

Ag Transportation Summit Panel on Port Infrastructure

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Alliance of the Ports of Canada, the Caribbean, Latin America and the United States

Seaports
Deliver
Prosperity

American Association of Port Authorities

Representing Seaports of the Western Hemisphere for over 100 years!

- **AAPA was established in 1912**
- Since then, AAPA has been providing a space for collaboration and exchange of best practices
- Fostering collaboration among members and allied groups through:
 - Education and Training
 - Networking and one on one interaction
 - Legislative and Policy support for U.S. ports
 - Outreach



Role of Ports in the U.S. Economy

- Cargo moving through ports generates over 13M jobs
- Over 1/4 of U.S. economy is accounted for by international trade
- 99% of overseas trade goes through America's seaports
- Port activity generates more than \$200 billion in federal, state and local tax revenues



Freight Movement



Port related infrastructure

- **Waterside: Navigation channel maintenance and improvements (Corps of Engineers)**
- **Ports: Cargo screening and Port Gate security (DHS)**
- **Landside: Intermodal connections, known as first mile/last mile**
 - **Roads and Rail (DoT)**
 - **Barges (Corps)**

Waterside: Channel Maintenance Harbor Maintenance Tax, HMT

- **PURPOSE:** Fund navigation channel maintenance (100%)
- **TAX:** 0.125% of import cargo value. No HMT on exports.
- **REVENUE:** \$1.8 billion
- **RECEIVE:** \$1.2 billion
- **RESULT:** Poorly maintained channels – ship draft restrictions, delays for 1-way traffic or awaiting tides
- **IMPACT:** Increased transportation cost, adverse US goods competitiveness in global marketplace

Funding Needed: 100% of HMT

TARGETS

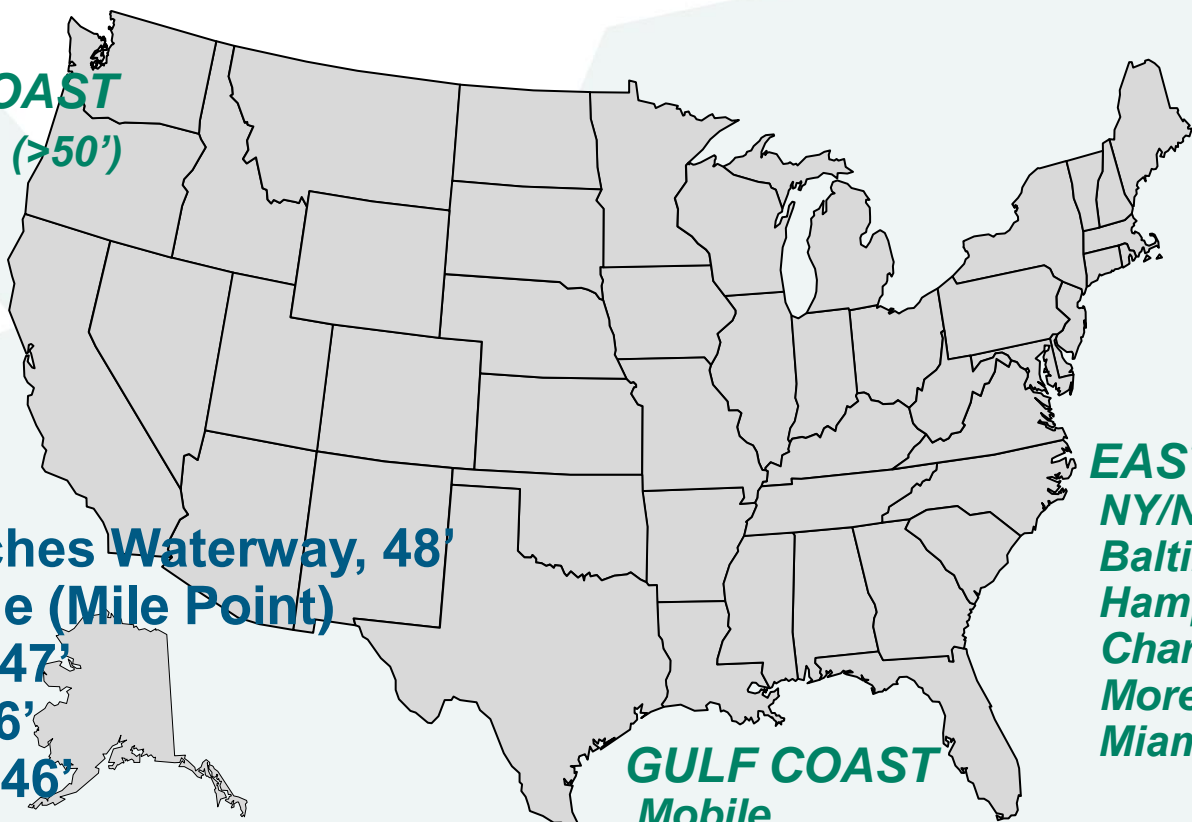
- FY 2015 67% of FY 2014
- FY 2016 69% of FY 2015
- FY 2017 71%
- FY 2018 74%
- FY 2019 77%
- FY 2020 80%
- FY 2021 83%
- FY 2022 87%
- FY 2023 91%
- FY 2024 95%
- FY 2025+ 100%

Water Resources and Reform Development Act (WRRDA) of 2014, Section 2101



America's 21st Century Navigation Channels

US Harbors 45' or Greater



WEST COAST

Seattle/Tacoma (>50')

Oakland (50')

LA/LB (>50')

San Diego (47')

WRRDA

Sabine Neches Waterway, 48'

Jacksonville (Mile Point)

Savannah, 47'

Freeport, 56'

Canaveral, 46'

Boston, 47'

Lake Worth, 39'

Jacksonville, 47'

EAST COAST

NY/NJ (50' underway)

Baltimore (50')

Hampton Roads (50')

Charleston

Morehead City

Miami (50' underway)

GULF COAST

Mobile

New Orleans

Houston/Galveston/Texas City

Corpus Christi

Freeport

Waterside: Channel Improvement Corps of Engineers Construction Program

- **PURPOSE:** Build 21st Century Infrastructure to address larger global shipping fleet
- **FUNDING:** Cost shared 50/50 Federal and Port
- **BUDGET:** \$81 million (lowest in 10+ years)
- **RECEIVE:** \$184 million (Congress increased funds)
- **NEED:** \$300 million Federal per year
- **RESULT:** Only 2 navigation channels presently being deepened with Federal funds
- **IMPACT:** Inefficient transportation, higher cost hurts US goods competitiveness in global marketplace

WRRDA 2014 Navigation Project Authorizations

America's 21st Century Infrastructure?

| Name | Depth | Cost, \$ Million | | |
|---|-------|------------------|----------------------------|----------------|
| | | Federal | Non-Fed | Total |
| 1 Sabine Neches Waterway | 48 | \$748 | \$366 | \$1,114 |
| 2 Jacksonville Hbr, Milepoint | N/A | \$28 | \$9 | \$37 |
| 3 Savannah Harbor | 47 | \$492 | \$214 | \$706 |
| 4 Freeport Harbor | 56 | \$121 | \$118 | \$239 |
| 5 Canaveral Harbor | 46 | \$29 | \$12 | \$41 |
| 6 Boston Harbor | 47 | \$216 | \$95 | \$311 |
| 7 Lake Worth Inlet | 39 | \$58 | \$31 | \$89 |
| 8 Jacksonville Hbr Deepen | 47 | \$362 | \$239 | \$601 |
| TOTAL: | | \$2,054 | \$1,084 | \$3,138 |
| FY16 Coastal Nav Const Budget: | | \$81 | | |
| Completion at FY15 budget level: | | 25.3 | Years (0 inflation) | |

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'Nav 1 Number' Graphics

- \$2.755 billion for the Corps Navigation program
- Simple, straightforward message like the 'Hit the HMT Target!' campaign
- Build and maintain 21st century US infrastructure
- US Jobs and Economic Growth!



AAPA
www.aapa-ports.org

**\$2.755B FY16
CORPS NAVIGATION PROGRAM**

Essential dredging, maintenance, construction and studies for:

- Competitive ports
- Stronger infrastructure
- More U.S. jobs
- Economic growth

The graphic features an isometric illustration of a large cargo ship docked at a port with various infrastructure elements like cranes, containers, and buildings.

\$2.755 billion for 2016 Corps Navigation Program

| | 2016 Nav Stakeholders | 2015 Cromnibus | 2016 Pres Bud | Remarks |
|---|-----------------------|----------------|---------------|---|
| Coastal & Inland Navigation Investigations | \$50 M | \$38 M | \$25 M | Complete WRRDA studies in 3 years |
| Coastal Navigation Construction | \$300 M | \$184 M | \$81 M | For WRRDA channel improvements |
| Inland Navigation Construction | \$360 M | \$300 M | \$240 M | Inland Waterway Trust Fund full use |
| Coastal Navigation O&M (Harbor Maintenance Tax) | \$1.25 B | \$1.12 B | \$871* M | Hits WRRDA Target *Total HMT \$915; \$44 of Const is HMT |
| Coastal Navigation O&M (Donor & Energy Ports) | \$50 M | \$0 | \$0 | WRRDA Section 2106 |
| Inland Nav O&M | \$700 M | \$661 M | \$691 M | |
| MS River & Trib | \$45 M | \$45 M | \$38 M | Construction & O&M |
| Total | \$2.755 B | \$2.348 B | \$1.948 B | |

Port Infrastructure Funding and Challenges

- AAPA issued “The State of Freight” in April 2015
- Ports and their private sector partners are investing more than \$46 billion over 5 years
- Get Freight Funds in Surface Transportation bill
- Keep TIGER funding
- Challenges:
 - Port Security – aging equipment
 - Environmental regulation
 - Congestion
 - Port Performance Measures



Port Surface Transportation Infrastructure Survey

The State of Freight

Landside Infrastructure AAPA Priorities

NEED FOR FEDERAL AND STATE PLANNING

- **Designation of Gateways and Corridors**
- **Identification of Connectors on Primary Freight Network**
- **Expertise in Maritime/Freight Planning should be a part of every State DOT**
- **Short Sea Shipping for America's Marine Highway**

DEDICATED FREIGHT FUNDING

- **Port authorities should be eligible to apply directly for funding**
- **Funding for Connectors, Intermodal projects and 'First and Last Mile' projects**
- **Funding for Projects of National and Regional Significance (PNRS)**

TIFIA AND STRONG FINANCING OPTIONS

Landside Infrastructure – DRIVE Act

6-year Bill that establishes:

- **National Freight Program, \$11.65 billion**
 - Originally \$13.55 billion
- **Assistance for Major Projects Program, \$2.1 billion**
 - Originally \$2.4 billion
- **Includes Port Performance Metrics**
- **Passed the Senate in July 2015**
- **House to address in Sep – Nov 2015**

What do we want the U.S. 21st Century Infrastructure to be?



1960's



2015

???

2040

Summary – Seeking your support

- America's economic growth depends on trade
- We must focus on building and maintaining 21st century infrastructure
- 'Nav 1 Number'
- Hit the HMT Target!
- Surface Transportation – Freight funding



Thanks for all you do!