the Nation's economic well-being and standard of living, as well as of operations and maintenance funding to keep them reliably available to users throughout the year.

INFRASTRUCTURE INVESTMENT IS NEEDED TO KEEP AMERICA COMPETITIVE

Since 1987, when IWTF revenues were first allocated to individual projects following enactment of the Water Resources and Development Act of 1986, through

2014, the Inland Waterways Trust Fund supported construction completion of 29 modernization projects. Additionally, the trust Fund is currently supporting construction of five other lock and dam modernization projects, thanks to the policy changes made in 2014. 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 revision for Olmsted Locks and Dam, which, along with the 45% increase in the inland waterway diesel fuel tax that Congress enacted in 2014, allowed for the IWTF to be leveraged from a less than \$200 million dollar annual program to a \$400 million dollar annual program. That policy change from 50% Inland Waterways Trust Fund and 50% General Fund, to 15% from the Inland Waterways Trust Fund and 85% from the General Fund has led to significant progress. For example, the Olmsted Locks and Dam was dedicated and became operable in August 2018, four years ahead of the Corps' projected operation date and cost an estimated completion cost more than \$330 million below what the Corps projected in the project's Post Authorization Change Report. Not only did the cost-share change help Olmsted, but it also allowed (1) construction to proceed on three other priority navigation projects (Lower Monongahela 2,3,4, Kentucky Lock, and Chickamauga Lock, the latter two of which previously had project construction suspended due to a lack of funding), and (2) initiation of the a major rehabilitation on LaGrange Lock on the Illinois waterway.

With Olmsted soon to be in the rearview mirror, and the Lower Monongahela project expected to be funded to completion this fiscal year in the FY 2020 appropriations bill, it is time to start looking toward the next round of inland waterways modernization investments. Currently, the inland waterways system has a portfolio of more than 15 other authorized high priority inland projects awaiting construction. With Olmsted's completion and no additional policy improvements, only about \$230 million a year will be available for inland waterways project modernization. At this funding level many of these projects will not even begin construction in the next 20 years, an unacceptable situation.

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—adjusting the cost-share to 25% taken from the industry derived Trust Fund and 75% from general funds—the inland navigation capital program can remain operating at or above the \$400 million level that for the most part has been achieved since the cost-share change at Olmsted, and will accelerate project delivery on the portfolio of critical inland waterways projects.

As you move forward with infrastructure legislation, I encourage you to consider this proposal to adjust the cost-share for construction of inland waterways infrastructure projects. This important change will help maintain but advance our Nation's competitiveness and keep America leading at the top. That concludes my testimony, Madam Chair. Thank you for giving me the opportunity to be here today and I will be happy to respond to any questions you or the other members have the Committee have.

Mr. WESTERMAN. I thank the gentleman for his testimony.

The chairwoman designated me to introduce the witnesses, and I sure don't want to go against the chairwoman, so I am going to next recognize Ms. Kirsten Wallace from the Upper Mississippi River Basin Association.

Ms. Wallace, you are recognized for 5 minutes.

Ms. WALLACE. Great. Thank you, Chair Napolitano, Ranking Member Westerman, Chair DeFazio, and members of the subcommittee. I appreciate today's opportunity to underscore the value of investing in both the economic vitality and ecological integrity of our Nation's rivers.

The Upper Mississippi River Basin Association was formed in 1981 by the Governors of Illinois, Iowa, Minnesota, Missouri, and Wisconsin to facilitate dialogue and cooperative action and to serve as an advocate of the State's collective interests. UMRBA works closely with the U.S. Army Corps of Engineers and other Federal agencies to achieve a shared commitment to integrated and multi-

purpose management of the Upper Mississippi River's economic and ecological uses.

On the Upper Mississippi River, we have proven that navigation traffic as well as other economic uses can be fully supported within a healthy river ecosystem. Our Nation's rivers can serve simultaneously as economic engines and ecological treasures. We can have both, and we are better for it.

In order for our Nation to fully realize the potential of our rivers, we must value and integrate management of their many purposes and uses. The Upper Mississippi River is a multibillion-dollar economic engine and a treasured ecosystem, abundant with fish and wildlife, generating revenues in excess of \$600 billion annually and supporting over 1.86 million jobs in manufacturing, agriculture, tourism, recreation, navigation and energy sectors.

At the same time, the river provides an irreplaceable water supply source for citizens and industries throughout the Midwest. The system of locks and dams provides for the movement of low-cost goods that are essential to a strong national economy: gravel, fertilizers, and agriculture outputs, salt and energy products. And at the same time, the Upper Mississippi River supports a \$55 billion tourism and recreation industry that is built upon the serenity and adventure of the river's landscape and abundant opportunities for fishing and hunting.

The UMRBA, Upper Mississippi River Basin Association, along with navigation industry, conservation interests, and local and Federal partners, made a very conscious decision to seek collaboration, shared solutions, rather than remain hamstrung and steadfast in conflict.

There is a long history of conflict between economic and ecological interests on the Upper Mississippi River, with the most contentious time occurring in the 1970s following enactment of new laws that gave environmental interests legal standing, in particular the National Environmental Policy Act and Clean Water Act, and when the American economy was experiencing severe inflation and the value of inland waterways as a transportation system was magnified.

Conflicts raged over navigation use and environmental resources on the river. Can they coexist? How much navigation traffic is too much? Ultimately, this conflict turned into litigation when a second lock chamber was proposed at Lock and Dam 26 in the mid-1970s, with the primary argument that the Corps did not evaluate the systemwide impacts of the second lock to the ecosystem.

The Federal Court halted Lock and Dam 26 replacement. Congress claimed it had too little information to take action and tasked UMRBA's predecessor, then-Federal-State Upper Mississippi River Basin Commission, with resolving those contentious questions and making recommendations for how best to manage the river, balancing the demands of these competing interests. Congress said no action could be taken to increase navigation until a plan was finalized and Congress had approved it. Ultimately, the conclusion reached was that balanced management is achievable and is in our Nation's interest.

In 1986, Congress authorized a second chamber at Lock and Dam 26, along with a systemwide ecosystem restoration and scientific

monitoring program, known today as the Upper Mississippi River Restoration Program, and the declaration that the Upper Mississippi River is both a nationally significant navigation system and a nationally significant ecosystem.

Shortly after, the navigation industry began considering modernization needs on the Upper Mississippi River at a larger scale, and then UMRBA and Federal partners, navigation industry, environmental interests took that same approach to collaboration and agreed to the Navigation and Ecosystem Sustainability Program, NESP, which is a comprehensive and integrated plan for meeting current and future shipping demands, stimulating economic growth, and improving the health and resilience of the river ecosystem.

NESP's feasibility study was completed in 2004. Congress authorized it in 2007. It enjoys consensus among diverse stakeholders and bipartisan and bicameral support among Congress as well as a steadfast commitment by the Governors of the Upper Mississippi River Basin States. Reaching this commitment to integrated multi-purpose management was incredibly challenging but has paid tremendous dividends. We moved the region from conflict to collaboration. In doing so, we moved it from the gridlock of litigation to a whole new world of opportunity.

There is far greater power in standing for something and not against it. NESP forges allegiances, allies who can give Congress a solution, a hard-fought consensus, not a problem that needs to be fixed, not a choice Congress has to make between competing interests. NESP gives us solutions and a concrete path to work for: guidewall extensions and mooring cells, lock modernization at the most congested sites on the Upper Mississippi, and islands, backwater complexes, forests that are essential for a diverse and complex array of fish and wildlife species.

We appreciate the committee's support of NESP and the Upper Mississippi River as a nationally significant resource. Thank you. [Ms. Wallace's prepared statement follows:]

Prepared Statement of Kirsten Wallace, Executive Director, Upper Mississippi River Basin Association, St. Paul, Minnesota

Chair Napolitano, Ranking Member Westerman, and members of the Subcommittee, I appreciate today's opportunity to underscore the value of investing in both the economic vitality and ecological integrity of our nation's rivers. The Upper Mississippi River Basin Association (UMRBA) was formed in 1981 by the Governors of Illinois, Iowa, Minnesota, Missouri, and Wisconsin to facilitate dialogue and cooperative action and to serve as an advocate of the states' collective interests. UMRBA works closely with the U.S. Army Corps of Engineers and other federal agencies to achieve a shared commitment to integrated, multi-purpose management of the Upper Mississippi River's economic and ecological uses.

On the Upper Mississippi River, we have proven that navigation traffic as well as other economic uses can be fully supported within healthy riverine ecosystems. Our nation's rivers can serve simultaneously as economic engines and ecological treasurers. We can have both, and we are better for it. In order for our nation to fully realize the potential of our rivers, we must value and integrate management of their many purposes and uses. The river is both a multi-billion dollar economic engine and a treasured ecosystem abundant with fish and wildlife—generating revenues in excess of \$600 billion annually and supporting over 1.86 million jobs in manufacturing, agriculture, tourism, recreation, navigation, and energy sectors. At the same time, the river also provides an irreplaceable water supply source for citizens and industries throughout the Midwest. The system of locks and dams provides

for the movement of low-cost goods that are essential to a strong national economy: gravel, fertilizers and agricultural commodities, salt, and energy products. At the same time, the Upper Mississippi supports a \$55 billion tourism and recreation industry built upon the serenity and adventure of the river's landscape and abundant opportunities for fishing and hunting.

UMRBA, along with navigation industry, conservation interests, and local and federal partners, made a very conscious decision to seek collaboration—shared solutions—rather than remain hamstrung and steadfast in conflict. There is a long history of conflict between economic and ecological interests on the Upper Mississippi River. But the most contentious time occurred in the 1970s, following enactment of new laws that gave environmental interests legal standing (i.e., National Environmental Policy Act, Clean Water Act) and when the American economy was experiencing severe inflation and the value of the inland waterways as a transportation system was magnified. Conflicts raged over navigation use and environmental resources on the river. Can they co-exist? How much navigation traffic is too much? Ultimately, the conflict turned into litigation when a second lock chamber was proposed at L&D 26 in the mid-1970s, with the primary argument that the Corps did not evaluate the system-wide impacts of the second lock to the ecosystem.

The court halted L&D 26 replacement. Congress claimed that it had too little information to take action and tasked the then-federal-state Upper Mississippi River Basin Commission with resolving those contentious questions and making recommendation for how to best manage the river, balancing the demands of competing interests. Congress said no action could be taken to increase navigation until a plan was finalized and Congress had approved it.

Ultimately, the conclusion was that balanced management is achievable and is in our nation's interest. In 1986, Congress authorized the second chamber at L&D 26 along with a system-wide ecosystem restoration and scientific monitoring program, known today as the Upper Mississippi River Restoration program, and the declaration that the Upper Mississippi River is both a nationally significant navigation system and a nationally significant ecosystem.

Shortly after, navigation industry began considering modernization needs on the Upper Mississippi River at a larger scale. UMRBA joined with federal partners, navigation industry, and environmental interests to take the same approach of collaboration and agreed to the Navigation and Ecosystem Sustainability Program (NESP)—a comprehensive and integrated plan for meeting current and future shipping demands, stimulating economic growth, and improving the health and resilience of the river ecosystem. NESP's feasibility study was completed in 2004 and Congress authorized it in 2007. NESP enjoys consensus among diverse stakeholders and bipartisan and bicameral support among Congress as well as steadfast commitment by the Governors of the five Upper Mississippi River basin states.

Reaching the commitment to integrated, multi-purpose management was incredibly challenging, but it has paid tremendous dividends. We moved the region from conflict to collaboration, and in doing so, we moved it from the gridlock of litigation to a whole new world of opportunity. There is far greater power in standing for something, not against it. NESP forges allegiances—allies who can give Congress a solution, a hard-fought consensus; not a problem that needs to be fixed; not a choice Congress has to make between competing interests. NESP gives us solutions, and a concrete path to work for. Guidewall extensions and mooring cells, lock modernization at the most congested sites on the Upper Miss, and islands, backwater complexes, and forests that are essential for a diverse and complex array of fish and wildlife species.

We appreciate this Committee's support of NESP and the Upper Mississippi River as a nationally significant resource.

Mrs. NAPOLITANO [presiding]. Thank you for your testimony to all the witnesses, and we will now have the questions. Use the timer, a total of 5 minutes for each question. I will begin the questioning with Mr. DeFazio.

Mr. DEFAZIO. Thanks, Madam Chair.

To Commissioner Goche and Ms. Brady, from what you know, in representing your ports, but also your association with other small ports, is the 10-percent set-aside meeting all of the needs of small and emerging ports? Is it adequate?

Ms. BRADY. Congressman, if I had that magic ball to know, depending on the year, as to how many of the ports were going to get hit by various storms, I could say absolutely.

It is a relative thing. Some years in Montauk, we have had it dredged 6 times within 10 years because we just get whacked with storm after storm in 1 year. And then we go a couple more years and we are better off. So I don't know how I could possibly answer that with complete clarity, but—

Mr. DEFAZIO. OK. Commissioner.

Mr. GOCHE. Thank you for the question, Congressman DeFazio. And so far, from what I have seen, the answer would have to be no. Not only do we need maintenance dredging virtually every year in our area, but we also have a huge backlog of deferred maintenance on our jetties. The only way I can see us digging out of that deferred maintenance hole is by using the \$9 billion or \$10 billion that is on the books from previous years.

The Port of Coos Bay, for example, the north jetty has lost about 380 feet over the last 30 years in length. So it is at a critical point where we have to replace at least 150 feet before we can get back to some semblance of safety.

Mr. DEFAZIO. So I appreciate the testimony of Executive Director Seroka, and on behalf of the AAPA. I will say that I have some concerns with that proposal. And I have had numerous conversations with L.A., Long Beach, and other ports, Seattle and others. And my position is: Help us get the money, all the money, annually that comes in, spend it, and a plan to in a prudent way spend down the money that Congress has previously diverted, and then we will come up with a fair distribution.

I recognize the contribution of the major ports and the needs of the major ports. I also am sensitive to, you know, all the many other ports are dependent upon this, some of whom really don't have any capabilities or very little capabilities of raising revenue.

So I guess that is not really a question. Well, let's just say, is there anybody on the panel who disagrees that we should spend all of the collected taxes on an annual basis, we should appropriate the total amount on an annual basis because there are needs out there? Anybody disagree with that? OK, good.

Anybody disagree with the fact that since we did collect this ultimately from the American consumers, the ad valorem tax, and it has an intended purpose, that we should also have a plan to spend down the nearly \$10 billion balance in the theoretical trust fund which is somewhere in the Treasury maybe, but we just make up money anyway, so what is the difference? But that we should spend that down in a programmed way to meet deferred maintenance and needs in both large ports and small ports. Anybody disagree with that? OK, great. Well, let's do it then. Thank you.

Thank you, Madam Chair.

Mrs. NAPOLITANO. Thank you, Mr. DeFazio.

The Chair now recognizes Mr. Westerman.

Mr. WESTERMAN. Thank you, Madam Chair.

Ms. Harden, while the MKARNS is located in Oklahoma and Arkansas, what other States benefit from the inland waterway?

Ms. HARDEN. The MKARNS, sir, is a 12-State region: Arkansas, Oklahoma, Kansas, Texas, Colorado, Missouri, Nebraska, Minnesota, South Dakota, North Dakota, Montana, and Idaho.

Mr. WESTERMAN. So what are the types of specific commodities that come from those States that otherwise would have a very difficult time reaching global markets?

Ms. HARDEN. Well, as you had mentioned in your opening statement, sand and gravel, soybeans, chemical fertilizer, wheat, steel coils, petroleum. Nearly half of the tonnage reported at Oklahoma ports originate or terminate in Kansas. Farmers, energy companies, manufacturers, they wouldn't be able to compete in an increasingly global marketplace without the inland waterways such as the MKARNS. Their profits depend on the transportation cost, their savings that are attributable to the navigation.

Some examples, asphalt moves from gulf refineries to blending plants along the river for delivery to departments of transportation in many of the 12 States that the MKARNS serves. Oilfield tubulars from domestic mills are processed at finishing plants along the river and delivered to oil and gas developments in many of the 12 States and as far away as Alaska. The same goes for rebar and wire rod coils. Crude oil that is produced in several of these States and as far away as North Dakota find its way to the gulf coast refineries by barge, a growing amount which is for export.

So the Nation's waterways give producers and manufacturers reach to acquire raw materials and distribute finished goods in a competitive marketplace.

Mr. WESTERMAN. As we often say, the river is kind of out of sight and out of mind of the general public, but it has a huge economic impact to that 12-State region.

You also talked about a critical maintenance backlog in the navigation improvement project at Three Rivers. If there were a failure due to inadequate maintenance or a failure of the existing navigation components at Three Rivers, what do you think this would mean to the national economy?

Ms. HARDEN. Well, our quarry on the MKARNS is the closest major deposit of rock to New Orleans and the gulf coast, and this was very important during the devastating hurricanes of Katrina and Rita. Also, our quarry is the low-cost producer of the sandstone, and sandstone has antiskid properties that are required in Louisiana asphalt markets. So, you know, if this chain of supply is broken, I mean, it is going to affect highway departments and our highways.

Agriculture products, grain and fertilizer, they move, as I said, for most of the 12 States that the MKARNS serves, and I guess the same examples that I gave in the previous question. I mean, that would, you know, affect it globally.

Mr. WESTERMAN. And for the record, for Mr. Graves, the State of Louisiana depends heavily on products coming out of Arkansas down the MKARNS system.

Ms. HARDEN. Absolutely.

Mr. WESTERMAN. Mr. Stephaich, I come from an engineering background in the private sector. And when I found out how the

Corps gets their projects funded, where it is like a yearly funding amount, it just seems to make no sense at all.

Could you talk maybe a little bit to how projects could be done more efficiently, lower cost, and in a quicker timeframe if we would fund projects on a project-to-project basis rather than a yearly funding basis?

Mr. STEPHAICH. Well, the annual funding system really doesn't make any sense for these long-term projects. As I mentioned in my oral remarks, the Olmsted case is an example where the project was accelerated and came in below what the Corps thought it would because they had steady money and steady funding.

It is extremely difficult for a major construction job to plan for this 1 year at a time, from hiring the contractors to actually executing the project. There is tremendous mob/demob cost. The contractors bid that in in their cost. It just doesn't make any sense. It is completely inefficient.

I don't know what the percentage of reduction would be, but it is significant for the Corps if they had steady funding for these projects.

Mr. WESTERMAN. I couldn't agree more.

And I am out of time so, Madam Chair, I yield back.

Mrs. NAPOLITANO. Thank you, Mr. Westerman.

I am asking unanimous consent that the written testimony of American Association of Port Authorities by Mr. Kurt Nagle, president and CEO, be made part of today's hearing record.

Without objection, so ordered.

[The information is on pages 51–52.]

Mrs. NAPOLITANO. We will move on, and I think I will take the next set of questions for Mr. Gene Seroka.

Mr. Seroka, what specific policies would you like to see Congress implement to address your inequity concerns with the HMT?

In your testimony, you mentioned 50 percent of the revenue comes from donor ports and the percentage of the revenue should be allocated towards—what percent should be allocated to the donor ports?

Do you believe the minimum allocation to donor ports should be effective immediately or in the future?

Would there be a trigger for this implementation for donor ports, and what would the trigger be, and what extended uses are you advocating for and why?

Long question.

Mr. SEROKA. The trigger would be full spend, full utilization of the incoming revenues. So we get that, and then we have an opportunity to look at the fair and balanced allocation.

And our idea, which is aligned with the American Association of Port Authorities, is that we ensure that the six geographies, the dredge ports, the emerging harbors, are all treated with the capability to receive as much money or more money in the future than they do today.

Our look at what we should receive, the 50 versus 2 percent in the return, as outlined in our framework, we believe the donor ports should receive between 8 and 10 percent. And that is a real good program to allow us to get after these other uses that we mentioned.

If you can imagine, Chairwoman Napolitano, in your mind's eye, as the ship is coming in, most of the discussion around this topic is to make sure that our channels are as deep as necessary to manage the ships in whatever port authority we represent.

What we are looking at in Los Angeles and Long Beach is that we need to cater to those large ships alongside the wharf. So we need to make sure that that water is deep enough, that the wharfs are strong enough to manage the heavier equipment that moves that larger amount of cargo across.

Mrs. NAPOLITANO. Thank you very much.

The next question would be to Mr. Goche, Mr. Seroka, and Ms. Brady. Understanding that each of your ports have unique needs, outside of those, do you support the full utilization of HMT? Yes or no.

Mr. GOCHE. Yes, I do.

Mr. SEROKA. Yes.

Ms. BRADY. Absolutely, yes.

Mrs. NAPOLITANO. Thank you. That is very much what we expect.

Does the entire United States benefit from all of the—when the ports that are most efficiently upgraded and in capacity?

Mr. Seroka, would full utilization of HMT help like the Port of L.A.? Would it help them?

Mr. SEROKA. Pardon me?

Mrs. NAPOLITANO. Would full utilization of HMT help ports like the Port of L.A., and how?

Mr. SEROKA. Absolutely. As I mentioned, we have \$260 million worth of projects that we have identified to cater to these larger ships, which are trending in the industry and of utmost importance in Los Angeles. And therefore, that ability would be a really smart move for us as a Nation and our competitiveness in the future.

Mrs. NAPOLITANO. Thank you, sir.

I think we will have to recess. We have 11 minutes left to go vote. We will recess for 45 minutes, and we will be back to continue the line of questioning.

[Recess.]

Mrs. NAPOLITANO. The Water Resources and Environment Subcommittee will reconvene. I think we have enough members here to get going.

And I will recognize Mr. Graves.

Mr. GRAVES OF LOUISIANA. Thank you very much, Madam Chair. I appreciate the opportunity to be here.

And I want to thank you all for your testimony today. As a Representative from the gulf coast and home is the State of Louisiana, where we have 5 of the top 15 ports and, of course, large port facilities in Miami, and Houston, and Mobile, and Gulfport and all sorts of other places. I appreciate the gulf coast representation here today. That was another joke, folks. Come on.

Mr. Seroka, I want to ask you a question. You talk about the HMT being fully utilized. And I do want to shout out to Chairman DeFazio and Chairwoman Napolitano and Ranking Member Graves, and Westerman. I do fully support the full dedication of the Harbor Maintenance Trust Fund. And Chairman DeFazio and

I have been working on this for a few years and sent letters, sponsored legislation, and I think this needs to happen.

You know, a quick question for all of you. I will come back to your question in just a second, but a quick question for all of you. In your individual associations, businesses, ports that you represent, if you took in money for one purpose and then you decided to take it and use it for something else, or you collected revenue under the auspices of some fee or tax or membership and you did something else with it, would you get in trouble for that?

Mr. ROSS. Yes.

Mr. SEROKA. Yes.

Mr. GRAVES OF LOUISIANA. I think in the private sector, they call that embezzling, and here we call it budgeting. And I just think it is ridiculous, and so fully, fully committed.

But Mr. Seroka, I do want to ask, you mention that there are certain types of improvements that are not eligible expenses under HMT right now. If we do have a full commitment of the HMT and the additional dollars, and whether it is the paper balance that Chairman DeFazio talked about earlier or it is even the annual full commitment of funds, what are some of those? What would that look like to you?

Mr. SEROKA. Representative Graves, good to see you again. I mentioned that earlier in a question. If you could imagine in your mind's eye the ship coming down the main channel. That is what this work does primarily through the HMT.

With the larger container ships coming into our port, I want to do work that gets closer to the wharves. Because when that ship comes in, it has got to park. It has got to be worked, needs the necessary depth of water to be able to reside there. That is the type of work that we would like to do.

Mr. GRAVES OF LOUISIANA. OK. So you are talking dollars—

Mr. SEROKA. In water usage nearer to the docks than the main channel way.

Mr. GRAVES OF LOUISIANA. OK. Is this berths?

Mr. SEROKA. Yes.

Mr. GRAVES OF LOUISIANA. OK. I just want to make sure I understand. Thank you.

Mr. SEROKA. Thank you.

Mr. GRAVES OF LOUISIANA. Mr. Ross, there were discussions earlier about increasing competition from other countries, I think Argentina, Brazil, and others. Can you give us kind of a state of play and what you are seeing, in terms of percentages or any other type of metric, in terms of what those countries are doing now. Are they investing in their water infrastructure? What is the state of the industry and just kind of global competition right now?

Mr. ROSS. Yes, certainly. I couldn't give you a metric per se, but the investments have gone on in Brazil in their infrastructure, which were much needed in their country. They are certainly spending a lot of dollars there and are becoming far more competitive in the long term.

We generally see a 30- to 50-cent advantage over Argentina and Brazil exports. And so, you know, I talked about 31½-cent cost to farmers that could be perceived into these issues. And, you know, if that continues to be—maintenance is deferred, or excuse me, or

just not done and the locks and dams are not improved, that 31½ cents pretty much eats up that entire advantage that we have. So those are key dollars, key numbers that we need to look at when it comes to advantages in trade.

Mr. GRAVES OF LOUISIANA. Ms. Harden, you have been working in the industry for a few years, I think 30 to 40 years of experience. I think you started when you were 5, if I remember right. What kind of evolution in the industry have you seen over that period of time, in terms of reliability of channels, just trends in the industry; and what are some of your concerns, just looking back historically versus where we are right now?

Ms. HARDEN. Good to see you, Congressman Graves.

Mr. GRAVES OF LOUISIANA. Good to see you as well.

Ms. HARDEN. Yes, I did start at 5.

I guess the trend that we have seen more than anything that affects us, I kind of go back to our story that I told. We are not seeing the funding. And I realize we have gotten a lot of emergency supplementals that are coming out, and we are hoping that these will be applied properly.

But to be competitive like we do in our business, you have got to have, you know, a channel. Granted, our competition—we are sealed bid. Our competition's on the Mississippi River, and they are authorized to 12 feet, although they are not maintained, and we hear that a lot. They are only maintained to 9. But they have a de facto 12-foot channel, and that is our competition.

And we, you know, unfortunately, had to dramatically reduce our presence on the Arkansas because of that. So, I mean, I guess we have seen a lack of upkeep in the critical backlog of maintenance is just increasing dramatically every year on the MKARNS. And this is not just our system. There are other systems too. So, it is really, what I have seen has been disappointing.

And to encourage, you know, people to—the jobs. And we want to be a low-cost producer, but not through low wages. We want it through low-cost transportation cost.

Mr. GRAVES OF LOUISIANA. Thank you.

And, Madam Chair, I just want to ask that the record reflect that 8 minutes later the gentleman from Arkansas showed up, which is approximately what we saw for the LSU/Arkansas game. Thank you.

Ms. MUCARSEL-POWELL [presiding]. Thank you, Mr. Graves. Mr. Graves is full of jokes this morning.

I would like to now recognize myself for 5 minutes.

Thank you very much for coming this morning for such an important hearing. I think that we are all in agreement that we must allocate the resources needed for harbor maintenance as they were intended.

So I am going to shift just a little bit from that conversation and tell you a little bit about the area that I represent. I represent Florida's 26th Congressional District. It includes Miami, parts of Miami and all of the Florida Keys. And I don't think it is a secret that I feel very passionately about the coral reefs, and it is the only living coral reef in the U.S. continental United States along our coast. It is the third largest barrier reef in the world. So I feel very passionately about protecting the reefs.

And, unfortunately, the coral right off the coast of Florida is dying, and it is dying because of climate change, ocean acidification. It is dissolving the coral right before our eyes. And it is also dying from a bacterial infection that scientists right now are not able to get a hold on that. It is incumbent upon all of us to do what we can to protect the coral that is still alive today. And I think that that means also being environmentally cautious with any large projects that we conduct on our waterways, our ports.

So I was alarmed to learn that when Port Miami was dredged, a project that ended in 2015, an area of the reef the size of 200 football fields was buried in dredging sediment. This was much more than was predicted by the Army Corps and the entities who were involved with the project. It is also my understanding that there will be other ports in Florida that will soon be undergoing the same process, and so we may be putting more corals at risk.

So this question is for Mr. Seroka. I know that you may not be able to speak on the specifics of the issues affecting the Florida coast, but I am hoping that you can comment on the importance generally of environmental compliance.

You are from California. California is usually good environmental stewards and very good on these issues. So I am hoping that you or anybody else on the panel can provide suggestions on how we can responsibly dredge our very important harbors to adequately address heavy ship traffic without unnecessarily harming our precious ecosystems.

And just having said that, I am in full support of continued dredging as well, because we need that, especially in the Port of Miami. It is just we need to find a balance of doing what we need to do for our harbors, for our ports, but at the same time being environmentally conscientious.

Mr. SEROKA. Representative Powell, you just struck the cord, and that is the balance between the environmental stewardship and what we do on our commercial and construction activities. The Ports of Los Angeles and Long Beach date back to the year 2006 with their clean air action plans, devised originally to help reduce specific air quality requirements that we had made commitments on to our community. And we flash forward, we delivered on those commitments some 6 years ahead of our promissory timeframe.

In an area specifically around truck and traffic activities, Congressman Lowenthal led an effort in the early part of that decade to work on distributing trucks in a better way to reduce idling, congestion on our freeways, and avoid times where children are going to school day and afternoons.

Specifically, to answer your question around dredging, we have numerous regulations in the State of California. We also follow the Federal regulations around water species and anything else that we see that is necessary on the dredging concept.

So having that in mind, being able to be a responsible party from the port's vision of capital investment, improvement, and construction activity is always first on our minds when we are discussing projects like this, whether it be maintaining our minus 53-foot depth or what I have described to the other Members as limited expanded uses.

Ms. MUCARSEL-POWELL. OK, thank you. And, Mr. Stephaich, correct?

Mr. STEPHAICH. Correct.

Ms. MUCARSEL-POWELL. In your testimony, you mentioned the important role of inland waterways, the role that they play in flood control. Can you please just elaborate a little bit on that?

Mr. STEPHAICH. Yes. Obviously, the inland waterway system and the locks and dams help control the flow of the water. Up in our part of the world, in Pittsburgh, we have a significant drop, geographic drop, with a lot of locks and dams. And I know that the Army Corps uses a system of reservoirs, including our locks and dams, to control the flow, slow it down and let water out, as necessary. So—

Ms. MUCARSEL-POWELL. OK. Thank you very much. And if I had more time, I would continue to comment, but I don't want to violate my own rules.

So I will now recognize Gentleman Palmer.

Mr. PALMER. Thank you, Madam Chairwoman.

I want to get back to the harbor issues and some of the issues that we have had over the years with the need to deepen harbors. Obviously, I think the demand for shipping is growing, particularly in the energy sector. It is going to require bigger ships.

And one of the things that I had looked at over the last few years is the time it takes from the time you recognize you need to implement a project to the time you can actually begin the project, because of the permitting. One example is the Port of Corpus Christi, which I think maybe about 60 percent of our petroleum products leave that port. I think it was back in the eighties or nineties, somewhere in that range, that they wanted to deepen the harbor by 4 feet. It would have been about a \$188 million project at that point. They finally implemented I think four phases. The cost went up to \$327 million, the cost of the delays. I think we are now talking about \$480 million.

Mr. Goche, Mr. Seroka, what has been your experience where you have had to make improvements to your ports, in terms of the permitting and the delays and the runup of cost, if you have had any?

Mr. GOCHE. Thank you, Congressman Palmer. We have, by scale, much smaller projects than Mr. Seroka has, but I believe the process is quite similar. And permitting for any new project, any new activity in the water is pretty burdensome. In Oregon and in the Portland district of the Army Corps of Engineers, we have been working on a streamlining process whereby permits are more inclusive and expansive and last longer, have a longer shelf life, so to speak. So yes, it is a burdensome process, and the hope is that we can relieve some of that burden.

Mr. SEROKA. I concur, but we have been pretty fortunate. Our relationship with the Corps has been tremendous. Most of the time that is spent around permitting happens at the State level with the California Environmental Quality Act. And that is work that continues, but the Permit Streamlining Act in the State of California has assisted.

Mr. PALMER. Part of what brought this to mind was that Panama was able to take only 7 years from conception to completion on the

Panama Canal expansion, while it would take the United States twice as long, sometimes three times as long to do projects.

And for us to be in a competitive environment, particularly with markets that you guys deal with and the Far East, it becomes pretty important. It is important to us in Alabama, with the Port of Mobile. With the expansions in Panama, Mobile has now become a major port for shipping to China and to Asia. And we are trying to get our harbor deepened.

Mr. SEROKA. And your emphasis is exactly right. I will share, though, that Panama's cost overruns and time overruns are epic in the shipping world today. And, in fact, the canal cannot handle the larger ships in the trade, as were forecasted some 20 years ago during the construction of that project. But it brings to light the competitiveness that our Nation needs to pursue and gain hold of once again. I appreciate your comments.

Mr. PALMER. You know, what I try to get across to people when we are dealing with infrastructure—and I am now doing this at home—is that if you are going to spend money on infrastructure projects, whether it is a harbor or, you know, an interstate highway, build what you need 25 years from now, not what you need now. You will wind up spending less money and have a better product if you will just plan ahead.

So that is what I am hoping that we will be able to do when this committee gets around to an infrastructure bill is that we look 25 years down the road and not what we need right now, because with the way things are changing, by the time we get a project completed, it is obsolete.

I appreciate your question, appreciate you being here today. And, with that, Madam Chairwoman, I yield back.

Ms. MUCARSEL-POWELL. Thank you very much. I now yield 5 minutes to Representative Lowenthal.

Mr. LOWENTHAL. Thank you.

My question is for Mr. Seroka. First, I want to thank you for representing and sharing with us the perspective of what is taking place in the San Pedro Bay in the Port of L.A., but also your partner, the Port of Long Beach.

You know, I am very honored to represent the Port of Long Beach. At one time, I represented in the State legislature both ports. So I am very familiar with the port complex, which really, as you pointed out, handles 40 percent of the Nation's imports that come into the country, and about 30 percent of the Nation's exports come through this.

And while the ports are doing very well on a number of metrics, you know, they are setting records in cargo volume. They are investing in infrastructure, as you pointed out, to handle the bigger ships, they still face significant challenges, in terms of congestion and also in terms of international competition.

So I think what you have advocated for I totally support. And I was very glad to hear Mr. Graves, my colleague from Louisiana, talk about some of the specific projects. And as you are advocating for more equitable allocation of the resources of the harbor maintenance tax revenues, they are going to help our ports make the investment that they need to grow. And you have already indicated

the kind of flexibility that you would like to see, in terms of meeting the growing demands and to being able to compete.

Can you go into a little bit about how this will impact congestion? Is there a relationship between using the harbor maintenance tax in a more flexible way and really dealing with the facts of congestion and also international competition? Those are the two issues I would like you to respond to.

Mr. SEROKA. Yes. Thank you for your question, Congressman Lowenthal. On the area of congestion, it has been a topic for our port over a number of years. And there are three ways to approach eliminating congestion: One is through a concept that we use called supply chain optimization, bringing all parties together with the natural convening powers that we have to work on better ways to move the cargo more fluidly and remove those intermediate bottlenecks that have plagued us for some time.

Second is digitization, and a project that we have embarked upon creating what we are now terming as the port optimizer, one that can aggregate disparate sources of data, give us a deeper line of sight as to the cargo coming our way so we can better plan our human capital and our assets.

And then thirdly is the physical infrastructure, our ability to bring these ships in on time and work in a Windows-based system, meaning that you have an appointment when your ship comes in. You are to arrive at 8 a.m. on Monday and you are to leave at 8 a.m. on Thursday.

By keeping the integrity of those ship windows is largely a function of being able to bring the ships into an area that can accommodate the size of that vessel and work the vessel as succinctly as possible, meaning having those four to five wharves and that deep water.

So the limited expanded use that I have referenced here on several occasions is just for that purpose. And all three activities that we are pursuing, Congressman, are interrelated. We want to do better and smarter work; we want to bring information technology into the port environment, not just in Los Angeles but nationwide; and having the physical capabilities both landside as well as in the water to carry out the first two.

Mr. LOWENTHAL. Thank you. I just want to follow up a little bit on that. For you to kind of explain, I think you have already said it, but I think it is really important, that by giving you this limited expansion of flexibility, how is this going—and we are asking the rest of the Nation kind of and other ports to support this.

The question is, how is this going to affect manufacturers and also customers throughout the Nation? Is this just good for, you know, the larger ports, or what is the impact on the rest of the Nation by giving the little bit of extra flexibility?

Mr. SEROKA. All right. Two parts to that answer. Number one, under our recommendation, the ports geographically, by designation or by size, will receive the same if not more money under our recommendation to this subcommittee and the broader committee.

Secondly, what it does for our mutual customers is, A, it gives them certainty that when you order goods and it comes through our port complex, whoever that may be, you will have certainty that it will arrive upon a schedule that you have designed with

your service provider. And secondly in that vein, what it does for those customers is it delivers value. The folks that come through Los Angeles, as an example, pay more than \$200 million a year in harbor maintenance tax, yet they don't see necessarily the dividends returned in further investment in that infrastructure, in this case in the water infrastructure, that they desire. So it is about delivering value back to them as well.

Mr. LOWENTHAL. Thank you, and I yield back.

Ms. MUCARSEL-POWELL. Thank you. I now recognize Mr. Woodall for 5 minutes.

Mr. WOODALL. Thank you, Madam Chair.

Thinking about your experience in the industry, we have went through the last decade where we passed two WRDA bills in 10 years. We have gone through this decade where we have passed a WRDA bill every 2 years.

It makes me feel good as a member of the committee to see the regularity and the productivity, but I want to know from a user's and a manager's perspective, has the regularity of the WRDA bill process made a difference to you all, as participants in the system?

Mr. SEROKA. In a word, yes.

Mr. WOODALL. Los Angeles says yes.

Mr. GOCHE. I agree.

Mr. WOODALL. You have seen that difference. Have the corn growers seen that difference, Mr. Ross? Does it translate to that level?

Mr. ROSS. Yes, certainly. I think there has been a lot of improvement in general with that system and having those bills pass much quicker. I was here a long time ago. It was the first time I came to DC to lobby on behalf of a WRDA bill, and that was, again, the first one, and it took quite a while to get that one passed. So I appreciate you guys doing the job and moving these faster.

Mr. WOODALL. Well, getting into good habits makes a difference. It makes a difference in running your business, and it makes a difference in legislating too. That is one of those habits that was hard to get into, Madam Chair, as you well know, getting back into a regular WRDA bill structure. And I hope it is something we will be able to maintain.

Let's go back to 1990, and we had a similar conversation with the Highway Trust Fund. And I remember Bill Shuster sitting in this room pounding on the table, saying, we are going to spend every penny from that Highway Trust Fund, because the users paid it and they deserve that back.

I argued then and I would argue now that is not what a trust fund is. A trust fund is so that you have money there when those rainy days come, because inevitably those rainy days come. If all I am doing is collecting the money from you today and giving it back to you tomorrow, I am just a money processor. I am not creating a trust fund of any kind. I am just redistributing it across the system.

I know each one of you has needs today, and certainly the lack of spend rate is something that we can all agree on. But as we start talking about approaching a 100-percent spend rate, does anybody share the concerns that I share, that a rainy day is in the future and we actually need a trust fund for when something hap-

pens and we need to be able to pump money out in a hurry? Anybody share my concerns? If you don't share my concerns, I don't want you to tell me I am wrong. I want to know if anybody thinks I am right.

Mr. STEPHAICH. I would argue that the rainy day is today for us. I mean, we are in a critical situation where we are facing potential catastrophic failures with our infrastructure. So I would argue that the rainy day is today. Thank you for the question.

Mr. WOODALL. Easy to make that case today. Then that is right, we have not been doing enough historically. I watch the pendulum swing in this town, and we unquestionably need to swing it more in terms of getting money out the door. I just worry. I wonder whether or not there is a point where we swing it too far and we are not planning for tomorrow. Ms. Brady.

Ms. BRADY. I think, listening to the folks to my left regarding the locks, it is definitely a separate situation. So what they say is very valid.

For us, in 2018, we have had three dredges in three of our ports so we are good at this very second. However, you know, one really good storm or one really good winter where we just get pounded and pounded, we do need to have the ability to access those emergency funds and not just make a mad scramble and hope and pray that everything works out.

Mr. WOODALL. And the best part of my job is smart people come in to make me smarter. I am more of a surface guy than a water guy. And what I know in Metro Atlanta, if I try to build a sidewalk with county funds, I can get it done in a couple of months. If I try to build that same sidewalk with Federal funds, it could be a 3½-year project if everything goes my way.

I can't do these massive dredgings with local funds in their entirety, so, of course, we are going to knock on the Federal door. Are there occasions where you are not knocking on the Federal door, you are simply using local funds and we see that same thing in water infrastructure that I see in surface infrastructure, that I can spend money rapidly if I just left it with Los Angeles instead of taking it from Los Angeles and giving it back a year later?

Mr. SEROKA. And that is what we do every day. In a strong year, we are committing about \$1 million a day to ongoing maintenance repairs and progress to manage these ships. At our port, which is dissimilar from some, we have 27 terminals and 270 berths. What we see ourselves doing today is moving the right size ship to the proper terminal, based on its size. And that is not a sequence that really promotes fluidity.

So, while I understand that a variable in the equation must be the rainy day concept, there are immediate issues today. And I assure you that the Port of Los Angeles will have a long-term plan to help you craft what tomorrow will bring.

Mr. WOODALL. When you are dedicating those local funds, are you doing it in a cost share, or for those projects it is all local funds all the time today?

Mr. SEROKA. Mostly, sir, it is the money that we earn from our customers, direct revenue that is being invested back into our port.

Mr. WOODALL. Ms. Brady.

Ms. BRADY. Our situation is—country mouse here—very different. We have, I believe, an 80/20 cost share. We don't have a dredge. Our town doesn't own one. It is too expensive. The costs of having to—apparently, they last only about 2 years. The county has a dredge, but you can't dredge the inlet, because it is not a county waterway. So if we did not have a mechanism with that cost share, our town, we couldn't afford it without having that help.

Mr. WOODALL. Thank you very much.

Madam Chair, you have been very indulgent. Thank you.

Mrs. NAPOLITANO [presiding]. Thanks. The Chair recognizes Mrs. Fletcher.

Mrs. FLETCHER. Thank you, Chairwoman Napolitano.

And I would like to thank you and Ranking Member Westerman for holding this important hearing today, and the witnesses for taking the time to testify.

Ports are the economic drivers of our Nation, and we certainly know that in my home in Houston. The Port of Houston just released new economic impact numbers reflecting the economic activity, jobs, and tax revenue provided by the more than 200 private and public facilities that comprise the Port of Houston.

In 2018, the Port of Houston generated \$801 billion in U.S. economic value, sustained \$3.2 million in jobs throughout the Nation, and provided \$38 billion in local, State, and Federal tax revenue.

The Port of Houston is the largest exporting region in the U.S. It is the largest U.S. oil exporting port, and it is home to the largest petrochemical manufacturing complex in the Nation. The port has been called irreplaceable, because there are no alternatives to the pipeline, refining, and manufacturing facilities that exist along the Houston ship channel. It is a national asset, and it is critical that it is adequately maintained, to ensure the safe and efficient movement of commerce for the benefit of the country.

Each year, the Port of Houston generates \$75 to \$100 million in Federal harbor maintenance trust revenue, yet it needs about \$50 to \$60 million to adequately maintain the Houston ship channel at its authorized depth and width. Its O&M dredging allocations in recent years have been \$40 million or below.

It is my understanding that the Port of Houston has calculated that the direct economic impact of the loss of 1 foot of draft on the Houston ship channel is \$281 million. So I have a question for anyone on the panel who wants to answer whether they have performed similar calculations in their ports and have similar information about that impact?

Mr. GOCHE. Yes, Congresswoman. In recent years, we did an economic study. We had a third party do an economic study of our little port of Bandon. And that study resulted in the finding that our access to the sea that costs about \$450,000 a year returns an economic output of between \$52 and \$62 million annually. That, in turn, results in revenue to the Treasury, tax revenue, Federal tax revenue to the Treasury of just under \$5 million. So about a 10-to-1 ratio of return on investment. So even though the scale is quite different, I think that that shows that small ports are a great investment for the Federal Government on those Federal projects.

And I would like to also point out that that \$450,000 just addresses the Federal channel, you know, the responsibility of the

Federal Government for their project. We also have other silt-in situations that we have to address on a regular basis that has to come from the local economy.

Mrs. FLETCHER. Thank you, Mr. Goche.

Mr. SEROKA. From our perspective in Los Angeles, we anticipate the cargo volume will double over the next 15 years. So my work, whether it be on our so-called 2050 plan or some of the recommendations I have given to the subcommittee here today are all with a line of sight on that area.

And in very similar fashion, Roger Guenther, who runs your port, is a good friend of mine, and we talk a lot about these economic KPIs and where our drivers or levers can be. So I am glad that you and Roger are keeping good tabs on what this means. Thank you.

Mrs. FLETCHER. Thank you. And with the few seconds I have left, maybe you can address this or anyone on the panel. How can we modernize the HMT so that ports like Houston that contribute more than they receive are maintained to their authorized depth?

Mr. SEROKA. That was the second point that I made in the recommendations to the subcommittee of a fair allocation, where no one is left behind. There is linkage to the full spend concept that we have and even using banked moneys if that is appropriate, and making sure that folks can grow their pot, whether they be emerging harbors, geographies, or other classifications of port outside donor.

Mrs. FLETCHER. Thank you so much, and I yield back my time.

Mr. MALINOWSKI [presiding]. The Chair recognizes Mr. Huffman.

Mr. HUFFMAN. Thank you, Mr. Chair.

The topic of today's hearing is to discuss the role of the U.S. Army Corps of Engineers in the maintenance of our Nation's harbors, and I have heard categories for these harbors such as high use, moderate, and emerging.

I have to say this euphemism of emerging is insulting, given that communities I represent feel like their ports and waterways are neglected and abandoned. Petaluma River is one that has been particularly neglected and abandoned. I represent this area, and it was once dredged every 3 to 4 years to maintain channel depth. It has not been dredged since 2003, and that was a partial dredging. There are portions that have not been dredged since 1998.

So perhaps in the next WRDA, we should just end the charade and come up with a new category for ports that the Army Corps has simply forgotten about or left behind. And I could come up with more colorful terminology if you talk to my constituents, I assure you. The system is not working and it is, in fact, insulting to communities that play by the rules and still lose every year every single time.

Now, there are other Members who have served longer than I have, certainly, on this committee, but this is year 7 for me, and I am already sick and tired of this annual cycle of begging OMB and the Corps during the development of the President's budget request, then to turn around from disappointment to pleading for support through the work plan, and in the end when no assistance is provided by the Corps being reassured there is always next year. This is a con game.

And I would like to ask unanimous consent to enter into the record letters that I have written going all the way back to 2014, 2015, 2016, 2017, 2018, and January of 2019, where we are begging and pleading with the Corps to address these issues. This spans two different administrations. It showcases years of failed responses by the Army Corps of Engineers. So, Mr. Chair, I would like to enter into the record six of these letters that I have written on this subject.

Mr. MALINOWSKI. Without objection.

[The information is on pages 53–64.]

Mr. HUFFMAN. Thank you. And I would invite the committee to come out to the Petaluma River and hold a hearing on how we are failing small communities, because the witnesses before us today, and I very much appreciate the testimony, but from what I can tell, most of you folks are doing pretty well by the status quo. Ms. Brady, I have been out to your community.

Ms. BRADY. Riverhead. Still another hour and a half away. Close enough, right.

Mr. HUFFMAN. Near, nearby. And I appreciate, you have made the point very well how important commercial fishing is to your region. Believe me, as chair of the Water, Oceans, and Wildlife Subcommittee of the Committee on Natural Resources, I understand that. And I want to see your community taken care of. But in your testimony, you mention maintenance dredges in Montauk in 2008, 2012, 2018, and relatively consistent dredges elsewhere in the area.

I am representing a community that hasn't been dredged—again, just a partial dredge in 2003—in over 20 years since the entire channel was dredged. I am sure you can imagine what that kind of lack of attention by the Army Corps of Engineers can do to a community.

So if we want to talk about a hearing to showcase the cost of doing nothing, let's come to Petaluma or let's go to the San Rafael Canal, another part of my district where we have seen similar neglect and abandonment by the Corps of Engineers. I am happy to work with my colleagues and any of you here on ways to fully utilize the Harbor Maintenance Trust Fund, but I want to make sure as we go forward that we are also taking care of these neglected and abandoned communities and not simply redirecting more funds to communities that have been relatively well-maintained by the status quo.

I have a little bit of time left. If any of you have anything you would like to say to the people of Petaluma and other communities I am sure around this country where shallow draft dredge projects have simply been abandoned and forgotten, I will leave the balance of that time to you.

Ms. BRADY. Congressman, it is nice to see you again. That is ridiculous that your constituents should have to go through that. There is no one should have that. I know specifically for Montauk, if there had been a change in the language of what is considered a lesser harbor and a greater harbor, we would have immediately been able to be dredged to a 16-foot depth, in which case we would not have necessarily needed all the maintenance dredging and the emergency dredging.

We had an emergency dredge that was basically like a whaler and two straws. It created more damage than it helped. We have dealt with the Army Corps in the past. I know they will ask for, you know, the questions at 14 foot, at 15 foot, at 16 foot. If we hit bottom, it is a bad day and it doesn't matter. It just depends as to how deep it could be.

I think—and I am saying this just on the fly—if we had had the depth at the level that we could have used and that the community had told the Army Corps at that time, we might not have required as many of those maintenance dredgings. And so that is to be had. But no, what your people have gone through, that is ridiculous. Thank you.

Mr. HUFFMAN. Thank you, Mr. Chair.

Mr. MALINOWSKI. Thank you. The Chair recognizes myself for 5 minutes. And I will start by saying that in my weeks' long career in the United States Congress, I have not attended a hearing with as straightforward a subject and conclusion as this one. Obviously, the Harbor Maintenance Trust Fund should be spent on harbor maintenance, and I am glad that there is broad consensus on that.

Let me ask you about rainy days, if I may. I represent New Jersey. And, as you well know, Hurricane Sandy caused tremendous damage to ports in New Jersey and New York, including to fuel oil, chemical facilities in port areas, extreme flooding at inland facilities and in transit tunnels used by thousands of New Jersey and New York residents every day.

So my question to anybody who might want to take it is, what has been done and what is being done to prepare our ports for the next big storm, and what have been the lessons learned from past extreme weather events related to port resiliency? Who would like to take that?

Mr. GOCHE. I will take a stab at that. So we have big storms. On the east coast here, they call them hurricanes. We just call them another day at the beach. And the deferred maintenance in our port on the jetty has gone on so long that each day at the beach turns into more damage to our jetties.

So it is hard to talk about preparing for the future when we have such a backlog of deferred maintenance. As a commercial fisherman, maintenance is a big deal. If I don't take care of my boat, my boat doesn't take care of me, I don't get home to my family.

And I see the ports that I travel—and I go into ports all up and down the west coast, and I see each one of these, with the exception of the big ports that tend to get most of the attention and the money, all of the smaller ports, even our biggest port outside of the Columbia River in the State of Oregon, which is Coos Bay Harbor, like I said earlier, has lost 380 feet of length over the last 30 years. And we desperately need to bring that back at least halfway to where it was so that we can keep everything moving, all the moving parts that need to keep moving.

So I don't know if I addressed your question, but it is important to me to look at maintenance, the deferred maintenance first before we try to look into the future.

Mr. MALINOWSKI. Understood. Thank you.

Does anyone else want to chime in?

Mr. SEROKA. Yes. Our preparation is around three main areas: Seismic preparation, number one, based on our geography and close proximity to fault lines; number two is sea level rise, something that we have watched and we are required by the State of California to report on and report contingency planning; and then thirdly, stormwater capture and what we do with the shifting land mass.

In our geography, we are not as susceptible to the types of storms in your home State, but nonetheless, those three areas are primary focus today in addition to the maintenance and the 2050 plan to which I referred earlier.

Mr. MALINOWSKI. And how are you taking sea level rise into account? That was actually going to be my next question.

Mr. SEROKA. Taking into account, number one, looking at the speed at which the water is rising; two, our infrastructure, where it sits in comparison to those out and downline projections; and then thirdly, whatever we can do to mitigate potential impacts.

And, fortunately, because of the people who came before us and the design scientists and engineers, we appear to be in good shape as far as that infrastructure placement, but we cannot take that for granted.

Mr. MALINOWSKI. Got it. Thank you. Any final comments on either of those questions or anything else, because I think we are about to wrap up?

All right. Seeing none, I think we have come to the end of the hearing.

So I want to thank all of the witnesses for your contributions today. I want to ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing, and unanimous consent that the record remain open for 15 days for any additional comments and information submitted by Members or witnesses to be included in the record of today's hearing.

Without objection, so ordered.

Let me thank the witnesses again. If no other Members have anything to add, the committee stands adjourned.

[Whereupon, at 12:27 p.m., the subcommittee was adjourned.]

SUBMISSIONS FOR THE RECORD

Statement of Kurt J. Nagle, President and CEO, American Association of Port Authorities, Submitted for the Record by Hon. Napolitano

Fixing our nation's infrastructure is one of the highest priorities for Congress, the Administration and the American people. We commend Chairman DeFazio for his leadership on this issue. Ports are a critical part of our U.S. economy. America's seaport activity accounts for 26 percent of the economy, supports nearly 31 million U.S. jobs and provides \$378 billion in annual federal, state and local tax revenues. Our nation depends on seaports to support our standard of living in every category of economic activity including U.S. manufacturing, agriculture and overseas deployment of the U.S. military. In addition, the amount of freight moved in the U.S. is projected to grow 15 percent by 2045, and America's trade volume is expected to quadruple after 2030.

Landside and waterside investments are critical to building America's 21st century seaport infrastructure. The American Association of Port Authorities (AAPA) has highlighted \$66 billion in federal need over the next decade for port-related infrastructure. About half of that need, \$33.8 billion, is for waterside investments. \$27.6 billion is needed to maintain our deep-draft navigation channels, paid for by releasing the \$9.5 billion balance in the Harbor Maintenance Trust Fund (HMTF) and approximately \$1.8 billion in annual Harbor Maintenance Tax (HMT) revenues. There is also a great need to modernize or deepen deep-draft navigation channels to serve the current size of vessels using our ports. AAPA calls for an investment of \$6.2 billion, of which \$3.1 billion is the federal share of the 15 current Congressionally authorized construction channel improvements approved by this Committee. Another \$3.1 billion is the federal share of projects undergoing feasibility studies. We appreciate this Committee's commitment to passing water resources legislation on a two-year schedule and hope this can continue in the future.

Another critical part of fixing our nation's seaport infrastructure relates to passing a long-term funding solution for port maintenance. As noted above, the majority of the federal waterside needs relate to maintaining our nation's ports. The HMT is paid by shippers to ensure our nation's ports are well maintained. Unfortunately, while the 2014 Water Resources Reform and Development Act (WRRDA) and the 2016 Water Infrastructure Improvements for the Nation Act (WIIN) put us on a path to full use, Congress is still short of fully using current HMT revenues, and there is no plan to spend down the \$9.5 billion balance in the HMTF. We appreciate that the FY 2019 Corps of Engineers appropriations provided the Corps of Engineers 91 percent of HMT revenues. This is up from 50 percent when WRRDA 2014 was passed. However, it is unclear if Congress can continue to increase funding from the HMTF without a funding solution that provides a mechanism to allow for the spending of prior year collections of the HMT.

Now is the time to provide a long-term funding solution for port maintenance. One that makes full use of the HMT more permanent. It is also important to address the underlying problems with the HMT. This includes addressing tax fairness and cargo diversion problems. To aid you in building a stronger system, AAPA has developed a comprehensive proposal that is based on four pillars to fix the system:

- Full use of HMT revenues;
- A funds distribution framework that makes permanent and expands donor and energy transfer port funding, as well as expands the allowable in-water use of these funds;
- Minimum regional funding assurances based on historic funding; and
- Emerging harbors funding that updates the provisions in WRRDA 2014 and WIIN 2016 to guarantee no less than 10 percent to these harbors.

This proposal is based on years of discussion within the Association. The goal was to bring together ports that wanted a sustainable way to ensure full use of future

HMT revenues with ports who wanted a more equitable funding structure. What resulted is a funding structure that provides benefits for all ports.

This is a U.S. port industry proposal to fix a broken system. It is a comprehensive proposal that allows 100 percent of taxes collected from shippers to be provided to our nation's seaport infrastructure and support our international competitiveness. It is a long-term solution that fixes an unequal system and addresses the health and well-being of our seaport water highways that are critical to competitively exporting U.S. goods and delivering raw material components and consumer products to Americans. HMT collections to restore and maintain U.S. water highways complement the \$155 billion in port related capital investments planned by local public ports and their private sector partners to assure safe and efficient freight movement.

To give you a bit of perspective on how this proposal was developed, the U.S. members of the AAPA debated the usage and fairness of the HMT for years. In early 2013, our members agreed to Water Resources Guiding Principles including reforms to the HMT. We were happy to see that many of these principles were reflected in the final WRRDA 2014 and WIIN 2016.

Discussions about HMT reform, however, continued in our Association for the next five years, as the principles did not include specific recommendations on how to achieve the principles. In January 2018, AAPA leadership adopted a policy agreement that was developed by the broad membership. It was based on the original principles, and also incorporated provisions from WRRDA and WIIN related to funding being received by emerging ports and energy transfer ports. In crafting this agreement, AAPA was careful to balance the interests of our entire membership. Interests from each port stakeholder group were at the table and included in the AAPA agreement: maintenance ports, regional ports, smaller ports, donor ports and energy transfer ports. What emerged from those negotiations was a partnership to advocate together for a broad reform package that would incorporate all the pillars noted above. By joining forces on a joint proposal developed by those responsible for ensuring the continued success of our nation's marine infrastructure, AAPA members remain hopeful that they can secure Congressional support to fix the most glaring problems with the HMT.

This AAPA agreement includes a funds distribution framework that continues to make traditional maintenance the highest priority. At the first stage, the agreement provides 90 percent for maintenance and 10 percent for donor and energy transfer ports. Within the donor and energy transfer ports allocation, 80 percent would be distributed to donors and 20 percent to energy transfer ports. The rationale for this ratio is that large donor ports do not require much maintenance, while all energy transfer ports use HMT for traditional maintenance. For example, large donor ports account for 50 percent of HMT revenues, but receive less than two percent in return.

During the AAPA debate, there was considerable discussion about when donors should get more funds. While maintenance was a priority, the group agreed to increase the donor funding now in order to increase support for full use of the HMT and provide these ports with flexibility at the port level to ensure their ongoing competitiveness by building on provisions first established in WRRDA 2014.

We appreciate the staunch support of full use of the HMT by Chairman DeFazio and other members of the Committee, and we are thankful that Senator Shelby, Chairman of the Senate Appropriations Committee, has found a mechanism to encourage full use outside of the budget caps. AAPA is supportive of this mechanism and urges it to be broadened to include all the pillars of the AAPA agreement. We believe this broader, comprehensive legislative solution is not only possible, but creates the best chance to achieve full use in this Congress, and we urge you to give strong consideration to the AAPA framework. As I noted above, this framework balances the needs of all ports.

I have attached a summary of the full AAPA agreement for your review. AAPA looks forward to working with both the House and the Senate in crafting a solution that fully reforms the HMT.

ATTACHMENT

[The attachment entitled, "A Long-Term Funding Solution for Port Maintenance: Good for Ports, Good for the Nation" is retained in committee files and is available at http://aapa.files.cms-plus.com/PDFs/HMT_onesheet_NOCHART_v2.pdf (page 1) and http://aapa.files.cms-plus.com/PDFs/HMT_onesheet_CHART_v2_1524673810492_2.pdf (page 2).]

Six Letters from 2014–2019 from Hon. Jared Huffman, a Representative in Congress from the State of California, et al., Submitted for the Record by Hon. Huffman

DECEMBER 3, 2014.

The Honorable SHAUN DONOVAN
Director, Office of Management and Budget

The Honorable JO-ELLEN DARCY
Assistant Secretary for Civil Works

DEAR DIRECTOR DONOVAN AND ASSISTANT SECRETARY DARCY,

We write to reiterate our strong support of funding for several items related to the important work done by the U.S. Army Corps of Engineers (USACE) in Sonoma County, California. We request support for the several aspects of the Russian River Biological Opinion (BO) as well as Coyote Valley Dam and Petaluma River dredging in any work plan the Congress directs to be prepared by the U.S. Army Corps of Engineers (USACE) for FY³15, and in the President's FY³16 budget request.

Russian River Biological Opinion Projects

The Russian River BO issued in September 2008 by the National Marine Fisheries Service identified 23 actions that must be taken to protect three threatened or endangered salmonid species; coho salmon, steelhead, and Chinook salmon. The BO was issued because of the impact on these fish populations from the construction and operation of two USACE facilities: Warm Springs Dam on Lake Sonoma, and Coyote Valley Dam on Lake Mendocino. These facilities are operated by the USACE for flood control to protect communities along the Russian River. Additionally, the Sonoma County Water Agency utilizes these facilities for water supply purposes for 600,000 people and the valuable local agriculture industry. With the ongoing historic drought in California the importance of these USACE facilities is higher than ever before.

We request that from the Section 1135 Continuing Authorities Program, you include \$300,000 in the FY '15 work plan and \$4.45 million in the FY '16 budget for work at Dry Creek for study completion (\$450,000) and construction (\$4 million) as needed to help complete the required three miles of habitat enhancement required by the BO by 2018.

For the Dry Creek (Warm Springs) Feasibility Study, we request that a sufficient amount be added to the FY '15 work plan so that \$500,000 is provided, and request that the President's budget for FY '16 include an additional \$725,000 for this project. These amounts are essential to appropriately advance this study that is directed at the completion of the required six miles of habitat enhancement that, pursuant to the BO, must be completed by the year 2020. Taken together these projects will move forward in demonstrating the ability to balance flood control and water supply needs with a sustainable ecosystem for threatened or endangered salmonid species.

We also urge that \$1.89 million be added in the FY '15 work plan to the President's budget request for Operation and Maintenance at Dry Creek (Warm Springs) Lake and Channel, as needed for the monitoring of fish released from the hatchery; for coho hatchery facility water treatment and filtration to prevent fish disease; and for egg incubation equipment—all as required by the BO. This amount includes \$400,000 that is independently necessary for critical maintenance including waste water treatment, pump repair, and water control gate maintenance. Finally, in this regard, \$6 million needs to be included in the FY '16 budget request for BO efforts and routine critical O&M.

Coyote Valley Dam

For the Coyote Valley Dam, we urge that \$30,000 be funded from the budget of the Section 1135 Continuing Authorities Program for the feasibility study that is evaluating the effect of winter flood release timing on river water quality. And, at Coyote Valley, we ask that \$450,000 be added in the FY '15 work plan above the President's O&M budget request for the monitoring of fish released from the hatchery, and for minimum critical maintenance including service gate and emergency gate maintenance. In addition, we request that \$3.8 million be included in the FY '16 budget request for BO efforts and routine critical maintenance.

Petaluma River Dredging

In addition to the important work done by the USACE in these flood control, water supply, and ecosystem restoration projects, we are concerned that dredging maintenance for the continued commercial use of Petaluma River last occurred in 2003 and is long overdue. Funding is needed both for dredging and flood control

work. Because of the delay in regular maintenance the cost of dredging could be significantly higher than past years. We support moving forward with the initial planning for this long-overdue dredging of the river.

Thank you for your consideration of this request which we understand to be consistent with the optimal funding levels the Corps has expressed for these projects.

Sincerely,

JARED HUFFMAN
Member of Congress
MIKE THOMPSON
Member of Congress

OCTOBER 27, 2015.

The Honorable SHAUN DONOVAN
Director, Office of Management and Budget

The Honorable JO-ELLEN DARCY
Assistant Secretary for Civil Works

DEAR DIRECTOR DONOVAN AND ASSISTANT SECRETARY DARCY:

As you continue your preparation of an FY 2016 work plan and FY 2017 budget for the U.S. Army Corps of Engineers (USACE), I wanted to call your attention to several important projects across California's North Coast and the counties in California's Second Congressional District.

Harbor Dredging

Adequate funding for the USACE is necessary to modernize our nation's ports and harbors and better support the over 13 million jobs in the marine transportation industry. Inadequate funding results in insufficient dredging, increasing the chance of collisions and causing higher costs for consumers. In my district, the dredging maintenance for the continued commercial use of Petaluma River last occurred in 2003 and is long overdue. Funding is needed both for dredging and flood control work. Because of the delay in regular maintenance the cost of dredging could be significantly higher than in past years. I urge you to move forward with the initial planning for this long-overdue dredging of the river.

Additionally, the Corps has provided much needed dredging services in the past in the San Rafael Canal, but over the years the silt buildup has significantly impaired the depth during low tide. The last dredging in 2011 covered only a portion of the canal, and a full dredging has not occurred since 2002.

In Humboldt Bay regular and timely dredging is critical for commerce, especially with new investments by companies in products that require deep-draft vessels for shipping, like wood chips and logs. Since Humboldt Bay is also a harbor of refuge—the only deep-water port between San Francisco and Coos Bay—its operation is also vital to marine safety. Consistent maintenance dredging is needed to keep the harbor entrance safe for transit for commercial and recreational vessels. I also ask for your continued engagement in supporting dredging and addressing the disposal and use of dredged materials in Noyo Harbor.

Russian River Biological Opinion Projects

I strongly support the ongoing efforts in Sonoma County to implement the Reasonable and Prudent Alternatives of the Russian River Biological Opinion (BO) which, as issued in September 2008 by the National Marine Fisheries Service, establishes a series of benchmarked dates. The failure to achieve the BO's tasks by the specified dates could trigger requirements to construct substantially more expensive, and more controversial, projects.

The Russian River BO identified 23 actions that must be taken to protect three threatened or endangered salmonid species: coho salmon, steelhead, and Chinook salmon. If work is to be completed on time, a significant investment will be required in FY 2017. It appears likely that about \$9.2 million in construction funding from the Section 1135 Continuing Authorities Program will be required through FY 2017. I understand that there may be backlogged funding available for this program, and I ask that the President's FY 2017 budget request for the 1135 program contains sufficient funds to complete the three miles of habitat enhancement required by the BO by 2018.

For the Dry Creek (Warm Springs) Feasibility Study, I request that \$425,000 be included in the President's FY 2017 budget. This will allow the Army Corps to make progress on the required six miles of habitat enhancement that must be completed by the year 2020. Taken together, these projects will demonstrate the ability to balance flood control and water supply needs with a sustainable ecosystem.

Additionally, I urge that any FY 2016 work plans prepared by the Corps include an additional \$1.25 million for Operation and Maintenance at Dry Creek (Warm Springs) Lake and Channel for coho hatchery facility water treatment and filtration to prevent fish disease, and for egg incubation equipment.

I urge, as well, that \$6.411 million be included in the President's FY 2017 O&M budget request for Dry Creek (Warm Springs) Lake and \$4 million at Coyote Valley Dam as important components for this connected watershed. Beyond O&M, I urge the Corps to consider studying the benefits of raising Coyote Dam.

Bodega Bay

Bodega Bay, a critical harbor of refuge, is located about 60 miles north of San Francisco, and is home to a Coast Guard search-and-rescue station which performed about 250 rescue missions in 2013. It is also home to a substantial commercial fishing fleet of about 300 vessels (500 in-season), as well as an economically significant sport fishing industry (about 600 vessels in-season) and recreational craft. In 2012, nearly 25% of the total Chinook salmon landings in California, and over 10% of Dungeness crab California landings, came through Bodega Bay.

The Corps O&M schedule provides for periodic inspection and repair of three breakwaters and maintenance dredging of the federal channel, including three turning basins, on an 11-year cycle to a depth of 12 feet Mean Lower Low Water. Recent sounding surveys indicate that shoaling is occurring and that dredging is required now. The last dredging episode was in 2004.

Although \$500,000 was included in the Corps' FY 2014 work plan, the plan for sediment quality sampling and testing has only recently commenced. With groundings occurring particularly among transient vessels, and high tide exit and entry generally required, it is now essential that funding be budgeted sufficient to conduct the necessary dredging.

While \$6.6 million is needed to conduct the dredging as soon as possible, it is critical that \$1 million be provided as part of the FY 2016 work plan, and that any balance up to \$6.6 million be included in the President's FY 2017 budget request to Congress.

Corte Madera Creek Flood Control Project

Continued support for the Corte Madera Creek Flood Control project is crucial for both the FY 2016 work plan and the FY 2017 budget. The project received \$400,000 in the FY 2015 work plan and the Project Design Team is working toward meeting the first project milestone. In order to remain close to the milestones set out by the San Francisco District Engineer in his August 13, 2015, letter to the Marin County Director of Public Works, \$500,000 needs to be included for this project in any FY 2016 Army Corps work plan, and I ask that an additional \$600,000 be included in the President's FY 2017 budget request.

The Corte Madera Creek Flood Control project is critical to the broader Ross Valley Flood Protection and Watershed program, a region-wide, four municipality, multiple community effort to address chronic flooding in the Ross Valley. A suite of creek improvement measures have been identified to reduce and contain 100-year flows within the main stem of Corte Madera Creek. Residents have agreed to tax themselves \$44 million over 20 years to fund this program. The federal Corte Madera Creek project is at the downstream end of all proposed measures and must be completed for all present and future efforts of the local community to achieve a level of flood protection that will contain a 100-year flood event.

The requested funds will complete a feasibility study for the final phase of the Corte Madera project, which includes a final unit and potential modifications to previous phases, to allow the project to function at a level agreed upon by all stakeholders.

In conjunction with the other measures to be undertaken and for which residents have agreed to tax themselves, the Corte Madera Creek Flood Control project will substantially improve flood control and play a key role in preventing the level of loss seen in our 2005-2006 winter storms. These storms resulted in approximately \$100 million in damage, affecting over 240 homes, 75 retail and commercial structures, two elementary schools, the College of Marin campus, two post offices, the Ross Town Hall, and police and firehouses in the Towns of Ross, San Anselmo, and Fairfax.

Redwood Creek

Last year, I wrote to discuss the importance of a USACE flood control along Redwood Creek, built after the 1964 flood to protect the town of Orick. These levies, while important for local flood control, do not convey enough sediment to prevent a buildup of materials. Furthermore, they were not designed to ensure that local fish species, including federally protected species, were not harmed. Despite tens of

millions of dollars in restoration work done by the federal government upstream, the National Marine Fisheries Service has issued a draft jeopardy opinion on the project, which may further reduce the county's ability to remove gravel from the project area.

Humboldt County is currently working with stakeholders and landowners to redesign the project to allow for improvement in all of these problem areas. USACE will need to at least be a permitting agency, and may need to be the action agency for this new project. I urge inclusion of the associated costs of leading on this project in the USACE's budget.

Thank you for your consideration of these requests, and I look forward to continuing to work with you in the future.

Sincerely,

JARED HUFFMAN
Member of Congress

OCTOBER 7, 2016.

The Honorable SHAUN DONOVAN
Director, Office of Management and Budget

The Honorable JO-ELLEN DARCY
Assistant Secretary for Civil Works, Army Corps of Engineers

DEAR DIRECTOR DONOVAN AND SECRETARY DARCY,

I write to call to your attention several important projects across California's North Coast and the counties in California's Second Congressional Districts. These projects are of utmost importance as you work on your preparation of a Fiscal Year 2017 work plan and the budget proposal for the U.S. Army Corps of Engineers (USACE) for Fiscal Year 2018.

Critical Dredging of Petaluma River

Adequate funding for the USACE is necessary to modernize our nation's ports and harbors and better support the over 13 million jobs in the marine transportation industry. Inadequate funding results in insufficient dredging, increasing the chance of collisions and causing higher costs for consumers. In my district, the dredging maintenance for the continued commercial use of Petaluma River last occurred in 2003 and is long overdue. Funding is needed both for dredging and flood control work. Because of the delay in regular maintenance the cost of dredging could be significantly higher than in past years.

I am pleased that local stakeholders along the Petaluma River and San Rafael Canal are working with the San Francisco District to identify the possibility of an innovative new approach that would formulate a public private partnership (P3/P4) to reduce dredging costs and bring long overdue dredging to the river. While still in its early phases, collectively this could be a win-win for all participants. In order to support continued collaboration between the Corps and local stakeholders for this P3/P4 proposal, I request inclusion in the FY 2017 work plan of a \$200,000 line. However, as ongoing conversations on a possible P3/P4 proposal continue, I urge you to not neglect the unnecessary backlog of dredging.

Coyote Valley Dam

As you know, Section 7001 of the WRRDA 2014 requires an annual submission to Congress of a report that identifies potential new or modified authorizations of authorized projects or studies. The 2016 report to Congress listed the request by the Sonoma County Water Agency of a modification to the authorized project at Coyote Valley Dam, specifically raising the existing dam by 36 feet. This would increase total storage capacity at the reservoir to 199,000 acre feet from an existing 122,500 acre feet. This would not only have water supply and storage benefits, but would address ecosystem restoration benefits based on the 2008 National Marine Fisheries Service Jeopardy Biological Opinion for the Russian River watershed, as additionally discussed below for other projects. Based on the 2016 report, both the House Transportation & Infrastructure Committee and the Senate Environment & Public Works Committee included authorization for project modifications in their Water Resources Development Acts. While Congress has yet to finalize a bill, I look forward to working with the Corps on this vital issue and urge full funding of the necessary actions by the Corps following final passage of a bill.

Dredging at Bodega Bay

Bodega Bay is home to a substantial commercial fishing fleet of about 300 vessels (500 in-season), as well as an economically significant sport fishing industry (about

600 vessels in-season) and recreational craft. In 2012, nearly 25% of the total Chinook salmon landings in California, and over 10% of Dungeness crab California landings, came through Bodega Bay. While California's Dungeness crab landings have been harmed by a temporary fishery closure this year, the harbor also serves as a critical harbor of refuge and is home to a Coast Guard search-and-rescue station which performed about 250 rescue missions in 2013.

The Corps O&M schedule for Bodega Bay provides for periodic inspection and repair of three breakwaters and maintenance dredging of the federal channel, including three turning basins, on an 11-year cycle to a depth of 12 feet Mean Lower Low Water. The last dredging episode was in 2004.

I appreciate that \$750,000 was included in the FY 2016 work plan to complete all environmental work and plans and specifications as required for dredging of the entire federal channel, and \$4.285 million was in the FY 2017 budget request, an amount deemed sufficient to dredge the entrance channel. For the Corps to conduct dredging of only the entrance channel in the coming year, and then demobilize the equipment only to remobilize the dredge at some later date when additional funding becomes available to dredge the remainder of the harbor, would add dramatically to the project's cost at that time and so unnecessarily waste valuable federal resources.

To best utilize scarce federal resources, I strongly urge that \$2.815 million be provided in either the FY 2017 work plan or FY 2018 budget request, sufficient to dredge the entire Bodega Bay federal channel.

Dredging of Additional Harbors

In Humboldt Bay regular and timely dredging is critical for commerce, especially with new investments by companies in products that require deep-draft vessels for shipping, like wood chips and logs. Since Humboldt Bay is also a harbor of refuge—the only deep-water port between San Francisco and Coos Bay—its operation is also vital to marine safety. Consistent maintenance dredging is needed to keep the harbor entrance safe for transit for commercial and recreational vessels. I also ask for your continued engagement in supporting dredging and addressing the disposal and use of dredged materials in Noyo Harbor.

Additionally, the Corps has provided much needed dredging services in the past in the San Rafael Canal, but over the years the silt buildup has significantly impaired the depth during low tide. The last dredging in 2011 covered only a portion of the canal, and a full dredging has not occurred since 2002.

Russian River Biological Opinion Projects

I continue to offer my strong support for the funding of a critical project in Sonoma County relating to the Russian River Biological Opinion (BO). As promulgated in 2008, the BO calls for the completion of work on Reasonable and Prudent Alternatives by benchmarked dates and the Corps and its local partners continue to make progress in meeting those goals. The failure to achieve these tasks could trigger requirements to construct substantially more expensive, and more controversial, projects.

The Russian River BO issued in September 2008 by the National Marine Fisheries Service identified 23 actions that must be taken to protect three threatened or endangered salmonid species; coho salmon, steelhead, and Chinook salmon. The BO was issued because of the impact on these fish populations caused by the construction and operation of two USACE facilities: Warm Springs Dam on Lake Sonoma, and Coyote Valley Dam on Lake Mendocino.

If work is to be completed by the milestones contained in the BO significant investments will be required in FY 2017 and 2018. With work on the feasibility study continuing with funding made available from the Section 1135 Continuing Authorities Program, it appears likely that about \$3.26 million in construction funding from the 1135 Program will be required in FY 2017, and an additional \$300,000 will be needed in FY 2018. I understand that there may be backlogged funding available for this program, and therefore urge that such funds be made available to accommodate the completion of the required three miles of habitat enhancement required by the BO by 2018.

For the Dry Creek (Warm Springs) Feasibility Study, I request that \$60,000 be included in the FY 2017 work plan as needed to complete this study that is directed at completing the required six miles of habitat enhancement which must be achieved by 2020 under the benchmarks of the BO. Taken together, these projects will move forward in demonstrating the ability to balance flood control and water supply needs with a sustainable ecosystem for threatened and endangered fish species.

Additionally, I urge that at such time as the Corps may be required to prepare a work plan for FY 2017 with such additional funds as the Congress provides; \$1.25 million be added to amounts included in the President's February request for Operation and Maintenance funding for additional work at Dry Creek (Warm Springs) Lake and Channel as needed for coho hatchery facility water treatment and filtration to prevent fish disease, and for egg incubation equipment, also as required by the BO. An additional \$300,000 should be included in the FY 2018 budget request to complete funding related to the egg incubation equipment.

Flood Protection and Watershed Protection in Marin County

The Corte Madera Creek Flood Control Project received \$400,000 in the FY 2015 work plan and \$520,000 in the FY 2016 work plan and the Project Design Team is working toward meeting the second project milestone. In order to meet or remain close to the milestones set out by the San Francisco District Engineer in his letter to the Marin County Director of Public Works on August 13, 2015, \$580,000 for the study and \$150,000 for Independent External Peer Review (a total of \$730,000 in the GI budget) needs to be included for this project in any Army Corps work plan that Congress directs to be prepared for FY 2017.

Three of four phases of the Corte Madera project have been constructed, and the requested funds will complete a feasibility study for the final phase of the project that includes Unit 4 and potential modifications to previous phases (Units 1, 2 and 3). While 75% of the project has been constructed, it is less than 25% effective. This final phase will allow the project to function at a level agreed upon by all stakeholders.

The Corte Madera Creek Flood Control project is critical to the broader Ross Valley Flood Protection and Watershed program, a region-wide, four municipality, multiple community effort to address chronic flooding in the Ross Valley. A suite of creek improvement measures has been identified to reduce and contain 100-year flows within the main stem of Corte Madera Creek. Notably, residents have agreed to tax themselves \$44 million over 20 years to fund this program. The federal Corte Madera Creek project is at the downstream end of all proposed measures and must be completed for all present and future efforts of the local community to achieve a level of flood protection that will contain a 100-year flood event.

In conjunction with the other measures to be undertaken and for which residents have agreed to tax themselves, the Corte Madera Creek Flood Control project will substantially improve flood control and play a key role in preventing the level of loss seen in our 2005-2006 winter storms. These storms resulted in approximately \$100 million in damage, affecting over 240 homes, 75 retail and commercial structures, two elementary schools, the College of Marin campus, two post offices, the Ross Town Hall, and police and firehouses in the Towns of Ross, San Anselmo, and Fairfax.

On September 13, 2013, the Project Design Team that included representatives from the USACE, Marin County Flood Control and Water Conservation District, the Marin County Board of Supervisors, and my office conducted a SMART planning charrette. The outcome of the charrette was a determination of continued federal and local interest in the project, requiring completion of the study within three years for \$3 million or less.

Additionally, and also of very great significance, Marin County Parks has written to the San Francisco District of the Corps wishing to initiate the McInnis Marsh Restoration Project pursuant to Section 206 of the Water Resources Development Act of 1996, the Continuing Authorities Program for Aquatic Ecosystem Restoration.

McInnis Marsh is a 180 acre diked wetland located in San Rafael, CA, east of McInnis Park between Miller and Gallinas Creeks. Historically, these creeks were hydrologically connected through a system of distributary channels at McInnis Marsh. This connectivity was lost in the early 1900's as levees were constructed to make the marsh suitable for agricultural use before the County purchased the land and built a park. In order to protect existing park and wastewater treatment facilities from flooding and enhance habitat for the federal and state listed species, Marin County parks, in partnership with the Las Gallinas Valley Sanitary District and the Marin County Flood Control and Water Conservation District, proposes the restoration of the intertidal marsh and estuarine habitat. It is my understanding that initiating this project will require \$300,000 in funding from the FY 2017 work plan, and an additional \$300,000 in the FY 2018 budget.

Again, the Corte Madera Creek Flood Control project and McInnis Marsh Restoration, will be of tremendous benefit to the people and County of Marin. As such, I urge that \$580,000 for the study and \$150,000 for Independent External Peer Review be included in the FY 2017 work plan, for Corte Madera Creek to assure that it is completed as outlined in the District Engineer's letter of August 13, 2015. Addi-

tionally, \$300,000 is needed under the Section 206 Continuing Authorities Program for Aquatic Ecosystem Restoration, to initiate an important project for the restoration of McInnis Marsh.

Redwood Creek

Along the North Coast, Humboldt County is continuing to work with stakeholders and landowners along Redwood Creek for the improvement of the USACE flood control project. Built after the 1964 flood to protect the town of Orick, these levies, while important for local flood control, do not convey enough sediment to prevent a buildup of materials. Furthermore, they were not designed to ensure that local fish species, including federally protected species, were not harmed. Despite tens of millions of dollars in restoration work done by the federal government upstream, the National Marine Fisheries Service has issued a draft jeopardy opinion on the project, which may further reduce the county's ability to remove gravel from the project area. USACE will need to at least be a permitting agency, and may need to be the action agency for this new project. I urge inclusion of the associated costs of leading on this project in the USACE's budget.

Thank you for your consideration of these requests, and I look forward to continuing to work with you in the future.

Sincerely,

JARED HUFFMAN
Member of Congress

OCTOBER 13, 2017.

Mr. DOUGLAS W. LAMONT
Acting Assistant Secretary of the Army (Civil Works)

Honorable MICK MULVANEY
Director, Office of Management and Budget

DEAR DIRECTOR MULVANEY AND ACTING ASSISTANT SECRETARY LAMONT,

As you continue your preparation of an FY '18 budget, and anticipate enactment of appropriations legislation that would call for the allocation of funds through an FY '17 work plan, I wanted to remind you of several important projects across California's North Coast.

HARBOR DREDGING

In my district, the dredging maintenance for the continued commercial use of Petaluma River last occurred in 2003 and is long overdue. Funding is desperately needed both for dredging and flood control work. Because of the delay in regular maintenance the cost of dredging could be significantly higher than in past years.

In Humboldt Bay regular and timely dredging is critical for commerce, especially with new investments by companies in products that require deep-draft vessels for shipping, like wood chips and logs. Since Humboldt Bay is also a harbor of refuge—the only deep-water port between San Francisco and Coos Bay—its operation is also vital to marine safety. Consistent maintenance dredging is needed to keep the harbor entrance safe for transit for commercial and recreational vessels. I also ask for your continued engagement in supporting dredging and addressing the disposal and use of dredged materials in Noyo Harbor.

RUSSIAN RIVER BIOLOGICAL OPINION

The Russian River Biological Opinion (BO) issued in September 2008 by the National Marine Fisheries Service identified 23 actions that must be taken to protect three threatened or endangered salmonid species; coho salmon, steelhead, and Chinook salmon. The BO was issued because of the impact on these fish populations caused by the construction and operation of two USACE facilities: Warm Springs Dam on Lake Sonoma, and Coyote Valley Dam on Lake Mendocino. The failure to achieve these tasks by the specified dates could trigger requirements to construct, in lieu thereof, substantially more expensive, and more controversial, projects.

If work is to be completed by the milestones contained in the BO, significant investments will be required in FY '17 and '18. While work on a feasibility study pursuant to the Section 1135 Continuing Authorities Program is ongoing, it appears likely that about \$100,000 from the 1135 Program will be required in FY '17, and that \$4.5 million will then be needed in FY '18 for construction of the project. I understand that there may be backlogged funding available for this program, and would urge that such funds be made available to accommodate the completion of the required three miles of habitat enhancement required by the BO in 2018.

For the Dry Creek (Warm Springs) Feasibility Study, I request that \$170,000 be included in the FY '18 General Investigations budget, as needed to complete the ongoing study that is directed at completing the required six miles of habitat enhancement. Taken together, these projects will move forward in demonstrating the ability to balance flood control and water supply needs with a sustainable ecosystem for threatened or endangered species.

Additionally, I urge that at such time as the Corps may be required to prepare a work plan for FY '17 with such additional funds as the Congress provides; \$900,000 be added to amounts included in the pending appropriations bills for Operation and Maintenance funding for additional work at Dry Creek (Warm Springs) Lake and Channel as needed for water treatment and filtration improvements to the coho hatchery as needed to prevent fish disease, as required by the BO.

DAM SAFETY

In addition to the work associated with the Russian River BO, I write to request attention to the dams themselves at Warm Springs Dam at Lake Sonoma, and Coyote Valley Dam at Lake Mendocino. While the responsible stewardship of these facilities has not been questioned, recent events at Oroville Dam has certainly, and reasonably, led parties to reexamine the safety of dams around the country, and I am certainly no less concerned about the safety of these two facilities.

A catastrophic failure at either dam would be devastating to the communities downstream in loss of life and property damage. I am told that, based on the 2000 Census, up to 84,854 people could be impacted from a failure at Warm Springs, with an estimated loss of life of up to 100 people. Potential damage to industrial and residential structures and their contents, infrastructure and agriculture, could total \$13 billion, with the cost of repairs to the dam estimated at \$219 million.

With regard to a breach at Coyote Valley Dam, economic losses could occur more than 50 miles downstream in more than ten cities and towns. This could include thousands of homes, livestock, farmland, and portions of Cloverdale, Geyserville, Healdsburg, Hopland, Santa Rosa, and Windsor. Infrastructure damage could include Highway 101, Ukiah Airport, a major rail line, schools, factories, a fire station and a sewage treatment facility—in addition to numerous roads and utility networks.

While I understand that the likelihood of a breach or catastrophic failure at either dam is extremely remote, the potential consequences of such an occurrence is of obvious concern and must lead me to insist that all responsible precautions are taken to assure that such an event never occurs.

As such, I would ask that the President's Operation and Management budget request for FY '18 include at least \$660,000 for a spillway geotechnical exploration study and tower bridge repairs at Coyote Valley Dam, and that \$564,000 be included for a spillway erodibility study, reservoir sediment survey, and water control manual update at Warm Springs Dam.

BODEGA BAY

Bodega Bay, a critical harbor of refuge, is located about 60 miles north of San Francisco, and is home to a Coast Guard search-and-rescue station which performed about 250 rescue missions in 2013.

It is home, as well, to a substantial commercial fishing fleet of about 300 vessels (500 in-season), as well as an economically significant sport fishing industry (about 600 vessels in-season) and recreational craft. In 2012, nearly 25% of the total Chinook salmon landings in California, and over 10% of Dungeness crab California landings, came through Bodega Bay. Notably, because of domoic acid poisoning, the Dungeness crab fishery was closed for virtually the entire season last year, devastating the local industry and those who depend on it for their livelihoods. The Department of Commerce is currently considering whether a commercial fishery failure has occurred and whether Disaster Assistance will be available.

The Corps O&M schedule for Bodega Bay provides for periodic inspection and repair of three breakwaters and maintenance dredging of the federal channel, including three turning basins, on an 11-year cycle to a depth of 12 feet Mean Lower Low Water. Recent sounding surveys indicate that shoaling is occurring and that dredging is required now. The last dredging episode was in 2004.

I appreciate that \$750,000 was included in the FY '16 work plan to complete all environmental work and plans and specifications as required for dredging of the entire (federal) channel, and \$4.285 million in the FY '17 budget, which is deemed to be sufficient to dredge the entrance channel. For the Corps to conduct dredging of only the entrance channel in the coming months, and then demobilize the equipment only to remobilize the dredge at some later date when additional funding be-

comes available to dredge the remainder of the harbor would add dramatically to the project's cost at that time and so unnecessarily waste valuable federal resources.

With groundings occurring, particularly among transient vessels, and high tide exit and entry generally required; it is now essential that funding be budgeted sufficient to dredge the remainder of the federal channel.

To best utilize scarce federal resources, and to prevent future difficulties for our devastated fishing industry, I would strongly urge that \$4 million be provided in either the FY '17 work plan or FY '18 budget request, sufficient to dredge the entire Bodega Bay federal channel.

CORTE MADERA CREEK FLOOD CONTROL PROJECT

The Corte Madera Creek Flood Control Project received \$400,000 in the FY '15 work plan and \$520,000 in the FY '16 work plan and the Project Design Team is working toward meeting its second project milestone. In order to meet or remain close to the milestones set out by the San Francisco District Engineer, an additional \$1,080,000 is required in the General Investigations (GI) budget to provide funding for a review of the final array of alternatives, an Alternatives Formulation Briefing, and completion of the Final EIR/EIS documentation. This total amount includes \$880,000 for study costs and \$200,000 for independent review. Of this, \$400,000 needs to be included in any Army Corps work plan that Congress directs to be prepared for FY '17 and \$680,000 in the Administration's FY '18 budget request.

Three of four phases of the Corte Madera project have been constructed, and the requested funds will complete a feasibility study for the final phase of the project that includes Unit 4 and potential modifications to previous phases (Units 1, 2 and 3). While 75% of the project has been constructed, it is less than 25% effective without Unit 4. This final phase will allow the project to function at a level agreed upon by all stakeholders.

The Corte Madera Creek Flood Control project is critical to the broader Ross Valley Flood Protection and Watershed program, a region-wide, four-municipality, multiple community effort to address chronic flooding in the Ross Valley. A suite of creek improvement measures has been identified to reduce and contain 100-year flows within the main stem of Corte Madera Creek. Notably, residents have agreed to tax themselves \$44 million over 20 years to fund this program. The federal Corte Madera Creek project is at the downstream end of all proposed measures and must be completed for all present and future efforts of the local community to achieve a level of flood protection that will contain a 100-year flood event.

In conjunction with the other measures to be undertaken and for which residents have agreed to tax themselves, the Corte Madera Creek Flood Control project will substantially improve flood control and play a key role in preventing the level of loss seen in our 2005-2006 winter storms. These storms resulted in approximately \$100 million in damage, affecting over 240 homes, 75 retail and commercial structures, two elementary schools, the College of Marin campus, two post offices, the Ross Town Hall, and police and firehouses in the Towns of Ross, San Anselmo, and Fairfax.

On September 13, 2013, the Project Design Team that included representatives from the USACE, Marin County Flood Control and Water Conservation District, the Marin County Board of Supervisors, and my office conducted a SMART planning charrette. The outcome of the charrette was a determination of continued federal and local interest in the project.

Again, the Corte Madera Creek Flood Control project will be of tremendous benefit to the people and County of Marin. As such, I urge that \$400,000 for the study be included in the FY 17 Work Plan and an additional \$680,000 be included in the FY 18 budget request.

REDWOOD CREEK

Along the North Coast, Humboldt County is continuing to work with stakeholders and landowners along Redwood Creek for the improvement of the USACE flood control project. Built after the 1964 flood to protect the town of Orick, these levies, while important for local flood control, do not convey enough sediment to prevent a buildup of materials. Furthermore, they were not designed to ensure that local fish species, including federally protected species, were not harmed. Despite tens of millions of dollars in restoration work done by the federal government upstream, the National Marine Fisheries Service has issued a draft jeopardy opinion on the project, which may further reduce the county's ability to remove gravel from the project area. USACE will need to at least be a permitting agency, and may need to be the action agency for this new project. I urge inclusion of the associated costs of leading on this project in the USACE's budget.

Sincerely,

JARED HUFFMAN
Member of Congress

OCTOBER 19, 2018.

The Honorable R.D. JAMES
Assistant Secretary of the Army for Civil Works

DEAR ASSISTANT SECRETARY JAMES:

With the on-time enactment of the FY 2019 Energy and Water Development Appropriations bill, Congress has fulfilled its responsibilities for funding a portion of our federal government. As such, the US Army Corps of Engineers received \$6.84 billion for its Civil Works Program. This is good news for the many vital projects carried out by the Corps, and I write to request your personal attention to two projects where the money appropriated by Congress can provide critical support for the communities I represent. As you complete a work plan with the funds provided by Congress, and knowing that you are developing a budget for FY 2020 and will also consider reprogramming requests in the months ahead, please remember the importance of dredging the Petaluma River and the San Rafael Channel.

The Corps is responsible for both navigation and flood plain protection maintenance dredging of the Petaluma River's federal channel to a depth of eight feet and widths varying from 100 feet to 300 feet. Prior to 2003, the channel was dredged every three to four years to maintain channel depth. It has not been dredged since 2003, and the across-the-flats section was last dredged in 1998. Shoaling in the Upper Petaluma River is already impacting commercial traffic as barging companies curtail operations and the capacities of barges. Barge companies that have modified their capacity to transport products will either have to relocate or cease operations as conditions worsen. The lack of dredging has also negatively impacted recreational boating traffic vital to downtown commercial establishments, as well as impacting the Sheriff's office, whose boat at the Marina cannot be used at low tide.

The Preliminary Assessment completed by the Corps in 2015 recognized the continued economic viability of the project and identified significant regional economic impacts if the maintenance dredging was left unfunded. Among the many negative impacts will be worsening traffic on adjacent roads, as a single 4,000-ton barge carries freight equivalent to that of 160 25-ton trailer trucks. Highway 101, which serves in part as an alternate route, already experiences some of the worst traffic congestion in the entire San Francisco Bay Area. The addition of such freight traffic would add to this congestion along with associated safety and air quality impacts.

The FY 2017 work plan included \$600,000 for engineering and design of the project. I urge that \$500,000 be made available in the FY 2019 work plan for engineering and environmental compliance, with additional funding provided in the FY 2020 budget as needed to conduct the necessary maintenance dredging.

Similarly, the San Rafael Canal is a vital waterway for navigation and storm water drainage, and an important economic engine in the City of San Rafael and County of Marin. The lack of dredging is becoming a public safety issue as the San Rafael Police and Fire Department has taken over emergency services and search and rescue operations in the Channel for the Coast Guard and needs immediate and open access. The Police and Fire Department water search and rescue operations are based in the Channel and access and capacity for bay patrols, rescues, and other public safety activity is absolutely critical. The lack of dredging is interfering with the City's ability to effectively respond in the event of an emergency. Further, it poses an elevated flood risk to the 12,000 residents in the low-lying area FEMA flood zone area which rely on 12 City-operated stormwater pump stations which empty directly into the Channel.

More than 800 homes and 100 businesses and commercial properties are located directly along the San Rafael Canal, where approximately 1,500 commercial and recreational vessels are berthed—generating significant sales and property tax revenues. In fact, the San Rafael Chamber of Commerce has cited that two-thirds of San Rafael's total sales tax revenues are generated in East San Rafael, the area directly adjacent to and impacted by the Channel. Unfortunately, as a consequence of the failure to address the storm-driven sediment and dredge the Channel, incidents of boaters becoming stuck in sediment have become increasingly common, and marina operators have indicated a difficulty in renting berths because of the limited access. The siltation situation and resulting low depth of the Channel has become so grave that some marine maintenance businesses are relocating their operations outside of

San Rafael due to the limitations on vessels entering and leaving the Channel; and those businesses that remain can only intake vessels from customers at high tide.

The last full dredging of the San Rafael Channel was in 2002. Last year, as a result of the Presidentially-declared flood disasters in 2017, sediment from the hill-sides deposited directly into the Channel. The San Rafael Creek federal channel was authorized by the Rivers and Harbors Act of 1919 and was completed in 1928. Since 1930, the Corps has dredged the Canal on thirteen separate occasions. In recognition of this historic work of the Corps in the Channel, S.Rept. 115-258, accompanying the Energy and Water Development Appropriations bill for 2019 includes language that “urges the Corps to prioritize dredging of the San Rafael Canal.”

For the thousands of businesses and residents who rely on the safe navigability and drainage functions of the San Rafael Canal, and depend on the waterway for fire protection, emergency access, and evacuation, I urge that the FY 2019 work plan provide \$10.5 million as needed for the environmental analysis, engineering, and dredging of the Canal.

Both the Petaluma River and the San Rafael Channel are in need of immediate assistance, and it my hope that through the FY 2019 work plan, as well as through opportunities afforded by reprogramming of funds, the Corps will continue to serve as a federal partner for the communities I represent. Thank you for your continued work. I appreciate your attention to this request.

Sincerely,

JARED HUFFMAN
Member of Congress

JANUARY 30, 2019.

The Honorable MICK MULVANEY
Director, United States Office of Management & Budget

R.D. JAMES

Assistant Secretary of the Army for Civil Works

DEAR DIRECTOR MULVANEY AND ASSISTANT SECRETARY JAMES:

As you continue to formulate the U.S. Army Corps of Engineers’ budget for Fiscal Year (FY) 2020, we urge you to fully consider several vital dredging projects in our Congressional districts.

Chief among these are dredging of the Suisun Bay Channel, the Larkspur Ferry channel, the Petaluma River, the San Rafael Channel, and the San Pablo Bay-Mare Island Strait-Pinole Shoal shipping channel. These waterways are essential to commuters and commercial enterprise in our districts, underpinning thousands of jobs, and each is in need of either immediate or near-term dredging.

With respect to both Suisun Bay and the San Pablo Bay-Mare Island-Pinole Shoal shipping channel, previously allocated dredging funds have proven insufficient to ensuring safe passage of crude oil tankers, cargo ships, and military and other commercial vessels. The situation is dire enough that oil tanker groundings have already occurred in Suisun Bay, while the Corps ceased annual dredging of the Pinole Shoal—authorized to be dredged to a depth of 35 feet—nearly 20 years ago. Similarly, the Corps last dredged the Mare Island strait in 1996.

With regard to the maintenance of the Petaluma River, the Corps’ own Preliminary Assessment—completed in 2015—recognized the continued economic feasibility of the project, and identified significant economic consequences if the dredging was left unfunded. However, while the Corps is responsible for navigation and flood plain protection dredging, no dredging has occurred since 2003. Shoaling in the Upper Petaluma River is already impacting commercial traffic as barging companies curtail both capacity and operations. Worsening conditions will eventually force barge operators to cease business, devastating commercial enterprises along the river.

The San Rafael channel is a vital waterway for navigation and storm water drainage, and an important economic engine in the City of San Rafael and County of Marin. The channel, last fully dredged in 2002, naturally fills with sediment from bay tidal action and upland erosion and runoff. Incidents of boaters becoming stuck in sediment have become increasingly common, leading marina operators to experience growing difficulty in renting berths because of limited access dependent on tides.

Lastly, the Larkspur Ferry channel is traversed by some 1.6 million people per year, nearly 90 percent of whom are daily commuters. The San Francisco Ferry Terminal, the destination or origin for the ferry, is within walking distance of 300,000

jobs and has intermodal connections to numerous regional transit systems, including Bay Area Rapid Transit (BART).

This reliable service will be jeopardized without proper maintenance of the ferry channel, as authorized by language included in the 2007 Water Resources Development Act. We are told that additional maintenance dredging of the Larkspur Channel will be needed by no later than 2021, dredging which is critical not only to hundreds of thousands of commuters but also to the small commercial and recreational fleets which utilize the Channel.

Each of these dredging projects is essential to both the daily lives of our constituents and the regional economy. Multiple industries, supporting tens of thousands of jobs, rely on dependable access to regional waterways for both shipping and commuting. As such, we urge you to fully consider these projects in formulating your FY 2020 budget request.

Please do not hesitate to contact our offices if we may be of assistance.

Sincerely,

MIKE THOMPSON
Member of Congress
JERRY MCNERNEY
Member of Congress
MARK DESAULNIER
Member of Congress
JARED HUFFMAN
Member of Congress
DORIS MATSUI
Member of Congress

**Statement of the American Society of Civil Engineers, Submitted for the
Record by Hon. Napolitano**

INTRODUCTION

The American Society of Civil Engineers (ASCE) appreciates the opportunity to submit our position on the importance of long-term, strategic investment in our nation's ports infrastructure. ASCE also thanks the U.S. House of Representatives Transportation and Infrastructure Subcommittee on Water Resources and Environment for holding a hearing on this critical issue. ASCE is eager to work with the Subcommittee in the 116th Congress to ensure both full appropriation of Harbor Maintenance Trust Fund (HMTF) revenues and that the funds be utilized for its designated purpose.

ASCE'S "2017 INFRASTRUCTURE REPORT CARD" AND 2016 ECONOMIC STUDY, "FAILURE TO ACT: CLOSING THE INFRASTRUCTURE INVESTMENT GAP FOR AMERICA'S ECONOMIC FUTURE"

Infrastructure is the foundation that connects the nation's businesses, communities, and people, serves as the backbone to the U.S. economy, and is vital to the nation's public health and welfare. Every four years, ASCE publishes the *Infrastructure Report Card*, which grades the nation's 16 major infrastructure categories using a simple A to F school report card format. The Report Card examines the current infrastructure needs and conditions, assigning grades and making recommendations to raise them.

ASCE's *2017 Infrastructure Report Card* rated the overall condition of the nation's infrastructure a cumulative grade of "D+" across sixteen categories, with an investment gap of \$2 trillion. The Report Card gave our nation's ports infrastructure category a grade of "C+."

Additionally, ASCE's 2016 economic study, *Failure to Act: Closing the Infrastructure Investment Gap for America's Economic Future*, found that our nation's deteriorating infrastructure and growing investment deficit has a cascading effect on our nation's economy, impacting business productivity, gross domestic product (GDP), employment, personal income, and international competitiveness; in fact, our failure to act by 2025 carries an enormous economic cost to the tune of nearly \$4 trillion in lost GDP, which will result in a loss of 2.5 million jobs in 2025.

The economic consequences of our nation's infrastructure deficiencies also extend to families' disposable incomes, with each household in the U.S. losing \$3,400 each year through 2025; if left unaddressed, the loss will grow to an average of \$5,100 annually from 2026 to 2040. It is possible to close the infrastructure investment gap and avoid the economic consequences caused by this deficit, but it will require sustained and robust investment.

PORTS AND THE HARBOR MAINTENANCE TRUST FUND

Our nation's 926 ports support over 23.1 million jobs, provide \$321.1 billion in tax revenue to federal state, and local governments, and are responsible for \$4.6 trillion in economic activity, or roughly 26 percent of the nation's economy—making them essential to U.S. competitiveness. Our ports serve as the gateway through which 99 percent of America's overseas trade passes, and the top 10 U.S. ports accounted for 78 percent of U.S. foreign waterborne trade in 2015. However, the investment gap for inland waterways systems and ports is expected to be \$1.5 billion by 2025.

In a 2015 survey¹ of ports, a third indicated that congestion over the past ten years resulted in a 25 percent decrease in port productivity. Few of our nation's ports can accommodate the large ships that pass through the Panama Canal, so to remain competitive in the global market and to accommodate these larger vessels, ports have been investing in their facilities and plan to spend over \$154 billion from 2016 to 2020 on expansion, modernization, and repair. Ports, however, are contending with larger container ships and do not always have adequate access to the user-fee funded Harbor Maintenance Trust Fund (HMTF), which would help these facilities prepare for larger vessels.

Enacted in the Water Resources Development Act of 1986, the Harbor Maintenance Tax (HMT) is a fee (0.125 percent of the value of cargo) collected from users of our nation's maritime transportation system that is then used by the U.S. Army Corps of Engineers (USACE) to dredge harbors. Despite the significant dredging needs at the majority of U.S. ports, the fund's revenues have frequently not been appropriated for its designated purposes, instead being used for federal deficit offsets. ASCE strongly supported the provision in the Water Resources Reform and Development Act (WRRDA) of 2014 that created a phased-in approach to reach full use of HMT revenues by FY2025 and that set incremental spending targets each year until full use.

The HMTF's balance currently sits at over \$9 billion. Once fully funded, it will take five years of complete HMTF appropriations to dredge and restore channel depths and widths. ASCE urges the Subcommittee to continue implementing the WRRDA 2014 agreement by increasing expenditures accordingly and ensuring that HMT revenues are used only for its intended purpose.

CONCLUSION

ASCE believes Congress must prioritize the investment needs of our ports infrastructure to protect our nation's economy and millions of jobs, and to ensure we remain internationally competitive. ASCE thanks the Subcommittee for holding this hearing and bringing attention to this critical matter. We look forward to working with you to find investment solutions to our nation's ports infrastructure.

Statement of the Association of Equipment Manufacturers, Submitted for the Record by Hon. Napolitano

Dear Chairwoman Napolitano and Ranking Member Westerman:

The Association of Equipment Manufacturers (AEM) appreciates the opportunity to submit a statement for the record on today's hearing on "The Cost of Doing Nothing: Why Full Utilization of the Harbor Maintenance Trust Fund and Investment in Our Nation's Waterways Matter." AEM represents more than 1,000 equipment manufacturers in the construction, agriculture, forestry, and mining sectors who employ nearly 1.3 million individuals in the U.S. and contribute nearly \$159 billion to the country's GDP.

Infrastructure matters to AEM members who not only use it to move product to market, but who also make the equipment that builds it and rely upon it to keep the economic sectors it is connected to strong. For example, the health of the equipment manufacturing industry is directly impacted by the health of the U.S. agriculture economy and the many factors that influence it, factors that include the inland waterways and ports that move commodities from farm to market. Our crumbling U.S. infrastructure threatens to undermine not only the important role the equipment manufacturing industry plays in the U.S. economy, but also to destabilize a key economic sector that our members' products help sustain, the agricultural sector.

¹ American Association of Port Authorities, 2015 Port Surface Freight Infrastructure Survey, April 2015

Our nation's waterways and port infrastructure play a significant role in connecting goods and agricultural commodities with consumers domestically and globally. They represent one of the most cost-effective, fuel-efficient, and safe modes of freight transport domestically. U.S. farmers and ranchers depend heavily on water infrastructure to deliver the food and fiber they produce to the world. In fact, more than 70 percent of U.S. agricultural exports, valued at nearly \$130 billion, are conveyed by water.

However, this critical transportation network is severely outdated, in need of repair and prone to delays and inefficiencies that put the health of the U.S. agriculture sector at risk. For example, many of the locks and dams within the inland waterway system are obsolete and have long exceeded the period of use for which they were designed. U.S. harbors coast to coast are unable to accommodate the largest freight vessels leading to delayed shipments, increased costs, and diminished capacity to export products abroad. Patchwork repairs required over the past decade have led to a 700 percent increase in unplanned stoppages. The cost of doing nothing when it comes to repairing and modernizing our nation's harbors and waterways is high.

In order to reclaim the U.S. infrastructure advantage that we once enjoyed, we need to ensure that the proper resources are being invested to not only meet a state of good repair but also build new infrastructure for the 21st century. This means that funds should be applied consistently to the projects for which they were raised. In the case of the Harbor Maintenance Trust Fund (HMTF), we have seen the consequences of failing to apply funds for their designated purpose. The HMTF is meant to be used for dredging harbors and channels to maintain navigability and increase ship size capacity in a Post-Panamax era. Despite growing dredging needs at U.S. harbors, Congress has often diverted the HMTF to offset budget deficits allowing dredging projects to pile up and the U.S. to fall further behind in waterborne freight capacity. AEM supports past proposals from Chairman Peter DeFazio to ensure that funds meant for the HMTF remain designated and available for harbor maintenance projects—and those projects only. Further, AEM supports prioritizing funding for the current backlog of 25 critical inland waterways projects and maintaining water resource bills on a two-year cycle. Taking these steps will provide much needed certainty and predictability to the agricultural sector and by extension, the equipment manufacturing industry.

Our nation's harbors and inland waterways are vital to the success of the equipment manufacturing industry, the agricultural sector, and all sectors of the U.S. economy. We urge Congress to provide the funds necessary to maintain and upgrade crucial infrastructure projects and prevent future efforts to divert those funds to other government spending areas. Practical and pragmatic efforts will help ensure that we reclaim the infrastructure advantage we once had. AEM commends the Subcommittee on Water Resources and Environment for holding this important hearing and stands ready to work with the Subcommittee and full Committee to craft a comprehensive legislative package that addresses the needs of our harbors and waterways, and all of our nation's transportation and infrastructure assets.

Letter from Captain John W. Murray, Port Director and CEO, Canaveral Port Authority, Submitted for the Record by Hon. Napolitano

APRIL 16, 2019.

Hon. GRACE NAPOLITANO
Chair

House Water Resources and Environment Subcommittee, U.S. House of Representatives

Hon. Bruce Westerman
Ranking Member

House Water Resources and Environment Subcommittee, U.S. House of Representatives

Re: House Transportation and Infrastructure Water Resources and Environment Subcommittee Hearing: "The Cost of Doing Nothing: Why Full Utilization of the Harbor Maintenance Trust Fund and Investment in Our Nation's Waterways Matter"—April 10, 2019

DEAR CHAIRWOMAN NAPOLITANO AND RANKING MEMBER WESTERMAN,

We join with ports and related maritime stakeholders across the country in thanking you for holding a hearing in your Subcommittee last week to address the importance of ports and waterways to this country. As you pointed out at the hear-

ing, ports are an important engine for economic growth throughout the United States. We facilitate trade, provide hundreds of thousands of jobs, and generate very positive economic activity for our regions.

Here in Florida, Port Canaveral is world class gateway for the cruise, tourism and commercial shipping industries. We are the homeport for some of the world's top cruise lines and are the second busiest cruise port in the world with more than 4.5 million passenger movements annually. Our economic impact exceeds \$2.2 billion each year for the Space Coast and Central Florida region.

As one of the most active ports in the country, we rely heavily on the harbor maintenance and dredging services provided by the United States Army Corps of Engineers (Corps). We could not provide our high degree of service to cruise lines and commercial shipping companies without the ongoing cooperation and assistance of the Corps. As was highlighted at your hearing, the Corps receives funding for its harbor maintenance and dredging activities through the Harbor Maintenance Tax (HMT).

As you know, the HMT and the Harbor Maintenance Trust Fund (HMTF) were first created in 1986 to fund "the eligible operations and maintenance costs assigned to commercial navigation of all harbors and inland harbors within the United States." (WRDA 1986; P.L. 99-662). The HMT is assessed against the value of imports arriving at United States ports with federally-maintained harbors and the revenue generated from the HMT is then deposited into the HMTF. Congress subsequently appropriates funds from the HMTF on an annual basis for maintenance dredging, dredged material disposal areas, jetties and breakwaters. It is important to underscore that since its inception, the HMTF has been used for these harbor maintenance purposes, not for landside infrastructure or other port-related activities.

With this background in mind, we noted with interest that Eugene Seroka, Executive Director of the Port of Los Angeles, testified at last week's hearing that "we have industry unanimity on the subject of the Harbor Maintenance Trust [Fund] and how to allocate to the so-called donor ports like Los Angeles". We believe Mr. Seroka's reference is to a proposal put forward by the American Association of Port Authorities (AAPA) to reform the HMTF and allow HMTF revenues under certain circumstances to be allocated to ports for landside infrastructure.

We want to correct the record to make it clear that Port Canaveral does not support the AAPA proposal and any amendment to the HMTF that would deviate from its long-stated objective of providing funds for channel maintenance and harbor management. I hasten to add that we are fully supportive of efforts to require that all of the HMTF revenues be spent on their intended purpose (ie, harbor maintenance and dredging), but we are not supportive of expanding the currently authorized uses of those funds in the manner that AAPA proposes.

We commend you for your focus on the needs of the ports and waterways of this country. We look forward to working with you on this and other initiatives of your Subcommittee.

Sincerely yours,

CAPTAIN JOHN W. MURRAY
Port Director and CEO
CANAVERAL PORT AUTHORITY

Letter from Nicole Vasilaros, Senior Vice President of Government Relations and Legal Affairs, National Marine Manufacturers Association, Submitted for the Record by Hon. DeFazio

WEDNESDAY, APRIL 10, 2019.

Hon. PETER DEFAZIO

Chair

Committee on Transportation and Infrastructure, U.S. House of Representatives

Hon. SAM GRAVES

Ranking Member

Committee on Transportation and Infrastructure, U.S. House of Representatives

Hon. GRACE NAPOLITANO

Chair

Subcommittee on Water and Environment, U.S. House of Representatives

Hon. BRUCE WESTERMAN

Ranking Member

Subcommittee on Water and Environment, U.S. House of Representatives

DEAR CHAIR DEFAZIO, RANKING MEMBER GRAVES, CHAIR NAPOLITANO, AND RANKING MEMBER WESTERMAN:

On behalf of the National Marine Manufacturers Association (NMMA) I thank you for convening “The Cost of Doing Nothing: Why Full Utilization of the Harbor Maintenance Trust Fund and Investment in our Nation’s Waterways Matter” hearing. NMMA agrees that expedited investments in our nation’s ports, harbors, and waterways are critical to supporting the continued economic growth of the commercial and recreational maritime industries.

By way of background, NMMA is the leading recreational marine trade association in North America, representing nearly 1,300 boat, marine engine, and accessory manufacturers. Recreational boating is a significant contributor to the U.S. economy, generating \$170.3 billion in annual economic impact that supports more than 35,000 businesses and 691,000 jobs. Additionally, the outdoor recreation economy as a whole—which is driven by boating and fishing and includes RVing, guided tours, and motorcycling and ATVing—accounts for 2.2% of U.S. GDP, \$734 billion in gross economic output, and 4.5 million jobs. In terms of GDP, outdoor recreation is larger than mining, utilities, and chemical products manufacturing.

Outdoor recreation is a substantial and rapidly increasing part of the U.S. economy. For our industry—and the entire U.S. economy—to continue to grow, it is essential that port maintenance and dredging projects are sufficiently funded to create jobs in coastal and inland waterway communities, improve access for water-based recreational activities, and make conditions safer for the recreational boating and angling communities.

The Harbor Maintenance Trust Fund (HMTF) was created to ensure that our nation’s harbors would always be properly dredged and fully operational, yet much of the fund’s annually collected revenue doesn’t make its way back to where it was originally intended and is desperately needed. In fact, the U.S. Army Corps of Engineers (Corps) estimates that full channels at the nation’s 59 busiest ports are available less than 35 percent of the time. The result of insufficient funding for maintenance and dredging projects is deterioration of our nation’s ports, harbors, and waterways that support thousands of jobs and commercial and recreational economic development nationwide.

There are sufficient funds in the HMTF to meet the maintenance dredging needs of all federally-authorized ports. Full utilization of the fund would provide the necessary funding to enable the Corps to dredge all federal commercial harbors to their constructed widths and depths. Improperly dredged channels exacerbates user conflict in our busy ports and harbors, impacting safety and important access for recreational boaters as well.

NMMA also encourages the committee to consider reforming the Corps’ dredging project prioritization process to accurately account for the economic benefits of investing in projects that facilitate recreational use. Under the current process, the Corps give priority to coastal harbors and inland waterways with the most commercial traffic and also provides priority for maintenance of channels at small ports that support significant commercial fishing, subsistence, or public transportation benefits.

This flawed system fails to properly account for lower tonnage harbor needs and the value created by access for recreational activities—effectively putting boaters and the recreational boating industry’s \$170.3 billion annual economic activity at a disadvantage. Low tonnage, recreational based ports are critical access points for marinas and coastal communities where businesses depend on marine recreation-

based economic activity. Additionally, without sufficient dredging in these areas, some recreational boaters are forced to use high traffic commercial channels, which can lead to potential user conflicts and safety concerns.

The prioritization process should be amended to ensure that a percentage of existing available funds be allocated for three different categories: High-Tonnage, Low-Tonnage and Commercial or Recreational ports. In addition, increases in social, cultural, and environmental benefits should be considered in the allocation of the three funding categories where appropriate.

We also recommend that the committee direct the Corps to study alternative and recyclable solutions for disposal of dredged materials, thereby forgoing the continued traditional landfill disposal of dredged material and deliver multiple economic and environmental benefits to local economies. Due to the naturally occurring process of sedimentation, overtime rivers, lakes, harbors, and bays can become filled with debris, sand, mud, silt, and other materials that reduce waterway depths making them difficult to navigate—posing environmental and safety hazards. Proper dredging of these sediment materials plays a critical role in maintaining clean and healthy waterways for local ecosystems and providing access to the recreational boating and angling communities. The Corps estimates that hundreds of millions of cubic yards of dredged materials need to be excavated each year to keep the nation's waterways open for commercial and recreational use. Exploring options to increase the use of alternative and recyclable solutions will facilitate new opportunities to more efficiently and sustainably deliver economic, environmental, and societal benefits through the disposal of dredged materials.

The Federal government has a responsibility to maintain the nation's ports, harbors, and waterways. Applying the full balance of the HMTF to harbor maintenance projects will ensure the fees collected in the fund are not diverted from critical dredging projects but used to deliver an economic boost to the U.S. commercial and recreational boating industries that depend on well maintained waterways. NMMA appreciates your consideration and stands ready to assist you and the committee through this important endeavor.

Sincerely,

NICOLE VASILAROS
Senior Vice President of Government
Relations and Legal Affairs
National Marine Manufacturers Association

APPENDIX

QUESTIONS FROM HON. GRACE F. NAPOLITANO FOR EUGENE D. SEROKA, EXECUTIVE
DIRECTOR, PORT OF LOS ANGELES, SAN PEDRO, CALIFORNIA

Question 1. Mr. Seroka, what expanded uses of harbor maintenance are you advocating for specific to the Port of Los Angeles? Can you give specific examples of projects that the Port would be interested in carrying out with expanded use authorities that are not currently eligible today? Can you further explain why you need expanded uses?

ANSWER. At the April 10, 2019, House Transportation and Infrastructure Subcommittee on Water Resources and Environment Hearing you posed an important question on potential expanded uses that the Port of Los Angeles would like to see made eligible as Harbor Maintenance Trust Fund (HMTF) expenditures by donor ports. Currently, the Port of Los Angeles has over \$250 million in basic harbor maintenance needs that while vital, are not eligible under current authorities. Consequently, expending additional funds without expanding the uses for these funds, neglects key in-water infrastructure needs of major ports like Los Angeles.

Our seven container terminal wharfs need repairs to cracked and spalled concrete, corrosion damage in piles, wharf decks, beams, and soffits (Attachment A). These are essential for safe and efficient loading and unloading of containers and to support the needs of modern ships. None of these repairs are eligible under existing expenditure authorities, despite being fundamental maintenance needs.

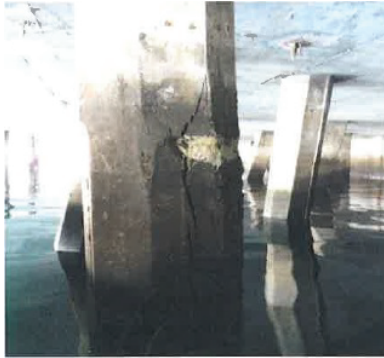
Four of our seven Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) wharfs are currently programmed for upgrades to comply with state seismic safety standards. This includes the reinforcement of moorings, piles, berthing and loading platform improvements. These crucial safety upgrades are not eligible for HMT revenue expenditures under the current authorization.

Capital berth dredging and navigation improvements, such as widening of our West Basin turning basin, should also be made eligible. These improvements are needed to receive larger ships and maintain our competitive status in global shipping. Our current configuration is not optimal for receiving and servicing increasingly large ships.

Expanding the uses of HMTF funds for donor ports must be linked to any increases in funding to address the basic maintenance needs of the nation's largest ports in order to achieve the revenue stream's objectives. Linking expenditures and programmatic reforms are essential for achieving optimal and effective maintenance of the nation's ports and harbors.

Thank you for your leadership on this important issue. Please feel free to contact me for any other questions on HMTF reform or harbor maintenance issues.

ATTACHMENT A: ILLUSTRATIONS OF CRACKED AND SPALLED CONCRETE AND CORROSION
DAMAGE THAT ARE NOT ELIGIBLE FOR HMT REVENUE EXPENDITURES





QUESTIONS FROM HON. ANGIE CRAIG FOR KEVIN ROSS, FIRST VICE PRESIDENT,
NATIONAL CORN GROWERS ASSOCIATION, MINDEN, IOWA

For years, American farmers have expressed concerns about the true potential of South America's rivaling agricultural production and export market—but they were comforted with knowledge that U.S. transportation and distribution systems were far superior to keep our goods competitive. But that may no longer be the case. As Mr. Ross stated, and I quote

“Continued low commodity prices and consecutive years of declining farm income, coupled with recent trade disruptions, and the aging infrastructure systems of locks and dams are taking a toll on farmers.”

Especially after the massive shockwave retaliatory tariffs have imposed on our farmers, South American agriculture is even more affordable and ... accessible. There have been extensive infrastructure investments all over the continent to facilitate getting their exports to port quicker. Before long, our decaying locks and ports will overcome the strategic geography of our inland waterways. We must keep up with global investment.

Question 1. Mr. Ross, can you elaborate how U.S. farmers are feeling the pressure of infrastructure investments being made abroad meanwhile faltering here in the United States? Especially with stocks of commodities held in grain bins and ports across the US, how can increased investment make us more competitive in the context of retaliatory tariffs?

ANSWER. For years, the American farmer's ability to quickly and efficiently ship their product to the marketplace via our transportation and infrastructure system has made U.S. agricultural exports highly competitive on a global scale. Brazil, a leading global competitor to the U.S. in corn exports, has a lower cost of corn production due to a lower land and labor cost than the U.S. It is the higher transportation costs in South America that make exports more expensive for grain importers compared to U.S. corn. Brazil moves most of its corn from truck to ports, and transportation costs account for approximately 36% of those export costs.¹ Transportation costs are only 16% for U.S. corn exports and American farmers can capture more of their crop's price than Brazilian competitors because we have options to move our corn exports by inland waterways, rail and trucks.

As I stated in my written testimony, 54 percent of corn exports in the United States are transported by barge and the inland waterway system is a vital artery of transportation for getting product out to the marketplace. However, 78 percent of locks and dams already exceed their design lifespan and are in need of repairs. The lock and dam system on the Mississippi, Ohio, and Illinois Rivers was built in the 1930s for a 50-year-life-span and a significantly lesser amount of barge traffic. This system is well past its useful life and delays are common and costly. Similarly, with many rural bridges and roads in need of major repairs it's delaying the efficient transportation of our products. The saying “time is money” holds true in farm country as well. Problems within the U.S. transportation system are compounded at the farm gate.

¹ https://www.ers.usda.gov/webdocs/publications/44087/59672_eib-154_errata.pdf?v=0
Corn and Soybean Production Costs and Export Competitiveness in Argentina, Brazil, and the United States, EIB-154 Economic Research Service/USDA

The new Brazilian government is promising to prioritize inland infrastructure upgrades and new ports are already in development. Modernized transportation infrastructure would help Brazil close the gap with the U.S. corn in competitiveness. Brazil is working to erode U.S. market share in countries with which we have ongoing trade disputes. For example, when the future of the North American Free Trade Agreement (NAFTA) was threatened, Brazilian industry courted Mexican corn importers seeking to supply a greater share of corn to Mexico, the United States' top corn export market. Other commodities that have been subjected to large retaliatory tariffs have experienced stark examples of lost market share to South American competitors. The prospect of losing our long-held edge in infrastructure could not come at a worst time. This is an avoidable consequence if we act now.

Investing in our locks and dams to ensure an efficient transportation and infrastructure system is a major priority to the National Corn Growers Association. We must maintain and invest in the future of our infrastructure system, amplifying our advantage instead of continuing to watch its slow and painful erosion.

QUESTION FROM HON. ANGIE CRAIG FOR KIRSTEN WALLACE, EXECUTIVE DIRECTOR, UPPER MISSISSIPPI RIVER BASIN ASSOCIATION, ST. PAUL, MINNESOTA

My district features two Army Corps of Engineers locks along the Mississippi River that are integral to the trade flowing up and down stream. My district also features environmental treasures that share their home with the commerce taking along the riverbed and shores. Both need support, protection, and investment.

Ms. Wallace, as you said,

"The Navigation and Ecosystem Sustainability Program is a comprehensive and integrated plan for meeting the current and future shipping demands, stimulating economic growth, and improving the health and resilience of the river ecosystem."

Question 1. Unfortunately NESP has been suspended since June 2011 due to lack of funding by Congress. I intend to change this now that I'm here. Ms. Wallace, can you tell me about the history of success of the program, and how reinstatement of funding would make a difference to my district and the surrounding high-priority areas for improvement?

ANSWER. Thank you for your question and your strong support for the Upper Mississippi River and the Navigation and Ecosystem Sustainability Program (NESP), in particular. NESP includes the construction of a second 1,200-foot chamber at the system's seven most congested locks (Locks 20–25 on the Upper Mississippi and La Grange and Peoria Locks on the Illinois River), small-scale navigation efficiency improvements, and a suite of ecosystem restoration projects to increase the quality and abundance of fish and wildlife habitat. These planned investments in the navigation and ecosystem will have long lasting economic benefits to Minnesota and to Minnesota's Second District.

We understand that ongoing reluctance from the Administration to fund NESP is largely a consequence of uncertainty surrounding 50-year traffic forecasts. However, numerous economic indicators clearly suggest that the river is of national importance and is a backbone transportation mode for large and small economic sectors, including agriculture, mineral extraction, and manufacturing. Land-based transportation modes are operating at or over capacity creating costly shipping delays and making the river increasingly attractive to suppliers and manufacturers. Shippers, ports, and terminals are working collaboratively with suppliers to reestablish container shipping on the Mississippi River, including at the St. Paul Port. In addition, shippers successfully raised their fiscal contributions to lock infrastructure investment through the Inland Waterway Trust Fund. The U.S. Department of Transportation is forecasting substantial growth in commercial transportation demand on inland waterways and the Upper Mississippi River System in particular. Businesses throughout the Midwest suggest that the long term reliability of the aged, single-point-of-failure infrastructure is dampening the utilization of the Upper Mississippi River System, but addressing these impediments (through NESP and operation and maintenance) will stimulate use of the river and alleviate congestion on land-based modes.

With regard to transportation impacts, the second, 1,200-foot navigation chamber at all five locks on the Mississippi River will increase the river's reliability by adding redundancy with two lock chambers and reduce costs for shippers and consumers by increasing efficiency of lock transit times. According to the U.S. Department of Commerce in 2013, Minnesota shipped via the Mississippi River over fifty percent of its agricultural exports.

Minnesota also ships on the Mississippi River sand and gravel, cement, coal, petroleum, steel, and salt that are essential for economic growth and quality of life. In Minnesota's Second Congressional District, the maritime industry generates over

\$200 million annually in economic impact and over \$43 million in worker income, according to the American Maritime Industry.

NESP will also improve conditions for fish and wildlife through the construction of fish passage, modified dam operations to restore natural river level variability, backwater and island habitat, side channel reconnections, among other projects. Collectively, these restoration activities will help ensure thousands of species of birds, fish and other wildlife continue to thrive in their natural habitats in and along the Mississippi River. UMRR projects protect wetlands and lakes from fluctuating water levels and high sedimentation, recreate islands to provide refuge and food for many species of fish and wildlife, and restore natural diversity of water velocities and depths to improve fish habitat. Projects help protect against threats from invasive species, including Asian carp, that outcompete native fish and wildlife for food sources and limited habitat. Still more projects restore forest health and diversity.

Investing in the river's ecosystem strengthens the nation's economy—habitat restoration enhances important ecological services and uses, such as improved water quality benefiting municipalities, manufacturers, and renewable energy sources. Habitat quickly becomes available post-construction of these ecosystem restoration projects. Wetland vegetation provides waterfowl habitat in just a few years. Fish populations increase from new winter habitat in less than five years with newly established populations in under 10 years. This results in new opportunities for fishing and hunting and other recreation that have substantial local and regional economic benefits. Additionally, these projects draw in STEM-related education opportunities from kindergarten to college.

NESP includes a suite of ecosystem restoration projects in Minnesota's Second Congressional District, which are available in maps. Within the District, state and federal habitat practitioners have concluded that there has been significant degradation in the quality and availability of habitat resulting from high water, sedimentation. Restoration in the District will restore the mosaic of wetlands, braided channels, and forests. As evidenced by constructed habitat projects through the Upper Mississippi River Restoration program, these areas create jobs directly and indirectly and draw in tourists and recreationists.