

Coalition for America's Gateways and Trade Corridors

*ACS Transportation
Solutions*

AECOM

*Alameda Corridor-East
Construction Authority*

*American Standard
Companies*

Cascadia Center

*CenterPoint
Properties Trust*

*Chicago Metropolitan
Agency for Planning*

City of Chicago

*City of Industry,
A Municipality*

*Delaware Valley Regional
Planning Commission*

*Economic Development
Coalition of
Southwest Indiana*

*FAST Corridor Partnership
(Seattle-Tacoma-Everett)*

*Florida Department of
Transportation*

*Florida East
Coast Railway*

Florida Ports Council

*Freight Mobility Strategic
Investment Board
(Washington State)*

*Gateway Cities Council of
Governments*

HELP, Inc.

HERZOG

*Intermodal Association
of North America*

Jacobs Engineering

*Kern Council of
Governments*

*Kootenai Metropolitan
Planning Organization*

*Los Angeles County
Metropolitan Transportation
Authority*

*Los Angeles Economic
Development Corporation*

Majestic Realty Co.

*Maricopa Association of
Governments*

*Maryland Department of
Transportation*

*Maryland Port
Administration*

*Memphis Chamber of
Commerce*

Metropolis Strategies

*Metropolitan
Transportation
Commission*

*National Corn
Growers Association*

*National Railroad
Construction and
Maintenance
Association*

*Ohio Kentucky Indiana
Regional Councils of
Government*

*Orange County
Transportation Authority*

*Oregon Department of
Transportation*

Parsons

Parsons Brinckerhoff

Port of Long Beach

Port of Los Angeles

Port Miami

Port of Oakland

Port of Pittsburgh

Port of Portland, OR

Port of San Diego

Port of Seattle

Port of Stockton

Port of Tacoma

Port Tampa Bay

Port of Vancouver USA

*Puget Sound Regional
Council*

RAILCET

*Riverside (Calif.)
County Transportation
Commission*

*San Bernardino
Associated
Governments*

*SANDAG - San Diego
Association of
Governments*

*Southern California
Association of
Governments*

*Tennessee Department
of Transportation*

Virginia Port Authority

*Washington State
Department of
Transportation*

*West Coast Corridor
Coalition*

*Will County Center for
Economic Development*

TESTIMONY OF

Paul S. Fisher

Vice Chair, Board of Trustees of CenterPoint Properties Trust
Chair, Supply Chain Innovation Network of Chicago (SINC)
Member, Coalition for America's Gateways and Trade Corridors

REGARDING

Surface Transportation Reauthorization:
Local Perspectives on Moving America

BEFORE

Senate Committee on Commerce, Science and
Transportation's Subcommittee on Surface
Transportation and Merchant Marine Infrastructure,
Safety, and Security

MAY 15, 2014

It is my pleasure and honor to testify before the Senate Committee on Commerce, Science and Transportation's Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security. Today I am representing both CenterPoint Properties — an owner, manager and developer of industrial real estate with expertise in intermodal and transportation-related development — and the Coalition for America's Gateways and Trade Corridors (the Coalition), a diverse coalition of more than 60 public and private organizations dedicated to increasing federal investment in America's multimodal freight infrastructure. I thank Chairman Blumenthal, Ranking Member Blunt and Members of this Subcommittee for the opportunity to share my views with you, as I believe it is essential that our federal, state and local leaders all understand the important role logistics, advanced technology, and infrastructure play in maximizing both trade and manufacturing opportunities.

Realizing that the surface transportation authorization touches a broad range of topics and has bearing on the safety and quality of life for people across the nation, I will focus my comments on an aspect that supports American businesses, leverages our economic output to create more jobs, and enhances Americans' daily lives by providing the products on which we all depend: our national freight system. According to the U.S. Department of Transportation, each American requires the movement of approximately 40 tons of freight per year across the freight network.¹

We are a growing nation of consumers and, thanks to a rebounding economy, Americans are experiencing increased purchasing power. Our manufacturing sector is exporting goods to the world's consumers at rapid pace and our global economic competitiveness is tied directly to our ability to move these goods in a safe and efficient manner. Just last month, the Boston Consulting Group issued a new report calling the U.S. a "rising star" and ranking our country second only to China in competitiveness for global manufacturing.² According to the Bureau of Transportation Statistics, "productivity growth in freight transportation has long been a driving force for the growth of U.S. overall productivity and contributed directly to the growth of the U.S. GDP."³ Representing 85 percent of our national economy, our country's five major economic sectors — manufacturing, retail, agriculture, natural resources and

¹ Federal Railroad Administration, "National Rail Plan," September 2010. <www.fra.dot.gov/Elilib/Document/1336>

² Sirkin, H., Rose, J., & Zinser, M, *The U.S. Manufacturing Renaissance: How Shifting Global Economics Are Creating an American Comeback*, 2014. <<http://www.bcg.com/media/PressReleaseDetails.aspx?id=tcm:12-159505>>

³ Bureau of Transportation Statistics, "Economic Impact on Transportation," January 2014. <http://www.rita.dot.gov/bts/programs/freight_transportation/html/transportation.html>

transportation providers are reliant on efficient freight movement to be successful in both the national and world marketplace. Despite all this, we have ignored the need to invest systematically and strategically in our national multimodal freight transportation system.

Strategic investment in freight efficiency and relief for congestion chokepoints is very important to my industry. Headquartered in the Chicago area, CenterPoint Properties Trust is focused on the development, acquisition and management of industrial property and transportation infrastructure that enhances business and government supply chain efficiency. We are the nation's leading developer, investor and manager of supply chain industrial assets and related rail, road and port infrastructure. The company invests in major coastal and inland port logistics markets anchoring North America's principal freight lanes. CenterPoint's portfolio includes 45 million square feet and 5,750 acres under development in the company's integrated intermodal industrial parks; the company currently manages \$3.1 billion in investments and employs 107 people. After 12 years as a public industrial real estate company, CenterPoint was acquired by CalEast Global Logistics in March 2006.

As a founder of CenterPoint Properties, I have a great many years of experience in the freight transportation and logistics industry. And, as a company, CenterPoint has helped bring enhanced goods handling and movement to areas as far-flung as Oakland CA, Houston TX, Atlanta and Savannah GA, Suffolk VA, and our hometown of Chicago IL. Our customers reflect a wide spectrum of American and international business, including major Class-I railroads, Wal-Mart Stores, Inc., DSC Logistics, Georgia Pacific, Potlatch, Sanyo Logistics, Partners Warehouse, California Cartage, Maersk, Bissell and many others. So, my remarks draw on the collective experience of many freight system users and locations.

It is widely agreed that in the United States we can support our retail, manufacturing, agriculture and other industries better by improving our national multimodal freight system. Without a campaign of strategic investment to expand capacity and increase efficiency, U.S. productivity and global competitiveness will suffer, costs will increase and investment will lag. Freight mobility on all modes requires added capacity and improved efficiency to keep pace with growing demands. And connectivity among the modes is key to efficient goods movement. Based on estimates of freight system needs, the Coalition for America's Gateways and Trade Corridors believes a minimum of \$2 billion in federal investment is necessary on an annual basis, in addition to state, local and private funding.

Per MAP-21, "It is the policy of the United States to improve the condition and performance of the national freight network to ensure [it] provides the foundation for the United States to compete in the global economy." MAP-21 took the first steps toward a robust freight transportation program and, since its passage, the chorus of support has grown among Members of Congress, the Administration, and American businesses.

As called for by the House Transportation and Infrastructure Committee's Special Panel on 21st Century Freight Transportation, the Coalition asks Congress to expand this commitment by taking the following measures in the 2014 reauthorization:

- **Modify the national freight transportation policy to make it multimodal and designate a national, multimodal freight network:** Freight policy and planning should incorporate the many modes of transportation that move goods;
- **Authorize dedicated, sustainable, substantial funding for multimodal competitive freight infrastructure grant program:** Authorize dedicated, sustainable funding for a multimodal freight-specific Projects of National and Regional Significance (PNRS), or a similar freight infrastructure program, through a competitive grant process and establish clear measurable criteria for project selection. By prioritizing projects with demonstrably important public benefits and supported by non-federal funding, a \$2 billion merit-based, competitive grant program could leverage many times itself in economic value. Established under SAFETEA-LU, PNRS assists in funding large-scale infrastructure projects, spanning modes and jurisdictional borders, which are difficult, if not impossible, to fund through traditional distribution methods such as formula programs;
- **Ensure robust public investment in all modes:** Freight does not move on highways alone — where public benefit is derived, public investment must be made. In the case of highways, increased investment is necessary, particularly for National Highway System intermodal connectors, which bridge highway freight to other modes and distribution centers and are the conduits for the "synergistic" use of combined modes. FHWA estimates intermodal connectors are at least 50 percent less maintained than the rest of the highway system. Often it is the places where various modes come together that need public assistance to close the funding and infrastructure gaps, which result in capacity inefficiencies and bottlenecks. Examples include highway-rail grade crossings, rail spurs to access cargo, logistics or transfer facilities, tunnels and bridges for port access, border crossing capacity enhancements, and air-freight connectors.

The planning groundwork for highway freight introduced in MAP-21 is commendable and a true step forward. Now, it is time to take the next step. Freight is not a singular mode commodity and as such, planning and funding its built infrastructure should not be either. We recognize the challenges:

- Legislatively speaking, current committee jurisdictional boundaries make it difficult to craft law in a multimodal fashion.
- Freight infrastructure is not solely public or federally operated. Freight rail is private. Inland and seaports vary in structure and authority (some are run by states, others by special authorities, cities or even counties). International ports of entry are governed by a multitude of agencies at the federal, state, and local level. Given the varying degrees of operation, it is difficult to make broad-stroke planning mandates.

Those challenges cannot be minimized, but they are put into perspective when juxtaposed against the challenges we face through inaction:

- The lag in U.S. manufacturing that stands to take place as a result of stifled shipping capacity.
- Increased transportation costs, which effectively acts as a tax that we, as consumers, are paying as long as the bottlenecks, capacity problems and deficiencies in our multimodal network go unaddressed.
- The pressure on the trucking industry to retain drivers and owner-operators in the face of fading productivity and mounting stress due to congestion.
- The competition from Canadian and Mexican ports where government support and investment has expanded North American gateway options and market access.

Building upon the good work of MAP-21, freight policy must be reoriented to become multimodal. Just like the overlapping modes needed to move freight, legislating a multimodal freight program will require teamwork among jurisdictions in Congress. For the next surface transportation authorization, the Coalition calls for a holistic, large-scale multimodal freight policy containing a highway-specific program and a complementary multimodal competitive grant program, with broad applicant and project eligibility, to be administered by U.S. Department of Transportation. Noting the great emphasis both the Senate Commerce Committee and Senate Environment and Public Works Committee have placed on freight, the Coalition encourages the two Committees to work together to develop a program that addresses and satisfies the needs of our entire multimodal freight network.

Private companies, CenterPoint Properties Trust included, have made enormous infrastructure investments that benefit our company, our customers and the American public. However, there exists a

gap that must be filled by strategic, targeted investment by our national government. On behalf of both the Coalition and CenterPoint Properties, I ask this Committee to prioritize freight investment in the next surface transportation authorization. Such investment is truly critical for our national economic competitiveness and I caution Congress that these important freight projects cannot wait another six years in hope that we find ourselves in a better financial condition. In fact, absent investment in our national commerce-moving system, we most certainly will be in a far worse situation than we are today.