

**Testimony of**  
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**Before the House Transportation-Housing Appropriations**  
**Subcommittee Hearing on**  
**“Strengthening Intermodal Connections and Improving Freight Mobility”**  
**March 16, 2010**

Mr. Chairman and Members of the Subcommittee, I appreciate the opportunity to testify before you today on “strengthening intermodal connections and improving freight mobility”. But I want to put my comments in a larger context than using port and transportation buzzwords like “intermodal” and “freight mobility.” What I really want to talk about are some of the most important tools we have for keeping our nation’s economy strong, and keeping U.S. companies successful in competing in the global marketplace. If we can work together to address the challenges we face today in these key areas, our ports, and our nation’s economy will be successful. And if we cannot, we will fail.

You have chosen a very important and timely issue for this hearing. Freight mobility concerns are clearly national in scope and they deserve the close attention of the federal government.

You will hear a lot today about the challenges facing freight movement. USDOT estimates that by 2035, the volume of freight shipped on the U.S. intermodal transportation system will increase by almost 50 percent. Meanwhile, congestion

worsens every year---the Texas Transportation Institute concluded that congestion cost our country \$78.2 billion in 2005 in wasted fuel and time. As our nation's energy and environmental concerns continue to grow, we need to find creative ways to improve the efficiency of freight movement.

U.S. seaports are the gateways for the import and export of 7.8 billion tons of cargo annually. From your morning coffee to the shoes on your feet, many items you use everyday were imported through a U.S. port. In addition to being gateways for imported goods, ports also play an important role in helping U.S. companies and American-made products go global. For example, at the Port of Tacoma, we handle John Deere tractors and Caterpillar equipment. In fact, more than 75 percent of Caterpillar equipment is sold to international markets. We also handle more than 5 million tons of corn and soybean that comes to Tacoma from the Midwest on rail, and is exported to various Pacific Rim countries.

All of this trade activity helps our nation's ports create and sustain high-paying jobs through public-private partnerships and generate billions of dollars in business income and spending annually.

I am proud of the innovations that the Port of Tacoma has brought to freight movement. Back in 1981, we built the first on-dock intermodal rail yard on the West Coast, a pioneering development that literally helped our shippers save time and money. This intermodal connection made it possible for containers to be transferred directly between ships and trains, instead of having to be trucked or "drayed" by rubber-tired vehicles between ships and trains. On-dock intermodal rail connections are not only more efficient; they also reduce harmful air emissions. Approximately seventy percent of

the containers transiting our Port travel by rail to the American heartland, almost all of them loaded on-dock directly from ships.

The Port of Tacoma and the Port of Seattle--forty miles to our north--together represent the third-largest container load center in North America with almost 4 million TEUs (twenty-foot equivalency units) of container traffic annually. We also handle large volumes of agricultural products and breakbulk cargo. In addition, the Port of Tacoma is a strategic military port. Both ports realize the importance of keeping cargo moving efficiently and cost-effectively through the Puget Sound region. Simply put, if we cannot provide efficient, cost-effective intermodal connections and service, the cargo will flow through other port gateways—such as Canada. In the future, we will also be seeing additional competitive pressures due to new ports in Mexico and the expansion of the Panama Canal.

In 1996, that concern for transportation efficiency led ports, cities, counties, Washington State DOT, railroads, trucking interests and our regional Metropolitan Planning Organization to create the Freight Action for the Seattle-Tacoma (FAST) Corridor project---the identification of 25 grade-crossing and port-access projects in the Puget Sound region, half of which are now completed, to reduce congestion impacts from freight movements. These projects have been funded through contributions from all the FAST Corridor members and the federal government. This initiative showed what major partnerships, and major investments—almost half a billion dollars—can accomplish. These projects have helped keep cargo on the move throughout Puget Sound, and helped keep cargoes and jobs in our region. On the export side, these FAST Corridor projects

helped move Washington state apples and Idaho French fries to export markets in the Pacific Rim faster and more cost-effectively.

The CREATE project in Chicago is very similar to the FAST Corridor project and we strongly support federal funding for CREATE. You may wonder why we would endorse a project 1700 miles away. As I mentioned, 70 percent of our cargo travels to and from the Midwest and beyond; while it takes a full day for that cargo to get to Chicago, it takes just as long - another 24 hours – for it to move *through* Chicago. CREATE will help fix that bottleneck.

One of those FAST Corridor projects critical to the Port of Tacoma is the extension of SR 167, the home of one-third of our region’s distribution and storage facilities, into our Port. This project is both a “first mile” intermodal connector and a freight mega-project because of its total project cost of \$2 billion. Its construction will help our region’s freight volumes grow without increasing congestion in our region.

The SR 167 project is the type of project that can greatly benefit from programs like the TIGER program---a federal discretionary program created by the 2009 American Recovery and Reinvestment Act that used merit-based criteria to fund large, nationally-significant projects, with a special emphasis on freight mobility. Under TIGER, for the first time, ports were able to apply directly for this type of federal funds. By one analysis, 22 of the 51 projects recently awarded TIGER grants contained a strong freight component and those 22 projects received 49 percent of the total funds. They still had to compete, however, against transit and other non-freight projects.

We think that a better long-term solution would be to create a federal funding program similar to TIGER, but a program that is completely dedicated to freight

mobility. A remarkable consensus has developed within the freight industry on what kind of federal freight program this country needs. The Port of Tacoma is a member of the Coalition for America's Gateways and Trade Corridors (CAGTC), which consists of state DOT's, railroads, manufacturers, importers, and exporters, as well as active members in the American Association of Port Authorities, which represents public ports throughout the United States. Those two organizations, plus 15 other freight-related organizations, some of them on this panel, are members of the Freight Stakeholders Coalition, which has articulated a common set of principles on a federal freight program that we all endorse:

- ***Mandate the creation of a National Multimodal Freight Strategic Plan***, led by USDOT in partnership with state DOTs and other freight stakeholders.
- ***Provide dedicated funds for freight mobility projects***, with high priority given to investments on the most important freight corridors.
- ***If a new freight trust fund is created (and the Port of Tacoma thinks it should be created), it should be firewalled with the funds fully spent on projects that facilitate freight transportation*** and the funds should be distributed through a ***competitive grant process using objective, merit-based criteria***. Projects that are funded under this program should also be eligible for other federal, state and local funding sources.
- ***Establish a multi-modal freight office within the Office of the Secretary***, headed by an Undersecretary.
- ***Form a national freight industry advisory group to provide industry input to USDOT***, including input from ports.

Obviously, the common theme here is a true, holistic focus by the federal government on the movement of freight, as opposed to a piecemeal system of investments.

I would also like to single out two recent freight-related initiatives of the Obama Administration for special praise:

First, the International Trade Administration in the Department of Commerce has led an effort, in cooperation with other federal agencies and the private sector, to draw attention to the need for a national freight policy and a 21<sup>st</sup> Century supply-chain infrastructure. The Port of Tacoma has participated in their work and we applaud this effort to show that freight mobility is not just a “transportation” issue; it is also a “commerce” issue, critical to our nation’s economic competitiveness.

Second, we greatly appreciate the Administration’s National Export Initiative (NEI) to create two million jobs by doubling U.S. exports over the next five years. The World Bank estimates that \$40 of additional exports are generated for every \$1 spent on export promotion, so this effort could be has the potential for a key role in our nation’s economic recovery. Bringing more import-export balance to our international trade isn’t just good for our balance of payments and our domestic employment picture; it will also bring more rationality to our logistics system. I want to emphasize, however, that if this NEI is successful, we will need to make very major, and very strategic, investments in freight transportation infrastructure---for example, intermodal connections at our ports---to handle these trade volumes more efficiently. Our nation cannot create more jobs through more exports, if our nation’s road and rail connections, and our nation’s ports, don’t have the capacity to efficiently handle more cargo on an efficient, cost-competitive basis.

Last, but by no means least, Mr. Chairman, I also need to mention the long-standing concern of Pacific Northwest ports about the problem of cargo diversion to Canadian ports. Today, we are in intense competition with the Port of Vancouver, and especially the Port of Prince Rupert in British Columbia. Their cargo volumes are growing, at the expense of the cargo volumes in Tacoma and Seattle. One of the reasons for their success is their strategic focus on improving their infrastructure. They are currently winning that competition because of the strong partnership between the national, provincial and regional governments of Canada known as the “Asia Pacific Gateway Strategy”. This national strategy provides, and I quote directly from their materials, “a framework for policies, investments and initiatives that seek to make Canada the most competitive exit and entry point in North America”. Specific investments include \$3-billion into the Gateway Program, the largest infrastructure project in British Columbia’s history, to help expedite the intermodal movement of goods – by truck, train, airplane and ship – and encourage Asian importers to choose British Columbia as their North American transportation hub. This strategy has resulted in the investment of \$30-million into the Port of Prince Rupert, and is proposing an additional \$650-million into a Phase II expansion, which will quadruple Prince Rupert’s capacity to two million TEU’s – making it the same size as the Ports of Tacoma and Seattle. On the other side of the country, the province of Nova Scotia is promoting an Atlantic Gateway concept that, and I quote again, “seeks to take advantage of constraints at West Coast ports in North America and ports in the U.S. Northeast”. As you know, we don’t have anything comparable in terms of a national strategy for the United States. If we were to ask you to do one thing, it would be to develop such a strategy for the U.S. and work with

our public ports and state DOT's to make the targeted investments needed to implement it.

Thank you.