

Coalition for America's Gateways and Trade Corridors

AECOM

Alameda Corridor-East
Construction Authority

Cascadia Center

CenterPoint
Properties Trust

Chicago Metropolitan
Agency for Planning

City of Chicago

City of Industry,
A Municipality

Dewberry

Economic Development
Coalition of
Southwest Indiana

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

Kootenai Metropolitan
Planning Organization

Los Angeles County
Metropolitan Transportation
Authority

Majestic Realty Co.

Maricopa Association of
Governments

Maryland Department of
Transportation

Maryland Port
Administration

Memphis Chamber of
Commerce

Metropolitan Transportation
Commission

National Railroad
Construction and
Maintenance Association

NASCO – North
American Strategy for
Competitiveness

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

SANDAG - San Diego
Association of
Governments

Southern California
Association of
Governments

Supply Chain
Innovation Network of
Chicago- SINC

Tennessee Department
of Transportation

Virginia Port Authority

Washington State
Department of
Transportation

West Coast Corridor
Coalition

Will County Center for
Economic Development

Xerox State and Local
Solutions

TESTIMONY OF

John E. Greuling

President & CEO

Will County Center for Economic Development

Board Member

Coalition for America's Gateways and Trade Corridors

REGARDING

Keeping Goods Moving

BEFORE

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

FEBRUARY 10, 2015

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 Will County Center for Economic 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 the Chairwoman, Ranking Member and Members of this Subcommittee for the opportunity to share my views with you. Our nation's ability to move goods is tied to the success of our economy and I thank the Committee for holding a hearing on this critically important topic.

The organization I work for, the Will County Center for Economic Development, is a private economic development corporation that today is responsible for marketing the largest inland international container port in North America. Located 30 miles southwest of Chicago, Will County is crossed by six Class I railroads, five interstate highways, including I-80 and I-55, and several commercial ports served by our nation's largest inland waterway. You might say we are at Main and Main of the transportation, distribution and logistics hub of the country. Last year over three million twenty-foot equivalent containers moved through our port system carrying international and domestic products that are grown, manufactured, processed, assembled and delivered throughout the United States and the world. Over \$65 billion in imports and exports utilize this intermodal transportation hub annually, arriving by way of truck, train, plane, ship, and barge. To support this regionally and nationally significant freight movement, Will County Center for Economic Development has a state and federal project list that adds up to over \$3.6 billion – and that's just road projects.

As a nation, we're rebounding from a recession that will remain in our minds for years to come. The economy is trying to grow – the North American manufacturing base is growing, folks are beginning to buy new cars and clothes, and our farmers are producing record-volume crops. As a result, U.S. freight volumes are expected to increase 45 percent by 2045¹. Meanwhile, 95 percent of the market for goods lies outside of U.S. boundaries². As demand grows, both within and outside of the United States, the pressure on our goods movement network significantly increases, this growth and the economic value it brings to our economy will be stunted if investment in our freight system is left to wither. Consumers'

¹ U.S. Department of Transportation, *Beyond Traffic*, February 2015.

<http://www.dot.gov/sites/dot.gov/files/docs/Draft_Beyond_Traffic_Framework.pdf>

² U.S. Department of Commerce, *Build it Here, Sell it Everywhere: Why Exports Matter*, May 2012.

<<http://www.commerce.gov/news/fact-sheets/2012/05/17/fact-sheet-build-it-here-sell-it-everywhere-why-exports-matter>>

ability to buy goods at a competitive cost is directly linked to a producer's ability to move those goods across the country in a manner that is safe, efficient, reliable, and expedient. Supply chains will keep growing regardless of what we do as a nation – but they will not grow comparably within our country unless we maintain a world class infrastructure network to move commerce and attract business.

Currently, U.S. government infrastructure investment as a percentage of GDP is less than 2 percent³, the lowest level of infrastructure investment at any point since World War II⁴. Our trading partners are doing much more: Canada invests 4 percent⁵, Mexico 4.5 percent⁶, Europe 5 percent⁷, India 8 percent⁸ and China 9 percent⁹. Simply put, our largest trading partners and competitors are investing at twice to five times the rate we are.

It's not just a matter of investment, though. The investment needs to be strategic and it needs to cut across traditional modal barriers. Some of freight infrastructure's largest, most complex, and most desperately needed improvements occur where multiple modes come together. These instances often require a partnership at the Federal level to help unsnarl a chokepoint that clogs our communities and commerce. An increase in targeted infrastructure investment from public and private sources over 15 years would pay dividends by growing jobs by almost 1.3 million at the onset and it would grow real GDP 1.3 percent by 2020 and 2.9 percent by 2030¹⁰.

Freight congestion is more than a hindrance to economic growth – it is also a threat to public health and safety. Congestion from any mode of transport diminishes air quality and impacts essential community services such as police and EMS response times. In so many instances, local communities are bearing the environmental and social burden of nationally-significant freight movement, but they are unable to

³ The White House, *An Economic Analysis of Transportation Infrastructure Investment*, July 2014.

<http://www.whitehouse.gov/sites/default/files/docs/economic_analysis_of_transportation_investments.pdf>

⁴ Financial Times, *US public investment falls to lowest level since war*, November 2013.

<<http://www.ft.com/intl/cms/s/0/f0e71a16-4487-11e3-a751-00144feabdc0.html#slide0>>

⁵ Canadian Chamber of Commerce, *The Foundations of a Competitive Canada; The Need for Strategic Infrastructure Investment*. December 2013. <http://www.chamber.ca/media/blog/131218-The-Foundations-of-a-Competitive-Canada/131218_The_Foundations_of_a_Competitive_Canada.pdf>

⁶ Bloomberg, *ICA CEO Sees Mexico Infrastructure Spending Rising 56%*, September 2012.

<<http://www.bloomberg.com/news/articles/2012-09-17/ica-ceo-sees-mexico-infrastructure-spending-rising-by-56->

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⁷ The Economist, *Life in the Slow Lane*, April 2011. <<http://www.economist.com/node/18620944>>

⁸ The Economist, *The Half-Finished Revolution*, July 2011. <<http://www.economist.com/node/18986387>>

⁹ The Economist, *Life in the Slow Lane*, April 2011. <<http://www.economist.com/node/18620944>>

¹⁰ National Association of Manufacturers, *Catching Up: Greater Focus Needed to Achieve a More Competitive Infrastructure*, September 2014. <<http://www.nam.org/Newsroom/Press-Releases/2014/09/New-Report-Shows-Status-Quo-on-Infrastructure-Hampers-Competitiveness/>>

foot the bill on large-scale infrastructure projects that would alleviate negative impacts. The benefits of freight movement accrue nationally, and as such, there is a federal responsibility to be a partner in making improvements, and in many instances, there is an opportunity for private sector contributions. State and local governments cannot shoulder the burden alone, nor can this lift be expected entirely by the private sector.

Will County holds the largest inland container port in North America, and while our residents contribute through traditional state and local taxes as well as through an additional Regional Transportation Authority sales tax, the state of Illinois and county residents cannot be the sole financial contributors for this nationally significant freight movement.

The current condition of highways in Illinois is 82 percent acceptable; assuming the Federal contribution remains stagnant through 2020, conditions are expected to deteriorate making highways 61 percent acceptable.¹¹ The Interstate System was designed to accommodate fleets of the 1950s, not the much larger trucks that occupy our highways today. Increased truck size paired with the growth in truck volume produces congestion at first and last mile connectors, where trucks have difficulty merging with traffic on under-sized ramps, resulting in freight bottlenecks and safety concerns. These intermodal connectors are critical in Will County – not only are they a necessity for truck freight movement, but they are also critical for rail intermodal operations.

Continued growth of both passenger and freight traffic frequently combined on congested, old urban rail corridors will continue to produce chokepoints and problems for throughput of freight movement. While the Chicago CREATE program is working to deal with that in the Chicago area, there are many urban areas that are not able to develop mega-project approaches to alleviate this problem.

As I mentioned, six Class I railroads move through Will County. There is an increased utilization of freight by rail, which means more at-grade rail closings, hurting road commerce and public safety. We need new grade separation structures to meet this demand.

Most of the locks and dams along the Illinois, Mississippi and Ohio rivers were built in the 1930s with a 50-year design life. These locks and dams are now in desperate need of rehabilitation and repair. An

¹¹ Transportation for Illinois Coalition, *State of Illinois' Transportation and State Funding Challenges*, January 2015. <<http://www.transportation-for-illinois-coalition.com/publications/other-transportation-reports/>>

analysis by the Illinois Farm Bureau contends that delays at navigation locks cost Midwestern farmers \$500 an hour. Average delays at locks are estimated to be six hours, with some as long as 12 hours or more. In many places along our inland waterway system, modern fifteen barge 1,200-foot long tows must split loads to pass through outdated 600-foot locks.¹² This procedure requires uncoupling barges at midpoint, which triples the time needed to lock the 15-barge tow and increases accident rates among deckhands.

Will County is a key intermodal logistical area for transfer of rail, port, and truck freight between modes, which adds substantial trucking demand throughout the region. As regional highway traffic volumes have increased, the associated congestion has resulted in travel delays with substantial economic impacts to industries that depend on the ability to efficiently move freight within and through the region. To alleviate this congestion, the Illinois and Indiana Departments of Transportation are working in concert to develop the Illiana Corridor, a new 50-mile access controlled highway that would allow traffic to bypass Chicago, thus taking 46 million miles of truck traffic off local roads. We are exploring public-private partnership (P3) opportunities, detailed project design, environmental permitting and land acquisition. The project will improve regional mobility and create thousands of short-term and long-term jobs, amounting to over a billion dollars in wages over a 30-year period. It will serve as a major trucking corridor and boost the region's long-term economic output by \$4 billion. Given the national significance of this project, we need a partner at the Federal level to help our states, local governments, and private partners make this improvement.

The upcoming surface transportation authorization presents an opportunity to begin making the type of strategic investments we urgently need. The Coalition for America's Gateways and Trade Corridors asks Congress to take the following steps in the upcoming reauthorization:

- **Establish a freight program containing dedicated and flexible funding:** Freight should no longer compete against other mobility needs and programs such as traffic and pedestrian safety. Freight movement occupies a special place in our transportation system as the element that supports and enables national commerce and global competitiveness. In recognition of this critical role, it should receive dedicated funding such as a Freight Trust Fund that is committed to stoking our economic engine by improving the efficiency, safety, reliability, and speed at which goods move. Recognizing that freight needs vary by state and metro region, and there is no one-size-fits all

¹² Illinois Section ASCE, *2014 Report Card for Illinois Infrastructure*, April 2014. <<http://www.isasce.org/wp-content/uploads/2014/04/2014-Illinois-Navigable-Waterways-Final-Report.pdf>>

approach to freight planning and investment, states and localities should be engaged and afforded flexibility in applying a certain amount of these funds on a regional basis.

- **Authorize dedicated funding at a minimum level of \$2 billion per year for a multimodal competitive federal freight infrastructure grant program with broad applicant and project eligibility:** Dedicated, sustainable funding for a multimodal freight-specific Projects of National and Regional Significance (PNRS), or a similar freight-specific competitive grant program is needed to prioritize and fund projects that meet clear measurable criteria to advance economic goals. 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 Highway Trust Fund 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 ports, distribution centers and other modes and are the conduits for the “synergistic” use of combined modes. Intermodal freight is one of the fastest growing sectors of the freight market¹³, and it is often in 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.
- **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. Freight is a national priority and it is the Federal role to take a holistic look at our multimodal network when determining where public investment can yield the greatest return. A national “vision” and investment strategy that shapes and guides the nation’s freight infrastructure system with active coordination among states, regions and localities is needed. The Office of Intermodalism, or a new office for multimodal freight should be reestablished within

¹³ U.S. Department of Transportation, *Beyond Traffic*, February 2015.
<http://www.dot.gov/sites/dot.gov/files/docs/Draft_Beyond_Traffic_Framework.pdf>

USDOT's Office of the Secretary to administer the new freight mobility program with a particular focus on projects of national significance. Planning horizons should endeavor to anticipate freight needs extending over multiple decades and seek to smooth the path for economic growth, both domestically and internationally.

We are not alone in making these recommendations; other transportation interest groups and even the House Transportation & Infrastructure Committee's Special Panel on 21st Century Freight Transportation have come to the same conclusion: freight transportation needs dedicated funding. The planning groundwork for highway freight introduced in MAP-21 pointed us in the right direction, but it addresses only one slice of a much larger system. We follow this path at our peril – ignoring our complementary modes of transport is ignoring the essential services offered by multimodal and intermodal transportation. In so doing, we will fail our citizens' needs both in terms of quality-of-life and economic competitiveness.

I thank the Committee for its time and look forward to working with you on the surface transportation authorization.