Chairman Shuster Releases Infrastructure Discussion Draft

Suggests increasing the Federal gas tax & tweaking freight grant program

On July 23, 2018, House Transportation and Infrastructure (T&I) Chairman Bill Shuster (R-PA) released the text of his infrastructure discussion draft. Chairman Shuster developed this draft with input from both Democrats and Republicans in Congress as well as from the Administration and relevant stakeholder groups.

The T&I Chairman, who is not seeking reelection and will leave the House at the close of the 115th Congress this year, noted that his plan does not “attempt to solve every issue facing our infrastructure, nor does it pretend to provide all of the answers.” Instead, he hopes Congress will use this as a framework to finally develop solutions to the backlog of infrastructure investment needs facing the United States.

The most recent long-term surface transportation reauthorization act, the Fixing America’s Surface Transportation (FAST) Act, was passed in 2015 and lasts for a total of five years, meaning that it is scheduled to expire come 2020. The FAST Act created many of the important freight programs that we rely on today, including the Nationally Significant Freight and Highway Projects program, referred to as INFRA by the Trump Administration, and the freight formula program. The FAST Act also included a transfer of $70 billion from the General Fund of the Treasury to keep the Highway Trust Fund (HTF) solvent. In 2021 these programs will expire and the HTF will no longer have enough funds to maintain its current investment levels.

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Chairman Shuster’s discussion draft would address these pending issues by extending the FAST Act for an additional year, through 2021, maintaining the 2020 levels laid out in law. It would also address HTF investment insolvency by increasing the Federal gas tax by 15 cents per gallon and the Federal diesel tax by 20 cents per gallon over a period of three years, after which time both taxes will be indexed to inflation. Beyond increasing the gas tax, the draft also proposes the creation of a Highway Trust Fund Commission, which would make recommendations about the long-term solvency of the HTF and would work to create legislation to enact the recommendations. It also calls for the establishment of a national, volunteer-based pilot demonstration program that would explore replacing the existing Federal gas tax with a per-mile user fee. The ultimate goal of these would be to have an alternative funding mechanism fully replace the Federal gas tax by 2028, at which time the gas tax would be eliminated.

The discussion draft also calls for the permanent statutory authorization of the National Infrastructure Investments Program (formerly known as TIGER but now branded the BUILD program). It calls for up to $3 billion of general fund appropriations annually and includes a 30 percent set aside for rural projects. Another set aside would be used for incentive grants, given to eligible applicants that “have leased an infrastructure asset to the private sector and have certified that the proceeds from the lease will be used to make other infrastructure improvements.” The draft would also increase the minimum grant size to $25 million, an increase from the $5 million minimum grant size we have seen in recent rounds. It also includes a $500 million set aside annually that would allow Congress to assign dollars to a nationally significant project through an “Act of Congress.”

Beyond extending the program for an additional year, the discussion draft would also make two significant changes to the INFRA grant program. Since the program’s inception, CAGTC has called for increased transparency in the decision making process. Such transparency will increase public confidence in the program and help ensure the most nationally significant projects are being funded. Chairman Shuster’s draft takes a step in this direction by requiring the Secretary of Transportation to submit any information on the project evaluations to Congress along with descriptions for all applications, not just those that were successful. The second change to the program would require the U.S. Department of Transportation (USDOT) to reserve $200 million in contract authority over three years (2019-2021) for unsuccessful prior-year applicants, to be assigned by an “Act of Congress.”

Additional provisions in the draft would require the implementation of various project delivery reforms, including some that were proposed in the President’s infrastructure outline released earlier this year. These include codifying the One Federal Decision process and creating a pilot program to study the use of innovative practices for environmental reviews, among other changes.

The remaining months of the 115th Congress feature a packed Congressional docket and infrastructure has faded from the spotlight following the Administration’s outline release in February 2018. Chairman Shuster’s proposal is a welcome continuation of a national dialogue, which will become even more important as the 2020 cliff approaches.

Trump’s Tariffs: Freight Industry Views

Since his campaign, President Trump has been critical of U.S. trade deals and has advocated for stronger tariffs and the reworking of existing partnerships. Indeed, shortly after President Trump took office, it was announced that the United States, Canada and Mexico would renegotiate the North American Free Trade Agreement (NAFTA), a process that is ongoing. This summer, the U.S. imposed tariffs on steel and aluminum imports, targeting the European Union (EU) as well as Mexico and Canada – countries that had previously been exempt from the duty. In announcing these tariffs, the Administration argued that current levels of imports could pose a national security risk and have resulted in a decline of U.S. production of the materials. Additionally, the U.S. floated the idea of a 25 percent tariff on auto imports from the EU.

The U.S. also imposed tariffs on goods imported from China following an investigation by the Office of the U.S. Trade Representative that found, among other things, that China “uses foreign ownership restrictions to require or pressure technology transfers from U.S. companies to Chinese entities; imposes substantial restrictions of U.S. firms’ investments and activities; and conducts and supports unauthorized intrusions into, and theft from, the computer networks of U.S. companies.” The first wave of duties went into effect against China on July 7. On June 20 and July 10, additional tariffs were proposed for consideration. All four entities subject to additional or new U.S. tariffs, Canada, Mexico, China and the EU, quickly retaliated, placing their own tariffs on U.S. goods and products.

Some applauded the Trump Administration’s new duties; proponents of the steel and aluminum tariffs said they will lead to an increase in demand for the U.S. version of the goods, allowing U.S. companies to hire more workers. Proponents of the tariffs on Chinese products note that China has an unfair advantage in the global marketplace and that the tariffs are one way to address “the acts, policies, and practices of China that are unreasonable or discriminatory and that burden or restrict U.S. commerce.”

Others, however, fear that the tariffs have led to a multi-front trade war, with the U.S. positioned against the EU, China, and its North American allies all at once. Detractors of the tariffs argue that they will hurt U.S. producers and consumers alike. Industries impacted, such as the pork industry as well as motorcycle producers, have publicly expressed their concerns and, in the case of Harley-Davidson, announced plans to move some of their production abroad due to the duties.

Transportation services providers that carry goods into, out of, and across the United States have also warned of unintended consequences of the U.S. tariffs. The Association of American Railroads (AAR) said in a statement that the potential effects of the tariffs extend beyond just one individual commodity or state. The rail industry has over 50,000 jobs and more than $5.5 billion in annual wages and benefits that are dependent on trade. Should the trade wars continue, they could potentially harm this vital industry, according to AAR.

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U.S. ports have also expressed concern. While it was recently reported that U.S. ports are setting record volumes, CAGTC member ports across the country forecast that their long-term outlook could be impacted by the tariffs. In a CNBC article, Port of Long Beach executive director Mario Cordero said that the tariffs “would be detrimental to jobs at the port and detrimental to the state and national economy.”

The Northwest Seaport Alliance (NWSA) reported that steel and aluminum passing through their ports of Tacoma and Seattle surpassed $2.5 billion in 2017 and that around 40 percent of jobs in the state of Washington are related to international trade. In a press release, NWSA noted that the new tariffs “could lead to broad negative economic consequences for Washington State… and raise costs for consumers in a [wide] range of industries.”

Representatives of the trucking industry expressed similar warnings, noting that cross-border trade with Canada and Mexico, which currently supports 46,000 U.S. trucking jobs, could be further hurt by these tariffs, on top of the fear already in place due to the NAFTA renegotiation process. Additionally, some speculate that trucks and their trailers will become more expensive as manufacturers start to pay heavier fees on imported steel and aluminum, which make up many of their components.

The concern expressed by industry have not gone unnoticed by the Administration. Responding to concerns from U.S. farmers, President Trump announced in late July that the Administration would provide $12 billion to help those farmers affected by the tariffs. On July 26, the Administration announced that it would not implement the proposed 25 percent tariff on auto imports from the EU and committed to holding talks over European steel and aluminum tariffs as well.

However, many note that these measures may not be enough to stop the potential harm that a trade war with multiple counties could cause. The U.S. Chamber of Commerce estimated that the Trump Administration would need to provide a $39 billion bailout in order to compensate for losses caused by the trade war across all industries. The Chamber also argued that the Trump Administration should not be able to determine which industries receive bailouts and which do not. And, as industries and indeed many Members of Congress call on the Administration to de-escalate the trade wars, the Office of the U.S. Trade Representative continues to consider tariffs on a long list of Chinese goods. In late July USTR held a hearing to receive public input on the 25 percent tariffs that were proposed on June 20; the comment period on these proposed tariffs closed on July 31. In deliberating whether to implement the tariffs, USTR will consider both written comments and the public input received during the hearing. On August 2, the USTR announced that, per a request from President Trump, it is considering raising the tariffs proposed on July 10 from 10 percent to 25 percent. On August 20-23, USTR will hold a hearing to discuss the tariffs proposed on July 10; comments on these tariffs are due September 5.
New Member Spotlight

Port Houston Joins CAGTC

The Port of Houston Authority (PHA) serves as the premier port on the nation’s increasingly important and rapidly growing Gulf Coast. For more than 100 years, PHA has owned and operated the public wharves and terminals along the Houston Ship Channel, and in 2017 the port handled a record 2.46 million TEUs (68% of Gulf Coast containers) and 38.3 million tons of cargo. As the non-federal sponsor of the 52-mile Houston Ship Channel (HSC), PHA works closely with the U.S. Army Corps of Engineers (USACE) and the more than 150 privately-owned industrial terminals comprising the greater Port of Houston to continually improve and sustain the nation’s busiest commercial waterway. The Port of Houston consistently ranks first in the nation in foreign waterborne tonnage, first in U.S. import tonnage, first in U.S. export tonnage, second in total tonnage and serves as one of the nation’s leading international gateways.

Burgeoning trade volumes with Asia, Europe, the Mediterranean, Africa, and the Caribbean and Latin America flowing through Port of Houston and PHA facilities are expanding the hinterland of the Houston Gateway for both exports and imports. With the opening of the Panama Canal’s expanded locks in 2016, PHA is emerging as a national gateway for a broad range of industrial and consumer trade flows, offering competitive supply chain costs and transit times along with reliable and resilient routing options to and from Texas and mid-West inland markets.

Last year, Hurricane Harvey delivered more than 50 inches of rain to the Houston Gateway region through the last week of August. This event, and the collaborative effort demonstrated by the region to recover and return to business as usual as quickly as possible, highlights the resiliency and resourcefulness of the Houston Gateway. Vessel operations in the HSC and terminal operations at PHA facilities resumed on Labor Day, and, even with this disruption, record volumes of trade were recorded by PHA in 2017. Harvey’s impact did emphasize the national importance of the HSC and the need for capital improvements to the channel, including deepening and widening and other navigation safety features beyond the current authorized dimensions. Roughly $100 million is collected every year in federal Harbor Maintenance Tax revenue from users of the HSC, based on the value of imported cargo. These tax revenues are deposited in the Harbor Maintenance Trust Fund and are intended for maintenance dredging of federal waterways. And yet, federal appropriations for the HSC average just $30 million annually—representing a shortfall of $50-$60 million in the resources needed to adequately maintain the channel.

In addition to investing in HSC improvements required to accommodate larger vessels and growing trade volumes, PHA is making major capital investments in its container and general cargo terminals to ensure sufficient capacity and greater efficiency for cargo movements across the docks. PHA has recently dredged the navigable channels to both of the Bayport and Barbours Cut container terminals to a depth of 45-feet, and is in the initial stages of a 10-year, $2 billion capital improvement program to increase berthing space and the number and size of ship-to-shore (STS) cranes, significantly expand container yards areas, add truck gate lanes, and refurbish a dozen general cargo docks.

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Beyond the terminal gates, PHA is working closely with local, regional, and state offices, as well as with federal resource agencies and private sector transportation and logistics services providers to identify landside transportation capacity needs and to implement capacity improvements. As the fastest growing of the top ten container ports in the country, PHA is expanding its capacity and working to enhance the competitiveness of region by supporting road and rail network improvements that reach the more than 142 million customers within 1,000 miles of the Houston Gateway.

In commenting on its continuing growth, a number of industry analysts have dubbed the Houston Gateway as the nation’s 5th Corner for international trade. Recent trends in the industry support this designation. With its balance in import and export movements and global trade lane volumes, PHA offers a unique set of supply chain advantages to shippers and an increasingly competitive routing option for global supply chains.

PHA enjoys a long and justifiably proud history, and is flourishing along with the greater economic activities of the region, state, and nation as it plans for an even brighter future. In anticipation of continuing expansion of the Houston Gateway, PHA is preparing its first-ever long-range comprehensive plan. This Master Plan will direct PHA growth and investments over the next 20 years, and work to advance regional coordination and cooperation in order to sustain and improve the national competitiveness of the Houston Gateway.
Don’t Miss the Buzz!
Follow @CAGTC and our Partners on Twitter
#FreightCantWait

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<th><strong>Port Everglades</strong> @PortEverglades</th>
<th><strong>Alameda Corridor-East Project</strong> @ACEsgv</th>
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<td>New Super-sized Cranes Coming to Port @PortEverglades <a href="https://bit.ly/2KwfCYb">https://bit.ly/2KwfCYb</a></td>
<td>#TBT to this press conference last week announcing the opening of the new freight train diversion route at two rail crossings near @calpoly pomona in @CityofPomona</td>
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<th><strong>HNTB</strong> @HNTBCorp</th>
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<td>#HNTB’s John Barton has been appointed co-chair of the Smart Infrastructure Task Force by @ITS_America. ITS America established the task force this year to address how technology and innovation can be incentivized → <a href="http://ow.ly/Okar30lbb8D">http://ow.ly/Okar30lbb8D</a></td>
<td>MAG to match funds if a #Scottsdale #transportation sales tax passes in #November <a href="http://ow.ly/FznG30l4RS">http://ow.ly/FznG30l4RS</a> @scottsdaleazgov @scottsdaleaz</td>
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<th><strong>PSRC</strong> @SoundRegion</th>
<th><strong>Memphis Chamber</strong> @MemphisChamber</th>
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<td>Port of Tacoma road interchange groundbreaking today! PSRC has contributed $11 million and will likely add another $3.6 tomorrow, watch Executive Board live at <a href="http://PSRC.org">http://PSRC.org</a></td>
<td>#DidYouKnow that the Port of Memphis is the 5th largest inland port in the nation, handling 12 million+ tons of cargo annually? #WeAreMemphis</td>
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**Give Freight a Fund** @CAGTC
A #poll by @GBASStrategies shows a majority of Americans support #federal grants for local #infrastructure projects. #Freight movement is a NATIONAL priority and its infrastructure requires federal support! Locals can’t shoulder alone. #FreightFriday
FRA Issues Funding Opportunity with $318 Million for Capital Projects

The U.S. Department of Transportation’s (USDOT) Federal Railroad Administration (FRA) issued a Notice of Funding Opportunity (NOFO) for the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program that includes more than $318 million in grant funding from the Consolidated Appropriations Act of 2018.

“The Notice of Funding Opportunity for the Consolidated Rail Infrastructure & Safety Improvements grant program seeks to collaborate with private, state and local investments to boost much-needed rail projects across the country, and we hope interested parties will apply by the stated deadline,” said U.S. Transportation Secretary Elaine L. Chao.

This NOFO will assist in funding projects that improve intercity passenger and freight rail transportation safety, efficiency, and reliability. Funding for positive train control (PTC) systems deployment—$250 million—was provided under a separate NOFO published in May 2018.

The CRISI grant program directs much needed critical investment to rural America. By directing at least 25 percent of available funds towards rural communities, the Department is able to safely connect and upgrade rural America’s rail infrastructure.

Read the full release here: https://bit.ly/2NxEzUh

Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations

This report outlines the Administration’s analysis and recommendations for structural realignment of the Executive Branch to better serve the mission, service, and stewardship needs of the American people. While some of the recommendations identified in this volume can be achieved via Executive administrative action, more significant changes will require legislative action as well.

This proposal would move the Army Corps of Engineers Civil Works (Corps) out of the Department of Defense (DOD) and into the Department of Transportation (DOT) and Department of the Interior (DOI) to consolidate and align Corps civil works missions with these agencies.

Both DOT and DOI have missions that relate to and/or complement the Corps’ civil works missions. DOT has a broad overarching systemic view of transportation policy and infrastructure in the United States that could beneficially inform the Corps’ transportation-related efforts... Under this proposal, Corps navigation would be transferred to DOT and the remaining Corps civil works missions (flood and storm damage reduction, aquatic ecosystem restoration, regulatory, and all other activities) would be moved to DOI.

Read the full report here: https://bit.ly/2O3894Q
COMPASS Freight Study - Final Report

As the metropolitan planning organization (MPO) for the Boise-Nampa area, COMPASS is focused on integrating freight as one of the transportation system components with roadways, public transportation and bicycle and pedestrian modes into its transportation planning process. As COMPASS develops its long-range transportation plan, Communities in Motion 2040 2.0 (CIM 2040 2.0), and prepares for a future in which the region strives to be more competitive for freight-dependent industries, it is commissioning this study to inform CIM 2040 2.0 and to ensure that the current and future regional transportation system can safely and efficiently accommodate freight (movement of goods).

Anchored by Boise and comprised of Ada and Canyon Counties, the COMPASS region is a vibrant and growing region—home to almost 700,000 residents and many freight-dependent businesses. As the largest metropolitan area in the fastest-growing state, the region faces unprecedented demands on its transportation infrastructure and its developable land. This study examines the transportation and land use needs of freight-dependent regional industries, including manufacturing, technology, agriculture, and warehousing/distribution, and organizes the findings for consideration in the COMPASS multimodal long-range transportation plan, CIM 2040 2.0.

Read the full report here: https://bit.ly/2NxGPee

You Say You Got a Real (Transportation) Solution? MTC, ABAG Would Love to Hear Your Plan

The Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) kicked off an 11-week campaign to solicit big, bold and billion-dollar (or even more) ideas from individuals, companies, public agencies and nongovernmental organizations alike for improving mobility across the nine-county Bay Area.

Officially known as the Request for Transformative Projects, the campaign is part of the Horizon initiative launched earlier this year by MTC and ABAG to explore a wide range of the challenges and opportunities the Bay Area may face by 2050. A panel of engineers and transportation planners will evaluate all project submissions for feasibility, potential regional benefits, alignment with Horizon’s guiding principles, creativity, and consistency with the minimum cost threshold. The panel will then select five to 10 of these projects as finalists for more thorough analysis of benefit-cost ratios and other Horizon performance assessments designed to identify potential new transportation investments for integration into Plan Bay Area 2050, the region’s next long-range transportation and land-use strategy. The Plan is slated for completion in 2021.

"Bay Area residents are known around the world for their big ideas and game-changing innovations," commented MTC Chair and Rohnert Park City Councilmember Jake Mackenzie.

Find the full article here https://bit.ly/2LAeZ0j
Research News
Better Data Needed to Assess Changes in the Duration of Environmental Reviews
U.S. Government Accountability Office (GAO)
July 19, 2018

Federally funded highway and transit projects must be analyzed for their potential environmental effects, as required by the National Environmental Policy Act, and may be subject to other environmental protection laws, including the Clean Water Act and the Endangered Species Act. These laws may require the U.S. Army Corps of Engineers (Corps) to issue permit decisions and the U.S. Fish and Wildlife Service (FWS) and the National Marine Fisheries Service (NMFS) to conduct consultations before a project can proceed. These three agencies are referred to as “resource agencies” for this report. The three most recent transportation reauthorization acts include provisions that are intended to streamline various aspects of the environmental review process; 18 of these provisions could potentially affect time frames for the environmental permitting and consulting processes for highway and transit projects.

While officials GAO interviewed at resource agencies and state departments of transportation (state DOT) noted that some actions called for by the 18 statutory provisions have helped streamline the consultation and permitting processes for highway and transit projects, GAO found that a lack of reliable agency data regarding permitting and consulting time frames hinders a quantitative analysis of the provisions’ impact.

Find the full report here: https://bit.ly/2LlO1N7

Research News
Highway Freight Conditions and Performance Report
Federal Highway Administration (FHWA)
July 6, 2018

The Federal Highway Administration released its “Highway Freight Conditions and Performance Report to Congress,” as required by the Fixing America’s Surface Transportation (FAST) Act. The report, the first ever issued by the FHWA on the National Highway Freight Network (NHFN), uses data from FHWA’s Freight Performance Measurement program to analyze the impacts of congestion and determine the operational capacity and efficiency of key freight routes throughout the U.S.

The latest data show the National Highway System is handling a record amount of freight, with trucks moving nearly 60 percent of the nation’s total freight volume (representing 30 million tons), and close to 70 percent of total freight value (representing about $34 billion), each year. The highway system remains the most-used mode of transport for freight by tonnage and value of goods moved.

Find the full report here: https://bit.ly/2zUGFM5
Coming Soon...
CAGTC Website relaunch!

Thanks to our generous sponsors

Upcoming Events

**August 17, 2018**: Ohio Conference on Freight  
*Cincinnati, OH*

**September 11-12, 2018**: FTR Transportation Conference  
*Indianapolis, IN*

**September 16-18, 2018**: Intermodal EXPO  
*Long Beach, CA*

**September 26-28, 2018**: 2018 NASCO Reunion  
*Vancouver, Canada*

**October 12-15, 2018**: ASCE Convention  
*Denver, CO*
Why Join CAGTC?

Shape Policy
CAGTC Members have the opportunity to help shape policy and legislation with an organization that is known for getting results on the Hill. Membership gives you a seat at the table as our positions are vetted, debated, finalized and carried to the halls of Congress, where we then pull out the votes. All members are invited and encouraged to participate in our various policy and planning committees, which meet by phone, email and, occasionally, in person.

Timely Communication
CAGTC strives to keep our members well informed and keyed in on important national freight developments. Because our work focuses solely on goods movement issues, we are able to disseminate concise, lightening-quick updates. Our members often tell us that CAGTC delivers information quicker than any of their other DC connections!

Access
CAGTC holds one annual, in-person meeting every spring, with impressive member turn out. In addition to our annual meeting, we frequently hold member events, such as a Fly In to engage in pressing issues during the fall of 2015, and a policy discussion in Miami, Florida, in the spring of 2016 to drill down on implementation events. We regularly boast members of Congress, senior members of the Administration, and their staff among our CAGTC speakers and attendees.

Up to Date Information
In all our endeavors, the Coalition highlights its member organizations as examples of good projects and how the process should work. We do this in our regular meetings on the Hill, at conferences and during presentations and in our newsletter, which goes out every other month. Members have a spotlight for recent achievements, a sounding board of experts for advice, as well as an opportunity to network with likeminded organizations.

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