



## Summary: “Connecting America: Examining Intermodal Connections Across Our Surface Transportation Network”

Senate Committee on Commerce, Science and Transportation  
Subcommittee on Transportation and Safety

*February 26, 2019*

### Witnesses:

- Mr. Chuck Baker, President, American Short Line and Regional Railroad Association
- Dr. Noel Hacegaba, Deputy Executive Director, Administration and Operations, Port of Long Beach, representing the Intermodal Association of North America
- Ms. Donna Lemm, Executive Vice President, IMC Companies, representing the Agriculture Transportation Coalition
- Mr. Joseph C. Szabo, Executive Director, Chicago Metropolitan Agency for Planning, representing the Coalition for America’s Gateways and Trade Corridors

### Opening Statements

**Chairwoman Fischer (R-NE)** opened the hearing by stating that the U.S. has come to rely more on intermodal transportation as the world becomes increasingly connected. The U.S. Department of Transportation (USDOT) estimates that freight tonnage will increase by 40 percent and shipments of freight across multiple modes will double by 2045. She noted that support for intermodal transportation should not come at the expense of maintaining traditional infrastructure, such as roads and bridges, but in conjunction with it. She said she plans to reintroduce the BUILD USA Infrastructure Act, which would dedicate an additional \$21.4 billion to the Highway Trust Fund annually over the next five years and would provide states more flexibility in the construction and permitting of infrastructure projects. She indicated other important issues affecting intermodal transportation are the effects of increased congestion and access to chassis.

**Ranking Member Duckworth (D-IL)** said there is a critical need to reinvest in U.S. infrastructure and that economic competitiveness depends on the efficient movement of freight. Every day the freight system moves \$50 billion worth of goods supporting 44 million jobs. She said federal funding for freight and intermodal infrastructure is necessary to attract state, local, and private investments. This is why she strongly supports federal programs such as INFRA and BUILD. She also indicated that intermodal connections are important to transfer freight from one mode to another.

**Mr. Baker**, President of the American Short Line and Regional Railroad Association (ASLRRA), said the short line rehabilitation tax credit has served as a successful mechanism to maximize infrastructure investments and that making it permanent is the most important thing Congress can do to help short line railroads. He stated his support for the CRISI, INFRA, and BUILD grant programs and state freight formula program. He called for the removal of multimodal caps in the INFRA and freight formula programs. He also expressed that the Railroad Rehabilitation & Improvement Financing (RRIF) program was not a meaningful solution for short line rail projects. Lastly, he highlighted the importance of efficient regulations to speed up project delivery.

**Dr. Hacegaba**, Deputy Executive Director of Administration and Operations of the Port of Long Beach (POLB) and representing the Intermodal Association of North America (IANA), said intermodal connectors are critical and that significant federal investments are necessary to improve the flow of freight through them. Such investments are part of the solution to improving cargo efficiency as volumes continue to grow. He noted that the use of on-dock rail can help to reduce congestion and maintain freight velocity. He estimated the total cost to meet freight infrastructure needs is \$3.7 trillion. According to Dr. Hacegaba, new capital investments in freight infrastructure will lead to improved velocity, enhanced global competitiveness, and a higher standard of living. He spoke in support of funding programs such as CRISI, INFRA, BUILD and TIFIA. He recommended the Committee: continue to develop a comprehensive freight policy; remove the caps on multimodal freight funding under the INFRA and freight formula programs; develop dedicated funding for intermodal freight connectors; enhance public private partnerships; increase the fuel tax; create a multimodal freight office at USDOT that would report to the Secretary of Transportation; act on permitting reform; and leverage technology and innovation to enhance information sharing across the supply chain.

**Ms. Lemm**, Executive Vice President, IMC Companies and representing the Agriculture Transportation Coalition (AgTC), said agriculture and forest products constitute the largest segment of U.S. exports. Global competitiveness is a big threat to this industry; it needs to be able to deliver goods affordably and dependably to maintain a competitive position. A key challenge is the adequate supply of containers to move goods as well as a shortage in chassis. She said a local Supply Chain Innovation Team in Tennessee has been working with Federal Maritime Commissioner Dye to address concerns regarding chassis supply. She also called for improved appointment systems to reduce port congestion.

**Mr. Szabo**, Executive Director of the Chicago Metropolitan Agency for Planning (CMAP) and representing the Coalition for America's Gateways and Trade Corridors (CAGTC), called for a strategic freight mobility program that prioritizes current economic needs while also plans for the future. A strong federal role in this is essential because some of the most congested areas are where multiple modes of transportation meet and cross state and local jurisdictions. He said programs such as BUILD and INFRA remain essential for freight improvements and leveraging non-federal funding. To address freight needs, he gave four recommendations: 1) Congress should call on USDOT to establish a focus on multimodal freight within the Office of the Secretary to ensure there is a national freight strategy that guides long-term planning; 2) freight should have dedicated, sustainable, and flexible funding. Mr. Szabo noted that the INFRA program is oversubscribed, seeing \$12 in unique requests of every \$1 available. Therefore, CAGTC estimates that multimodal freight investments needs are \$12 billion annually, invested through a competitive grant program. Additionally, the caps on non-highway funding for the INFRA and freight formula program should be removed; 3) any competitive grant program, like INFRA, should rely on merit-based criteria that prioritize national freight efficiency. Additionally, transparency and oversight of the program are critical; and 4) federal funding should leverage private participation and provide the largest toolbox of financing options.

### **Question and Answer**

**Chairwoman Fischer** asked if the freight formula and INFRA programs should be included in the FAST Act reauthorization. **All witnesses** agreed that both should be included. She asked how technology

should be addressed in the reauthorization. **Dr. Hacegaba** said that leveraging innovative technologies can help reduce congestion and increase transparency and efficiency across modes of transportation. He also said advanced predictability for container pick-ups and drop-offs can reduce costs. **Mr. Szabo** said that any technological advancement, such as autonomous vehicles, will present needed solutions but will not address fundamental infrastructure challenges. Therefore, the U.S. will still need to invest in base infrastructure to ensure these technologies function properly.

**Ranking Member Duckworth** asked how important federal funding is to projects. **Mr. Szabo** said that a federal partner is crucial for many projects that transcend states, jurisdictions, and modes. He called for performance based selection criteria, flexible funding, and the removal of multimodal caps.

**Ranking Member Duckworth** asked what more can be done to direct funds to freight bottlenecks. **Mr. Baker** said merit-based federal programs like CRISI, INFRA, and BUILD are important to improving those issues. He supported increased funding and flexibility for these programs. **Dr. Hacegaba** said that investing in freight infrastructure is critical not just to the industry but to the nation. He also supported removing multimodal caps. **Mr. Szabo** called for a continued merit-based approach and predictable funding.

**Senator Klobuchar (D-MN)** asked why competitive grants are better suited for addressing multimodal or multijurisdictional issues. **Dr. Hacegaba** said investment in national freight infrastructure is also an investment in the economy; its effects will be seen in increased competitiveness, jobs, and standards of living.

**Senator Klobuchar** also mentioned her support for the BRIDGE Act, which would establish an independent financing authority to provide loans and loan guarantees, as well as incentivize private sector investments for infrastructure projects. She also said she would like provisions in a potential infrastructure bill to include investments for rural areas.

**Chairwoman Fischer** asked what issues a multimodal freight office situated in the Office of the Secretary at USDOT would address if implemented. **Dr. Hacegaba** said it would provide a broad, holistic view of the intermodal supply chain and would bring attention to funding and development needs. **Mr. Szabo** agreed it would serve as a holistic approach to entire supply chain and increase efficiency. He noted that currently, modal administrations within USDOT work together but they still focus specifically on their own needs. An office located in the Office of the Secretary would have the proper authority to work with all modes and plan for the supply chain as a whole.

**Senator Duckworth** asked why the caps on non-highway spending should be lifted. **Mr. Szabo** emphasized that freight travels across all modes through an integrated supply chain. Flexibility is needed to allow investments in the most necessary projects, regardless of mode. **Dr. Hacegaba** and **Mr. Baker** agreed, stating that the available funding should not be largely limited to one mode.