



July 29, 2020

Angela Freyermuth
Designated Federal Officer
Civil Works Infrastructure Team
441 G Street NW
Washington, DC 20314

Dear Civil Works Infrastructure Team,

Following the July 29th Civil Works Infrastructure virtual meeting, IRPT would like to submit feedback as requested and circulated. IRPT advocates this stronger support of the inland waterways since the economic development along those inland waterways, i.e. the commercially navigable rivers, could not be created by any other means than via our ports and terminals along those waterways.

Why are waterways and ports Important?

Waterways (rivers and channels) are the navigable waters, but **ports and terminals** are the facilities transfer the cargo where **intermodal connectors** allow for final delivery. Terminals should be included in this question.

Jobs, GDP contribution, economic development, congestion mitigation from rail and highways, safer highways, cleaner air, lower transportation cost, shipper savings and commodity market benefits are all aspects to why waterways, ports and *terminals* are important.

The inland rivers and the companies that serve the rivers, move commerce to and from 38 states throughout our nation's heartland; they serve as transport ramps to industrial and agricultural centers; and they facilitate imports and exports at gateway ports on the Coasts. Our nation's rivers deliver vital goods between major gateway ports, establish new trade networks with significant public benefits and create a foundation for future trade growth.

REACTIONS TO THEMES FROM NATIONAL MEETING: DO THEY SEEM LIKE THE MOST IMPORTANT AREAS TO FOCUS ON? IS ANYTHING MISSING?

Empower local governments to invest in local infrastructure with a lighter Federal touch

This concerns me if the intent is to allow more of the individual states roll in a national transportation system.

Proactively plan and invest in waterborne transportation to ensure capabilities continue to exist in the future

This is a question that is included each year. I would like to refer you to a GAO report on Inland Harbors: GAO-17-635. The recommendation was that the Corps should inform Congress whether it can adapt its existing tools to address factors for allocating funds.

Better education and community outreach for waterways and Ports

My reaction to this key issue is to add shippers to outreach as well. The mission of Maritime Administration is to promote the use of waterborne transportation and its seamless integration with other segments of the transportation system, and the viability of the U.S. merchant marine.

Most of the activities MARAD is engaged in appear to be Merchant Marine and U.S. flag related. To promote the use of waterborne transportation, MARAD should develop a program to educate manufacturers, shippers and freight forwarders on how they can incorporate the waterways into their supply chain.

EPA Smartway program connects with shippers that are looking to 'go green' and participate in green technology for transportation. Can Maritime Administration work with EPA to access shippers to educate them on the connectivity and capabilities of river transportation?

What policies/procedures hinder infrastructure improvements?

1. OMBs Benefit to Cost Ratio calculation change

OMB uses a Benefit Cost Ratio (BCR) of 2.5 as a "cutoff" to identify projects that will receive the funds appropriated by Congress. Projects that are otherwise authorized and eligible but that have BCRs lower than 2.5 are not considered for funding. If projects are not funded within five years, they can be de-authorized by Congress.

In determining the BCR, the Corps adjusts project estimates for cost, which go up, but it does not do so for benefits, which remain static. It also does not take into account the full range of benefits that many projects provide. OMB uses a discount rate of 7% in calculating present values that results in a lower BCR than would result from using the rate of 2.75% currently required by statute.

2. "Least of Rule"

Under a continuing resolution and the 'least of' rule, the US Army Corps is not funded fully and cannot fulfill contract commitments unless the specific project is named in the President's Budget.

Without a change to the 'least of' rule, or until Congress can pass an Omnibus before the end of the legislation calendar, projects previously authorized and funded will halt, resulting in:
Inflated project costs;

Projects under construction are extended

= **Less efficient use of taxpayer dollars.**

3. Low Use Rivers Classification

The initiation of the Level of Service (LOS) Regulation in 2012 has been a good pioneering approach to allocate scarce resources in order to efficiently and safely support lock and dam operations within the confines of limited budgets and aging infrastructure, but it also unwittingly threatens to irreversibly harm the commercial and socio-economic health of over twenty lower-use rivers.

We ask that the current LOS system be reviewed and replaced by a system of guidelines that consider more than just historic lock metrics – and include consideration to future business and investment planning, community socio-economic factors, national trade factors - and the value of a lower-use river systems to the IMTS and the nation.

4. Funding opportunities for infrastructure investments offered through federal agencies currently hinder improvements at inland ports and terminals. We suggest:

- Expand the Marine Highways Program to include bulk commodity projects for funding.
- Expand the Marine Highways Program to include eligibility to private entities.

What technology and data are needed to ensure a safe, secure and efficient waterborne transportation system now and into the future?

The Corps is authorized to provide the navigation channel from the budget, and the funding levels usually do not cover that. The Corps cannot lobby for more funding, it is up to the industry to advocate. In order for us to advocate for funding, it is necessary to educate lawmakers the justification through economic impact, job creation, etc.

The data to describe the impact is needed. We need accurate data.

We currently have 2 sources of data available **1. BTS freight analysis framework** and **2. Waterborne Commerce Statistics Center**. Neither seem to be all inclusive of waterborne freight.

1. BTS FAF: It's my understanding that the (freight analysis framework) FAF only reflects first and last mile transportation of the commodities but does not reflect the 'flow' of freight – the domestic shipments in FAF are from the Commodity Flow Survey, which means that there is variability in the estimates. Furthermore, the CFS scope is limited to mining, manufacturing, wholesale, and other expected industries, so movements from other industries would not be captured. This idea can be extended to transfers and intraport movements; USACE counts those movements as loadings, it's possible that some shipments are loaded multiple times, and CFS does not count tonnage anew when a transfer occurs.”. Whereas first and last mile transportation is important, freight analyst should include the long haul as well, right?

Perhaps I'm looking too deep into this and I simply need to ask, what is the original intent/goal of the FAF and what is it used for? “The primary reason that FAF exists is for states (and their metro areas) to do transportation planning. I would hope that transportation planners are not only considering the first/last mile transportation. Therefore, it's designed for each state to be able to have a perspective on what's exiting, entering, and circulating within its borders. That's simply not true if only considering first/last mile transportation.

IRPT recently published a 10-year Illinois River tonnage report found here: <https://www.irpt.net/illinois-river-tonnage-10-year-average/>. To show my concern, I will use fertilizer as a commodity example.

The WCSC shows 1,901,870 tons of fertilizer shipped on the Illinois River in 2018.

When looking at the FAF Dashboard: for fertilizer (all trade types) shipped by water originating in Illinois, the data generated is near 0. When I change the dashboard to reflect the origin state to all and change the

destination state to Illinois, the data appears to reflect roughly 300,000 tons transported to Illinois via waterway.

I am simply trying to understand if I am missing a calculation somewhere that will make up the 1.6 million tons that are missing, or if potentially another data input should be used in the FAF.

Another example is petroleum. IRPT's report shows 5,574,068 tons of petroleum shipped on the Illinois River in 2018. Using the FAF dashboard for water transportation 1) originating in Illinois and 2) destined for Illinois, the combined total is just under 830,000 tons. That's a pretty significant discrepancy.

I am very concerned because as I mentioned on the call today, there is a lot of weight put on the FAF in economic impact studies around the nation and I can only assume, for budgetary/planning purposes at DOT. Perhaps with discrepancies such as above, the value of the waterways is under estimated.

2. Through the IWR, the Navigation and Civil Works Decision Support Center (NDC), exercises its Federal responsibility for establishing and maintaining a variety of water transportation automatic information systems that include databases and statistics pertaining to waterborne commodity and vessel movements, domestic commercial vessel characteristics, port and waterway facilities, lock facilities, lock operations, and navigation dredging projects, and helps ensure that USACE decisions are based on the best available data. This is collected by the Waterborne Commerce Statistics Center (WCSC).

According to USACE, "All information and data sent... is required to be held in confidence and will not be released outside of the federal government in order to maintain the confidentiality of proprietary information". What is the percentage of data in terms of waterborne commodities that is protected from releasing proprietary and protected data?

For example, published by the USACE, in the U.S. Waterway System 2018 Transportation Facts & Information card, it lists the top 100 "Leading U.S. Ports: in order by tonnage. Is this all the tonnage per port locations, or is this tonnage protected by proprietary policies within USACE and how do we tell an accurate story for budgetary considerations without verifiable data? Is USACE headquarters using a different set of tonnage numbers (not protecting proprietary information) for their budgetary considerations?

The same fact card lists "Domestic Traffic for Selected U.S. Inland Waterways in 2018", showing tons by different rivers, i.e. J. Bennett Johnston Waterway, LA. Is this total tonnage (including proprietary tonnage) or is this a portion of the total tonnage so that proprietary tonnage is protected?

Inland Marine Highways, that is, the inland rivers, move commerce to and from 38 states throughout our nation's heartland; they serve as transport ramps to industrial and agricultural centers; and they facilitate imports and exports at gateway ports on the Coasts. Our nation's rivers deliver vital goods between major gateway ports, establish new trade networks with significant public benefits and create a foundation for future trade growth.

IRPT is a non-profit trade association with over 300 members nationwide. IRPT advocates for the inland waterways, industries and companies that serve and utilize our inland rivers, ports and terminals. IRPT promotes the use of our nation's rivers as the most cost effective, and environmentally-friendly form of

transportation. Our Members consist of public ports, private terminals, barge and rail operators, waterway associations, shippers and firms.

IRPT truly thanks you for your focused attention on freight transportation and the challenges and opportunities for improving infrastructure conditions and freight mobility on the waterborne transportation system.

Sincerely,

Aimee Andres
Executive Director