

November 13, 2017

The Honorable Elaine L. Chao
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

RE: AAPA Comments on the Draft DOT Strategic Plan for FY 2018-2022

Dear Secretary Chao:

The American Association of Port Authorities (AAPA) appreciates the work you are doing today to ensure our nation's transportation programs meet the needs of a growing population and dynamic global trade. We applaud your efforts to look ahead to what our transportation system could be and believe the U.S. Department of Transportation's (DOT) Strategic Plan is particularly timely as DOT works to integrate the new freight programs that were authorized in the FAST Act. We appreciate the opportunity to provide comments on the draft DOT Strategic Plan.

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

Today, international trade through seaports accounts for over a quarter of the U.S. GDP. At the center of trade and transportation are America's seaports, which handle approximately \$6 billion worth of import and export goods daily, generate over 23 million jobs, and provide more than \$320 billion annually in federal, state and local tax revenues.

To meet this growing demand, there is an urgent need for a multimodal freight transportation strategy and funding. As trade grows, there must be sustainable investment in our nation's freight infrastructure to enable U.S. goods to successfully compete.

Additionally, while the dedicated freight funding authorized in the FAST Act is a tremendous step forward, only \$1.13 billion of the \$11 billion authorized is multimodal eligible. Further, after several rounds of FASTLANE/INFRA grants, only \$275 million of the multimodal eligibility for discretionary projects remains available.

AAPA would like to see the multimodal cap for INFRA grants and the formula funding lifted to help streamline and fund more efficient freight projects. Additionally, freight touches all modes within USDOT. AAPA recommends that the strategic plan establish a properly funded and staffed Office of Multimodal Freight Transportation within USDOT's Office of the Secretary to address the multimodal domestic and international freight planning needs across the agency's various modal administrations. Given the multimodal nature of freight, the Secretary's office is an ideal place to reestablish this office. With the National Multimodal Freight Network (NMFN) being finalized by USDOT, this office would set the course for the Administration's multimodal infrastructure and freight agenda. We would also recommend that INFRA grants be administered through the multimodal office.

As a nation, it is important for us to get ahead of change, instead of merely trying to catch up or playing from behind. The same can be said for an agency like USDOT. There would be great value in an enhanced and ongoing dialogue with industry, to share information and global trends. These conversations again should be multimodal in nature and could be convened from a newly established multimodal office. Additionally, as trade increases, freight flows will inevitably shift. It is difficult to make the needed investments in the nation's infrastructure, if the role or partnership of the federal government is not fully defined. To help plan and make sustainable investments in a national freight network, we suggest several approaches:

- 1) Provide direct multimodal funding for freight projects similar to TIGER grants, but with a greater focus on freight efficiency;
- 2) Create a freight fund that provides formula funds to states as well as a discretionary grant program, so that adequate funding can be distributed; and
- 3) Provide a sustainable funding source for the freight network. AAPA endorses the concept of a waybill fee as an equitable approach to provide long-term funding for freight.

While your strategic plan looks toward the year 2022, AAPA members have identified specific needs for the nation's freight infrastructure in the coming years. The freight network needs a strong foundation to be prepared for future demands. We believe that direct investment in our ports and the freight network is a necessity to not only handle the current freight volumes, but to allow us to fully integrate technology and innovation to comprehensively plan and shape the future of freight.

Please do not hesitate to contact me if you would like to further discuss these issues. AAPA looks forward to working with you to successfully take on both current and future freight and maritime challenges, as they are implemented into the USDOT's five-year strategic plan.

Sincerely,



Kurt J. Nagle
President & CEO