



Summary: “Building Infrastructure in America: Overview of the Build America Bureau and the U.S. Department of Transportation Rural Transportation Initiatives.”

**Senate Committee on Commerce, Science, and Transportation
Hearing by the Subcommittee on Transportation & Safety**

January 28, 2020

Witnesses:

- The Honorable Joel Szabat, Acting Under Secretary of Transportation for Policy, U.S. Department of Transportation
- Dr. Morteza Farajian, Executive Director, Build America Bureau, U.S. Department of Transportation
- Mr. John McCarthy, Co-Chair, The Northwest Seaport Alliance

Opening Statements

Chair Fischer (R-NE) opened the hearing by emphasizing that surface transportation infrastructure is critical to public safety and the national economy. She noted federal transportation policy should focus on improving America’s current infrastructure as well as building new assets to meet future demands. Chair Fischer expresses an interest in learning how USDOT is implementing the TIFIA, RRIF, and ROUTES programs throughout the country.

Subcommittee Ranking Member Duckworth (D-IL) said that each sector of our national economy benefits from safe, reliable, and efficient transportation but noted federal funding has not kept pace with this important priority. She referenced stakeholder concerns relating to funding uncertainty and burdensome application processes. Ranking Member Duckworth discussed the importance of maintaining a merit-based and transparent decision-making process for USDOT grant programs, regardless of mode or geographic location.

Witness Panel

Mr. Joel Szabat, Acting Under Secretary of Transportation for Policy at the U.S. Department of Transportation, spoke about the importance of addressing rural transportation challenges to maintain sufficient trade flow. He noted the disproportionate accident and traffic fatality rate in rural areas, and the need to address these inequities to promote USDOT’s top priority: safety. He explained USDOT’s role in helping underserved communities access federal funding and financing opportunities through the TIFIA Rural Project Initiative and the ROUTES initiative. Mr. Szabat stated USDOT’s programs aim to balance funding opportunities for rural and urban areas, noting that urban areas are often better equipped to benefit from USDOT funding and financing opportunities. He noted that connecting rural and urban infrastructure networks is vital to maintaining economic development and efficient transportation.

Dr. Morteza Farajian, Executive Director of Build America Bureau, explained the steps the Build America Bureau has taken to support USDOT’s prioritization of rural infrastructure and transportation. He

discussed the Bureau's efforts to tailor programs like TIFIA and RRIF to assist underserved communities. He stated the Bureau will continue to increase utilization of these programs as well as diversify the pipeline of eligible projects to deliver efficient and cost-effective investments throughout the country. The Bureau will work toward these goals by conducting focused outreach to educate prospective borrowers on the Bureau's services and programs; enhancing the scope and scale of technical assistance to project sponsors, and; continuing to streamline the credit process.

Mr. John McCarthy, Co-Chair of the Northwest Seaport Alliance, discussed the significance of ports in supporting the economic vitality of our nation, including both rural and urban communities. Mr. McCarthy emphasized a federal partnership in port investments will ensure the U.S. remains competitive in a global market, noting the burden of rising cargo volumes and consumer demands on aging infrastructure. He added that strategic investments are necessary to improve the road and rail infrastructure that connects ports with markets across the country, which often fall to the responsibility of local agencies. He said U.S. ports will need \$66 billion over the next decade to improve terminal, road, rail, and waterway infrastructure. Mr. McCarthy expressed concerns that limited funding hinders our ability to compete with Canada's robust investments in their ports and freight infrastructure. He called for increased funding for the freight formula, Port Infrastructure Development, and INFRA programs as well as removing the multimodal funding caps.

Question & Answer

Chair Fischer asked for guidance on what the committee should do to address efforts to help rural development. She referenced the RRIF Express pilot program for short-line railroads and asked about the impact of Congressional funds appropriated towards RRIF. **Dr. Farajian** said the Bureau has received positive feedback on the pilot program and the appropriated funds have helped to streamline the application process as well as cover certain costs, including the Credit Risk Premium and external financial and legal advisor fees.

Chair Fischer asked how larger container vessels have affected port operations and what ports are doing to mitigate negative effects such as congestion. **Mr. McCarthy** said ports are struggling to develop resilient infrastructure, but have utilized some innovative methods such as extended gate hours which reduce rush-hour congestion. He added that ports need continued federal assistance to expand operational capabilities and meet future demands.

Chair Fischer asked whether the Northwest Seaport Alliance has implemented new technologies to better utilize current infrastructure. **Mr. McCarthy** replied that in recent years ports have expanded efforts such as tracking truck wait times. He indicated he would provide additional information on NWSA's technological programs for the record.

Chair Fischer said many shippers have expressed concern about the impact of congestion and port delays on operations, referencing the Federal Maritime Commission's current review of the reasonableness of detention and demurrage charges. She asked Mr. McCarthy to explain NWSA's policy on these fees and offer recommendations to address underlying issues of port congestion and delays. **Mr. McCarthy** replied that shippers are concerned with the increased cost on business, adding that congestion prevents trucks from completing two loads in the same work cycle. In regards to specific recommendations, Mr. McCarthy said he would submit additional information for the record.

Chair Fisher asked whether USDOT takes into account future increases in traffic demand and if Congress should consider future freight demand when developing surface transportation reauthorization policy.

Mr. Szabat said USDOT focuses on the national benefits and impacts related to freight projects, including congestion reduction and economic growth, rather than just the local impacts. He referenced USDOT's development of a National Freight Strategic Plan and National Multimodal Freight Network, stating they will serve as an opportunity to not only assess current freight flows, but also to reduce congestion and shift future freight flows to better utilize the network. He recommended Congress incorporate these factors into future transportation policy as well.

Subcommittee Ranking Member Duckworth asked for a list of recommendations to improve the RRIF program, noting that USDOT has only approved six loans in the last eight years and less than 40 since the program's inception in 2002. **Dr. Farajian** said these recommendations would be provided in writing to be added into the record.

Committee Ranking Member Cantwell (D-WA) stated communities are often left to their own resources for critical port investments and last-mile improvement projects. She asked if the USDOT representatives support lifting the cap on the INFRA program to address ongoing congestion problems and improve freight mobility. **Mr. Szabat** agreed solving multimodal congestion issues is a high priority for USDOT. He said he would be open to lifting the cap, but added that the Administration does not have an official position on the issue.