



Alliance of the Ports of Canada, the Caribbean, Latin America and the United States

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Comments on Department of Transportation's National Infrastructure Investments (TIGER II) under the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act for 2010

May 7, 2010

Docket: DOT-OST-2010-0076

The American Association of Port Authorities (AAPA) is pleased to submit these comments on behalf of its U.S. member public port authorities regarding the Department of Transportation's National Infrastructure Investments (TIGER II) under the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act for 2010. **AAPA strongly recommends that a minimum of 25 percent of TIGER II funding be dedicated to port-related infrastructure needs.**

Port Infrastructure Should Have Equal Priority and Funding

Since the program's inception as part of the American Reinvestment and Recovery Act (ARRA), AAPA has been a very strong supporter of the TIGER multimodal discretionary grant program. Our members were also pleased to see that the model was continued through the \$600 million appropriation in 2010. However, we were discouraged to see that ports were vastly under-represented with only 8% of the original \$1.5 billion TIGER grant program funding awarded to port-related infrastructure projects while other sectors, such as transit, highway and pedestrian/bicycle received nearly 67 percent of the funds. Since port infrastructure investments are one of the four eligible areas (along with highways/bridges, transit, and freight/passenger rail) for the program, and other modes have received significant federal funds through other programs, we recommend that a minimum of 25% of the funding be awarded to port-related infrastructure projects.

In ARRA alone, these other modal sectors have already significantly benefitted from the \$27.5 billion grants disbursed through the traditional highway program formulas as well as programs for specific modes like high speed rail. Seaports do not currently have direct access to traditional transportation funding sources through the highway bill. In addition, projects to improve or facilitate landside access to ports are not traditionally prioritized in the planning processes at the state and local level. In the absence of reliable and dedicated port infrastructure funding, the TIGER discretionary grant program represents a way to fund projects that will sustain and improve America's critical gateways for global trade. USDOT's recently drafted "Strategic Plan - 2010-2015" states that *"Ports are key components of the Nation's intermodal transportation system, serving as the gateway for the import and export of goods in the global economy. Just as DOT is the steward for ensuring that the interstate highway system is in a state*

of good repair, DOT must also ensure that access into and out of our ports and marine facilities can meet our economic and security needs.” By dedicating at least 25 percent of this fund to port terminal infrastructure, landside access to port facilities and other supporting improvements, USDOT can ensure that resources are available to execute this piece of the strategic plan and adequately support America’s trade gateways.

On April 17, 2010 AAPA’s call for a 25% set aside for port infrastructure in TIGER II was supported by 19 members of Congress when they penned a letter to Secretary LaHood (attached) urging that *“the \$600 million in National Infrastructure Investments discretionary grant is the right opportunity for the U.S. Department of Transportation to demonstrate its commitment to our ports - a vital component of our nation's economic recovery. To reiterate, at a minimum, we hope the Department of Transportation will provide 25% of the Fiscal Year 2010 discretionary funding to our nation's ports.”*

Efficient Seaports Are Vital to the U.S. Economy and Jobs

America’s seaports serve as our economic lifeline and the critical link to the global marketplace. Over a quarter of our GDP is accounted for through international trade. U.S. seaport activities generate more than \$3 trillion in economic activity annually. Each of our 50 states relies on 13 to 15 seaports to handle its imports and exports, which total more than \$3.8 billion worth of goods moving in and out of U.S. seaports each day.

Seaports support the employment of more than 13.3 million people in the United States. Seaport-related jobs account for \$649 billion in personal income. For every \$1 billion in exports shipped through seaports, 15,000 U.S. jobs are created. With ambitious greening initiatives nationwide, seaports are also providing new green jobs and could do even more with federal investment. Funding port infrastructure projects not only creates jobs but supports the construction and engineering sectors. The bottom line is that seaports directly and indirectly create new, high-paying jobs that provide family-sustaining wages for U.S. workers.

The Export Initiative and North American Port Competiveness

As our nation continues on the pathway to economic recovery and answers the President’s call to double U.S. exports over the next five years, our goods movement system is challenged by inadequate infrastructure investment in and connectivity to America’s seaports. Bottlenecks in the intermodal transportation system result in congestion, delays, productivity losses, and a global economic disadvantage for our country.

In a recent Senate Finance Committee hearing conducted on April 29, 2010 regarding “Doubling U.S. Exports: Are U.S. Sea Ports Ready for the Challenge?” Steve Larson of Caterpillar, Inc., one of America’s largest heavy equipment exporters, commented on the challenges associated with exporting through the U.S. port system.

“...the lack of capacity at U.S. ports and inadequate mode integration are impeding the flow of both imports and exports through the U.S. port system. Capacity constraints at major ports are forcing shippers to disperse their shipments through multiple ports instead of using a single port of entry, or divert shipments altogether through Canadian or Mexican ports.”

Mr. Larson stated that Caterpillar is now using Canadian ports for a large percentage of its U.S. export and import transportation business.

“Caterpillar has come to increasingly utilize Canadian ports for both import and export containers due to improved transit times and costs. Approximately 40 percent of Caterpillar’s imports and exports now move through Canadian ports, with 50 percent of our European imports arriving in Halifax. Our imports arriving in Illinois from Montreal, Canada are 2 to 3 days faster and more cost-effective than those that arrive from Norfolk, VA and service is also 2 days faster from Prince Rupert Harbor (north of Vancouver) than going through Long Beach/LA. We are currently looking to use this route for additional selected traffic in 2010.”

As evidenced by this testimony, the U.S. port system is already feeling the effects of congestion and inefficiency in the form of lost transportation business and jobs to Canada and Mexico. Ensuring well maintained seaports with adequate capacity and congestion-free port access is critical to America’s ability to increase U.S. exports and retain transportation market share for cargo originating from or destined for the United States.

Port-Related Infrastructure Projects Contribute to Livability

Three of the six “livability principles” developed to guide policies for the joint HUD/DOT/EPA partnership can be accomplished directly by investing in port-related infrastructure. *Enhancing Economic Competitiveness* is job one for seaports. Aside from providing jobs for their regions and beyond, efficient seaports expand market access for existing and new businesses by providing the capability to export their products. Ports also provide import capabilities for raw materials, parts, fuel stocks, and other inputs for American business that cannot be produced or extracted domestically. Seaports are also departure and ports of call for cruises. Nearly 9 million passengers embarked on cruises from U.S. ports in 2008. TIGER grants appeared to place a low priority on projects that supported cruise operations despite the fact that these operations create significant jobs and economic activities in the communities where they are located. In fact, in 2008 the cruise industry generated 357,710 jobs that paid a total of \$16.2 billion in wages and salaries nationwide. Cruise terminals, much like air terminals, are transportation hubs for travelers and future discretionary grants should recognize their value and transportation infrastructure needs.

Both *Supporting Existing Communities* and *Valuing Communities and Neighborhoods* can also be accomplished through funding port-related infrastructure projects. Urban seaports are generally located in the core of America’s great cities and are a key reason why these areas traditionally flourished. As seaports burgeoned into economic engines, creating jobs for the regions they served, vibrant communities grew up in proximity to the working waterfront. This convergence of growing freight volumes and residential and passenger needs over-stressed transportation infrastructure resulting in road and rail congestion, air quality and safety issues, and negative impacts on quality of life in the adjacent communities. Many port-related infrastructure projects, such as the Mercer Corridor Redevelopment in Seattle, the Fast Corridor access projects in the Pacific Northwest, and the Alameda Corridor in Southern California demonstrate that there are win-win solutions for livability and freight mobility. By addressing grade separations, deteriorated and congested last-mile connections and improving safety by adding the appropriate capacity to local connector roads, livable communities adjacent to seaports can be achieved.

When discussing livability, one cannot overlook how quality of life in America is improved by providing our citizens the world’s most robust access to market goods. Because of seaports, consumers enjoy less expensive options for purchasing food, clothing, medicine, fuel, technology, finished goods and building materials. Having less expensive choices has allowed American families to better weather the economic downturn. As imbued in the President’s Export Initiative,

American quality of life is improved by creating jobs and improving local economies through enhancing our capability to provide American exports to the global market.

Conclusion

By dedicating at least 25 percent of TIGER II funding to port terminal and landside access infrastructure and putting port-related infrastructure on an equal footing with the other eligible modes, the Federal government has the ability to create and sustain jobs, help our economic recovery, answer the President's call for doubling exports, and improve Americans' quality of life, while ensuring that U.S. port system remains competitive with our North American neighbors.

Thank you for your consideration of these important issues.

Sincerely yours,

A handwritten signature in black ink, reading "Kurt J. Nagle". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Kurt J. Nagle
President & CEO
American Association of Port Authorities

Attachment

Congress of the United States
Washington, DC 20515

April 27th, 2010

The Honorable Ray LaHood
Secretary of Transportation
U.S. Department of Transportation
400 Seventh Street, SW
Washington, D.C. 20590

Dear Secretary LaHood,

We write to respectfully request your attention and due consideration to ensuring that America's ports are provided at least 25% of the \$600 million appropriated by the Congress for National Infrastructure Investments. As you know, Division A, Title I of the Consolidated Appropriations Act of 2010 (Public Law 111-117) funds capital investments for a variety of transportation projects including but not limited to highway or bridge construction, transit projects, or port infrastructure investments. This investment by Congress builds off the \$1.5 billion invested into a National Infrastructure Investment discretionary grant for the Secretary of Transportation in the American Recovery and Reinvestment Act.

We make this request because we are concerned that port infrastructure investments were greatly overlooked in the recent awarding of the \$1.5 billion discretionary grant (TIGER Grant) from the Recovery Act. Of the TIGER grants awarded, only 8% went to seaport infrastructure improvements. This is deeply troubling to us as we had understood that ports would be given an adequate opportunity to compete for the discretionary grant funds. Furthermore, the only source of funding for ports in the Recovery Act was through the TIGER grant process. Highways, transit, high-speed rail, and other transportation projects had other funding sources under the Recovery Act and through Highway Trust Fund formula accounts. As such, we had expected that ports would be given more consideration in the TIGER grant program.

Ports across the United States are critical links to our nation's trading partners. For example, ports account for 99.4% of U.S. overseas trade by volume and 64.1% of trade by value. Moreover, a more direct impact of ports is that they provide 13.3 million jobs, accounting for \$649 billion in personal income and more than \$3.15 trillion in marine cargo-related spending. It is clear that ports are critical to our nation's economic well being and their infrastructure investment needs should not be overlooked or discounted. The economic downturn, coupled with increasing costs of port infrastructure projects, necessitates robust support from the Federal government.

The \$600 million in National Infrastructure Investments discretionary grant is the right opportunity for the U.S. Department of Transportation to demonstrate its

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Secretary of Transportation
April 27th, 2010
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commitment to our ports – a vital component of our nation’s economic recovery. To reiterate, at a minimum, we hope the Department of Transportation will provide 25% of the Fiscal Year 2010 discretionary funding to our nation’s ports. There are clear and evident needs in our ports across the country that must be adequately addressed in a more timely fashion. We appreciate your attention to and consideration of our request.

Sincerely,



MADELEINE Z. BORDALLO
Member of Congress



DON YOUNG
Member of Congress



RODNEY ALEXANDER
Member of Congress



ROBERT A. BRADY
Member of Congress



ANH J. CAO
Member of Congress



LOIS CAPPS
Member of Congress



MIKE CASTLE
Member of Congress



SUSAN A. DAVIS
Member of Congress



MARCY KAPTUR
Member of Congress



DENNIS J. KUCINICH
Member of Congress

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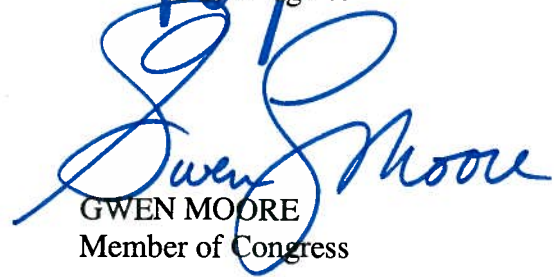
RICK LARSEN
Member of Congress



STEPHEN F. LYNCH
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CHARLIE MELANCON
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GWEN MOORE
Member of Congress



SOLOMON P. ORTIZ
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RON PAUL
Member of Congress



PEDRO PIERLUISI
Member of Congress



BENNIE G. THOMPSON
Member of Congress



MIKE THOMPSON
Member of Congress

CC: The Honorable David T. Matsuda, Acting Administrator, Maritime Administration