

May 7, 2019

The President  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
H-232 Capitol Building  
Washington, DC 20515

The Honorable Chuck Schumer  
Senate Minority Leader  
U.S. Senate  
322 Hart Senate Office Building  
Washington, DC 20510

Dear Mr. President, Speaker Pelosi and Minority Leader Schumer,

You have a historic opportunity to improve our nation's infrastructure, and we are excited by the opportunity that follows your recent announcement to make significant federal investments in the near future. We encourage you to find a path forward to address the infrastructure needs of this country, including those at America's ports.

The American Association of Port Authorities (AAPA) represents ports throughout the United States. Our member ports handle most of the overseas cargo flowing into and out of our nation, which is essential to our standard of living. American seaport activity supports nearly 31 million American jobs and 26 percent of the economy.

Infrastructure investments in America's seaports and their intermodal connections – both on the land and in the water – provide opportunities to bolster our economy, create and sustain jobs, enhance our international competitiveness and pay annual dividends. As you further discuss investing in our nation's infrastructure, we urge you to ensure port investments are a priority in order to keep our nation strong. Investments in America's ports will propel our economy. Ports are a vital part of America's critical transportation infrastructure and the keystones of a strong economy, connecting rural American farmers, manufacturers, workers and consumers to the global market place and supporting the deployment of our military.

It is a critical time for making needed federal investments in the nation's port-related infrastructure. Rising freight volume means our nation must upgrade waterside and landside infrastructure to accommodate larger ships and the accompanying cargo surges, as well as passengers from cruise ships. In the last 17 years alone, container volumes have increased by 71 percent, passengers through our cruise port terminals increased by 98 percent and total foreign trade in short tons increased by 37 percent.

AAPA has identified \$66 billion in port infrastructure needs over the next decade, split between landside and waterside needs. Below are the key current federal programs that would benefit from additional infrastructure investment.

### **Corps of Engineers**

AAPA has identified \$33.8 billion in waterside seaport federal investment needs over the next decade, \$27.6 billion to maintain deep-draft navigation channels and \$6.2 billion to modernize them. AAPA proposes the following recommendations:

- ✓ Spend down the surplus in the Harbor Maintenance Trust Fund to bring our nation's harbors to their authorized widths and depths (\$9.3 billion).
- ✓ Fully use prior year's Harbor Maintenance Tax (HMT) revenues (\$18.6 billion over the next 10 years).
- ✓ Fix the inequities in how the prior year's HMT revenues should be spent to address HMT tax fairness concerns. AAPA has proposed a fair and equitable solution that should be included in any infrastructure bill.
- ✓ Allocate funds to complete 15 approved port deepening projects needed to enhance our international competitiveness (\$3.1 billion of current need).
- ✓ Allocate funds for the federal share of projects undergoing feasibility studies (\$3.1 billion).

### **Department of Transportation**

AAPA has identified at least \$32.03 billion in landside seaport-related federal investment needs over the next decade. There is \$28.9 billion in landside needs to build road and rail connectors to ports and \$3.13 billion is needed to improve port facility infrastructure. In AAPA's State of Freight II report, AAPA members identified more than \$20 billion in multimodal freight needs. Any Department of Transportation (DOT) programs should be fully multimodal eligible. AAPA proposes the following recommendations:

- ✓ Provide \$3.13 billion over 10 years to improve port facility infrastructure including:
  - Fund the Maritime Administration's new Port Infrastructure Development Program. This new port infrastructure program will address port needs both inside a port and its connecting infrastructure (minimum of \$300 million a year).

- Fund DOT's Better Utilizing Investments to Leverage Development (BUILD) grant program, exempt port projects from the 10 percent state limitation and provide 25 percent of the \$1.25 billion annual program.
- ✓ Build vital road and rail connectors to ports:
  - Increase funding for the Infrastructure for Rebuilding America (INFRA) grant program and remove the multimodal cap associated with the program. AAPA supports the President's call to double funding in the FY 2020 budget.
  - Find a sustainable source of funding for freight programs and make them fully accessible for multimodal projects.

Additional DOT programs helpful to ports include the Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant program and the Marine Highway Program. Seventy-seven percent of ports report they are planning on-dock, near-dock and rail access projects. Additional funding for the Rail Rehabilitation Innovation and Financing (RRIF) program may also be helpful.

Ports would also benefit from new funding in the areas of security, safety and the environment. Key federal programs in these areas that support ports include the Department of Homeland Security's Port Security Grant Program (PSGP) and Customs and Border Protection staffing, the National Oceanic and Atmospheric Administration's Physical Oceanographic Real-Time System (PORTS) and related navigation support services, and the Environmental Protection Agency's Diesel Emissions Reduction Act (DERA) grants. A recent AAPA study showed that upwards of \$4 billion in port security funding is needed for U.S. port authorities alone in the next decade.

According to the American Society for Civil Engineers Failure to Act Report, without proper investment in U.S. seaport infrastructure, there is a \$4 trillion potential GDP loss by 2025, \$575 billion in costs to American businesses and households by 2025, \$14 billion in added cost of trade products due to shallow harbors by 2040 and \$3,400 in losses per household by 2025. Your infrastructure package can avoid these losses. Additionally, any federal investments would be leveraged by private sector plans. Ports and their private-sector partners plan to invest \$155 billion between 2016 and 2020 making this program even more impactful.

Thank you for your consideration of the AAPA recommendations on key components of an infrastructure bill that will benefit the nation, leverage improvements and help build America's 21st century seaport infrastructure, thereby creating jobs and stimulating economic growth.

Sincerely,



Kurt Nagle  
President & CEO