

STATEMENT OF  
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BEFORE THE

SENATE COMMITTEE ENVIRONMENT AND PUBLIC WORKS  
SUBCOMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE  
U.S. SENATE

*The Importance of U.S. Army Corps of Engineers – Civil Works Funding to the  
Port of Baltimore*

May 9, 2017

Chairman Inhofe, Ranking Member Cardin, and Members of the Committee, thank you for inviting me to appear before you today to discuss the roles of the public and private sectors for our ports. Ports are the key links in U.S. access to the global transportation network and federal navigation channels provide access to these facilities. I thank the Committee for its interest in continuing to support maritime infrastructure and commerce – especially with respect to essential dredging projects that keep our shipping channels, our marine highways, safe and open for business. This is a high priority in Maryland for Governor Larry Hogan’s Administration.

The Helen Delich Bentley Port of Baltimore is an economic engine, not just for Maryland and the region, but for our nation. It generates approximately 13,650 direct jobs and about 127,600 total jobs are linked to Port activities. The Port generated jobs represent \$2.9 billion in salaries, \$2.2 billion in business revenues, and \$310 million in State and local tax revenues. It is noteworthy that the average income for a Port direct job (\$61,877) is 16 percent better than the average Maryland salary.

Our public-private partnership agreement with Ports America Chesapeake and the availability of a 50-foot deep container berth has positioned the Port of Baltimore to attract cargo growth associated with last year's Panama Canal expansion. Our containerized cargo tonnage increased 9.3 percent in the first eight months since the Canal opened the third set of locks. The Port's coal business also increased significantly over the same period, as these ships need deep water too.

The U.S. Army Corps of Engineers (Corps) has been very responsive to port, shipper, carrier and Congressional concerns about the length of the planning process for channel improvements and has initiated reforms that were reflected in provisions of the Water Resources Reform and Development Act of 2014 (WRRDA 2014). Because of these planning reforms, WRRDA 2014 and the Water Resources Development Act of 2016 (WRDA 2016) authorized nine major port projects that provide for channel improvements to accommodate the new generation of larger and much more economically efficient ships and capitalize on the opening of the improved Panama Canal. This inventory of new projects along with several ongoing efforts that predate WRRDA 2014 produced an inventory of 11 projects with a total cost in excess of \$4 billion and a federal cost in excess of \$2.5 billion. Out of the 11 projects to date, only two received federal funding and a third project was completed by a port and state that simply could not wait for federal funding.

The average federal yearly appropriation over the last eight years for coastal navigation construction has been about \$170 million per year. While this represents a substantial Congressional increase over the Administration budgets for those years, it would still require

about 15 years to clear the existing inventory. In the highly competitive world economy, the low level of federal funding to construct navigation channel improvements is holding America back. That is unacceptable.

It is not only navigation projects that are at issue. Like most ports, it is critical that the Port of Baltimore deliver sufficient long-term dredged material placement capacity to support maintenance of its 50-foot deep channel in terms of both depth and width to capitalize on that anticipated growth and maintain our existing business. The Mid-Chesapeake Bay Island project in Maryland that was authorized in WRRDA 2014 will use dredged material to restore the James and Barren Islands and recreate a critical environmental resource in the Middle Chesapeake Bay. In the process, it will support the Port of Baltimore by providing for the placement of material dredged from the navigation channels. Like all WRRDA 2014 projects, this project faces deauthorization in calendar year 2021 if it does not receive federal funds for construction. The Mid-Chesapeake Bay Island Project is critical to preserving and growing waterborne cargo through the Port of Baltimore's channels because it will provide 40 plus years of dredged material placement capacity. The cost share for this project is 65 percent federal / 35 percent non-federal. Federal funding is essential to enable opening the Mid- Bay Project's James Island to dredged material placement by the time it is needed *and* to avoid deauthorization. I thank the Chairman and Ranking Member for their support of the Mid-Bay Project in WRRDA 2014 and respectfully ask the Sub-Committee to support report language in the next Water Resources Development Act to ensure continued authorization for the Project.

Federal funding for Corps dredging has been constrained over the last several years and continued constraints in funding will negatively impact the channels and business at the Port of Baltimore. With ships today larger than those calling in the past, it is imperative that Baltimore's harbor and channels be maintained at fully authorized depths and widths on a year-round basis to facilitate efficient and safe maritime commerce in a very competitive environment and avoid costly environmental damage that could accrue from grounding. We look forward to working with you and the Appropriations Committees to ensure adequate federal Operations and Maintenance (O&M) funding for Ports.

We support the American Association of Port Authorities (AAPA) recommendation that Congress fund Harbor Maintenance Tax-related work at \$1.33 billion for federal fiscal year (FFY) 2018 to hit the target established in WRRDA 2014 and continue the path to full utilization of the Harbor Maintenance Trust Fund (HMTF) revenue for its intended purpose by FFY 2025.

Maryland remains fully committed to working with our federal partners and the private sector to deliver safe, efficient, and cost-effective maritime commerce infrastructure in Maryland that contributes to the 26 percent of U.S. Gross Domestic Product (GDP) and 23 million American jobs\* attributable to ports.

Thank you again for the opportunity to testify, and I will be happy to answer any questions.

\*Source: American Association of Port Authorities statistics

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