

WATER RESOURCES DEVELOPMENT ACT OF 2010: JOBS AND ECONOMIC OPPORTUNITIES

HEARING BEFORE THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

MAY 6, 2010

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ONE HUNDRED ELEVENTH CONGRESS
SECOND SESSION

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WATER RESOURCES DEVELOPMENT ACT OF 2010: JOBS AND ECONOMIC OPPORTUNITIES

THURSDAY, MAY 6, 2010

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC.

The full Committee met, pursuant to notice, at 9:35 a.m. in room 406, Dirksen Senate Office Building, Hon. Barbara Boxer (Chairman of the full Committee) presiding.

Present: Senators Boxer, Inhofe, Klobuchar, Udall, and Alexander.

OPENING STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator BOXER. The hearing will come to order.

Because we have a vote scheduled shortly, I wanted to get through all of the panelists. So, I would ask unanimous consent that my statement be placed in the record. And since there is nobody here to object, my full statement will be placed in the record.

Today's hearing will examine the ways investment in our Nation's water resources infrastructure creates and saves jobs and increases America's economic competitiveness. This is the kick off hearing as we begin our efforts to develop a Water Resources Development Act of 2010, known as WRDA, which will authorize the projects and programs of the U.S. Army Corps of Engineers.

As Chairman of the Senate Environment and Public Works Committee, job creation is a top priority, and we will hear from the witnesses today that water infrastructure investment is a proven job creator. The U.S. Army Corps estimates that every \$1 billion in Federal investment in water resource projects creates approximately 26,000 jobs.

Investments in our Nation's water resources not only create and sustain jobs in the short term; they do help us with economic recovery. They provide benefits to America's families and businesses every day, including maintaining navigation routes for commerce, reducing the risk of flooding, and restoring our precious ecosystems.

I look forward to working with Senator Inhofe and all my colleagues on both sides of the aisle to move forward with the WRDA bill this year. I am hopeful we can repeat the success we had in 2007 when we worked closely together to enact a WRDA bill. With

overwhelming bipartisan support in the Senate, we even overcame a veto and overrode a veto on that bill.

From trade to transportation, disaster prevention to rural recreation, WRDA and the projects, policies and programs that it authorizes are essential components of creating jobs and keeping our economy growing. In California, where we are facing some of our Nation's most critical water resource needs, many communities rely on projects and programs authorized by WRDA.

Today on our panel we have a very distinguished representative, Mr. Victor Uno. He is representing the Port of Oakland, which has benefited significantly from past WRDA bills that authorized the Corps to deepen the Port's navigation channel. You cannot have a port if the channel is not deep enough. That is obvious. And so, the improvements that we made were critical to bringing ships into the port and jobs associated with one of the busiest ports in the world.

My State also faces significant flood risk as a number of critical flood protection projects across the State that are necessary to protect life and property and ensure that California maintains its competitiveness. Water Resources Development Act of 2007 made significant progress on flood control projects in our capital of Sacramento and many other cities across the State. It is important that we build on that success.

I am grateful to colleagues on both sides of the aisle for their interest in this issue. I look forward to moving forward together on a Water Resources Development Act that ensures progress on important projects and programs that create jobs, support commerce and promote recovery and long-term prosperity.

So, with that, we are going to open it up. We have a very distinguished panel. Janet Kavinsky is the Director of Transportation Infrastructure at the U.S. Chamber of Commerce. We have worked with her in the past on many issues, and we are very happy to have her here. She is also the Executive Director of the Americans for Transportation Mobility Coalition.

With that, Janet, please start.

[The prepared statement of Senator Boxer was not received at time of print.]

STATEMENT OF JANET F. KAVINOKY, DIRECTOR OF TRANSPORTATION INFRASTRUCTURE, CONGRESSIONAL AND PUBLIC AFFAIRS, U.S. CHAMBER OF COMMERCE; EXECUTIVE DIRECTOR, AMERICANS FOR TRANSPORTATION MOBILITY COALITION

Ms. KAVINOKY. Thank you, Chairman Boxer, for the opportunity to testify today on reauthorization of the Water Resources Development Act.

Today I will focus on the Army Corps of Engineers' navigation mission. But I want to start by acknowledging the Corps' other critical economic and environmental efforts, including flood risk management. I know you are going to hear more about these from my fellow panelists.

The Chamber is a champion of maintaining, modernizing and expanding infrastructure in order to create and sustain jobs in the near term and to support U.S. economic growth and competitiveness in the long run. Movement of waterborne cargo and related

economic activities contribute more than \$742 billion annually to the U.S. GDP, sustaining more than 13 million jobs. These jobs can be found at ports, on vessels, in shipyards, in factories, fields and industrial facilities, and throughout the services sector.

Both the Chamber and President Obama have called for doubling U.S. exports within 5 years. One-third of all waterborne commerce tonnage is for export and requires a reliable and cost effective marine transportation system that links coastal ports and waterways, the Great Lakes and the St. Lawrence Seaway to keep U.S. goods competitive in the global marketplace.

One in four manufacturing jobs depends on exports. Nucor, the Nation's largest steel manufacturer and recycler, employs 21,000 people nationwide. Because water transportation minimizes the cost of transporting raw materials, and 60 percent of its steel mills, including in Memphis, have access to deep water, Nucor is well positioned to expand its exports and its jobs.

One in three acres on American farms is planted for consumers overseas. In any given year, 60 percent of all bulk agricultural exports are moved via the Upper Mississippi and Illinois Rivers, and over 85 percent of Oregon wheat is shipped through the Nation's No. 1 wheat and barley export gateway, the Columbia and Snake River system.

Let us focus for a moment on the transportation services sector that moves goods, such as Blessey Marine Services, headquartered in Harahan, Louisiana, with 500 vessel employees on nearly 60 boats safely transporting liquid products up and down the Mississippi. And Nashville-based Ingram Barge, employing over 2,000 people who operate more than 130 towboats and 4,000 barges. Even during the economic downturn, Ingram was hiring employees and continuing to buy new barges. In fact, in 2008 U.S. shipbuilding constructed over 1,200 domestic vessels, employing thousands of working in shipyards and related industries.

And of course every ship needs a port. The Port of Long Beach supports one out of every eight jobs in that city alone. The Port of Baltimore generates more than 50,000 jobs. Over 160,000 people are employed thanks to the Port of New Orleans.

And of course ports are not just on the coasts. The Tulsa Port of Catoosa is one of the largest and most inland river ports in the United States, with 63 industrial facilities employing 4,000 people in manufacturing, distribution and processing of products ranging from agricultural commodities to consumer goods.

There should be no question that a marine transportation system that is prepared to meet future demand for safe, reliable and efficient domestic and international freight movement creates and sustains jobs, and it grows the economy.

But are we prepared? Locks, dams and levees are outdated, overwhelmed, and in some cases literally falling apart. And repair and replacement can take years, even decades. The cost associated with failing infrastructure is significant. In 2003 an 8-week closure at the Greenup Locks and Dam Gate on the Ohio River cost \$13.2 million in transportation delays, and the ripple effects totaled \$30 million. Unfortunately, the same assets failed recently, costing barge operators \$2 million a week in estimated losses.

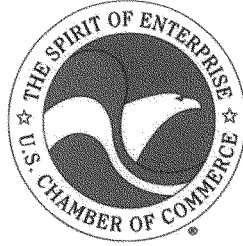
This Committee has the opportunity through WRDA reauthorization to address the lack of a coordinated Federal investment and management strategy, to establish priorities for addressing the backlog of leads, to increase and stabilize investment levels, and to create the conditions for successful project delivery.

Today, the Chamber respectfully submits to you its Marine Transportation Policy Statement with recommendations in each of these areas. We also endorse the Inland Marine Transportation Systems Capital Projects Business Model, developed jointly by the Inland Waterway User Board and the Army Corps of Engineers. It contains practical, long-term solutions for addressing the needs of the inland waterway system by prioritizing projects and outlining a potential funding solution.

In closing, I hope you will consider the Chamber a resource as you develop the WRDA bill. We will work with you to ensure that it maximizes job creation and economic growth.

Thank you very much for the opportunity to be here today, and I am happy to take any of your questions.

[The prepared statement of Ms. Kavinoky follows:]



Statement of the U.S. Chamber of Commerce

ON: WATER RESOURCES DEVELOPMENT ACT OF 2010:
JOBS AND ECONOMIC OPPORTUNITIES

TO: THE U.S. SENATE COMMITTEE ON ENVIRONMENT
AND PUBLIC WORKS

BY: JANET F. KAVINOKY
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DATE: MAY 6, 2010

The Chamber's mission is to advance human progress through an economic,
political and social system based on individual freedom,
incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation, representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

More than 96 percent of the Chamber's members are small businesses with 100 or fewer employees, 70 percent of which have 10 or fewer employees. Yet, virtually all of the nation's largest companies are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross-section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business -- manufacturing, retailing, services, construction, wholesaling, and finance -- is represented. Also, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity, not a threat. In addition to the U.S. Chamber of Commerce's 113 American Chambers of Commerce abroad, an increasing number of members are engaged in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross-section of Chamber members serving on committees, subcommittees, and task forces. More than 1,000 business people participate in this process.

Testimony of Janet F. Kavinsky

**Director, Transportation Infrastructure
and
Executive Director, Americans for Transportation Mobility**

U.S. Chamber of Commerce

May 6, 2010

Before the U.S. Senate Committee on Environment and Public Works

Introduction

Chairwoman Boxer, Ranking Member Inhofe, and distinguished members of the Senate Committee on Environment and Public Works, thank you very much for the opportunity to testify about economic and job creation opportunities associated with a Water Resources Development Act (WRDA). The Chamber appreciates the long tradition of leadership and dedication that this committee has shown on water resources issues.

My name is Janet Kavinsky, and I am the Director of Transportation Infrastructure at the U.S. Chamber of Commerce and the Executive Director of the Americans for Transportation Mobility Coalition. The Chamber is the world's largest business federation representing the interests of more than 3 million businesses and organizations of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

The Chamber strongly believes that our infrastructure – transportation, energy, broadband, and water systems – forms the physical platform of our economy. Previous generations have made critical investments in these systems to boost the economic health and global competitiveness of the United State and improve Americans' overall quality of life. Some of these systems are outdated, overwhelmed, and, in some places, literally falling apart. Others need continued investment for expansion and upgrades to meet increased demand. Now is the time to move on a robust, thoughtful, and comprehensive plan to build, maintain, and fund a world-class 21st century infrastructure. There can be no more delay.

Today, I am here to make the case for improving and increasing investment in the nation's water resources through a Water Resources Development Act. The Chamber's primary interest in a WRDA bill is ensuring that it adequately supports the Army Corps of Engineers' navigation mission, which is critical to ensure the viability of the marine transportation system. The Chamber defines the marine transportation system as consisting of ports, inland and coastal waterways, the Great Lakes, and the St. Lawrence Seaway. It is an integral, energy-efficient, and environmentally sustainable part of the national, multi-modal freight network and the global supply chain.

However, the Chamber recognizes that a WRDA bill provides critical economic and environmental benefits to the nation beyond navigation. Flood risk management is another essential mission of the Army Corps of Engineers. Nearly 94 million acres of land in the United States are at risk for flooding. Since 1936, the Corps has completed over 400 major lake and reservoir projects, emplaced over 8,500 miles of levees and dikes, and implemented hundreds of smaller local flood damage reduction projects. These projects have prevented an estimated \$706 billion in river and coastal flood damage, most of that within the last 25 years. The cumulative cost for building and maintaining these projects to date is more than \$120 billion.

Marine Transportation in Context

For far too long, the United States has failed to make infrastructure a priority, relying on the investments Americans made decades ago, and our transportation network is deteriorating rapidly. Our lack of attention to these issues has real ramifications for America's competitiveness and economic health. Without increased investment and improvement to our marine transportation system, taxpayers – individuals and businesses – will see no end to these unacceptable costs that are a result of inadequate infrastructure.

Generating Economic Growth and Jobs through Goods Movement

Manufactured goods and cargo move through the United States on a system primarily consisting of ports, roads, rail, and inland waterways. On a typical day, about 43 million tons of goods valued at \$29 billion, moved nearly 12 billion ton-miles on the nation's interconnected transportation network. The supply chain is viewed from initial point of origin to the final destination, with frequent junctures in between. To keep competitive domestically and internationally, many U.S. businesses have developed complex logistics systems to minimize inventory and ensure maximum efficiency of their supply chains.

Waterborne cargo and associated activities contribute more than \$742 billion dollars annually to the U.S. Gross Domestic Product, sustaining more than 13 million jobs, according to the Committee on Marine Transportation System. The U.S. Army Corps' of Engineers Waterborne Commerce Statistics Center states that in the United States, over 955 million short tons of cargo were moved in domestic waterborne commerce, and over 1.5 billion short tons were moved in foreign waterborne commerce, for a total of almost 2.5 billion short tons of waterborne commerce in 2008.

Opened to navigation in 1959, the St. Lawrence Seaway part of the system has moved more than 2.5 billion metric tons of cargo in 50 years, with an estimated value of more than \$375 billion. Cargo movement on the Great Lakes and the St. Lawrence Seaway can approach 250 million tons per year, or nearly one ton for each resident of the United States, according to the Great Lakes Maritime Task Force.

The Exports Initiative: the Role of Marine Transportation

When President Obama delivered his State of the Union address in January, the Chamber welcomed his call for a national goal to double U.S. exports within five years. The rationale is clear: we cannot rely on domestic consumption (private or public) to generate more demand for the goods and services we produce. The American consumer has been cutting back and directing more income toward savings, and the federal government faces an unsustainable budget deficit equivalent to roughly 10% of U.S. GDP this year.

Most importantly, the opportunities are there. Outside our borders are markets that represent 73% of the world's purchasing power, 87% of its economic growth, and 95% of its consumers.

We are well positioned to tap those markets. Already, many Americans are making a living selling to markets abroad. According to the U.S. Department of the Treasury, more than 50 million Americans work for companies that engage in international trade. According to the Department of Commerce, one in four manufacturing jobs depends on exports, and one in three acres on American farms is planted for hungry consumers overseas, according to the American Farm Bureau.

The marine transportation system – from waterways to ports – plays a critical role in getting our exports to international markets. Of the 1.5 billion short tons moved in foreign waterborne commerce, over 500 million short tons were exports and almost 1 billion short tons were inbound from foreign markets to the United States. Almost 25 percent of cargo moving through the St. Lawrence Seaway travels to and from overseas ports, especially Europe, South America, the Middle East, and Africa.

Ports across the country are economic engines for the nation's economy as well as their local economies.

- Long Beach is the second busiest port in the United States. In 2009, the Port handled 5,067,597 containers (TEUs) and cargo valued at more than \$120 billion. Foreign consumers purchase about \$18 billion a year worth of American goods shipped through the Port.
- Port of Baltimore, which has been in continuous operation for more than 300 years, is an economic engine to the national economy as well as the local economy (please see below). It handles more than 30 million tons of cargo annually and ranks among U.S. leaders in Roll-on/Roll-off cargo, imported forest products, automobile exports, overall tonnage handled and total cargo value.

- The Port of New Orleans is beginning and end point for a lot of waterborne commerce given its geographic position. It is a diverse general cargo port, handling containerized cargo such as apparel, food products, and consumer merchandise. The Port's general cargo volume has averaged 8.6 million tons from 2003 through 2007.

Businesses Rely on Marine Transportation

The business community – from ports to barge operators to agricultural exporters – depends on a marine transportation system to move goods to domestic and international markets. They are also important parts of the nation's economic engine and are drivers for job creation in America.

The principal commodity groups carried by water (including commodities moved by water for export) include petroleum and petro products, coal, food and farm products, manufactured goods, raw materials, and chemicals. Every year, roughly 624 million tons of waterborne cargo transit the inland waterways, a volume equal to about 14 percent of all intercity freight and valued at nearly \$70 billion, according to the National Waterways Foundation. The inland waterway system is the primary artery for more than half of the nation's grain and oilseed exports, for about 20 percent of the coal for utility plants, and for about 22 percent of the domestic oil movements, according to the Army Corps.

In addition, barge transportation is a fuel efficient and environmentally friendly method of moving goods. A barge can move one ton of freight on one gallon of fuel 576 miles.

According to the Army Corps' *The U.S. Waterway System – Transportation Facts (2009)*, waterborne commerce is moved by the nation's fleet of over 40,000 commercial vessels, which includes large container ships, tugboats and barges, and other vessels. There were over 1,200 domestic vessels constructed in 2008, employing thousands of workers in shipyards and related industries. Here are a few examples:

Ingram Barge Company

Nashville, TN-based Ingram Barge Company is the nation's largest inland marine transportation company and has operations throughout most of the nation's inland waterway system—from New Orleans, LA up the Mississippi River through St. Louis and into Minneapolis, and up the Ohio River through places like Louisville, KY to Pittsburgh, and many other points in between. Ingram operates a fleet of over 130 towboats and 4,000 barges—which constitutes approximately 20% of the nation's dry cargo barge fleet. Ingram provides reliable, cost-effective, and environmentally efficient transportation services to a wide range of industries and sectors, including utilities, agriculture, steel, and chemicals. Millions of tons of cargo moved annually by Ingram Barge for its customers end up in foreign markets, including grain, export coal, and other commodities.

Ingram employs over 2,000 workers in well paying jobs with highly competitive benefits. And even during the economic downturn, Ingram was hiring new employees and continued to buy new barges from its builders, thereby ensuring that many Americans were able to keep working.

Blessey Marine Services, Inc.

Harahan, LA-based, Blessey Marine Services operates the youngest multi-faceted inland tank barge and towing vessel fleet in the United States. The company's primary cargoes include residual fuels, asphalt, lubricating oils, petroleum feedstocks, refined petroleum products, petrochemicals and alcohols. Predominantly a "Unit Tow" company, Blessey Marine safely transports its customers' liquid products up and down the Mississippi and all of its navigable tributaries and canals.

Blessey has approximately 500 vessel employees on nearly 60 boats. Employees' salaries range from \$35,000 to \$130,000. Employees work a maximum of 20 days on with at least 10 days off a month and receive full benefits.

Spotlight on Agriculture and Steel

Companies in the agriculture sector, like Cargill, and farmers, depend on the marine transportation system to move their goods to domestic and international markets. In any given year, one billion bushels of grain (or 60% of the bulk agricultural exports) are moved to the world ports via the Upper Mississippi and the Illinois Rivers, according to the National Corn Growers Association.

Among other things, the Columbia and Snake River System is the number one U.S. wheat export gateway and the number one U.S. barley export gateway, according to the Pacific Northwest Waterways Association. The Oregon wheat industry depends largely on the Columbia Snake River System to carry its product to market. Over 85% of Oregon wheat is exported, largely to Pacific Rim countries.

Nucor is the nation's largest steel manufacturer and recycler, employing 21,000 nationwide. Nucor has placed a priority on expanding steel exports, complementing the President's National Export Initiative. Nucor's exports in first-quarter 2010 reached 500,000 tons, or double the amount of one year earlier. Exports currently represent 11% of the company's total production.

Because 60% of Nucor's steel mills, including Nucor Memphis, have access to deep water, Nucor is well positioned to expand its exports of steel.

Water access is also critically important to Nucor because it minimizes the cost of transporting raw materials, including barges of industrial grade scrap.

Local Economic Development Benefits

Components of the marine transportation system not only have a positive impact on the national economy, but also lead to economic development and job creation at the state and local levels. These benefits should not be overlooked as Congress and stakeholders build the case for action on a WRDA bill. Here are several examples.

- Nucor Steel Memphis is a 500,000 square foot facility located on Pidgeon Industrial Harbor in Memphis, TN. Nucor acquired the shuttered Memphis facility in 2002, reopening in 2008 to produce steel bar products, such as special bar quality (SBQ) bars. Nucor has invested more than \$300 million in the Memphis facility to date, and has more than doubled its size now employing 302 people.
- A recent study by Business and Economic Research Center at Middle Tennessee State University assessed the contributions of the proposed \$35 million investment in the Ports at Cates Landing to the economy of the three-county region and its surround areas. The study found that the proposed investment over the 50-year life of the port will generate \$60.4 million in transportation cost savings and have substantial regional economic impacts including an increase in local government revenues and per capita income, a reduction in the unemployment and poverty rates and reverse the declining population trends by creating employment opportunities in the region.
- In the city of Long Beach alone, Port of Long Beach operations support 30,000 jobs, or about one in eight. Statewide the number of jobs Port operations support grows to 371,000 jobs. Nearly \$1.9 billion a year is spent in the city of Long Beach for Port industry services (services purchased primarily by foreign and domestic shippers and steamship companies). Port of Long Beach operations generate about \$5.6 billion a year in state and local tax revenues.
- Tulsa Port of Catoosa is one of the largest, most inland river-ports in the United States. Located at the head of navigation for the McClellan-Kerr Arkansas River Navigation System in Northeast Oklahoma, the Tulsa Port of Catoosa customers send and receive over 2.2 million tons of cargo each year by barge, rail, and truck. Within the Port complex, there are 63 industrial facilities within the Port that employ approximately 4,000 people involved in manufacturing, distribution, and processing of products ranging from agricultural commodities to manufactured consumer goods.
- In 2008, activity at the Port of New York and New Jersey handled 60.9 million tons of bulk cargo, supported 164,930 direct jobs and 269,990 total jobs in the region and generated over \$11.2 billion in personal income, nearly \$36.1 billion in business income, and over \$5 billion in federal, state and local tax revenues. In

comparison, the New York-New Jersey Port Industry in 1993, as measured for a slightly smaller region, supported 166,500 jobs and generated \$6.2 billion in personal income.

- The Port of Baltimore generates more than 50,000 jobs, with 16,500 directly linked to Port-specific tasks.
- According to a 2004 study conducted by Martin Associates, maritime activity within the Port of New Orleans is responsible for 160,498 jobs, \$8 billion in earnings, \$17 billion in spending and \$800 million in taxes statewide.

Other Benefits

In addition to supporting the nation's economic activities, the marine transportation system provides passenger transportation through ferries, water taxis, cruise ships and supports national security objectives and recreational activities.

Challenges Facing the Marine Transportation System (MTS)

The challenges facing the marine transportation system are well documented and yet the will to rectify them remains elusive. The lack of a coordinated strategy, a backlog of needs and lack of predictable investment levels, and deteriorating project delivery performance, creates uncertainty about the marine transportation system's overall ability to reliably, safely and efficiently transport goods to international and domestic markets, which translates to under utilization.

Despite the recent economic downturn, the growth in international trade is still expected to overwhelm U.S. intermodal freight capacity over the next 30 years; domestic freight volume is forecast to double and international freight volume entering U.S. ports may quadruple, according to the American Association of State Highway and Transportation Officials (AASHTO).

According to the Army Corps' Waterborne Commerce Statistics Center, waterborne exports increased from approximately 442 million short tons in 1990 to over 550 million short tons in 2008. Waterborne imports increased from approximately 600 million short tons in 1990 to almost one billion short tons in 2008.

The marine transportation system must be prepared to meet future demand for safe, reliable, and efficient domestic and international freight movement. Growth is coming, but is the marine transportation system ready? Without action to address the challenges described below, the ability of the system to support domestic economic development, interstate commerce, international trade, and future growth is compromised.

Absence of a Consistent and Coordinated Federal Strategy

As a nation, there is no coordinated strategy to manage the assets of the marine transportation system. The nation's ports make improvements and investments independent of one another. States and communities create laws and implement regulations independently that can hamper interstate or international commerce. There are 18 different federal agencies and numerous congressional committees that have jurisdiction over the marine transportation system.

Aging Infrastructure Affects System Capacity and Reliability

In addition, the aging marine transportation infrastructure, specifically, locks and dams, is affecting system capacity and reliability – of the 257 locks on the more than 12,000 miles of inland waterways operated by the U.S. Army Corps of Engineers, nearly 50 percent are functionally obsolete. By 2020, that number will increase to 80 percent. The ultimate results are more frequent closures for repairs, decreased performance, and costly delays. For example, on the Upper Mississippi and Illinois Rivers, the failure to build seven 1,200 foot locks by 2020 will result in \$562 million in lost farm income and a widening of the trade deficit by an additional \$245 million, according to the National Corn Growers Association.

Another example, more than 10% of Blessey Marine Services, Inc.'s maintenance budget goes to repairs attributable to "groundings" (i.e. running into things under the water) mostly in the intracoastal waterway because of poor maintenance. This translates to nearly \$3 million a year. This amount does not include the downtime of the vessels and manpower and hours spent addressing these issues. Over at least the last 5 years that is \$15 million Blessey could have used to build new boats and/or hire more employees.

Interrelated Funding and Project Delivery Issues

Lack of adequate, reliable funding is one of several reasons that Army Corps' project delivery performance has deteriorated as the backlog of critical navigation projects continues to grow and costs increase.

The revenue in the Inland Waterways Trust Fund (IWTF), which is responsible for sharing the cost of some of these projects, is unable to meet these needs. According to the Army Corps' *U.S. Waterways System-Transportation Facts (2009)*, the IWTF earned \$76.4 million in FY 2009. This included \$76.0 million paid by the barge and towing industry and \$0.4 million interest. The IWTF disbursed \$149.5 million for construction projects leaving a balance of \$57.7 million, its lowest level since before disbursements began in 1987. In addition, according to the Army Corps', the IWTF's "purchasing power" has been declining since the tax peaked at 20 cents in 1995. To have the 1995 purchasing power today would be a tax around 27-29 cents.

The Panama Canal expansion combined with projected growth in international trade makes maintaining and improving our harbor and channel depths and widths even

more critical. According to the Panama Canal Authority, 64% of Canal cargo traffic originates or is destined for the United States. U.S. harbor deepening challenges identified include:

- Study Process: Difficult and lengthy from study to authorization
- Funding: Federal appropriation process uncertainties
- Dredging: Escalating costs, placement, environmental mitigation
- Handling Facilities and Space: Need for expanded cargo handling facilities and improved intermodal connections

Unlike the IWTF, the balance in the Harbor Maintenance Trust Fund (HMTF) continues to grow as the nation's dredging needs go unmet. According to the Army Corps', the FY 2009 HMTF equity grew 10% from FY 2008 to \$5.11 billion. As an example, maintenance of the port facility at Pidgeon Harbor is critical to the success of Nucor Memphis. Unfortunately, the harbor has been regularly impeded due to silting, which blocks harbor access. Nucor Steel Memphis has actually had to turn down export orders because of silting in the harbor.

Other reasons for poor project delivery include inaccurate project cost estimates, significant changes in the scope of the project(s), and inefficient approaches.

Chamber Policy Recommendations Related to the Marine Transportation System and WRDA

As this committee moves forward with a WRDA bill, the Chamber's main priority is to ensure that the marine transportation system continues to support domestic economic development and U.S. global competitiveness. We respectfully urge the committee to improve and increase investment in navigation infrastructure to ensure the optimized utilization of the marine transportation system for freight movement.

The Chamber's "Marine Transportation Policy Statement" is attached to this testimony and recommends actions in four general areas: improving federal coordination; establishing priorities to maintaining, modernizing, and expanding the system; increasing investment; and creating conditions for successful project delivery. Many of the recommendations are pertinent to development of WRDA legislation including:

- Ensure that the annual revenue deposited into the Harbor Maintenance Trust Fund (HMTF) be made available to the Army Corps for critical harbor and channel maintenance each budget and appropriations cycle.
- For the Inland Waterways Trust Fund (IWTF), Congress should work with stakeholder groups to establish a long-term revenue source that provides adequate

and predictable annual funding for construction and major rehabilitation of critical inland waterway infrastructure.

- Provide incentives for state and local governments to secure the non-federal cost share of harbor and channel maintenance and dredging, and continue to provide incentives to attract private investment in coastal and inland ports' landside infrastructure.
- Support pilot projects that provide private investment opportunities for inland waterways where feasible.
- Continue to allow the Army Corps to accept and expend funds from non-federal public entities to expedite the permitting process.
- Allow the Army Corps to reprogram federal fund and enter into continuing contracts for critical projects consistent with congressional and administrative prerogatives.

Further, the Chamber encourages the Committee to give due consideration to the recently-released *Inland Marine Transportation System Capital Projects Business Model*, developed jointly by the Inland Waterway Users Board and the Army Corps of Engineers. The Chamber has reviewed this document and believes it to contain practical, long-term solutions for addressing the needs of the inland waterways system by prioritizing projects and outlining a potential funding solution.

Needs beyond the Marine Transportation System

Beyond a WRDA bill, there is a full transportation infrastructure agenda that will also drive economic recovery and competitiveness and complement improvements to the marine transportation system.

Highways and Transit

The *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU) expired last September and has since been operating on a series of extensions – the latest of which expires at the end of the calendar year. The uncertainty generated by these short-term extensions is leading to many delayed or cancelled longer-term projects throughout the country. The jobs impact of this situation has rippled throughout the economy. Workers at design and engineering firms, construction companies, equipment manufacturers, and materials providers have lost their jobs and even more positions are on the line due to uncertainty in federal funding.

Without long-term certainty, states will be unable to plan for large scale projects, which will lead to unnecessary job loss at a time when unemployment is already at historic highs. In order to protect these much needed highway and transit projects and

jobs, Congress must provide continuity for both the programs and the Highway Trust Fund in the long-term.

The Chamber applauds the Committee for its ongoing efforts to develop its SAFETEA-LU reauthorization package and has appreciated the opportunity to provide input into this legislation.

Freight Rail

As the cost of highway freight bottlenecks and congestion has increased, many have looked to freight rail to carry more freight to relieve truck and highway congestion and help conserve energy, reduce engine emissions, and improve safety. Shippers, too, have started looking to railroads to carry more longer-distance shipments, especially as the costs of truck fuel and labor have increased. Unfortunately, America's freight rail system also has its capacity issues.

Ton-miles of rail freight carried over the national rail system have doubled since 1980, and the density of train traffic – measured in ton-miles per mile of track – has tripled since 1980. The railroads have had substantial surplus capacity in the rail network for many years. This excess capacity has enabled the railroads to absorb traffic growth with relatively modest additional capital commitments to expand infrastructure. However, this surplus capacity has now largely been absorbed by two decades of growth and major increases in rail traffic volumes of the past few years. The railroad industry's investment in infrastructure alone will not be enough to handle the 67% projected increase in freight traffic between 2000 and 2020.

The administration and Congress should enact an infrastructure investment tax credit for the rail industry to help accommodate the projected increase.

Aviation

The nation's aviation system, which facilitates business travel, tourism, the movement of domestic and international goods, and national defense, is awaiting reauthorization of the Federal Aviation Administration and Airport and Airways Trust Fund. The state of the air traffic control system is at the heart of America's aviation woes and modernization must be a national priority. Congress and the FAA must act to transform the U.S. aviation system to meet the expected 36 percent increase in fliers by 2015, by expediting air traffic control modernization and providing the necessary investment to increase national aviation system capacity through a multi-year federal authorization.

The Chamber's Commitment: Let's Rebuild America

The Chamber is not just talking about infrastructure, we're doing something about it in a big way. We've made infrastructure a core competitiveness issue and over two

years ago launched the Let's Rebuild America initiative. Through Let's Rebuild America, we advocate for the need to maintain, modernize and expand our transportation, energy, broadband and water systems.

We are educating the public about the importance of infrastructure investment, mobilizing grassroots support at the state and local level, and building the best arguments through sound research. We have built a comprehensive program of work around three key goals:

- Get the most “bang for the buck” out of infrastructure investments.
- Remove obstacles and prevent barriers to maintaining, modernizing and expanding infrastructure and using it efficiently.
- Increase public and private resources available for investment in construction, operation and maintenance of infrastructure.

The flagship project for Let's Rebuild America this year is the Infrastructure Index Project. It is generally accepted that infrastructure provides American businesses opportunities to grow and compete, but at the same time it can be a risk, a limitation, or even a roadblock. Legislators, regulators and policy makers have said the same thing to the U.S. Chamber time and time again: there needs to be a credible, evidence-based study on the relationship between infrastructure and the U.S. economy that gets down to details in order to make infrastructure investment a higher priority.

In response, the Chamber is creating tools based on rigorous, quantifiable analysis to measure whether infrastructure is meeting the demands of the business community. Specifically, we are creating indexes that will measure the performance of transportation, energy, broadband, and water systems over time from the business community's perspective at both a national level and on a state-by-state basis. This groundbreaking study is unique in three ways:

1. Define what business needs to grow and succeed when it comes to infrastructure performance – as opposed to what government thinks is important.
2. Look across four critical categories of infrastructure -- transportation, energy, broadband and water -- and consider their relationships.
3. Correlate the way infrastructure performs to economic growth. Historically, calculations have focused on expenditures, jobs or local economic development.

We would welcome the opportunity to brief any of you on the Chamber's Let's Rebuild America Initiative and the Infrastructure Index Project so that you can help us shape this project in a way that will be useful for decision makers.

Conclusion

Members of the Committee, I hope you will consider the business community's strong interest in repairing, rebuilding, and revitalizing the nation's marine transportation system as you develop a WRDA bill.

America's marine transportation system is engine for economic growth and job creation. It enables the business community to transport goods in an energy efficient, environmentally-friendly manner to domestic and international markets. We will survive this economic downturn and support our future growth and economic development. One way to jump start that is ensuring that a critical component of our economy's physical platform– the marine transportation system – is ready. It is an essential investment for the future of our country. One that we can no longer afford to put off.

The Chamber will continue to educate and mobilize the American people to support maintaining, modernizing and expanding the physical platform of our economy and to demonstrate that there is both need and an appetite for increased investment at the federal level. We will continue to work with other stakeholders groups here in Washington and around the country to find common ground on policy so that there is a chorus of voices generating momentum for moving a WRDA bill forward.

Thank you very much for the opportunity to be here today. I'll be happy to answer any questions.

Attachment



Statement on Marine Transportation

Introduction

The U.S. Marine Transportation System (MTS) consists of ports, coastal and inland waterways, the Great Lakes, and the St. Lawrence Seaway and is an integral part of the global supply chain and the broader transportation network. In addition to supporting the nation's economic activities, the MTS provides passenger transportation through ferries, water taxis, and cruise ships and supports national security objectives and recreational activities.

However, inadequate investment and insufficient improvements to the MTS threaten its ability to support domestic economic development, interstate commerce, international trade, and future growth.

The following statement was developed to identify the challenges facing the MTS and to make policy recommendations for improving federal coordination; establishing priorities for maintenance, modernization, and expansion; increasing investment; and creating conditions for successful project delivery.

Role and Scope of the Marine Transportation System

The marine transportation system (MTS) plays a critical role in the global supply chain. Currently, waterborne cargo and associated activities contribute more than \$742 billion annually to the U.S. Gross Domestic Product (GDP), sustaining more than 13 million jobs.¹

- The U.S. port industry includes some \$3.95 trillion in international trade for an all-encompassing range of goods and services, with nearly 1.4

¹ "What is the Marine Transportation System?" 13 May 2009. Committee on Marine Transportation System. <<http://www.cmts.gov/whatismts.htm>>. 19 September 2009.

billion tons, valued at \$1.4 trillion, in waterborne imports and exports alone.²

- Every year, roughly 624 million tons of waterborne cargo transit the inland waterways, a volume equal to about 14 percent of all intercity freight and valued at nearly \$70 billion³. The Inland Waterway System is the primary artery for more than half of the nation's grain and oilseed exports, for about 20 percent of the coal for utility plants, and for about 22 percent of domestic petroleum movements.⁴
- Cargo movement on the Great Lakes and St. Lawrence Seaway can approach 250 million tons a year, or nearly one ton for each resident of the United States.⁵

The total value of waterborne freight is estimated to increase by 43 percent domestically and 67 percent internationally between 2010 and 2020.⁶ The MTS is an integral, energy-efficient, and environmentally sustainable part of a national, multi-modal freight network, which, as a whole, must accommodate these increasing freight volumes to ensure the efficiency and competitiveness of the U.S. economy.

Policy Objectives

The primary interest of the U.S. Chamber of Commerce is to ensure that the nation's MTS supports domestic economic development and U.S. global competitiveness by supporting and enhancing interstate commerce and international trade.

The objectives of any federal policies that apply to the MTS should be to:

- Drive economic growth;

² "U.S. Public Port Facts." July 2008. American Association of Port Authorities. <<http://www.aapa-ports.org/files/PDFs/facts.pdf>>. 19 September 2009.

³ "WATERWAYS: Working for America." 2008. National Waterways Foundation. September 19, 2009. <www.waterwayscouncil.org/study/Work4America.pdf>.

⁴ Grier, David. "The Declining Reliability of the U.S. Inland Waterway System." Presentation. November 16-17, 2004. 7th Marine Transportation System Research & Technology Coordination Conference. 19 September 2009. <<http://trb.org/Conferences/MTS/4A%20GrierPaper.pdf>>.

⁵ "Great Lakes Squeeze Will Hurt Region's Economy." Press Release. 5 February 2008. The Great Lakes Maritime Task Force. 19 September 2009. <http://www.glmf.org/press_020508_region_economy.html>.

⁶ "Marine Transportation System." Maritime Administration, U.S. Department of Transportation. 19 September 2009. <http://www.marad.dot.gov/ports_landing_page/marine_transportation_system/MTS.htm>.

- Meet future demand for safe, reliable, and efficient domestic and international freight movements;
- Integrate the MTS with the broader freight transportation network;
- Improve access to inland and coastal waterways and ports;
- Optimize utilization of harbors, ports, inland and coastal waterways, the Great Lakes, and the St. Lawrence Seaway for domestic and international freight movement; and
- Harmonize policies for freight movements with Canada and Mexico and support ongoing cooperation on national security, customs, and border issues.

Policy Recommendations

Improve Federal Coordination

As a nation, there is no coordinated strategy to manage the assets of the MTS. The nation's ports make improvements and investments independent of one another. States and communities create laws and implement regulations independently that can hamper interstate or international commerce. There are 18 different federal agencies and numerous congressional committees that have jurisdiction over the MTS.

- Within and between Congress and the executive branch there must be improved coordination in order to achieve systemic and cohesive priorities, policies, and programs.
- To ensure the safe, reliable, and efficient movement of interstate and international freight, the federal government should:
 - Assist state and local governments and the private sector as they anticipate and build for changing ships and technologies, economic growth, and trends in global trade;
 - Modify authorized depths and widths for harbor and channels as needed to accommodate vessels that call at U.S. ports and move on the waterways; and
 - Develop and implement regulations related to the shipping industry and the MTS that are consistent with the International Maritime Organization regulations and preempt state and local regulations where necessary.

Establish Priorities for Maintenance, Modernization, and Expansion

A multi-year, long-term strategy for MTS operations, maintenance, modernization, and expansion efforts requires a coordinated approach across all levels of government in consultation with the full range of stakeholders.

- The U.S. Army Corps of Engineers (Army Corps) and the U.S. Department of Transportation (DOT), in partnership with related agencies and stakeholder groups, should engage in a comprehensive review of MTS needs to determine construction, major rehabilitation, replacement, and operations and maintenance project priorities.
 - The review should be based on objective, analytical, and performance-based methodologies. Economic benefit consistent with environmental sustainability should be a primary driver of priorities.
 - The review should complement the efforts of the Inland Waterway Users Board and the Army Corps to develop a consensus-based, 20-year capital investment strategy and the Committee on Marine Transportation System to coordinate federal policies among the various agencies with jurisdiction.
- The findings of the review should inform federal programmatic and investment decisions by Congress and the executive branch.

Increase Investment in the MTS

Deteriorating marine transportation infrastructure, in part due to underinvestment in the system, has contributed to its limited use. Increased investment by federal, state, and local governments and the private sector will lead to an optimized and more reliable mode of transportation to move goods.

Trust Funds

- Any revenues derived from the users of the MTS should be fully and solely utilized for their intended purposes and held separately from general funds in the federal budget.

- There are currently two trust funds that provide resources for the MTS:
 - Annual revenue deposited into the Harbor Maintenance Trust Fund (HMTF) should be made available to the Army Corps for critical harbor and channel maintenance and dredging each budget and appropriations cycle.
 - For the Inland Waterway Trust Fund (IWTF), Congress should work with stakeholder groups to establish a long-term revenue source that provides adequate and predictable annual funding for construction and major rehabilitation of critical inland waterway infrastructure.

Army Corps Funding

The Army Corps needs adequate and reliable funding for operations and maintenance, construction and major rehabilitation projects, and investigations within the Civil Works Program.

- Congress and the executive branch should establish an annual funding threshold and build it into the budget for the Army Corps Civil Works Program to assure that critical projects are funded adequately and completed in a timely manner.
 - The president's budget for the Army Corps Civil Works Program should be developed with consideration to its programmatic capabilities.
- Congress and the executive branch should ensure that needs are met. Environmental management and other responsibilities should not dilute the navigation and flood protection priorities of the Army Corps.
 - Congress should ensure that navigation needs are met given the Army Corps' expanded role in environmental management by creating a sufficient funding level within the 302(b) allocation to the Army Corps.

Port and Inland Waterway Infrastructure Investment

Increased investments in port infrastructure are needed to boost connectivity to other modes and improve the flow of imports and exports. Federal investments should not supplant state, local, and private sector resources, but be leveraged to draw additional resources.

- The federal government should:
 - Continue to provide incentives to attract private investment in coastal and inland ports' landside infrastructure.
 - Make more use of federal credit models such as state revolving funds (SRFs), state infrastructure banks (SIBs), the Transportation Infrastructure Finance and Innovation Act program (TIFIA), and private activity bonds (PABs).
 - Provide incentives for state and local governments to secure the non-federal cost share of harbor and channel maintenance and dredging.
 - Support the use of short sea shipping where feasible.
 - Support pilot projects that provide private investment for inland waterways where feasible.

Create the Conditions for Successful Army Corps Project Delivery

Lack of adequate, reliable funding has been one of several reasons that the Army Corps' project delivery performance has deteriorated as the list of projects continues to grow and costs increase. Other reasons include inaccurate project cost estimates, significant changes in the scope of the project(s), and inefficient contracting approaches.

- The Army Corps should streamline the feasibility study process through a workable project peer review and refined mitigation requirements.
 - Feasibility studies, including National Environment Policy Act (NEPA) compliance, should be completed within 24 months of initiation.
 - Peer review should be concurrent with the Army Corps' analysis and happen prior to the issuance of a Chief's Report.
 - Sustainable environmental approaches should be used to minimize mitigation needs.
 - Mitigation banking should be allowed to meet offset requirements.
- Federal agencies should promote streamlining the Army Corps project delivery requirements including permitting.
- The Army Corps should continue to be allowed to accept and expend funds from non-federal public entities to expedite the permitting process.

- The Army Corps should improve the reliability of project cost estimates that are used in congressional authorization and appropriations processes and that form the basis of cost-sharing agreements.
- The Army Corps should incorporate to the greatest extent possible, state-of-the-art planning, design, construction, and project management techniques, particularly those best practices that exist in the private sector.
- The Army Corps should continue to build project management capabilities among its personnel.
- Congress should allow the Army Corps to reprogram federal funds and enter into continuing contracts for critical projects consistent with congressional and administrative prerogatives. Reprogramming should be based on funding availability from throughout the Civil Works Program so as to assure most efficient funding for high priority projects.
 - Such reprogramming must be based on the premise that funding appropriated for individual projects will be returned to those projects when the funds can efficiently be used.
 - If initial funding is not provided for a project within the first five years of its authorization, the authorization for that project should expire automatically unless specific congressional action is undertaken to continue the project's authorization.

Senator BOXER. I want to thank you very much. It is good to be on a team with the Chamber. We are not always, but we are on this, and we are on the Highway bill, and I think that is crucial.

We have been joined by Senator Udall. We are going to have a vote early this morning, so what we are going to try to do is get through and then have time for some questions.

So, our next panelist is near and dear to my heart. Victor Uno is the President of the Board of Port Commissioners for the Port of Oakland. And Mr. Uno is also the Business Manager for the International Brotherhood Electrical Workers Local 595. He began his career over 30 years ago working on the berths at the Port of Oakland, so it must be quite a thrill for him now to make policy on the Board.

Welcome.

STATEMENT OF VICTOR UNO, PRESIDENT OF THE BOARD OF COMMISSIONERS, PORT OF OAKLAND, CALIFORNIA

Mr. UNO. Thank you and good morning, Chairman Boxer, and it is a thrill to be here today. I thank you for holding these hearings today on the critical need to pass the Water Resources Development Act of 2010.

I am Victor Uno, President of the Board of Port Commissioners at our Port of Oakland. Along with six fellow Commissioners, our dedicated Port leadership and staff and our work force, we have been working daily to protect thousands of jobs directly connected to the seaport and airport and the tens of thousands of jobs that depend on the Port's ability to compete for international trade.

Our Port, like nearly every American trade gateway, is facing unprecedented competition from our neighbors in Canada and Mexico. We have all suffered sharp drops in shipping volumes during the recession resulting in large revenue losses industry-wide. We are now working cooperatively as never before to bring back our freight business and secure the investments in our infrastructure that we need to compete during the ongoing economic recovery.

For America's ports to succeed, we need your help. We need a WRDA bill this year to get our critical maritime and other vital infrastructure projects moving.

Our Port of Oakland covers 18 miles of waterfront on the eastern shore of the San Francisco Bay, with nearly 1,000 acres devoted to maritime activities and another 2,600 acres devoted to aviation. Our Port is the third busiest container port on the West Coast and the fifth busiest in the Nation. It is also one of the leading export gateways for American products, especially for agriculture from throughout the Nation and particularly California's Central Valley.

Our airport is the second largest airport in the Bay Area, serving nearly 10 million passengers per year and also among the top 20 air cargo airports in the United States.

Our maritime and aviation operations are both deeply affected by WRDA. WRDA is critical to funding our large scale modernization projects. In 2001, for example, using the authority given by WRDA, construction began on the Port of Oakland's \$436 million, 50-foot depth harbor deepening project. This project has now given us the ability to support the latest generation of larger, more efficient container vessels.

The last environmental phase of the project is being completed this year, and the total project is already providing enormous benefits to the region. The dredging leveraged landside Port investments such as marine terminal expansion and the development of an intermodal rail yard. Over 8,800 jobs in construction, engineering, maritime, trucking and shipping were created. Annual business revenues for the region were increased by \$1.9 billion, and local tax revenues were increased by \$62 million per year.

The dredged materials were reused to restore hundreds of acres of wetlands along the northern reaches of the San Francisco Bay, providing a huge environmental benefit to California. The economic benefits gained from WRDA have given the 50-foot project an extraordinary 11 to 1 benefit-to-cost ratio.

In short, Senators, WRDA works. WRDA puts people to work. We have Senator Boxer and this Committee to thank for the 50-foot project and for each job that project created.

Now, during these challenging economic times, Oakland once again needs help that only WRDA can provide. I need to comment on a critical issue that desperately needs your support.

Our airport, Oakland International Airport, is located along the waterfront of the San Francisco Bay. It was built on landfill reclaimed from the Bay, and the runway is barely above sea level, protected behind an aging levee constructed in segments beginning in the 1950s.

Last year the Federal Emergency Management Agency concluded that our airport's levee failed to meet the standards to prevent severe seasonal flooding, over-topping during storms and seismic events. If any of these events were to occur the airport could suffer hundreds of millions of dollars in property damage, in addition to stopping all of our air operations, halting emergency response efforts and putting lives at risk. This would be an unacceptable though avoidable disaster.

The Port of Oakland is under Federal obligation to reconstruct our airport levee which is estimated to cost over \$60 million. That is why we will be asking your support to help rebuild our levee to modern standards, reduce its vulnerability to seismic events and complete all of the environmental wetlands mitigation required under State and Federal law.

We are already working in cooperation with the U.S. Army Corps to expedite this levee work. If we can obtain WRDA authority for the levee project, it will bring millions of dollars for construction that will create hundreds of new jobs in the Bay area. Most importantly, the work will preserve the tens of thousands of jobs that rely on a vibrant and well functioning airport every day.

On behalf of the Port of Oakland and my fellow Commissioners, I ask you, the members of this Committee, to do everything within your power to pass WRDA. Please give us the resources we need to create jobs, modernize our infrastructure, and promote economic growth in our region.

Thank you.

[The prepared statement of Mr. Uno follows:]

**STATEMENT OF
THE HONORABLE VICTOR UNO
PRESIDENT OF THE BOARD OF COMMISSIONERS
PORT OF OAKLAND**

**BEFORE THE COMMITTEE ON
ENVIRONMENT & PUBLIC WORKS
U.S. SENATE**

Water Resource Development Act of 2010: Jobs and Economic Opportunity

MAY 6, 2010

Thank you, Chairman Boxer, Ranking Member Inhofe, and Committee Members, for holding this hearing today to focus attention on the critical need to pass the Water Resource Development Act of 2010 ("WRDA").

I am Victor Uno, President of the Board of Commissioners of the Port of Oakland. I am the business manager for the International Brotherhood Electrical Workers Local 595. I also serve on the board of Asian Health Services, which provides health care services for over 15,000 low income, largely immigrant, members of Oakland's Asian Pacific community.

I began my electrical career over 30 years ago installing electrical systems along one of the berths at the Port of Oakland. Since then, in addition to working in the field in the construction industry, I have served as a teacher instructing apprentices and journey-level electrical workers and I also served as director of a joint labor-management apprenticeship program affiliated with Chabot College that expanded training and career opportunities for hundreds of men and women in Alameda County.

In addition to my experience in the field and in job training, I have served on many boards concerned with creating jobs and economic opportunity in the Bay Area. I serve as a trustee for the Port of Oakland's Maritime and Aviation Project Labor Agreement Social Justice Trust; and have served on the board for the East Bay Alliance for a Sustainable Economy, in addition to working with the Oakland APOLLO Alliance – a two-year old coalition that is bringing green-jobs to the City. Since 2002, I have been a Trustee for the Alameda County Electrical Apprenticeship Training Trust and in 2007 I was an Executive Board member of the Alameda County Central Labor Council, serving as Second Vice President.

As someone who started his career working on public works projects like those created by WRDA, and who has spent 25 years training young people and creating new jobs, I can speak from experience when I say now more than ever we need your help. I have never seen such a challenging job market in California. And at the same time, as the

President of the Oakland Board of Port Commissioners, I have never seen a larger backlog of critical projects that are desperately needed to modernize our ports and keep them competitive in the global marketplace for trade and shipping. At the Port, we are working daily to protect the thousands of jobs directly connected to our facilities, and the tens of thousands of jobs and businesses whose success depend on our ability to compete for trade and goods movement.

Increased International Competition

Our Port, like nearly every American trade gateway, is facing unprecedented competition from our neighbors in Canada and Mexico. Both countries are developing comprehensive national freight shipping programs, supported by all levels of government, coordinated with private rail companies and shipping firms, and unambiguously designed to take away the trade that goes through America's West Coast Ports. Both Canada and Mexico have invested heavily in major port modernization and expansion projects that have fundamentally challenged our U.S. Pacific Coast trade network.

At the same time, America's West Coast Ports have all suffered through sharp drops in freight shipping volumes during the early months of the recession, resulting in large revenue losses industry-wide. We are now working cooperatively as never before among the West Coast ports to bring back our freight business, but we cannot compete and win if we do not have a partner in the Federal Government. It is only with your help that we can secure the investments we need in our infrastructure so we can bring back jobs and trade during the ongoing economic recovery.

For America's ports to succeed, we need your help, through a strong continued partnership with the federal government. We need a WRDA Bill this year to get our critical maritime and infrastructure projects moving.

The Port, Trade and Jobs

The Port of Oakland covers 18 miles of waterfront on the eastern shore of San Francisco Bay, with about 1000 acres devoted to maritime activities and another 2,600 acres devoted to aviation. Our Port is third busiest container port on the West Coast, and the fifth busiest in the nation. We are also one of the leading export gateways for American products, especially for agriculture from throughout the nation, and particularly California's Central Valley in Chairman Boxer's home state. Over \$1.2 billion in agricultural products are shipped through the Port of Oakland annually. Our airport is also not only the second largest airport in the Bay Area, but also among the top 20 air cargo airports in the United States.

America's ports do not just create jobs within their home communities. Our operations impact business throughout our home states and across the American heartland. Importers like Advanced Integration and Stillwater Designs, both located in Stillwater,

Oklahoma, ship over 340 containers per year through the Port of Oakland. These goods are valued at over \$40 million and are critical to maintaining roughly 340 jobs in Oklahoma, in Senator Inhofe's home state. We also service exporters like Simplot Global, Southwest Hides, Transfreight Lines, and Standlee Trading Company, who are all based in Senator Crapo's home state of Idaho. These export companies ship out nearly 1,500 containers per year through our Port valued at over \$90 million. This export trade supports nearly 2,000 jobs at these Idaho companies.

If we do not maintain the infrastructure at our ports, maximizing our efficiency, the consequences will be felt across the Country by the tens of thousands of American businesses whose success is tied to international trade.

Past WRDA Successes – A Proven Track Record

Our maritime and aviation operations are both deeply affected by WRDA. WRDA is critical to funding our large scale modernization projects. In 2001, for example, using the authority given by WRDA bill passed in 1999, construction began on the Port of Oakland's \$436 million, 50-foot depth, dredging project that has now given us the ability to support the latest generation of larger, more efficient container vessels. These enormous vessels over 1,100 feet long and 140 feet wide can now transport over 6500 twenty-foot equivalent units of containers. The last environmental phase of the project is being completed this year, and it is already providing enormous benefits to the region.

The 50-Foot Project supports deep draft navigation improvements at the Port of Oakland that include widening and deepening of the Harbor Entrance, Outer and Inner Harbor channels, and two turning basins to 50 feet as well as local business and utility relocations. The Port itself paid not only its cost-share for the dredging, but also entirely for berth deepening and wharf-strengthening. The Port also completed more than \$800 million in expansion at its own expense, consisting of building two new marine terminals, an intermodal rail terminal, realigned roadways, and a 38 acre public waterfront park. The WRDA investment not only leveraged millions in Port funds, but also helped us attract new tenants and convince our existing customers to invest in building and expanding their facilities in Oakland.

The 50-Foot Project was so critical to our future that once Congress authorized the project, it was recognized by President Bush's Administration as one of the top priority US Army Corps of Engineers projects in the entire Country. The project earned support from literally scores of organizations, many as diverse as our Chamber of Commerce to the Teamsters, and the Sierra Club to the California Farm Bureau. As much as this broad support was greatly appreciated by the Port, make no mistake that it was the strong support we received from the California Congressional Delegation – led by Chairman Boxer – that made the 50-Foot Project a reality. We have Chairman Boxer and WRDA to thank for that success story.

The 50-Foot Project created over 8,800 jobs in construction, engineering, maritime, trucking and shipping. It increased annual business revenues for the Port's customers by \$1.9 billion, and it raised local tax revenues by \$62 million per year. The dredge material itself was reused to restore hundreds of acres of wetlands along the northern reaches of the San Francisco Bay, providing a huge environmental benefit to California as well. These numbers have given the 50-foot project an extraordinary – 11 to 1 – benefit-to-cost ratio.

Oakland Airport Levee Modernization – Risk Management and Job Creation

In short, Senators, this funding was used to put people to work. And now, during these challenging economic times, Oakland once again desperately needs the kind of help that only WRDA can provide.

Oakland International Airport is not only a job creator in the Bay Area it is also a critical link to our region's aviation network. In the event of a large earthquake, the airport will need to serve as a center for emergency response efforts, including evacuation of the vulnerable, resupply for emergency responders and a base of operation of local, state and federal recovery agencies. Our airport is located directly along the waterfront of the San Francisco Bay. It was built on landfill from the Bay and the runway is below sea-level, protected behind a four-and-a-half mile long aging levee constructed in segments beginning in the 1950's.

Following the disaster levee failures during Hurricane Katrina, the Federal Emergency Management Agency ("FEMA") launched a national inspection effort to determine whether older flood protection systems complied with current FEMA standards. In 2009, after a comprehensive assessment of the Oakland Airport levee, it was determined that our levee did not meet FEMA standards, and in addition was also vulnerable to earthquakes. The assessment concluded that the levees were inadequate for protecting the airport from severe seasonal flooding, over-topping during storms, and seismic events. If any of these events were to occur, Oakland could suffer hundreds of millions of dollars in property damage to both public and private facilities. It could also result in the shutdown of our airport and all of its air operations.

And beyond this substantial economic impact, a cataclysmic levee failure would be at risk the safety of every individual who works at the airport, airline passengers and other customers of our aviation facilities who may be on-site. It would be a completely unacceptable, and yet totally avoidable disaster.

The Port of Oakland is under federal obligation now to re-construct our airport levee. Since our levee is not longer given accreditation under FEMA's flood programs, the Airport itself must now obtain federal flood insurance. This is an additional cost to us on top of the private flood insurance we already carry. Failure to obtain the federal flood insurance would make the airport largely ineligible for federal disaster assistance in the event of a levee failure.

Every airline and private company operating at Oakland may also be required to obtain federal flood insurance.

Without an accredited levee, any new construction or substantial improvements of existing structures would have to meet FEMA floodplain management standards. That means the lowest floors would have to be elevated to or above the base flood level, or be designed to that structures below the base flood level are watertight. This would add substantially to the costs of any of our planned construction efforts at the Airport.

FEMA's regulations would also require significant additional environmental review requirements for any project we undertake from terminal expansions to runway re-surfacing. This would once again add substantially to the time and costs for our key infrastructure projects.

Finally, the cost of flood insurance and the risk of flood will drive many of our airline and private customers out of Oakland. Our tenants could respond by insisting on rent reductions to cover federal floor insurance costs; insisting that the Airport pay for their flood insurance since Airport owns the de-accredited levee; or simply relocate. Once again this will cost us jobs and the opportunity to grow.

Reconstructing our airport levee is estimated to cost approximately \$60 million. That is why we will be asking your support to help rebuild our levee to modern standards, reduce its vulnerability in the event of a seismic event, and complete all of the environmental wetlands mitigation required under state and federal law. Not only is this project critical to protecting the airport, but it will create hundreds of construction and engineering jobs in Oakland. It will help us preserve our construction capacity in the Bay Area during the current economic slump. It will keep our airport in business and give us the ability to continue to attract new airline service and the jobs that go with that service.

We are already working in cooperation with the US Army Corps to expedite this levee work. If we can obtain WRDA authority this year to construct the levee project, it will bring millions of dollars for this construction project that will create new jobs to Oakland and the Bay Area. Most importantly, the work will preserve the tens of thousands of individuals and businesses that rely on a vibrant and well-functioning airport every day.

The project would lead to the reconstruction of three miles of levee that face the San Francisco Bay in order to meet both the FEMA flood protection standard, and also seismic safety standards as well. It will allow us to relocate two aviation fuel lines that are currently housed within the levee to further modernize our facilities and reduce the risk of fuel line failures during a levee failure. Not only would the project mitigate such environmental risks, it would also give us the opportunity to mitigate wetlands losses in the San Francisco Bay as well by allowing us to build additional acres of wetlands as part of the required environmental aspects of the levee project.

I have also submitted a brief fact sheet providing more detail about the levee project, and also photos that show its original construction and importance to the current configuration of the airport.

Conclusion

Chairman Boxer, Ranking Member Inhofe and Members of the Committee, the Port of Oakland needs your help. We need WRDA. On behalf of the Port, I ask you to do everything within your power to pass WRDA and give us the resources we need to create jobs, protect against natural disasters, modernize our infrastructure and promote economic growth in our region.

Thank you.

FACT SHEET
Oakland International Airport
Perimeter Dike Improvement Project

BACKGROUND

- The perimeter dike protects Oakland International Airport (OAK) south field-- including the main air carrier runway, taxiways, cargo facilities and passenger terminals--from inundation by water from San Francisco Bay.
- The perimeter dike is approximately 4-1/2 miles long and located on the shoreline of San Francisco Bay (Bay) approximately two miles west of Interstate 880 (I-880) in the City of Oakland, California.
- OAK is located between the San Andreas and Hayward faults, which are capable of generating large earthquakes.
- The perimeter dike as constructed in three phases, mainly from materials dredged from the Bay, for the purpose of "reclaiming" land on which to expand OAK facilities.
 - The first phase was constructed in the late 1950's by clamshell dredging; this portion of the dike is composed mainly of clay-like Bay mud. Dredged materials (mainly sand) were used to fill the area behind the dike.
 - The second and third phases took place in the 1960s and 1970s to accommodate the extension of Runway 11/29. The later portions are composed mainly of sand and gravel.
 - The crest of the dike includes a gravel service road and a concrete rubble berm known as the crest structure. The elevation of the crest structure varies between 10.5 and 17.5 feet above mean lower low water. The Bay side of the dike surface is covered with broken concrete rubble (riprap).
- Two active jet fuel pipelines, and one inactive fuel pipeline, are buried in portions of the perimeter dike at a depth of approximately three to four feet.

OAK PERIMETER DIKE VULNERABILITY

- In 2007 the Port hired URS Corporation to conduct an engineering study to :
 - Determine whether the perimeter dike met current FEMA flood standards (100-year storm),
 - Assess the vulnerability of the perimeter dike to seismic events
 - Recommend improvements to address both FEMA standards and seismic vulnerability;
 - Identify measures to prepare for a potential 55-inch sea level rise by the year 2100; and

- Perform preliminary engineering design of the recommended improvements.
- The engineering analysis found that OAK is vulnerable to inundation potentially caused by storm, seismic event or sea level rise. The sand and gravel portions of the dike are particularly susceptible to liquefaction in a major seismic event.

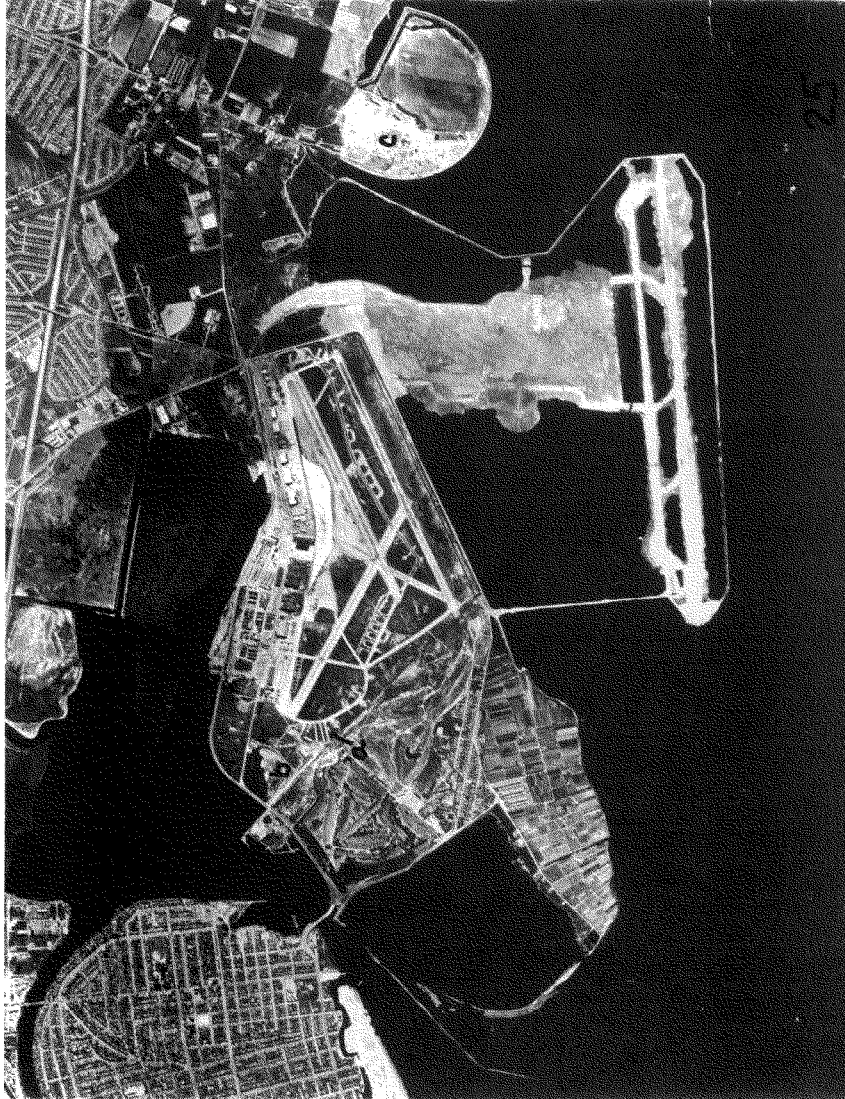
PROPOSED PERIMETER DIKE IMPROVEMENTS

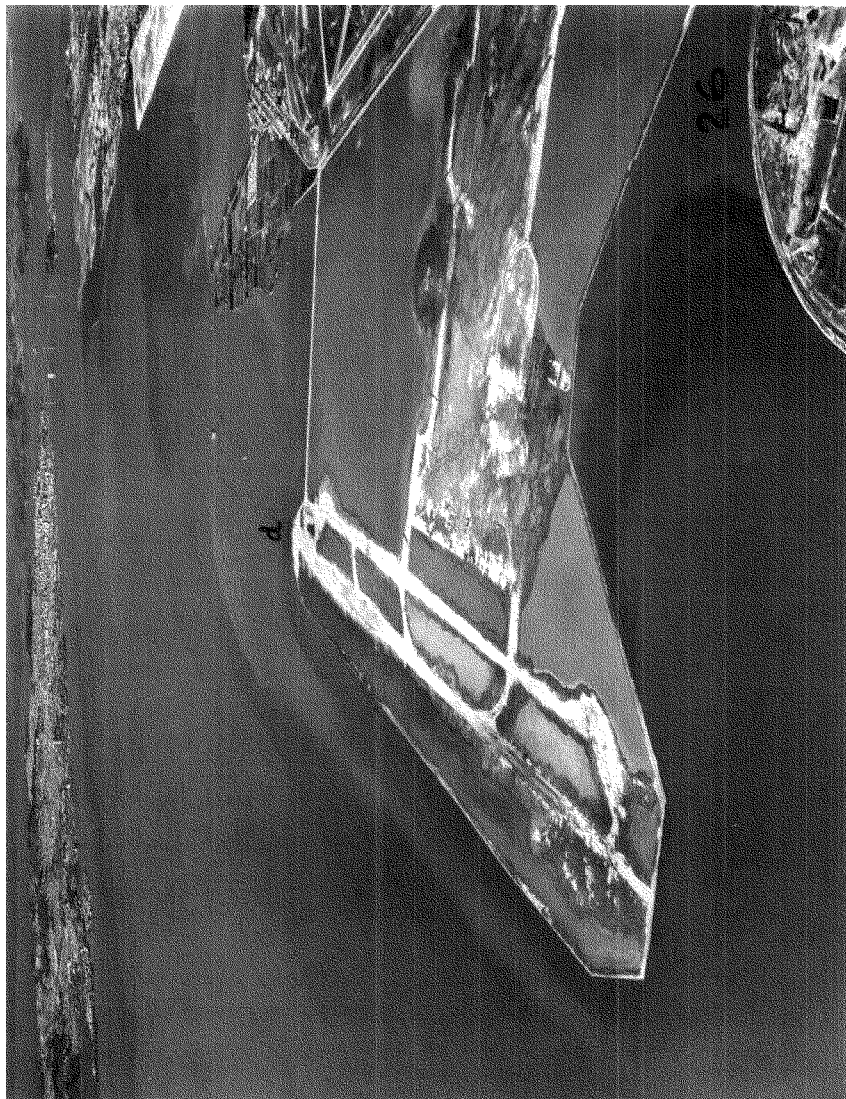
- Proposed improvements to meet FEMA standards and protect against a 100-year flood even include:
 - Constructing a stability berm at the inboard toe of the dike to improve static stability; and
 - Increasing the height of the crest structure to secure against flooding and armoring the outboard face of dike to protect against erosion during overtopping. It is recommended that the height of the crest structure be further increased an additional 12 inches to account for the effects of sea level rise due to global warming. The design will accommodate future height increases as may be necessary.
- Proposed improvements to mitigate effects of seismic events include constructing ground improvements (stone columns) along the dike to strengthen the soil and improve the seismic stability.
- These improvements require that the existing jet fuel lines be relocated in order to facilitate the work. New jet fuel pipelines will have to be constructed and operational prior to removal of the two active lines pipelines.
- An estimated 600 jobs would be created over the life of the project.

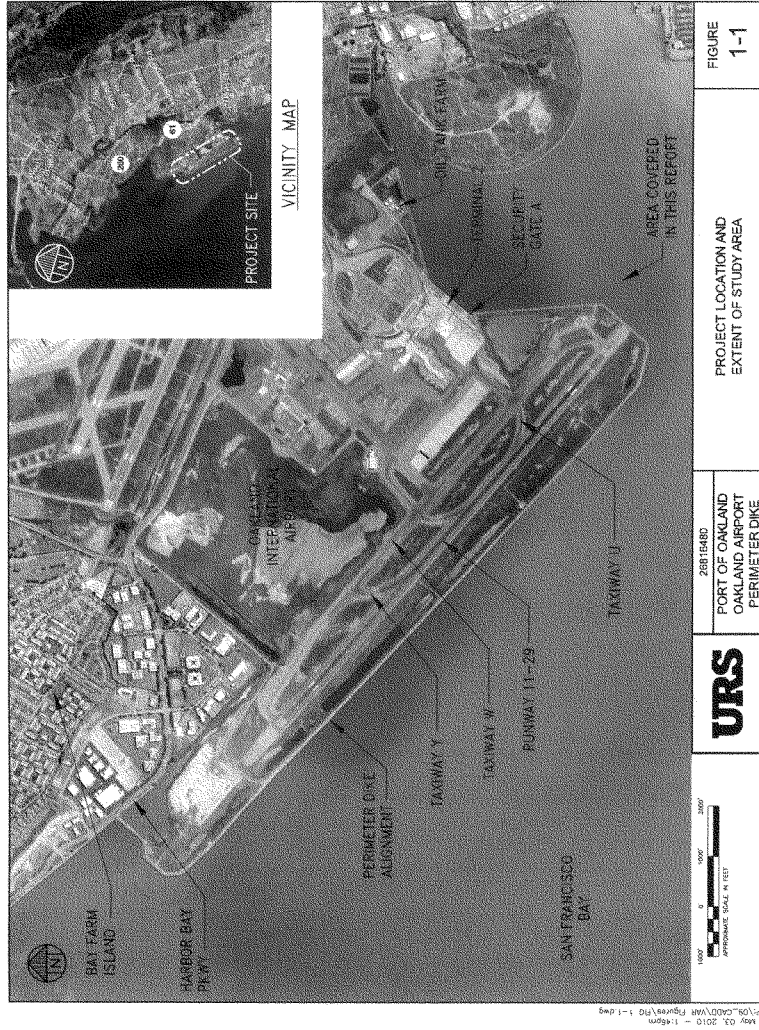
ESTIMATED PROJECT COST AND CONSTRUCTION SCHEDULE

Wetland mitigation	\$16.8m
FEMA Improvements	\$11.4m
Seismic Improvements	\$15.9m
Pipeline	\$16.0m
Total	Approx. \$60.0m

Design of the dike improvements is underway and scheduled to conclude in August 2011. Construction of improvements to meet FEMA standards is expected to begin in late 2011 and will conclude August 2012. The pipeline work can then commence and will take approximately six months to complete. The seismic work can then proceed and will take approximately 10 months to complete. Overall project completion is scheduled for approximately December 2013.







Senator BOXER. Thank you so very much.

For my colleagues who arrived, we are going to have a vote early this morning. So, we are getting through the witnesses. I will give up my question time to you. So, we will start off with Senator Udall, then go to Alexander and Klobuchar.

So, let us continue. Matt Woodruff hails from Houston, Texas. He is the Director of Government Affairs for the Kirby Corporation, the Nation's largest operator of inland tank barges.

Welcome, sir.

**STATEMENT OF MATT WOODRUFF, DIRECTOR,
GOVERNMENT AFFAIRS, KIRBY CORPORATION**

Mr. WOODRUFF. Thank you. Also, I am a member of the Inland Waterways Users Board, which is the group established in WRDA 1986 to advise the Corps and Congress on matters related to construction on our inland waterways.

Our inland waterways system is a national treasure. Low cost waterway transportation helps our farmers and manufacturers stay competitive in tough world markets. When you talk about the future of the waterways, you are talking about the future of a large segment of our economy.

Today, I want to tell you about a 20-year plan to keep our waterways reliable and bring billions of dollars in benefits to our economy, creating and maintaining a host of jobs along the way. We need this Committee's help for this vision to become a reality.

Barges are the most cost efficient way to move the bulk commodities that are the building blocks of our Nation's economy. Barges are the greenest, safest and most energy efficient mode of surface transportation.

A truck can move a ton of cargo 155 miles on a gallon of fuel. A train can move that cargo 413 miles. But a barge will move it 576 miles on that same gallon of fuel. Moving cargo by rail generates about 39 percent more CO₂ than barges. Moving that same cargo by truck generates 371 percent more. A typical 15-barge river tow can take 1,050 truckloads of cargo off the highways.

[Diagram shown.]

Mr. WOODRUFF. The diagram there gives you a little bit of an indication on the right, trucks, railcars and barges. If the cargo that is transported by barges today were instead transported by trucks on our interstates, heavy truck traffic would nearly double. If you put it all on trains, rail traffic would increase by 25 percent. Attached to my written testimony are some materials summarizing these and other facts related to barge transportation.

Today, our inland waterways projects are under-funded, over budget and years past their planned completion dates. We spend—or we spent—the surplus in the Trust Fund and have far too little to show for it. We place too much emphasis on starting projects and not enough on finishing them. We need to fix the system.

Several years ago, the senior leaders of our industry began to meet with the leadership of the Corps and ultimately decided to put a team together to find a comprehensive solution to our problems. And the team, composed of experts within the Corps and leaders from the inland waterway industry, spent nearly a year and a half doing so.

I have here a copy of the team's final report which on April 13th was unanimously adopted by the Inland Waterways Users Board and transmitted to the Administration and to Congress. It lays out a comprehensive solution to the challenges faced by our inland waterway system.

We recommend a set of improvements to the project delivery system, some of which are already being implemented by the Corps, that will get our projects built on time and on budget. We developed a realistic budget for new construction and major rehabilitation. At \$380 million a year, we think it is in line with the funding levels of recent years.

We apply that budget to a dynamic 20-year construction plan that objectively prioritizes the projects. We focus on allocating money each year to only those projects that can be efficiently funded with the funds that are available. And that means that some vital projects may have to wait a few years to get started, but importantly they will be finished earlier under this plan than if we maintain the status quo.

And I think that is very critical. If the projects do not get the money they need when they need it, then we cannot accomplish all that we have to do. And that means that we are going to have to find some mechanism to smooth out some of the vagaries of the annual appropriations process.

This is going to require an increased level of investment, and so we propose a 30 to 45 percent increase in the current fuel tax that our industry pays. We also propose adjustment of elements of the cost sharing formula to reflect the multiple beneficiaries of the system, and to stop placing an undue share of the burden of rebuilding it on just one group of users. We are willing to accept this level of tax increase if it is part of the comprehensive plan to ensure future reliability of the system.

The benefits: We should finish 25 projects in the next 20 years as opposed to six if we maintain the status quo. We will avoid between \$350 million and almost \$1.2 billion of project cost growth, and we should recognize at least \$2.8 billion in benefits from these projects that would be foregone if their completion dates were delayed.

Over 200 companies——

Senator BOXER. I am going to ask you to summarize because you are out of time, and we are so under the clock here.

Mr. WOODRUFF. Absolutely. We hope the Committee will join 200 entities who have already approved this plan and approve legislative language this year to make this a reality.

[The prepared statement of Mr. Woodruff follows:]

Statement of Matt Woodruff

on behalf of

Kirby Corporation

before the

Committee on Environment and Public Works

United States Senate

May 6, 2010

Chairwoman Boxer, Ranking Member Inhofe, committee members and staff, I am Matt Woodruff, from Houston, TX. I work for Kirby Corporation, the nation's largest operator of inland tank barges. We operate throughout the inland waterway system from the Gulf Coast to the Mississippi River and its tributaries, including the Ohio and Illinois Rivers. I am here today representing Kirby, but wish to point out that I am a member of the Inland Waterways Users Board, the committee established in WRDA '86 to advise the Corps and Congress on matters related to construction on our inland waterways. I am also the General Counsel of the Waterways Council, Inc. and a director of the American Waterways Operators. I serve as an active member, officer or director of several regional waterways associations.

Our inland waterways are a national treasure. Low cost waterways transportation helps our farmers and manufacturers stay competitive in tough world markets. When you talk about the future of the waterways, you are talking about the future of a large segment of our economy. Today, I want to tell you about a 20-year plan to keep our waterways reliable and bring billions of dollars in benefits to our economy, creating and maintaining a host of jobs along the way. We need this committee's help for this vision to become a reality.

In addition to being the most cost-efficient way to transport the bulk commodities that are the building blocks of our nation's economy, barge transportation is the greenest, safest and most energy efficient mode of surface transportation. Let me give you some statistics to back up that claim:

- A truck can move a ton of cargo 155 miles on a gallon of fuel. A train can move that ton 413 miles. A barge will move it 576 miles on that same gallon of fuel.
- Barges have the lowest CO₂ emissions. Moving cargo by rail generates 39% more CO₂ than barges. Moving that same cargo by truck generates 371% more.
- A typical 15 barge river tow can take 1050 truckloads of cargo off the highways. That same cargo would fill 216 rail cars and require 6 locomotives to move them.
- A member of the public is 125 times more likely to be injured in a train accident or over 2,000 times more likely to be injured in a truck accident than in a barge accident.

If the cargo transported by barges was instead transported by trucks on our interstates, heavy truck traffic would nearly double. Put it all on trains and rail traffic would increase by 25%. That only tells part of the story, since that traffic would be concentrated in certain regions of the country, causing far worse problems in key transportation hubs. Attached to my written testimony are materials summarizing these and other facts related to barge transportation.

America without barges would be a more congested, polluted, costly and dangerous place.

In recent years, our inland waterways infrastructure construction projects have been underfunded, over budget and years past their planned completion dates. We have spent the surplus in the Inland Waterway Trust Fund but have too little to show for our investment. We place much emphasis on starting projects, but very little on finishing them.

We must fix the system. An ill-advised lock tax was proposed and we applaud Congress for dismissing that idea. Against this backdrop, several years ago the senior leaders of our industry began to meet with the leadership at the Army Corps of Engineers and ultimately decided to put a team together to search for a comprehensive solution to the challenge that faces us. The team, comprised of experts from within the Corps and members of the inland waterway industry, spent nearly a year and a half addressing this challenge. I have here a copy of the team's final report, which on April 13th was unanimously adopted by the Inland Waterways Users Board and transmitted to the Assistant Secretary of the Army for Civil Works and the Congress. This report lays out a comprehensive solution to our inland waterways infrastructure challenges.

We extensively reviewed the Corps project delivery system. We recommended a set of improvements, some of which are already being implemented, that will help bring future projects in on time and on budget. Our goal is to have an 80% confidence level that the price tag put on a project when it is authorized by Congress is in fact the price it can be built for.

We developed a realistic, real-world budget. The \$380 million per year budget for new construction and major rehabilitation is in line with funding levels in recent years.

We apply that budget to a dynamic 20-year construction plan that prioritizes projects based on risk and consequences of diminished future performance. The plan focuses on spending money each year on only those projects that can be efficiently funded with the available funds. While this means some vital projects may have to wait a few years to be started, these projects will still be finished far sooner than if we maintain the status quo. This is a critical feature of the plan. If projects don't get all the money they need when they need it, we cannot accomplish all we have to do with the resources that will be available. This means we will have to find a mechanism to smooth out some of the vagaries of the annual appropriations process.

We looked at where the money would come from. We recognized this program will require a level of investment greater than current revenues entering the trust fund will support under the current system, so we propose a 30-45% increase in the fuel taxes currently paid by industry. We also propose adjustment of certain elements of the cost sharing formula to better reflect the multiple beneficiaries of these projects and to stop placing an undue share of the burden of rebuilding the system on just one group of users.

I am happy to report that water resources interests all across the country have signed on as endorsers of this plan. Our message to Congress is that we are willing to accept this level of tax increase if it is part of this comprehensive plan to ensure the future reliability of the system.

What are the benefits of this plan? We should finish 25 projects in the next twenty years, instead of 6 if we maintain the status quo. At a minimum, we should avoid between \$350 million and almost \$1.2 billion in project cost growth. We also will recognize at least \$2.8 billion in benefits from these projects that would be foregone if the projects' completions were delayed.

For all of these reasons, I respectfully request that this committee join more than 200 companies and associations and embrace this plan and approve legislative language this year that will allow it to be implemented.

I would be happy to address any questions you might have.

Advantages of Inland Barge Transportation:

A Smaller Carbon Footprint

Inland barge transportation produces far fewer emissions of carbon dioxide for each ton of cargo moved compared to transport by truck or rail, according to a recent study conducted by the Texas Transportation Institute. Comparing transport emissions per ton-mile (emissions generated while shipping one ton of cargo one mile), researchers calculated that transport by rail emits 39% more CO₂, and transport by truck emits 371% more CO₂, than transport by inland barge.

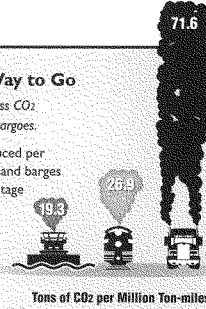
According to the study, if the 274.4 billion ton-miles of activity on America's inland waterways in 2005 were shifted to rail or truck, rail transport would have generated 2.1 million additional tons of CO₂ and truck transport would have generated 14.2 million additional tons of CO₂. This assumes these modes had the capacity to handle the additional cargo with no change in efficiency.



The Greener Way to Go

Inland barges produce less CO₂ while moving America's cargoes.

In terms of CO₂ produced per ton of cargo moved, inland barges have a significant advantage over trains and trucks.



Transport on America's Waterways Means Fewer Emissions

Following a scientific review ordered by the U.S. Supreme Court, the EPA recently issued a proposed finding that "greenhouse gases contribute to air pollution that may endanger public health or welfare."⁴⁸ The agency estimates that 33% of our nation's annual carbon dioxide emissions come from transport-related activity.⁴⁹ Compared to rail or truck, inland barges offer America a more fuel efficient, safer and carbon friendly transportation alternative. Our inland waterways are a sound investment in America's future.



From a study titled "A Modal Comparison of Domestic Freight Transportation Effects on the General Public," November 2007, amended March 2009, by the Texas Transportation Institute, Center for Ports and Waterways. For the full report, visit our website: www.nationalwaterwaysfoundation.org. This study was a joint project of the National Waterways Foundation and the United States Maritime Administration.

⁴⁸ Environmental Protection Agency - Proposed Findings and Costs to Contribute Findings for Greenhouse Gases under the Clean Air Act - <http://epa.gov/climatechange/endangerment.html> (24 April 2009)

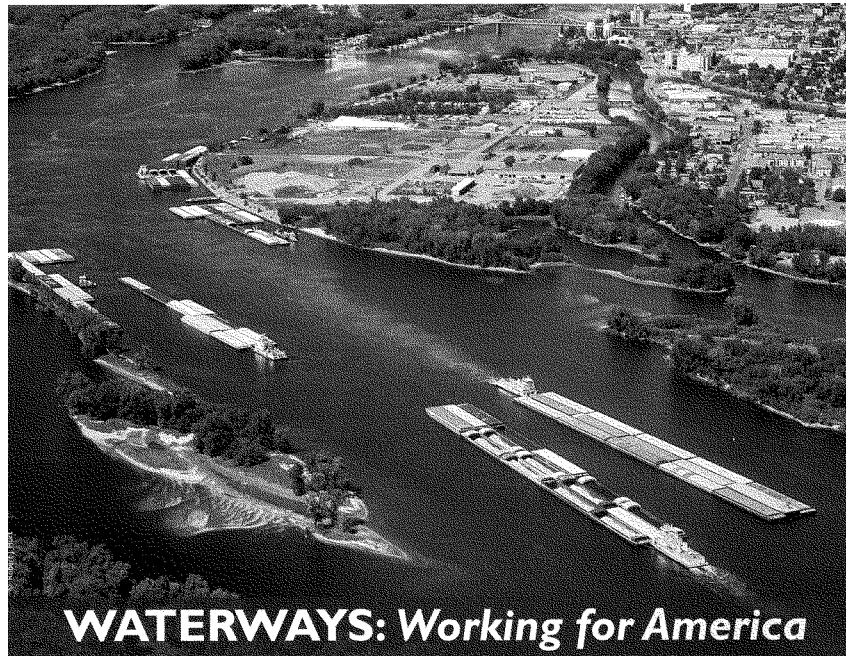
⁴⁹ Environmental Protection Agency - Inventory of U.S. Greenhouse Gas Emissions and Sinks, 1990-2007 <http://www.epa.gov/climatechange/emissions/lanewaterspart.html> (10 April 2009)



**NATIONAL WATERWAYS
FOUNDATION**

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WATERWAYS: Working for America

*Waterways transportation keeps commerce on the move,
with fewer adverse societal impacts than truck or rail.*



Highlights of "A Modal Comparison of Freight
Transportation Effects on the General Public"
A study by the Texas Transportation Institute,
Center for Ports and Waterways

America's Waterways:

Easing Rail and Highway Congestion in Our Communities

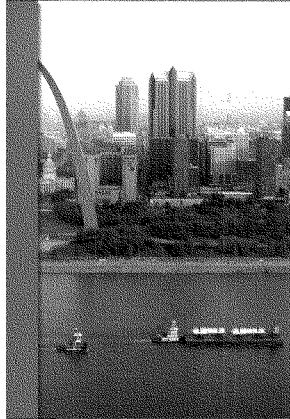
Our waterways provide great capacity to ease congestion by carrying cargo that would otherwise travel by truck or rail. The annual traffic on America's inland navigation system, including the Gulf Intracoastal Waterway and the Ohio, Mississippi and Columbia-Snake River systems, carries the equivalent of 58 million truck trips each year.

A Costly Scenario:

If waterborne cargo were diverted to highways or rail

Diverting waterborne cargo to the nation's Interstates would cause heavy truck traffic to nearly double. Or, if the current waterway freight traffic were diverted to rail, the tonnage on the nation's railroad system would increase by nearly 25%, with the heaviest burden being placed on the Eastern U.S. railroads, which are already operating at near capacity.

- **To highways:** Two inches of asphalt would be needed to increase the pavement thickness of 126,000 lane-miles of intercity interstate. The effects would be greater for highways parallel to the waterways.
- **To rails:** To transport coal used in more than 50 electric generating plants adjacent to the Ohio River System, CSX railroad would need 156 new locomotives and 5,616 new coal cars. The system's average train velocity would drop by one-third.



Hypothetical Case Study:

Waterways Closure on the Mississippi & Illinois Rivers

What would happen if the Mississippi and Illinois Rivers were shut down in the vicinity of St. Louis? Using the Federal Highway Administration's HERS-ST model, the Texas Transportation Institute estimated the resulting impacts of shifting millions of tons of cargo from the river system to the city's already crowded Interstate arteries.

Assuming that cost-effective roadway improvements were undertaken, the analysis concluded that highway costs over 10 years would increase from \$345 million to over \$721 million.

- **Truck traffic on St. Louis roadways would increase by 200%**
- **Traffic delays would increase by almost 500%**
- **Injuries and fatalities on Interstates would increase by 36% to 45%**
- **Maintenance costs would increase by 80% to 93%**

While a permanent river shutdown cannot be anticipated, this case study demonstrates that the loss of river transportation would have a dramatic negative impact.

An “Inland Marine Highway” for Freight

America's inland river barge system moves freight more safely and more efficiently than rail or truck. It is a key component of the transportation network and essential to our country's economic strength.

Connecting our communities

The inland waterways system includes about 12,000 miles of commercially navigable channels and some 240 lock sites. America's "inland marine highways" move commerce to and from 38 states throughout the nation's heartland and Pacific Northwest, serve industrial and agricultural centers and facilitate imports and exports at gateway ports on the Gulf Coast.

Moving the nation's commodities

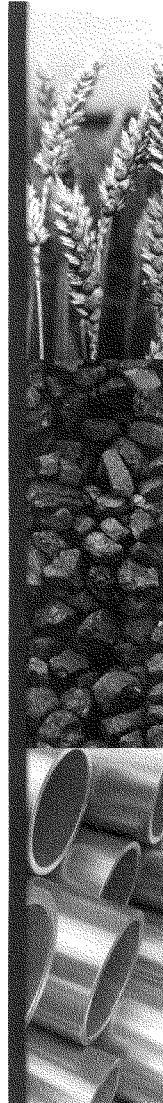
Waterways transport more than 60% of the nation's grain exports, about 22% of domestic petroleum and petroleum products and 20% of the coal used in electricity generation.

Barges are ideal for hauling bulk commodities and moving oversized or overweight equipment.

- ▣ Coal
- ▣ Iron & Steel
- ▣ Chemicals
- ▣ Petroleum
- ▣ Grain
- ▣ Aggregates
- ▣ Project Cargoes
- ▣ Intermodal Containers

Strengthening our economy

Every year, roughly 624 million tons of waterborne cargo transit the inland waterways, a volume equal to about 14% of all intercity freight and valued at nearly \$70 billion.



Advantages of Inland Waterways Transport:

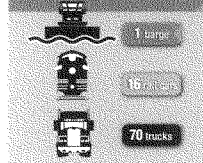
Moving Freight Efficiently Throughout America

Increasing Cargo Capacity

A typical cargo barge moves much more cargo than a single truck or rail car.

Modal Freight Use	Standard Capacity
Barge - Liquid Bulk	27,500 Barrels
Barge - Dry Bulk	750 Tons
Rail - Bulk Car	100 Tons
Highway Tractor-Trailer	25 Tons

Units to Carry 1,750 Short Tons of Dry Cargo



One loaded covered hopper barge carries 58,333 bushels of wheat, enough to make almost 2.5 million loaves of bread.

A loaded tank barge carries 27,500 barrels of gasoline, enough to keep about 2,500 automobiles running for an entire year.

Units to Carry 27,500 Barrels of Liquid Cargo

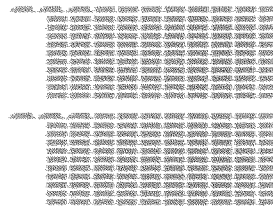


One Common Barge Tow Carries the Load of Hundreds of Rail Cars or Trucks

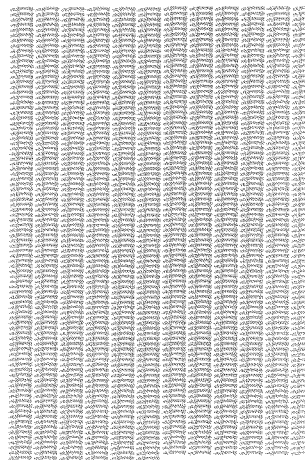
One 15-Barge Tow



116 Rail Cars + 4 Locomotives

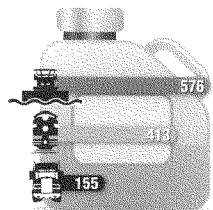


1,050 Large Semi-Tractor-Trailers



Moving Forward, Saving Energy

Transporting freight by water is the most energy-efficient choice.



Ton-miles Traveled per Gallon of Fuel

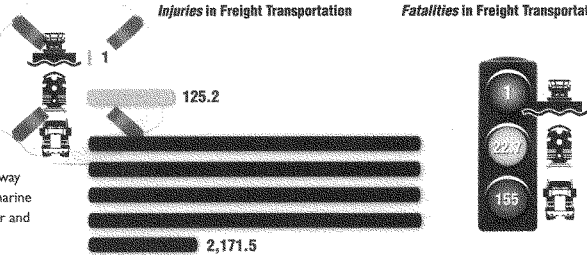
The most energy-efficient way to move commodities such as coal, grain, iron, steel, aggregates, petroleum and chemical products is to use the nation's navigable rivers. Barges can move one ton of cargo 576 miles per gallon of fuel. A rail car would move the same ton of cargo 413 miles, and a truck only 155 miles.

Advantages of Inland Waterways Transport: Safeguarding Our Health and the Environment

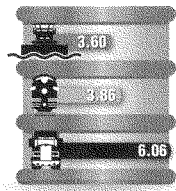
Maintaining Safety

Inland waterways transport has a low injury and fatality record compared to rail or truck.

Safety-related statistics for all modes of freight transportation show one injury in the inland marine sector for every 125.2 in the rail sector and 2,171.5 in the highway sector; and one fatality in the inland marine sector for every 22.7 in the rail sector and 155 in the highway sector.



Rate of Spills in Gallons per Million Ton-miles



Spills of more than 1,000 gallons

Protecting Communities

Inland waterways transport moves hazardous materials safely.

All transport modes work hard to prevent accidents, human errors and other causes of spills, including groundings in the case of barge transportation. Overall, spill rates are very low – with trucks losing only 6.06 gallons per one million ton-miles, rail cars only 3.86 gallons and barges 3.6 gallons per one million ton-miles.

Ensuring Cleaner Air

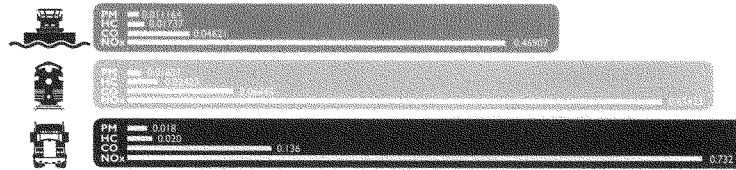
Inland waterways transport generates fewer emissions than rail or truck.

The emission comparison between inland towing, rail and truck transportation shows that fewer air pollutants are generated by moving products on America's inland navigation system.

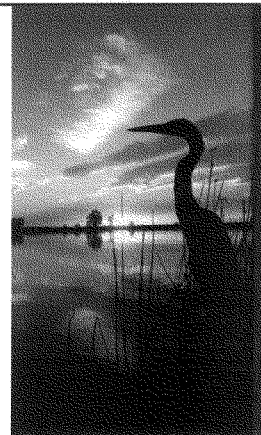
These pollutants include:

- Particulate matter (PM)
- Carbon monoxide (CO)
- Hydrocarbons (HC)
- Nitrogen oxides (NOx)

Emissions (Grams/Ton-mile)



PM = Particulate matter • HC = Hydrocarbons • CO = Carbon monoxide • NOx = Nitrogen oxides



America's Waterways Are Ready to Meet Growing Demands

Except for a few congested locks scheduled for replacement, our navigable inland waterways system has an abundance of unused capacity. Waterways will transport the bulk commodities needed today and tomorrow while also moving an increasing share of intermodal cargo in the years to come. By relieving growing transportation congestion with the least impact of any surface mode on air quality, public safety and the environment, waterways really are our transportation solution for the future.

This brochure summarizes the study titled "A Modal Comparison of Freight Transportation Effects on the General Public" by the Texas Transportation Institute, Center for Ports and Waterways. It was conducted over a one-year period and was peer-reviewed by independent university-based experts.

For the full report, visit our website:
www.nationalwaterwaysfoundation.org



The mission of the National Waterways Foundation is to develop the intellectual and factual arguments for an efficient, well-funded and secure inland waterways system.

The Foundation needs your support. To find out how to get involved, learn how your organization can benefit from the foundation's research, or to make a tax-deductible donation, please call or visit our website.



This study was co-sponsored by the U.S. Department of Transportation Maritime Administration (MARAD).



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**Environment and Public Works Committee Hearing
May 6, 2010
Follow-Up Questions for Written Submission**

Questions for Woodruff

Questions from:

Senator David Vitter

1. In your testimony, you mentioned that you have a group that represents strong support throughout the nation for the plan. Can you submit the latest list of supporters to the committee for inclusion in the record?

Answer: I would be pleased to. It is attached. It presently contains the names of 208 organizations and companies who have endorsed the plan.

2. How many inland waterway modernization projects are projected to reach completion in the next 20 years with the status quo versus how many projects do you expect would reach completion with the changes industry/Corps team are recommending in their report?

Answer: The team calculated that six projects would be finished in 20 years under the status quo, whereas by implementing the plan, we estimated that twenty five projects would be completed.

3. Can you please explain who the participants in the industry/Corps team's study effort were and what process the team followed to develop the report and its recommendations?

Answer: To summarize my answer, the Corps was represented by subject matter experts across a variety of disciplines and geographic areas. Industry was represented by members of the Inland Waterways Users Board along with selected policy and technical advisors. The team began by recognizing that there are numerous opportunities to make the capital construction process more efficient and cost effective. The team also recognized that funds available for inland waterways construction are and will continue to be limited. The team started with a potential project list consisting of projects authorized and under construction, projects authorized and not under construction and projects that are not yet authorized, but which local Corps districts would like to see constructed in the next twenty years in a world free of fiscal constraints.

Starting with this background and a clean slate for the future, the team began to discuss how to best prioritize projects in a resource constrained world and after considering many alternatives, developed a largely objective set of ranking criteria. The team also developed an estimate of a funding stream that would be needed to maintain suitable reliability and efficiency of the system going forward and considered appropriate revenue sources for these funds. The team spent considerable time exploring the areas where prior investigation had shown that project costs had

grown beyond the amounts estimated and considered ways to eliminate these over-runs and ensure that future projects are properly estimated and efficiently constructed on time and on budget.

This process spanned well over a year and consisted of numerous multi-day face to face meetings interspersed with telephone conference and email exchanges. Where appropriate, subject matter experts were invited to make presentations on particular issues. The team endeavored to consider alternative methodologies that have been successfully employed in other Corps business lines, other federal programs, other public works and in the private sector as well as innovative strategies not yet employed elsewhere. The team sought to leverage the particular areas of expertise and experience of each participant and reach consensus on the subjects under consideration.

After the full team developed and agreed upon the substance of the recommendations, a facilitator was used to assist in drafting the report. Primary drafting responsibility for each chapter was assigned to groups of team members and a series of meetings and calls took place to review, streamline and edit the final report, which was finalized based on the input and review of all participants.

The following participated as team members or by providing input, background or advice:

Timothy Black	U.S. Army Corps of Engineers
Eric Braun	U.S. Army Corps of Engineers
Rick Calhoun	Cargill Marine and Terminal, Inc.
Larry Daily	Alter Barge Line, Inc.
John Doyle	Jones Walker
Anthony Dunams	Booz Allen Hamilton
Michael Ensich	U.S. Army Corps of Engineers
James Fisher	U.S. Army Corps of Engineers
William W. Fuller	U.S. Army Corps of Engineers
Sandy Gore	U.S. Army Corps of Engineers
David Grier	U.S. Army Corps of Engineers
Jorge Gutierrez	U.S. Army Corps of Engineers
James Hannon	U.S. Army Corps of Engineers
William Harder	U.S. Army Corps of Engineers
Andy Harkness	U.S. Army Corps of Engineers
Michael Hennessey	Consol Energy
Stephen Hrabovsky	U.S. Army Corps of Engineers
Keith D. Hofseth	U.S. Army Corps of Engineers
Jeanine Hoey	U.S. Army Corps of Engineers
John E. Hite	U.S. Army Corps of Engineers
Michael Jacobs	U.S. Army Corps of Engineers
Gerald Jenkins	Ursa Farmer Cooperative
Steve Jones	U.S. Army Corps of Engineers
Michael Kidby	U.S. Army Corps of Engineers
Jerry Knapper	Ingram Barge Company

Mark Knoy
Stephen Little
Gary Loew
Cornel Martin
Daniel Martin
Jeffrey McKee
Deane Orr
Michael Park
Timothy Parker
John Pigott
Mark Pointon
Glenn Proffitt
Michael Ryan
Jose E. Sanchez
Mary Anne Schmid
Ty Thomas
Major General Bo Temple
James Walker
Wesley Walker
Royce Wilken
Matthew Woodruff

AEP River Operations LLC
Crounse Corporation
U.S. Army Corps of Engineers
Waterways Council Inc.
Ingram Barge Company
U.S. Army Corps of Engineers
Consol Energy
U.S. Army Corps of Engineers
Parker Towing
Tidewater Barge Lines
U.S. Army Corps of Engineers
U.S. Army Corps of Engineers
American Commercial Lines
U.S. Army Corps of Engineers
U.S. Army Corps of Engineers
Ian Inc.
U.S. Army Corps of Engineers
U.S. Army Corps of Engineers
U.S. Army Corps of Engineers
American River Transportation Company
Kirby Corporation

Entities Supporting Plan	City	State
Advantus Strategies, LLC	Burke	VA
AEP River Operations	Chesterfield	MO
Ag-Land FS, Inc.	Pekin	IL
Agriservices of Brunswick, LLC	Brunswick	MO
Alabama State Port Authority	Mobile	AL
Alter Barge Line, Inc.	Bettendorf	IA
American Agri-Women	Manhattan	KS
American Commercial Lines	Jeffersonville	IN
American Inland Ports, LLC	Beardstown	IL
American Land Conservancy	San Francisco	CA
American River Transportation Company	Decatur	IL
American Soybean Association	St. Louis	MO
Amherst Madison, Inc.	Charleston	WV
Artco Fleeting Service	Creve Coeur	IL
Association of Tennessee Valley Governments	Clarksville	TN
B&G Towing LLC/ACME Marine LLC	Lafitte	LA
Bayou Fleet Inc.	Hahnville	LA
Bludworth Marine LLC	Houston	Tx
Blue Danube Incorporated	Houston	PA
Board of Commissioners Port of New Orleans	New Orleans	LA
Bob Brackmann Farms	St. Charles	IL
Bond County Farm Bureau	Greenville	IL
Boone County Farm Bureau	Belvidere	IL
Brennan Marine, Inc.	LaCrosse	WI
Brunswick River Terminal, Inc.	Brunswick	MO
Buffalo Marine Service, Inc.	Friendswood	TX
Bunge North America	St. Louis	MO
Bureau County Farm Bureau	Princeton	IL
C&C Marina Maintenance Company	Houston	PA
Calhoun County Farm Bureau	Hardin	IL
California Marine Affairs & Navigation Conference (CMANC)	Castro Valley	CA
Campbell Transportation Company	Houston	PA
Canal Barge Company, Inc.	New Orleans	LA
Cargill, Inc.	Wayzata	MN
Carpenters' District Council of Greater St. Louis and Vicinity	St Louis	MO
Carroll County Farm Bureau	Mount Carroll	IL
CF Industries Holdings, Inc.	Deerfield	IL
CGB Enterprises, Inc.	Covington	LA
Channel Shipyard Companies	Metairie	LA
Chemical Industry Council of Illinois	Springfield	IL

CHS Inc.	Inver Grove Heights	MN
Cincinnati Bulk Terminals, LLC/ Port of Cincinnati, LLC	Cincinnati	OH
CITGO Petroleum Corporation	Houston	TX
City of Pittsfield	Pittsfield	IL
Clark County Farm Bureau	Martinsville	IL
Clarkson Grain Company Inc.	Cerro Gordo	IL
Coalition of Alabama Waterway Associations, Inc.	Montgomery	AL
Colusa Elevator Co.	Nauvoo	IL
CONSOL Energy	Canonsburg	Pa
Cook County Farm Bureau	Countryside	IL
Coosa-Alabama River Improvement Association, Inc.	Montgomery	AL
Crounse Corporation	Paducah	KY
DeLoach Marine	Port Allen	LA
DeWitt County Farm Bureau	Clinton	IL
DeWitt Drainage and Levee District	Brunswick	MO
Dredging Contractors of America	Washington	DC
Ducks Unlimited, St. Louis Mid-County Chapter	St. Louis	MO
DuPage County Farm Bureau	Carol Stream	IL
E.ON U.S.	Louisville	KY
Effingham County Farm Bureau	Effingham	IL
Farm Credit Services of Illinois	Mahomet	IL
Farm Resource Center	Mound City	IL
FirstEnergy Solutions	Akron	Ohio
Grain & Feed Association of Illinois	Springfield	IL
Grain Processing Corporation	Muscatine	IA
Great River Economic Development Foundation	Quincy	IL
Greene County Farm Bureau	Carrollton	IL
GROWMARK	Bloomington	IL
Gulf Intracoastal Canal Association	Houston	TX
Hancock County Farm Bureau	Carthage	IL
Hartsburg Grain Company	Hartsburg	IL
Hodel Farms Inc.	El Paso	IL
Holdm (US) Inc.	Waltham	MA
Huntington District Waterways Association	Ashland	KY
Illinois AgriWomen	Lanark	IL
Illinois Association of Drainage Districts	Cerro Gordo	IL
Illinois Biotechnology Industry Organization	Chicago	IL
Illinois Corn Growers Association	Bloomington	IL
Illinois Farm Bureau	Bloomington	Illinois
Illinois Fertilizer & Chemical Association	Bloomington	IL
Illinois Grape Growers & Vintners Association	Pittsfield	IL
Illinois seed Trade Association	Champaign	IL
Illinois Society of Professional Farm Managers and Rural	Springfield	IL
Illinois Soybean Association	Bloomington	IL

Indiana Corn Growers Association	Indianapolis	IN
Indiana Soybean Alliance	Indianapolis	IN
Ingram Barge Company	Nashville	TN
Inland Marine Service	Hebron	Ky
Inland Rivers Ports & Terminals, Inc.	New Orleans	LA
International Liquid Terminals Association	Washington	DC
International Union of Operating Engineers Local 513	Bridgeton	Mo
Iowa Corn Growers Association	Johnston	IA
J.A.M. Marine Services, LLC	Houston	TX
Jackson County Farm Bureau	Murphysboro	IL
Jersey County Business Association	Jerseyville	IL
Jersey County Farm Bureau	Jerseyville	IL
Kane County Farm Bureau	St. Charles	IL
Kendall Co. Farm Bureau	Yorkville	IL
Kentucky Chamber of Commerce	Frankfort	KY
Kentucky Corn Growers	Eastwood	KY
Kingdom of Callaway Chamber of Commerce	Fulton	MO
Kirby Corporation	Houston	TX
Knox County Farm Bureau	Galesburg	IL
K-Sea Transportation Partners LP	East Brunswick	NJ
Lafayette Workboat Rentals, LLC	Broussard	LA
LaSalle County Farm Bureau	Ottawa	IL
LeBeouf Bros. Towing, LLC	Houma	LA
Lee County Farm Bureau	Amboy	IL
Little Rock Port Authority	Little Rock	AR
Louisiana Association of Waterway Operators and Shipyards	New Orleans	LA
Macon County Farm Bureau	Decatur	IL
Magnolia Marine Transport Co.	Vicksburg	MS
Marathon Petroleum Company LLC	Catlettsburg	KY
MARMAC, LLC d/b/a McDonough Marine Service	Channelview	TX
Marquette Transportation Company, LLC	Paducah	KY
Marshall-Putnam Farm Bureau	Henry	IL
Martin Marine	La Porte	TX
Mason County Farm Bureau	Havana	IL
McDonough County Farm Bureau	Macomb	IL
McLean County Farm Bureau	Bloomington	IL
McNational Inc.	South Point	OH
Menard County Farm Bureau	Petersburg	IL
Mercer County Farm Bureau	Aledo	IL
MidCentral Illinois Regional Council of Carpenters	Springfield	IL
Minnesota Chapter of ASFMRA	Olivia	MN
Minnesota Corn Growers Association	Shakopee	MN
Minnesota Grain and Feed Association	Eagan	MN
Mississippi Water Resources Association	Jackson	MS

Missouri Corn Growers Association	Jefferson City	MO
Missouri Levee & Drainage District Association	Orrick	MO
Mo-Ark Association	Kansas City	MO
Montgomery County Farm Bureau	Hillsboro	IL
Mulzer Crushed Stone	Tell City	IN
National Association of Manufacturers	Washington	DC
National Audubon Society	St. Louis	MO
National Corn Growers Association	Chesterfield	MO
National Council of Farmer Cooperatives	Washington	DC
National Grain and Feed Association	Washington	DC
National Mining Association	Washington	DC
National Waterways Conference, Inc.	Arlington	VA
Natures Way Marine, LLC	Theodore	AI
New Orleans Shipyard	Waggaman	LA
North American Equipment Dealers Association	Fenton	MO
Northern Partners Cooperative	MENDOTA	IL
Nucor Steel Tuscaloosa, Inc.	Tuscaloosa	AL
Ogle County Farm Bureau	Oregon	IL
Ohio Corn Growers Association	Delaware	OH
Osterholt Farms	Roanoke	In.
Pacific Northwest Waterways Association (PNWA)	Portland	OR
Paducah Area Chamber of Commerce	Paducah	KY
Parker Towing Company	Northport	AL
Peoria County Farm Bureau	Peoria	IL
Perry County Farm Bureau	Pinckneyville	IL
Pike And Scott County Farm Bureaus	PITTSFIELD	IL
Port of Houston Authority	Houston	TX
Port of Pittsburgh Commission	Pittsburgh	pa
Port of Portland (Oregon)	Portland	OR
Port of Vancouver	Vancouver	WA
PowerSouth Energy Cooperative	Andalusia	AL
Red River Valley Association	Shreveport	LA
Rentech Energy Midwest	East Dubuque	IL
Rock Island County Farm Bureau	Moline	IL
Rosedale-Bolivar County Port Commission	Rosedale	MS
Sangamon County Farm Bureau	Springfield	IL
Sause Bros.Inc.	Coos Bay	OR
Servco FS Cooperative	Antigo	WI
Shelby County Farm Bureau	Shelbyville	IL
Smurfit Stone Container Corporation	Creve Coeur	MO
Stark County Farm Bureau	Toulon	IL
Steel Manufacturers Association	Washington	DC
Stephenson County Farm Bureau	Freeport	IL
T & T Marine Salvage, Inc.	Galveston	TX

Tennessee Cumberland Waterways Council	Decatur	AL
Tennessee River Valley Association	Decatur	AL
Tennessee-Tombigbee Waterway Development Authority	Columbus	MS
Tennessee-Tombigbee Waterway Development Council	Columbus	MS
Texas Agri Women	Uvalde	TX
Texas Waterway Operators Association	Houston	TX
The American Waterways Operators	Arlington	VA
The Integra Group, Inc.	Chesterfield	MO
The International Propeller Club of the United States	Fairfax	VA
The Waterways Journal, Inc.	St. Louis	MO
Thomson, Rhodes & Cowie P.C.	Pittsburgh	PA
Tidewater Barge Lines, Inc.	Vancouver	WA
TradeWinds Towing LLC	St. Augustine	FL
Transportation Research Board/Marine Board	Washington	DC
Tri Rivers Waterway Development Assoc.	Eufaula	AL
Trinity Marine Products, Inc.	Dallas	TX
Tri-State Development Summit	Quincy	IL
Tulsa Port of Catoosa	Catoosa	OK
Turn Services, LLC	New Orleans	LA
Twomey Company	SMITHSHIRE	IL
U.S. Chamber of Commerce	Washington	DC
United Ocean Services	Tampa	FL
Upper Mississippi Waterway Association	St. Paul	MN
Upper Mississippi, Illinois & Missouri Rivers Association	Springfield	IL
Upper River Services LLC	St Paul	MN
Valero Energy	San Antonio	Tx
Volunteer Barge & Transport Inc.	Brentwood	TN
Vulcan Materials Company	Birmingham	Al
Warrior-Tombigbee Waterway Association	Mobile	Al
Washington County Farm Bureau	Nashville	IL
Waterways Association of Pittsburgh	Pittsburgh	PA
Waterways Council, Inc.	Arlington	VA
White County Farm Bureau	Carmi	IL
Whiteside County Farm Bureau	Morrison	IL
Will County Farm Bureau	Joliet	IL
Yager Materials LLC	Owensboro	KY

Senator BOXER. Well, that summed it up beautifully for me.
[Laughter.]

Senator BOXER. Our next witness is a source of pride and joy for me as well. Mitch White is the General Counsel of the Southern California Office of the Manson Construction Company located in Long Beach, California. Today, he is representing the Associated General Contractors of America, known as AGC.

And I want to thank them for all the help they gave us, along with the Chamber and the unions and so many others, in moving our Highway Bill and getting it extended to the end of the year. I want to say thank you, again, for that.

So, you were the immediate Past Chair of AGC's Federal and Heavy Construction Divisions, and we are looking forward to your testimony.

STATEMENT OF MITCH WHITE, GENERAL COUNSEL, SOUTHERN CALIFORNIA OFFICE, MANSON CONSTRUCTION CO.; IMMEDIATE PAST CHAIR, ASSOCIATION OF GENERAL CONTRACTORS OF AMERICA, FEDERAL AND HEAVY CONSTRUCTION DIVISION

Mr. WHITE. Thank you, Madam Chairwoman, Ranking Member Inhofe and distinguished members of this Committee, for inviting me to participate in today's important hearing on how passing a Water Resources Development Act in 2010 will provide a path to job creation and lead our economy down to the road to recovery.

On behalf of AGC, I urge this Committee to swiftly act on passage of a new Water Resources Development Act as a means of providing a legislative vehicle which, when coupled with significant funding, will substantially boost construction jobs and improve our diminished national infrastructure.

While the Nation suffers, continues to suffer, through a recession, the construction industry is experiencing depression-like conditions. Nationally, only 11 out of 337 metropolitan areas added construction jobs between March 2009 and 2010. Over that same period, 48 States and the District of Columbia lost construction jobs.

The current unemployment rate in the construction trades is 25 percent. Infrastructure investment will dramatically improve this unemployment rate. Stephen Fuller of George Mason University estimates that for every \$1 billion invested in infrastructure projects you would create over 28,500 new direct and indirect jobs. Each \$1 billion invested would add about \$3.4 billion to the gross domestic product.

There is no question that numerous other benefits would be provided by a WRDA. Previous investment in flood damage reduction projects has prevented an estimated \$706 billion in flood damage, an 8 to 1 return on the Federal Government's investment. Operations and maintenance work provides an average return of \$14.10 for every \$1 invested. In the Mississippi Valley and tributary system, more than \$24 in damages is saved for every \$1 spent.

Water resources infrastructure is a key to recovery. Our Nation's waterways infrastructure has construction, operations and maintenance needs that a new WRDA would facilitate. In addition to job creation, water resources projects, if authorized and funded, would

provide other benefits resulting in substantially reducing the backlog of critical maintenance and repairs at approximately 360 multiple purpose flood control, hydropower, recreation, water supply and navigation projects, the repair of several high risks dams, the upgrade of hydropower plants to achieve an industry standard of 98 percent availability, fully dredging to authorized depth the Nation's 296 highest use deep draft commercial ports, fully dredging our inland waterways to authorized depth and width, and realization of critical coastal population protection projects.

The Nation's marine transportation system contributes 30 percent to the gross domestic product. Failure to maintain channels in waterways creates a drag on the economy and may slow economic growth. Additional investment in our Nation's waterways would be used to improve channel availability of our coastal ports from 32 to 95 percent and would improve inland waterway lock and channel reliability and availability by reducing lock closures due to mechanical failures from 27,000 to 10,000 hours per year.

Finally, investment in this sector will greatly expedite the construction of critical environmental projects and return critical ecosystems to a more natural state.

Before concluding, I want to speak to the Harbor Maintenance Trust Fund and how using those funds for their intended purpose will create additional jobs and economic opportunities.

The current state of the Nation's harbors and navigation channels, getting narrower and shallower each year, requires a substantial increase in spending on harbor maintenance. Accordingly, we remain concerned about the current balance in the Harbor Maintenance Trust Fund. As of September 30, 2009, the balance in the HMTF was \$5.1 billion, an increase of \$461 million, or 10 percent, over the fiscal year 2008 year-end balance, even after all fund transfers to the Corps of Engineers and other authorized users.

This balance has grown by \$3.2 billion, or by 173 percent, since the end of 2002. Revenues have substantially exceeded appropriations for a number of years despite the demonstrated need for harbor maintenance.

As Congress considers additional opportunities to invest in water resources spending to stimulate the economy, the surplus in the HMTF should not be overlooked as an immediate source of revenue to fund these critical projects. Furthermore, as Congress looks toward a long-term investment, AGC strongly recommends enactment of legislation setting the appropriations from the HMTF each year equal to projected revenues to be collected in the HMTF for that year.

Madam Chairman, we at Manson Construction and members of the AGC are ready to build these projects so we can create and sustain jobs throughout the country. Construction has always been an engine of economic stimulus and can play that role once again.

Increases in infrastructure investment can be quickly put to work and will have a direct, immediate and dramatic impact on the economy. The long-term economic benefits of infrastructure investment today should not be overlooked. Through additional investment in infrastructure, our Nation would be well positioned to emerge from the economic downturn, rebuild a world class infra-

structure system and ensure our continued economic prosperity well into the future.

Thank you for this opportunity to comment. I look forward to working with the Committee and would be happy to answer any questions.

[The prepared statement of Mr. White follows:]

Testimony of

Mitch White

General Counsel, Southern California
Manson Construction Co.
Long Beach, CA

on behalf of

The Associated General Contractors of America

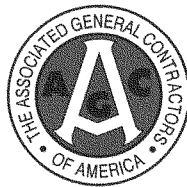
presented to the

Committee on Environment and Public Works
U.S. Senate

for a hearing on

Water Resources Development Act of 2010:
Jobs and Economic Opportunities

May 6, 2010



The Associated General Contractors of America (AGC) is the leading association for the construction industry. AGC represents more than 33,000 firms, including 7,500 of America's leading general contractors, and over 12,500 specialty-contracting firms. More than 13,000 service providers and suppliers are associated with AGC through a nationwide network of chapters. Visit the AGC Web site at www.agc.org.

THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA

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Thank you, Madam Chairwoman, Ranking Member Inhofe and the distinguished members of the Committee for inviting me to participate in today's important hearing on how passing a Water Resources Development Act in 2010 will provide a path to job creation and lead our economy down the road to recovery.

My name is Mitch White. I am General Counsel of the Southern California office of Manson Construction Co. located in Long Beach, California, and I am here today testifying on behalf of the Associated General Contractors of America (AGC). Manson Construction Co. is headquartered in Seattle, WA. Experience, integrity and dependability have made Manson Construction Co. the quality name in heavy marine construction and dredging for more than 100 years. We have a world-class marine construction fleet and a workforce that is unsurpassed in its experience and dedication to safety. We consistently deliver the best value on projects that include: dredging of ports and waterways, land reclamation through beach renourishment and levee construction, and the construction of wharfs, piers, terminals, bridges and outfalls. Needless to say, regular and timely Congressional authorizations of water resources development projects provide the lifeline for our business.

AGC is the leading association for the construction industry. Founded in 1918 at the express request of President Woodrow Wilson, AGC now represents more than 33,000 firms in nearly 100 chapters throughout the United States. Among the association's members are approximately 7,500 of the nation's leading general contractors, more than 12,500 specialty contractors, and more than 13,000 material suppliers and service providers to the construction industry. These firms engage in the construction of buildings, shopping centers, factories, industrial facilities, warehouses, highways, bridges, tunnels, airports, waterworks facilities, waste treatment facilities, dams, hospitals, water conservation projects, defense facilities, multi-family housing projects, municipal utilities and other improvements to real property. Many of these firms regularly perform construction services for the U.S. Army Corps of Engineers, the Naval Facilities Engineering Command, the General Services Administration and other federal departments and agencies.

AGC is also a founding member and Co-Chair of the Water Resources Coalition, which was established in 2007 to promote the development, implementation, and funding of a comprehensive national water resources policy. The coalition represents state and local governments; conservation, engineering, and construction organizations; and ports, waterways, and transportation services. The Coalition supports developing, implementing, and funding a comprehensive national water resources policy to provide a sustainable, productive economy; a healthy aquatic ecology; and public health and safety.

Background

AGC's members are comprised of a diverse group of contractors engaged in the major commercial construction markets. On behalf of AGC, I urge this Committee to swiftly act on passage of a new Water Resources Development Act (WRDA) as a means of providing a legislative vehicle which, when coupled with significant funding, will substantially boost construction activity. I can assure the Committee we have excess capacity at not only my company, but throughout the construction industry. We need investment to create jobs throughout the nation's coastlines, our inland waterways, and the Great Lakes.

Historically WRDA authorizes water resources projects and policies for navigation, flood control, hydropower, recreation, water supply and emergency management for The U.S. Army Corps of Engineers (USACE). Although a WRDA was recently enacted in November 2007, it took seven years to reauthorize this traditionally biennial legislation. Enacting a WRDA during the 111th Congress will put this critical

legislation back on schedule and continue to provide the nation with a comprehensive and modernized water resources program.

AGC strongly believes that WRDA reaffirms the government's pledge to authorize, modify, and improve projects, programs, and policies protecting the nation from floods and keeping our waterways open to navigation. Regular authorizations of water resources development projects fulfill these important missions. Accordingly, Congress must regularly authorize and invest in new waterways projects to secure our nation. Failure to properly invest in flood protection efforts, which have been underway since the late 1800s, would leave hundreds of thousands of homes, businesses and other critical infrastructure vulnerable to devastating floodwaters. It is clear that waterways projects grow the economy. Waterways programs foster economic development, facilitate trade and commerce, aid international competitiveness, stimulate employment, provide water recreation opportunities, enhance agricultural and industrial productivity, and augment our national defense. Historically, such programs have had numerous benefits - flood damage reduction projects alone have prevented an estimated \$706 billion in damages, an eight-to-one return on the Federal government's investment; and Operations and Maintenance work provides an average of \$14.10 return for every dollar invested. In the Mississippi Valley and Tributary System, more than \$24 in damages is saved for each dollar spent.

Unprecedented Job Losses

While the nation continues to suffer through a recession, the construction industry is experiencing depression-like conditions. In a strong economy, the construction industry employs more than 7 million people and represents more than \$1 trillion annually in economic activity, including \$500 billion in materials and supplies and \$36 billion in new equipment. Today, however, construction companies and our employees are suffering as state and local governments and private companies cut back construction spending to adjust to today's budget realities. Nationally, only 11 out of 337 metropolitan areas added construction jobs between March 2009 and 2010. Over that same period, 48 states and the District of Columbia lost construction jobs. Among the states losing construction jobs last year, California (108,500, 16.3 percent) lost the most and Nevada (30.0 percent, 27,400 jobs) experienced the highest percentage declines in construction employment over the past year. New construction employment figures for metropolitan areas in my state of California, for example, underscore how badly the recession has hurt the state's construction industry. Of the 28 metro areas in the state, 26 lost construction jobs between March 2009 and 2010, while the other two remained stable. Sacramento lost one out of every five construction jobs (8,300 jobs, 19 percent) over the past year. El Centro lost the highest percentage of jobs (29 percent, 500 jobs), while the Los Angeles area lost the most jobs (22,700 jobs, 18 percent). Napa (27 percent, 800 jobs); San Luis Obispo (26 percent, 1,500 jobs); and Chico (24 percent, 600 jobs) also experienced high rates of job loss.

Non-residential construction workers are prepared to add jobs in America after nearly 2 million lost jobs since December 2007. Conditions are ripe for public owners to get a great bargain on construction services. After five years of unprecedented growth in demand and price, both supplies and prices for construction materials have stabilized. With material capacity, ready labor, and a backlog of deferred projects, the construction industry stands ready to build now for the future.

Infrastructure Investment Creates Jobs

The construction industry continues to suffer from weak demand for new construction activity. Annual construction spending declined to an eight-year low in February 2010. According to AGC Chief Economist Ken Simonson, single-family homebuilding and economic stimulus provided by the American

Recovery and Reinvestment Act should help boost construction employment in a number of metro areas this spring, but high vacancy rates and shrinking state and local budgets will keep construction employment from rising in most areas.

AGC supports construction as an economic stimulus both through enhanced construction spending and through construction tax incentives (such as Build America bonds, Energy Efficiency tax credits for commercial buildings, and public-private partnerships). Infrastructure investment, however, directly puts people to work in engineering, design, and construction. Those people in turn purchase materials and equipment, spurring manufacturing jobs. Construction improvements increase efficiency and lay the groundwork for sustained economic growth.

Research conducted for AGC by Stephen Fuller of George Mason University estimates that every \$1 billion invested in infrastructure projects would create over 28,500 new direct and indirect jobs. Each billion dollars invested would add about \$3.4 billion to the Gross Domestic Product (GDP) as it ripples through the economy and about \$1.1 billion to personal earnings. An infusion of federal infrastructure funding would have a direct economic benefit by providing opportunities for companies like mine to compete for work.

Depending on the size of federal investment, its duration, and the types and sizes of contracts that we are awarded, Manson has already begun to expand its scheduled replacement of older inefficient equipment with newer, more environmentally friendly equipment. Census Bureau data show that U.S. manufacturers shipped more than \$500 billion worth of construction materials and nearly \$30 billion worth of construction equipment in 2008. Therefore, the increased investment in equipment would benefit manufacturing and the economy as a whole as those dollars are spread throughout many other sectors of the economy.

Water Resources Infrastructure: A Key to Recovery

Our nation's waterways infrastructure has construction, operations and maintenance needs that a new WRDA bill would facilitate. A new bill would also provide additional opportunities for new authorizations as well as an opportunity to reexamine and potentially de-authorize older, outdated authorized projects that may no longer be needed. Subsequent funding for authorized projects would create immediate construction employment opportunities. With additional funding, USACE would fully fund major waterways and dam safety projects. According to USACE, it would take about nine months for USACE to go through the entire contractor selection process and award a contract. While the time it would take for the contractor to ramp up would vary depending on the project, the good news is that these investments would continue for several years, particularly for very large construction projects. Conversely, job creation for ongoing and smaller construction projects, including dredging and operations and maintenance work, could provide the quickest surges in job creation.

Additional federal infrastructure funding would have a direct stimulus effect by putting more contractors and their employees back to work. It also improves economic efficiency, and makes our country more competitive long term. There is an estimated \$2.2 trillion needed to improve our nation's infrastructure over the next five years. There are several other important benefits that water resources projects can provide. Such investments would:

- Substantially reduce the backlog of critical maintenance and repairs at approximately 360 multiple purpose flood control, hydropower, recreation, water supply, and navigation projects
- Repair several high risk dams

- Rehabilitate and upgrade hydropower plants to achieve an industry standard 98 percent availability
- Recapitalize the oldest and most at-risk projects on our inland waterways system
- Fully dredge to authorized depth the nation's 296 highest use, deep draft, commercial ports
- Fully dredge our inland waterways to authorized depth and width
- Repair and upgrade critical coastal population protection projects

The nation's Marine Transportation System contributes 30 percent of the nation's Gross Domestic Product through the movement of petroleum, coal, and other energy products to power plants and consumers, and through the export of agricultural and other products to global trade partners improving the nation's balance of trade. Approximately 2.6 billion tons, or 94 percent, of the nation's commercial import and export commerce, valued at over \$620 billion, is moved on the channels and waterways. Failure to maintain channels creates a drag on the economy and may slow economic growth. Additional investment in our nation's waterways would be used to improve channel availability of our coastal ports from 32 percent to 95 percent, and would improve inland waterway lock and channel reliability and availability by reducing lock closures due to mechanical failures from 27,000 hours to 10,000 hours per year.

Finally, investment in this sector will greatly expedite the construction of critical environmental projects, completing projects sooner and returning critical ecosystems to a more natural state. Projects producing beneficial impacts on more than one million acres could be expedited. Of these outputs, approximately 90 percent are nationally significant and would contribute greatly to long-term environmental sustainability.

To maximize the economic stimulus benefits of investment in water resources projects, we recommend that cost-sharing sponsors be allowed to repay their share within five years. Since most USACE projects are cost-shared, and many local jurisdictions are experiencing budget shortfalls, this provision would allow USACE to enter into cost-sharing agreements without regard to the short-term availability of the non-federal share and immediately apply funding where it would do the most good.

Waterways Transportation Is Green Transportation

Every year, about 624 million tons of waterborne cargo travels the inland waterways, a volume equal to about 14 percent of all intercity freight. This commerce has an overall value of about \$70 billion, substantially contributing to America's economic strength. Waterways transport more than 60 percent of the nation's grain exports, about 22 percent of domestic petroleum and petroleum products, and 20 percent of the coal used in electricity generation. Barges are ideal for hauling bulk commodities and moving over-size equipment.

The annual traffic on America's inland navigation system, including the Mississippi River from Minneapolis to the Gulf of Mexico, the Ohio River and its navigable tributaries, the Gulf Intracoastal Waterway, and the Columbia-Snake River system, carries the equivalent of 58 million truck trips each year. Hypothetically, if current waterway freight traffic were to be diverted to the nation's highways, heavy truck traffic on Interstate highways between cities would nearly double. The impact on urban Interstate highways through cities would be more severe. It is difficult to appreciate the carrying capacity of a barge until one understands how much tonnage a single barge can move. A standard dry cargo barge can move as much cargo as 70 trucks or 16 rail cars.

For example, one loaded covered hopper barge carries enough wheat to make almost 2.5 million loaves of bread. A loaded tank barge carries enough gasoline to satisfy the annual demand of about 2,500 people. If the current waterway freight traffic were diverted to rail, the tonnage on the nation's railroad system

would increase by nearly 25 percent. The burden would not be evenly distributed; a heavier burden would be placed on the Eastern U.S. railroads, already operating at near capacity.

Additional Considerations

The Harbor Maintenance Trust Fund

The current state of the nation's harbors and navigation channels, getting narrower and shallower each year, requires a substantial increase in spending on harbor maintenance. Accordingly, we remain concerned about the current balance in the Harbor Maintenance Trust Fund (HMTF). As of September 30, 2009, the balance in the HMTF was \$5.113 billion, an increase of \$461 million (10 percent) over the FY 2008 year-end balance, even after all fund transfers to USACE and other authorized users. This balance has grown by \$3.239 billion, or by 173 percent, since the end of 2002. Revenues have substantially exceeded appropriations for a number of years despite the demonstrated need for harbor maintenance. As Congress considers additional opportunities to invest in water resources spending to stimulate the economy, the surplus in the HMTF should not be overlooked as an immediate source of revenue to fund these critical projects. Furthermore, as Congress looks towards long-term investment, AGC strongly recommends enactment of legislation setting the appropriations from the HMTF each year equal to projected revenues to be collected in the HMTF for that year.

Continuing Contracts and Reprogramming

The FY 2006 Energy and Water Appropriations Act made significant changes restricting the functionality of continuing contracts and enacted new restricted reprogramming authority. AGC strongly believes that use of the continuing contract is an important contracting mechanism given the vastly varied scope of projects executed by USACE. Unfortunately, limited resources for long-term civil works projects have constrained the immediate benefits water resources projects offer the nation. Take, for example, an O&M contract for a lock and dam project. If this lock and dam contract is a three-year project that becomes a five-year project, due to inadequate appropriations, the government is building a structural inefficiency into the procurement process. This robs the taxpayer in two ways. First, the public is deprived of two years of desperately needed working infrastructure. Second, the ultimate cost of the project skyrockets due to escalating materials and labor prices, as well operating costs – all of which would never have into have come into play had the project taken the projected three years.

It is the same story with deferred maintenance. A lock and dam that receives regular maintenance will last at least twice as long as one that does not. The cost of timely maintenance and repair is a tiny fraction of constructing a new lock and dam, and the taxpayer ultimately foots the higher price tag when repairs are finally undertaken.

These costs are also not always represented in the final dollar amount of repairs. The costs also include the lost commerce and transportation opportunities when a waterway shuts down. Farmers cannot sell their products or obtain needed supplies, factories cannot get materials in or their finished products out, and the transportation costs (both numerical and environmental) soar as alternative routes, if any, must be taken. You would not wait until a bridge carrying an interstate highway falls down to appropriate money to repair it. Locks and dams are the bridges of the inland waterways transportation system.

Additional funds to accelerate project execution under continuing contracts should be considered an overall benefit to the nation. There are immediate economic stimulus benefits to be derived from directing additional funds to these types of ongoing projects. In these instances, contractors are already

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mobilized and performing work, but the amount of work they can perform is limited by available funds. With additional funding, contractors could hire more workers immediately and complete the project quicker. Accordingly, we urge the committee to reassert its jurisdiction over this issue by revising how continuing contracts are utilized and allow for the reprogramming of funds to projects that are performing in excess of their annual appropriations. Allowing USACE and its contractors this authority will create substantial efficiencies towards the creation of critically needed civil works projects.

For example, the FY 2008 Omnibus Appropriations Bill and the Recovery Act granted USACE additional flexibility to meet existing obligations and unforeseen operations and maintenance needs. This additional flexibility is crucial to help USACE meet the ever-changing needs of civil works project execution, and I hope that Congress will consider extending this courtesy to certain projects in the other accounts as necessary. USACE must be allowed to reprogram unused funds to projects to best meet the needs of the nation.

Concluding Remarks

Madam Chairwoman, we at Manson Construction Co. and the members of AGC are ready to build these projects, so we can create and sustain jobs throughout the country. Construction has always been an engine of economic stimulus and can play that role once again. Increases in infrastructure investment can be quickly put to work and will have a direct, immediate, and dramatic impact on the economy. Moreover, since some construction contracts take many years to complete, investment made today will provide economic growth through any prolonged period of economic downturn. Most importantly, however, the long-term economic benefits of infrastructure investment today should not be overlooked. Through additional investment in infrastructure, our nation would be well positioned to emerge from the economic downturn, rebuild our world-class infrastructure system, and ensure our continued economic prosperity well into the future.

Thank you for this opportunity to comment. I look forward to working with the Committee and would be happy to answer any questions.

Senator BOXER. Thank you so much. Thanks to the whole panel. So, I am going to give my question time over to Tom Udall, and Senator, you can use it any way, for an opening statement or questions. You have 5 minutes.

Senator UDALL. OK. Thank you very much, Madam Chair.

Just by way of an opening, I think this panel has really demonstrated dramatically how WRDA and other recovery projects we put into place over the last year or so, they are very successful at creating jobs. I think each of you has outlined that, and I do not think there is any doubt about it.

One of the things I wanted to mention, by way, I guess, of an opening, is that in New Mexico, many of our communities are threatened by snow melt and major storms and arroyos. And so what we have done, for example, in the city of Albuquerque, to protect the city from flooding, is build a series and a system of levees back in the 1940s and 1950s. And we are getting to the point now where we need a reauthorization under WRDA to do a major rehabilitation of those levees which, I think, once again would drive home the point that there are jobs in this.

Mr. Woodruff, what I would like to ask you about, you know, you really drove a point with regard to the energy efficiency, and you talked about a gallon of fuel and how much further a gallon of fuel could go from truck to rail to barge. Do you have any suggestions? And to me that shows that we have very, very good energy efficiencies that we could capitalize on if we developed our policy that way.

And I am wondering, do you have any recommendations for this Committee on how to encourage those efficiencies, where they are possible, from a policy side or from a legislative side? How we can make sure that when we do the transport, whether it is people or goods, that we do it in the very, very most efficient way?

Mr. WOODRUFF. Our belief is that the way that you promote better modal efficiencies is through incentives to the shippers, as opposed to incentives to the carriers. We believe that our industry, the barge industry, the shipping industry, we have the equipment and we will build the equipment needed to move that cargo if the cargo comes to us for transport.

And I think there are a variety of things that can be done. Certainly, barge transportation will never replace truck or rail transportation. I like to tell people I have never seen a barge dock behind a grocery store. There are those things for which each mode is essential. But to the extent we can choose the best mode for a particular cargo and ensure that we are using the most efficient mode, then we should do so.

One thing that barges offer is a great deal of capacity. Our inland waterways have vast untapped capacity, whereas our other modes are very near their capacity. So that is another incentive to bring cargo to the waterways from other modes that may not be able to as efficiently handle them.

Senator UDALL. So, how do we tap that vast, that capacity that is out there that you are talking about? I mean, what are your ideas for that?

Mr. WOODRUFF. Well, we have the equipment ready for the cargo today. We can move intermodal cargos, shipping containers, we can

move bulk commodities. We have the ability to do it. We are, many companies in the industry, prepared to do it. I think it is finding a way to give the shippers the economic advantage to realize the benefits that we have to offer them.

Certainly, there are some connector issues. Every time you move from one mode to the other, there are expenses that are associated with that. It is just a matter of reallocating, I guess, the economic incentives so that it makes it economically advantageous to take the most efficient route.

Senator UDALL. Thank you very much. And I am going to yield back a little of the time so that everybody can get some questioning in before the vote here. Thank you.

Senator BOXER. Thank you. The Ranking Member would like to be recognized.

Senator INHOFE. Yes. Thank you very much, Madam Chairman.

First of all, well, let me just mention that this is really kind of an Oklahoma hearing. I look out here, and I see Julie Daniels, I have worked with her on projects up in Bartlesville, Oklahoma, Matt Myers, Shane Frye, Wendy Taylor, Kirby Crowe, Karen Keith. Karen Keith's a good liberal Democrat like you, Madam Chairman, and I want you to know——

Senator BOXER. Good for you, Karen.

[Laughter.]

Senator INHOFE. You would be surprised how well we get along. And I am pretty extreme on the right, and she is pretty extreme on the left——

Senator BOXER. Speak for yourself. I am not extreme.

[Laughter.]

Senator INHOFE. But we all agree——

Senator BOXER. Just ask Bernie Sanders. He does not think I am extreme at all.

[Laughter.]

Senator INHOFE. You are going to have to give me more time if we are going to talk about Bernie.

Senator BOXER. You have an extra minute. Any time.

[Laughter.]

Senator INHOFE. OK. My point is this. We can all agree that Government has functions to perform. And this WRDA bill, Water Resources Development Act, as well as what we are trying desperately to get, and I talked to this group yesterday about reauthorization of the transportation, it is something we need to be done.

These are authorization bills. And those people out there that call them earmarks, I am the only one up here who can really address this in a convincing way because the reason I am late is because I had to go over there and get my award for being Number One, the 100 percent, by the American Conservative Union, right before I came here. Last month, the National Journal had me ranked as the most conservative member of the U.S. Senate.

Now, I say that because I am a very strong believer that our system will work if people will get serious about it, and we go through authorization. When we go through authorization, we qualify these things. When we sat down and did the 2005 reauthorization bill for

transportation, we had criteria. Everything had to meet these criteria. Then we made allocations out to States.

This is the way it is supposed to happen. And people who talk about earmarks, it is the phoniest issue out there. Because the very individuals who complain about earmarks are the ones who vote for the very largest, multi-hundred billion dollar bills, then they hold up this earmark thing to make people think they are conservative.

Let me be specific. One of the votes that bothered me, I hate to say this in front of my friends who voted for it, was the \$700 billion bailout. That was October 1, 2008. Then we had the \$300 billion bailout, we had the \$50 billion, the PEPFAR Bill, to increase the amount of money going to communicable diseases in foreign countries. They vote for all of these things, and then they turn around and complain about the things that we are doing here today.

Now, the bottom line is this. We have needs that are out there. We have, in my State of Oklahoma, things that need to be done, things that are the legitimate function of Government to do. This WRDA bill is to make sure that we do not put out things that are not deserving of public funding and that they go through the process. So, I had to say that because I know that there are so many people who exploit this notion of earmarks, and it is something that has got to be exposed sooner than later. So, this is sooner.

Let me ask you, Mr. Woodruff, I had an opening statement and I was going to talk about, a little bit about, what I just now said but in a little nicer way. But that took too long. Also, I was going to mention that not many people realize that my State of Oklahoma is really a navigable State. We have a waterway that comes all the way from—I am sure you are aware of this, Senator Alexander—it comes all the way up the Mississippi and Arkansas Rivers, and we are moving goods in and out, and it is a great thing.

I would like to ask Mr. Woodruff, you are familiar with what we do. I would like to have you, kind of from your perspective, describe how this great event, I am particularly biased to this waterway because my father-in-law, many years ago, along with McClellan and Kerr, had a lot to do with building this thing. How has this contributed, and is still contributing today, to the economy of Oklahoma and surrounding States?

Mr. WOODRUFF. Well, in immeasurable ways. We talked about agricultural exports, fertilizer coming in, agricultural products going out. There are oil products, petroleum products that come into the Port of Catoosa, the Tulsa Port of Catoosa, that otherwise would be on trains or trucks, causing congestion on our highways.

But in terms of jobs there, I am thinking of a facility right there in Catoosa that builds huge heat exchangers that are used throughout the world in industrial facilities. And if it were not for the waterway there, I do not think those products could ever leave their factory and go to those markets.

So, for those cargos that are just too big to go by other modes, that allows jobs to be created and maintained, good high paying manufacturing jobs, right there in Catoosa, serving the world.

Senator INHOFE. Well, you see, that is the point that I am making. In the things that we do, and I would say some of the same things about some of the EDA programs, but since our time is

short, I am sure the Chairman has told you that we have a vote coming up—

Senator BOXER. It has already started.

Senator INHOFE. It has already started?

Senator BOXER. Yes.

Senator INHOFE. Anyway, let me just ask our friend from the Chamber of Commerce, I made some pretty strong statements concerning this fraud called earmarks. Do you have any thoughts about this? Because generally the Chamber, these are conservative people, free enterprising people, and how do you see this in terms of the role of conservative government serving America?

Ms. KAVINOKY. Well, certainly when it comes to a WRDA bill, and particularly this has always been a project-based bill, it has been a way to designate things that are important to the Nation and to the economy. I think we differentiate between earmarks which are for the items that people say, ah, this would a great idea to do, this is what I need in order to vote for a bill, and things that really look at what is important to the economic elements of the Nation. That is why in our work that we are doing on SAFETEA-LU reauthorization and on this, we are focused on how do you get the biggest bang for the buck out of every project?

Senator INHOFE. Alright. Would you agree with this? If we, if we would redefine earmark as an appropriation that has not been authorized, I am with everybody on this, would you agree with me?

Ms. KAVINOKY. Absolutely.

Senator INHOFE. There is the solution to the problem, Madam Chairman.

Senator BOXER. Well, I agree. Fully.

Senator INHOFE. Sure you do.

[The prepared statement of Senator Inhofe follows:]

STATEMENT OF HON. JAMES M. INHOFE,
U.S. SENATOR FROM THE STATE OF OKLAHOMA

Thank you, Madam Chairman, for holding this hearing, and thank you to all the witnesses for joining us this morning. Before I get into my statement, I just want to say that I support the Chair's intent to move a Water Resources Development Act, or WRDA, this year. Regularly enacted WRDA bills provide the best opportunities to address our Nation's water resources infrastructure needs.

The purpose of today's hearing is to discuss the job creation and economic development benefits associated with the kinds of water resources projects and policies typically authorized in a WRDA and carried out by the Army Corps of Engineers.

It took 7 years to enact the last WRDA (WRDA 2007), with detractors making two main arguments. First, there were complaints that Corps projects are a waste of taxpayer dollars. I couldn't disagree more.

This year I again was ranked by National Journal as the most conservative Senator, and I certainly take fiscal responsibility seriously. I firmly believe, however, that the two things the Federal Government should invest in are national defense and public infrastructure. Investments in infrastructure—including water resources infrastructure such as navigation channels, ports, flood control and hurricane protection measures—not only have short-term job creation benefits, but more importantly they help bring about long-term economic development opportunities. This dual benefit is one reason I tried to get a greater percentage of the stimulus dollars directed to infrastructure. Unfortunately, that didn't happen.

Our witnesses today will discuss the economic contributions these infrastructure projects make from the national perspective, but I'd like to take a moment to talk about my home State of Oklahoma. Many people think of Oklahoma as completely landlocked, but we actually have a very successful port in Tulsa called the Port of Catoosa. It is a combined port, industrial park and multi-modal shipping complex, currently with more than 60 companies employing nearly 3,000 employees.

The port lies at the head of navigation for the McClellan-Kerr Arkansas River Navigation System, which stretches 445 miles to the Mississippi River. More than 11.6 million tons were shipped on the McClellan-Kerr in 2009, with about 18 percent of that total going through the Port of Catoosa. Prior to the economic downturn, the system often carried closer to 13 million tons in an average year. This cargo typically consists of sand and rock, fertilizer, wheat, raw steel, and refined petroleum products.

The navigation system, as well as other Corps facilities elsewhere in Oklahoma, also contributes economically by providing flood protection, clean and affordable hydroelectric power, and recreation opportunities for local communities. None of this economic activity would have been realized if the Federal Government, through the Corps of Engineers, hadn't decided in 1946 to invest in this waterway.

The second main argument against WRDA 2007 was that it contained earmarks and therefore was simply full of "pork projects." Again, I must disagree with the reasoning of some of my colleagues.

Yes, WRDA includes authorizations and modifications of specific projects. But these so-called "earmarks" are the first step in the well established authorization and appropriations process. One of the best checks on out-of-control spending is limiting funding to only those projects and programs that have been authorized properly. In fact, I have objected many times to unauthorized items being funded in appropriations bills as well as to authorization language being included in appropriations bills.

The authorization process, and EPW as an authorizing Committee, provides the first congressional review of projects and programs to ensure that only legitimate needs that have a Federal interest are eligible for funding consideration. One question EPW has traditionally asked when considering WRDA requests is, "Does the project have a Chief's Report?" The Corps issues Chief's Reports for only those projects shown to have national benefits in excess of project costs. Once projects are authorized, it is then up to the appropriations process to determine priorities for funding.

For these reasons and others, I am a strong supporter of investment in infrastructure and of the importance of working on a WRDA. I am pleased to have the Committee turn to this bipartisan issue that can have significant economic benefits, and I look forward to hearing the testimony from our witnesses.

Senator BOXER. Senator Alexander, I just want you to know that I have been following the flooding in your State, and my heart goes out to you. I know the suffering that is going on. And this bill is directly related to these kinds of things. So, we would like to close our hearing with you.

Senator ALEXANDER. Thank you, Madam Chair, and thank you for your comments both here and yesterday when we talked about it. And I am glad you and Senator Inhofe are here because I had something I wanted to say about the Nashville flooding.

This is a thousand-year rain event. When they told me that was NOAA's estimate I thought they were talking about Noah's ark. But it had not rained like this in a thousand years. We had 25 inches in 2 days, which is twice as much rain as many western States get. And this is the time, the Mayor of Nashville estimates that this is just one of 52 counties that may be affected. He estimates that there may be \$1 billion of damage just in the Nashville area alone. So, this is a time for cleaning up and helping people.

But it is also a time for asking the question, what could we do better? And I wanted to just suggest to the Chair and to the Ranking Member that one of the things that we might be able to do better in the event of a disaster like this is to have clear and correct and consistent information from the Corps of Engineers about the release of water from the Old Hickory and Percy Priest Dams in our case.

It is too early to say whether it was unclear or incorrect or inconsistent, and this is not the time to be talking about it. But as we work on this bill, or perhaps even in a hearing, we could address

the question of whether clear, consistent and correct information from the Army Corps of Engineers to the community might have saved millions of dollars in records, in homes, and in lives even, because people had better information about the rise of the flood waters on the Cumberland River.

So, this was a problem after Katrina. I know Senator Landrieu talked about it. And in an orderly and appropriate way, at the right time, I would like to address this question of making sure that individuals and businesses have the opportunity to get the clearest, most consistent, correct information about rising water.

Senator BOXER. I think it is very important, and we will talk to you about how we can best facilitate that.

Senator ALEXANDER. I thank the Chair.

And then the other thing I wanted to say, I appreciate Senator Inhofe's comments, too, on earmarks. I mean, people come to see me about whether the dams in middle Tennessee are safe or we need housing for the most deployed troops in America at Fort Campbell. My job is not to give them President Obama's telephone number. But that is another suggestion.

I wanted to say a word about Mr. Woodruff's recommendation, the Chickamauga Lock, as an example. We have a lock in Chattanooga called the Chickamauga Lock. It was built in 1940. It will probably close in 2018 if it is not replaced. And work has already begun, but it stopped because there is not enough money. There is some Federal money appropriated but there is not enough money from the Inland Waterway Trust Fund to finish the lock.

If it were to close, that is 2.5 million tons of cargo. The new lock will hold 6.7 million tons of cargo annually. It will take 100,000 tractor trailers off the road. This is a lock that is a major transportation artery for the Oak Ridge National Laboratory, for the Nuclear Weapons National Security Complex at Oak Ridge, and for the Tennessee Valley Authority. So, this is tremendously important to our region.

I want to ask you, Mr. Woodruff, in the remaining minute and a half, if there is anything extra that you would like to say about the recommendations of your report on changing the business practices of the Corps of Engineers and what might happen if your report were not implemented. I strongly support your report, and I hope this Committee will adopt it.

Mr. WOODRUFF. Well, just to address the Chickamauga concern, if we maintain the status quo I cannot tell you when there would be money to finish the Chickamauga project. If this plan is adopted, it could be finished by 2015. That is an example of the dramatic types of improvement that we can obtain by focusing on finishing projects, being more efficient in the way that we build and construct projects.

Twenty-five projects finished instead of six. That is what we are looking at over a 20-year period by some relatively simple steps to get better estimates when we go into projects, to have more efficient funding streams, to give the contractors the money they need to do what they want to do, which is build these projects efficiently so they can move on to the next one. Those are the things that we can do to achieve the success that we have to have.

Senator ALEXANDER. Well, your recommendation has my full support, of course, because it would help with the Chickamauga Lock, which would be unimaginable that we would have to close it, both because it would be a better use of taxpayers' dollars generally and because it would help create jobs in our country.

I thank the Chair for the time.

Senator BOXER. I am going to turn this hearing over to Senator Inhofe. He is so excited to have so many of his constituents here.

Senator INHOFE. Well, let me just mention, before she goes out the door, Karen, just come back here, I want you to just meet Barbara before you leave.

[Laughter.]

Senator BOXER. Just come around that way. This way, and up the steps and back there.

Senator INHOFE. Yes, yes.

[Laughter.]

Senator BOXER. But I made Senator Inhofe promise that he would not characterize his view of my politics—

[Laughter.]

Senator BOXER. And he said he would not. You know, if it is mainstream Democrat, that is what I am. But he said he will not go there. He is just going to behave and do good—

Senator INHOFE. I will make this really brief, and in fact, while you are still here, Madam Chairman. I only wanted to say, and first of all, on these things, as I told all of you who are here, they are here because this is the Chamber in Oklahoma and I invited them to come by today, and they are very interested. Each one who is here is interested in something that we are doing with the WRDA bill potentially, for one, so that is why we do get along.

The only last thing I wanted to say in terms of the earmark argument is the importance of authorization. Authorize, then appropriate. But if you appropriate without authorizing, that is where you get in trouble. That is where things that do not deserve to get funded get funded. And people have got to learn that.

The other example I was going to use is my other Committee, which is the Senate Armed Services Committee. Just to give you an example. We have experts that will evaluate our platforms, our ability to defend America, such as National Missile Defense Systems, how we want redundancy in all three, in the boost phase, midcourse phase and terminal phase, and if you do not do that, then you are going to depend on the President coming through and saying, well, we are not going to have that, we do not need a boost phase because we have got something, that is the role that authorizers do. We have experts that make these decisions.

Any of these earmarks that they talk about, if you kill an earmark on the floor of the Senate, it does not save one cent. That money goes right back to the Administration. And if you think that, well, anyway, we do a good job. The authorization process is a good process. That is what we are doing here today, and I commend you on holding this hearing.

Senator BOXER. Well, Senator, I think it is so great that we can work together on these infrastructure programs because you and I just agree completely. And I just wanted to point out, when we worked on the last WRDA, we had an uphill climb because we had

a presidential veto. And we teamed up. And I checked with my staff and——

Senator INHOFE. A Republican veto, it was.

Senator BOXER. Yes, I know. But——

Senator INHOFE. Well, I am just making an observation here.

Senator BOXER. That is right, and it was harder for you, really. And I was so grateful. But we did it. And I checked back. In the history of the Nation, there have only been 110 successful veto overrides. That is it, from the beginning of the country. And we were involved in that one.

And I just think it speaks to what we need to do, and again, whether it is moving people, moving cargo, all the things that you were all so eloquent about, whether we are the Chamber of Commerce representing business, the labor unions represented here in many ways by Victor, the general contractors, a very large and successful company, this is a place where we can cut through the partisanship, we can come together, and Senator Inhofe and I are bound and determined to get this done.

We thank you all. This has been a brief hearing, but you said it right——

Senator INHOFE. Let me remind you also that there was a veto threat on the Transportation Reauthorization Bill, and I think the fact that I made it very clear that the Republicans, that some of us were going to be fighting that just like we did in WRDA, and I think that is probably the reason there was not one.

Senator BOXER. That is probably true.

Thank you, we stand adjourned.

[Whereupon, at 10:15 a.m. the Committee was adjourned.]

[An additional statement submitted for the record follows:]

STATEMENT OF HON. BENJAMIN L. CARDIN,
U.S. SENATOR FROM THE STATE OF MARYLAND

Madam Chairman, thank you for holding this hearing today on another excellent jobs bill that our Committee will be taking up in the near future.

I'm glad that we are focusing on the job creation and economic opportunities Water Resources Development projects create for the country. Just like improving our transportation or telecommunications infrastructure,

- keeping shipping channels open,
- protecting and restoring coastal ecology, and
- repairing dams

have considerable impacts on both local economies and the national economy.

Examples of WRDA's economic impacts from both the local and national scale are found across Maryland.

Maryland has a geography and topography which makes the Chesapeake Bay particularly susceptible to the adverse effects of erosion. This erosion contributes to 5 million cubic yards of sediment deposited annually into the Bay, adversely affecting water quality, destroying valuable wetlands and habitat, and clogging navigation channels.

Every year the Corps clears tons of eroded sediment from the Federal navigation channels that lead into and out of the Port of Baltimore. Keeping this port open and the channels dredged is essential not just for Maryland, but for the Nation.

The Port of Baltimore is an enormous economic engine for Maryland with national significance. There are 126 miles of shipping channels leading to the Port of Baltimore. In 2008 approximately 47.5 million tons of cargo, including 33 million tons of foreign cargo valued at \$45.3 billion, and approximately 14.5 million tons of domestic waterborne cargo moved through the Port of Baltimore.

Among the 360 U.S. ports, Baltimore is ranked No. 1 for handling:

- trucks,
- roll on/roll off cargo (i.e. automobiles, trucking trailers, and freight cars) and is the country's second largest automobile exporter,

- imported forest products, and
 - gypsum, sugar and iron ore
- and is nationally ranked 12th in total value of foreign cargo handled.

The Maryland Port Administration estimates that the Port generates 50,700 jobs in Maryland with \$3.7 billion in wages and salaries. Additionally, there are approximately 68,300 related and indirect jobs associated with Port activities.

At the local level, Maryland puts the Bay's dredge material to good use on coastal habitat, beach and island restoration projects.

Along our Atlantic coast, powerful winter storms and tropical cyclones can cause considerable beach erosion—threatening the economic vitality of our premier Atlantic coast resort city, Ocean City. This past November and December, Ocean City, Assateague National Seashore and other Mid-Atlantic coastal communities were pummeled by Nor'easter Ida.

Since 1990 the Corps has supported an Atlantic coast protection program that involves replenishing the natural beaches that border Ocean City, Maryland. This coastal protection program has worked exceptionally well.

The years of work on coastal wetland and beach restoration projects are what saved many of the homes and businesses on the lower shore. The Corps estimates that over \$238 million in damages were prevented due to periodic beach renourishment projects. And those savings do not include the damages that were avoided last winter—we are still awaiting those final numbers.

The Chesapeake Bay is the Nation's largest estuary. The Corps' oyster and habitat restoration, shoreline protection, and sediment management programs are integral to Bay restoration efforts.

Oysters represent more than just a source of income for Maryland's watermen—they are natural biological filters, continually cleaning up the Bay.

Last summer I was proud to join the Corps' top military leader, Major General Robert L. Van Antwerp, as we viewed the Poplar Island restoration project and the site of the proposed Mid-Chesapeake Bay Island Ecosystem Restoration project.

Poplar Island has risen, phoenix-like, out of the Chesapeake Bay. Formerly eroded into a few tiny fragments, the Corps has used the dredge materials from the Baltimore navigation channels to rebuild this extraordinary island habitat.

The Mid-Bay restoration effort will serve as a successor to Poplar Island. Mid-Bay will restore two major islands, James and Barren Islands, in the Chesapeake Bay. It will result in the restoration of more than 2,100 acres of coastal ecosystem restoration.

The reconstruction of the islands in Dorchester County will help provide much needed island habitat to support the local ecosystems while also providing substantial relief from further erosion on the mainland.

There are numerous other projects that I could cite. Each in its own way helps create and sustain jobs. And when these projects are done right, they support both domestic and international commerce as well as our environmental needs.

I look forward to hearing from today's witnesses and working with my colleagues on the latest reauthorization of WRDA.

[Additional material submitted for the record follows:]

Statement of
The American Society of Civil Engineers
Before The
Senate Committee on Environment and Public Works
On The
Water Resources Development Act of 2010:
Jobs and Economic Opportunities
May 6, 2010

The American Society of Civil Engineers (ASCE)* is pleased to provide this statement for the record for the Committee hearing on the “Water Resources Development Act of 2010: Jobs and Economic Opportunities.” We congratulate the Committee for assuming a leadership role in pursuing a pro-growth, public-safety agenda through reauthorization of WRDA in 2010.

It is long established that money invested in essential public works can create jobs, provide for economic growth, and ensure public safety through a modern, well-engineered national infrastructure.¹ The infrastructure systems under the jurisdiction of this Committee are vital to those goals.

* ASCE was founded in 1852 and is the country's oldest national civil engineering organization. It represents 144,000 civil engineers individually in private practice, government, industry and academia who are dedicated to the advancement of the science and profession of civil engineering. ASCE is a non-profit educational and professional society organized under Part 1.501(c) (3) of the Internal Revenue Service rules.

A. Infrastructure Investments Provide Jobs, Long-Term Growth

In 2009, Congress enacted the American Recovery and Reinvestment Act, which appropriated an estimated \$100 billion for infrastructure renewal. According to recent reports, the legislation also has had a significant impact on job creation by putting hundreds of thousands of Americans to work.

As of February 28, 2010, the data show that, of the \$38 billion available for highway, transit, and wastewater infrastructure formula program projects under the Recovery Act, \$33.4 billion has been put out to bid on 16,360 projects. Within this total, 14,475 projects, totaling \$29.6 billion, are under contract. Across the nation, work has begun on 12,545 projects totaling \$26.7 billion, or 70 percent. Work has been completed on 4,238 of these projects, totaling \$3.6 billion. The 12,545 projects under way or completed have created or sustained nearly 350,000 direct, on-project jobs. This has resulted in \$1.8 billion in payroll expenditures. The Committee calculates that \$296 million in unemployment checks have been avoided as a result of this direct job creation, and that these direct jobs have caused nearly \$376 million to be paid in [f]ederal taxes.²

In 2009, the Clean Water Council (CWC) reported that infrastructure investments in sewer and water treatment facilities have a three-fold economic impact. Such investments create jobs directly through the purchase of supplies and construction materials, indirectly through purchases from vendors to the construction industry, and “induced impacts” based on the impacts of the spending.³

Infrastructure investment as a powerful economic tool has been advocated by President Obama. During his campaign in 2008, he stated: “A robust federal infrastructure investment program today will help strengthen the U.S. economy and provide at least one million more U.S. jobs at a time when the housing and construction industries are slowing.”

B. Waterways, Marine Transportation System Support Economic Growth

The U.S. Marine Transportation System (MTS) consists of waterways, ports and their intermodal connections, vessels, vehicles, and system users. Each component is a complex system within itself and is closely linked with the other components. It is primarily a collection of state, local, or privately owned facilities and private companies.⁴

In addition, national, state, and local governments participate in the management, financing, and operation of the MTS. More than 1,000 harbor channels and 25,000 miles of inland, intracoastal, and coastal waterways in the United States serve more than 300 ports, with more than 3,700 terminals that handle passenger and cargo movements. The waterways and ports link to 152,000 miles of rail, 460,000 miles of pipelines, and 45,000 miles of interstate highways. The MTS also contains shipyards and repair facilities important to maritime activity.⁵

Currently, 59 authorized federal channels handle approximately 90 percent of all cargo tonnage through U.S. ports. While trade is thriving, segments of the MTS are showing

signs of strain, which will intensify as cargo and passenger traffic increase. Large containerized cargo ports, which are beginning to experience capacity problems, will be pressured to keep up with the growth in trade. The MTS physical infrastructure will experience increased strain and become prone to failures. The U.S. military's reliance on MTS ports to deliver equipment and supplies to defense forces abroad adds to the strain.⁶

More than 13 billion tons of freight, valued at \$11.8 trillion, were transported nearly 3.5 trillion ton-miles in the United States during 2007, according to the Commodity Flow Survey conducted by the U.S. Bureau of Transportation Statistics.⁷

Waterborne shipments via the ocean, Great Lakes, and inland waterways accounted for about \$107 billion worth of goods, or one percent of the total value of all shipments in the United States that year, the BTS reported. In addition, vessels shipped approximately 423 million tons of goods, three percent of all tonnage shipped in the U.S. in 2007. The Mississippi River system was the most active waterway system in the country for freight transport, and shallow draft vessels, most of which travel the Mississippi River, carried the largest portion of waterborne freight in the United States.⁸

In 2007, water shipments were valued on average at \$253 per ton, compared to \$201 per ton for rail, the two lowest modal values per ton in the 2007 CFS. Historically, the major commodity groups shipped in bulk via waterway are metallic ores and concentrates, bituminous coal, fertilizers, gravel and crushed stone, and natural sands.

C. A National Commitment to the Improvement and Maintenance of Ports, Harbors and Waterways Is Essential to the Economic and Environmental Well-Being of This Nation.

The lack of adequate investment in America's infrastructure over many decades has left us with a vast backlog of deteriorated facilities that no longer meet our nation's increasing demands.⁹ As a threshold matter, we believe that a federal multi-year capital budget for public works infrastructure construction and major rehabilitation, similar to those used by state and local governments. The capital budget must be separated from non-capital federal expenditures.

Such a budget would provide a knowable and reliable source of funding for the maintenance and improvement of America's ports, harbors and waterways and other infrastructure to protect the public health, safety, and general welfare.

The current budgeting process at the federal government level has a short-term, one to two year, focus. Infrastructure, however, by its very nature, is a long term investment. In order to provide for a minimum acceptable and consistent level of infrastructure funding, a long-term approach is needed. Without long-term financial assurance, the ability of the federal, state, and local governments to do effective infrastructure investment planning is constrained severely.

ASCE strongly supports the concept of federal, state, and local investments in waterborne transportation infrastructure. Furthermore, we believe that these investments ought to come in the form of designated trust funds that are apart from the unified federal budget or have revenues that are segregated from other federal program revenues.

With regard to WRDA, we support the deepening and widening of ship channels, as necessary, to accommodate the new, larger ships in the world fleet and the continued maintenance dredging of ship channels for the efficient handling of maritime commerce. ASCE also supports programs that limit erosion and sedimentation in ports, harbors and waterways globally.

The enactment of federal and state legislation and regulations to protect the health and welfare of citizens from the catastrophic effects of levee failures is essential. Congress must enact legislation to establish a national levee safety program that is modeled on the successful National Dam Safety Program. The act should require the federal and state governments to conduct mandatory safety inspections for all levees and establish a national inventory of levees.

D. The Committee Must Conduct Vigorous Oversight of the Budgets for the U.S. Army Corps of Engineers Civil Works Program

In the face of the Corps' aging infrastructure needs, the president's budget for the Civil Works Program in FY 2011 reduces—not increases—federal investments in essential national civil works systems.

The budget proposal totals only \$4.9 billion, a reduction of 9.3 percent from the FY 2010 enacted level of \$5.4 billion. The administration request represents a 51 percent decrease from the FY 2009 enacted total of \$10 billion through regular appropriations and the American Recovery and Reinvestment Act.

Moreover, the trend is not likely to improve in future years. The Corps estimates that its budget proposals will continue to decline through FY 2015, with a low estimate of \$4.5 billion for FY 2013. The Corps expects that inflation will reduce actual spending on key infrastructure programs by a further \$3 billion over the next five years.¹⁰ ASCE believes that these levels of spending are inadequate to meet the nation's security, economic and environmental demands in the 21st century.

In an appearance before Congress earlier this year, the assistant secretary testified to the president's intentions in cutting the civil works budget. "In keeping with President Obama's commitment to limit the overall level of non-security discretionary spending, the level of funding in the 2011 Civil Works budget is a reduction from both the 2010 budget and the 2010 appropriations."¹¹

The secretary explained that this year's budget proposal funds four principal objectives: construction of the highest performing water resources infrastructure investments that

provide the best returns from a national perspective; the nation's 12,000-mile navigation system by financing capital investments; aquatic-ecosystem-restoration efforts; and critical maintenance and operational reliability of the existing Corps infrastructure. The president's plan emphasizes commercial navigation, flood and coastal storm damage reduction and aquatic ecosystem restoration, the secretary said.

The proposed construction budget for FY 2011 would assign \$1.7 billion to 99 construction projects; only two of these are new starts. The administration's request represents a reduction of \$341 million from the FY 2010 appropriation for this account. These funds are used for the construction of river and harbor, flood control, shore protection, environmental restoration, and related projects specifically authorized or made available for selection by law.

Increased funding to the states for water resource planning is vitally important to encourage statewide collaborative efforts to avert future crisis such as flooding or drought. Preparedness is a cornerstone for ensuring future water supply availability for population and economic growth and new challenges to address environmental needs. At least \$100 million should be provided on a cost-shared basis in the Civil Works program to help states develop strategies to address their future challenges and needs.

We urge the removal of the prohibition on "new starts" in future Appropriations bills. We believe this is not in the best interest of the Corps' work on the nation's waterways, flood control needs and ecosystems restoration. Congress took a strong stand and made a serious commitment to the American people when it voted to override President Bush's veto of the 2007 Water Resources Development Act and authorized more than \$23 billion in new projects for the Corps of Engineers. It is time to meet that commitment by addressing this backlog of funding needs and provide additional funding for this critically important program. Failing to move on new projects that have been authorized will stop the Corps from addressing pressing needs.

E. Congress Should Solve the Problem of Declining Balances in the Inland Waterways Trust Fund

Of the 257 locks still in use on the nation's inland waterways, 30 were built in the 19th century and another 92 are more than 60 years old. The average age of all federally owned or operated locks is nearly 60 years, well past their planned design life of 50 years.

The government needs to set a priority system for restoring locks that have outlasted their design lives, with an initial focus on all locks built in the 19th century. The current federal budget process does not differentiate between expenditures for current consumption and long-term investment. This causes major inefficiencies in the planning, design and construction process for long-term investments. In the interim, Congress must provide new revenues for the Inland Waterway Trust Fund (IWTF) to begin reducing the maintenance backlog.

The IWTF finances construction and maintenance of the nation's 12,000-mile inland waterways system. The trust fund is supported by a 20-cent per gallon tax on commercial fuel used on specified inland waterways. The fund is used to pay for half of the federal cost of constructing navigation improvements on those waterways; the remaining half is paid from general revenues. In recent years, the Corps has been steadily spending down the Inland Waterways Trust Fund.

The IWTF balance has declined each year for more than a decade. In FY 2011, the Office of Management and Budget estimates fund revenues at \$85 million, with a year-end balance of approximately \$30 million.

The administration's budget request notes that the administration will propose to replace the current fuel tax with a new funding mechanism that will raise the revenue needed to meet the authorized non-federal cost-share of these capital investments "that is more efficient and more equitable than the fuel tax" for traffic on the inland waterway system.

If the administration's proposal is enacted, the budget forecasts additional receipts of \$72 million for the IWTF for FY 2011. Together with the \$85 million in estimated receipts from the current excise tax and interest income, total receipts for the Inland Waterways Trust Fund would be \$157 million under the administration's budget request in FY 2011.

According to the Inland Waterways Users Board, large project cost overruns and delays in project schedules on the waterways have drawn down the IWTF balance. Project completion delays result from a federal budgeting and appropriations model that provides funding in annual and often-insufficient increments rather than a more reliable multi-year funding mechanism that would provide the certainty needed to more efficiently contract and build these capital projects.¹²

Respectfully submitted,

The American Society of Civil Engineers

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ENDNOTES

¹ The connection between economic expansion and infrastructure investments was most clearly explained more than 20 years ago. See David A. Aschauer, Is Public Expenditure Productive?, 23 J. MONET. ECON. 177 (1989) (finding that “the fall-off in productivity growth [in the 1970s] is matched, or slightly preceded, by a precipitous decline in additions to the net stock of public nonmilitary structures and equipment.”)

² Press release, House Transportation and Infrastructure Committee, Eighty-eight Percent of T&I Recovery Funds Out to Bid (Mar. 25, 2010), *at* <http://transportation.house.gov/News/PRArticle.aspx?NewsID=1152> (last visited Apr. 30, 2010) (emphasis added).

³ Clean Water Council, *Sudden Impact: An Assessment of Short-Term Economic Impacts of Water and Wastewater Construction Projects in the United States* (2009).

⁴ The ports and harbors contain landside port infrastructure such as terminals, wharves, rail yards, and roadways within the harbor districts. The vast bulk of America's landside port infrastructure is owned and operated by state, local and private sector entities. The owners and operators are not required by law to report regularly on the physical condition of their landside infrastructure.

⁵ U.S. Maritime Administration, *An Assessment of the U.S. Marine Transportation System: A Report to Congress* (1999).

⁶ Committee on the Marine Transportation System, *National Strategy for the Marine Transportation System: A Framework for Action* (2008), *at* <http://www.cmts.gov/nationalstrategy.htm> (last visited Apr. 29, 2010).

⁷ Bureau of Transportation Statistics, *U.S. Freight on the Move: Highlights from the 2007 Commodity Flow Survey Preliminary Data*, *at* http://www.bts.gov/publications/bts_special_report/2009_09_30/html/entire.html#2 (last visited Apr. 29, 2010).

⁸ Id.

⁹ The American Society of Civil Engineers, *Report Card for America's Infrastructure* (2009), *at* <http://www.infrastructurereportcard.org/>. Fifteen infrastructure systems received a cumulative grade of D due to deferred maintenance and a lack of investment in new systems.

¹⁰ U.S. Army Corps of Engineers, The Fiscal Year 2011 Budget and an Alternative View of the Civil Works Mission 11 (Mar. 9, 2010) (unpublished PowerPoint presentation, on file with ASCE).

¹¹ CQ.com, House Appropriations Subcommittee on Energy and Water Development Holds Hearing on President's Fiscal 2011 Budget Request for the Army Corps of Engineers, *at* <http://www.cq.com/display.do?productId=4&dockey=/cqonline/prod/data/docs/html/transcripts/congressional/111/congressionaltranscripts111> (testimony of Assistant Secretary Jo-Ellen Darcy) (last visited Mar. 15, 2010).

¹² Inland Waterways Users Board, Annual Report to Congress (2009), <http://www.iwr.usace.army.mil/usersboard/AnnualReportToCongress.htm> (last visited Mar. 15, 2010).



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Testimony Submitted by the
National Association of Flood
And Stormwater Management Agencies

Water Resources Development Act of 2010

U.S. Senate
Environment and Public Works Committee

Hon. Barbara Boxer, Chairwoman

May 6, 2010

The National Association of Flood and Stormwater Management Agencies (NAFSMA) is very pleased to submit this testimony addressing proposals for the Water Resources Development Act of 2010. On behalf of our membership, many of whom are non-federal partners on flood damage reduction and environmental restoration projects with the U.S. Army Corps of Engineers, we thank you for your leadership and efforts to move a Water Resources Development Act forward this year.

NAFSMA supports many of the general provisions enacted in WRDA 2007 and have actively been involved in helping to implement many of those changes. We urge Congress to continue to work to keep WRDA on a biennial schedule and enacting legislation this year would help to move closer to that goal.

Background on NAFSMA

NAFSMA is a public agency driven organization based in the nation's capital, with a focus on effective flood and stormwater management in urban areas. Our mission for more than 30 years has been to advocate public policy and encourage technologies in watershed management that focus on flood protection, stormwater and floodplain management. Through this mission, NAFSMA enhances the ability of its member agencies to protect lives, property and economic activity from the adverse impacts of storm and flood waters.

Formed in 1978, NAFSMA works closely with the Corps of Engineers, the Federal Emergency Management Agency and the U.S. Environmental Protection Agency, as well as other federal agencies and national water resource organizations to carry out its mission. NAFSMA members are on the front line protecting their communities and regions from loss of life and property and are responsible for flood mitigation, flood water and emergency management activities as well as the water quality protection.

Therefore, the organization is keenly aware that flood damage reduction activities and projects are a wise and necessary investment required to first reduce loss of life and ensure the safety of our citizens. In addition, our members are charged with reducing damages to peoples' homes and businesses and critical infrastructure, while also protecting the environment and preventing economic disruption. Flood management has proven to be a wise investment that more than pays for itself by preserving life and property, thereby reducing repeat requests for federal disaster assistance.

Especially since WRDA 1986, this protection has been provided through a strong and well-tested federal-nonfederal partnership which NAFSMA values and will continue to work to improve and strengthen as we move forward in such critical flood management discussions as WRDA 2010. As a result, we are dedicated to

ensuring that the nation's flood management systems can be operated and maintained properly and any needed inventory, assessments and repairs to flood damage reduction structures can be carried out smoothly.

Intergovernmental Flood Risk Management Efforts

Beginning in August 2005, just prior to Hurricane Katrina's devastating impact on the Gulf Coast, NAFSMA convened a discussion between our members, Corps leadership, FEMA, the Association of State Floodplain Managers, and other levee experts to discuss the need to inventory and assess the nation's levees due to issues that would definitely develop in this area as FEMA's flood map modernization process continued to move forward. This meeting and numerous later joint interagency discussions has led to a much stronger working relationship in the flood damage reduction arena between the Corps of Engineers and FEMA.

NAFSMA very much appreciates the strong initiatives of both agencies and their leaders to speak with one federal voice on these critical issues. Many strides have been made in this effort at the federal level and we hope that this continued commitment will result in better communications and partnerships at the District and regional levels of both agencies.

NAFSMA Recommendations for WRDA 2010

Enact WRDA 2010 –It is critical that a reauthorization of the Water Resources Development Act occur this year. Not only does this necessary legislation provide an opportunity to review and shape the policies and programs of the U.S. Army Corps of Engineers, it is needed to strengthen the partnerships necessary to achieve the flood damage reduction goals of this nation. Local, regional and state agencies depend on WRDA's reauthorization.

Needed flood damage reduction, environmental restoration and watershed planning projects face significant cost increases and missed opportunities for safety, economic, and environmental improvements while waiting for authorization. Since we last testified on the need for a WRDA in 2008, our local, regional, and state agencies, are facing severe economic hardships, many facing layoffs and furloughs within their own individual organizations. It is important during these tough economic times that we all find ways to reduce costs, expedite studies, and minimize reviews and permitting so we all can be proud in building projects that reduce the loss of life and property from the flood threat while at the same time using public dollars to put people to work.

While WRDA 2010 does not address appropriations, NAFSMA urges the Committee to work with others to see that appropriations are forthcoming for authorized projects. Further, NAFSMA urges Congress to separate authorizations needed under WRDA from the larger earmark funding debate.

Include New, and Amendments to, Flood Damage Reduction Projects - As you move forward with drafting WRDA 2010, it is important to remember that many existing and potential non-federal sponsors and their congressional delegations held critical projects back from consideration in WRDA 2007 at the request of committee leadership and staff in an effort to move that bill forward. These projects now need to be considered as they are necessary to protect lives, public safety and critical infrastructure, and provide new jobs critical to the economy. Some existing project authorizations need amendments to move forward, as well.

Critical Levee Safety Recommendations

Authorize Completion of the National Levee Inventory - NAFSMA urges Congress to provide the necessary authorizing language to expand and complete the national levee inventory to include non-federal, as well as federal levees.

Authorize Corps, When Requested, to Carry Out Levee Certifications - With many flood damage reduction projects built through partnerships with the Corps, the Corps District offices are in many cases uniquely suited to carry out levee certification activities. NAFSMA strongly believes that the original national interest that was determined to exist in order for federally-partnered flood damage reduction projects to move forward, still remains, and in most cases is even stronger. It follows then that there is a shared responsibility for the Corps to participate in FEMA's certification process. If the federal government is asking private engineering firms to take on this responsibility, the federal government's engineering branch should be willing and able to help perform these activities as well.

NAFSMA offers to work with the Committee to develop a workable approach to this issue. We urge this committee to consider some of the legislative proposals that have been recently introduced to allow the Corps to take on this needed certification work at the request of a local sponsor.

Establish National Levee Rehabilitation, Improvement, and Flood Mitigation Fund - In the spirit of shared responsibility, NAFSMA endorses the recommendation of the National Committee on Levee Safety and urges that a repair, rehabilitation and flood mitigation program be established to address critical levee repairs and that federal funding be available on a cost-shared basis to owners and operators of levee systems.

Explore Expanding Credit Incentives for Levee Safety Activities - NAFSMA urges that full credit for work performed by a non-federal sponsor, or cost sharing partner, for identified levee strengthening or retrofit activities not be limited to the nonfederal cost of the project. In instances where major activity is needed to repair federally-partnered flood management projects, the nonfederal sponsor needs the ability to get out in front of these activities with the knowledge that they may later work with the Corps and Congress to receive needed and appropriate credits. NAFSMA offers to work with the Committee and the Corps to amend these applicable sections.

Crediting for Ecosystem Restoration Activities Linked with Levee Safety Strengthening and Retrofits - NAFSMA urges that credit or reimbursement be allowable for environmental mitigation or restoration activities that may be needed as the result of work performed to repair or improve existing flood damage reduction systems.

Develop and Implement Measures to More Closely Harmonize Levee Operation and Maintenance Activities with Environmental Protection Requirements - This National Committee on Levee Safety recommendation is particularly important to NAFSMA members who are currently trying to maintain the integrity and strength of their existing levees so they provide the flood reduction capabilities expected by the public. Currently, there is a lack of consistency by federal regulators and environmental agencies in the permitting and guidance of levee maintenance that is resulting in unpredictable requirements and timelines. Specifically, the management of deep-rooted vegetation on levees has become controversial. The Corps is currently taking comments on its proposed process for obtaining a variance for its vegetation guidelines and NAFSMA thanks the Corps for its public outreach and comment period on this proposal.

Conflicting regulatory and environmental agencies' views are resulting in long delays or inability to perform needed infrastructure maintenance. NAFSMA concurs with the National Committee on Levee Safety that acceptable operation and maintenance practices need to be developed in conjunction with and coordination with state and federal environmental agencies so lives and property can be protected, and significant environmental and natural resources are not impacted. WRDA 2010 suggestions that apply to all types of flood risk management projects, not just levees, are listed in the first two recommendations below.

Recommendations for All Flood Risk Management Projects

Require Corps of Engineers to Improve the Process for Obtaining Environmental Permits for Operations and Maintenance Activities - NAFSMA strongly supports language for the Corps to report back to congress within 180 days of passage on the impediments and suggested changes required to improve environmental permitting process for federally-partnered flood damage reduction and ecosystem restoration project operation and maintenance activities.

Authorize Updating of Existing Operations and Maintenance Manuals to Provide Necessary Permits for Operations and Maintenance Activities - NAFSMA urges that provisions be included in WRDA 2010 that provide for updating federal operation and maintenance manuals for existing federally partnered projects, which would include needed Section 404 permits, if necessary, or otherwise allow local agencies to perform the required project maintenance without the need to obtain federal permits and without requiring costly mitigation measures.

NAFSMA urges the Committee to explore non-federal and federal concerns about issues related to federally-partnered projects once they reach or exceed their design life.

Make Section 214, WRDA 2000 Permanent - Section 214 of WRDA 2000 allows the Secretary of the Army to accept and expend funds contributed by non-Federal public entities to expedite the processing of permits. This has allowed local governments to move forward with vital infrastructure projects and maintenance with minimal or no impact to the environment that might have otherwise been held up while waiting for permits to be processed. By funding additional staff to work on permit evaluations, existing Corps staffers are able to process permits more quickly, resulting in a reduction of permit wait times not only for the funding entity, but for any individual or organization that makes an application with that Corps District.

Provide Sound Floodplain Management Incentives - NAFSMA urges that a sliding cost share formula for federally-partnered flood damage reduction projects be developed based on a community's rating in the Federal Emergency Management Agency's Community Rating System (CRS), or similar system. We would urge that the 35% local cost share be reduced for non-federal sponsors where the community is carrying out sound floodplain management activities and have, or would, achieve a strong rating from FEMA as part of the CRS program. Such incentives have been successful at the state level. Expanding the CRS program, or a similar approach, to reward sound floodplain management was a key recommendation developed at a Flood Risk Policy Summit held in December 2007, again in the summer of 2009, and most recently was raised at FEMA's Listening Session in December 2009 on the National Flood Insurance Program.

Improve the Corps Planning Process - The current planning process is a long, complex and costly planning exercise that does not necessarily yield better flood reduction projects. As "problems" developed over the years, the solution has often been the addition of more steps instead of addressing the real problem. The result is that the quality of work and accountability has declined. We are convinced that it will take a sincere, considerable, and collaborated effort from local sponsors, the Corps, and Congress in coordination with OMB and CEQ to make any significant and worthwhile changes. We now have the opportunity to make many of these needed changes in the updated Principles and Guidelines, and corresponding agency specific procedures. NAFSMA requests the Committee to support any and all means to expedite the planning process including authorization changes, if needed.

Closing

NAFSMA very much appreciates this opportunity to testify and looks forward to working with the Committee on WRDA 2010. Please feel free to contact me or NAFSMA Executive Director Susan Gilson at 202-289-8625 with questions.