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**Prepared for the
United States Senate
Committee on Environment and Public Works
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Growing the Economy and Protecting Public Safety”
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Room 406 Dirksen Senate Office Building**

Chairman Boxer, Ranking Member Senator Inhofe and Members, I thank you for the opportunity to provide written testimony to the Committee on Environment and Public Works on the need for a Water Resources Development Act (WRDA).

The American Association of Port Authorities serves the leading public port authorities throughout the western hemisphere. This testimony is submitted on behalf of AAPA’s U.S. public port members.

Since the WRDA bills are of critical importance to the health of the port industry, we appreciate the Committee’s leadership in addressing the need for a Water Resources Development Act.

In addition to authorizing the water infrastructure projects necessary for the nation to progress, the bill normally includes many policy provisions and guidance to the Corps of Engineers which directly impact project sponsors and those other parties with key financial interest. I will focus my comments

today on the need to authorize new projects to keep the nation competitive in the world economy and promote jobs and economic activity here at home. I also will address the need to put streamlining and efficiency provisions in place that will allow projects to move along more quickly.

Economic Considerations

Seaports and their allied partners provide over 13 million high-paying, family-wage jobs and contribute more than a quarter of the nation's GDP. The historic partnership between seaports and the federal government finds its roots in the Commerce Clause of the U.S. Constitution and is the oldest and most federal of all the Corps of Engineers' missions. That partnership has built much of the water-side infrastructure we maintain and use today. However, increasingly we find that the federal partner is unable to uphold its part of the bargain in financing new infrastructure and channel improvement projects. As a result, the growth in jobs and income is not being realized to the same extent as in the past. We are calling upon the committee to consider a series of streamlining and efficiency provisions that permit more flexibility and new options for financing and maintaining federal channel projects. That will aid our industry's ability to capture the benefits sooner and increase transportation savings to shippers, producers, exporters and consumers. And, of course, that equals more jobs and economic growth.

We currently have many channel deepening studies underway at seaports throughout the country that are required to handle increasingly larger vessels if the nation is to remain competitive in global markets. Some studies have been stalled for many years and are not advancing because of technical or policy conflicts among reviewers, the study teams and the project sponsor. We are hopeful that when fully implemented, the revised project development and review sections of WRDA 2007 will result in improvements in the overall project delivery process. We ask the Committee to monitor that progress with us.

Having been a port director at major ports on both the East and West Coasts, I can unequivocally assure you that dredging impacts the bottom line at every port, on the dock, at the terminals and in the yard. It also directly impacts the transportation savings we are able to create for all who depend on the port and the federal channels that covers over 90 percent of our world trade. Dredging-directly equates to jobs, income and international competitiveness.

Just this week the American Society of Civil Engineers (ASCE) released a report entitled “*Failure To Act: The Economic Impact of Current Investment Trends in Airport, Inland Waterways and Marine Ports Infrastructure.*” This report concluded that aging infrastructure for marine ports, inland waterways, and airports threatens more than one million U.S. jobs. The report concludes that unless America’s infrastructure investment gaps are filled, transporting goods will become costlier, prices will rise, and the United States will become less competitive in the global market. As a result, employment, personal income, and GDP will all fall due to inaction.

The report also stated that “The United States has 300 commercial ports, 12,000 miles of inland and intra-coastal waterways and about 240 lock chambers, which carry more than 70 percent of U.S. imports by tonnage and just over half of our imports by value. To remain competitive on a global scale, U.S. marine ports and inland waterways will require investment in the coming decades beyond the \$14.4 billion currently expected.” ASCE reports that with an additional investment of \$15.8 billion between now and 2020, the U.S. can eliminate this drag on economic growth and protect.

Importance of WRDA

Earlier, I mentioned the critical role this committee plays in authorizing new projects, modifications to existing projects and in providing federal authorities and policy direction. Our friends in the dredging industry like to say “it all begins with dredging.” In reality, it all begins with you. Projects cannot start construction or be modified until you have done your due diligence in identifying the best set of provisions needed to move ahead projects under consideration. We need that process to be regular and reliable as we attempt to keep up with competing world markets. Yesterday’s processes and projects are not meeting the nation’s needs today or contributing to the economy to the extent possible. The WRDA is the critical legislation to move us ahead and assure that we stay competitive with adequately sized channels that accommodate the modern larger dimensions of the world fleet.

Streamlining and Efficiency Measures Needed

Just as our channels and infrastructure need to meet world market demands, so do our institutional arrangements and planning and project development processes need to be current and reflect the need to have flexible authorities available to the Corps of Engineers. The current budget environment has limited the federal partner from meeting obligations to share in project costs. However, we must continue to modernize and adequately maintain our water-side infrastructure and channels or we will

lose ground to other nations, with dire economic consequences. We ask the committee to consider more flexible policies and authorities that allow the non-federal sponsor to assume a more up-front role in project financing when desired or needed. We also ask the committee to consider process changes to provisions contained in prior WRDA's in the interest of both streamlining and increased efficiency. We look forward to working with the committee to identify provisions that will provide the efficiencies and streamlining discussed.

Harbor Maintenance Tax

This committee has long recognized the importance of our nation's port system as an integral part of the transportation network and freight system. It has been very supportive of an adequate dredging program for all the nation's commercial ports, large and small. Sections 2005 and 2029 of WRDA 2007 speak to the need for adequate dredged material management, beneficial use of recovered sediments, and use of multiple factors in judging the benefits to the nation for investing in maintenance dredging. However, we believe it is time to revisit the now 26-year-old Harbor Maintenance Tax and Trust Fund authorized in the 1986 WRDA that is the sole source for reimbursement of federal maintenance dredging funding. Port and harbor users are paying for 100 percent of maintenance dredging and getting half in return. The tax revenue of about \$1.5 billion annually should be adequate to maintain federal channels if fully applied.

Congressional intent notwithstanding, there is no provision in the original authorization to dedicate that tax revenue. We ask the Committee to consider legislative provisions to insure full use of the tax in the next WRDA.

And finally, we commend the Committee leadership for recognizing the nexus between water resources development and economic prosperity. Limiting spending by under-investing in the nation's seaport water infrastructure limits job creation, results in higher consumer prices and penalizes exporters through higher transportation costs. We urge you to develop and pass a Water Resources Development Act at the earliest possible time.