

**BUILDING A 21ST-CENTURY INFRASTRUCTURE FOR
AMERICA: COAST GUARD STAKEHOLDERS' PER-
SPECTIVES AND JONES ACT FLEET CAPABILI-
TIES**

(115-26)

HEARING
BEFORE THE
SUBCOMMITTEE ON
COAST GUARD AND MARITIME TRANSPORTATION
OF THE
COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE
HOUSE OF REPRESENTATIVES
ONE HUNDRED FIFTEENTH CONGRESS
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Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington DC 20515

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September 29, 2017

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SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Coast Guard and Maritime Transportation
FROM: Staff, Subcommittee on Coast Guard and Maritime Transportation
RE: Hearing on “Building a 21st Century Infrastructure for America: Coast Guard Stakeholders’ Perspectives and Jones Act Fleet Capabilities”

PURPOSE

The Subcommittee on Coast Guard and Maritime Transportation will hold a hearing on Tuesday, October 3, 2017, at 10:00 a.m., in 2167 Rayburn House Office Building to examine the status of the U.S. Coast Guard’s (Coast Guard or Service) military and civilian workforce and extensive real property infrastructure and review the capabilities of the Jones Act Fleet. The Subcommittee will hear testimony from the Coast Guard, the Maritime Administration (MARAD), and representatives of the maritime industry.

BACKGROUND

This hearing builds upon the Subcommittee’s two previous hearings which focused on the Service’s sea, land, and air capabilities. These hearings included extensive reviews of short and long-term plans for major acquisitions, including polar icebreakers. This hearing will examine the Coast Guard’s backbone – the workforce and shore infrastructure that supports all operations. In addition, it will review hurricane relief efforts for Puerto Rico by U.S.-flag vessels.

Workforce Status

As one of the Nation’s five Armed Forces, the Coast Guard has a combined military and civilian workforce. Nearly 41,000 active duty, and approximately 6,400 reserve military personnel, conduct the Coast Guard’s operational missions around the world on a daily basis. Coast Guard uniformed personnel receive the same pay and benefits as the other Armed Forces, and maintaining or attaining parity with the other Armed Forces continues to be a very important issue for the Coast Guard. Over 8,500 civilian employees of the Coast Guard provide critical support expertise to enable operations. The Coast Guard is also aided by the Coast Guard Auxiliary, an all-volunteer force of over 31,000 members.

The Coast Guard is working to close gaps in both its military and civilian workforces which resulted from budgetary pressures and an ill-timed reduction in recruiting capacity. Anticipating budget reductions as the Budget Control Act and subsequent sequester went into effect, the Coast Guard eliminated over 1,500 positions, including significant reductions to military recruiting and civilian hiring capacity, between fiscal year (FY) 2013 and FY 2015. However, contrary to initial projections, the Service's workforce has grown over the past two years. That growth challenged the Service, as the recruiting and hiring capacity reductions placed limitations on growth. The Coast Guard is now actively taking steps to rebuild necessary capacity to fill and maintain the Service's workforce.

On several occasions this year, Admiral Paul Zukunft, Commandant of the Coast Guard, has stated a need to grow the Coast Guard's active duty workforce by 5,000 people over the next five years. To date, the Service has provided limited details regarding the requirements for such growth and whether current operational missions are undermanned. Nevertheless, the Committee responded to the Commandant's request by including in Coast Guard authorization legislation (H.R. 2518) an increase in the Coast Guard's end-strength levels for FY 2019 to 44,500 active duty military personnel, an increase of 1,500 over the previous two-year authorized level of 43,000.

Personnel Budgeting

The President's FY 2018 budget request is the first time that the Coast Guard has requested funding and personnel Full-Time Equivalents (FTE) in alignment with workforce projections. In prior years, the Service simply added the new positions and associated funding to those appropriated in the previous year, without regard to how many of those positions were projected to be filled or how much funding would actually be necessary to pay those personnel. As a result, the Service has under-utilized appropriated FTE on a consistent basis:

FY	Appropriated FTE	Actual FTE	Unused FTE
2015	49,696	47,028	2,668
2016	49,352	46,541	2,811

Each unused FTE represents not only a Coast Guard position that went unfilled, but also appropriated funding that was not used for its intended purpose. Personnel shortfalls have resulted in the Coast Guard requesting Congressional approval to transfer and/or reprogram personnel funding to support other priorities which themselves were under-funded. For example, in FY 2016, the Coast Guard transferred and reprogrammed \$52.75 million of personnel funding to address a funding shortfall in the Offshore Patrol Cutter acquisition program.

In the FY 2017 Consolidated Appropriations Act, Congress took action to address personnel funding overages by reducing the Coast Guard's military and civilian pay accounts by \$61.56 million to reflect "a more realistic recruiting and retention level" and "a more realistic hiring and attrition level" for the fiscal year. In addition, Congress directed the Coast Guard to "ensure that only realistic FTE and associated funding assumptions are used to develop future budget requests." The Coast Guard followed that guidance, requesting 1,156 fewer FTE in FY 2018 than were enacted in FY 2017, despite an increase of over 200 new positions.

Manpower Requirements Plan

The *Coast Guard Authorization Act of 2016* established a requirement in 14 USC § 2904 for the Coast Guard to submit a manpower requirements plan in conjunction with the President's FY 2017 and FY 2019 budget submissions.¹ The plan is required to include for each mission of the Coast Guard:

1. An assessment of all projected mission requirements for the upcoming fiscal year and for each of the three fiscal years thereafter;
2. The number of active duty, reserve, and civilian personnel assigned or available to fulfill such mission requirements—
 - A. Currently; and
 - B. As projected for the upcoming fiscal year and each of the three fiscal years thereafter;
3. The number of active duty, reserve, and civilian personnel required to fulfill such mission requirements—
 - A. Currently; and
 - B. As projected for the upcoming fiscal year and each of the three fiscal years thereafter;
4. An identification of any capability gaps between mission requirements and mission performance caused by deficiencies in the numbers of personnel available—
 - A. Currently; and
 - B. As projected for the upcoming fiscal year and each of the three fiscal years thereafter; and
5. An identification of the actions the Commandant will take to address capability gaps identified under paragraph 4.

The Coast Guard submitted the first manpower requirements plan in November 2016². The plan details efforts to identify the ideal workforce size and composition to effectively execute the Coast Guard's missions. It stated that "the Service has analyzed approximately 70 units and begun to outline the number of active duty, reserve, and civilian personnel required to fulfill all Coast Guard mission requirements." However, the plan does not provide any details of the size or composition of the workforce. The next manpower requirements plan is due with the submission of the President's FY 2019 budget in February 2018.

Human Capital Strategy

The Coast Guard released its Human Capital Strategy in January 2016 to set "a 10-year course to ensure that [Coast Guard] functions and processes – including requirements, resource allocation, training, and human resource systems – work together to ensure a thriving and effective workforce prepared for the complexities of tomorrow."³ The Service has not released any updates on the progress of implementation of this strategy.

¹ The Secretary of Defense is required by 10 USC § 115a to submit a similar annual defense manpower requirements report.

² http://www.dcms.uscg.mil/Portals/10/CG-1/cg1B/docs/Manpower_Requirements_Plan.pdf?ver=2017-03-27-152844-857

³ <https://www.uscg.mil/SENIORLEADERSHIP/DOCS/HCS.pdf>

Real Property Status

The Coast Guard's owned real property portfolio comprises approximately 43,400 assets nationwide, including over 7,000 buildings, 34,000 structures, and 2,000 land parcels.⁴ The Service currently has an approximately \$1.6 billion shore infrastructure construction backlog comprised of over 95 projects, including piers, Sectors, stations, aviation facilities, Base facilities, training centers, and military housing.

While Admiral Zukunft and other Coast Guard leaders consistently discuss the importance of investing in shore infrastructure,⁵ the budgetary trade-offs being made within the Coast Guard and the Administration do not reflect a genuine commitment to address this need. The President's FY 2018 budget⁶ only requests \$10 million (0.63 percent of the backlog) to address major shore infrastructure needs and the five-year Capital Investment Plan (CIP)⁷ only includes a total of \$203 million (12.69 percent of the backlog) for such needs. That level of investment is insufficient to provide even half of the \$415 million needed for shore construction projects on the Service's FY 2018 Unfunded Priorities List (UPL).⁸ Continuing to deprioritize shore infrastructure investment is likely to result in the shore infrastructure backlog growing rather than shrinking over the next decade.

Over the past five years, Congress has aided the Coast Guard by appropriating additional shore infrastructure funding, a 185 percent increase from requested levels:

FY	Requested	Appropriated	Congressional Plus-Up	% Increase from Request
2013	\$15,000	\$40,000	\$25,000	167%
2014	\$2,000	\$20,000	\$18,000	900%
2015	\$19,580	\$25,580	\$6,000	31%
2016	\$41,900	\$145,600	\$103,700	247%
2017	\$18,100	\$44,519	\$26,419	146%
Overall	\$96,580	\$275,699	\$179,119	185%

In addition to these extensive shore infrastructure construction needs, the Coast Guard also has an approximately \$700 million shore infrastructure maintenance backlog that continues to grow. Existing shore facilities are not being properly maintained, and failure to invest in ongoing maintenance will result in increased long-term maintenance costs, greater unplanned repair costs, and an acceleration of recapitalization timelines. In the President's FY 2018 budget, the Coast Guard requests \$193 million for all shore maintenance needs, an increase of approximately \$3 million (1.9 percent) over the amount appropriated in FY 2017.

⁴ https://transportation.house.gov/uploadedfiles/coast_guard_inventory_of_real_property.pdf

⁵ "Investments in shore infrastructure are also critical to modernizing the Coast Guard and equipping our workforce with the facilities they require to meet mission." Admiral Zukunft's written testimony for July 25, 2017 hearing before the House Transportation and Infrastructure Subcommittee on Coast Guard and Maritime Transportation.

⁶ <https://www.uscg.mil/budget/docs/FY18/FY%202018%20U.S.%20Coast%20Guard%20Congressional%20Justification.pdf>

⁷ https://transportation.house.gov/uploadedfiles/coast_guard_capital_investment_plan_fy_2018_table.pdf

⁸ https://transportation.house.gov/uploadedfiles/coast_guard_unfunded_priorities_list_upl.pdf

Real Property Divestiture and Consolidation

The Coast Guard “is committed to continuous evaluation of its real property inventory and consolidations of facilities where practical.”⁹ Each year, the Service divests itself of multiple real property assets, including previously closed and decommissioned facilities. In addition, the Coast Guard is working with the Department of Homeland Security to identify opportunities to consolidate facilities for operational and fiscal efficiency. The next real property inventory report from the Coast Guard is due no later than March 30, 2021.

Hurricane Damage

In 2016, Hurricane Matthew resulted in \$92 million in damage to Coast Guard shore infrastructure and facilities. Congress provided the Coast Guard \$15 million in the FY 2017 Consolidated Appropriations Act to address the highest priority needs resultant from Hurricane Matthew. While those projects were in their nascent stages, Hurricane Harvey, Hurricane Irma, and Hurricane Maria inflicted significant damage and additional needs are anticipated pending completion of damage assessments in affected locations. Many facilities remain non- or partially operational following these storms and the Coast Guard will require significant shore infrastructure investment to regain pre-storm capabilities. Coast Guard cost estimates for the hurricanes is \$732 million, excluding costs for Hurricane Maria. The Commandant estimates costs including Hurricane Maria will reach \$1 billion.

Puerto Rico Hurricane Relief Efforts and the Jones Act¹⁰

The Commonwealth of Puerto Rico, a United States territory located in the Caribbean, was left devastated after Hurricane Maria struck it as a category 5 hurricane. The federal government was swift in its response sending over 7,000 emergency response personnel from various Departments and agencies, including the Department of Defense, the Coast Guard, FEMA, and the Army Corps of Engineers, among many others.

According to the Federal Emergency Management Agency (FEMA), over 11,000 individuals are still taking refuge in shelters and only four percent of customers have electricity. Only nine of the 52 waste water treatment plants are operational. Cell service is available for six percent of the island and cell service around San Juan Airport has been restored.

The island’s infrastructure - airports, roads, and ports - are in various states of usability. Eleven airports are open with restrictions and one is closed. Four ports are open – San Juan, Guayanilla, Salinas, and Tallaboa. Ports open with restrictions include Arecibo, Fajardo, Vieques, Culebra, Guayama, and Mayaguez. All other ports are closed. Petroleum Terminals and Liquefied National Gas Terminals are closed. Ten fuel tankers will arrive over the next 15 days. Eleven major roads are open and eleven main roads remain closed. Public roads have been impacted by 1,925 incidents including landslides, waterway issues, blockages, and bridge issues.

⁹ Coast Guard Report to Congress “Inventory of Real Property,” August 1, 2016.

¹⁰ Given the dynamic nature of the recovery efforts in Puerto Rico, the facts and figures with regard to such efforts are as of 9-29-2107.

The Merchant Marine Act of 1920 (46 U.S.C. 55102), commonly referred to as the Jones Act, states “a vessel may not provide any part of the transportation of merchandise by water, or by land and water, between points in the United States to which coastwise laws apply, either directly or via a foreign port,” unless the vessel is built in the U.S. and documented under the laws of the United States, and wholly owned by U.S. citizens. Coastwise laws can be waived under 46 U.S.C. 501 for national defense. Under section 501(a) the Secretary of Defense can make the determination and section 501(b) requires a determination by MARAD that there is not U.S.-flag capacity to meet the requirements. The Secretary of the Department of Homeland Security issued a waiver at the request of the Secretary of Defense on September 28, 2017, for 10 days “to facilitate movement of all products to be shipped from U.S. coastwise points to Puerto Rico.”

To date, U.S.-flag vessels have been able to provide the services needed to support Puerto Rico, Texas, Florida, and the U.S. Virgin Islands during their hurricane rebuilding efforts. MARAD reports that the U.S.-flag fleet has the capacity and capability of carrying food, fuel, water, and emergency and recovery supplies that Puerto Rico needs. Jones Act companies have dispatched vessels providing: food and water; equipment and supplies needed to quickly restore the power grid; building materials; and FEMA and American Red Cross relief cargoes (e.g., first aid supplies, tarps). The U.S.-flag fleet reports that approximately 9,500 containers of goods are stationed in or expected to arrive in Puerto Rico, 6,000 containers are on the island in terminals; and nearly 4.2 million gallons of ethanol is loaded on Jones Act vessels destined for Puerto Rico for fuel blending, which will supplement the fuel sent to the island. Eight tankers with fuel are on their way to the island. In addition, foreign fuel shipments are still coming from nations that have always provided fuel to Puerto Rico.

MARAD also reports that the current problem for Puerto Rico is not the number of ships carrying cargo, but the difficulty of unloading the ships when they arrive in Puerto Rico. The ports are not working at full capacity, many of the island’s roads are impassable, and if there are trucks available, the lack of gas is impacting their ability to move cargo sitting at the terminal.

WITNESS LIST

PANEL I

Rear Admiral William Kelly
Assistant Commandant for Human Resources
United States Coast Guard

Rear Admiral Melvin Bouboulis
Assistant Commandant for Engineering and Logistics
United States Coast Guard

X

PANEL II

Mr. Brian Schoeneman
Political and Legislative Director
Seafarers International Union

Mr. Anthony Chiarello
President and CEO
Tote

Mr. Michael Roberts
Senior Vice President
Crowley

Mr. John Graykowski
Government and Regulatory Advisor
Philly Shipyard, Inc.
Shipbuilders Council of America

BUILDING A 21ST-CENTURY INFRASTRUCTURE FOR AMERICA: COAST GUARD STAKEHOLDERS' PERSPECTIVES AND JONES ACT FLEET CAPABILITIES

TUESDAY, OCTOBER 3, 2017

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COAST GUARD AND MARITIME
TRANSPORTATION,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:09 a.m., in room 2167, Rayburn House Office Building, Hon. Duncan Hunter (Chairman of the subcommittee) presiding.

Mr. HUNTER. The subcommittee will come to order. Good morning. The subcommittee is meeting today to discuss Coast Guard personnel and shoreside infrastructure and ongoing relief efforts for Puerto Rico by U.S.-flag vessels.

The Coast Guard is the smallest of the Armed Forces with 41,000 Active Duty and 6,400 Reserve military personnel. It is also the only Service outside of the Department of Defense that has not been included in defense budget protections or increases. In fact, the Coast Guard has seen budget reductions requiring the elimination of over 1,500 positions between fiscal years 2013 and 2015.

The Commandant has publicly stated he would like to grow the Coast Guard's Active Duty workforce by 5,000 people over the next 5 years. Members, I believe, of this subcommittee would support the Commandant's request if sufficient detail were provided to the committee regarding the requirements for such growth and information on current operational missions, which are undermanned.

Limited budgets have also impacted the Coast Guard's ability to maintain its shoreside infrastructure. Shoreside infrastructure supports Coast Guard assets and provides housing for some of its personnel.

Shoreside infrastructure needs have been pushed off due to budget tradeoffs, but these needs cannot be ignored over the long term without having an impact on the infrastructure's ability to support incoming new assets and on the personnel that have to live in degrading facilities.

Over the past month, the Coast Guard has shown its mettle during Hurricanes Harvey, Irma, and Maria. The hurricanes impacted Texas, Louisiana, Florida, Georgia, the U.S. Virgin Islands, and Puerto Rico.

Prior to, during, and after the hurricanes, the Coast Guard has been an integral component in the support provided by the Federal Government. I want to thank the Coast Guard for its efforts to help everyone affected by these recent storms.

As a multimission Service, the Coast Guard provides personnel, aircraft, and cutters, as well as equipment to surge first responders, conducts search and rescue operations, provides humanitarian relief supplies, and conducts maritime and shoreside security.

The Coast Guard proactively shut down ports and worked with its Federal partners to open them as quickly as possible after the hurricanes. The Coast Guard's initial cost estimates for Hurricanes Harvey and Irma is \$33.5 million for operational cost.

Direct cost estimates for hurricane-related destruction of property is roughly \$198.4 million for Hurricane Irma and roughly \$120 million for Hurricane Harvey. Indirect cost estimates for the two hurricanes is \$337 million.

Hurricane Maria cost estimates have not yet been provided. Hurricane Maria was a category 5 hurricane when it hit the Commonwealth of Puerto Rico. Massive relief efforts were immediate and included over 7,000 emergency response personnel from various departments and agencies, including the Department of Defense, the Coast Guard, FEMA, and the Army Corps of Engineers, among many others.

Included in the response efforts were U.S.-flag vessels. There are 15 vessels that regularly supply Puerto Rico with cargo. These vessels were prepared with food, water, equipment, and supplies to restore power and emergency relief provisions for FEMA and the Red Cross.

Critics continue to assail the U.S.-flag fleet and the Jones Act as an antiquated industry and law, unnecessary in today's world. These critics promoted claims the law prohibited supplies from getting to Puerto Rico; however, as we know, that was false.

Supplies have been getting to the island and have been backlogged at the ports due to the devastation of logistics on the land. Foreign vessels are also bringing fuel and supplies to the island from foreign ports. The Jones Act does not prohibit that from happening.

There are over 40,000 U.S.-flag vessels that work U.S. waterways. These vessels are U.S. built, owned, and crewed. These are good American jobs, and this should be a positive thing, not critiqued as antiquated or expensive. The Jones Act also ensures that our country has U.S. merchant mariners available to man U.S. military support vessels. This is a point ignored by many and something that needs more attention.

Currently, we have enough U.S. mariners to support our current sealift response needs. However, we could reach a shortage if multiple military events were to occur around the world. If we support made in America, we support U.S. jobs, and we support U.S. citizens, we should always support the Jones Act.

I look forward to hearing from witnesses today, and I now yield to Ranking Member Garamendi. You are recognized.

Mr. GARAMENDI. I thank you, Mr. Chairman. And good morning to you, and good morning to our witnesses.

I very much appreciate your talking about what the Coast Guard was able to do during the three hurricanes that impacted the United States. I will forgo the opportunity to go into that in more detail except to thank the Coast Guard for an extraordinary piece of work and look to their needs as they rebuild their facilities.

The calamity affecting the island of Puerto Rico after the devastation unleashed by Hurricane Maria is simply astounding, both in its scale and magnitude. Just think about it. Across the island trees uprooted; roads impassable; houses blown apart as if hit by bombs; safe drinking water and sanitation unavailable, threatening to create a public health crisis; the entire electrical grid smashed, ruining what had been a tropical oasis into a dark, dangerous, and very foreboding place, especially for children and the elderly.

Our hearts go out to the people of Puerto Rico as they endure the aftereffects of this unprecedented disaster. And our message to them is that you have not and you will not be forgotten.

There has been a lot of misinformation, especially about the Jones Act. And it continues to float around in the media. This hearing provides a timely and valuable opportunity to set the record straight.

Generally, media reports of the Federal response to this disaster paint a picture of a response scenario that has been too slow, too uncoordinated, and too ineffective. Yet, there has been one aspect of the Federal response that has responded with efficiency and dispatch, although it would be very hard to tell that by the narrative spun by the media and by critics of the Jones Act.

The response of the U.S. merchant marine and the fleet of U.S. Jones Act carriers has been nothing short of superb. These domestic carriers immediately rerouted and assigned additional vessels to carry emergency supplies, food, fuel, water, medical supplies, and building materials to Puerto Rico in its time of greatest need.

Within 3 days after Hurricane Maria's arrival, these Jones Act carriers had their terminals operational and awaiting deliveries from the U.S. mainland. This laudable service has somehow gone unnoticed as thousands of containers delivered thus far remain sitting on the docks awaiting transportation to areas of need on the island.

It is a vexing challenge, as many of the island's roads remain impassable, fuel remains scarce, and drivers and trucks are in very short supply. Critics of the Jones Act, nonetheless, used this scenario to call for the administration to waive the Jones Act to allow more vessels, foreign flagged in this case, to come to Puerto Rico's aid.

Regrettably, and contrary to the achievements of its own Department of Transportation, the President yielded to the political pressure and granted a 10-day waiver. What remains clear, however, is that more vessels delivering more supplies without any improvement of the island's surface transportation infrastructure will do little to improve the recovery effort on the island. In fact, it may create even greater congestion and confusion, which regrettably may only add to the misery of United States citizens and others on the island.

Before anyone heeds any new, unwarranted calls to extend the Jones Act, or to do away with it, we first need to understand better

the reality of what is happening on the island. I look forward to this morning's discussion and stand ready to assist the people of Puerto Rico as they recover from this disaster.

I also look forward to hearing now from the Coast Guard as to its infrastructure needs, both before and after the three hurricanes.

Thank you very much, Mr. Chairman.

Mr. HUNTER. I thank the ranking member.

We will have two panels of witnesses today.

On the first panel we will hear from the Coast Guard, Rear Admiral William Kelly, the Assistant Commandant for Human Resources; and Rear Admiral Melvin Bouboulis, Assistant Commandant for Engineering and Logistics.

Did I say your name right, Admiral?

Admiral BOUBOULIS. Close.

Mr. HUNTER. How do we say it?

Admiral BOUBOULIS. Bouboulis, sir.

Mr. HUNTER. Bouboulis. All right, Admiral Kelly, you are recognized to give your statement. Thank you.

TESTIMONY OF REAR ADMIRAL WILLIAM G. KELLY, ASSISTANT COMMANDANT FOR HUMAN RESOURCES, U.S. COAST GUARD; AND REAR ADMIRAL MELVIN W. BOUBOULIS, ASSISTANT COMMANDANT FOR ENGINEERING AND LOGISTICS, U.S. COAST GUARD

Admiral KELLY. Chairman Hunter, Ranking Member Garamendi, honorable members of the subcommittee, good morning and thank you very much for your oversight and for your continued strong support of our United States Coast Guard.

I am honored to testify before you here today with my colleague Rear Admiral Bouboulis.

With your permission, I would now like to provide my opening statement, and I request that my written testimony be accepted as part of today's hearing official.

Mr. HUNTER. Without objection.

Admiral KELLY. Thank you, sir.

Thank you for the opportunity to discuss the Coast Guard's human capital strategy and our most valuable resource: our people. Representing over 40,600 Active Duty, 6,300 Reserve, and 8,300 civilian members is the highlight of my career. And I am ever mindful of my responsibility to care, serve, and support the men and women of the United States Coast Guard and their families.

I am humbled as I address you here today from Washington, DC, while thousands of Coast Guard men and women are in the midst of serving and responding to incidents of national significance. Whether reacting to hurricanes in Texas and Florida or responding right now in Puerto Rico, your Coast Guard men and women have met the Nation's call.

We answered when over 11,300 citizens put out a call for distress. We deployed over 3,000 Coast Guard men and women and 200 different assets from across the Service from Alaska to Maine.

What is most notable is that while our members respond to help those that were displaced and distressed, many of them have also been displaced. In fact, we estimate approximately 700 Coast

Guard families' homes have been damaged to the point where they will need to be relocated.

To quantify the sacrifices Coast Guard men and women make in these scenarios is immeasurable. Yet, it is a hallmark of the pride we take in serving our country. To meet these dynamic challenges, we require a personnel system that is adaptive and responsive.

Just as our Commandant formalized operational strategies to chart the Service's course in the Arctic, Western Hemisphere, cyber and energy realms, so too have we formally plotted the Service's course with our human capital strategy.

Our human capital strategy is an enduring framework. It includes a series of transformative initiatives that address our most critical workforce challenges, such as developing the Coast Guard cyber workforce to address the increasing cyber threat, improving recruiting and retention of our Reserve workforce, and reshaping the prevention workforce to improve marine inspector retention.

While these workforce challenges are our top priority, we continue to work to fill vacancies across the workforce. In our civilian workforce, we need to fill our human resource and acquisition experts, and we work to fill our rescue swimmers and culinary specialists, our chefs and our Active Duty workforce.

We do have our challenges, but we look forward to what lies ahead. Our Coast Guard men and women are first and foremost proud members of a title 10 military service. As such, we are preparing for the implementation of the blended retirement system to ensure their futures are secure once they take off their uniforms for the last time.

And I would like to thank you for your support to help ensure our men and women in uniform receive the same retirement benefits as their brothers and sisters in the Department of Defense. And we appreciate your continued support to assist us in crafting a long-term solution.

Our strategy is to recruit, train, and retain the best and brightest our Nation has to offer. Our Coast Guard and the public we serve deserve this. This subcommittee's support is invaluable to the Coast Guard, and I look forward to addressing your questions or concerns.

Thank you, sir.

Mr. HUNTER. Thank you, Admiral Kelly.

Admiral Bouboulis, you do engineering and logistics but only for Coast Guard stuff. So you are not orchestrating the Puerto Rican Coast Guard logistics stuff, correct?

Admiral BOUBOULIS. No, sir.

Mr. HUNTER. So just Coast Guard infrastructure is what you specialize in?

Admiral BOUBOULIS. Correct.

Mr. HUNTER. OK. You are recognized. I just want to make that clear to my colleagues.

Admiral BOUBOULIS. OK. Well, Chairman Hunter, Ranking Member Garamendi, members of the subcommittee, good morning and thank you also for the opportunity to speak about the Coast Guard's ongoing engineering and logistics support for our shore infrastructure assets.

And with your permission, I would also like to make some opening statements and have my written testimony submitted for the hearing's official record, sir.

Mr. HUNTER. Without objection.

Admiral BOUBOULIS. Thank you for your oversight and your continued support of our Service. And I am honored to represent the 5,000 military and civilian personnel dedicated to sustaining our aircraft, cutters, boats, and real property assets that serve our operational community, and especially the 500 professionals in our civil engineering program who support our entire \$19.5 billion inventory of buildings, structures, and land.

And as I speak, many of these men and women are providing critical repairs and support to enable around-the-clock Coast Guard operations in response to Hurricanes Harvey, Irma, and Maria.

And as you know, our members live in the communities which they serve, and while responding to the crises across the gulf coast, Florida, and Puerto Rico, we have hundreds of Coast Guard families who suffered damage to their homes, as Admiral Kelly mentioned, and many of whom experienced catastrophic losses.

The Coast Guard faces many challenges related to maintaining its shore facilities. We have a diverse facilities portfolio and a widely dispersed footprint of smaller installations, often in remote locations that present unique management and maintenance challenges.

And we are largely located on the waterfront, clearly. And the daily effects of salt, air, and wind are challenges in and of themselves, but the devastation that we have seen from the recent hurricanes underscores the real risk that storm events pose for our facilities.

And as both the first responder and a title 10 military service, the Coast Guard's ability to be always ready depends on having resilient infrastructure that can support continued operations following a storm or a hazard event.

When we have the opportunity to recapitalize our facilities, we make them more storm resilient and survivable. In fact, several of our shore facilities that were rebuilt to more resilient standards following Hurricane Ike suffered minimal damages in Harvey and Irma.

This effort goes hand in hand with the Coast Guard's human capital strategy to ensure that we take care of our people and their families. On the whole, the facilities challenges that we face are primarily due to shore infrastructure funding gaps.

And with our shore infrastructure recapitalization backlog at over \$1.6 billion, the Coast Guard has made and continues to make difficult decisions to postpone necessary facilities construction projects in order to recapitalize our cutters and aircraft.

And just like any other aging asset, our facilities are experiencing an increase in maintenance costs. At the close of 2016, the deferred maintenance project list for our shore plant exceeded \$700 million. And as you know, our 2018 unfunded priority list includes over \$400 million to address the most critical shore infrastructure requirements.

And this includes \$77 million in damaged infrastructure that remains unfunded after the impact of Hurricane Matthew in 2016.

Estimates for damage to the Coast Guard's facilities in Hurricanes Harvey and Irma are currently over \$700 million. And the impact of Maria is still unknown, but it is approaching that.

And the Commandant recently testified that in order to sustain and modernize our fleet while addressing our shore infrastructure, we need a stable and predictable \$2 billion AC&I annual funding profile, that includes at least \$300 million for shore infrastructure construction.

In the meantime, we will leverage our authorities that we have to best use and right-size our infrastructure. For example, since being granted direct sale authority for excess real property, we have divested of over 205 assets and deposited over \$24 million of proceeds into our housing fund and recapitalized housing for our servicemembers and their families.

Additionally, we integrate real property and capital planning which looks for opportunities to optimize the use of our Coast Guard owned and leased facilities, and we continue to pursue initiatives to consolidate our footprint. Over the past 4 years, the Coast Guard reduced its overall inventory of facilities by 250,000 square feet.

And as coined by Rear Admiral Kinghorn, my predecessor of 15 years ago, every Coast Guard mission begins and ends at a shore facility; and for that reason, no other asset is more important to our coastguardsmen and their families.

So thank you for your support of the Coast Guard's efforts to provide our men and women the bases, search and rescue stations, repair facilities, and the training centers that we need to perform all Coast Guard missions. And I appreciate the opportunity to testify, and I look forward to your questions.

Mr. HUNTER. Thank you, Admiral.

I am now going to start recognizing Members, starting with myself.

Admiral Kelly, let's start with this: Can you provide an update on your manpower requirements, analysis, process, and progress you made determining the workforce the Coast Guard needs to meet mission demands?

And basically this goes along with when can you provide us—you gave us something earlier this year, but it didn't have any specifics in it. So can we expect the report you submit in February will be more informative? That is basically what I need to know is when will we get what you really need to do the Coast Guard's missions in terms of personnel.

Admiral KELLY. Yes, sir. That manpower requirements analysis is a project we are working on right now, sir, and are prepared to turn that in with the fiscal year 2019 budget.

That manpower requirements analysis, sir, is specifically focusing right now on our new acquisitions, ensuring that we get the requirements right for our people, both on the assets and the supporting elements that are needed for those assets. We also believe we have a good construct for our legacy assets that are already in place.

Mr. HUNTER. How many people do you expect to add next year?

Admiral KELLY. Sir, our Commandant has stated that over the next 5 years we want to add 5,000 people, as you mentioned already. So—

Mr. HUNTER. Can you break that down? One thousand a year, or how does that work?

Admiral KELLY. Yes, sir, we can break that down 1,000 a year, and we are working on that as we develop that manpower requirements analysis.

Mr. HUNTER. Do you then get increased funding for the personnel, or you take that out of other areas like infrastructure operations?

Admiral KELLY. Yes, sir. I think our history will tell us over the past 5 years, 6 years when we did that in 2012, 2013, and 2014, we are living with the legacy of taking money, resources out of our budget for personnel and putting it towards other assets. And we are now trying to reconstitute that workforce so that we can get back to the force that we are currently appropriated for.

Mr. HUNTER. So what if you start adding the people and you don't get the money for the people?

Admiral KELLY. Sir, we need to come to you to request the support going forward so that we can not only reconstitute our force but build our force going forward.

Mr. HUNTER. OK. Thank you. And we look forward to that, the analysis and the report.

Let's go to infrastructure. The Coast Guard's initial cost estimates for Hurricanes Harvey and Irma is \$33.5 million for your operational cost as of right now, right? That is Coast Guard operational cost dealing with Harvey and Irma.

There is no operational cost yet for Maria. And damages of Coast Guard infrastructure for Irma—let's see—\$194 million for Hurricane Irma and \$119 million for Hurricane Harvey, so indirect cost estimates for both the hurricanes just for the Coast Guard is \$337 million.

Once you do Maria, let's say you are looking at \$500 million. I am guessing there is going to be a supplemental that the President does for FEMA, does for whatever. Are you looking to be included in that supplemental?

Admiral BOUBOLIS. Well, yes, sir, we certainly would look to be included in any supplemental funding and assistance for that.

And let me speak to those numbers just briefly. It is a very dynamic situation. Our people, our damage assessment teams have responded both to Harvey, Irma, and Maria now. So those numbers are—underserved. I think you can appreciate it is, again, a very dynamic environment. So those numbers are changing as we speak.

The estimates for Maria are just now starting to come to fruition. We can certainly provide the list of direct and indirect damages that we have sustained so far. My understanding is, the latest numbers I saw for Harvey and Irma were in the scope of \$400 million for direct damages, about \$330 million for indirect, sir.

Mr. HUNTER. And if you add in the current infrastructure backlog of simply fixing things, is \$1.6 billion, right? That is just keeping—that is just shore infrastructure that needs to be maintained and upgraded. Is that correct?

Admiral BOUBOULIS. That is our current backlog for recapitalization.

Mr. HUNTER. And then \$708 million for new construction is what the Coast Guard said that they needed. Is that correct?

Admiral BOUBOULIS. We have \$700 million in—

Mr. HUNTER. But that is a maintenance backlog, that \$708 million. OK. So you combine—

Admiral BOUBOULIS. That is maintenance backlog for our—

Mr. HUNTER. Maintenance backlog and construction backlog add up to \$2.3 billion or \$4 billion. Then you add in what might come from the hurricanes, and you are looking at over \$3 billion, which is one-third of the entire Coast Guard budget that has now been affected by the hurricanes and your operations. Is there any—I mean, what are you thinking?

Admiral BOUBOULIS. Well, I think we have a substantial amount of damage that we need to address.

Mr. HUNTER. Yeah but what are you thinking—how are you going to get the money? You haven't been able to get it up until now, and now you have had the hurricanes that have exacerbated everything, especially shored-sided infrastructure, right?

So what are your plans on getting the money to do those things and the hurricane stuff? So you have your normal backlog without the hurricanes is over \$2 billion. Then you have got the hurricane stuff which could add up to \$1 billion. When all is said and done, what is the plan?

Admiral BOUBOULIS. Well, the plan is to seek your assistance, of course. We certainly hope that some of the supplemental funding that may become available will help us address some of our infrastructure recapitalization needs and realize that some of those items that are on that unfunded priorities list and that shore backlog for construction may be some of the same facilities that incurred damage during the supplemental. So I don't know that—

Mr. HUNTER. So when Hurricane Matthew hit, how much did that cost the Coast Guard?

Admiral BOUBOULIS. Hurricane Matthew, we sustained about \$109 million worth of damage. I would have to look at the exact—

Mr. HUNTER. And you got how much?

Admiral BOUBOULIS. I believe we got about \$15 million or \$17 million. I do know there was \$77 million worth of damage that was unfunded that we are still in the process of working.

Mr. HUNTER. Well, my point is, things don't look good. You have got about 10 percent of Hurricane Matthew's money, right, and that is thanks to Congress. And you have gotten more money every year than the President's budget request thanks to Congress.

I think—I am out of time here, but I think it is important that you—that the Coast Guard go to the President at this point and say, look, this is what we have incurred and we need to be included in this supplemental.

Because it is much easier for us to do our jobs if you request it and the President requests it from us as opposed to us trying to convince our colleagues without your help or the President's request that this money is necessary for you. Does that make sense?

So I would just really strongly urge you and hope that the money for this is included in the President's budget request when it comes out, when all is said and done for what FEMA needs and everything else, because there is no opportunity like the present to get caught up on this stuff.

Admiral BOUBOULIS. Sure yes, sir. And we are——

Mr. HUNTER. If you miss this, then who knows when the next slate of funding will come in to make up for it, possibly—based on history, never.

Admiral BOUBOULIS. Yes, sir. And we have captured all of our damages. We are continuing to update those damage assessments, and we will provide that through the Department and any venue that we can to request consideration for supplemental funding, sir.

Mr. HUNTER. Thank you very much.

I yield now to the ranking member, Mr. Garamendi.

Mr. GARAMENDI. Mr. Chairman, I want to follow up on the line of questioning you were working on.

The supplemental appropriations relating to the three hurricanes will be moving through Congress. One has already moved through, and I don't believe there is anything in that for the Coast Guard.

So that brings me to the point I want to make in that the Coast Guard needs to tell us in very specific terms exactly what the needs are, both in terms of the personnel and the additional expenses that were directly associated with the three hurricanes and also with the infrastructure.

And in my view, it has to be facility by facility and it has to be pictures. Lumping it all together doesn't really tell the story. We know that the Florida Keys were pretty well flattened, certainly Puerto Rico is, and undoubtedly Coast Guard facilities on Puerto Rico were damaged, similarly Harvey.

So very specific information, site by site. I was just looking at the Matthew information here, and there is some specific information by facility. But frankly, it doesn't mean anything without both a more explicit description of exactly what the damage was and, frankly, photos. Pictures tell 1,000 words, and we need that to drive home the necessity for the money to repair the facilities.

Similarly, we must do this soon. And I use the word "we." It is you and us. If we are going to be able to obtain the money for the repairs of the facilities, it is now, like now. The Congress will be moving forward on supplemental appropriations for Puerto Rico, probably more for Houston, and certainly Irma along the way.

So I am sure you are sending this information up through the Department of Homeland Security and OMB. It will undoubtedly find its way into a black hole and never see the light of day, but I am asking you specifically now for that information for this committee and for our use in designing and forming the Coast Guard part of the supplemental appropriations.

If you would like to comment on that and how soon you can deliver that to us, it would be helpful, both on the personnel side and on the infrastructure side.

Admiral BOUBOULIS. Well, I can address the infrastructure side, Ranking Member Garamendi. Thank you for that. And I do have some pictures that I would be happy to show, and I can speak to

the details. So if we can get to the first slide and I will speak through or address each of these photos.

And regarding the numbers and the listing of all the damages that we have, I will provide that to you. We have got a list by unit, both for Harvey and Irma. And as I said, we are developing Maria estimates and assessing all the damage there, and we will provide that to you.

I will also ensure that you get that unfunded priorities list.

Mr. GARAMENDI. Are these your photos?

Admiral BOUBOULIS. They are.

Mr. GARAMENDI. Can you list through them quickly?

Admiral BOUBOULIS. This is Harvey damage. And you can see Port Aransas. That is one of our coastal search and rescue stations, small boat stations. There you can see the nature of the damage to the boathouse and the facility there. In fact, that facility is a total loss. Both the waterfront was damaged so all the piers that the boats tie up to, the boathouse, and the station.

Mr. GARAMENDI. Inoperable now?

Admiral BOUBOULIS. We are doing some operations but they are from trailers and from trailering boats and those types of activities. We can't operate out of that unit.

Next. So here is station Port O'Connor, another coastal station. That is the boathouse. You can see the roof has been destroyed. There is also damage to the waterfront and then there was wind and water intrusion into all of the facilities that are—the shoreside facilities. So they also suffered significant damage.

Next. Station Key West. Several stations there. Station Key West, Sector Key West, Marathon, and Islamorada housing were all damaged. I think we have some other pictures there, but that is the waterfront.

This is the Marathon housing. You can see the roof is open. Water damage throughout, pretty much a total loss of all those facilities.

Next. So this is Station San Juan. Both San Juan and Borinquen—which is on the west coast of Puerto Rico. San Juan is on the east coast—was damaged. The roof was removed off of the operations center, so you can think of all the radios, all the communications, all flushed with water and basically unusable.

We are still operating out of some of the portions of that building. Our repair teams have covered up the roofs to mitigate any further damage, but significant damage through there.

Next. This is the Borinquen Community Center. This is indicative of some of the housing damage that we have. The roof was removed there. And as you know, or you may know, that they have endured several inches of rain since those events so it just continues to incur more water and wind damage.

Next. Now, this is important because as I mentioned in my previous opening statement, when we get an opportunity to rebuild—and this supplemental funding could be that opportunity—we always seek to rebuild to more resilient standards to really harden our infrastructure.

What you see up here is OPBAT, our hangar facility in Great Inagua. And then Station Sabine. So Station Sabine was on the coast of Texas, and that was rebuilt after Ike to more resilient

standards. Neither of those facilities suffered any significant damage, and folks went right to work out of those facilities immediately after the storms passed. So that is the importance of building to 21st-century standards and building the hardened, resilient infrastructure.

Mr. GARAMENDI. Thank you.

I believe for us to do our work we will need station by station, facility by facility, details, photos, and the like. It seems to me important that we present this information to the appropriate committees that are writing the legislation for the supplemental. I suspect there is a high level of ignorance about the damage that the Coast Guard has sustained and about the cost and the facilities.

I am pleased that you are building resiliency into the new facilities or the rebuilt facilities. It would seem that we should require that just as a matter of course, although you seem to be doing it without being told to do it that way. Nonetheless, we ought to make it clear.

I would expect that the committees who are responsible for the supplemental are in the process now, and so the information that we need to pass to them is now. So thank you for that.

I have no further questions. I yield back.

[The U.S. Coast Guard has provided information below about the costs of damages to its shore infrastructure units, facilities, etc. from Hurricanes Harvey, Irma, and Maria.]

Attached is the Coast Guard's list of hurricane damages, as of the date of this hearing. This list includes approximately \$400 million in damage and repair costs, \$70 million in operational response costs, and over \$700 million in costs to restore our facilities to meet modern resiliency standards to prevent damage during future natural disasters.

"United States Coast Guard FY 2018 Hurricane Supplemental Submission," including a detailed list of damages, is on pages 93–117.

Mr. HUNTER. I thank the ranking member.

I just want to go through this again really quick. For the past 5 years, Congress has provided nearly triple the amount of shore infrastructure funding that was requested by you. So you guys requested way, way too little. It came nowhere near what you needed.

Again, the President's fiscal year 2018 budget only requested \$10 million to address the Coast Guard's—this is your request. You asked for \$10 million up against infrastructure needs of \$1.6 billion construction backlog and \$700 million maintenance backlog.

Hurricane Matthew resulted in \$92 million in damages; you got \$15 million. And you have included no funding request for the fiscal year 2017 to 2021 capital investment plan to rehabilitate housing for Coast Guard servicemembers. So you are showing us the housing, yet you requested no money for that in your last budget request.

So unless you are asking for these things, they are not going to be wished upon you by the fairy God Congress, unless you are actually asking us for it. And that is the only way that you are going to get it, I think, is if you ask and make sure that that is in the President's budget.

With that, I would yield to the gentleman from Louisiana, Mr. Graves.

Mr. GRAVES OF LOUISIANA. I am going to defer to the gentleman from Alaska for the first round of questions.

Mr. HUNTER. Look at that. That is called kissing up to seniority.

Mr. GRAVES OF LOUISIANA. Let me be very clear, that is exactly what it is.

Mr. YOUNG. That is what you call a Graves snapper.

Anyway, Mr. Chairman, you covered most of the things that I would like to talk about. And I know we are sort of reprimanding the gentlemen at the witness stand.

I believe very strongly—I know what you have to do. I have been here a long, long time, serving this committee a long time and with the Coast Guard and what it used to be in the other committee. You are requested to request a certain amount of dollars by the President and by Mr. Mulvaney.

I think a good visit by one of your underlings, if you would like to sit down and have a drink at my office, it would be very helpful. And give us the mentions is really what we need, because I don't think the request when you made it through the President you had—you didn't know the hurricanes were going to hit.

But to have a functioning agency, you have to have the replacement of all these facilities. And my main concern, Mr. Chairman, is that you don't take away from the money that we need to do the duty around the Nation. So somewhere along the line we will get that information from you, I hope one way or the other, to do the job because that is our job.

Now, I have always said the President does not write the budget. We write the budget. And I think there are some numbers we have here. We pretty much know what you do need. We would prefer if you could ask support, but I know that doesn't happen.

My main interest, Mr. Chairman, is another issue which does affect you is, of course, the administration's—we were told by, I believe it was the Brock Long administration the other day, the Federal Emergency Management Agency, that there is about 9,000 cargo ships in the area of Puerto Rico that can't be unloaded and can't distribute their goods.

Are you helping those ships, or how is that jam working right there? How is the Coast Guard—you have some authority over it, I hope, as they come in. Is that correct?

Admiral BOUBOULIS. The operational realm is probably not my area of expertise, but I can certainly speak to what I know regarding that.

We have captain-of-the-port authorities where the Coast Guard does oversee port activities. We allow ships to come in and out. After a storm of that magnitude, our first priority is to respond to search and rescue, save lives, and then we immediately go to reconstitute the ports and restoring maritime transportation.

So we will go in and survey the port areas, make sure that they are safe and secure, and then commerce can continue after that.

Mr. YOUNG. OK. Mr. Chairman, the second thing is, as you know, I am a big supporter of the Jones Act. And much as I like Puerto Rico, there has been a group of people over the years trying to subvert the Jones Act. This is not new. And they saw an opportunity.

In your opinion, as a Coast Guard, you see—was there any need to raise that Jones Act waiver? I mean, I know the shipping industry. That is one thing I do know. And I am a little worried about that nose under the tent right now trying to take it—to circumvent it, because it is not the first time they tried to do this.

What is your position as a Coast Guard as far as the Jones Act and the inspection of those foreign vessels that might come in?

Admiral KELLY. Sir, neither of us are the experts in that area, but as Coast Guard officers we are prepared to speak from our experiences, which basically the Jones Act is an act that has been on the books for almost 100 years. And the Coast Guard is going to look at it specifically and work from a maritime security and maritime safety perspective.

If there is a need for a deeper talk on the specifics of where the Coast Guard is at on that, we probably would be incumbered to get you the right person to speak to that.

Mr. YOUNG. My concern is, you know, I am not fond of foreign vessels. Are they safe? Are they going to be inspected as they come to the dock? Do they replace dockage from ships that are there that are Jones Act ships? Do they interfere with their transportation, any of that type of thing? Are you aware of any lines that that might have happened?

Admiral BOUBOULIS. Well, the Coast Guard, regardless of whether it is a U.S. ship or a foreign ship, we are interested in ensuring the safety and the security of the Nation and the ports that they come in. So through our advanced notice of arrivals and inspecting ships, we are going to make sure that they are safe and that our ports are secure.

Mr. YOUNG. Well, OK, Mr. Chairman. I hope that it does take place. And I do—how many more days do we have left in this Jones Act though?

Mr. HUNTER. Five.

Mr. YOUNG. Five? Well, I want it stopped, Mr. Chairman. I can't see any benefit from it. No one has justified it to me. They say, oh, we don't have—we do have the ships. And I know that they are trying to do this to Hawaii. They are trying to do it to Puerto Rico, and then they go down the line. That affects a large, very viable section of our domestic industry and our national defense. The Jones Act is a great deal of that.

So, Mr. Chairman, with that, I don't have any more time left. I have no more questions.

Thank you for doing your job, Admirals. And try to—you know, like I say, I would love to have a little—we can have coffee if you don't have a drink. Just sit in the office, we will discuss a few things. And I have got some great stories to tell you too. Thank you.

Mr. HUNTER. He does have some great stories. I thank the chairman.

Mr. Graves is recognized. Mr. Larsen doesn't have any questions.

Mr. GRAVES OF LOUISIANA. Thank you, Mr. Chairman, I appreciate it.

I first wanted to ask you a question about Reserve capacity. I understand the Commandant has indicated his desire to increase Reserve capacity by an additional 1,000 personnel. Can you explain

where that additional capacity will augment your existing full-time folks?

Admiral KELLY. Yes, sir. So right now we have 6,300 Reserve members in our force. We are authorized 7,000. The Commandant has gone on record to increase the Reserves to 8,100.

As we look across the Nation and across the globe right now, we know there are threats that our Reserve Forces would probably be the first to augment and to respond to. And our Reserve Forces have responded—just roughly short of 1,000 Reservists have been called up for Harvey, Irma, and Maria as well.

So they are our only garrison force in the United States Coast Guard. Everyone else, the 3,000 folks that we talked about that responded to the hurricanes, they are coming and they are leaving their Active Duty, their bases. And so we are going at risk.

We have a risk posture when we surge those folks. So our Reserve folks are—our Reserve members are the ones who serve in garrison and also are ready to respond to threats like we have seen from natural disasters but also threats that we know that are on the horizon.

Mr. GRAVES OF LOUISIANA. So I want to make sure I am understanding this. First of all, let me say that I think that using Reserve capacity to augment full time is a cost-effective strategy, provided that these folks can seamlessly integrate, provided that they have appropriate training and equipment.

But if I heard you correctly, you indicated you have activated about 1,000 Reservists for Hurricanes Harvey, Irma, and Maria. Is that accurate?

Admiral KELLY. Yes, sir.

Mr. GRAVES OF LOUISIANA. And you have approximately 6,300 right now?

Admiral KELLY. Yes, sir.

Mr. GRAVES OF LOUISIANA. Has there been a scenario including perhaps the *Deepwater Horizon* incident where you have actually hit your capacity, full capacity in terms of activating Reservists?

Admiral KELLY. Yes, sir. On *Deepwater Horizon* we were almost to the point where we were tapped out. We had utilized our full extent of our Reserve Force.

Mr. GRAVES OF LOUISIANA. So there have been real-world instances where your capacity or your bandwidth was nearly maxed out and—

Admiral KELLY. Nearly maxed out, yes, sir.

Mr. GRAVES OF LOUISIANA. OK. Thank you very much.

I actually want to pivot over to the line of questioning that Mr. Young brought up. I understand your background. I understand your positions. But I also know that you are admirals in the Coast Guard and you can answer a few simple questions.

Right now, under the Jones Act, are foreign vessels prohibited from bringing cargo into Puerto Rico? If a foreign vessel is coming from a foreign country to Puerto Rico bringing cargo, is there a prohibition on that?

Admiral BOUBOLIS. I do not believe so. I understand that there is a notice of arrival. And a foreign vessel, if they request to come into one of our ports, will be screened to determine if there are any

particular measures we need to take to ensure security, and then they would be allowed to come in.

Mr. GRAVES OF LOUISIANA. Thank you, Admiral. And I think that is everyone's understanding here as well, a foreign vessel can come into Puerto Rico and bring cargo.

It is my understanding also that I think as of last week there were over 9,000 containers that were sitting at port facilities in Puerto Rico. And the challenge was not getting the containers there; the challenge was actually distributing the containers.

And if I recall correctly, the average throughput, meaning the processing of these containers into Puerto Rico for various commerce is in the hundreds per day. There is a maximum capacity, as I recall. Or excuse me, I think the normal capacity is somewhere around 400 to 500 containers a day, that are actually throughput, meaning taken from the ports and distributed into Puerto Rico.

So we can quickly do the math. If we had last week over 9,000 containers, I believe there was another—if I remember right—4,000 containers that were on their way to Puerto Rico. You can do the math. And even if their logistical system, their transportation system were operating optimally, you would still be looking at several days before that capacity could be distributed.

So I am concerned that some folks believed that by waiving the Jones Act for 10 days we were going to provide some immediate relief to the logistical challenge of getting the relief supplies distributed around Puerto Rico. And I believe that it is very clear that that is not the case.

Are there challenges with transportation logistics in Puerto Rico? Absolutely. There was a hurricane, and much of that infrastructure was destroyed. But I think we need to make sure that we stay focused on real solutions that are going to address these logistical problems as opposed to solutions in search of problems like I am concerned that we have seen that in some cases in Puerto Rico.

Do you disagree with any of those statements or want to issue any clarifying statements?

Admiral BOUBOULIS. I don't disagree with any of those statements, sir.

Mr. GRAVES OF LOUISIANA. Thank you.

Admiral Kelly, anything to add?

Admiral KELLY. No, sir, not at this time.

Mr. GRAVES OF LOUISIANA. Thank you.

Mr. Chairman, I yield back.

Mr. HUNTER. I thank the gentleman.

Mr. Mast is recognized.

Mr. MAST. Thank you, Chairman.

You know, I think there is probably not one of us in this entire body that doesn't want you all to be mission ready. I think the reality of the mission that you all fulfill is that if one of us in here needs you and you are not there, we may very well not need you again because it is probably a life or death situation. That is the seriousness of the work in which you all go out there and provide services to us every single day.

I have seen it firsthand as a resident of Florida, stations in Fort Pierce and Miami and down in Key West. I have seen the short-

falls. I have been up in the air with your folks. Your aircraft are not particularly fast. I know you are well aware of that.

And you have spoken about the shortfalls. You have spoken about your taxes on the Reserves and just how strung out you have been. And so I just have one very important question, and that is, how close are you coming to not being mission ready?

And I am well aware of your motto, *semper paratus*, and I know your commitment to it. I am not trying to say this in any way to degrade your commitment. But how close are we threading that needle to not being mission ready with an entity that provides life or death services?

Admiral KELLY. Sir, from a people perspective, one of my largest concerns and something that keeps me awake at night, if you will, is the retention of our workforce. And as we deploy 3,000 men and women over a 6-week period—and we don't know what is on the horizon.

But as we deploy 3,000 men and women, the resiliency of those men and women as they deploy, the resiliency of those families is something that concerns me. So I don't have a gauge. I don't have a metric that I can tell you that we are getting close.

But 30 years of experience would tell me that as we continue to do this, as we continue to stress our folks, the resiliency of our people and our ability to retain the talent that we have concerns me greatly.

Admiral BOUBOULIS. I will speak to that also from perhaps a little operational perspective and then from the facilities side. So I have spent about 20 years flying search and rescue helicopters, C-130s.

I was actually stationed as the commanding officer in Borinquen—that is in Puerto Rico—from 2008 to 2011. And I appreciate that, Mr. Mast, you understand the nature of our services and when they are in need. It is something I have been very proud of being able to serve the Nation in that capacity.

From the facilities side or from the organizational side, look, we are always going to respond. That is where our heart is. And every person in the Coast Guard has that mission focus. We will turn ourselves inside out to work through the budget limitations that we have to ensure that we maintain frontline readiness.

That is why we make the difficult decisions that we have to do to prioritize recapitalizing our cutters and our aircraft to make sure that we can meet that mission and we can keep our people safe and give them good equipment to operate with. Where we are going to assume some risk or accept some risk is on the facilities side.

And, Mr. Young, we talked about the budget. I think we know the game that we play with communicating the budget and working the budget. But our Commandant has gone on record. We have seen—since the Budget Control Act, we have experienced a 10-percent decrease in our buying power over the last 5 to 7 years. The Commandant has gone on record that we need to see a 5-percent increase in our operations and maintenance funding just to restore our buying capability.

It is also said that we needed to have a \$2 billion AC&I funding profile and a stable and predictable funding profile. That is the

way that we can deliver goods and services to the Nation with good stewardship. This flexible budget, continuing resolutions just affects the way that we can execute acquisitions and award contracts and whatnot.

And with a \$2 billion AC&I budget, we need \$300 million recurring for facilities infrastructure. So where we are going to accept those risks is on the facilities side, and that affects our people and ties right into what Admiral Kelly was talking about.

To retain good quality people that are going to put their lives on the line for others, you have got to treat them well. You can't have them in shabby homes, in terrible stations. And when you get impacted with hurricane damage, it has got to be rebuilt, and that is a burden that I will carry. Thank you.

Mr. MAST. Thank you, gentlemen.

Thank you, Chairman. Yield back.

Mr. HUNTER. I thank the gentleman.

The ranking member of the full committee, Mr. DeFazio, is recognized.

Mr. DEFazio. Thank you, Mr. Chairman. I regret I was delayed, but I was dealing with NAFTA issues and Mexican trucks, which I think might have some support with members of this committee.

Admiral Kelly, as I understand it, you are the personnel guy. Have you redeployed people from around the country, you know, down into that region? And how much has it interrupted your other activities around the Nation, and what sorts of extraordinary overtime are people putting in here?

Admiral KELLY. Yes, sir. We have deployed just roughly 3,000 men and women, Active Duty, Reserve, and civilians to Texas, along the gulf coast, Florida, and now to Puerto Rico. We have deployed those folks from everywhere from Maine to Alaska, sir, along with their units.

The cost of doing that—as my colleague already stated, we will never put search and rescue and we will never put our frontline missions at risk. But the cost of doing that is the maintenance of our equipment and the maintenance of our people long term, sir.

Mr. DEFazio. OK. So that will be part of, when you quantify the physical damage, you will add in also perhaps costs that relate to this, that extra deployment and those costs?

Admiral KELLY. Yes, sir. I can speak already. Just from a travel perspective, we have already exceeded \$1 million in what we have had to do with sending people TDY to support.

Mr. DEFazio. Right. You know, I have been critical of the Coast Guard in one respect on these issues, which is you are always too nice. And I am pleased to hear you are being a little bit more assertive about your unmet needs.

I mean, you were already suffering a couple of billion dollars or so in terms of deferred capital investment, as I understand it, and now we are looking at these damages. And I would hope that you would ask for a very, very robust number, you know, and not—and, I think, Admiral Z has been getting more and more outspoken on this.

I mean, you just need to tell us what you really need to fully mitigate all the additional costs because of these three hurricanes,

and we will help you fight for it. And I hope I can get that commitment.

Admiral KELLY. Yes, sir. And I think the Commandant going on record for the 5,000 men and women that we need in our service over the next 5 years is a clear statement, maybe a visionary statement on his part with regards to our ability to respond to contingency response across the Nation and around the globe.

Mr. DEFAZIO. Great.

I think—and I don't know whether either of you would be comfortable addressing this issue, but it does relate to your day-to-day activities. You know, there has been a lot of talk about the need to waive the Jones Act.

On the other hand, I have been in touch with Jones Act companies who are, you know, they have made major investments with the idea of continuing to serve Puerto Rico. I just heard one of our colleagues on the floor talking about we had to have a permanent waiver for the movement of fuel to Puerto Rico.

Is there a shortage of tonnage to serve Puerto Rico? I mean, what we are hearing is containers are piled up on the docks virtually to the capacity of those areas and they just can't get them distributed. Can either of you address that or—

Admiral KELLY. Sir, I would submit that neither of us are probably the best officers to address that, sir.

Mr. DEFAZIO. OK. OK. No, that is fine, but I just wanted to see if we could get some response out of you, but—

Admiral KELLY. Yes, sir. I have sailed in and out of the Port of San Juan and Aguadilla, and my colleague has been commanding officer down there for 3 years, but to that specific question, sir, probably not the right person.

Mr. DEFAZIO. OK. All right. I don't want to put you on the spot.

Thank you, Mr. Chairman.

Mr. HUNTER. I thank the ranking member.

Gentlemen, thank you. I would just ask here in the end that you give us—that you give—if they do a supplemental, it is almost all appropriations, right. I mean, that is the purpose. It is not going to go through any authorization committee unless you do something like the oil, it affects the Oil Pollution Act or vessel safety and then we might get a say in it here in this committee.

Yes, Admiral.

Admiral BOUBOULIS. Chairman Hunter, I appreciate that. And one thing I would like to qualify, because we did get some supplemental funding from Hurricane Matthew, but it is important—

Mr. HUNTER. Hang on. I mean, if you want to call it that, you got, how much, \$15 million and you requested \$100 million, roughly?

Admiral BOUBOULIS. Well, I just want to make a point, which I think is important as you go forward to support any supplemental activity.

So after Matthew, I think we had limited-term funding. I think it expired in 18 months or so. So as we approach supplemental funding, it is important the characterization of the funding, because you can imagine the scope of impact that we are talking about really needs to be AC&I type funding or 5-year money that

gives us time to plan and contract so that we can effect those repairs.

Realize that we are going to be dealing with reconstituting our workforce, catching up on maintenance on our assets, addressing the immediate needs to repair some of those facilities, and we do have limitations on our contracting, our civil engineering program to digest that scope of money over a short period of time. So 5-year funding is important.

Mr. HUNTER. I mean, that sounds great, but, again, that is going to take you all requesting that and pushing hard and your Commandant pushing hard when they do this supplemental to maybe to get some of this back, not just the now hurricane stuff but maybe a little bit of the other backlogs as well.

Because that is usually what happens, and if you are not at the table, you don't get any, right. But it is time that the Coast Guard stop fighting for scraps and got a seat at the table and got the big entree like everybody else, I think, especially with the work you are doing around the world.

So with that, thank you very much, and we will start the second panel.

Admiral BOUBOULIS. Thank you, sir.

Mr. HUNTER. Thank you, gentlemen.

All right.

Gentlemen, great to see you again. Thanks for being here. This one will be—this is an official hearing, as you might have guessed, compared to last week's listening session.

On our second panel, we are going to hear from Mr. Brian Schoeneman, legislative director with the Seafarers International Union; Mr. Anthony Chiarello, president and CEO of TOTE; Mr. Michael Roberts, senior vice president with Crowley; and Mr. John Graykowski, government and regulatory adviser for Philly Shipyard, testifying on behalf of Shipbuilders Council of America.

I have talked about some Jones Act stuff and about the U.S. Fleet in my opening comments. So I will reserve now to my question time.

And, Mr. Schoeneman, you are recognized.

TESTIMONY OF BRIAN W. SCHOENEMAN, LEGISLATIVE DIRECTOR, SEAFARERS INTERNATIONAL UNION, ON BEHALF OF MARITIME LABOR; ANTHONY CHIARELLO, PRESIDENT AND CEO, TOTE; MICHAEL G. ROBERTS, SENIOR VICE PRESIDENT AND GENERAL COUNSEL, CROWLEY MARITIME CORPORATION; AND JOHN GRAYKOWSKI, GOVERNMENT AND REGULATORY ADVISOR, PHILLY SHIPYARD, INC., ON BEHALF OF THE SHIPBUILDERS COUNCIL OF AMERICA

Mr. SCHOENEMAN. Thank you, Chairman Hunter, Ranking Member Garamendi, members of the subcommittee. I am very happy to see Captain Young with us today.

Good morning. My name is Brian Schoeneman. I am the legislative director for the Seafarers International Union. I am here today on behalf of seagoing maritime labor, which includes the Seafarers, the American Maritime Officers, the Marine Engineers' Beneficial Association, and the International Organization of Masters, Mates and Pilots. Together, we represent all the mariners currently en-

gaged in the Puerto Rico and Virgin Islands trade. All told, our unions represent tens of thousands of Americans who sail as Jones Act mariners across the United States today.

The men and women of the United States merchant marines stand in solidarity with our brothers and sisters in Puerto Rico and the Virgin Islands and our members who live and work there. We remain committed to working with our operators, with the Federal Government, and the many, many others who are working right now to bring critical supplies of food, medicine, water, and fuel to those in need in Puerto Rico and in the Virgin Islands.

Despite the misinformation that has spread like a disease throughout both the mainstream media and through social media, maritime labor knows—and we know this firsthand—the critical role that the Jones Act plays in keeping America safe, ensuring our economic, homeland, and national security. Our members have been serving Puerto Rico for more than half a century. Each of our unions has a presence in Puerto Rico, and two of our unions have facilities there. Between the four of us, our unions represent hundreds of Puerto Ricans and their families, and the SIU represents over 2,600 men and women in the Virgin Islands alone.

We have been doing our part from the beginning of this crisis in Puerto Rico and in the Virgin Islands to help them recover because these are our friends. They are our family. They are our fellow American citizens, and they need our help. They have not been forgotten.

The United States merchant marine has braved countless hazards over the centuries, from hurricanes to hostile warships, to deliver the goods to our troops and to people around the world whenever and wherever needed, and today is no different. Make no mistake: Maritime labor has never, not once, opposed the waiver of the Jones Act in an emergency when there were not enough ships or mariners to handle the job. We have never let a ship sail short-handed. At the same time, we have never been willing to support waivers of the Jones Act that were unnecessary.

To be clear, the Jones Act is not impeding relief efforts in Puerto Rico right now, and it never was. It is not forcing aid to be turned away. It is not slowing down efforts to get relief supplies to people. Foreign-flag ships with cargo from ports outside the United States are and always have been allowed entry to Puerto Rico. The claim that the Jones Act is impeding relief efforts is a lie. No matter how many times those bought-and-paid-for academics, the folks on the news want to repeat it, it is still a lie.

The amount of fake news that we have seen around the Jones Act during this crisis has been staggering. It is critical that Congress not act rashly in response to this disaster. Some of the proposals being made, whether for long-term waivers of the Jones Act or for a permanent exception for Puerto Rico, are foolhardy and misguided at best and blatantly anti-American opportunism at worst. These legislative proposals would have severe and drastic consequences, not only for Puerto Rico but for the entire United States. Both would be unprecedented, and neither should be considered seriously without significant congressional oversight and a better understanding of the potential impacts of such a drastic

change to literally centuries of fundamental American maritime law.

We urge Congress to exercise due diligence and fact-finding and beware of this false misinformation and the claims that are being propagated by the anti-Jones Act agitators who are, as they always do, attempting to hijack this crisis to further their political agenda. We also ask that a full accounting be made at the end of the temporary 10-day waiver the President granted last week so that we can know what the actual impact of this waiver was, if any.

Finally, we ask that Congress continue to stand with us in bipartisan support of the Jones Act. Maritime labor, alongside our colleagues, remains committed to doing everything in our power to help our fellow Americans in Puerto Rico and the Virgin Islands in the aftermath of these devastating storms. We were here before. We will be there now. We will be there in the future.

Thank you, and I am happy to answer any questions you all may have.

Mr. HUNTER. Thanks, Mr. Schoeneman.

Mr. Chiarello, you are recognized.

Mr. CHIARELLO. Yes, good morning, Chairman Hunter, Ranking Member Garamendi, and members of the subcommittee. Thank you for this opportunity to be with you today. My name is Anthony Chiarello. I am president and CEO of TOTE. I have been involved in the maritime industry for more than 38 years and have been in the role that I hold at TOTE today for the last 10.

Before I share the details of our work in Puerto Rico, I would like to express to you how personal this situation is for TOTE. Our employees, families, friends, and our customers have experienced the devastation firsthand. Many of our employees in Puerto Rico have damage to their homes and there are families that are struggling following the hurricane but continue to come to the terminal every day to support the offloading of containers and cargo, which they know is critical to the larger Puerto Rican community. We are extremely proud of the work of our team of over 200 employees and partners doing everything they can to get important cargoes to Puerto Rico, and we will not rest in our efforts.

TOTE is a leading transportation and logistics company and oversees some of the most trusted companies in the U.S. domestic maritime trade. TOTE is comprised of three operating companies, two of which are U.S. Jones Act, while the third company provides crewing and management services to a number of carriers, including both the Maritime Administration, as well as the Military Sealift Command.

TOTE Maritime Puerto Rico has served the people of Puerto Rico for more than 32 years, providing twice weekly service to the island between Jacksonville, Florida, and San Juan. We have invested in excess of a half a billion dollars in the world's first LNG-powered containerships constructed specifically to service Puerto Rico. We strive for on-time, efficient operations that support the daily life in the noncontiguous United States.

We are an American-owned company serving the needs of our fellow Americans. Our vessels were built in American shipyards by American workers and are crewed by American mariners.

Since Hurricane Maria made landfall in Puerto Rico on September 19, the people of Puerto Rico have been struggling to gain access to the goods and services necessary for their daily life, goods that are sitting on our docks as we speak and that need to be moved. Even before Hurricane Maria made landfall, TOTE was working closely with customers and other parties, such as the Red Cross, to prepare for what was forecasted to be a devastating blow to the island.

TOTE's vessel, *Isla Bella*, departed Jacksonville on September 20, as Puerto Rico was still feeling the effects of Hurricane Maria, with more than 900 containers of cargo and relief goods for the island. The *Isla Bella* arrived at the Port of San Juan on the 24th of September following the opening of the port September 23 by the U.S. Coast Guard.

Immediately after the discharge of the *Isla Bella*, TOTE's second ship, *Perla del Caribe*, arrived in San Juan with more than 1,000 additional containers of relief goods. Our vessels will continue to supply relief aid, including food and water, to the island along with the daily needs, such as clothing and household goods for the residents.

TOTE's transit time from Jacksonville to San Juan is less than 3 days. This means that we are uniquely positioned to respond to emerging needs on the island, providing the critical supplies to the people of the island as the situation on the ground continues to evolve. TOTE will serve the people of Puerto Rico throughout this crisis and long after TV cameras have left.

Despite news and misinformation about the Jones Act that was referenced earlier, American companies like TOTE have ample capacity to ship supplies to Puerto Rico. This has to be understood. The challenges are not with the maritime industry getting the goods to the island. The challenge is distributing the goods throughout the island communities. Infrastructure and roads have been compromised as a result of the storm, making transport and delivery of goods extremely challenging. We need to get the water and other life-saving supplies to those who need it.

Over the past few days, we have seen more and more containers leave our facility in San Juan, but there are still many on the terminal of more than 2,000 containers just in the TOTE terminal, and more keep coming every time a ship unloads. As an example, on Tuesday, September 26th, 110 containers left our facility. Yesterday, 280 containers left our facility. So things are significantly improving, but still that is only 1,274 total since the first day that the terminal was opened, and we typically would have 600 or so containers departing the terminal on a normal day prior to the hurricane.

In addition to the *Isla Bella* arriving Sunday morning with 1,046 containers of relief cargo, the *Perla del Caribe* is due to arrive later this week. We are working with our customers, the Puerto Rican Government, and FEMA to solve this bottleneck, and in some cases, we are providing refrigerated containers as temporary storage for warehouses and stores that were damaged and destroyed.

All of these efforts would not be possible without the hundreds of U.S. mariners who sail on TOTE vessels and employees in Puer-

to Rico who are working the terminals and docks to efficiently manage the cargo flow.

In addition to our efforts, TOTE Maritime Puerto Rico, TOTE Services, our crewing and ship management division, has activated the TS *Empire State*. The *Empire State* was initially deployed to the Florida Keys following Hurricane Irma but was redirected to San Juan to support Puerto Rico. The *Empire State* arrived in Puerto Rico on Sunday. She is able to house more than 600 relief and recovery workers and will provide critical support for the island in the coming weeks.

I am grateful for the opportunity to testify today and discuss ways that TOTE can work in concert with the Government and the stakeholders to help accelerate the recovery efforts of the people of Puerto Rico. Thank you.

Mr. HUNTER. Thank you, sir.

Mr. Roberts is recognized.

Mr. ROBERTS. Good morning, Chairman Hunter, Ranking Member Garamendi, and members of the subcommittee.

It is good to see you, Mr. Young. Thank you for holding this hearing and inviting me here today to testify on behalf of Crowley. I would ask that my written statement be included in the record. And I will try and summarize some of the main points out of that statement, really focusing on the commitment of Crowley to Puerto Rico, our involvement in the response effort following the hurricane and on an ongoing basis, the Jones Act waiver, and then the arguments made by opponents of American maritime workers in response to these events. Crowley's dedication to Puerto Rico is illustrated by—you know, it has been serving Puerto Rico for more than 60 years. We have a \$600 million capital investment nearing completion that includes vessels built in the United States, including by 160 Puerto Rican workers in Mississippi. They will, of course, be crewed by American mariners, many of whom live in Puerto Rico as well as Florida and other States. Our terminal investment, which is entirely funded by Crowley, is one of the largest infrastructure projects on the island in the past year.

Crowley is also very actively involved with FEMA in responding to Hurricane Maria. As of yesterday, we have delivered more than 2,700 loads equal to about 7,000 standard shipping units since the port was reopened September 23rd. By the end of next week, we will have about 7,500 loads—this is Crowley alone. This includes 3,200 loads for FEMA. FEMA cargo is a mix of water, MREs, generators, tarps and other items along with rolling trucks. Yesterday, we delivered 125 loaded fuel trucks off the barge, and they were met by 125 truck drivers that were flown into the island, and distribution got underway immediately. The story, as has been discussed this morning, the story last week was that loads of cargo were getting off the ships and to our terminals much faster than they were being dispatched off the terminal and sent to where the supplies were actually needed.

While this is frustrating, it was not surprising. Damage to the port was minimal. So our dock workers could unload vessels quickly, and they did a great job. In contrast, the next links in the supply chain were severely damaged. Roads were impassable. Power lines were down. People had to get their family situations squared

away before returning to work. Trucking needs were skyrocketing while the tractors and the drivers and the diesel fuel in particular have been in short supply. So, hopefully, what we delivered yesterday will start to make a difference. Businesses couldn't open to receive cargo because of hurricane damage.

So the net effect of this is that, with the exception of the FEMA loads, commercial cargo has been stacking up on the marine terminal. Normally, we would have about 900 loads on the terminal waiting for dispatch. We have more than four times that amount today plus another 1,800 loads that have been dispatched but not returned. Our normal gate dispatch time is 400, 500 loads a day, and, you know, until the middle of last week, we were in the double digits. We are now less than half of our normal rate today.

So, looking ahead at least for the next week or so, the story of terminal congestion is likely to get worse before it gets better, given the continuing flow of vessels delivering cargo to the terminal and the relatively slow pace of dispatch off the terminal into the island.

Again, I would emphasize the FEMA loads are moving quickly. FEMA is doing a great job of trying to find creative ways to solve these problems. For example, they have worked with the Puerto Rican Government to buy commercial loads of food, dry food items that could then be distributed throughout the island. We have almost 1,000 of those loads sitting on our terminal now. So progress is being made. Creativity is being applied.

As has been discussed, the Jones Act waiver will not help. Bringing cargo to the island is not the issue. Getting cargo off the terminal and where it is needed has been the bottleneck.

Let me end there and say that the attacks that have been made on the Jones Act in connection with this disaster are unfortunate. The mistruths are abundant, and it is a missed opportunity for those who really care about Puerto Rico because they need to be talking about the funding that is going to be needed to repair the damage and put the infrastructure back in place. And the more time that is wasted worrying about the Jones Act is just wasted time. So I thank the committee for the opportunity to testify and look forward to your questions.

Mr. YOUNG [presiding]. Thank you for the testimony.

Mr. Graykowski, please.

Mr. GRAYKOWSKI. Thank you, Mr. Chairman and Ranking Member. I ask that my entire testimony be included in the record. Good morning, and I would like to thank Chairman Hunter and Ranking Member Garamendi and members of the entire subcommittee for this opportunity to provide shipbuilding industry perspectives on the Jones Act.

My name is John Graykowski. I am representing Philly Shipyard, which is located on the site of the former Philadelphia Naval Shipyard. Since 2000, Philly Shipyard has achieved a remarkable record of on-time deliveries of 26 large oceangoing vessels of all types. Most recently, the last several vessels have been delivered immediately following sea trials without any defects or exceptions, which is an indication of the quality of the work at Philly Shipyard. But Philly is by no means alone in improving productivity, quality, and efficiency. Our entire industry has made great strides, as well.

PSI is a proud member of the Shipbuilders Council of America, the largest trade association representing the U.S. shipbuilding industry. The SCA represents 85 shipyard facilities and 112 industry member partners that are part of the vital supply chain for the shipyard industrial base.

My testimony this morning will focus primarily on the people, the capability, and the capacity of the domestic shipyard industry, and how the Jones Act strengthens not only our industry but our national security as well.

The Jones Act is a core value promoted by the Shipbuilders Council of America. This policy, which has no cost to the U.S. Government, helps to maintain a merchant marine that is sufficient to carry our domestic waterborne commerce and also ensures that there is sufficient U.S. capacity to serve as a naval and military auxiliary in time of war and national emergency.

The Jones Act also ensures that the U.S. maintains critical shipyard infrastructure and a skilled workforce that can build, repair, modernize, and maintain the more than 40,000 vessels that comprise the domestic Jones Act fleet. This industrial base also ensures that there is a sufficient workforce to support the construction and repair of our critical national security fleets. U.S. shipyards build some of the most technologically advanced vessels in the world.

For example, the world's first LNG-powered containership was built in the U.S. by my colleague Mr. Chiarello's company, TOTE, and is now serving Puerto Rico. Our shipyards also build world-class offshore service vessels for oil and gas exploration and production. According to MARAD, the U.S. shipbuilding industry ran a trade surplus in 6 out of 9 years between 2006 and 2014, resulting in a cumulative trade surplus of \$1.5 billion. A 2015 report by MARAD found that there were more than 110,000 Americans directly employed by private U.S. shipyards and an additional 280,000 people employed by indirect or induced operations associated with the shipyards. The nearly 400,000 people who work in this industry generate \$25.1 billion a year in labor income and \$37.3 billion to the GDP.

In 2016, the Navy released an updated force assessment that called for a fleet of 355 ships. The Jones Act ensures that the shipbuilding industry, supplier chain, and workforce can support the building and maintaining of these Navy assets. It is for this reason that the U.S. Navy has always and continues to support the Jones Act because of its national security benefits. A strong shipyard base and our skilled merchant mariners are critical to fulfilling the Navy's role in maintaining a forward presence in the world's sea lanes and trouble spots.

GAO recently stated: The military strategy of the United States relies on the use of commercial, U.S.-flag vessels and crews, and the availability of shipyard industry base to support the national defense.

Additionally, a critical component of the national fleet is the Coast Guard. Shipyard capacity is required for the desperately needed modernization of the entire fleet, from inland aids to navigation to cutters of all sizes to the polar icebreaker. Indeed, almost all of the shipyards that are currently building Coast Guard vessels

also build Jones Act vessels. It is because of the Jones Act that the Coast Guard is receiving such robust competition to build its various classes of ships.

Thank you again, Mr. Hunter, Mr. Garamendi, and the entire subcommittee, for this opportunity, and I look forward to your questions.

Mr. HUNTER [presiding]. Thank you, Mr. Graykowski. My wife's maiden name is Jankowski, which is special until you realize that the "kowski" is like Smith.

Mr. GRAYKOWSKI. It always sounds harder than it seems to me anyway.

Mr. HUNTER. Let me start off by recognizing myself for 5 minutes.

Mr. Schoeneman, you might be able to answer this. Let's just go really quick to the crux of this. What or who is behind the false Jones Act narrative? I mean, this has been on every news station. I have never seen such negative, negative press on an American union—and because a lot of the ship industry is unionized, right? That is, most of it is unionized that is on the open ocean. Most of the interior stuff is not, right? That is kind of how it is broken down. But I have never seen a direct attack by the media, from MSNBC to FOX News, on an American institution like maritime. Shipbuilding, ship repairing, all American workers, all American made. I have never seen it. So what is behind it?

Mr. SCHOENEMAN. Two things. First of all, if you are on the ground in Puerto Rico right now, you step into a cab in San Juan, you ask the guy to take you to a bar, you ask him, "What do you think about the Jones Act," he is going to tell you that every single problem on the island is the result of the Jones Act. It is down to the basic—it is a fundamental thing in Puerto Rican politics that the Jones Act causes every problem. So that is what I think part of what you are going to see is the result of that.

Now, if you look more carefully, in addition to that and where the media is getting a lot of their information from, you will see studies and all kinds of position papers being put out by all the organizations that we know in Washington. They are getting funding from somewhere. All of a sudden, the big uptick—and this all happened a couple years ago when the freight rates in the oil industry—Jones Act carriers was way out of control. They were very high. That is not a coincidence.

So, in my opinion, you have got Puerto Ricans on the ground who believe this is the result of—the Jones Act is causing all the problems on the island, increasing costs, which is not true, and on the other side, you have the oil interests who are trying to get rid of this as a protections program and kill it because it is a union program, they claim, and that it is costing them all kinds of money on the other side.

The perfect storm then results. You have got folks on the left and the right, Democratic Party and the Republican Party all piling on the Jones Act. They are all putting out false information to make their cases better, and the reality is you guys are being confronted with problems that don't exist, issues that don't exist, with bad information that is getting pushed out on a daily basis and bad information that keeps getting repeated, and every time the lie is re-

peated, it becomes more and more factual in the minds of people out there. We have been desperately trying to correct the record on all of these issues, and I will tell you that the amount of things we have been hearing that are just flat out lies, that are wrong, they are not true, that are constantly repeated, is out of control.

I get told on a daily basis that the Jones Act prohibits foreign ships from ever even touching in Puerto Rico. That is insane. That is completely untrue. Foreign ships—GAO did a study in 2011. Two-thirds of the vessel calls in Puerto Rico were from foreign-flag ships. The vast majority of the fuel being transported to Puerto Rico right now is being done on foreign ships coming from foreign ports. There has never been an issue with the Jones Act stopping ships from coming to Puerto Rico. The same in terms of cargo—

Mr. HUNTER. Mr. Schoeneman, let me interrupt you really quick. There are two things I want to get to before my time is up. Two really important things. MARAD is not sitting here today. They opted out of this. But we have a statement from MARAD, and this was a day before the White House waived the Jones Act. So President Trump went very anti-Trump by waiving the Jones Act. He went anti-American worker, anti-American made, and basically sold out to Wall Street and big corporate interests that don't want American made. Wall Street is happy to have jobs anywhere that aren't here in the U.S. For the most part, that is what Wall Street likes.

This is from MARAD, quote: "Waiving the Jones Act now will not provide any additional relief to the hurricane victims on the island. The U.S.-flag fleet has the capability of carrying food, water, fuel, and emergency and recovery supplies that Puerto Rico needs from the rest of the United States. The problem for Puerto Rico in the next few weeks is not procuring enough ships to carry the cargo, it is the difficulty of unloading the ships and getting the relief supplies to where they are desperately needed, given the fact that the ports, the roads, the power grid, and communications have all been heavily damaged by Hurricane Maria."

And they end with this: "As Puerto Rico's infrastructure is repaired, the administration may ultimately decide that additional ships are needed to serve the people. If so, CBP and MARAD should be allowed to follow the established procedures for a case-by-case review of any waiver requests. There should not be any blanket waivers of the Jones Act."

That is from the Maritime Administration.

Now let me read you the quotes here from the President's Homeland Security Advisor Tom Bossert; he was asked about the Jones Act: "If there are not enough U.S.-flag vessels—the capacity, in other words, to meet the need—then we waive the Jones Act. In this particular case, we had enough capacity of U.S.-flag vessels to take more than or to exceed the requirement and the need of diesel fuel and other commodities into Puerto Rico."

He says: "What happened is I think almost 17 or 18 days' worth of now of what you are seeing backlogged diesel fuel is needed on the island, but it was a little bit misunderstood and misreported that we had a capacity problem and had to waive the Jones Act. Not the case. The idea here is that we had provided as many commodities as were necessary to the island, and the challenge became

then land-based distribution. That remains the challenge. That remains a priority today.”

He then goes on. So, after saying all of that, the President’s guy says: “However, last night, Governor Rossello called me a little after 8 o’clock and said, ‘At this point, to ensure that the additional needs are met as we move forward, it might be a good idea to proactively make sure that we pull out all the stops, just in case that capacity problem ran into the requirement problem.’ I talked to the President, and he thought that was absolutely the right thing to do and waived it right away.”

He was asked again a quick follow-on: Had Governor Rossello not requested proactively a waiver on the Jones Act, would you have seen a compelling reason to initiate a waiver?

The President’s Homeland Security Advisor says: “No, I would not have. And I was not recommending to the President that he waive the Jones Act at the time, until I got the Governor’s request. And it may be a historical note of relevance. Sometimes we will see the carriers request the waiver, right, so you will have foreign-flag vessels or U.S.-flagged vessels or carrier companies call us and say, please waive it because there is an issue. We did not to my knowledge get any carrier requests.”

So those are two things from the administration saying there was no need to waive the Jones Act. They had plenty of capacity. They had plenty—you have plenty of everything that you need. This was pure politics. This was pure politics. They even used the national security waiver, which is the waiver that doesn’t require the administration to show the need for a specific ship for a specific good. They waived it. In fact, they don’t even need to tell us why they waived it if they use a national security waiver, which is what the administration used against what MARAD said and against what its own Homeland Security adviser said. The President I think granted the Governor’s request because of the distress that the island finds itself in for political motives. And, frankly, I think that is why it was only done for 10 days. I think hopefully this was a goodwill gesture by the President to say, fine, even though it won’t make a difference, we are going to do this, but that is one thing that helped pour gas on this firestorm that is a natural disaster.

So, with that, I would like to yield to the ranking member. Do you want me to go to Mr. DeFazio first?

Mr. Garamendi is recognized.

Mr. GARAMENDI. Just a couple of questions.

Mr. Chairman, thank you for bringing that information to this formal hearing and to those members of the press that probably need to hear that.

The question for any of the witnesses, given that there is a waiver, have any ships, foreign ships, utilized the waiver to deliver goods from an American port to Puerto Rico?

Mr. CHIARELLO. I will attempt to answer that and maybe there are some others that would like to add on. So, both Mr. Roberts and TOTE, our companies operate two of the three terminals in the Port of San Juan that would be contacted in order to unload vessels that would be under the waiver that was issued. We have not re-

ceived a call requesting the need to unload the ships. Mr. Roberts could certainly answer on behalf of Crowley.

Mr. ROBERTS. Same for Crowley. We have not received a call to have a foreign ship unload at our terminal, and I would just add a couple of other points. If there was a foreign vessel bringing cargo from the U.S. mainland to Puerto Rico, they would—or they may call at the international terminal there, and I am told that the congestion on that terminal is very similar to what we have in our terminals. So, again, if a foreign ship brought the U.S. relief cargo to Puerto Rico, it would sit there on the dock the same as all the others.

Mr. GARAMENDI. At the moment, you are unaware of any ship—

Mr. ROBERTS. No, and I did also check this morning the port—I don't think it is the marine exchange—but the port traffic, marine traffic indicated no change in foreign vessels.

Mr. GARAMENDI. Has there been any requirement for shipments from a U.S. port to Puerto Rico that has not—has not—been met by any of the Jones Act carriers? You? I guess the only other one is Trailer Bridge, right?

Mr. ROBERTS. Right. Not to our knowledge.

Mr. CHIARELLO. Not to our knowledge. No, sir.

Mr. GARAMENDI. You have received no information, no requests from FEMA, from the Department of Homeland Security, from the military, to move equipment, goods to Puerto Rico from an American port that has not been met?

Mr. ROBERTS. That is correct.

Mr. CHIARELLO. May I also add, sir, that, you know, our industry is a small industry and you hear rumors often that are out there specific to the waiver and the interest of foreign carriers to provide services. We heard that there were a few carriers out there testing the market to see if there was freight available or interest to move their freight to the island, and no response to that in terms of a positive response by shippers to move their freight, but an interesting data point to note is that the transit times that were quoted by at least one carrier in the marketplace was to get freight from Jacksonville to San Juan, Puerto Rico, on a foreign ship would take somewhere between 15 and 20 days.

Mr. GARAMENDI. And what is your transit time?

Mr. CHIARELLO. Two and a half days.

Mr. GARAMENDI. Two and a half days versus 15 to 20 days.

Mr. CHIARELLO. Yes.

Mr. GARAMENDI. Crowley, similar?

Mr. ROBERTS. Transit time right now is around 5 to 6 days.

Mr. GARAMENDI. Five to six days, and you are using the barges presently?

Mr. ROBERTS. Correct. We are using railroad barges.

Mr. GARAMENDI. The shipbuilding industry in the United States, the domestic shipbuilding industry, is it dependent upon the Jones Act?

Mr. GRAYKOWSKI. In my opinion, having been associated with it for some almost 30 years, absolutely.

Mr. GARAMENDI. Is the U.S. national security dependent upon the Jones Act and the American merchant marine?

Mr. GRAYKOWSKI. Categorically, yes. The entire structure has actually evolved since the nineties. When you enacted the MSP program, the reliance of the military certainly on the commercial sea-lift industry has grown exponentially to the point where the Navy—or we can't pursue our international objectives without the assistance of and reliance on the U.S. maritime industry. From that follows the shipbuilding industry, the ability to build, repair, and modernize the ships that the Navy is running day in and day out, as well as the commercial industry.

Mr. GARAMENDI. So the Jones Act is critical to the domestic shipbuilding and ship repair industry. You indicated a number. I think it was 400,000?

Mr. GRAYKOWSKI. Yes, sir.

Mr. GARAMENDI. Men, women, that are in the domestic shipbuilding and repair industry. Is that correct?

Mr. GRAYKOWSKI. The figure, that is the entire—if you take sort of the direct employment and all of the supplier industry that feeds into the industry, it is roughly 400,000 people. That is correct. And that is a MARAD number, not an industry number.

Mr. GARAMENDI. OK. My time has expired.

Thank you Mr. Chairman. I yield back.

Mr. HUNTER. I thank the ranking member.

I would like to yield to the former chairman of the full committee, Mr. Young.

Mr. YOUNG. Thank you, Mr. Chairman.

And do you know what a pleasure it is to hear somebody—four people on the panel all agreeing with me?

I do think there has been some misinterpretation. There is nothing that precludes a foreign vessel from going to Puerto Rico from a foreign port. The Jones Act that Senator Jones passed—I believe he was a Senator; maybe one of the good things to come out of that body—he passed that act to build a maritime fleet that was very frankly from port-to-port no foreign boats could do this, primarily to keep our maritime fleet and our shipyards active so we would have a nice security blanket and have good service.

Now, I have lived this battle a long time. In Alaska, I heard it many years ago: Oh, the Jones Act is hurting us.

And one of the one times it bothered me, I was in Ketchikan, Alaska. And I went to buy a battery for my watch, and they wanted \$25 for it.

And I said: How come it is so high?

He said: Freight.

And I thought, what in the world are they trying to kid? We have been under attack, but this maintains, Mr. Chairman, the best Navy fleet, the best ships, modern technology, huge workforce, and good service.

So I again thank the witnesses for your testimony, and as long as I am sitting where I am, I am hopeful we will never see the day, but there is the enemy out there. This is not the first time this has occurred. And they want to get port-to-port shipping on rust buckets, nonspeaking English crewmen, nonunionized, and that is really what they want to do.

So I think we have a responsibility as a committee to make sure that this 10-day didn't do any good. To my knowledge, you just tes-

tified to that. I didn't think it would. And their argument was we are not getting our fuel. Puerto Rico was. And it is a matter of distribution, and that has nothing to do with it. But it is a little nose under the tent. Next it will be Hawaii. Then it will be one of the ports on the west coast. Then one of the ports on the east coast. So our job is to make sure we maintain this, and I am confident we have support within the committee to maintain the Jones Act as it should be for America.

With that, Mr. Chairman, I yield back.

Mr. HUNTER. I thank the chairman.

The ranking member, Mr. DeFazio, is recognized.

Mr. DEFAZIO. Thank you, Mr. Chairman.

Can we go back to the foreign—the potential foreign shipping? Why would it take 15 days?

Mr. CHIARELLO. Yes. So, again, this is what we are hearing in the industry of one or two carriers, Puerto Rico having been on the international side of the industry for 30-plus years of my career, Puerto Rico would be a very, very, very small piece of their global supply chain and network. So they would fit it into an existing network. They are not going to put assets specifically just for Puerto Rico in as we have done and the other carriers in the trade have done.

So they would figure out: OK. So maybe I will come out of Houston. And before that, I will go to Freeport, and I will go to the Dominican Republic, and then I will stop by Puerto Rico.

It is all tied to that network. So that is how they come up with that transit time, which the people of Puerto Rico could never live with that level of inefficiency. It just wouldn't work.

Mr. DEFAZIO. OK. No, that is excellent. So you have built a dedicated fleet to serve Puerto Rico, and that is how you can do a 2½-day run?

Mr. CHIARELLO. Yes, sir. We did the same thing in our Alaska trade. We have two vessels up there that make two calls a week, and it is basically the same transit time. But those assets were built specifically for those Jones Act trades.

Mr. DEFAZIO. Are the U.S. Virgin Islands covered by the Jones Act?

Mr. ROBERTS. No, sir. They are not.

Mr. DEFAZIO. It is interesting. I have been both to Puerto Rico and the U.S. Virgin Islands, and I didn't observe any discrepancy. In fact, it seemed to me things were more expensive in the U.S. Virgin Islands than they were in Puerto Rico. So, I mean, how does this fantasy get started that somehow Puerto Ricans are—it is like former Chairman Young said: Everybody uses it as an excuse, so.

Mr. ROBERTS. Correct. So, when we have looked at this in terms of the shipping rates, for example, we found that the rates—and we did this a couple of years ago—the rates in the Puerto Rico trade were—in the Virgin Islands trade, again, a non-Jones Act trade, were 20 to 40 percent higher than in the domestic, in the Puerto Rico trade. And it has to do with market size and other factors like that. But that is the reality in those markets.

Mr. DEFAZIO. That is essentially reinforcing what Mr. Chiarello just said, which is Puerto Rico would be sort of like a comma in a paragraph in terms of interest of major foreign fleets and directly

serving them versus trying to squeeze it in somewhere in the schedule that makes sense for their other routes.

Mr. SCHOENEMAN. Congressman, to bring up the point of cost, I think we hear random numbers thrown out literally every day as to what the cost of the Jones Act is in Puerto Rico, what it is in Hawaii, what it is in the Virgin Islands—it is not in the Virgin Islands because there isn't any. No one can tell you for sure. So, if you hear somebody say it costs double, it costs 15 to 20 percent more, it adds 20 cents to every item, that is a lie. It is not true. It is unprovable. GAO did a full study in 2013 looking at freight rates, what goes into those freight rates, what the impact is to the cost of these goods, and they came away saying that there were so many variables that changed on such a quick basis that there is literally no way to make that determination.

So all of these questions about cost, there is nothing to compare them to. There is no domestic versus international trade in Puerto Rico that we can even compare it to because there has been no international trade from U.S. ports ever. So all of these questions of cost, they are assumptions that are being made by people who aren't taking into account all of the various factors that go into these prices.

Mr. DEFAZIO. Let's go back to the—since this requires DoD to sign off on a waiver and find that it is in the national security interest, what would DoD do if we didn't have a domestic fleet? How are they going to move troops? How are they going to move heavy equipment?

Mr. ROBERTS. Mr. DeFazio, certainly every admiral that we have spoken to and general that we have spoken to are strong supporters of the Jones Act because it does provide a basis for both the manpower on the ships and in the shipyards, and their expertise that is needed to do exactly, as you say, to provide sealift in times of military emergencies and in circumstances like this to respond to natural disasters and other—

Mr. GRAYKOWSKI. If I may add, Mr. DeFazio, every commander at TRANSCOM in my memory since TRANSCOM was stood up will make the direct connection between what he or she has to do to implement his or her mission and our industry, and it is the Jones Act, industry, it is the shipyards, and it is the operators.

Mr. DEFAZIO. If we didn't have a domestic fleet crewed by Americans and we start looking at how the international industry has worked, you know, basically registries are secret. We don't really know who owns some of these ships. They all dead-end in Cyprus or somewhere else—well, not Cyprus, I guess. Many places. And so then, I mean, the potential is that, if we were in, you know, a conflict overseas and we wanted to transport, and we didn't have a U.S. Fleet, we might be chartering ships that are owned by hostiles.

Mr. GRAYKOWSKI. Well, there is an article in the Post I think 2 days ago about North Korea smuggling 50,000 RPGs into Egypt on a ship that was flagged in Cambodia.

Mr. DEFAZIO. Right.

Mr. GRAYKOWSKI. And so, yes, your point is I think relevant and should be listened to.

Mr. DEFAZIO. OK. Thank you.

Thank you, Mr. Chairman.

Mr. HUNTER. Thank you to the gentleman.

Mr. Weber is recognized.

Mr. WEBER. Thank you. I apologize for being late. I had another committee I had to sit on and be the chair for a while.

So these may have been asked. So forgive me if they are redundant. But, very quickly, I guess we will take it from the left here. The Jones Act is fairly obscure, but you guys know a lot more about it than most Americans. Most Americans don't know. There is a lot of misunderstanding. Succinctly, without giving us too much history, can you tell us in your opinion the purpose of the Jones Act, and is that purpose still being met? We will start with you, Mr. Schoeneman.

Mr. SCHOENEMAN. The purpose of the Jones Act is to ensure that a jobs base exists for the U.S. maritime industry so that the merchant marine can carry a significant portion of the waterborne commerce of the United States. It protects national security because our guys—

Mr. WEBER. There you go.

Mr. SCHOENEMAN. Yes. And it hasn't changed. It hasn't changed from the days of the First Congress until today, and it is not going to.

Mr. WEBER. So you think it is still intact and doing a good job?

Mr. SCHOENEMAN. Absolutely.

Mr. WEBER. Is changing it or trying to suspend it, is that going to affect it?

Mr. SCHOENEMAN. Change it. Even talking about trying to change it impacts it. Because all these guys need financing, and if anybody thinks that the Jones Act is not solid, it impacts their ability to—

Mr. WEBER. It is going to make waves, pardon the pun.

Mr. SCHOENEMAN. Absolutely.

Mr. WEBER. How about you, would you like to weigh in on that?

Mr. CHIARELLO. I certainly agree with everything that was just stated. To the financing piece, that would be detrimental to any of us that are looking to further reinvest into the Jones Act trades like we have done and will continue to do. And, you know, on top of everything else about the job security—and it is cabotage laws. It is no different than any major power around the world. They have cabotage laws, as well, and we need to protect our homeland security. We need to protect our national security. We need to protect the job security that goes along with the act.

Mr. WEBER. Mr. Roberts?

Mr. ROBERTS. Yes, sir. I agree with everything that has been said so far. Also, but I would just add that the interesting thing or the ironic thing about this conversation we are having now is that it is in the Puerto Rico trade where the Jones Act is proven that it works best because of the investment that his company made and our company is making.

Mr. WEBER. With some certainty. He alluded to absolute certainty.

Mr. ROBERTS. These are innovative LNG-powered containerships. Nowhere else in the world are they operated, and they are built in the United States by American workers.

Mr. WEBER. I get that. And Mr.—is it Graykowski?

Mr. GRAYKOWSKI. Graykowski, yes, sir.

Mr. WEBER. From a regulatory standpoint? Aren't you the adviser on the Government and regulatory affairs?

Mr. GRAYKOWSKI. Shipbuilding.

Mr. WEBER. Shipbuilding. OK. Sure, go ahead.

Mr. GRAYKOWSKI. As you would say, I associate myself with the remarks of all three of my colleagues here, but it has always struck me, and I just don't get it: To me, the Jones Act is a simple proposition. You want to replace, you know, 1,000 highly skilled, highly paid shipbuilders working in Philly with foreign labor because that is going to be the net effect of taking away the U.S.—

Mr. WEBER. It is hard to make America great again when you do that, isn't it?

Mr. GRAYKOWSKI. Yes, I don't get it. And the same with Brian's guys, and all of the investment that Anthony and Mike Roberts have made, and that is the pure essence of what this debate is about to me. And people are dressing it up, but it is coming down to people working at highly skilled, highly paid jobs here or somewhere else.

Mr. WEBER. So, before the waiver was granted last week, was the Jones Act inhibiting the transportation and distribution of relief supplies?

Mr. ROBERTS. No, sir.

Mr. CHIARELLO. Absolutely not.

Mr. WEBER. A little sarcasm there. Does the island receive supplies, including fuel, from foreign ports, despite the Jones Act?

Mr. ROBERTS. The Jones Act does not apply to fuel and other commodities sourced from foreign sources.

Mr. WEBER. Right. So—

Mr. SCHOENEMAN. There are no taxes or tariffs added to that either.

Mr. WEBER. I am sorry?

Mr. SCHOENEMAN. There are no taxes or tariffs or any other things that are designed to make the Jones Act more attractive; those don't exist either. That has been repeated in the media, too.

Mr. WEBER. And I guess we just went through three hurricanes. I mean, unbelievable. My district in Texas is arguably ground zero for flooding. The first three coastal counties, coming from Louisiana—I have five ports, more than any other Member of Congress. Some have four, but we have five. So this is very near and dear to our hearts.

If you had two or three hurricanes in different parts of the country, let's just say, do we have enough vessels—are there enough U.S. vessels and mariners to meet the demands in that instance where there are three or more hurricanes?

Mr. SCHOENEMAN. Absolutely.

Mr. CHIARELLO. Yes, sir.

Mr. WEBER. That is not an argument for suspending the Jones Act. I appreciate that.

Mr. Chairman, I yield back.

Mr. HUNTER. I thank the gentleman.

Mr. Larsen is recognized.

Mr. LARSEN. Thank you, Mr. Chairman. I want to remind folks that the Jones of the Jones Act was a Washington State Senator, as well. Wesley Jones. He was also for prohibition, a position that I don't think Mr. Young would have been appreciative of. So I guess it is always six or one-half dozen the other.

So I will pick Mr. Roberts just so I can get an answer from somebody. The practical effects of the Jones Act has been that we have been getting containers of relief supplies to Puerto Rico.

Mr. ROBERTS. Yes, sir.

Mr. LARSEN. So anybody on the panel, there is just no doubt of the Jones Act has not been a barrier to getting relief supplies to Puerto Rico. Brian, or Mr. Schoeneman?

Mr. ROBERTS. Absolutely.

Mr. SCHOENEMAN. No, I mean, if you are watching the news, I mean, CBS has—David Begnaud has been down on the ground. He has done a great job. We are showing containers—I mean, the entire port is full.

Mr. LARSEN. Yes.

Mr. SCHOENEMAN. So the idea that the Jones Act is somehow impeding this, we had containers on the ground before the hurricane hit. I mean, we were prepositioning containers on the ground in the event that there was an issue. So, no, absolutely not.

Mr. LARSEN. So I want to ask two questions about the other practical effects. Is there a practical impact of extending the waiver? You know, we come to Sunday or Saturday night or whenever, and the administration says we are going to do 10 more days for a waiver, is there a practical impact to that?

Mr. CHIARELLO. So it didn't make sense to us why the waiver was put in place the first time.

Mr. LARSEN. Yes.

Mr. CHIARELLO. So an extension of the waiver would make even less sense. We have the capacity. We are moving the freight. There isn't a bottleneck of cargo to get to the island. The bottleneck is on the island.

Mr. LARSEN. There is no proof of a bottleneck to get supplies onto the ports of Puerto Rico.

Mr. CHIARELLO. That is correct.

Mr. LARSEN. Except for the land-side infrastructure itself.

Mr. ROBERTS. That is correct, and I think the problem with the 10-day waiver and any extension of it is that it is a blanket waiver.

Mr. LARSEN. It is what?

Mr. ROBERTS. It is a blanket waiver. It applies to anybody who self-selects to try and use it. And let me emphasize that, you know, our primary priority, our top priority is to help the people of Puerto Rico get the supplies they need. And if there was a particular movement that couldn't be satisfied with a Jones Act vessel, we would not stand in the way of getting that done quickly. That is just not the case now.

Mr. LARSEN. Yes.

Mr. Graykowski, could you answer the question? There has been—you know, in the Senate, they offered to do—to just get rid of the Jones Act, and there has been discussion in this Chamber—not in this committee, but in this Chamber—about a 1-year waiver. Since you are sort of in the long game, along with TOTE and oth-

ers, but you are sort of in the long game of shipbuilding, what if a 1-year waiver passed? What does that mean for you from a planning perspective?

Mr. GRAYKOWSKI. Well, two of my customers or one customer and one soon to be hopefully are at the table here, and——

Mr. LARSEN. Save your pitch for outside.

Mr. GRAYKOWSKI. I am showing my slides, PowerPoint. The longer the waiver is extended, if it is, the greater the uncertainty. And Anthony Chiarello and Mike both referred to the financing issues. And so the most critical part of the shipbuilding deal, if you will, is, how am I going to pay for it? And ships are expensive, \$100 million, more than \$100 million. So probably the most frequent call I get and many of us get is from people in New York, banks and that, all wanting to know what is going to happen with the Jones Act. I think Anthony can speak to it personally, but trying to assemble a financial package to build a ship when you are facing this kind of a question and the uncertainty because it is a long-life asset, people are putting a lot of money into it, it just makes it more difficult and, in this case, for no reason whatsoever.

Mr. SCHOENEMAN. Mr. Larsen, if I can answer that, as well?

Mr. LARSEN. Make it quick because I have a concluding statement.

Mr. SCHOENEMAN. I will be very quick. We don't know what—we don't even know how this would work. There has never been a waiver of that length in the history of the Jones Act. Even an exemption to Puerto Rico, we don't know how this is going to work because, as far as I can tell looking at the law, every single—all the tax law, the immigration law, every other kind of law that applies to these companies would apply to a foreign company that is engaged in that service. So how is that even going to work? And if that is the case, if all the laws are the same and all the competitive advantage that these companies might have bringing in foreign goes away, so the cost changes go away, so what is the point?

Mr. LARSEN. All right. I just wanted to make a concluding statement. I think that, on this committee, in fact, in all the Congress and all the House of Representatives, we all want to help Puerto Rico, and we are going to have a debate about what that might mean and what the shape would be to that and how much money it will be, where it ought to go. We want to help Puerto Rico, and what I am hearing is that waiving the Jones Act doesn't contribute to that effort. That is what I hear. Thank you.

Mr. ROBERTS. I would say that we believe it is a distraction and a harmful distraction.

Mr. LARSEN. Thank you, Mr. Chairman.

Mr. HUNTER. I thank the gentleman.

Mr. CUMMINGS is recognized.

Mr. CUMMINGS. Thank you very much, Mr. Chairman. I will be very brief. Mr. Chairman, I want to pick up where Mr. Larsen ended.

You know, a lot of people in Congress are saying, and particularly I just left a meeting with FEMA, and Ms. Plaskett and others feel that the Jones Act definitely causes the prices of most things to be higher. And you just presented—I was glad I caught that part of your testimony—the idea that there are those forces who want

to do away with the Jones Act for whatever reasons. Why would someone want to put the U.S.—I mean, because basically what it would do is put our shipbuilders out of business and put our workers out of work. I mean, why in the world would someone or anybody want to do that?

Mr. SCHOENEMAN. Your guess is as good as mine, Congressman, because it doesn't make an ounce of sense to me. I mean, the only thing I can think of, at least from an ideological standpoint, is there is a belief that the Jones Act is protectionist, and there is just a knee-jerk aversion in some places to the idea of protectionism. But I want to recall all of my colleagues who think that this is protectionist as some kind of ideological issue.

We have got Adam Smith up on the wall over here. Even he said that cabotage and protecting domestic transportation was part of what nation-states should do. It is not protectionist to ensure that Americans have jobs. It is not protectionist to put Americans first and put American workers first. And, I mean, frankly, everything that I have seen from the folks—the folks who are requesting a long-term waiver, I think their hearts are in the right place. They just don't understand the way the Jones Act works. Those who are requesting that this be permanently exempted, those folks are the real problem. They know the truth, and they are doing this on purpose. And, frankly, as far as I can tell, they really—what they effectively are asking this Congress to do is to subsidize foreign workers against American workers because that is exactly what happens if the Jones Act goes away and these foreign ships get to operate in American trade.

Mr. CUMMINGS. And that is how I see it. And it does concern me when we are trying to make sure that Americans have good jobs so that they can raise their families.

Several years ago, I worked on legislation, and actually, it was adopted by the Congress. It is section 301 of the Coast Guard Maritime Transportation Act of 2012. This measure tightens restrictions on the issuance of Jones Act waivers by asking DOT to determine what actions could be taken to enable a Jones Act qualified vessel to meet the specific sealift needs. Do you know if DOT performed this analysis at all and did DOT reach out to our Jones Act carriers to assess the availability of sealift capacity?

Mr. SCHOENEMAN. I mean, I can answer that.

Mr. ROBERTS. Go for it, Brian.

Mr. SCHOENEMAN. The problem right now the way that this waiver was granted by going through using national security, a DoD waiver, it bypassed the entire DOT process. Our friends at MARAD are in constant communication with Customs and Border Protection, with our operators to let them know that where the availability of these vessels are. The MARAD process works. I mean, if there is a single waiver—I mean, typically the way this is supposed to work is a single waiver request for a single ship for a single purpose comes in. MARAD reviews it. CBP reviews it. They canvass the industry and find out if there are vessels available. If there are not, they issue the waiver; the ship can go. That process can take 5 hours; it can take 24 hours. But it is very quick.

These blanket waivers, they cut DOT, they cut MARAD, they cut these guys completely out of the process, and it simply allows any-

body to do anything. And that is why we are very—we don't like DoD waivers. We don't like national security waivers because they are too amorphous. The set process that exists thanks to the law that you passed and the way that MARAD is activated is the right way to do it, and we really shouldn't be bypassing it if there is not a good reason for it.

Mr. CUMMINGS. I think some kind of way, going back to my initial question, the word needs to get out to the Puerto Rican people, I guess, that this is not responsible for higher prices and whatever research. I would love to have some of that because my colleagues have been very adamant about that, and I agree that the more discussion, the more uncertainty. And uncertainty gives business a real, real big problem.

And, with that, I yield back.

Mr. HUNTER. I thank the gentleman.

Mr. Lowenthal, my colleague from California, is recognized.

Dr. LOWENTHAL. Thank you, Mr. Chair.

You know, I represent the Port of Long Beach. I also am the co-chair, along with Ted Poe, of the PORTS Caucus here. And I am an unabashed supporter, unabashed supporter of the U.S. merchant marine, U.S. maritime interests, and the Jones Act, so let me get that out. I have watched over the years the loss in terms of containerships and others of U.S. interests and watched foreign interests kind of dominate, and I worry that we don't have enough support for our own maritime interests. So I start from there watching this occur, not only in Puerto Rico but in my own district and throughout the Nation, and I think it is a critical issue that I am glad that we are discussing. I am also glad for this hearing, let me preface, for us to begin to correct the misinformation that I hear all the time now about the Jones Act and for us to really understand what the Jones Act really does and what it doesn't do and to stop and to clarify this misinterpretation. So I am so glad to be back here. I actually just ran from the Supreme Court because we are having a major, major hearing today on a whole entirely other issue. I hope this doesn't get to the Supreme Court also.

So my issue is about this issue of rates. But I want to talk about, you know, what we are doing is not only now concerned about the immediate—which we are—getting goods to Puerto Rico, but I am also concerned about the reconstitution of the industries and the businesses in Puerto Rico and getting those goods back to the mainland.

So I would like, Mr. Chiarello and Mr. Roberts, to discuss the backhaul rates your companies offer from Puerto Rico back to the mainland and how these inexpensive rates help Puerto Rican manufacturers and other businesses serve the American markets because, unless we are also concerned about that, how we are going to help the Puerto Rican economy, we are only doing half the job here.

So I would like to hear a little bit about what are backhaul rates and what do they mean.

Mr. CHIARELLO. Thank you very much, sir.

So the trade in and out of Puerto Rico is about a 2-to-1 trade, so two loads are going down to Puerto Rico for every load that is coming back. So, as a carrier—and I am sure Mr. Roberts will

speak on behalf of carriers as well. But as a carrier, we work very, very closely with the exporters out of Puerto Rico to try to figure out what opportunities there are for freight movement to help improve their economy.

I will tell you, without giving exact numbers, because I don't have them off the top of my head, the export rates, so from Puerto Rico back to Florida, are significantly less than the rates going from Florida down to Puerto Rico just because of, number one, the demand, and, for us, because we move so many empty containers coming out of Puerto Rico on a 2-to-1 trade, there are opportunities to help support that exporting community.

We are seeing biomedical products that are starting to take hold. Medical devices, that is an industry that seems to be picking up on the island. We see fruits and vegetables that come out during certain times of the year, certainly supporting that.

But there should be more opportunity for freight. And from a carrier perspective, we are trying to work with the Government and the shippers to support that.

Dr. LOWENTHAL. Before I get to Mr. Roberts to answer, because I am going to let you answer, but I want to ask you a further question to Mr. Roberts. And that is that a 2013 GAO report that stakeholders were concerned that changes to the Jones Act would jeopardize these inexpensive backhaul services from Puerto Rico to the mainland if we jeopardize the Jones Act. Can you comment on that and also backhauling rates?

Mr. ROBERTS. Sure. Thank you for asking. And let me say first that I completely agree and appreciate your focus on rebuilding the island afterwards and rebuilding those industries. That is where the focus needs to be.

Dr. LOWENTHAL. That is right. That is exactly right. At least not only getting—it is important to get those right there, but we have to help rebuild the island, and you are going to be part of that solution.

Mr. ROBERTS. We are looking forward to that, sir.

I would say that, as Mr. Chiarello said, the backhaul rates are a competitive advantage that Puerto Rico has that other islands in the Caribbean don't have. I would estimate, and it is only an estimate, that you could probably get a container load of cargo from Puerto Rico to Jacksonville cheaper than you could get it from Atlanta to Jacksonville. We are checking, anyway.

So it is a true competitive advantage that Puerto Rico has. They have built industry around that and around the tax breaks that unfortunately expired, and that is an issue.

Dr. LOWENTHAL. And so you would concur with that GAO report that changes or loss of the Jones Act would actually jeopardize these backhaul rates?

Mr. ROBERTS. Absolutely.

Dr. LOWENTHAL. Thank you.

And I yield back.

Mr. HUNTER. I thank the gentleman.

I think everybody has gotten a chance to ask their questions. I am going to close here, unless Mr. Graves gets here, and I will yield to him for one last series.

I just want to start at the beginning. The Jones Act is what is called a cabotage law. It is a maritime law. Every modern and even not-modern country known in existence on the Earth right now has cabotage laws.

The first cabotage laws in the U.S. were put into effect in 1789. It wasn't the 1920s. It was 1789. And it was based on what Mr. Schoeneman said just now, and I am actually going to quote Adam Smith, talking about some exceptions to the free-market ideals, which all of us strive to but, on the Republican side, more so than like the open market. But here is what Smith had to say: "There seem, however, to be two cases in which it will generally be advantageous to lay some burden upon foreign for the encouragement of domestic industry. The first is, when the particular sort of industry is necessary for the defense of the country. The defense of Great Britain, for example, depends very much upon the number of its sailors and shipping. The act of navigation, therefore, very properly endeavors to give the sailors and shipping of Great Britain the monopoly of the trade of their own country in some cases by absolute prohibitions and in others by heavy burdens upon the shipping of foreign countries. As defined, however, it is of much more importance than opulence, the act of navigation is, perhaps, the wisest of all the commercial regulations of England."

So Adam Smith didn't just say, it is OK to have the Jones Act, he said the cabotage laws and the British Jones Act are the greatest civilian laws that they have in place for the existence of their country. So that is number one.

Number two, we talked about jobs. Mr. Graykowski talked about jobs. The Jones Act is there for national security. It is the American ability, because we are surrounded by oceans, whether to our southeast, east, and west, the Jones Act is what provides for our ability to navigate those waters and not by foreign ships and not by foreigners.

We haven't talked at all about the inland waterways. You get rid of the Jones Act, the majority of the Jones Act ships, the tens of thousands are on the inland waterways, the Ohio, the Missouri, the Mississippi.

I would like to ask the American people if they agree that we should have the Yemenis, Pakistanis, Egyptians, Iraqis, Iranians, name your former Soviet satellite state countries, if we want them operating barges, carrying chemicals, carrying fuels, carrying gravel, carrying coal, carrying grain, carrying gases, carrying things that are explosives, if we want them operating their barges on our inland waterways.

If you want every town that sits on a U.S. river, if you want a foreign company with a foreign-crewed ship that you have no idea where they come from operating on your waterways and bringing highly explosive deadly things to your ports every single day on the inland waterways, getting rid of the Jones Act would allow that.

The maritime industry in this country is one of the only industries left besides construction, which is up and down based on the economy, for anybody in this Nation to go with a high school degree or equivalent and get a job that pays over \$50,000 a year almost immediately, almost immediately, whether you are a welder in a

shipyard or you are a 23-year-old crewing one of these barges on the inland waterways.

This is an industry that provides great-paying jobs without having to go get your poli-sci degree. And I think this is one of the things that our President right now has been talking about. This is one of the main things when he signed the apprenticeship bill. He had guys standing next to him with tattoo sleeves. I mean, these are American men and women that don't want to go to college, that want to work and make something with their hands and make an impact on the country and the world, and they do that in this industry, in the maritime industry.

Lastly, and this goes back to what Adam Smith said and someone said this before me, but if you control the ocean, you control the world. Wall Street foreign investors have realized this too. That is why the Jones Act is under assault. This is from Wall Street and probably foreign energy companies that want to decimate the U.S. market and put in their cheap foreign workers with their cheap ships and take our jobs and our ability to move goods if we have to during wartime.

During wartime it is all civilians. When I went to Iraq on my second tour, I loaded up a RORO in San Diego with all of our artillery battery's equipment. We then fell off—on into it in Kuwait. That is how things were.

If President Trump does what he has been talking about in his campaign and after he has gotten elected, the last thing he should be doing is waiving the Jones Act. If the President stands for American workers and American entrepreneurship and American investment, what he should not do is give into the foreign corporate energy lobby that is lobbying to have the Jones Act taken away.

Hopefully this was a misunderstanding and 10 days is all they are going to get. They are going to see that it did nothing whatsoever. It had no impact whatsoever. It was purely political. And I think that is what we are going to find.

But in the meantime, what we are going to do on this committee and in this Congress is stand up for the rights of the American people to have good jobs in this country, not just for the sake of having good jobs but protecting the one industry that can keep us safe. The one industry, besides our defense industry, that shifts from commercial industry to defense on a dime is the maritime industry in this country.

And if the President stands for the American worker and the President stands for American jobs and national security, which he said over and over that he does, then what he did was a mistake, and he won't do it again, and instead of lambasting the Jones Act or waiving it, he will be standing up for it in his next speech.

With that, I would like to yield to Mr. Garamendi for any closing remarks he may have.

Mr. GARAMENDI. I will start by saying amen. You got wound up, and it is best that I not get wound up equally so, but just a couple of things I want to make clear. The private American companies that employ the Jones Act have made significant investments in Puerto Rico.

I think you—and that is in your testimony. I would like you to repeat the number—the investments that Crowley and TOTÉ have

made in Puerto Rico and the number of employees that you have in Puerto Rico.

Mr. ROBERTS. Mr. Garamendi, we—Crowley is in the final stages of a \$600 million capital investment in Puerto Rico, building the ships and the terminal infrastructure there. That terminal project is one of the largest infrastructure projects on the island in the last year. We employ on the island 300 Puerto Ricans directly, and that translates into, you know, I don't know how many indirect jobs.

Mr. GARAMENDI. Thank you.

TOTE.

Mr. CHIARELLO. On behalf of TOTE, our vessels and the supporting infrastructure is approximately—or in excess of \$500 million. That does not include the investment in an LNG plant which was made in Jacksonville to support the vessels. And on top of that, we have with our partners who operate the terminals for us as well as our direct employees in excess of 200 employees.

Mr. GARAMENDI. Very good.

The chairman made the point about the Jones Act is far more than Puerto Rico, Guam, Hawaii. It is the inland waterways. He said it so very, very well. I won't repeat it but just to call attention to the fact that the Jones Act does include the inland waterways.

And my final point has to do with the shipbuilding industry in the United States. We have had significant testimony on that.

Mr. Chairman, I thank you very much for holding the hearing and for the witnesses and for the information. And we do have a challenge out ahead, and that is to push back against all of the fake news surrounding the Jones Act.

Thank you very much, Mr. Chairman.

Mr. HUNTER. All the fake news.

I thank the gentleman. I thank the witnesses. And we had great Member participation today. I think you see that—that actually is pretty striking in and of itself that we had more than me and John here today. We appreciate it.

With that, the subcommittee stands adjourned.

[Whereupon, at 12:21 p.m., the subcommittee was adjourned.]

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**TESTIMONY OF
REAR ADMIRAL WILLIAM G. KELLY
ASSISTANT COMMANDANT FOR HUMAN RESOURCES
AND
REAR ADMIRAL MELVIN W. BOUBOULIS
ASSISTANT COMMANDANT FOR ENGINEERING AND LOGISTICS**

**ON
BUILDING A 21ST CENTURY INFRASTRUCTURE FOR AMERICA:
COAST GUARD STAKEHOLDERS' PERSPECTIVES AND JONES ACT FLEET
CAPABILITIES**

**BEFORE THE
HOUSE TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION**

OCTOBER 3, 2017

Good morning, Mr. Chairman and distinguished members of the Subcommittee. We appreciate the opportunity to testify today and thank you for your steadfast support of the United States Coast Guard.

As the world's premier, multi-mission, maritime service, the Coast Guard offers a unique and enduring value to the Nation. The only branch of the U.S. Armed Forces within the Department of Homeland Security (DHS), a federal law enforcement agency, a regulatory body, a first responder, and a member of the U.S. Intelligence Community – the Coast Guard is positioned to help secure the maritime border, combat transnational criminal organizations (TCO), and safeguard commerce on America's waterways. Moreover, we play an important part of the modern Joint Force¹ and act as a force multiplier for the Department of Defense (DoD). We are proud of our enduring defense contributions to Combatant Commanders around the globe. Indeed, the Coast Guard's combination of broad authorities and complementary capabilities squarely align with the President's national security and economic prosperity priorities. We are proud of the return on investment your Coast Guard delivers on an annual basis.

Most recently, the Coast Guard provided response efforts to Hurricane Harvey wherein our air crews and action teams from around the nation assisted in rescue efforts and saved or assisted more than 11,000 people from flooded homes and streets.² The Coast Guard continues to work with federal, state, and local agencies in rescue operations and remains focused on the safety of personnel, protecting and positioning Coast Guard assets, search and rescue, and reconstitution.

¹ In addition to the Coast Guard's status as an Armed Force (10 U.S.C. § 101), see also Memorandum of Agreement Between the Department of Defense and the Department of Homeland Security on the Use of Coast Guard

Capabilities and Resources in Support of the National Military Strategy, 02 May 2008, as amended 18 May 2010.

² Response efforts as of September 1, 2017.

As a force multiplier and defender of the border, the U.S. Coast Guard has performed increasingly complex missions in the most challenging marine environments. We protect those on the sea, protect the Nation from threats delivered by the sea, and protect the sea itself. Across the Coast Guard's diverse mission set, on all our platforms and in every location, it is our people who get the job done.

Grounded in the Coast Guard's core values of honor, respect, and devotion to duty, more than 80,000 talented men and women perform and support Coast Guard missions day and night, at home and abroad. As missions evolve, the Coast Guard must continually address externally driven workforce challenges. In fact, just as our Commandant formalized operational strategies to chart the Service's course in the Arctic, West Hemisphere, and Cyber realms, so too have we formally plotted the Service's course with our Human Capital Strategy³. That long-term human capital focus will ensure that we tackle an increasingly competitive labor market, generational and demographic changes, and new personnel processes across the Federal Government. Moreover, the cost of human capital is also driving the demand for new and innovative human capital management approaches. Personnel costs, in the form of military and civilian pay and allowances, consume approximately 60 percent of the Coast Guard operating base. Our human capital system must be agile, flexible, and adaptive to successfully recruit, train, and retain the workforce of tomorrow. Without question, our ultimate goal is to provide the right people, with the right competencies and experience, to the right place, at the right time in order to accomplish Coast Guard missions and serve the nation.

Many organizations assert that people are their most important resource, but for the U.S. Coast Guard, this part of our culture is the key to the Service's success. Our cutters, boats, aircraft, facilities, and supporting systems play a critical role in mission accomplishment; however, our people deliver success. Developing and maintaining that important resource requires three strategic priorities: meeting the *mission* needs, meeting the *Service* needs, and meeting *people* needs.

To meet mission needs, we must ensure the Coast Guard has a force that can meet steady-state demands while simultaneously maintaining surge capacity for incidents of national significance. These incidents include hurricanes, mass migration, pollution, and other major surge operations. Our Service's recent response to Hurricane Harvey is just one example of our members responding to the Nation's call. To meet service needs, we must foster positive, cohesive, inclusive, and respectful workplace environments that value each element of the Coast Guard workforce—active duty, reserve, civil service, and auxiliary. Recruiting, retaining, and rewarding excellence are essential to meeting this need. Finally, to meet people needs we must cultivate the resiliency of our members and their families and nurture the professional development of our workforce. Morale, well-being, and recreation (MWR) programs; employee assistance services; religious support services; work-life arrangements; and other support services all contribute to this process. Our enduring commitment to the needs of our people sets us apart from other organizations — building the Coast Guard's reputation as a positive organization, a Service of choice in the Armed Forces, and an employer of choice within the Federal government.

³ United States Coast Guard Human Capital Strategy published January 2016.

Shore facilities support all Coast Guard operations and personnel, as well as provide required infrastructure to support the needs of the Service's operational communities. Investments in shore infrastructure are critical to modernizing the Coast Guard and equipping our workforce with the facilities required to meet mission. In some cases, aging infrastructure adversely affects operational efficiency and readiness across mission areas.

The Coast Guard currently has a \$1.6 billion shore infrastructure construction backlog comprised of over 95 projects that include piers, Sectors, stations, aviation facilities, Base facilities, training centers, and housing facilities. The Coast Guard has made difficult decisions to postpone necessary facility construction projects in order to recapitalize our aging surface and air fleets. In June, the Coast Guard submitted its FY2018 Unfunded Priorities List, which included over \$430 million to address critical shore infrastructure requirements. This included \$77 million in damaged critical waterfront and station infrastructure that remains unrepaired as a result of Hurricane Matthew in 2016.

Despite these shortfalls, your support has helped us make tremendous progress, and it is critical we build upon our successes. We are excited and encouraged by our progress to date. In 2016, the Coast Guard executed over \$77 million in recapitalization projects, which are crucial for longer-term mission sustainment. Examples of these projects include construction efforts at Stations Sandy Hook, Manasquan, and New York which provided critical infrastructure upgrades to boat maintenance facilities and multi-mission spaces. New family housing was added to the Coast Guard inventory in Astoria, Oregon and Kodiak, Alaska to alleviate a critical housing shortfall in areas where adequate housing is normally unavailable.

In addition to our physical infrastructure, the success of our workforce is dependent on the connectivity built into our network and cyber infrastructure. Our achievements depend on connectivity internal to the Coast Guard, between units and members, as well as connectivity with the American public. The events of Hurricane Harvey have highlighted the critical nature of this infrastructure relationship. Our ability to communicate with one another during the response proved critical and the mission of search and rescue hinged on the ability to hear the distress call.

We also find ourselves challenging the model of how we communicate with the American public as technology rapidly advances. Social media became an essential tool during the recent recovery as telephone lines became overwhelmed. Having the ability to rapidly adjust to new technology and balance the risk presented in the cyber domain requires the underlying Coast Guard network and cyber infrastructure to flex in a way that it was previously unable.

Coast Guard operations require a capable, proficient, and resilient workforce that draws upon the broad range of skills, talents, and experiences found in the American population. Together, modern platforms rooted on a sound, robust infrastructure and a strong, resilient workforce will maximize the Coast Guard's capacity to meet future challenges.

History has proven that a responsive, capable, and agile Coast Guard is an indispensable instrument of national security. With the continued support of the Administration and Congress, the Coast Guard will continue to live up to our motto. We will be *Semper Paratus* – Always Ready. Thank you for the opportunity to testify before you today and for all you do for the men and women of the Coast Guard. We look forward to your questions.

Question#:	1
Topic:	Infrastructure
Hearing:	Building a 21st Century Infrastructure for America: Coast Guard Stakeholders' Perspectives and Jones Act Fleet Capabilities
Primary:	The Honorable Don Young
Committee:	TRANSPORTATION (HOUSE)
Witness:	Melvin Bouboulis – USCG Assistant Commandant for Acquisitions
Witness:	Rear Admiral William Kelly – USCG Assistant Commandant for Personnel
Organization:	U.S. Department of Homeland Security

Question: What is included in the Coast Guard's \$700 million shore-side infrastructure maintenance backlog?

Response: The Coast Guard's \$700 million backlog includes over 5,600 deferred maintenance and repair actions across the entire portfolio of real property assets. This backlog represents preventative maintenance projects which have not been completed as scheduled or corrective maintenance projects which remain incomplete for all real property assets that support:

- 1) aviation operations (e.g., runways, lighting systems, hangars, fuel systems);
- 2) afloat operations (e.g., piers, docks, seawalls, bulkheads, moorings, marine fuel systems, dredging);
- 3) shore operations (e.g., operational buildings, boat maintenance facilities, ammunition storage, boat stations);
- 4) strategic operations (e.g., administrative buildings, regional command buildings, operations centers);
- 5) C4IT infrastructure (e.g., communication facilities, navigation facilities, towers);
- 6) mission support for civil works/base/industrial services (e.g., utilities, roads, stormwater/wastewater, administrative structures, hazardous materials storage, community facilities, security, CG Yard);
- 7) mission readiness (e.g., housing, community services, medical/dental facilities, training facilities, small arms ranges);
- 8) waterways operations (e.g., fixed aids to navigation, lighthouses).

Fiscal Year (FY) 2016 Deferred Maintenance Backlog attached.

Question: What is the operational impact of continuing to neglect this backlog?

Response: As every Coast Guard operational mission begins and ends at a shore facility, failure to adequately maintain those facilities has a negative impact on operational effectiveness. For example, failure to perform adequate maintenance on our waterfront facilities has affected the safe load limit on piers. Currently, 15 percent of all Coast

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Guard waterfront facilities have load restrictions in place. Failure to perform maintenance on our utility systems has resulted in isolated utility outages, which disrupt normal operations and training exercises. Delayed maintenance and repairs has created building health and safety issues, which have forced the displacement of personnel to temporary facilities until proper repairs are completed. Addressing health and safety issues are prioritized over routine maintenance issues.

Question: Are there non-operational impacts?

Response: Yes, the lack of funding to perform preventive maintenance on building subsystems (e.g., HVAC, roof, electrical systems, mechanical systems) results in increased service failures and decline in system performance. Many Coast Guard assets, including structures, are past their service life, resulting in service failures that are costly and require immediate action to address, which negatively affects the regular scheduled maintenance program. Additionally, poor facility maintenance leads to building envelope and heating/cooling system inefficiencies, which increases energy usage and results in higher operating costs, shorter service lives for building systems, an increase in unforeseen failures, and expensive emergency repairs.

Question: What shape are these buildings in, due to deferred maintenance costs?

Response: The Coast Guard's Federal real property as scored by the FRPC portfolio condition index metric, as well as the Service's overall shore inventory, as scored using the American Society of Civil Engineers Infrastructure Report Card scoring methodology, is mediocre to poor. The Service must continually make temporary repairs to facilities that require recapitalization and allocates the majority of its maintenance funding to the most pressing corrective maintenance issues. Examples include the utility systems at Base Kodiak. These various systems (i.e., steam, storm, sanitary, and fuel) are large, complex, challenging to maintain properly with limited maintenance funds, and susceptible to repeated failures. Additionally, over 15 percent of the Coast Guard's waterfront facilities (e.g., piers, wharves, bulkheads, floating docks) have load restrictions due to deferred maintenance. This has required workarounds (e.g., moving vessels to different locations, manual loading, limited ATON operations, and storing

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search-and-rescue boats on trailers rather than in the water at the floating dock) resulting in both operational and non-operational impacts.

Question: What will be the long-term effects of continuing to defer maintenance on this infrastructure?

Response: The condition of Coast Guard assets and assets' ability to support mission execution will continue to decline. The deferred maintenance backlog will continue to grow, likely resulting in loss of operational readiness due to system failures and unresolved health and safety issues that affect our workforce. Our shore facilities are deteriorating faster than they can be replaced, resulting in substandard facilities for our personnel. The long-term effect will be that the Coast Guard is forced to continue to respond to casualties and deficiencies rather than proactively preventing them from occurring.

FY2016/Quarter 4

AFC-43 Deferred Maintenance By State/Unit (10-14-16)

Total of All Shore Maintenance associated with that unit or parent command.

State	OPFAC	Unit Name	DM Dollars
AK	13411	CGC NAUSHON	\$10,000
AK	13435	CGC ANACAPA	\$1,521,000
AK	15246	CGC SPAR	\$200,000
AK	15247	CGC MAPLE	\$90,000
AK	15252	CGC HICKORY	\$3,500,000
AK	15524	CGC ANTHONY PETIT	\$150,000
AK	20270	CG AIRSTA KODIAK	\$180,000
AK	20280	CG AIRSTA SITKA	\$6,894,019
AK	30520	CG STA JUNEAU	\$465,000
AK	31130	BASE KETCHIKAN	\$2,194,000
AK	31140	BASE KODIAK	\$120,393,929
AK	32490	CG COMMSTA KODIAK	\$1,200,000
AK	33283	MSU VALDEZ	\$140,000
AK	37360	SECTOR JUNEAU	\$323,200
AK	37380	SECTOR ANCHORAGE	\$60,000
AK	37570	SFO VALDEZ	\$3,142,931
AK	40305	CG NAVCEN ALEXANDRIA	\$24,100
AK	41985	CG ANT KODIAK	\$480,000
AK	41992	CG ANT SITKA	\$180,000
AK	71117	CGD SEVENTEEN	\$1,758,000
			\$142,906,179
AL	19310	CGC WEDGE	\$195,000
AL	30332	CG STA DAUPHIN ISLAND	\$209,500
AL	37160	SECTOR MOBILE	\$6,800,330
AL	41968	CG ANT EUFAULA	\$120,000
AL	65100	CG AVTRACEN MOBILE	\$5,145,221
			\$12,470,051
AR	19307	CGC KANAWHA	\$175,000
			\$175,000
CA	20180	CG AIRSTA SAN FRANCISCO	\$424,861
CA	20290	CG AIRSTA SACRAMENTO	\$1,739,212
CA	30462	CG STA BODEGA BAY	\$1,385,714
CA	30464	CG STA NOYO RIVER	\$1,387,668
CA	30465	CG STA MONTEREY	\$2,631,946
CA	30466	CG STA HUMBOLDT BAY	\$2,656,968
CA	30467	CG STA GOLDEN GATE	\$1,166,195

FY2016/Quarter 4

AFC-43 Deferred Maintenance By State/Unit (10-14-16)

Total of All Shore Maintenance associated with that unit or parent command.

State	OPFAC	Unit Name	DM Dollars
CA	30470	CG STA VALLEJO	\$851
CA	30471	CG STA MORRO BAY	\$306
CA	30670	CG STA LAKE TAHOE	\$188,337
CA	30796	CG STA CHANNEL ISLANDS	\$396,221
CA	30890	CG STA RIO VISTA	\$431,677
CA	31090	BASE ALAMEDA	\$30,047,539
CA	31100	BASE LOS ANGELES LONG BEACH	\$2,624,992
CA	34360	CG PACIFIC STRIKE TEAM	\$501,482
CA	37250	SECTOR SAN DIEGO	\$1,343,732
CA	37260	SECTOR LA/LB	\$53,302
CA	37270	SECTOR SAN FRANCISCO	\$1,893,475
CA	37420	SECTOR HUMBOLDT BAY	\$2,036,521
CA	41981	CG ANT LOS ANGELES/LB	\$340,363
CA	41984	CG ANT SAN FRANCISCO	\$662,651
CA	61200	CG TRACEN PETALUMA	\$21,480,435
			\$73,394,447
CT	17214	CGC BOLLARD	\$65,000
CT	30180	CG STA NEW HAVEN	\$416,000
CT	37030	SECTOR LONG ISLAND SOUND	\$4,147,605
CT	41929	CG ANT LONG ISL SOUND	\$846,500
CT	60100	CG ACADEMY	\$43,974,306
			\$49,449,411
DE	37050	SECTOR DELAWARE BAY	\$954,000
			\$954,000
FL	20140	CG AIRSTA MIAMI	\$3,663,703
FL	20150	CG AIRSTA CLEARWATER	\$16,085,647
FL	30309	CG STA FT MYERS BEACH	\$446,200
FL	30310	CG STA FORT PIERCE	\$1,564,750
FL	30311	CG STA ISLAMORADA	\$1,275,000
FL	30313	CG STA LAKE WORTH INLET	\$887,500
FL	30314	CG STA MARATHON	\$1,176,600
FL	30315	CG STA FORT LAUDERDALE	\$510,000
FL	30316	CG STA PONCE DE LEON INLET	\$1,765,000
FL	30317	CG STA PORT CANAVERAL	\$440,000
FL	30321	CG STA SAND KEY	\$1,141,000
FL	30324	CG STA YANKEETOWN	\$560,000

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AFC-43 Deferred Maintenance By State/Unit (10-14-16)

Total of All Shore Maintenance associated with that unit or parent command.

State	OPFAC	Unit Name	DM Dollars
FL	30326	CG STA CORTEZ	\$892,150
FL	30327	CG STA DESTIN	\$318,250
FL	30333	CG STA PENSACOLA	\$145,000
FL	30341	CG STA PANAMA CITY	\$1,111,500
FL	31020	BASE MIAMI	\$2,873,712
FL	34272	MSST MIAMI	\$10,000
FL	37100	SECTOR JACKSONVILLE	\$2,483,000
FL	37130	SECTOR ST PETERSBURG	\$5,754,000
FL	37140	SECTOR KEY WEST	\$4,614,965
FL	41936	CG ANT FORT LAUDERDALE	\$2,450,000
FL	41937	CG ANT KEY WEST	\$10,400,000
FL	41945	CG ANT ST PETERSBURG	\$3,657
FL	41996	CG ANT JACKSONVILLE BE	\$198,000
FL	71107	CGD SEVEN	\$150,000
FL	77204	CG HITRON JACKSONVILLE	\$5,000
			\$60,924,634
GA	20135	CG AIRSTA SAVANNAH	\$699,042
GA	30318	CG STA TYBEE	\$1,482,119
GA	30319	CG STA BRUNSWICK	\$333,082
			\$2,514,242
GU	15255	CGC SEQUOIA (WLB-215)	\$70,000
GU	30150	CG STA APRA HARBOR	\$200,000
GU	37350	SECTOR GUAM	\$4,861,000
			\$5,131,000
HI	13436	CGC KISKA	\$520,000
HI	15243	CGC KUKUI	\$1,452,010
HI	15245	CGC WALNUT	\$580,000
HI	20255	CG AIRSTA BARBERS PT	\$8,402,301
HI	30143	CG STA MAUI	\$373,250
HI	30146	CG STA KAUAI	\$465,250
HI	31060	BASE HONOLULU	\$24,161,578
HI	40305	CG NAVCEN ALEXANDRIA	\$38,100
HI	41990	CG ANT HONOLULU	\$1,798,390
HI	51292	CG CEU HONOLULU	\$123,000
			\$37,913,880

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AFC-43 Deferred Maintenance By State/Unit (10-14-16)

Total of All Shore Maintenance associated with that unit or parent command.

State	OPFAC	Unit Name	DM Dollars
IA	19303	CGC WYACONDA	\$1,320,200
			\$1,320,200
IL	19406	CGC SANGAMON	\$354,000
IL	30352	CG STA CALUMET HARBOR	\$484,946
IL	30391	CG STA KENOSHA	\$90,000
IL	30460	CG STA WILMETTE HARBOR	\$785,208
			\$1,714,154
IN	30391	CG STA KENOSHA	\$225,000
IN	30409	CG STA MICHIGAN CITY	\$55,000
IN	51281	CG CEU MIAMI	\$42,723
			\$322,723
KS	82116	RUITOFF LEAVENWORTH	\$246,000
			\$246,000
KY	19309	CGC CHENA	\$385,500
KY	19403	CGC OBION	\$250,000
			\$635,500
LA	20250	CG AIRSTA NEW ORLEANS	\$1,107,250
LA	30328	CG STA GRAND ISLE	\$1,807,000
LA	30336	CG STA VENICE	\$375,500
LA	30338	CG STA NEW ORLEANS	\$365,000
LA	31070	BASE NEW ORLEANS	\$487,200
LA	37150	SECTOR NEW ORLEANS	\$57,585
LA	41966	CG ANT DULAC	\$125,000
LA	41969	CG ANT COLFAX	\$20,000
LA	51281	CG CEU MIAMI	\$20,000
LA	71108	CGD EIGHT	\$1,005,265
			\$5,369,800

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AFC-43 Deferred Maintenance By State/Unit (10-14-16)

Total of All Shore Maintenance associated with that unit or parent command.

State	OPFAC	Unit Name	DM Dollars
MA	17208	CGC PENDANT	\$487,000
MA	30108	CG STA MENEMSHA	\$1,402,500
MA	30109	CG STA BRANT POINT	\$177,500
MA	30115	CG STA CAPE COD CANAL	\$204,300
MA	30124	CG STA CHATHAM	\$367,500
MA	30126	CG STA PROVINCETOWN	\$1,670,500
MA	30136	CG STA GLOUCESTER	\$2,433,500
MA	30137	CG STA MERRIMACK RIVER	\$905,500
MA	30154	CG STA POINT ALLERTON	\$2,509,000
MA	31120	BASE BOSTON	\$14,518,740
MA	31125	BASE CAPE COD	\$17,698,658
MA	37010	SECTOR BOSTON	\$684,100
MA	37020	SECTOR SE NEW ENGLAND	\$989,000
MA	40305	CG NAVCEN ALEXANDRIA	\$4,400
MA	41948	CG ANT WOODS HOLE	\$768,500
MA	41949	CG ANT BOSTON	\$71,000
			\$44,891,698
MD	30140	CG STA CRISFIELD	\$492,199
MD	30251	CG STA CURTIS BAY	\$84,788
MD	30292	CG STA OCEAN CITY	\$234,836
MD	30303	CG STA ANNAPOLIS	\$1,982,800
MD	30305	CG STA ST INIGOES	\$241,850
MD	30846	CG STA OXFORD	\$42,250
MD	31800	CG YARD	\$693,750
MD	40305	CG NAVCEN ALEXANDRIA	\$71,000
MD	41901	CG ANT CRISFIELD	\$236,000
MD	41908	CG ANT BALTIMORE	\$2,842,192
MD	41923	CG ANT POTOMAC	\$5,000
			\$6,926,665
ME	17204	CGC TACKLE	\$50,000
ME	17207	CGC BRIDLE	\$196,000
ME	17209	CGC SHACKLE	\$190,000
ME	30141	CG STA JONESPORT	\$1,574,954
ME	30606	CG STA BOOTHBAY HARBOR	\$291,500
ME	30612	CG STA ROCKLAND	\$4,907,600
ME	37000	SECTOR NORTHERN NEW ENGLAND	\$7,002,000
ME	37540	SFO SOUTHWEST HARBOR	\$3,783,050

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AFC-43 Deferred Maintenance By State/Unit (10-14-16)

Total of All Shore Maintenance associated with that unit or parent command.

State	OPFAC	Unit Name	DM Dollars
ME	40305	CG NAVCEN ALEXANDRIA	\$25,000
ME	41946	CG ANT S WEST HARBOR	\$825,000
ME	41947	CG ANT SOUTH PORTLAND	\$430,000
			\$19,275,104
MI	20158	CG AIRSTA DETROIT	\$1,960,100
MI	20160	CG AIRSTA TRAVERSE CITY	\$1,562,910
MI	30149	CG STA MUSKEGON	\$315,000
MI	30355	CG STA CHARLEVOIX	\$251,000
MI	30379	CG STA GRAND HAVEN	\$815,600
MI	30397	CG STA LUDINGTON	\$44,500
MI	30405	CG STA PORTAGE	\$1,285,976
MI	30406	CG STA MARQUETTE	\$1,053,674
MI	30407	CG STA SAULT STE MARIE	\$87,000
MI	30433	CG STA PORT HURON	\$325,000
MI	30442	CG STA ST JOSEPH	\$660,515
MI	30450	CG STA ST IGNACE	\$1,222,950
MI	30454	CG STA TAWAS	\$5,000
MI	30663	CG STA ST CLAIR SHORES	\$723,140
MI	30880	CG STA SAGINAW RIVER	\$332,600
MI	30926	CG STA MANISTEE	\$42,500
MI	30928	CG STA HARBOR BEACH	\$98,870
MI	30931	CG STA BELLE ISLE	\$31,000
MI	30934	CG STA FRANKFORT	\$134,501
MI	30961	CG STA (AUXOP) HOLLAND	\$27,000
MI	31050	BASE CLEVELAND	\$1,046,820
MI	37220	SECTOR DETROIT	\$846,000
MI	37230	SECTOR SAULT STE MARIE	\$5,749,615
MI	37550	SFO GRAND HAVEN	\$276,500
MI	41959	CG ANT SAULT STE MARIE	\$848,929
MI	41975	CG ANT DETROIT	\$350,000
MI	41976	CG ANT DULUTH	\$245,000
MI	41994	CG ANT, GREEN BAY	\$13,500
MI	52000	CG SFLC	\$275,000
MI	52070	IPF DETROIT	\$62,050
			\$20,692,249

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AFC-43 Deferred Maintenance By State/Unit (10-14-16)

Total of All Shore Maintenance associated with that unit or parent command.

State	OPFAC	Unit Name	DM Dollars
MN	30364	CG STA DULUTH	\$1,283,924
MN	41976	CG ANT DULUTH	\$177,300
MN	51282	CG CEU CLEVELAND	\$5,000
			\$1,466,224
MO	31080	BASE DET ST LOUIS	\$66,000
			\$66,000
MS	19306	CGC KICKAPOO	\$865,000
MS	19308	CGC PATOKA	\$797,500
MS	19502	CGC GREENBRIER	\$290,000
MS	30335	CG STA GULFPORT	\$138,000
MS	30342	CG STA PASCAGOULA	\$737,000
			\$2,827,500
MT	40305	CG NAVCEN ALEXANDRIA	\$13,000
MT	51290	CG CEU OAKLAND	\$41,354
			\$54,354
NC	12102	CGC DILIGENCE	\$1,151,630
NC	30270	CG STA EMERALD ISLE	\$1,150,500
NC	30271	CG STA HATTERAS INLET	\$2,341,875
NC	30272	CG STA HOBUCKEN	\$90,000
NC	30289	CG STA OAK ISLAND	\$528,250
NC	30298	CG STA OREGON INLET	\$486,600
NC	30860	CG STA WRIGHTSVILLE BE	\$410,000
NC	31030	BASE ELIZABETH CITY	\$26,027,796
NC	37080	SECTOR NORTH CAROLINA	\$125,200
NC	37530	SFO CAPE HATTERAS	\$20,000
NC	37600	SFO FORT MACON	\$660,101
NC	40305	CG NAVCEN ALEXANDRIA	\$25,000
NC	41906	CG ANT WANCHESE	\$55,000
NC	51282	CG CEU CLEVELAND	\$48,288
NC	62200	CG SPECIAL MISSIONS TRAINING CENTER	\$5,000
			\$33,125,240
NE	19301	CGC GASCONADE	\$310,821
			\$310,821

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AFC-43 Deferred Maintenance By State/Unit (10-14-16)

Total of All Shore Maintenance associated with that unit or parent command.

State	OPFAC	Unit Name	DM Dollars
NH	30160	CG STA PORTSMOUTH HARBOR	\$580,000
			\$580,000
NJ	20121	CG AIRSTA ATLANTIC CTY	\$388,500
NJ	30187	CG STA BARNEGAT LIGHT	\$426,031
NJ	34361	CG ATLANTIC STRIKE TEAM	\$1,132,278
NJ	37040	SECTOR NEW YORK	\$117,200
NJ	37520	SFO ATLANTIC CITY	\$192,500
NJ	41919	CG ANT PHILADELPHIA	\$55,000
NJ	41926	CG ANT CAPE MAY	\$506,000
NJ	51282	CG CEU CLEVELAND	\$47,731
NJ	67100	CG TRACEN CAPE MAY	\$19,282,147
			\$22,147,387
NM	51281	CG CEU MIAMI	\$40,000
			\$40,000
NV	51290	CG CEU OAKLAND	\$41,354
			\$41,354
NY	17212	CGC WIRE	\$293,500
NY	30182	CG STA KINGS POINT	\$236,350
NY	30196	CG STA EATONS NECK	\$7,137,200
NY	30197	CG STA ALEXANDRIA BAY	\$84,175
NY	30223	CG STA MONTAUK	\$277,998
NY	30349	CG STA BUFFALO	\$57,000
NY	30424	CG STA OSWEGO	\$248,650
NY	30439	CG STA ROCHESTER	\$606,640
NY	30630	CG STA NEW LONDON	\$656,000
NY	30938	CG STA NIAGARA	\$21,000
NY	30950	CG STA (AUXOP) SODUS	\$520,600
NY	37040	SECTOR NEW YORK	\$23,217,655
NY	37210	SECTOR BUFFALO	\$1,470,480
NY	37500	SFO MORICHES	\$4,207,800
NY	41914	CG ANT BUFFALO	\$158,000
NY	41927	CG ANT SAUGERTIES	\$653,420
NY	41929	CG ANT LONG ISL SOUND	\$509,700
NY	51282	CG CEU CLEVELAND	\$114,400
			\$40,470,568

FY2016/Quarter 4

AFC-43 Deferred Maintenance By State/Unit (10-14-16)

Total of All Shore Maintenance associated with that unit or parent command.

State	OPFAC	Unit Name	DM Dollars
OH	30370	CG STA FAIRPORT	\$210,000
OH	30394	CG STA LORAIN	\$359,000
OH	30666	CG STA TOLEDO	\$441,598
OH	30929	CG STA MARBLEHEAD	\$714,820
OH	31050	BASE CLEVELAND	\$436,500
OH	33259	MSU CLEVELAND	\$1,882,800
OH	51282	CG CEU CLEVELAND	\$326,000
OH	71109	CGD NINE	\$159,000
			\$4,529,718
OK	19302	CGC MUSKINGUM	\$27,100
OK	51281	CG CEU MIAMI	\$82,723
			\$109,823
OR	30475	CG STA CAPE DISAPPOINTMENT	\$15,508
OR	30478	CG STA COOS BAY	\$419,295
OR	30496	CG STA TILLAMOOK BAY	\$477,922
OR	30499	CG STA UMPQUA RIVER	\$731,368
OR	30505	CG STA YAQUINA BAY	\$1,257,114
OR	30511	CG STA DEPOE BAY	\$61,112
OR	30512	CG STA SIUSLAW RIVER	\$508,402
OR	30678	CG STA CHETCO RIVER	\$767,906
OR	33270	MSU PORTLAND	\$755,926
OR	37310	SECTOR PORTLAND	\$90,000
OR	37400	SECTOR COLUMBIA RIVER	\$4,330,607
OR	37410	SECTOR NORTH BEND	\$1,327,418
OR	40305	CG NAVCEN ALEXANDRIA	\$40,000
OR	41986	CG ANT COOS BAY	\$162,082
OR	41987	CG ANT ASTORIA	\$6,000
			\$10,950,660
PA	19405	CGC OSAGE	\$750,000
PA	30367	CG STA ERIE	\$84,000
PA	37050	SECTOR DELAWARE BAY	\$1,169,721
PA	41919	CG ANT PHILADELPHIA	\$2,122,800
			\$4,126,521

FY2016/Quarter 4

AFC-43 Deferred Maintenance By State/Unit (10-14-16)

Total of All Shore Maintenance associated with that unit or parent command.

State	OPFAC	Unit Name	DM Dollars
PR	20235	CG AIRSTA BORINQUEN	\$10,175,752
PR	37120	SECTOR SAN JUAN	\$2,562,712
			\$12,738,464
RI	30121	CG STA CASTLE HILL	\$1,049,500
RI	30157	CG STA POINT JUDITH	\$852,750
RI	41951	CG ANT BRISTOL	\$733,000
RI	51283	CG CEU PROVIDENCE	\$1,627,900
			\$4,263,150
SC	20135	CG AIRSTA SAVANNAH	\$17,000
SC	30306	CG STA GEORGETOWN	\$805,000
SC	37090	SECTOR CHARLESTON	\$1,306,700
SC	53023	MAT CHARLESTON	\$940,000
			\$3,068,700
TN	19304	CGC CHIPPEWA	\$40,000
TN	19401	CGC OUACHITA	\$501,500
TN	37190	SECTOR LOWER MISSISSIPPI	\$638,000
			\$1,179,500
TX	20155	CG AIRSTA HOUSTON	\$1,056,500
TX	20245	CG AIRSTA CORPUS CHRISTI	\$3,895,000
TX	30325	CG STA FREEPORT	\$422,500
TX	30331	CG STA PORT ARANSAS	\$121,869
TX	30334	CG STA SOUTH PADRE ISL	\$449,200
TX	30337	CG STA PORT OCONNOR	\$300,000
TX	30339	CG STA SABINE	\$1,005,000
TX	30353	CG STA HOUSTON	\$100,000
TX	31070	BASE NEW ORLEANS	\$65,000
TX	37180	SECTOR CORPUS CHRISTI	\$1,242,500
TX	41960	CG ANT GALVESTON	\$360,000
TX	51281	CG CEU MIAMI	\$20,000
			\$9,037,569
VA	20121	CG AIRSTA ATLANTIC CTY	\$180,000
VA	30277	CG STA LITTLE CREEK	\$1,065,982
VA	30278	CG STA CAPE CHARLES	\$111,400
VA	30287	CG STA MILFORD HAVEN	\$577,050

FY2016/Quarter 4

AFC-43 Deferred Maintenance By State/Unit (10-14-16)

Total of All Shore Maintenance associated with that unit or parent command.

State	OPFAC	Unit Name	DM Dollars
VA	31040	BASE PORTSMOUTH	\$8,599,387
VA	34273	MARITIME SECURITY RESPONSE TM	\$40,500
VA	37070	SECTOR HAMPTON ROADS	\$358,840
VA	37510	SFO EASTERN SHORE	\$2,273,858
VA	41909	CG ANT CHINCOTEAGUE	\$4,500
VA	41913	CG ANT MILFORD HAVEN	\$12,000
VA	52400	C4IT-TISCOM	\$3,958,270
VA	63100	CG TRACEN YORKTOWN	\$23,848,072
VA	71105	CGD FIVE	\$84,000
VA	S1866	CG STA CHINCOTEAGUE	\$100,000
			\$41,213,859
VI	37120	SECTOR SAN JUAN	\$634,000
			\$634,000
VT	30161	CG STA BURLINGTON	\$432,978
			\$432,978
WA	30475	CG STA CAPE DISAPPOINTMENT	\$3,691,829
WA	30481	CG STA GRAYS HARBOR	\$1,357,542
WA	30484	CG STA NEAH BAY	\$1,531,564
WA	30493	CG STA QUILLAYUTE RIVE	\$102,647
WA	30508	CG STA BELLINGHAM	\$1,269
WA	31010	BASE SEATTLE	\$12,450,871
WA	37320	SECTOR PUGET SOUND	\$43,290
WA	37400	SECTOR COLUMBIA RIVER	\$7,000
WA	37590	AIRSTA/SFO PORT ANGELES	\$2,264,018
WA	41907	CG ANT KENNEWICK	\$515
WA	41987	CG ANT ASTORIA	\$213,850
WA	41998	CG ANT PUGET SOUND	\$558,860
WA	51290	CG CEU OAKLAND	\$165,417
			\$22,388,672
WI	30375	CG STA BAYFIELD	\$94,845
WI	30391	CG STA KENOSHA	\$834,913
WI	30445	CG STA SHEBOYGAN	\$119,000
WI	30451	CG STA STURGEON BAY	\$687,600
WI	30457	CG STA TWO RIVERS	\$576,000
WI	30959	CG STA (AUXOP) GREEN BAY	\$284,000

FY2016/Quarter 4

AFC-43 Deferred Maintenance By State/Unit (10-14-16)

Total of All Shore Maintenance associated with that unit or parent command.

State	OPFAC	Unit Name	DM Dollars
WI	37240	SECTOR LAKE MICHIGAN	\$1,928,300
WI	41976	CG ANT DULUTH	\$105,000
			<u>\$4,629,658</u>
WY	51281	CG CEU MIAMI	\$62,723
			<u>\$62,723</u>

Grand Total \$707,722,382

Note: An OPFAC may show up in more than one state due to assets being assigned to the OPFAC but located in multiple states.

TESTIMONY OF BRIAN W. SCHOENEMAN
SEAFARERS INTERNATIONAL UNION
ON BEHALF OF MARITIME LABOR

HOUSE COMMITTEE ON TRANSPORTATION
SUBCOMMITTEE ON THE COAST GUARD AND MARITIME
TRANSPORTATION

HEARING ON JONES ACT FLEET CAPABILITIES

OCTOBER 3, 2017

Thank you, Chairman Hunter, Ranking Member Garamendi and members of the subcommittee for allowing me to testify today. My name is Brian Schoeneman, legislative director for the Seafarers International Union. I am here today on behalf of sea-going maritime labor, including the Seafarers, the American Maritime Officers, the Marine Engineers' Beneficial Association, and the International Organization of Masters, Mates and Pilots. Between our organizations and our affiliates, we represent all the mariners employed on all the vessels operated by the various Jones Act shipping lines that currently service Puerto Rico and the Virgin Islands. All told, the unions represent thousands of Jones Act mariners sailing across the United States today.

President Trump announced in his inaugural address that "a new vision will govern our land. From this moment on, it's going to be America First."¹ The President announced his desire that his new Administration "follow two simple rules: Buy American and hire American."²

For the United States Merchant Marine, these are words that resonate deeply. The men and women of the United States Merchant Marine have been putting America first for our entire existence. It was American merchant mariners, angered by British threats to bombard Machias, Maine, for no other reason than the residents were unwilling to load a cargo of lumber destined to be turned into British barracks in Boston, who struck the first blow for American liberty and independence on the high seas in 1775.³ Fully a year before the Declaration of Independence, these Merchant Mariners risked their lives to defend what would become the United States of America.

To put it simply – America's mariners have been putting America first even before there was an America. Throughout the decades and centuries that followed, American mariners would continue to risk their lives, braving British men-o-war, Confederate commerce raiders, German torpedoes, and the inherent dangers of the high seas to bring supplies to our soldiers, commerce to our partners, and food to hungry people around the

¹ President Donald J. Trump, Inaugural Address (Jan. 20, 2017).

² *Id.*

³ See generally, 1 GARDNER WELD ALLEN, A NAVAL HISTORY OF THE AMERICAN REVOLUTION 8-10 (1913).

world. In peace and war, the United States Merchant Marine has answered America's call and we have always put America first.

The Jones Act⁴, and its predecessors dating back to the founding of the republic⁵, have reflected the federal government's desire to ensure that the United States Merchant Marine would always be responsible for the carrying of domestic cargo between two points within the United States. As the United States has grown and expanded over the last 241 years, the policy that American ships, owned by Americans, built in America, and crewed by Americans has remained the bedrock foundation of federal maritime policy. It was one of the first "America First" policies, and it is important that those who advocate altering it recognize how fundamental to American law the Jones Act is.

The Jones Act is critical to the United States. Maintaining a robust domestic fleet, capable of carrying domestic cargo provides a variety of benefits to America, not the least of which are the hundreds of thousands of domestic jobs that rely upon the Jones Act.⁶ The Jones Act is responsible, according to independent studies of its economic impact, contributing over \$100 billion to the national economy, and supports nearly 500,000 jobs.⁷ Many of these jobs, especially shipboard jobs and shipyard jobs, are highly skilled, good-paying middle class jobs that would be difficult to replicate were they to be lost.

The United States relies on its private sector merchant marine to support the Armed Forces by providing the bulk of its logistical network⁸, whether through programs like the Maritime Security Program⁹, or the various government-owned, private sector-operated vessels that make up the bulk of the Military Sealift Command¹⁰ fleet, and the Maritime

⁴ Pub. L. No. 66-261, 41 Stat. 988 (1920), *recodified at* 46 U.S.C. § 55102.

⁵ While the Jones Act dates to 1920, similar laws that achieved the same purpose date back to the earliest days of lawmaking under the federal Constitution, when Congress first limited the domestic maritime trades to American ships. *See* Act of Sept. 1, 1789, Ch. 11, 1 Stat. 55; *see also* Act of July 20, 1789, Ch. 3, 1 Stat. 27.

⁶ *See* Thomas Allegretti, Remarks at the TradeWinds Jones Act Forum (Oct. 8, 2014), available at <https://www.americanmaritimepartnership.com/wp-content/uploads/2014/10/TradeWinds-Jones-Act-Script-Final.pdf>.

⁷ *Id.* at 2.

⁸ *Hearing on the Maritime Administration's Fiscal Year 2016 Budget Request Before the Subcomm. on Coast Guard and Maritime Transportation of the H. Comm. on Transportation and Infrastructure*, 114th Cong. 2 (2015) (statement of Paul N. Jaenichen, Administrator, Maritime Administration, U.S. Department of Transportation).

⁹ 46 U.S.C. §§ 53101–53111 (2017). The Maritime Security Program is a jointly administered Defense Department and Maritime Administration program of 60 militarily useful and commercially viable ships. In exchange for a yearly stipend payment of \$5 million designed to help offset, but not completely cover, the increased cost of maintaining a vessel under the U.S.-Flag, the Department of Defense has access to the ships, mariners and intermodal networks of all the contracted companies. The MSP fleet is the backbone of the U.S.-Flag international fleet, but the number of jobs it supports pales in comparison to the Jones Act fleet.

¹⁰ U.S. DEPT. OF DEF., U.S. NAVY'S MILITARY SEALIFT COMMAND – CIVIL SERVICE MARINERS 1 (2017), <http://www.msc.navy.mil/civmar/>.

Administration's Ready Reserve Force¹¹ and National Defense Reserve Fleets.¹² Those fleets are crewed by mariners who must maintain largely the same skillsets as those in the Jones Act fleet, whether sailing in-land, on the Great Lakes, or in the blue water trades to Puerto Rico, Guam, Hawaii and Alaska. Ensuring a domestic base of jobs that can provide the necessary experience and training for those who may have to crew our military related fleets in war time has long been a basic, fundamental premise of the Jones Act.¹³

These two arguments, among others¹⁴, have been the basis for the long-term support that Congress and the federal government has given the Jones Act.

Despite the critical importance the Jones Act has to play for national, economic and homeland security, critics have maintained a steady onslaught of anti-Jones Act opinion pieces, often repeating conclusions made by the same discredited studies while either completely ignoring or misrepresenting the arguments made by the industry and labor.¹⁵ These opinion pieces frequently site outdated or fundamentally flawed "studies" of the Jones Act, largely written or sponsored by biased or agenda driven organizations¹⁶ while ignoring unbiased, non-partisan studies that draw differing conclusions, like the most recent GAO study of the Jones Act in Puerto Rico.¹⁷

¹¹ U.S. MAR. ADMIN., THE MARITIME ADMINISTRATION'S READY RESERVE FORCE 1 (2017), <https://www.marad.dot.gov/ships-and-shipping/strategic-sealift/office-of-ship-operations/ready-reserve-force-rrf/>.

¹² U.S. MAR. ADMIN., NATIONAL DEFENSE RESERVE FLEET 1 (2017), <https://www.marad.dot.gov/ships-and-shipping/strategic-sealift/office-of-ship-operations/national-defense-reserve-fleet-ndrf-2/>

¹³ 46 U.S.C. § 55101 (2017). The policy statement reads in its entirety that "[i]t is the policy of the United States that merchant marine vessels of the United States should be operated by highly trained and efficient citizens of the United States and that the United States Navy and the merchant marine of the United States should work closely together to promote the maximum integration of the total seapower forces of the United States."

¹⁴ For the purposes of this testimony, I am limiting my remarks to specific benefits provided by American citizen mariners. Other examples of the Jones Act benefit to the United States, such as to the domestic shipbuilding industry, are outside the scope of my testimony.

¹⁵ See e.g., Colin Grabow, *Jones Act is a Swamp Creature That's Strangling Puerto Rico*, USA TODAY (Oct. 1, 2017), available at <https://www.usatoday.com/story/opinion/2017/10/01/jones-act-swamp-creature-strangling-puerto-rico-refuses-to-die-colin-grabow-column/716162001/#>. Mr. Grabow, who is affiliated with the CATO Institute, repeats many of the claims made by anti-Jones Act advocates, and references multiple reports that the maritime industry has debunked.

¹⁶ One of those organizations is the CATO Institute, and multiple CATO writers have attacked the Jones Act over the years. See e.g., Scott Lincicome, *If You Like Higher Prices, Enriched Cronies, and Weak National Security, Then You'll Love the Jones Act*, CATO INST. (Jan. 22, 2015), <http://www.cato.org/publications/commentary/you-higher-prices-enriched-cronies-weak-national-security-then-youll-love>.

¹⁷ U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-13-260, PUERTO RICO: CHARACTERISTICS OF THE ISLAND'S MARITIME TRADE AND POTENTIAL EFFECTS OF MODIFYING THE JONES ACT 1 (2013), [hereinafter "GAO Puerto Rico Report"], <http://www.gao.gov/assets/660/653046.pdf>.

Those opposing the Jones Act, both nationally and specifically for Puerto Rico, frequently claim that the Jones Act alone is responsible for a significant increase in costs for commercial products on the island. This claim cannot be substantiated.¹⁸

Even though the only non-biased, non-partisan review of the Jones Act and Puerto Rico, the GAO Puerto Rico Report, made it clear that there is no way to determine the potential increased cost the Jones Act causes in Puerto Rico, a number of members of Congress have requested long-term Jones Act waivers or permanent Jones Act exemptions for Puerto Rico based either on the cost fallacy or false claims that the Jones Act is impeding disaster efforts.¹⁹

It is critical that before Congress takes any steps to alter our cabotage regime, that the potential impacts of those changes be fully identified, vetted, and reviewed.

For example, in their press release touting the introduction of S. 1894, Senators McCain and Lee claimed that “[s]hipping costs from the United States mainland to Puerto Rico have been estimated to be twice as much as from neighboring foreign islands,” and that the Jones Act is an “antiquated, protectionist law that has driven up costs and crippled Puerto Rico’s economy.”²⁰ Neither of these statements is accurate, but they have been repeated over and over by the media, anti-Jones Act elected officials and have spread like a disease across social media.

S. 1894, for example, is a wholly inadequate piece of legislation that ignores the myriad of difficult issues that must be addressed by any bill purporting to exempt any area of the United States from the Jones Act. It merely adds Puerto Rico to a list of exempted U.S. connected areas, without addressing any of the legitimate questions that such a waiver would necessarily entail.

It is taken as holy writ by anti-Jones Act activists that a repeal of the Jones Act would result in lower transportation costs. They make this assumption based primarily on comparing U.S.-Flag freight rates with international freight rates. This is comparing apples to oranges, of course, because comparing American domestic freight rates with international rates makes little sense. Every route is different, even just in distance, and no two routes are the same. Since there has been no international shipping between US ports at any point in American history, there is literally nothing to compare.

¹⁸ *Id.* at 21, noting “because so many other factors besides the Jones Act affect rates, it is difficult to isolate the exact extent to which freight rates between the United States and Puerto Rico are affected by the Jones Act.”

¹⁹ See, e.g., Letter from Representatives Velazquez, Guterrez, Serrano, Soto, Espaillat, Beatty, Torres and Crowley to Elaine Duke, Acting Secretary of Homeland Security (September 27, 2017) (on file with author), in which eight members of Congress requested a one-year administrative waiver of the Jones Act “to allow Puerto Rico to have more access to the oil needed for its power plants, food, medicines, clothing and building supplies.” See also S. 1894, 115th Cong. (2017).

²⁰ Press Release, Senator John McCain, McCain & Lee Introduce Legislation to Permanently Exempt Puerto Rico from the Jones Act (Sept. 28, 2018), <https://www.mccain.senate.gov/public/index.cfm/2017/9/mccain-lee-introduce-legislation-to-permanently-exempt-puerto-rico-from-the-jones-act>

That being said, there is no argument that international ship operators are able to charge lower rates than their American based competitors on international routes, and it is that differential that leads anti-Jones Act activists to assume that a repeal would necessarily reduce shipping costs.²¹ Yet when one looks at the issues in closer detail, those assumptions begin to disappear. For example, the reason foreign operators tend to be cheaper than U.S.-Flag operators is largely the result of them being foreign - foreign corporations, not engaged in domestic commercial activity, and not within the traditional tax, regulatory and labor jurisdiction of the United States.²² They are taxed by their home jurisdictions (if at all), subject to minimal international laws that all vessels must comply with, and routinely operate with little if any worker protections.

This would not be the case if those companies were to enter into the US domestic market.

²³Even if exempted from the Jones Act, Puerto Rico remains a U.S. territory, and commercial transportation between a U.S. port and Puerto Rico would be considered domestic transportation under existing law.²⁴

Thus, foreign corporations that choose to engage in domestic US commerce would subject themselves necessarily to federal tax law, wage-and-hour laws, immigration laws, and mariner security screenings and licensing requirements, among others.²⁵ In the end, the vast majority of the competitive advantages that foreign-flag ship operators have over domestic operators would disappear, and their freight rates would likely be similar – or may even be higher – than those that exist right now under the Jones Act.

The McCain legislation does not take this impact into account. Neither does the requested one-year waiver. When faced with the substantial compliance costs necessary for foreign ship operators to engage in this trade on a long-term or permanent basis, it is difficult to say with certainty how many companies would even choose to enter the trade.

Focusing solely on cost also ignores the benefits the Jones Act provides Puerto Rico and the rest of the United States. As noted in the GAO Report, the Jones Act has provided Puerto Rico with reliable, on-time service, the Jones Act operators have made over \$1 billion in private investment in Puerto Rico, and employ thousands of Puerto Ricans on the island and on the routes between the mainland and Puerto Rico.²⁶ All of that would be jeopardized, and the exemption would undermine every Jones Act operators' reliance on the stability of the law, which would likely have a negative impact on stock prices and potentials for long-term financing of assets.

²¹ See, e.g., MAR. ADMIN., U.S. DEP'T OF TRANSP., COMPARISON OF U.S. AND FOREIGN-FLAG OPERATING COSTS (2011), http://www.marad.dot.gov/documents/Comparison_of_US_and_Foreign_Flag_Operating_Costs.pdf explaining a number of key cost differentials between U.S.-Flag and foreign operators, including higher regulatory costs, security screenings and the like.

²² For an in-depth discussion of the various legal, tax, regulatory and labor issues that necessarily arise when repealing or otherwise exempting Puerto Rico or other localities from the Jones Act, see Mark Ruge, et al., *Myth and Conjecture? The "Cost" of the Jones Act*, 46 J. MAR. L. & COM. 23 (2015).

²³ *Id.*

²⁴ *Id.* at 36.

²⁵ *Id.*

²⁶ GAO Puerto Rico Report, *supra* note 17 at 28-9.

At its most fundamental, however, repealing the Jones Act or otherwise exempting Puerto Rico from it would be putting foreign companies and foreign workers ahead of American companies and American workers. It would represent the antithesis of the President's economic policy, while at the same time undermining national security, creating a dangerous new vector for illegal immigration²⁷, and arguably would have little impact on the quality of life of U.S. Citizens, whether in Puerto Rico or elsewhere in the United States.

Maritime labor stands adamantly opposed to any long-term waivers or exemptions of the Jones Act. At the same time, we stand in solidarity with our brothers and sisters in Puerto Rico, and will continue to do what the United States Merchant Marine has always done, in good times and bad, peacetime and war, for the last two and a half centuries – deliver the goods, wherever and whenever needed. We are proud to be a part of the efforts to bring relief to Puerto Rico after Hurricane Maria and our members will continue to do their part, no matter what.

To be clear – the Jones Act is not impeding relief efforts in Puerto Rico right now. It is not forcing aid to be turned away, nor is it slowing down efforts to get relief supplies to the people who need them. Foreign-flag ships with cargo from ports outside the United States are, and remain, allowed entry to Puerto Rico. The claim that the Jones Act is impeding relief efforts is a lie – and no matter how many times those in the media repeat that lie, it remains a lie.

We urge Congress to exercise due diligence in fact finding, and beware of misinformation and false claims being propagated by anti-Jones Act agitators who are attempting to hijack this crisis to further their agendas.

We also ask that a full accounting be made at the end of the temporary 10-day waiver the President granted last week, so we can know what the impact of this waiver was on relief efforts and so that we can better prepare for future crises.

Finally, we ask that Congress continue to stand with us in bipartisan support of the Jones Act, which remains the foundational law of the domestic maritime industry, which has its origins as far back as the founding of our Republic.

Maritime labor, alongside our colleagues, remain committed to doing everything in our power to help our fellow Americans in Puerto Rico and the Virgin Islands through the aftermath of these devastating storms.

²⁷ For more on the border security aspect of the Jones Act, see Daniel Goure, *The Jones Act and Homeland Security in the 21st Century*, LEXINGTON INST. (June 23, 2016) available at <http://www.lexingtoninstitute.org/jones-act-homeland-security-21st-century/>.

**BUILDING A 21ST CENTURY INFRASTRUCTURE FOR AMERICA:
COAST GUARD STAKEHOLDERS' PERSPECTIVES AND JONES ACT FLEET
CAPABILITIES
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION
HEARING
TUESDAY, OCTOBER 3, 2017, 10:00 A.M.
WASHINGTON D.C.**

**Questions for the Record for Brian W. Schoeneman, Legislative Director,
Seafarers International Union, on behalf of Maritime Labor**

Submitted on behalf of Congressman Don Young (AK-At large)

1. What aren't we hearing, or what do we not know about what is going on in Puerto Rico that could help us better respond?

Response was not received at the time of publication.

2. If your company is currently operating in Puerto Rico – could you describe how the Jones Act has actually improved your capacity for getting your ships into port?

Response was not received at the time of publication.



**TESTIMONY OF ANTHONY CHIARELLO,
PRESIDENT AND CHIEF EXECUTIVE OFFICER, TOTE,
BEFORE THE HOUSE TRANSPORTATION COMMITTEE'S
COAST GUARD AND MARITIME TRANSPORTATION SUBCOMMITTEE**

"Building a 21st Century Infrastructure for America: Coast Guard
Stakeholders' Perspectives and Jones Act Fleet Capabilities"
October 3, 2017

Good morning Chairman Hunter, Ranking Member Garamendi and Members of the subcommittee. Thank you for the opportunity to be with you today. My name is Anthony Chiarello and I serve as the President and CEO of TOTE. I have been involved with the maritime industry for more than 38 years and have been with TOTE since 2010.

Before I share the details of our work in Puerto Rico – the reason you called me here today – I would like to express to you how personal this situation is for us at TOTE. Our employees and customers have experienced the devastation first hand. Many of our employees in Puerto Rico have damage to their homes and families that are struggling following the hurricane but they have come to the terminal to support the offloading of containers and cargo which they know is critical for the larger Puerto Rican community. We are proud of the work our team is doing to get important cargoes to Puerto Rico and we will not rest in our efforts.

TOTE is a leading transportation and logistics company and oversees some of the most trusted companies in the U.S. domestic maritime trade. TOTE is comprised of three operating companies – two of which serve the US Jones Act market while the third company provides crewing and ship management services to a number of carriers.

TOTE Maritime Alaska has been providing twice weekly service between Tacoma, WA and Anchorage, AK for more than 42 years. TOTE Maritime Puerto Rico has served the people of Puerto Rico for more than 32 years again providing twice weekly service to the island sailing between Jacksonville, FL and San Juan. We strive for on-time and efficient operations that support daily life in the non-contiguous United States. In Alaska, TOTE Maritime is considered critical infrastructure and we would argue that the same is true in Puerto Rico.

Over the last few years, TOTE has invested significantly in reducing its environmental footprint by introducing liquefied natural gas as its fuel of choice. TOTE's Puerto Rico fleet are the first cargo ships in the world to run on LNG and TOTE's Alaska fleet will begin the conversion to LNG later this year. TOTE is proud to have the most environmentally friendly fleet in the Jones Act trade and is committed to seeking creative solutions that will only further reduce our impact on the environment.

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Since Hurricane Maria made landfall in Puerto Rico on September 19th, the people of Puerto Rico have been struggling to gain access to various goods and services necessary for daily life - goods that are sitting on our docks now that need support to be moved.

Even before Hurricane Maria made landfall, TOTE was working closely with customers and other parties such as the Red Cross to prepare for what was forecasted to be a devastating blow to the island. TOTE's Isla Bella departed Jacksonville on September 20 – as Puerto Rico was still feeling the effects of Hurricane Maria – with more than 900 containers of cargo and relief goods for the island. The Isla Bella arrived at the Port of San Juan on September 24th following the opening of the Port on September 23 by the USCG. Immediately after the discharge of the Isla Bella, TOTE's second ship, the Perla del Caribe arrived in San Juan with more than 1000 additional containers of relief goods. Our vessels will continue to transport relief aid including food and water to the island along with the daily needs such as clothing and house goods.

TOTE's transit time from Jacksonville to San Juan is less than three days. This means that we are uniquely positioned to respond to emerging needs on the island, providing critical supplies to the people of Puerto Rico as the situation on the ground continues to evolve. TOTE will serve the people of Puerto Rico throughout this crisis and long after TV cameras have left.

Despite news and misinformation about the Jones Act, American companies like TOTE have ample capacity to ship supplies to Puerto Rico. The challenges are not with the maritime industry getting the goods to the island. Unfortunately the challenge is distributing the goods throughout the island communities. Infrastructure and roads have been compromised as a result of the storm making transport and delivery of goods challenging. We need to get the water and other life-saving supplies to those who need it.

Over the last few days, we have seen more and more containers leave our facility in San Juan but there are still many at the terminal. Of the more than 2700 containers at the terminal (and more keep coming with each full ship);

- on Monday (September 25), 88 left
- on Tuesday (September 26), 110 left
- on Wednesday (September 27), 180 left
- On Thursday (September 28), 259 left

Unfortunately, as of Friday September 29, only about 650 containers had left our facility since September 19.

We are working with our customers, the Puerto Rican government and FEMA to solve this bottleneck. In some cases, we are providing refrigerated containers as temporary storage for warehouses and stores that were damaged or destroyed. We are also



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working with a variety of partners to offload critical cargo at our terminal that can help relieve the bottleneck and service first responders.

I am grateful for the opportunity to testify today and discuss ways that TOTE can work in concert with the Government and other stakeholders to help accelerate the recovery effort for the people of Puerto Rico and especially our employees and customers. I look forward to answering your questions.

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**BUILDING A 21ST CENTURY INFRASTRUCTURE FOR AMERICA:
COAST GUARD STAKEHOLDERS' PERSPECTIVES AND JONES ACT FLEET
CAPABILITIES
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION
HEARING
TUESDAY, OCTOBER 3, 2017, 10:00 A.M.
WASHINGTON D.C.**

Responses to Questions for the Record from TOTE

Submitted on behalf of Congressman Don Young (AK-At large)

1. What aren't we hearing, or what do we not know about what is going on in Puerto Rico that could help us better respond?

Most people are unaware that there are few ports on the southern part of the island that can handle general cargo. This is severely limiting relief goods into the southern part of the island. Only the Port of Ponce has received water.

Jones Act carriers to date have delivered more than 18,000 containers to the island via the Port of San Juan with TOTE Maritime having delivered more than 8300 containers. However, there remain challenges distributing goods to communities located throughout Puerto Rico especially the farthest corners of the island, which, from media reports and stories from customers and vendors, remain hard to access.

2. If your company is currently operating in Puerto Rico – could you describe how the Jones Act has actually improved your capacity for getting your ships into port?

The Jones Act has provided business continuity and certainty for TOTE Maritime, which has allowed us to invest heavily in the trade. Over the 5 years, TOTE Maritime has invested more than \$500 million in the Puerto Rico trade. This includes the world's first two (2) liquefied natural gas powered container ships.

These ships have the fastest transit time in the trade traveling from Jacksonville to San Juan in 2.5 days (the other carriers in the trade take approximately 6-7 days to move goods from Florida to San Juan). In addition, TOTE Maritime vessels are the largest in the trade delivering, on average, more than 1000 FEUs of cargo on each vessel.

The Jones Act delivered the necessary certainty that TOTE's services would be required in the future, enabling us to make these investments and ensure consistent, on-time deliveries for the people of Puerto Rico.

Before the Subcommittee on Coast Guard and Maritime Transportation

TESTIMONY OF MICHAEL G. ROBERTS

Sr. VP and General Counsel

Crowley Maritime Corp.

October 3, 2017

Good morning Chairman Hunter, Ranking Member Garamendi and members of the subcommittee. Thank you for holding this hearing, and for inviting me to testify on behalf of Crowley. Crowley is a privately held, \$2bn company, 125 years old. We have 6,000 employees including about 300 who live in Puerto Rico. Thankfully, all survived the storm, although many had their homes lost or damaged. We are extremely proud of and grateful for the work of our Puerto Rican teams – they reopened the terminal and restarted the supply chain almost immediately after Hurricane Maria, and basically haven’t stopped working since.

Crowley is dedicated to Puerto Rico. We have provided ocean shipping and logistics services between the mainland and Puerto Rico for more than 60 years. We are nearing completion of a \$600 million capital investment to renew our vessels and our San Juan terminal. Our vessels are being built in an American shipyard by American workers, including about 160 Puerto Ricans. They will of course be crewed by American mariners, many of the whom live in Puerto Rico, as well as Florida and other states in the Southeast. Our terminal investment, funded entirely by Crowley, is one of the largest infrastructure projects on the island in the past year.

Crowley is also very actively involved with the Federal Emergency Management Agency (FEMA) in responding to Hurricane Maria, and I would like to discuss briefly those efforts. General conditions on the island are improving but still very challenging particularly outside the San Juan metropolitan area. Key concerns are electricity, security, fuel, clean water, and cash. It will take months for most people just to begin to feel normal, and tens of billions of dollars to rebuild infrastructure and everything else that was lost.

Crowley handles a significant part of FEMA's overall effort on the island. As of yesterday, we have delivered more than 2,700 loads (equal to about 7,000 TEUs) to the island since the port opened on September 23. By the end of next week, we will have delivered about 7,500 loads (about 17,000 TEUs). This will include 3,200 FEMA loads. The FEMA cargo is a mix of water, MREs, generators, tarps, and other items, along with rolling stock – more than 125 fuel trucks just yesterday, bucket trucks, RVs, and other heavy equipment.

The story last week was that loads of cargo were getting off the ships and onto our terminals much faster than they were being dispatched off the terminal and sent to where the supplies were needed. While certainly frustrating, this was not surprising. Because damage in the port was minimal, our dockworkers could unload vessels quickly (and they did a great job). Their main challenge has been to find places to put loads coming off the vessels, given the congestion on the docks.

In contrast, the next links in the supply chain were severely damaged. Many roads were impassable; power lines were down; many people had to stabilize their family circumstances before returning to work; trucking needs have been very high, while tractors, drivers, and diesel fuel have been in short supply. Dozens if not hundreds of businesses that had cargo on the dock haven't opened because of hurricane damage.

The net effect of this is that, with the exception of FEMA loads, commercial cargo has been stacking up on the marine terminal. Normally we would have about 900 loads on the terminal. We have more than 4 times that amount today, plus another 1,800 loaded containers that have been dispatched but not returned. Normal gate dispatch is about 400-500 loads / day. We are less than half that pace still today.

The story of terminal congestion is likely to get worse before it gets better. Vessel calls scheduled over the next 10 days will add thousands more loads to the terminal. While the majority of these loads will come from FEMA (and FEMA has been expediting the dispatch of its loads), the inflow of loaded containers off the vessels and onto the terminal will likely continue to outrun the relatively slow pace of dispatch off the terminal and into the island.

This reinforces the fact that waiving the Jones Act in order to increase the number of vessels able to bring cargo *to* the island will not help get cargo more quickly where it is needed *on* the island. Not one bottle of water will reach disaster survivors any faster because of the waiver. Issuing a waiver in these circumstances usually means that foreign vessels, if they're used at all, will simply take work away from American vessels and American crews.

We would also say that if there was a specific waiver that would *genuinely* help improve the response, we would not oppose it. Our top priority is the safety and well-being of the people of Puerto Rico. We are not aware at this time, however, of any ocean transportation need that is not being fully and quickly met by the American vessels deployed to Puerto Rico.

If I may address a few other issues that have been discussed in recent days about the Jones Act and Puerto Rico. First, the Jones Act applies only to domestic transportation, not to transportation between Puerto Rico and foreign ports. Major news outlets including the New York Times have published absurd statements that the Act requires shipments from foreign sources to be taken to Jacksonville first, or subjected to fines if taken directly from the foreign source to Puerto Rico. Basic fact checking – an increasingly lost discipline in journalism – would show that is simply not true. In fact, the majority of vessel calls in Puerto Rico are by foreign flag vessels. Most of Puerto Rico's petroleum comes from outside the country, while American carriers bring in most of the containerized cargo.

A second misconception is that ocean shipping rates are relatively high in Puerto Rico because of the Jones Act. There are two problems with that statement. First, ocean shipping rates for Puerto Rico, on average, are lower than or in line with foreign flag rates in the region. We last studied this question a couple of years ago and found that average shipping rates were about the same for Puerto Rico as for the Dominican Republic, and significantly lower than the USVI and Haiti. Rates are disciplined by head-to-head competition in the market, and by foreign sourcing options. It is also because the ocean transportation and logistics system that Crowley and others have developed for Puerto Rico has been customized for efficiency, with 53-ft equipment, ro-ro vessels and with LNG-powered ships operating in the trade.

Further, the portion of shipping rates that is attributable to the “cost” of the Jones Act (US mariners vs foreign mariners, and US built vessels vs foreign built vessels) is a very small portion of the overall supply chain cost. Many studies have shown that the costs any carrier or vessel would incur to move cargo in this trade would consist overwhelmingly of costs that would apply regardless of the vessel’s registry. Costs that are “flag-blind” include fuel, equipment, port fees, stevedoring, inland trucking, SG&A, and many others. The portion of total costs that are attributable to US vessel manning and building requirements is less than 10%. And those costs don’t go to zero for vessels built outside the US and operated by foreign crews.

Finally, there is a gross misconception that shipping / Jones Act costs make retail prices higher on the island than they otherwise would be. Again, we have studied this from time to time and found that the claim just doesn’t hold up to scrutiny. Retail prices in Puerto Rico may be higher or lower than prices for comparable items in Jacksonville or other major East Coast cities. It doesn’t really matter for purposes of this analysis, because the shipping cost for an item is usually a tiny fraction of the price charged by retailers for that item. For example, a can of juice or a similar item that might retail for \$1.50 or \$2.00 in San Juan actually costs our customers about \$.04 to ship from Jacksonville to San Juan. So if average retail prices in Puerto Rico are higher than on the mainland, it is not the cost of shipping that explains why.

It is unfortunate that these attacks on the Jones Act are surfacing now. Puerto Rico is facing extraordinary challenges in the months and years ahead, first because of its financial challenges, and now because of this terrible hurricane. Puerto Rico needs serious financial support – tens billions of dollars – from the US Government. This is not to help pay off bondholders, but to rebuild homes, infrastructure and everything else that was destroyed. Hopefully, in time, it will be better than it ever was before. Crowley looks forward to working with Puerto Rico to help achieve that goal.

Thank you for your attention, and I would be happy to answer your questions.

**BUILDING A 21ST CENTURY INFRASTRUCTURE FOR AMERICA:
COAST GUARD STAKEHOLDERS' PERSPECTIVES AND JONES ACT FLEET
CAPABILITIES
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION
HEARING
TUESDAY, OCTOBER 3, 2017, 10:00 A.M.
WASHINGTON D.C.**

**Questions for the Record for Michael G. Roberts, Senior Vice President and General
Counsel, Crowley Maritime Corporation**

Submitted on behalf of Congressman Don Young (AK-At large)

1. What aren't we hearing, or what do we not know about what is going on in Puerto Rico that could help us better respond?

Response was not received at the time of publication.

2. If your company is currently operating in Puerto Rico – could you describe how the Jones Act has actually improved your capacity for getting your ships into port?

Response was not received at the time of publication.



BEFORE THE
**UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION**

*Building a 21st Century Infrastructure for America: Coast Guard Stakeholders' Perspectives
and Jones Act Fleet Capabilities*

October 3, 2017

2167 Rayburn House Office Building

Testimony of:

John Graykowski
Government & Regulatory Advisor, Philly Shipyard
On behalf of
Shipbuilders Council of America
20 F St. NW, Suite 500
Washington, DC 20001

On behalf of the Shipbuilders Council of America (SCA), I would like to thank Chairman Hunter, Ranking Member Garamendi and members of the Coast Guard and Maritime Transportation Subcommittee for the opportunity to provide industry perspectives on the Jones Act fleet capability to not only support the Coast Guard's mission, but also the Navy and the domestic commercial maritime sector.

I am John Graykowski, Government & Regulatory Advisor for Philly Shipyard, Inc., located in Philadelphia, Pennsylvania. Philly Shipyard Inc. (PSI) is located on the site of the former Philadelphia Naval Shipyard which was closed in the Base Realignment and Closure (BRAC) process in 1995. Following the closure, which had a devastating impact on the entire region around Philadelphia, a unique public-private partnership was formed to build a state-of-the-art commercial shipbuilding facility on the site of the naval shipyard. The design of the shipyard was modeled on modern international shipyards, and its build processes and material handling operations maximize efficiency and quality of production. Eighty percent of the production activities occurs inside buildings to limit the impact of the weather on operations and improve quality, efficiency and reduce production times. The shipyard is capable of producing three vessels per year, a rate that has been achieved in recent years.

PSI has achieved a remarkable record of on time deliveries of vessels of various types and in the recent series of product tankers vessels are being delivered following sea trials without any defects or exceptions, which is a clear indication of the quality of the work at PSI. Two classes of vessels are currently under construction at PSI. The current order book consists of one 50,000 dwt product tankers for American Petroleum Tankers (APT), with deliveries through early 2018 and two "Aloha Class" containerships for Matson Navigation Company (Matson), capable of carrying 3600 standard containers, with the first delivery scheduled in mid-2018 and the second in Q1 2019. All of these vessels will be given a notation of "LNG-ready" which will enable the owners to easily convert the vessels to full LNG capability at a later date in the future.

PSI is a proud member of the Shipbuilders Council of America, the largest national trade association representing the U.S. shipyard industry. The SCA represents 85 shipyard facilities and 112 industry partner member companies that are part of the vital supply chain that make up the shipyard industrial base.

SCA member shipyards are located along the eastern seaboard, the Gulf Coast, Great Lakes, on the inland river system, West Coast, Alaska and Hawaii and constitute the U.S. shipyard industrial base that builds, repairs, maintains and modernizes U.S. Navy ships and craft, U.S. Coast Guard vessels of all sizes, numerous Army vessels, as well as vessels for other U.S. government agencies. In addition, SCA member shipyards build, repair and maintain America's commercial fleet of 40,000 vessels that operate along our coastline, inland waterways and between Alaska, Hawaii and Puerto Rico. The more than 110 partner members of the SCA represent a significant portion of the vast supplier base that provide goods and services to support commercial and government shipbuilding and ship repair in the United States.

My testimony this morning will focus primarily on the capability and the capacity of the domestic shipyard industry and how the Jones Act enhances not only our industry, but our national security. The SCA strongly supports and promotes the Jones Act. The Jones Act requires that vessels operating in the domestic (coastwise) trade be built in the U.S. and owned and crewed by U.S. citizens. This policy, which is provided at no cost to the U.S. government, helps to maintain a merchant marine that is sufficient to carry our domestic water-borne commerce and also ensures that there is sufficient U.S. capacity to serve as a naval and military auxiliary in time of war or national emergency.

From our industry's perspective, the Jones Act also ensures that the U.S. maintains critical shipyard infrastructure and an associated skilled workforce that can build, repair, modernize and maintain the more than 40,000 vessels of the domestic "Jones Act" fleet. This industrial base also ensures there is a sufficient workforce to support the construction and repair of our critical national security fleets.

When we build for commercial markets, U.S. shipyards build some of the most technologically advanced vessels in the world. For example, the world's first LNG-powered containership was built in the U.S. and is now serving the Puerto Rican trade. Our shipyards also build world-class offshore service vessels for oil and gas exploration and production. According to the Maritime Administration, the U.S. shipbuilding industry ran a trade surplus in six out of 9 years between 2006 and 2014, resulting in a cumulative trade surplus of \$1.5 billion over that period.

According to a 2015 report from the U.S. Maritime Administration there are more than 110,000 Americans directly employed by U.S. private shipyards and an additional 280,000 employed by indirect and induced operations. The nearly 400,000 people who work in the U.S. shipyard industry generate \$25.1 billion in labor income and \$37.3 billion in GDP each year. Although shipyards themselves are located in 26 states, the Maritime Administration found that the indirect and induced jobs associated with the shipyard industry supply chain supported jobs in all 50 states and in all 435 Congressional districts.¹

This data confirms the significant economic impact of this manufacturing sector, but also that the skilled workforce and industrial base exists domestically to build commercial, government and military vessels.

Thus far I've described the economic impact and importance of the Jones Act to the U.S. shipyard industry, but the Jones Act is also critical to U.S. national and homeland security.

In 2016, the Navy released an updated force structure assessment (FSA) that called for a fleet of 355 ships – substantially larger than the current fleet of 275 ships and also larger than the Navy's previously stated goal of 308 ships. The Jones Act ensures a commercial shipbuilding industry, supplier chain and workforce that can support building and maintaining these Navy assets.

The U.S. Navy has always and continues to support the Jones Act because of its national security benefits. U.S. shipyards pride themselves on implementing state of the art training and apprenticeship programs to develop skilled men and women that can cut, weld, and bend steel and aluminum that can design, build and maintain the best Navy in the world. Several SCA member shipyards are currently engaged in commercial ship construction for U.S. coastwise service and construction programs for the U.S. Navy, Coast Guard or Army.

A strong commercial shipyard base and a strong cadre of skilled mariners are crucial to fulfilling the Navy's role in maintaining a forward presence in the world's sea lanes and trouble spots. In a recent study, the independent Government Accountability Office (GAO) put it this way: "the

¹ Maritime Administration, *The Economic Importance of the U.S. Shipbuilding and Repairing Industry*, November 2015. (https://www.marad.dot.gov/wp-content/uploads/pdf/MARAD_Econ_Study_Final_Report_2015.pdf)

military strategy of the United States relies on the use of commercial U.S.-flag ships and crews and the availability of a shipyard industry base to support national defense needs.”²

Additionally, we must remember that another key component of the National Fleet is the United States Coast Guard. Shipyard capacity is required for the Service’s desperately needed fleet modernization of its entire fleet from inland aids to navigation vessels to cutters of all sizes to icebreakers. Indeed, almost all of the shipyards that are building Coast Guard vessels also build Jones Act vessels. It is because of this law that the Coast Guard is receiving such robust competition to build its various classes of ships. I am proud to say that because of the Jones Act, Philly Shipyard is one of the five shipyards currently bidding on the Coast Guard’s heavy polar icebreaker replacement.

PSI is teaming with Fincantieri Marine Group (FMG) and VARD engineering in the design studies for this program. Recapitalizing the Coast Guard’s polar icebreakers is an opportunity for PSI to apply its commercial shipbuilding expertise and knowledge to a U.S. government vessel project. This opportunity would not have been available to PSI if it had not established itself building quality vessels for the U.S. domestic markets. The net result of this is to provide greater competition among U.S. shipyards for this critical program and a clear example of the importance of the Jones Act to our national security industrial base.

In conclusion, the Jones Act is not only critical to the U.S. shipyard industry, but also has significant economic and national security impacts for our entire country. The Jones Act allows the U.S., at no cost to the federal government, to ensure there is a capable workforce to build, maintain, modernize, supply and repair America’s fleet of 40,000 commercial vessels, U.S. Navy ships and Coast Guard vessels of all sizes.

Thank you again Chairman Hunter and Ranking Member Garamendi for allowing me to testify today. I look forward to your questions.

² Government Accountability Office, *Puerto Rico: Characteristics of the Island’s Maritime Trade and Potential Effects of Modifying the Jones Act*, March 2013 (<https://www.gao.gov/assets/660/653046.pdf>)

**BUILDING A 21ST CENTURY INFRASTRUCTURE FOR AMERICA:
COAST GUARD STAKEHOLDERS' PERSPECTIVES AND JONES ACT FLEET
CAPABILITIES
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION
HEARING
TUESDAY, OCTOBER 3, 2017, 10:00 A.M.
WASHINGTON D.C.**

**Questions for the Record for John Graykowski, Government and Regulatory Advisor,
Philly Shipyard, Inc., on behalf of the Shipbuilders Council of America**

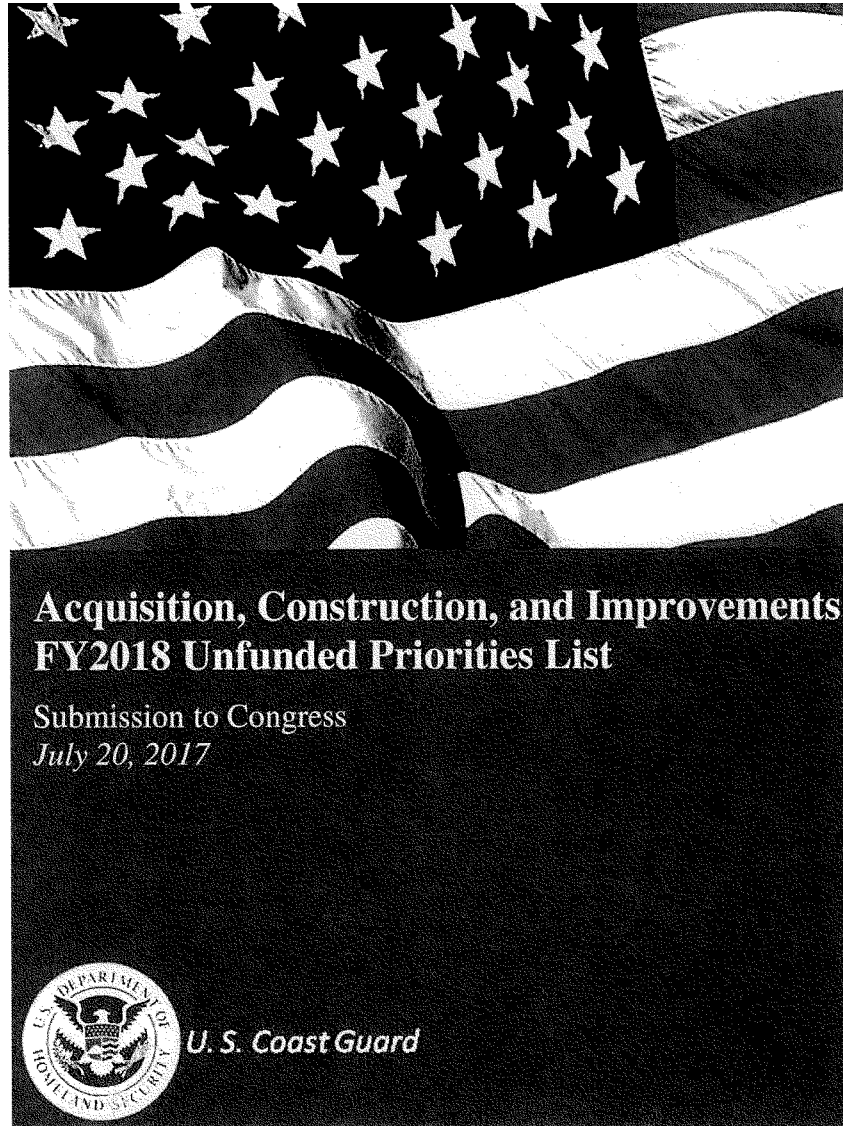
Submitted on behalf of Congressman Don Young (AK-At large)

1. What aren't we hearing, or what do we not know about what is going on in Puerto Rico that could help us better respond?

Response was not received at the time of publication.

2. If your company is currently operating in Puerto Rico – could you describe how the Jones Act has actually improved your capacity for getting your ships into port?

Response was not received at the time of publication.



Foreword

July 20, 2017

The following document, "Acquisition, Construction, and Improvements FY2018 Unfunded Priorities List," as prepared by the U.S. Coast Guard is submitted for review.

The *Coast Guard and Maritime Transportation Act of 2012* (Pub. L. No. 112-213) directs the submission of a list of unfunded acquisition, construction, and improvement priorities for the Coast Guard this year.

Pursuant to Congressional requirements, this document is being provided to the following members of Congress:

The Honorable John Thune
Chairman, Senate Committee on Commerce, Science, and Transportation

The Honorable Bill Nelson
Ranking Member, Senate Committee on Commerce, Science, and Transportation

The Honorable Bill Shuster
Chairman, House Committee on Transportation and Infrastructure

The Honorable Peter DeFazio
Ranking Member, House Committee on Transportation and Infrastructure

I am happy to answer any further questions you may have, or your staff may contact my Senate Liaison Office at (202) 224-2913 or House Liaison Office at (202) 225-4775.

Sincerely,



Paul F. Zukunft
Admiral, U. S. Coast Guard
Commandant





Acquisition, Construction, and Improvements FY2018 Unfunded Priorities List

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I. Legislative Language

This document responds to the language set forth in the *Coast Guard and Maritime Transportation Act of 2012* (Pub. L. No. 112-213), which states:

SEC. 213.

On the date on which the President submits to Congress a budget pursuant to section 1105 of title 31, the Commandant of the Coast Guard shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate—a list of each unfunded priority for the Coast Guard.

“(b) UNFUNDED PRIORITY DEFINED.—In this section, the term ‘unfunded priority’ means a program or mission requirement that—

“(1) has not been selected for funding in the applicable proposed budget;

“(2) is necessary to fulfill a requirement associated with an operational need; and

“(3) the Commandant would have recommended for inclusion in the applicable proposed budget had additional resources been available or had the requirement emerged before the budget was submitted.”.

II. Acquisition, Construction, and Improvements FY2018 Unfunded Priorities List

Project Name	Funding (\$K)	Project Description
<i>Rebuilding Operational Capability</i>		
Heavy Polar Icebreaker	\$750,000	Additional funding in FY18 supports construction of the first Heavy Polar Icebreaker and maintains the current strategy to stay on schedule, and maybe even accelerate the acquisition further.
National Security Cutter #9 Follow-On Acquisition Funding	\$125,000	Follow-on acquisition needs for National Security Cutter (NSC) #9, including: Post-Delivery Activities (PDA); testing, evaluation, and support activities; cutter boats; and Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR).
MH-60T SLEP Partial Hull Conversions	\$12,000	Partially converts three MH-60T hulls to use during the SLEP production line to prevent an operational gap while the SLEP is occurring.
MH-60T Full Hull Conversions	\$36,000	Converts three SH-60 U.S. Navy hulls to operational MH-60T Coast Guard airframes. These additional airframes could be used to transition Air Station Borinquen from MH-65s to MH-60Ts for greater border security capabilities.
HC-130J	\$400,000	Provides funding to purchase four missionized C-130Js and keeps the CG on track to attain the program of record of 22 airframes.
C-27J Flight Simulator	\$25,000	Purchases a used flight simulator to provide training to pilots and assist with correcting proficiency concerns at Air Station Sacramento.
Two Fast Response Cutters	\$100,000	The current request contains four FRCs. Additional funding could exercise the option for six hulls in FY18 and reduce per unit costs while working towards the program of record of 58 hulls.
Inland Waterways and Western Rivers Tender	\$5,000	Based on initial market research and relatively low complexity of design, there may be an opportunity to mature preliminary designs from the ACOE Marine Design Center while simultaneously developing acquisition documentation. The Coast Guard could use additional funds to begin the process of accelerating the acquisition in FY18.
Land-based UAS	\$5,000	The Coast Guard currently operates MQ-9 Predators through the UAS Joint Program Office established with CBP. The logical next step for the joint DHS program is to expand the UAS footprint and focus operations in the source and transit zones to counter transnational criminal organizations that smuggle illicit contraband to U.S. shores.

Project Name	Funding (\$K)	Project Description
Enterprise Mission Platform	\$20,000	Funds significant upgrades and improvements to existing C4IT systems; possible projects include Marine Information for Safety and Law Enforcement (MISLE), Global Command and Control System (GCCS), and Unified Capabilities and Enterprise Voice Over Internet Protocol (VoIP).
Long Range Command and Control Aircraft	\$70,000	Recapitalizes a Long Range Command and Control Aircraft (currently being leased) to support continued operations and travel for Coast Guard and Department of Homeland Security senior leadership.
Subtotal: Rebuilding Operational Capability	\$1,548,000	

Project Name	Funding (\$K)	Project Description
Shore Construction		
Various Locations – Hurricane Matthew Facility Damage	\$77,600	Recapitalize waterfront facilities, station buildings, unaccompanied personnel housing, and storm drainage in Tybee, GA; Port Canaveral, FL; Jacksonville, FL; Ponce de Leon, FL; Wilmington, NC; Fort Macon, NC; Hatteras, NC; Elizabeth City, NC; and Portsmouth, VA. The FY17 Appropriation provided \$15 million to address the most critical needs.
National Security Cutter #9 Homeport	\$23,000	Follow-on acquisition needs for National Security Cutter (NSC) #9 Major Acquisition Systems Infrastructure (MASI), based on homeporting in Charleston, South Carolina.
Boat Haulout Pier – Station Tillamook Bay	\$22,340	Replacement of the haulout pier and boat haulout system at Station Tillamook Bay, an outdated system that was installed in 1982.
Station Building – Station Key West	\$15,300	Construct new multi-purpose building to replace existing Station building to support Station Operations and correct existing condition and space deficiencies.
Sector Facilities – Sector Honolulu	\$35,190	Recapitalize Sector facilities to support operations and correct existing condition and space deficiencies.
Relocate Marine Safety Unit Morgan City	\$3,200	Provides for build-out of leased facility to support unit operations and address existing issues related to condition and space.

Project Name	Funding (\$K)	Project Description
Realign Aids to Navigation – Grays Harbor, WA	\$1,125	Relocates North Channel and Hoquiam Reach Ranges, Point Chehalis Range and Aberdeen Range Rear Light to account for channel realignment by US Army Corps of Engineers.
Station Facilities – Station South Padre Island	\$25,500	Construct new facilities to replace existing Station and Unaccompanied Personnel Housing to support operations and correct existing condition and space deficiencies.
Sector Facilities – Sector Buffalo	\$25,400	Recapitalize Sector facilities to support operations, correct existing condition and space deficiencies, and provide sufficient personnel and visitor parking.
Waterfront Facilities – Cleveland	\$13,260	Recapitalize waterfront bulkhead in support of CGC NEAH BAY, CGC MORRO BAY, and Station Cleveland.
Sector Facilities – Sector Sault Ste Marie	\$22,750	Recapitalize Sector facilities to support operations and correct existing condition and space deficiencies.
Barracks Renovation – Coast Guard Academy	\$25,527	Renovates Chase Hall Annex C by providing comprehensive life safety upgrades, including fire protection. Corrects utilities deficiencies and provides habitability updates to extend the building's service life.
Barracks Renovation (Phase 1) – TRACEN Cape May	\$30,000	Recapitalize Training Center barracks for 3 recruit companies to accommodate both genders, including providing classroom space and administrative support space.
Utility Upgrades – Air Station Ventura	\$5,000	Utility upgrades at Naval Base Ventura County, Point Mugu, CA to support a new Coast Guard Air Station hangar.
Security Gate – Sector Delaware Bay	\$2,800	Recapitalize damaged facility security gate and associated controls to maintain effective entry point control.
Travel Lift Piers – TRACEN Cape May	\$2,600	Recapitalize travel lift piers (currently beyond useful service life) to meet sufficient load capacity; supports boat maintenance at TRACEN Cape May.
Boat Ramp – Station Annapolis	\$3,000	Recapitalize the boat ramp at Station Annapolis, which is currently beyond its useful service life.
Land Acquisition – Sector Detroit	\$3,000	Acquire real property necessary to complete follow-on project that provides Final Operating Capability facilities at Sector Detroit.

Project Name	Funding (\$K)	Project Description
Pier Improvements – Base Honolulu	\$5,200	Recapitalize 100' of pier to increase load capacity and provide maximum flexibility for performance of cutter maintenance activities.
Realign Aids to Navigation – Delaware River	\$14,530	Realign Aids to Navigation in/approaching the Delaware River to accommodate latest Army Corps of Engineer dredging and realignment of channel (New Castle, Liston Reedy, Fisher Point Ranges).
Consolidation of Air Station & Station – Elizabeth City, NC	\$60,280	Consolidate the Air Station and Boat Station facilities to create efficiencies, while recapitalizing the aging infrastructure.
Rebuild Aids to Navigation – Columbia River	\$2,000	Replace 50 year old failing wooden fixed aids to navigation with steel fixed aids to navigation.
Long Beach Harbor Light	\$1,500	Recapitalize Long Beach Harbor Light; replace infrastructure and light.
Child Development Center – TRACEN Petaluma	\$15,400	Construct a new Child Development Center at TRACEN Petaluma to replace modular facilities and meet current life safety requirements, including utilities and storm water management.
Oil-Water Separator System – Elizabeth City, NC	\$2,625	Construct an Oil-Water Separator System at Elizabeth City to prevent the introduction of oil into the storm drainage system.
Subtotal: Shore Construction	\$438,127	
Total:	\$1,986,127	

Table 1: FY 2018 - FY 2020 Five Year Capital Investment Plan - Summary

FY 2018 - FY 2022 Five Year Capital Investment Plan Acquisition, Construction & Improvements					
(Thousands of dollars, budget year dollars)	FY 2018 PRESBUD	FY 2019	FY 2020	FY 2021	FY 2022
Vessels	\$877,100	\$939,750	\$1,110,250	\$1,307,750	\$1,178,100
Survey and Design - Vessels and Boats	\$1,500	\$1,000	\$1,000	\$2,000	\$1,500
In-Service Vessel Sustainment	\$60,500	\$63,750	\$80,250	\$82,600	\$93,500
National Security Cutter (NSC)	\$54,000	\$65,000	\$65,000	\$21,000	\$6,600
Offshore Patrol Cutter (OPC)	\$500,000	\$400,000	\$457,000	\$716,000	\$700,000
Fast Response Cutter (FRC)	\$240,000	\$335,000	\$335,000	\$26,000	\$18,000
Cutter Boats	\$1,000	\$5,000	\$2,000	\$3,150	\$2,500
Inland Waterways and Western Rivers Tender	\$1,100	\$5,000	\$5,000	\$12,000	\$38,000
Polar Icebreaker	\$19,000	\$50,000	\$150,000	\$430,000	\$300,000
Polar Sustainment	\$0	\$15,000	\$15,000	\$15,000	\$15,000
Aircraft	\$83,600	\$150,000	\$222,000	\$180,000	\$225,000
HC-144A Conversion/Sustainment	\$0	\$17,000	\$45,000	\$0	\$0
HC-271 Conversion/Sustainment	\$52,000	\$80,000	\$100,000	\$100,000	\$40,000
HH-65 Conversion/Sustainment	\$22,000	\$47,000	\$52,000	\$50,000	\$50,000
MH-60T Sustainment	\$2,500	\$0	\$1,000	\$5,000	\$35,000
HC-130J Acquisition/Conversion/Sustainment	\$5,600	\$0	\$18,000	\$0	\$100,000
Small Unmanned Aircraft System (sUAS)	\$500	\$6,000	\$6,000	\$25,000	\$0
Other	\$50,800	\$59,000	\$37,200	\$35,900	\$30,000
Program Oversight and Management	\$15,000	\$20,000	\$20,000	\$20,000	\$20,000
C4ISR	\$22,000	\$22,300	\$7,300	\$7,300	\$7,000
CG-LIMS	\$9,800	\$13,200	\$6,400	\$5,100	\$0
Other Equipment and Systems	\$4,000	\$3,500	\$3,500	\$3,500	\$3,000
Shore and ATO	\$75,000	\$96,500	\$116,500	\$169,000	\$134,500
Major Shore, Housing, ATO and S&D	\$10,000	\$30,000	\$38,000	\$85,000	\$40,000
Major Acquisition Systems Infrastructure	\$60,000	\$61,500	\$73,500	\$79,000	\$89,500
Minor Shore	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Personnel and Management	\$118,245	\$115,638	\$116,730	\$117,993	\$119,881
Direct Personnel Costs	\$118,245	\$115,638	\$116,730	\$117,993	\$119,881
TOTAL	\$1,263,745	\$1,360,888	\$1,602,680	\$1,810,643	\$1,687,481

United States Coast Guard—FY 2018 Hurricane Supplemental Submission

Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (if applicable) (drop-down)	Cost to Remediate/Repair/Replace to Restore to Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PPA)
USCG	CG Sector San Juan	PR	00901-1800	San Juan	Facilities (Buildings, Warehouse & Utilities)	In addition to Hurricane Irma damage, immediate repairs to Main Operations building, Medical Clinic, Dental Clinic, Vessel Support building, San Juan, FRC Engineering building, Army, Maintenance facility, Facility Engineering building, Exchange, Logistics/Administration building, HVAC/Compressor facility, Quarters 1, Supply Distribution facility, Electrical Distribution facility, Auxiliary Building, MWR Rentals, Unaccompanied Personnel Housing building, as well as INMARC storage, floating dock, engine room, dock, and access gate. Repair major building damage on most of the buildings on base due to excessive water intrusion. Middle section of the floating dock was destroyed and waterfront utilities were damaged. Perimeter fencing and access gate damaged.	High	Maria	\$21,000	Rebuild to resilient standards vice repair shore facilities at U.S. Coast Guard Sector San Juan required as a result of damages sustained during Hurricane Maria. 1) Health Services building. The work includes demolition of existing facilities and construction of new combined CDS, medical, and dental facilities into a singular health services building (\$16,100.) 2) Station/Aids to Navigation Team building. The work includes demolition of existing facility and construction of new Station/Aids to Navigation team building (\$11,500.) 3) Engineering Support Building. The work includes, but is not limited to, demolition of existing building and construction of new maintenance shop building, engineer shop building, and hazardous material /used oil storage building (\$5,200.) 4) Operations building. The work includes demolition of existing building and construction of new operations building (\$35,900.)	\$72,700	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Sector San Juan-Bayamon Housing	PR	00959	Bayamon	Facilities (Family Housing)	Repair 176 Rio Bayamon housing units, including site work. In addition to major water intrusion, lack of power caused immediate and widespread major mold growth. All porches and fences destroyed. Screens completely blown out by hurricane winds and or falling trees. Perimeter fence destroyed.	High	Maria	\$25,000			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Sector San Juan-Bayamon Housing	PR	00959	Bayamon	Facilities (Family Housing)	Immediate repairs to Rio Bayamon Housing until permanent repairs can be made. Repair roof, exterior, interior, and utilities.	High	Maria	\$2,000			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG AIRSTA Borinquen	PR	00603-1304	Aguadilla	Facilities (Buildings & Utilities)	In addition to Hurricane Irma damage, repair interior and exterior of Administrative Building including leaks that resulted in significant water damage and mold growth. Repair roof, exterior, interior, and utilities. Repair water damage to roof & doors on storage warehouse. The	High	Maria	\$2,500			AC&I	Shore Facilities and Aids to Navigation (ATON)

United States Coast Guard—FY 2018 Hurricane Supplemental Submission

Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (select from dropdown)	Cost to Remediate/Repair/Replace to Pre-Disaster Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PPA)
						work also includes repairing the guard house roof and perimeter fencing.							
USCG	CG AIRSTA Borinquen Housing	PR	00603 -1304	Aguadilla	Facilities (Family Housing)	Repair 214 Borinquen housing units, including site work. All 214 housing units suffered damage including significant water intrusion, cracked concrete, broken windows, window frame leakage, damaged solar panels, roof damage, and structural exterior damage. Lack of power caused immediate and widespread major mold growth. Total extent of damage is unknown because electrical infrastructure including transmission lines and power poles are completely destroyed. Expect identification of additional significant damage once power restored.	High	Maria	\$31,000			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG AIRSTA Borinquen Housing	PR	00603 -1304	Aguadilla	Facilities (Family Housing & Community Center)	Immediate repairs at Borinquen housing until permanent repairs can be made. Massive debris removal, storm sewer cleanout, repair poles, and mitigate community center asbestos hazard. Complete roof, exterior, interior, and utility repairs to community center and medical clinic.	High	Maria	\$5,000	Rebuild to resilient standards vice repair shore facility at U.S. Coast Guard AIRSTA Borinquen Housing. The facility was damaged as a result of Hurricane Maria. The work includes demolition of existing facility and construction of new Community Service Center to include Child Development Center, Medical Facilities, Community Center, Gymnasium, and General Administration offices. Building will include capability to serve as primary contingency operations center.	\$55,000	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Borinquen Exchange	PR	00603 -1304	Aguadilla	Facilities (Buildings & Utilities)	Repair CG Exchange facility and Gas Station. The Exchange served as source of supply for both fuel and humanitarian supplies during Hurricane Maria. Complete roof replacement, new entry doors, storm shutters, lighting, and HVAC system repairs to security fence gates and drainage system. Repair auxiliary generator diesel.	High	Maria	\$3,500			AC&I	Shore Facilities and Aids to Navigation (ATON)

United States Coast Guard—FY 2018 Hurricane Supplemental Submission

Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (select from dropdown)	Cost to Remediate/Repair/Replace to Preexisting Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PPA)
						tank and platform. Repair loading dock linkage system and fuel tank scaffolding. Replace gas dispensers, tank leak detection system signage, and lighting.							
USCG	Resident Inspection Office Ponce	PR	00716	Ponce	Facilities (Buildings & Waterfront)	In addition to Hurricane Irma damage, repair exterior, interior, utilities, and fixtures. Covered boat storage roof destroyed. Extensive damage to security fence, HVAC, ATOB solar panels, and 35' HF Antenna.	High	Maria	\$750	Rebuild to resilient standards vice repair shore facility at U.S. Coast Guard Resident Inspection Office Ponce required as a result of damages sustained during Hurricane Maria. The work includes demolition of existing facility and construction of a new administration building.	\$6,200	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	Marine Safety Detachment St. Thomas	USVI	00802	St. Thomas	Facilities (Buildings & Waterfront)	In addition to Hurricane Irma damage, repair exterior, interior, utilities and fixtures due to water intrusion, roof damage, and mold growth. St. Thomas pier destroyed and utilities were damaged. Perimeter fence gate, along with the access ramp. Significant erosion of boat ramp.	High	Maria	\$250	Rebuild to resilient standards vice repair shore facilities at U.S. Coast Guard Marine Safety Detachment St. Thomas as a result of damages sustained by Hurricane Irma/Maria. The work includes demolition of existing facility and construction of new building and waterfront piers.	\$12,000	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	PR & USVI-Environmental Compliance		Various		Environmental Compliance Assessments	Site assessment at 5 sites throughout Puerto Rico and USVI to include limited sampling to determine environmental impacts. Includes potential cleanup of contaminated materials; the exact nature of the contaminants, impact area and media will be determined by the site assessments.	High	Maria	\$750			EC&R	N/A
USCG	Dredging		Various		Facilities (Dredging)	Dredge multiple basins, harbors, and channels required for the safe navigation of Coast Guard assets due to increased sedimentation caused by Hurricane Maria in Puerto Rico and USVI.	High	Maria	\$1,000			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	Dredging Survey		Various		Facilities (Dredging)	Perform surveying to determine need for additional dredging to ensure transit of Coast Guard due to damage caused by Hurricane Maria in Puerto Rico and USVI.	Medium	Maria	\$250			AC&I	Shore Facilities and Aids to Navigation (ATON)

United States Coast Guard—FY 2018 Hurricane Supplemental Submission

Component Name	Component Field Activity/ Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (if not a common dropdown)	Cost to Remediate/ Repair/ Replace to Return to Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PFA)
USCG	Known Fixed ATON Structures		Various		ATON- Fixed	Destroyed (12 aids). Rebuild triangular based towers and multi-pile structures. Repairs are essential to fully opening ports and waterways.	High	Maria	\$550			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	Known Floating ATON		Various		ATON- Floating	Missing (5 aids). Replace buoys with mooring hardware lost due to damage caused by Hurricane Maria.	High	Maria	\$192			OE	Centrally Managed Accounts
USCG	ATON- Other		Various		ATON	Various ATON components required for restoration. Includes LED lighting, dayboards, hurricane kits. 18 dayboards damaged.	High	Maria	\$68			OE	Operating Funds & Unit Level Maintenance?
USCG	Property		Various		General Property	Replacement of general property, damaged or destroyed, located inside of damaged infrastructure. Includes, but not limited to, small machinery, equipment, tools, etc.	High	Maria	\$3,353			OE	Operating Funds & Unit Level Maintenance?
USCG	IT		Various		IT Infrastructure	Rebuilds critical IT infrastructure damaged by Hurricane Maria. Hurricane Maria to include: Rescue 21, NMS, DGPS, VTS repairs; telecommunication and antenna repairs at Coast Guard facilities in Puerto Rico and USVI.	High	Maria	\$5,800			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	Depot Maintenance Vessel and Aircraft		Various		Vessel and Aircraft	Provides depot maintenance funding to support casualty repairs and deferred maintenance as a result of additional aircraft and vessel hours expended during hurricane season. Examples include, but not limited to, damaged mobile boat hoist, 55' Aids to Navigation boat, and aircraft components.	High	Maria	\$4,600			OE	Intermediate & Depot Maintenance
USCG	Construction & Repair Project Development Personnel		Various		Personnel	Additional contractor personnel required to develop construction project and repair designs, prepare solicitations, execute contracting, and provide construction management due to increased workload on project resulting from damage caused by Hurricanes. 2.5% of construction and repair costs.	Medium	All	\$17,350			AC&I	Personnel & Related Support Costs
USCG	District 7 Fuel Inventory Management		Various		Fuel Inventory Management System		Medium	Maria		Enables total visibility of fuel capacity across District 7 by automating the current fuel inventory management system.	\$4,500	AC&I	Shore Facilities and Aids to

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Component Name	Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (Select from dropdown)	Cost to Remediate/Repair/Replace to Restore to Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PPA)
										Enables interconnectivity of fuel tank levels with suppliers at various locations through satellite phone connectivity. Supports numerous units within District 7 to include the Air Stations in Florida, Puerto Rico and Operation Bahamas, Turks, and Caicos (OPBAT), as well as the Coast Guard cutter. This is necessary for operations and by DoD at forward operating bases. This became an issue during Hurricanes Irma and Maria, when there were challenges with determining the fuel storage capacity of tanks located across the District.			Navigation (ATON)
USCG	CG Sector San Juan	PR	00901-1800	San Juan	Electrical Distribution System		Medium	Maria		Rebuild to resilient standards vice repair the electrical distribution system at U.S. Coast Guard Sector San Juan required as a result of damages sustained during Hurricane Maria. The work includes demolition of existing system, construction of new underground cabling and associated transformers, replacement of substations, installation of fast response utility controllers, and all site work.	\$13,500	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Sector San Juan-Bayamon Housing	PR	00959	Bayamon	Emergency Power System		Medium	Maria		Supplements inadequate emergency generators and installs fast response utility controllers to provide for future resilience.	\$3,900	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Sector San Juan-Bayamon Housing	PR	00959	Bayamon	Water Supply		Medium	Maria		Builds an alternative water supply to Bayamon Housing. Current water supply, provided through city water system, is extremely unreliable due to excessive hurricane damage. The work includes drilling a well supply and installing a large holding/collection tank and water treatment system.	\$10,000	AC&I	Shore Facilities and Aids to Navigation (ATON)

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Component Name	Component Field Activity/ Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (if not known, drop down)	Cost to Remediate/ Repair/ Replace to Pre-Disaster Condition (\$K)	Resiliency Plan Description (if Applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PFA)
USCG	CG AIRSTA Borinquen	PR	00603-1304	Aguadilla	Electrical Distribution System		Medium	Maria		Rebuild to resilient standards vice repair the electrical distribution system at U.S. Coast Guard AIRSTA Borinquen required as a result of damages sustained during Hurricane Maria. The work includes demolition of existing system; construction of new underground cabling and associated transformers, replacement of substations, installation of fast response utility controllers, and all site work.	\$9,800	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG AIRSTA Borinquen Housing	PR	00603	Aguadilla	Electrical Distribution System		Medium	Maria		Rebuild to resilient standards vice repair the electrical distribution system at U.S. Coast Guard AIRSTA Borinquen Housing required as a result of damages sustained during Hurricane Maria. The work includes demolition of existing system; construction of new underground cabling and associated transformers, replacement of substations, installation of fast response utility controllers and all site work.	\$19,200	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	Sector San Juan & AIRSTA Borinquen	PR	00901-1800, 00603-1304	San Juan, Aguadilla	Energy Savings Performance Contract (ESPC) Termination		Low	Maria		Terminate the existing Energy Savings Performance Contract for Puerto Rico. (a) Roofing and photovoltaic (PV) termination amount is \$21,424,982. If this amount is liquidated for just the PV, the USCG retains ~\$2M annually in lower utility expenses once repaired. (b) Energy conservation measures (ECM) termination amount is \$12,749,431. (c) The entire \$35 M is liquidated for PV and all remaining energy conservation measures, the USCG retains ~\$3.1 M annually in lower utility expenses once.	\$35,000	AC&I	Shore Facilities and Aids to Navigation (ATON)

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										repaired. (d) Buying out should ideally precede housing repairs; enable the CG to execute housing repairs expeditiously without trying to negotiate a partial termination of the ESPC contract or wait for electric company to make repairs to grid. (e) Delaying or not moving forward with termination will significantly delay housing repairs, create rework and additional power outages, and delay members moving back into housing.			
										Rebuild and recapitalize runway 1-19 at CG Base Elizabeth City, AIRSTA 130J aircraft to AIRSTA Clearwater during Hurricane Maria to ensure continued support of logistics relief for PR and repositioned C-130J aircraft to Raleigh, NC to ensure we could launch a ready aircraft as the airfield went out of crosswind launch limits for our only operational runway. This work would include a 900-foot extension to bring the entire runway into compliance and rework of several taxiways in order to gain access to all take off and turnaround areas. The recapitalization of runway 1-19 would address the degraded issue at Elizabeth City that delayed fixed wing aircraft hurricane response flights for multiple days.	\$32,000	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG AIRSTA Elizabeth City	NC	27909	Pasquotank	Runway 1-19		Low	Maria		Conduct detailed shore infrastructure vulnerability assessments at locations identified as being vulnerable to environmental factors (hurricane, etc.)	\$11,200	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	Shore Infrastructure Vulnerability Assessments		Various		Shore Infrastructure Vulnerability		Low	All					

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Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (if not a direct hit, specify drop-down)	Cost to Remediate/Repair/Replace to Pre-Disaster Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PPA)
					Assessments					tornadoes, earthquakes, etc.) for increased resiliency.			
USCG	CG Forward Operating Base-NAVSEA Atlantic Undersea Test & Evaluation Center-Andros	Bahamas	None	N/A	Facilities (buildings & utilities)	Repair exterior and interior components of multiple facilities and utilities damaged by Hurricane Irma.	High	Irma	\$300			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Forward Operating Base-Great Inagua	Bahamas	None	N/A	Facilities (buildings & utilities)	Repair exterior and interior components of multiple facilities and utilities damaged by Hurricane Irma.	High	Irma	\$350			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Marine Safety Detachment St. Thomas	USVI	00802-6532	St. Thomas	Facilities (buildings & waterfront)	Repair building roofs, windows, interior, garage, storage building, fence, and pier walkway due to damage caused by Hurricane Irma.	High	Irma	\$2,000			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Rescue 21 Tower St. Thomas	USVI	00802-6532	St. Thomas	Facilities (buildings & utilities)	Repair communications building and HVAC damaged by Hurricane Irma.	High	Irma	\$100			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Air Station Borinquen	PR	00603-1304	Aguadilla	Facilities (buildings & utilities)	Repair storm water drainage system, grounds, multiple building roofs, siding, and structures due to damage caused by Hurricane Irma.	High	Irma	\$1,800			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Resident Inspection Office (RIO) Ponce	PR	00716	Ponce	Facilities	Repair perimeter fence damaged by Hurricane Irma.	Low	Irma	\$30			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Sector San Juan	PR	00901-1800	San Juan	Facilities (buildings & utilities)	Repair emergency generator, water line, unaccompanied personnel housing and buildings, roofs, and interior due to damage caused by Hurricane Irma.	High	Irma	\$900			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG BASE Miami Beach	FL	33139-5101	Miami-Dade	Facilities (buildings & utilities)	Rebuild Paint and Sandblast (P&S) facility as a result of extensive damage sustained at Base Miami Beach during Hurricane Irma. The work includes demolition of the	High	Irma	\$8,300			AC&I	Shore Facilities and Aids to Navigation (ATON)

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Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (select from dropdown)	Cost to Remediate/Repair/Replace to Preexisting Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PPA)
USCG	CG BASE Miami Beach	FL	33139-5101	Miami-Dade	Facilities (Buildings, Waterfront & Utilities)	existing P&S facility and construction of new P&S facility. Repair/replace floating docks, street lights, air conditioning units, roofs and skylights, access bridge electrical conduit, buoy yard gate, travel lift pier, garage doors and interior for multiple buildings damaged during Hurricane Irma.	High	Irma	\$2,300			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Sector Key West Electrical Distribution	FL	33040-0500	Monroe	Electrical Distribution System	Repair of electrical distribution system at Sector Key West. Damage sustained during Hurricane Irma. The work includes demolition of existing system; construction of new cabling, conduits and associated transformers; fast response utility controllers; on-site generation; storage and all corresponding site work. The Coast Guard is working with NAVFAC to establish an interim solution to provide power to buildings and waterfront until permanent repairs can be made.	High	Irma	\$18,180			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Sector Key West	FL	33040-0500	Monroe	Facilities (Buildings & Utilities)	Repair exterior, interior, utilities and fixtures for multiple buildings; repair/replace fencing, grounds, pavement, and exterior lighting due to damage caused by Hurricane Irma.	High	Irma	\$2,900	Rebuild engineering building (building 105) at sector key West, FL, as a result of damages sustained during Hurricane Irma and to meet future resiliency thresholds. The work includes demolition of existing building which does not have emergency power and is susceptible to flooding, and is constructing of new Engineering building.	\$26,200	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Sector Key West	FL	33040-0500	Monroe	Facilities (Waterfront)	Repair fenders, concrete cap, decking, utilities and lighting for Northern Wharf, Southern Wharf, and Finger Piers due to damage caused by Hurricane Irma.	High	Irma	\$1,300			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Key West	FL	33040-0500	Monroe	Facilities (Buildings & Waterfront)	Rebuild waterfront and shore facilities at Station Key West as a result of damages sustained during Hurricane Irma. Listed on FY2018 UPL (shore facilities). The work includes demolition of existing facilities, site work, and	High	Irma	\$32,200			AC&I	Shore Facilities and Aids to Navigation (ATON)

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						building, pier, docks, and boat house.							
USCG	CG Station Key West	FL	33040-0500	Monroe	Facilities (Buildings & Waterfront)	Immediate repairs to Station until permanent repairs can be made. Repair finger piers to restore interim operations following damage caused by Hurricane Irma.	High	Irma	\$250			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Marathon	FL	33050	Monroe	Facilities (Buildings & Utilities)	Repair damaged utilities, grounds, and roofs for multiple buildings at Station Marathon due to damage caused by Hurricane Irma.	High	Irma	\$400			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Marathon Housing	FL	33050	Monroe	Facilities (Family Housing)	Rebuild a destroyed unaccompanied personnel housing unit and a heavily damaged family housing unit as a result of damage caused by Hurricane Irma. Prepare site, install utilities, grounds work, design and construct family housing and unaccompanied personnel housing unit.	High	Irma	\$8,000			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Islamorada	FL	33036	Monroe	Facilities (Buildings & Utilities)	Repair damaged roof, exterior doors, interior utilities for Station building, repair fence, exterior lights, and dumpster enclosure due to damage caused by Hurricane Irma.	High	Irma	\$300	Build family and unaccompanied personnel housing at Station Islamorada due to severe destruction of local community housing rental market as a result of damage caused by Hurricane Irma. Prepare site, install utilities, grounds work, design and construct family and unaccompanied personnel housing.	\$18,700	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Sector Jacksonville (Annex)/ STA Mayport	FL	32233	Duval	Facilities (Buildings & Waterfront)	Repair/replace shore-side electrical service to CGC Maria Bray; roof damage to fitness facility, exchange storage, and barracks; replace soffits and replace interior damaged from water intrusion.	High	Irma	\$700			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Ponce de Leon	FL	32169	Volusia	Facilities (Buildings & Waterfront Utilities)	Repair/replace electrical transformer and junction boxes, quarterdeck building, roofs, facility siding, light poles, fire hydrant, and fire alarm system. Covered boat storage and storage locker due to damage caused by Hurricane Irma.	High	Irma	\$1,500	Listed on FY2018 UPL Rebuild unaccompanied personnel housing at Station Ponce de Leon. Existing structure is vulnerable to future hurricanes, due to the overall condition of the building, repairs will make the building habitable and extend its life, an entire recapitalization is	\$4,274	AC&I	Shore Facilities and Aids to Navigation (ATON)

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										required to provide a resilient, modern facility to house Station personnel for another 50 years. Construct new unaccompanied personnel berthing. The work includes: demolition of existing facilities; site work, new construction of berthing, galley, training space, crew lounge area, and utilities.			
USCG	CG Aids to Navigation Team (ANT) Jacksonville Beach	FL	32250	Duval	Facilities (buildings)	Repair ATON and support equipment storage building due to uplifting, loss of shingles, gutters, and siding damaged by Hurricane Irma.	Medium	Irma	\$20			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG HITRON	FL	32221	Duval	Facilities (buildings)	Repair fabric and metal roll-up door damaged by Hurricane Irma.	Low	Irma	\$20			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Port Canaveral	FL	32920	Brevard	Facilities (Buildings & Waterfront)	Rebuild gangways lost during Hurricane Irma. Repair gym floor, HAZMAT locker roof, transformer, quarterdeck, Station and ESO building roofs, flashing, sewage pumps, light poles, shore tie system and interior due to damage caused by Hurricane Irma.	High	Irma	\$800	Listed on FY2018 UPL. Rebuild station buildings. The boat maintenance facility was completely destroyed, now limiting ability to maintain boats. Hurricane Matthew resulted in power conduits saturated by water, poor connectivity for homeported WMEC's, roofing w/ numerous patches, exacerbated rusting of metal buildings, and building doors replaced with plywood. The Maritime Safety Detachment building was condemned with personnel moving to a commercial building. Construction of Multi-Mission Building, Boat Maintenance Facility, and Cutter Support Buildings (entire shore facilities). The work includes: demolition of existing facilities, site work, new construction and utilities, and project support.	27,585	AC&I	Shore Facilities and Aids to Navigation (ATON)

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USCG	CG MSST Miami	FL	33039	Miami-Dade	Facilities (buildings)	Repair building interior and exterior to include roof due to damage caused by Hurricane Irma.	High	Irma	\$350			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Civil Engineering Unit Miami	FL	33177	Miami-Dade	Facilities (buildings)	Repair building roof, interior walls, and interior damaged by Hurricane Irma.	High	Irma	\$700			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Air Station Miami	FL	33054-2304	Miami-Dade	Facilities (buildings & utilities)	Repair roofs, replace damaged insulation and flashing, repair interior, and replace light fixtures for multiple buildings at the Air Station due to damage caused by Hurricane Irma.	High	Irma	\$2,100			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Communication Station (COMMSTA) Miami	FL	33177	Miami-Dade	Facilities	Repair structural members of COMMSTA tower due to damage caused by Hurricane Irma.	High	Irma	\$400			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station FL Lauderdale	FL	33004-3024	Broward	Facilities (buildings & utilities)	Repair exterior and interior of multiple buildings as well as outdoor covered facility and utilities due to damage caused by Hurricane Irma.	High	Irma	\$350			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Lake Worth Inlet	FL	33004-2406	Broward	Facilities (Wearfront & Utilities)	Repair/replace light poles and fixtures as well as decking on south dock and grounds damaged during Hurricane Irma.	Medium	Irma	\$100			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	Jupiter Housing	FL	33469	Jupiter	Facilities	Repair grounds and fencing due to damage caused by Hurricane Irma.	Medium	Irma	\$150			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station FL Pierce	FL	34949-3123	St. Lucie	Facilities (buildings & wearfront)	Repair/replace shoreline and dock utilities and fendering system for station boats; repair roofs and siding for boathouse due to damage caused by Hurricane Irma.	High	Irma	\$500			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Sector St. Petersburg	FL	33701-5030	Pinellas	Facilities (buildings & utilities)	Repair/replace door seals, gutters, siding, soffits, roof damage, and interior to include mold remediation and repair of buildings at Sector St. Petersburg; repair exterior fencing, light fixtures, grounds, pavement, light poles.	High	Irma	\$3,100			AC&I	Shore Facilities and Aids to Navigation (ATON)

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						due to damage caused by Hurricane Irma.							
USCG	CG Station Ft. Myers	FL	33931-2221	Lee	Facilities (Buildings, Warehouse & Utilities)	Repair roofs, siding, interior and utilities for multiple buildings; rebuild 87 ft support building; repair gate, small boat dock, concrete, travel lift pier, electrical shore tie, weather station, floating dock piles, siding, cutter piers and fender piling supports due to damage caused by Hurricane Irma.	High	Irma	\$1,100	Rebuild waterfront and shore facilities at Station Fort Myers Beach as a result of damages sustained during Hurricane Irma and to meet resiliency thresholds. The work includes demolition of existing facilities, site work, and construction of new Station building, concrete pier, docks, and boat house with associated utilities.	\$24,000	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Tenkeetown	FL	34498-0360	Levy	Facilities (Buildings & Utilities)	Repair roof, exterior walls, insulation, interior and remediate mold; replace emergency generator and elevate air conditioning units due to damage caused by Hurricane Irma.	High	Irma	\$600			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Sand Key	FL	33767-2807	Pinellas	Facilities	Repair security gate and security building due to damage caused by Hurricane Irma.	Medium	Irma	\$130			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Cortez	FL	34215-9999	Manatee	Facilities	Repairs to perimeter fence due to damage caused by Hurricane Irma.	Low	Irma	\$20			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Cutter Mooring (Auxiliary Floats & Vents)	FL	70091	Plaquemines Parish	Facilities (Buildings & Utilities)	Repair building roof, interior and exterior fence due to damage caused by Hurricane Irma.	Medium	Irma	\$80			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Air Station Clearwater	FL	33762-3502	Pinellas	Facilities (Buildings & Utilities)	Repair damage to multiple buildings at the Air Station to include: utilities, roofs, gutters, awnings, and interior; repair grounds, pavements, and utilities; perform structural analysis of hangar and roofs, and repair damaged structural and mechanical components due to Hurricane Irma.	High	Irma	\$6,000			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Destin	FL	32540-1289	Okaloosa	Facilities (Warehouse & front)	Repair boathouse eave, repair pier pilings and dock, and repair grounds due to damage caused by Hurricane Irma.	Medium	Irma	\$60			AC&I	Shore Facilities and Aids to Navigation (ATON)

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Component Name	Component Field Activity/ Station or Facility Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (if known, dropdown)	Cost to Remediate/ Replace or Repair to Restore to Original Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PPA)
USCG	CG Station Panama City	FL	32408-5804	Bay	Facilities (buildings)	Repair cutter workshop/storage facility building envelope and interior due to damage caused by Hurricane Irma.	Low	Irma	\$10			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Pensacola	FL	32508-5230	Escambia	Facilities (Water-front)	Repair cutter moorings due to damage caused by Hurricane Irma.	Medium	Irma	\$100			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	FRC Post Delivery Availability Parts	FL	33040-6655	Monroe	FRC Parts	Replace damaged or destroyed FRC Parts. FRC Parts. Delivery Availability in Key West, FL for two cutters.	Low	Irma	\$1,250			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Air Station Savannah	GA	31409-4703	Chatham	Facilities	Repair Air Station main entrance gate damaged by Hurricane Irma.	Low	Irma	\$12			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Brunswick	GA	31520-8685	Glynn	Facilities (Buildings & Utilities)	Repair soffit, flooring, HVAC ducting and light fixtures due to damage caused by Hurricane Irma.	Medium	Irma	\$60			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Base Charleston	SC	29405-2421	Charleston	Facilities (Buildings & Waterfront)	Repair roofing, interior damaged by water intrusion and exterior awnings for multiple buildings. Repair/replace exterior lights, transformers, transformer enclosures, mooring fenders, and gangway at the waterfront due to damage caused by Hurricane Irma.	High	Irma	\$450			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Air Facility (AIRFAC) Charleston	SC	29455	Charleston	Facilities (Buildings & Utilities)	Repair all AIRFAC windows, doors, interior, hurricane shutters, emergency generator, and two metal shelters due to damage caused by Hurricane Irma.	High	Irma	\$500			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Georgetown	SC	29440-2412	Georgetown	Facilities (Buildings & Waterfront)	Repair damaged pile guides and listing floating dock and stabilize ground experiencing excessive settlement caused by Hurricane Irma. Repair ANT building metal siding and flashing as well as Station building wall board, baseboard, flooring, windows, and roof due to damage caused by Hurricane Irma.	High	Irma	\$1,200			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	District 7- Environ-	Various			Environmental Compliance	See comments at 17 sites throughout CG District 7 area of responsibility to include limited	High	Irma	\$2,550			EC&R	N/A

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Component Name	Component Field Activity/Station or Activity Address	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (if not a common dropdown)	Cost to Remediate/Repair/Replace to Return to Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (if not a common dropdown)
	Environmental Compliance				Assessments	Sampling to determine environmental impacts. Includes potential cleanup of contaminated materials; the exact nature of the contaminants, impact area and media will be determined by the site assessments.							
USCG	Dredging		Various		Facilities (dredging)	Dredge multiple basins, harbors, and channels required for the safe movement of vessels due to increased sedimentation caused by Hurricane Irma.	High	Irma	\$3,500			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	Dredging Survey		Various		Facilities (dredging)	Perform surveying to determine need for additional dredging to ensure safe transit for Coast Guard due to damage caused by Hurricane Irma.	High	Irma	\$1,500			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	Known Fixed ATON Structures		Various		ATON-Fixed	Destroyed (215 aids); Rebuild compound structures, multi-pile structures, single pile structures, triangular based towers, and beacon towers. Rebuild essential to fully opening ports and waterways.	High	Irma	\$6,880			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	Known Floating ATON		Various		ATON-Floating	Missing (24 aids). Replace buoys with mooring hardware lost due to damage caused by Hurricane Irma.	High	Irma	\$221			OE	Centrally Managed Accounts
USCG	ATON-Other		Various		ATON	Various ATON components required for restoration. Includes LED lighting, dayboards, hurricane kits. 742 dayboards damaged.	High	Irma	\$1,393			OE	Operating Funds & Unit Level Maintenance
USCG	Property		Various		General Property	Replacement of general property, damaged or destroyed, located inside of damaged infrastructure. Includes, but not limited to, small machinery, electronic tools, etc.	High	Irma	\$25,571			OE	Operating Funds & Unit Level Maintenance
USCG	IT		Various		IT Infrastructure	Rebuilds critical IT infrastructure that was damaged during Hurricane Irma to include: Rescue 21, NADS, DGPS, VTS repairs; telecommunication and antenna repairs at Borinquen, Miami, Port Canaveral, Ponce Inlet, Jacksonville, Ft. Pierce, Clearwater, Marathon, Mayport, and Key West.	High	Irma	\$3,109			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	IT		Various		IT Infrastructure	Rebuilds and restores degraded mobile units and equipment	Medium	All	\$8,000			OE	Operating Funds &

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Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (Select from dropdown)	Cost to Remediate/Repair/Replace to Restore to Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity Identifier (PPA)
					ture Contingency Operations	utilized during Hurricanes Harvey, Irma and Maria for contingency operations to include various deployable command and control mobile units. This service provides capability to move command and control functions from an affected area to an unaffected area while maintaining continuity of operations and domain awareness between participants in the command, key stakeholders, and federal/state/local leaders.							Unit Level Maintenance
USCG	Depot Maintenance Vessel & Aircraft			Various	Vessel & Aircraft	Provides depot maintenance funding to support casualty repairs and deferred maintenance as a result of additional aircraft and vessel hours expended during Hurricane Irma response efforts. Examples include, but not limited to, damaged MH-60T tail rotor blades, expedited temporary repairs to cutters MOHAWK and RESOLUTE, and expedited depot maintenance availabilities during Hurricane evacuation order.	Medium	Irma	\$4,200			OE	Intermediate & Depot Level Maintenance
USCG	Search & Rescue Equipment			Various	Flood Pumps, Prime Movers, Associated Gear	Recapitalizes search and rescue assets and equipment that experienced excessive wear due-to-back to back hurricanes to include: 20 flood pumps, engines, trailers, miscellaneous operational equipment, 5 full-ton truck required for towing pumps to allow for quick and wide-spread deployment.	Medium	Irma	\$1,250			OE	Operating Funds & Unit Level Maintenance
USCG	Pollution Response			Various	Strike Team Response Equipment	Recapitalizes 9 drop-deck trailers and equipment that experienced excessive wear due to back-to-back hurricanes to include: containment boom, pumps, sorbent materials, air/water monitoring equipment used for petroleum/chemical/HAZMAT pollution response.	Medium	Irma	\$1,000			OE	Operating Funds & Unit Level Maintenance
USCG	Deferred Contract			Various	Station Boat	This contract was deferred to fund immediate response to Hurricane Irma response costs. This contract was to purchase 19 Response Boats.	High	Irma	\$7,000			OE	Operating Funds & Unit Level

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Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (select from dropdown)	Cost to Remediate/Repair/Replace to Preexisting Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PPA)
						Small (RES) from Metal Shark Boats in Jeanerette, LA. The RES is a multi-mission platform used for a variety of operations including mission planning, search and rescue, vessel boarding team and law enforcement missions, port security, drug and migrant interdiction and environmental response.							Maintenance
USCG	CG Sector Key West	FL	33040-6655	Monroe	Fuel Injection System		Low	Irma		Installs fuel injection system into existing JP-5 system using a friction enhancer additive that enables safe use of JP-5 fuel for cutters, generators and trucks for sustained continuity of operations and resiliency. JP-5 is currently pipelined to Sector Key West, but is not able to be used safely without manual additive. This became a significant issue during Hurricane Irma response.	\$560	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Port Aransas	TX	78373-0338	Nueces	Facilities (Buildings & Waterfront)	Rebuild waterfront and shore facilities at U.S. Coast Guard Station Aransas, TX required as result of damages sustained during Hurricane Harvey. The work includes, but is not limited to, demolition and disposal of existing facilities, site and utilities work and construction of new Station building, concrete pier, docks, and boat house.	High	Harvey	\$27,700			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Port Aransas	TX	78373-0338	Nueces	Facilities (Buildings & Waterfront)	Interim repairs to waterfront and shore facilities at U.S. Coast Guard Station Aransas, TX required as result of damages sustained during Hurricane Harvey. The work includes, but is not limited to, limited clean-up of the boat basin to remove debris and allow small boats to return. Installation of temporary trailers for office/boathouse to meet immediate, short term requirements.	High	Harvey	\$2,000			AC&I	Shore Facilities and Aids to Navigation (ATON)

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Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (if applicable)	Cost to Remediate/Repair/Replace to Pre-Disaster Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PPA)
USCG	CG Station Port O'Connor	TX	77982-0057	Calhoun	Facilities (Buildings & Warehouse)	Rebuild waterfront facilities at U.S. Coast Guard Station O'Connor, TX, required as a result of damages sustained during Hurricane Harvey. The work includes, but is not limited to, demolition of existing facilities, and construction of new concrete and masonry structures, warehouse and covered mooring.	High	Harvey	\$14,200			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Port O'Connor	TX	77982-0057	Calhoun	Facilities (Buildings & Utilities)	Interim repairs to waterfront and shore facilities. Damage as a result of Hurricane Harvey, work includes: replace 201x30ft equipment shed, repair building siding/doors/gutters, remove & dispose of debris.	High	Harvey	\$450			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Sector/ AIRSTA Corpus Christi (NAS Building 41)	TX	78419-5201	Nueces	Facilities (Buildings & Utilities)	Repair existing hangar and offices and shops required as a result of damages sustained during Hurricane Harvey. The work includes, but is not limited to, selective demolition of existing damaged construction and repair of hangar roof and flanking two-story and one-story offices and shop spaces. MOA with USN requires CG to 'restore' facilities to pre-occupancy condition.	High	Harvey	\$15,000			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Sector/ AIRSTA Corpus Christi (NAS Building 41)	TX	78419-5201	Nueces	Facilities (Buildings)	Interim repairs to shore facilities U.S. Coast Guard Station Corpus Christi, TX required as a result of damages sustained during Hurricane Harvey. The work includes repairs to the roof to prevent further interior damage from water intrusion.	High	Harvey	\$500			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Air Station Houston	TX	77034-5513	Harris	Facilities (Buildings)	Extensive water intrusion of office spaces and hangar. Penetration of roofing membrane necessitates full roof replacement.	High	Harvey	\$1,200			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Sector Houston-Galveston	TX	77034-5635	Harris	Facilities (Buildings)	Significant water intrusion of Sector building, and penetration of roof membrane. Landscape erosion and damage to storm drainage system.	High	Harvey	\$1,500			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station Houston	TX	77029-4324	Harris	Facilities (Buildings, Warehouse)	Station Houston received extensive water damage to the boat house and main station.	High	Harvey	\$1,500			AC&I	Shore Facilities and Aids to Navigation (ATON)

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Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (if known, include dropdown)	Cost to Remediate/Repair/Replace to Pre-Storm Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PPA)
					& Utilities)	building. Approximate water line of 3.5 feet inside of the boat house in all spaces. The main station building experienced extensive roof leaks (approximately 40 separate locations throughout the building). The potable water at the main station building is well used to be tested and rebalanced upon completion of repairs.							Navigation (ATON)
USCG	CG Station Freeport	TX	77541-9451	Brazoria	Facilities (Warefront & Utilities)	Station Freeport sustained substantial damage to floating piers. Major concerns—3 street lights at the entrance are inoperable. Fuel tank exhaust cap vent protruding through the fuel farm canopy is missing allowing possible water access to fuel tank. Only water mix at boat farm canopy is missing and fueling dock is damaged and will require replacement.	High	Harvey	\$700	Rebuild Station Freeport to meet resiliency thresholds. This facility is equally vulnerable to storms as Station Port Aransas and did not suffer same fate only due to path of storm.	\$27,000	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Station South Padre Island	TX	78597-6401	Cameron	Facilities (Buildings & Utilities)	Damage as a result of Hurricane Harvey, work includes: repair building siding/doors/gutters, repair building roofs, and repair HVAC/antennas	High	Harvey	\$600	Rebuild Station South Padre Island to meet resiliency thresholds. Listed on the FY2018 UPL. This facility is equally vulnerable to storms as Station Port Aransas and did not suffer same fate only due to path of storm.	\$30,000	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Sector Field Office (SFO) Galveston	TX	77550-3185	Galveston	Facilities	Fire suppression pump has a ground fault. Missing rollers on floating pier brackets. Water intrusion through all east entry doors on all buildings and through engineering building. Facilities damaged as a result of Hurricane Harvey.	High	Harvey	\$550			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	Port Lavaca Housing (7 units)	TX	77982	Calhoun	Facilities (Buildings & Utilities)	Damage as a result of Hurricane Harvey, work includes: replace and repair roofs and awnings/fences, repair water damage, replace gutters/downspouts, remove & dispose of debris.	High	Harvey	\$500			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	CG Corpus Christi Harbor Facility	TX	78402-1911	Nueces	Facilities (Buildings & Utilities)	Damage as a result of Hurricane Harvey, work includes: repair building siding/doors/gutters, repair building roofs/vent caps,	High	Harvey	\$400			AC&I	Shore Facilities and Aids to Navigation (ATON)

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Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (Select from Appendix A)	Cost to Remediate/Repair/Replace to Restore to Original Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PPA)
						remove & dispose of debris, repair water damage in MK Shop.							
USCG	Sector Houston/Galveston/Corpus Christi-Environmental Compliance	Various	77034-5635	Harris	Environmental Compliance Assessments	Site Assessment at 5 impacted units, to conduct a visit and some limited sampling to determine environmental impacts. Includes potential cleanup of contaminated material, the exact nature of the contaminants, impact area and media will be determined by the Environmental Compliance Unit. STA, Corpus Christi, STA Houston, STA Port Aransas, Port Lavaca Housing, and STA Port O'Connor.	High	Harvey	\$700			EC&R	N/A
USCG	Dredging		Various		Facilities (Dredging)	Dredge multiple basins, harbors, and channels required for the safe navigation of Coast Guard assets due to increased sedimentation caused by Hurricane Irma at SFO Galveston, Station Port Aransas, Station Port O'Connor, and Station Houston.	High	Harvey	\$2,850			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	Known Fixed ATON Structures		Various		ATON-Fixed	Destroyed (209 aids). Rebuild destroyed aids, multiple pile structures, single pile structures, skeleton towers. Repairs are essential to fully opening ports and waterways.	High	Harvey	\$7,896			AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	Known Floating ATON		Various		ATON-Floating	Missing (30 aids). Replace buoys with mooring hardware lost due to damage caused by Hurricane Harvey.	High	Harvey	\$830			OE	Centrally Managed Accounts
USCG	ATON-Other		Various		ATON	Various ATON components required for restoration, includes LED lighting, dayboards, hurricane kits. 800 dayboards damaged.	High	Harvey	\$2,661			OE	Operating Funds & Unit Level Maintenance
USCG	Property		Various		General Property	Replacement of general property located inside of damaged infrastructure. Includes, but not limited to, small machinery, equipment, tools, etc.	High	Harvey	\$6,675			OE	Operating Funds & Unit Level Maintenance
USCG	IT		Various		IT infrastructure	Rebuild critical IT infrastructure that was damaged during Hurricane Harvey to include: Rescue 21, NMS, DGPS, VTS repairs, telecommunication and wireless repairs at Port Aransas, Port O'Connor, Port Padre Island, and Station Houston.	High	Harvey	\$2,129			AC&I	Shore Facilities and Aids to Navigation (ATON)

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Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (if applicable)	Cost to Remediate/Repair/Replace to Restore to Original Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project, Activity, or Priority (PPA)
USCG	Depot Maintenance Vessel & Aircraft		Various		Vessel & Aircraft	Provides depot maintenance funding to support casualty repairs and deferred maintenance as a result of additional aircraft and vessel hours expended during Hurricane Harvey response efforts.	Medium	Harvey	\$5,000			OE	Intermediate & Depot Level Maintenance
USCG	Vessel		Various		Tulreable Atoll Boat (TANB)	Provides funding to replace a 26' TANB. TANB 26225 captured during Hurricane Harvey response efforts and is currently inoperable due to the amount of damage. The TANB provides service to aids to navigation within the inland waters of the United States.	High	Harvey	\$500			OE	Operating Funds & Unit Level Maintenance
USCG	CG Sector Field Office (SFO) Galveston	TX	77550-3185	Galveston	N/A		Low	Harvey		Impact on pending FRC homeporting project. Adjusted cost increase based on impact of Hurricane Harvey on contractor availability for current project for homeporting FRCs in Galveston, TX.	\$4,000	AC&I	Shore Facilities and Aids to Navigation (ATON)
USCG	Aircraft				MH-60T Full Hull Conversions		Low	All		Consolidated request for Hurricane Harvey, Irma, and Maria. Coast Guard rotary wing aircraft flew over 1600 hours during Hurricanes Harvey, Irma, and Maria response efforts, approximately double the total programmed annual hours for a MH-60T. Listed on FY2018 UPL. Converts three SH-60 U.S. Navy hulls to operational MH-60T Coast Guard airframes. Provides additional capacity to meet Coast Guard mission and contingency requirements.	\$36,000	AC&I	Aircraft
USCG	Aircraft				HC-130J		Low	All		Consolidated request for Hurricane Harvey, Irma, and Maria. Coast Guard HC-130J aircraft flew over 1400 hours during Hurricanes Harvey, Irma, and Maria response efforts, which is the total programmed annual hours for a HC-130J. Listed on FY2018	\$100,000	AC&I	Aircraft

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Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (if known, dropdown)	Cost to Remediate/Repair/Replace to meet Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PPA)
										UPL Provides funding to purchase one missionized HC-130J. Provides additional capacity to meet Coast Guard mission and contingency requirements.			
USCG	Aircraft				Long Range Command and Control Aircraft (LRCCA)		Low	All		Consolidated request for Hurricanes Harvey, Irma, and Maria. The Coast Guard LRCCA flew over 50 hours during Hurricanes Harvey, Irma, and Maria response efforts. Listed on FY2018 UPL. Provides funding to recapitalize a LRCCA (currently being leased) to support continued operations and travel for Coast Guard and Department of Homeland Security senior leadership. The LRCCA enables both Coast Guard and DHS senior leaders access to secure communications while traveling and is essential to supporting DHS's Strategic Plan, by ensuring senior leadership have instantaneous secure communications to coordinate operations.	\$70,000	AC&I	Aircraft
USCG	Vessel				Federally Patrolled Waterways		Low	All		Consolidated request for Hurricanes Harvey, Irma, and Maria. The Coast Guard Buoy Tender fleet operated over 800 hours above programmed hours during Hurricanes Harvey, Irma, and Maria response efforts. Listed on FY2018 UPL. Provides funding to accelerate acquisition to recapitalize these 30+ year old vessels.	\$5,000	AC&I	Vessels
USCG	CG Station Tybee	GA	31328	Chatham	Facilities (Buildings)		Medium	Matthew		Listed on FY2018 UPL. Rebuild station building. Station Tybee is vulnerable to future Hurricane and high water events, both due to it location within the floodplain as well as	\$30,192	AC&I	Shore Facilities and Aids to Navigation (ATON)

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Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (Select from dropdown)	Cost to Remediate/Repair/Replace to Pre-Disaster Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PFA)
										the material condition of the buildings. Although repairs will make the building habitable and extend its life, an entire recapitalization of the Station is required to provide a resilient, modern facility to allow the Station to function for another 50 years. Construct a Multi-mission Building and Shop Building (entire shore facilities). The work includes: demolition of existing facilities, site work, utilities, and project support.			
	CG Wilmington Waterfront Mooring	NC	28401	New Hanover	Facilities (Water-front)	Listed on FY2018 UPL. Repair waterfront facilities. During Hurricane Matthew, the entire bulkhead was underwater, causing damage to utilities and enlarging an existing major sinkhole. The storm highlighted weakness of the bulkhead and caused it to migrate into the water. Capital repairs are required to bulkhead and tie back system. This project will repair the U.S. Coast Guard Cutter OLLIGENCE moorings located on North Water Street in Wilmington, NC. The project includes: shore side utility repairs, retrofit of the existing anchor wall system, replacement of the existing wharf casenets and piles, replacement of the mooring system, rehabilitation of the fender systems, replacement of pavement, replacement of landscaping, new concrete face and cap, and project support.	High	Matthew	\$6,710			AC&I	Shore Facilities and Aids to Navigation (ATON)
	CG Sector Field Office Fort Macon	NC	28512	Carteret	Facilities (Water-front)	Listed on FY2018 UPL. Repair waterfront facilities. During Hurricane Matthew, the waterfront sustained flooding and storm surge, causing damage to pilings, fendering system and groin structure. This project will repair the U.S. Coast Guard Cutter ELM moorings. The	High	Matthew	\$2,186			AC&I	Shore Facilities and Aids to Navigation (ATON)

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Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (Direct from dispatch)	Cost to Remediate/Repair/Replace to Pre-Disaster Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PPA)
						work includes: demolition, site work, bulkhead/piling work for wharf, and project support. Listed on FY2018 UPL. Repair waterfront facilities. During Hurricane Matthew, the waterfront sustained flooding and storm surge, causing erosion behind the bulkhead. This project will repair the steel bulkhead and replace the concrete bulkhead. Station 44000. The work includes: demolition, site work, installation of new sheetpile, tie backs and concrete cap, and project support.	High	Matthew	\$1,834			AC&I	Shore Facilities and Aids to Navigation (ATON)
	CG Station Hatteras Inlet	NC	27943	Dare	Facilities (Water-front)					Listed on FY2018 UPL. Repair storm water drainage system. Repairs to the existing drainage system is required to prevent flooding in future heavy weather events. This project will repair the Base-wide storm water drainage system which drained improperly and resulted in interior flooding from the both road surface and building interior flooding from the combined rainfall and high tide event. The work includes: site work, drain system repairs and modifications, pavement repairs, and project support.	\$2,355	AC&I	Shore Facilities and Aids to Navigation (ATON)
	CG Base Elizabeth City	NC	27909	Pasquotank	Storm Water Drainage System		Low	Matthew		Listed on FY2018 UPL. Repair storm water drainage system. Repairs to the existing drainage system is required to prevent flooding in future heavy weather events. This project will repair the Base-wide storm water drainage system which drained improperly and resulted in both road surface and building interior flooding from the combined rainfall and high tide event. The work includes: site work, drain system repairs and	\$2,465	AC&I	Shore Facilities and Aids to Navigation (ATON)
	CG Base Portsmouth	VA	23703	Portsmouth City	Storm Water Drainage System		Low	Matthew					

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Component Name	Component Field Activity/Station or Activity Name	State	Zip Code	County	What was Damaged	Brief Description of Damage	Mission Impact	Identify Hurricane Responsible for Damage (select from dropdown)	Cost to Remediate/Repair/Replace to Pre-Hurricane Condition (\$K)	Resiliency Plan Description (if applicable)	Resiliency Plan Cost (\$K)	Appropriation	Program, Project Activity (PPA)
										modifications, pavement repairs, and project support.			

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Operational Response

Component Name	Component Field Activity/Station or Activity Name	Total Costs (\$K)	Costs Use (i.e., support evacuation, open/close station)	Identify Hurricane Responsible For Damage (select from dropdown)	Payroll: Regular Base Pay (\$K)	Payroll: Overtime (\$K)	Supplies/ Fuel (\$K)	Equipment (Buy/Rent) (\$K)	Travel (\$K)	Surface & Aviation Assets (\$K)	Other Expenses (Describe & list costs in comments) (\$K)	Appropriation	Comments
USCG	Operational Response	\$20,351	Operational response costs. Includes travel for temporarily deployed personnel, pay for activated reservists, evacuation and short-term support for Coast Guard families, mission essential supplies and equipment, and contingency operations costs.	Maria			\$960	\$127	\$15,055	\$915	\$3,293	OE	Reservists Activated for Hurricane Response, Transportation of things, Contract services, minus reimbursements from FEMA
USCG	Operational Response	\$22,897	Operational response costs. Includes pay for activated reservists, mission essential supplies and equipment, and contingency operations costs. Also includes travel for temporarily deployed personnel and evacuation and short-term support for Coast Guard	Irma	\$5	\$45	\$1,984	\$181	\$13,726	\$1,936	\$5,025	OE	Reservists Activated for Hurricane Response, Transportation of things, Contract services, minus reimbursements from FEMA
USCG	Operational Response	\$16,957	Operational response costs. Includes pay for activated reservists, mission essential supplies and equipment, and contingency operations costs. Also includes travel for temporarily deployed personnel and evacuation and short-term support for Coast Guard	Harvey	\$25	\$266	\$2,539	\$50	\$13,762	\$2,852	\$7,461	OE	Reservists Activated for Hurricane Response, Transportation of things, PCS costs, Contract services, minus reimbursements from FEMA



October 10, 2017

Rep. Duncan Hunter, Chairman
 Rep. John Garamendi, Ranking Member
 Coast Guard and Maritime Transportation Subcommittee
 Transportation and Infrastructure Committee
 2251 Rayburn House Office Building
 Washington, D.C. 20515

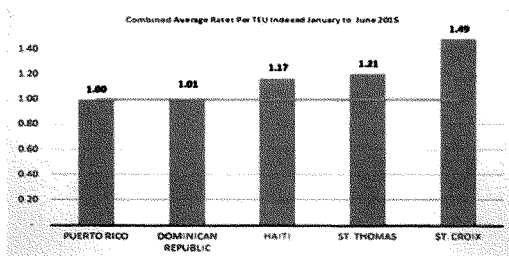
Dear Chairman Hunter and Ranking Member Garamendi:

Thank you for the opportunity to testify on October 3rd about the American domestic shipping industry and the role it has played in the recovery effort in Puerto Rico. This letter will supplement the record in response to questions at the hearing about the cost of Jones Act shipping to Puerto Rico. Both points below address the myth that Jones Act shipping increases the cost of consumer goods in Puerto Rico.

Rates for Jones Act Shippers to Puerto Rico Are Comparable to Foreign-flag Rates to Other Caribbean Islands, and Service on Jones Act Vessels is more regular and reliable.

The single biggest myth is that the Jones Act doubles the cost of shipping to Puerto Rico. There have been many myths and errors related to the Jones Act in Puerto Rico, but none is as inaccurate or material as this one. In fact, Jones Act rates to Puerto Rico are comparable and often lower than foreign-flag rates to other Caribbean islands. Our company, Crowley Maritime, provides services in both the Jones Act and foreign-flag trades in the Caribbean, so we are intimately familiar with rates throughout the region. Figure 1 provides a simple overview of indexed rates in the region, with the Puerto Rico rate representing the baseline rate at 1.00. As you can see, Jones Act rates to Puerto Rico are comparable to foreign-flag rates from Florida to the Dominican Republic and much lower than rates to Haiti (by 17%) and the U.S. Virgin Islands (by 21% and 49%).

Figure 1: Combined Average Rates Per TEU Indexed (January to June 2015)



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One key reason for the cost-competitive Puerto Rico service is the use of 53-foot containers (which increases load capacity by more than 30 percent compared to standard international 40-foot equipment), as well as other investments in the Puerto Rico supply chain. Critics fail to recognize these important differences that increase efficiencies and lower per-unit costs for Puerto Rico.

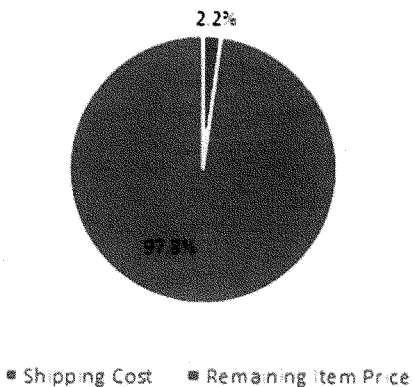
In addition, the dedicated service between Jacksonville / Philadelphia and Puerto Rico on Jones Act vessels is superior to service on foreign vessels elsewhere in the Caribbean — more regular, direct (as opposed to transshipped), and often faster. One expert outside of our company recently referred to service from Florida to Puerto Rico as “one of the best supply chains in the world.” The all-important export service from Puerto Rico to the U.S. mainland is particularly regular and cost-efficient. The people of Puerto Rico have benefited from this reliable ocean shipping service during the recovery effort.

Ocean Shipping on Jones Act Vessels to Puerto Rico Has Little to No Impact on the Price of Goods in Puerto Rico.

A second myth is that the Jones Act has contributed to higher consumer prices in Puerto Rico. Again, this is demonstrably false. As I testified, the cost of Jones Act shipping from Jacksonville to Puerto Rico has no material impact on the price of goods in Puerto Rico.

Figure 2 below demonstrates this. The commodity represented in this chart, a 10 oz. can of soup, had an advertised retail price in Puerto Rico of \$1.81. If sourced from the US and transported on a Jones Act vessel, the shipping cost would have been approximately \$.04 per can, or 2% of the consumer price. This very low shipping cost is easy to understand when it recognized that more than 50,000 cans are typically packed into a single shipping container. (As discussed during the hearing, if the soup is sourced from a foreign supplier, it can be transported by that supplier directly to Puerto Rico on a foreign flag vessel at a cost that may be higher or lower than \$.04 per can.)

Figure 2: Shipping Cost as a Percentage of Price of Consumer Good in Puerto Rico



Of course, this doesn't mean that the retail price of soup is \$.04 higher in San Juan than in Jacksonville. In fact, retail prices in Puerto Rico are higher or sometimes lower than they are on the Mainland depending on many factors, including the retailers' comparative inventory levels, seasonal demand and other factors. This summer, for example, when a can of soup retailed for \$1.81 in Puerto Rico, the exact same can of soup cost \$1.00 in Jacksonville, Florida. As noted, the ocean shipping cost represented \$.04 cents of that \$.81 cent differential. The key point here is that if consumer goods are sometimes more expensive in Puerto Rico, it is not because of shipping costs, and certainly not the Jones Act.

One final point in this regard. The \$.04 figure above is the ocean shipping cost on US-sourced product moved from the mainland to Puerto Rico. Those who think that the \$.04 shipping cost would disappear if the Jones Act went away fail to recognize that there would still be a shipping cost, and likely a comparable shipping cost, if there were no Jones Act. In fact, the vast majority of the cost of transportation between the U.S. mainland and Puerto Rico relates to items like fuel, port charges, containers/chassis, warehousing and inventory costs, and other expenses that are completely unaffected by the Jones Act.

Thank you for your interest in this important matter and for the opportunity to supplement the record on this important topic.

Sincerely,



Michael G. Roberts
Senior Vice President, General Counsel
Crowley Maritime Corp.



Lake Carriers' Association

The Greatest Ships on the Great Lakes

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**Testimony of Lake Carriers' Association
Before the Subcommittee on Coast Guard and Maritime Transportation
Building a 21st Century Infrastructure for America
Coast Guard Stakeholders' Perspectives**

Thank you for the opportunity to comment. Lake Carriers' Association represents 13 American companies that operate 49 U.S.-flag vessels (lakers) on the Great Lakes. These vessels move the cargos that drive the U.S. economy: Iron ore for steel production, limestone and cement for construction and steelmaking, and coal for power generation. Other cargos include sand, grain and other dry-bulk cargos.

In 2016, our members moved 83.3 million tons of cargo on the Great Lakes. Of that total, 11.6 million tons, or 14 percent, moved during the ice season, which, for statistical purposes, starts on December 16 and concludes on April 15. However, the ice season has, on occasion, extended into May.

**U.S.-Flag Cargo Movement During The 2016 Ice Season
(net tons)**

Cargo	Dec. 16-31, 2015	January 2016	February 2016	March 2016	April 1-15, 2016
Iron Ore	2,101,738	1,664,320	0	1,362,768	2,333,132
Limestone	895,449	180,204	0	68,275	351,093
Coal	956,112	189,977	0	133,155	484,851
Cement	114,103	157,796	52,389	182,913	99,124
Other Dry-Bulk	173,098	77,072	0	0	0
Total	4,240,500	2,269,369	52,389	1,747,111	3,268,200

Moving cargo during the ice season is an absolute necessity on the Great Lakes. First, ice season cargos reduce customers' stockpiling costs. The industries we serve require vast amounts of raw materials. For example, it takes 1.5 tons of iron ore and 400 pounds of fluxstone, a type of limestone, to make a ton of steel in a blast furnace. A large steelmaking complex at the southern end of Lake Michigan uses one ton of iron ore every three seconds when operating at full capacity.

A power generating plant can consume nearly 3,000 tons of coal per hour.

Delivering cargo during the ice season is also critical to maintaining industrial activity when winter effectively closes the Lakes. Great Lakes shipping needs to move cargo during the ice season to meet customers' demands. Any shortening of the season would lead to production shortfalls and lay-offs.

The U.S. Coast Guard is charged with icebreaking to meet the reasonable needs of commerce by an Executive Order issued in 1936. However, just 10 days after the Japanese attacked Pearl Harbor, Congress appropriated \$8,000,000 for the construction of a heavy icebreaker to augment the Coast Guard's Great Lakes forces to ensure the free flow of iron ore and other cargos so vital to the war effort. The vessel was commissioned in 1944 and served the nation well until its retirement in 2006.

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The Association Representing Operators of U.S.-Flag Vessels on the Great Lakes Since 1880

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Today the Coast Guard has nine vessels tasked with icebreaking on the Great Lakes. The largest and newest is the "heavy" icebreaker MACKINAW launched in 2005 and commissioned in 2006. The appellation "heavy" refers not so much to the vessel's weight, but its ability to tackle extremely thick ice. The MACKINAW is designed to break ice up to 42 inches thick.

The next largest vessels tasked with icebreaking are the 225-foot-long buoy tenders HOLLYHOCK and ALDER built in 2003 and 2004, respectively. These vessels were not designed to break ice. They have difficulty turning and backing in thick ice, which significantly limits their mission capability during ice season.

Rounding out the Coast Guard's Great Lakes icebreaking forces are six 140-foot-long icebreaking tugs. They were built in the late 1970s and early 1980s and have proven very capable in assisting vessels in moderate ice.

The primary concern with these icebreaking tugs is their age. They are nearing the end of their useful lives. The Coast Guard agrees and has launched a Service Life Extension Program (SLEP) for the 140s that will extend their lifespans by 15 years. To date, two of the 140s has completed the SLEP and third is undergoing modernization at the Coast Guard yard in Baltimore, Maryland. The Coast Guard is doing this one icebreaker at a time, and to ensure that six 140s are available each winter in the Great Lakes, a 140 from the East Coast has been assigned to the Lakes until SLEP is completed.

The crews on the vessels are the finest the Coast Guard has to offer, but the fact is winter can overwhelm their vessels. The winters of 2013/2014 and 2014/2015 are a case in point. The cargos that were delayed or canceled by heavy ice cost the economy 5,800 jobs and \$1,060,000 in lost business revenue.

The winter of 2013/2014 arrived early and in full force. The Coast Guard started breaking ice on December 6, the earliest date on record. The ice and weather challenged everyone's capabilities and iron ore shipments in December decreased by 21 percent compared to the year before. Conditions worsened in January 2014 and iron ore cargos fell nearly 40 percent.

The ice continued to thicken during February and March and as the March 25 opening of the locks at Sault Ste. Marie, Michigan, approached, three U.S.-flag lakers loaded iron ore in Duluth and Two Harbors, Minnesota, for delivery to a steel mill in Gary, Indiana. Under normal conditions the voyage should have taken about 62 hours. Instead, even though the vessels were escorted by the MACKINAW across Lake Superior and then other Coast Guard icebreakers below the locks, the trip took 11 days. The steel mill in Gary had to curtail production as its iron ore stockpiles were insufficient to maintain full production.

One of the vessels in that 3-vessel convoy sustained damage from the ice and had to return to Duluth for repairs. Fleetwide, U.S.-flag lakers suffered \$6 million in ice damage that March and April.

The winter of 2014/2015 was just as challenging. In fact, in February, one vessel was beset in ice on Lake Erie within sight of land for 5 days, even though it had an ice-strengthened hull and an engine capable of generating 7,700 horsepower. The U.S. Coast Guard dispatched a 140 to break the ship free, but the ice was too formidable, so Canada had to send over one of its heavy icebreakers. Although the freighter was eventually freed, its last cargo of season had to be cancelled.

Winter's grip did not loosen in March. As a result, cargo movement in U.S.-flag lakers in March fell to its lowest levels since the recession-impacted 2009. Shipments totaled only 825,000 tons, a decrease of more than 60 percent compared to the month's 5-year average.

One reason for that shortfall was the MACKINAW suffered ice damage to its propulsion system and was not able to operate at full force.

A number of lakers delayed their fit-out because of the heavy ice. Only 26 U.S.-flag lakers were in service on April 1. In some years, nearly 50 vessels are underway by that date.

While the Coast Guard claims that Canadian Coast Guard icebreakers are available to assist U.S. commerce during ice seasons, the Canadians do not have enough icebreaking capacity to meet the needs of Canadian Great Lakes and St. Lawrence River maritime commerce, especially during heavy winters. Additionally, the Canadian Coast Guard's fleet of icebreakers has been shrinking will be unable to provide as much assistance to U.S. commerce as it has in the past.

Congress recognized the Coast Guard's icebreaking forces on the Lakes were insufficient and authorized construction of another Great Lakes heavy icebreaker in the Coast Guard Authorization Act of 2015. The vessel is projected to cost approximately \$240 million. The Congress has authorized and appropriated funds to begin design of the icebreaker. It is expected the vessel's design will be based on the MACKINAW, with some refinements gained by 11 years experience with that vessel.

Great Lakes shipping is industrial America's raw materials lifeline. The reason most of our nation's integrated steel mills front the Lakes is because of the economies of waterborne commerce. In fact, when recessions and unfair trade in steel have forced domestic producers to restructure, proximity to the Lakes has been a major factor in deciding which facilities remain open and which facilities are closed.

However, for Great Lakes shipping to operate as efficiently as possible, cargo must move during the ice season. To that end, we need another heavy icebreaker. Congress must appropriate the funds to build the vessel as soon as possible, for it is likely its design and construction will take multiple years.

Thank you for the opportunity to provide these comments. Lake Carriers' Association will answer any questions you may have.